BSL / SEC / 23

15th November, 2023

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
(Maharashtra)

Scrip Code: 503722

National Stock Exchange of India Ltd
Exchange Plaza Bandra–Kurla,
Bandra (East), Mumbai–400051
(Maharashtra)

Symbol :BANSWRAS

Sub: Transcript of Q2 & H1FY24 Earnings Call held on 8th November, 2023.

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are hereby enclosed herewith a transcript of the **Q2 & H1FY24** Earnings Call held on Wednesday, 8th November, 2023. The same is also available on the website of the Company i.e. www.banswarasyntex.com .

Please take the same on record.

Thanking You
Yours faithfully
For BANSWARA SYNTEX LIMITED

Hanuman Prasad Kharwal
Digitally signed by Hanuman Prasad Kharwal
Date: 2023.11.15 15:47:02 +05'30'

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"Banswara Syntex Limited
Q2 FY '24 Earnings Conference Call"
November 08, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 8th November 2023 will prevail

MANAGEMENT: **MR. RAVI TOSHNIWAL – MANAGING DIRECTOR – BANSWARA SYNTEX LIMITED**
MS. KAVITA GANDHI – CHIEF FINANCIAL OFFICER – BANSWARA SYNTEX LIMITED
SGA – INVESTOR RELATIONS ADVISOR – BANSWARA SYNTEX LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Banswara Syntex Limited Q2 FY24 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ravi Toshniwal, Managing Director. Thank you and over to you sir.

Ravi Toshniwal: Thank you. Good afternoon everyone and I welcome you all to our Q2 and half yearly FY24 earnings conference call. Along with me, we have on the call our CFO, Ms. Kavita Gandhi and SGA, our Investor Relations Advisors.

I hope all of you have been able to go through the investor presentation uploaded on the exchange and our company website. The global economy today is facing multiple headwinds currently. Inflation remains at elevated levels, geopolitical issues of the Palestine-Israel conflict and the Ukraine war lead to business uncertainties and while the Indian economy has been resilient to weather such unprecedented challenges and continues to be in a relative sweet spot globally, the textile fashion market is experiencing a slowdown.

We had seen a boom year with lots of orders in FY23. However, with the start of FY24, some correction has begun. The markets of the USA and UK in particular have seen huge corrections due to inventory build-up that has led to slow lifting of core articles. For us in Banswara, we saw the business in these two markets in particular fall by more than 50%. Our exposure to these two markets being large, our forecast for growth has not been achieved.

It is expected now that this inventory build-up will get used up by the beginning of 2024. Banswara has made, in the meantime, very good efforts to grow market share in other export markets. Japan, Korea and Australia have seen growth. The markets for uniforms in Eastern Europe have started ordering.

We have been able to grow in the domestic market significantly to offset some of the lack of export demand. The export domestic market continues to remain strong. We are confident that with the bounce back in the USA and the UK markets, we will be back with more value-added orders and capacity utilization.

The Indian textile industry has witnessed this slowdown on the back of subdued demands in exports. That has caused the domestic market as well to have an increased supply and problems in the pricing. So the demand has been muted primarily due to inflation coupled with lower sales at the retailer's end. This is because they had a lot of stock and with lower sales they were not able to order more.

The overall pickup in the industry is expected to happen in Q4, with the destocking being mostly done in Western countries, this destocking process will kick start the process of placing new orders even in the Indian companies. The demand for yarn remained under pressure and this has led to lower spreads across the industry.

Now let me talk about our financial performance. Our total income declined by 18.6% to INR624.2 crores in the first half year of 2024 on a year-to-year basis. The EBITDA stood at INR60.3 crores during H1 FY24. Profit before depreciation and tax came in at INR45.9 crores. A company recorded a profit after tax of INR18.5 crores in the first half year and exports contributed 40% in the overall revenues. The debt-equity ratio for the first half year stood at 0.6

Now moving to the business segments individually. As you know, we have three business segments. The yarn division, to speak about the first one, witnessed a weak demand and pricing pressure. The yarn sales declined by 13% to INR264 crores in the first half year. However, despite these challenges, we did increase the quantity of the sales by 6% which shows that we can be flexible on our capacity.

The capacity utilization in the yarn division stood at a low of 83% for the first half year and we are currently exploring opportunities in terms of new product developments and new markets to be able to penetrate both in South India and Europe with coarse spun and knit-based yarns and more value-added yarns.

The fabric vertical witnessed a below-par performance as revenues dipped by 21% to INR209 crores in the first half of the fiscal year as compared to the same period last year. The capacity utilization in the fabric vertical stood at 69% for the first half year. We have seen, however, that the demand in our worsted products actually improved and the value-added worsted fabrics had a demand which was increased over last year and that is why we plan to invest INR50 crores in our worsted spinning which will improve our value-added product mix.

The demand in the Far East remained average. The US and the UK markets, as I said before, had very poor sales and we expect to see the improved demand happen in the next half of the year as retailers are expected to continue to de-stock their inventories.

Talking about our garment business, here we had the biggest dip in our sales with the garment sales declining by 24% to INR139 crores. The sales were impacted particularly for our suits and blazers. However, the domestic market has been good for the trouser category. In fact, we have seen a situation of being oversold on our trouser lines. The company has established a state-of-the-art product development centre in Daman which will drive the business growth from existing and potential customers and we are using Daman as a showcase for both the fabric and the garment business.

Going forward, we envisage Q3 and Q4 to be better than H1, but not significantly. The second half of the fiscal year may gain momentum across the board. However, inflationary pressures persist and can continue to hamper growth to a certain extent. The export regions will certainly pick up as de-stocking will take place and new order books will be available from the retailers' ends. We will focus on new product development, improving our capacity utilization which will enable us to get some operating leverage.

Our endeavour will be to take advantage of our lead times that have improved and flexibility with larger capacities to attract customers from the segments of markets in uniform and worsted fabric which are still witnessing growth. We will continue to strive towards a 10% cash profit and a net profit close to the range of 5%.

With this, I would like to open the floor for questions. Thank you.

Moderator: The first question is from the line of Mr. Manan Poladia from MKP Securities Pvt. Ltd. Please go ahead, sir.

Manan Poladia: Firstly, congratulations on posting a good set of numbers. Sir, my first question is on the Pant project site. So, I've seen the website and it says somewhere that there is a unit of Banswara Syntex. What I wanted to understand was, are they a wholly-owned subsidiary of Banswara Syntex?

Ravi Toshniwal: No, not at all. And I don't think they have mentioned that. That may have been much earlier in their publicity that they grew out of Banswara Syntex or they are a customer of ours. However, they have nothing to do with us.

Manan Poladia: So, the ownership is also not a related party?

Ravi Toshniwal: No.(It was said no erroneously during the call but there is a related party as Relative of Key Managerial personnel has control and there is no involvement in the ownership of above mentioned entity)

Manan Poladia: All right. And would you be able to tell us how much percentage of our business they would be or is that not a very large number?

Ravi Toshniwal: It is not a very large number.

Manan Poladia: All right, sir. I understand. So, I think that solves my question on that. The other question, sir, what I really want to understand is, you have three businesses with respect to yarn, fabric and garment. What I'm trying to understand is, is this where you want to grow the garment business and the yarn and the fabric is essentially backward integration? Or what is your focus strategically for the say, next three to five fiscal?

Ravi Toshniwal: Right. So, for the next plan of our growth, it is all about trying to increase the brand business. And we have been working on that both in the fabric as a brand as well as garment as a brand. And we have launched already, as far as you might be aware, a direct-to-consumer brand called OneMile, which is Banswara-owned completely. And we have supported brands of all types in India. So, like for a fabric brand, we have been supporting HFW and Huddersfield Fine Worsted, which do the brand of Roger LaViale. And we support many brands in product. So, it is our endeavor to keep growing the brand business. And we will talk about this more in the next quarters. Because our capex towards the brand business is now allocated at about INR5 crores to INR6 crores for the next year.

Manan Poladia: Correct. Also, sir, my last question is, we've done an acquisition recently, correct?

Ravi Toshniwal: We have not yet announced that. We are working on that final brand acquisition from Italy. But we will announce that in the next quarter.

Manan Poladia: So, what is the rationale behind that acquisition and what size are we looking to acquire? If you could give some color on that?

Ravi Toshniwal: We will talk about that because we haven't yet fully completed all the compliance for it. So, we will announce it at that time.

Moderator: The next question is from the line of Ms. Aditi Sawant from ADM Advisors. Please go ahead, ma'am.

Aditi Sawant: Yes. Hi. Thank you so much for the opportunity. My first question is on the yarn segment. That, you know, currently we are hearing that the spreads are going down. And, you know, the realization hasn't picked up yet. So, how is the situation on ground and what do you expect it to improve in the coming future?

Ravi Toshniwal: Yes. Thank you, Aditi. See, the yarn business is challenging at the moment. And we have never had a capacity utilization which has dropped to 83% in yarn. We have actually deliberately shutdown some capacities in the yarn and are surprised by the fact that even after doing that, you know, we have not had that big a loss and we are still making money in the yarn business.

The point is only about demand. And demand will come back in a fashion which is reverse of the way it rose. If you look at the previous financial year, yarn began to do very, very well. Then the fabric business was doing well. Then the garment business began to do well. And now we are seeing a reversal of this in which the garment business got impacted with the highest amount of capacity utilization loss, then the fabric business and then the yarn business.

So, as soon as garments pick up and actual offtake of the consumers happen, the yarn business will rise. It cannot happen before there is real demand. And we are seeing that there is real demand. Because of a very good year, an open top demand that led to a spent up and over optimistic buying on behalf of most buyers, we have experienced a reversal. This will change. And this was expected to change, already begun to happen in the fabric business which we expect to see in quarter four. But in the garment business, we think the revival will happen from quarter one of the next financial year.

Aditi Sawant: Okay. Got it, sir. And thanks for the detailed explanation. My second question is on the working capital side. That what is the number of days in terms of total networking capital? And how many days of inventory do we usually carry?

Ravi Toshniwal: I'll let Kavita answer this.

Kavita Gandhi: So, Aditi, if I can answer on that. Right now, we are on an inventory level. We are at 115 days inventory. And debtors are around 55 days. So, working capital as a cycle is kept under control. And as the demand supply mismatch goes away, this will get improved.

Aditi Sawant: Okay. And how many days of inventory do we usually carry?

Kavita Gandhi: Generally, we carry sub-100. So, around 95 to 100 days is an idle inventory we would like to keep. But we are a little higher right now because of this situation.

Moderator: Thank you. The next question is from the line of Mr. Ravi Shah from Opal Securities Investment. Please go ahead, sir.

Ravi Shah: So, I just wanted to ask a little bit about the worsted spinning that you had mentioned in the presentation. So, just wanted to know if you could talk a little bit about that.

Ravi Toshniwal: Sure. So, you know, this is one of the green shoots we are seeing that in this whole process of what we talk about, a replacement happening in India for a China Plus One, we can clearly see that this is actually playing out in the woolen blended worsted fabrics. The capacities in China were destroyed during the pandemic, did not recover, and the world is coming towards us in India for worsted fabrics.

And we are seeing that we are able to meet a demand both for uniform fabrics in the worsted segment, as well as for over-the-counter fabrics from India in a way that is significantly increased our need for worsted yarns. So, this is somewhere where we are investing about INR50 crores to be able to make more value-added fabrics and to be able to service this demand. So, as you see, this whole portion of what we talk about as a market going down is not uniform.

There are sectors of the market which are actually doing quite well, and we are refocusing our energies on more value-added replacements of what are coming from China into India, as well as this woolen blended fabrics, where there is a short supply due to a lot of capacity going away.

Ravi Shah: Understood, sir. So, basically, my second question is somewhat linked to the first you mentioned about China Plus One. So, that strategy is clearly, is it playing out for Indian companies? And if it is playing out, then what kind of market share would we be looking at gaining?

Ravi Toshniwal: So, unfortunately, you know, the China Plus One is playing out, but the overall demand going down has led to not having yet experienced the benefits of it fully. So, you can see that although the buyers in the US and UK and Europe have a strategy which is very clear to move away from China, and the Chinese factories at this point are suffering more than us, but that is no consolation to the fact that overall demand is so poor that even we have not been able to utilize the benefit of that. So, this is some situation which is abnormal after a market in which we are currently down.

There is always a boom, and we are expecting that to happen from quarter four, and also in quarter one we will see that most of the inventory levels having gone away from our more developed markets, there will be back a ordering cycle.

Moderator: Thank you. The next question is from the line of Mr. Nirbhey Mahavar from N Square Capital Advisors Private Limited. Please go ahead, sir.

Nirbhey Mahavar: Yes, good afternoon, sir. Sir, I was looking at numbers of some of the cotton textile companies, and they have shown significant improvement. So, is the cycle for cotton versus man-made is different, particularly for the home textile companies?

Ravi Toshniwal: Well, I don't know too much about home textiles, but I know that Arvind has shown pretty bad results. Many of the cotton mills have shown worse than synthetics. So, the demand is actually pretty subdued.

Denim has done very badly. So, you know, this demand being subdued in the textile world is because it is a discretionary expense. And in this discretionary expense, when many other inflation items and high-ticket expenses have happened, especially on travel, on food, on many other things that people have to do in communication and their data bills, etcetera, then the final consumption left for fabric and for garments remains low. And this is something we experienced many times in our history of the last 50 years we have seen. This will be followed again by a boom.

Nirbhey Mahavar: Okay. So, for this cyclical compression in demand, is it impacting our capex plans, or are we going ahead with our longer-term growth capex?

Ravi Toshniwal: Yes, that's a great question. So, we had planned and communicated a capex of around INR120 crores, and out of which we have spent so far in the first half-year INR52 crores. And our plan now is to spend another INR55 crores in this balance of the year.

So, we will have spent about INR107 crores instead of INR120 crores, and we are taking it a little slow, but we are not going back, because our belief is that all of these investments will be important, and we have to be prepared for the market. Most of our customers are now experiencing lower lead time from us. We have increased our presence of touching base with the customers.

Our executives have traveled both to the US, UK, European markets and base, had meetings with customers extensively, and sampled products with them extensively. And as soon as demand is back in those markets, and they are ready to order again, we will see that we must be prepared. And therefore, we are not going back in any way. Our investment plans remain as they are.

Nirbhey Mahavar: So, in next year, we will have the capacity to do a INR3,000 crores kind of revenue if demand comes?

Ravi Toshniwal: Yes, so we, with the present investment, after this INR107 crores is done, another 55 in the six months, our capacity exists to be able to do INR2,000 crores easily. And after that, if we have to make further investments, to get to IN3,000 crores.

Moderator: Thank you. The next question is from the line of Ms. Pooja Shah from Bright Security Services. Please go ahead.

Pooja Shah: Sir, I wanted to ask, so what is the geographic revenue distribution for the company? And secondly, what are the sales percentage from exports? Thank you.

Ravi Toshniwal: I'll answer the second one, and for the first one, Kavita will answer it. So, as far as the total revenue is concerned from exports, we are now at a ratio of 60-40. 60% is domestic and 40% is export. We used to be traditionally at 50-50. This year, the situation is more on the domestic market, and we expect that we would like to come back to 50-50, and when the mature markets of the West are back, it will happen. But I'll let Kavita answer the question of your first part.

Kavita Gandhi: So, on a geographical one, if you look at from the US, UK, Europe, Turkey, these are the major areas where we do our exports. That business is in the range of around 30% right now from the total exports. So, that is where the gap is coming. I mean, there are various other geographies we can catch up offline, and we can share with you further more details.

Moderator: Thank you. The next question is from the line of Mr. Akshay Kothari, an individual investor. Please go ahead.

Akshay Kothari: Yes, thanks for the opportunity. Sir, could you just tell us what is the capital employed in each of the divisions and return ratios?

Ravi Toshniwal: Sure. So, in the yarn division, in this first half year, we have deployed another INR28 crores, and a balance of about INR43 crores is to be deployed. This includes our worsted spinning, which we talked about. This will be in the next half of the year. And for the fabric vertical, we have deployed capex. You're talking about the total capex deployed, or just what we have deployed in this year?

Akshay Kothari: No, I'm just total capital employed.

Ravi Toshniwal: Okay, total capital.

Kavita Gandhi: So, we generally look at as an integrated company, and that's the reason we don't really look into the segmental on the capital employed and all that. But if you want to understand on a more or less, like INR157 crores working capital gets deployed in yarn, in case of a fabric, around INR220 crores, and in case of a garment, if you want to get into understanding, it's around INR130 crores.

Akshay Kothari: Okay. So, which is the most, in terms of return ratios, which is the most return accretive segment for us?

Ravi Toshniwal: So, it changes from time to time. Generally, we have seen that when the market is bad, because of us being vertical, we are at least insulated on the downside, which you all can see in our results, compared to many others, that our results will still be better. This insulation is because we have a cushioning in our garment and fabric business when yarn is doing badly.

At this moment, we can see that the garment business is actually getting a better return than the fabric business, which is getting a better return than the yarn. But this will change when the market becomes buoyant again. And then, in the upside, we are ready to get the benefits.

When the upside happens, as we did in the FY '23, but in this last year, it has been more challenging. We have insulated ourselves on the downside, and we are ready for the upside in terms of capex.

Akshay Kothari: Sir, secondly, what sort of innovation are we doing with the product? Because I have been hearing that India, as it stands today, has a lot of room to do innovation in textiles, but especially in man-made fibers.

Ravi Toshniwal: Correct. I mean, we are at the top of the ladder in terms of the recall that customers and most brands have as a supplier. And all of the top brands in the world do come to us to look at us as a sourcing destination because we have stretch fabrics and a complete dominance, in a way, in our by-stretch clothing that we do for comfort, and that is the direction in which the market is going. We have added knits, and that capacity has been, in synthetics, quite appreciated.

The innovations continue in terms of what we can do in finishing, where we have a state-of-the-art European facility in terms of giving products which are much more, let's say, technologically as well as aesthetically closer to the product that Europe makes as compared to what China makes. This has been a continuous thrust with us, right from the time we had a French joint venture, and then we had a Portuguese connection, and we continue to employ a lot of Italian expats who work with us in our factory to get continuous innovation.

This has not stopped, and in fact, we have chosen to produce better quality goods and keep capacities idle rather than, at this point, just fill up the capacities to try and get to the lowest bottom line of the products and fill up capacities. This is a strategy which is deliberately chosen, and we know that it will result in better innovation as well as in getting customers who mattered and want good product to come to us.

Akshay Kothari: Understood. So are we planning to go on the technical textiles front as well?

Ravi Toshniwal: So in the technical textiles, we've only done automotive textiles, in which we made a joint venture with a US-based company, and Tesca, we have a 40% joint venture in this automotive, and that part is doing well. So a turnover of about INR80 crores to INR100 crores annually there, and they have also expanded into Chennai with another division there.

Akshay Kothari: Okay, but that doesn't come in our top line. It would directly come in our bottom line, right?

Ravi Toshniwal: Correct.

Akshay Kothari: So automotive is just one of the parts of this big opportunity. I guess there are things called fire-retardant fabric as well, which is gaining traction?

Ravi Toshniwal: We are doing that already. In terms of technical fabrics for uniforms, we have a significant sector for uniform fabrics, in which we have seen even the Polish police in the European market, Eastern European market, in the Czech market, have taken products from us with FR, with various other protective layers of clothing, including Kevlar. So we have a business which we do in that, which is to the extent of INR30 crores to INR40 crores.

Akshay Kothari Okay. So, yes, I think that's it from my side. Thanks, and all the best, and wish you a Happy Diwali.

Ravi Toshniwal: Happy Diwali to you too. Thank you.

Moderator: Thank you. The next question is from the line of Mr. Manan Poladia from MKP Securities, Private Limited. Please go ahead, sir.

Manan Poladia: Thank you for giving me the opportunity again, firstly. So secondly, what I want to understand is, you told me about your strategy for the next three years to five years. Now, if I were to take a more near-term view, what I want you to understand was you said that, when the industry does come back, you are saying that currently, since fabrics and garments are doing badly, you think they will do better first, and then yarn will recover. Is that correct, what I'm understanding?

Ravi Toshniwal: Yes, that's correct. The recovery in garment we expect to first happen, and fabric will recover after that, and then the recovery will also, of course, come into the yarn business. This is the natural cycle of the reversal.

Manan Poladia: Correct. And sir, what do you think would be the timeframe for the garment and fabric recovery to come in, and then the yarn recovery to come in, in terms of quarters, one quarter, two quarters, three quarters?

Ravi Toshniwal: Yes, so we are seeing that the significant recovery in garments should begin to happen in the first quarter of the next financial year.

Manan Poladia: Correct. So right now, we're not seeing any traction for the next two quarters, because we are already halfway through Q3. Correct?

Ravi Toshniwal: I mean, we are not expecting the next two quarters to be very significantly different. And therefore, the next financial year, that will be substantially different. But we still expect to be doing as good as we did a year before, for sure, and maybe better. Now, this depends on what happens in the market in the last quarter.

In the last quarter, we can experience some demand happening for the fabric, because the stocks might get lifted completely, the stocks that we have. If this gets lifted, then we will experience, because if we are expecting quarter one to be good in the garment part, they must lift the stocks that is there, and that will help us in the fourth quarter.

Manan Poladia: Correct, and you're not seeing any working capital being stretched any further, or worsening in terms of networking capital base?

Ravi Toshniwal: Not significantly at all. In fact, we are quite comfortable there, and this is something which gives us some strength and makes us feel that we are in a position where the downside is quite insulated. We can't really expect to be in a worse position than we are today. This is really a situation which is...

Manan Poladia: I understand.

Ravi Toshniwal: Yes, and we are doing fairly well in it. It's just a question of waiting for the demand to come back.

Manan Poladia: Correct, and sir, just another question, I'm asking just like that. In your opinion, what, as a company, as Banswara, what do you target in terms of a company-wide ROE and ROCE? Do you have internal targets for that?

Ravi Toshniwal: So we're saying that we are targeting a 10% cash profit, and roughly about -- so in terms of ROCE. One second, I'll just let Kavita answer that for you.

Manan Poladia: Yes, sure, sir.

Kavita Gandhi: We'll see. In terms of ROCE, we are looking at somewhere in the range of around 10% to 15% in this situation. Let's see how the numbers flow down on that.

Manan Poladia: Okay, great. I understand, Kavita. Thank you.

Ravi Toshniwal: Thank you.

Moderator: The next question is from the line of Mr. Aditya Sen from RoboCapital. Please go ahead.

Aditya Sen: Hi, thank you for the opportunity. So to the previous participant, you answered that, we are doing some INR107 crores capex this year. So, I wanted to understand from which quarter should we expect the revenue to kick in from this capex? Which quarter of next year?

Ravi Toshniwal: Quarter one of next year.

Aditya Sen: The quarter one itself. That's aligned with the growth of the recovery in the garment and fabric segment?

Ravi Toshniwal: Absolutely.

Aditya Sen: And for next year, definitely we are not going to achieve our previous target around INR1,600 crores. So should we expect around roughly 10%, 15% growth for next year? Top line growth?

Ravi Toshniwal: No, I think, the next year we should be better than what we are talking about for our best year ever, which was at INR1,500 crores. So we expect to cross that in the next year. Easily.

Aditya Sen: So we are back up in that figures right now?

Ravi Toshniwal: Yes, I mean, so this is a little early to say that, but in the next quarter, we'll be able to be more clear about what is happening. We do see that there is the potential in capex and there is a potential in the markets. So we have gone ahead with exploring the markets, feeding the markets, and waiting.

Aditya Sen: Right. Okay, and that was my question. Thank you.

Ravi Toshniwal: Okay.

Moderator: Thank you. The next question is from the line of Mr. Yug Mehta from AP Capital. Please go ahead, sir.

Yug Mehta: Yes, thank you for the opportunity. Can you elaborate more on OneMile and how much it will contribute to our overall revenues?

Ravi Toshniwal: So OneMile is fairly recent. So, at this moment, it's been launched and we think the revenues will probably not be more than for the moment INR50 lakhs or so. But we'll see, all of those will happen in the next year.

Yug Mehta: Okay. And my next question is, how much does the domestic and global demand for fabrics and garments look like? And is domestic demand expected to pick up faster than export demand for our products?

Ravi Toshniwal: So domestic marketfor us is something which we have found to be surprisingly more resilient and it is growing well for us. We will continue to maintain that and we expect export demand as well to come back. So this will be the double benefit we get. Once the demand in export comes back, we will not lose the gain and foothold we have created in domestic and continue to grow in the domestic while getting whatever benefits we get from the demand coming back in exports.

So this is how we can hit our INR700 crores, INR800 crores target in the fabric business and maybe around INR400 crores- INR500 crores in the garment business, which we have capacities for. The yarn business always remains in terms of the turnover more stable. The pricing depends on the overall demand supply situation.

Yug Mehta: Okay. My last question will be as per the news around us, if the proposed FTA between India, UK is signed, then how much will it benefit our company?

Ravi Toshniwal: It will give a good fillip. The UK used to be one of the largest export markets for us before and already the engagement has started back again with most of our customers like Marks and Spencer and Next and we expect that this should help us to improve our exports by maybe 10% to 15% if it does happen.

Yug Mehta: Okay. Thank you. That's all from my side.

Ravi Toshniwal: Okay.

Moderator: Thank you. Participants who wish to ask questions may press star and one on the touchtone phone. We will wait for a moment for the question queue to assemble. As there are no further questions, I would now like to hand the conference over to Mr. Ravi Toshniwal for closing comments.

Ravi Toshniwal: Thank you, everyone. It has been a challenging year and we do think that, we will get out of this within the next six months and then look forward to share much better news with you all. For the moment, I would like to wish everyone a Happy Diwali and a new year and thank you for the interest in our company and thank you for being present in the investor call. Bye.

Moderator: Thank you so much, sir. On behalf of Banswara Syntex Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.