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**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 & H1FY23 Earnings Call held on 15<sup>th</sup> November, 2022.**

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 & H1FY23** Earnings Call held on Tuesday, 15<sup>th</sup> November, 2022. The same is also available on the website of the Company i.e. [www.banswarasyntex.com](http://www.banswarasyntex.com).

Please take the same on record.

Yours faithfully  
FOR BANSWARA SYNTEX LTD

H. P. KHARWAL  
COMPANY SECRETARY & COMPLIANCE OFFICER  
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# “Banswara Syntex Limited Q2 & H1 FY-23 Earnings Conference Call”

**November 15, 2022**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the website of the company on 15<sup>th</sup> November 2022 will prevail.



**MANAGEMENT: MR. RAVI TOSHNIWAL – MANAGING DIRECTOR,  
BANSWARA SYNTEX LIMITED  
MR. PANKAJ GHARAT – CFO, BANSWARA SYNTEX  
LIMITED**

**Moderator:** Ladies and gentlemen good day and welcome to the Q2 & H1 FY23 Earnings Conference Call of Banswara Syntex Limited. 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 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 ‘\*’ then ‘0’ on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Ravi Toshniwal – Managing Director, Banswara Syntex Limited. Thank you and over to you sir.

**Ravi Toshniwal:** Thank you. Good afternoon, everyone and good morning from New York City where I'm calling from. Welcome to our Quarter 2 and H1 FY23 earnings conference call. I hope each of you and your families continue to remain safe and healthy and joined on our call by our CFO Mr. Pankaj Gharat and SGA, our investor relations advisors. I hope everyone has had a chance to go through our updated investor presentation uploaded on the exchanges and our company website.

It is my pleasure to announce that we reached the halfway mark for FY22-23 and have already exceeded and crossed our last year's numbers for the complete FY21-22 financial year. Going forward H2 has headwinds due to the recession cloud. However, in my current and ongoing trip visiting customers in the USA, Europe and next week in the UK, the response that I am getting to our products is encouraging both for our fabric and garment business. The China-plus-one strategy of customers continues to be real and there is also further Europe-plus-one wind blowing our way. Domestic demand is solid in both fabrics and garments. The order book position in these two segments is good. Yarn is showing some flatness in price but we expect that with 33% of our yarn consumed for fabric and garment internally, the overall impact on the balance 66% of our yarn even with reduced prices of yarn would allow H2 to be hopefully as good as H1. This of course is provided there is no major currency disasters or huge changes due to the war escalation which may cause a bigger downturn than what is currently being experienced.

Coming to the standalone financial and operational performance of the company; for Quarter 2 FY23 revenue from operations grew by 31% Rs. 408 crores. For H1 FY23 revenue grew by 46% to Rs. 766 crores. EBITDA margins improved by 150 basis points from 11.1% in Quarter 2 FY22 to 12.6% in Quarter 2 FY23. For H1 FY23 our yarn division grew its sales by 17%. The fabric division increased its sales by 64% and the garment division has shown the highest increase of 129% when compared to the corresponding period in FY22. The increased domestic sales in garments during Quarter 2 FY23 is due to the availabilities, additional production capacities in Daman that have been ramped up. H1 FY23 production was higher than H1 FY22 on account of pent-up demand in western markets, increasing demand post lifting of COVID restrictions in domestic markets, the returning of laborers aided our return of production to pre-COVID levels and the building up of efficiencies in our garments division with the trading of

the workforce. Proportion of the high margin value added business that is our fabric and garment business has increased to 59% of the total sales in H1 FY23 as compared to 46% in H1 FY22, for Quarter 2 FY23 it was 60% of the total sales, for half year FY23 yarn division grew its sales by 17%, fabric increased by 64% and the garments have shown 129% which I already mentioned. When compared to the corresponding period in FY22, the increased domestic sales in garments during Quarter 2 FY23 is usually the availability of additional production capacities in Daman. Export sales as a percentage of total sales increased to 47% in H1 FY23 from 42% in H1 FY22. That is we have an increase 5% in export sales. This is majorly due to the pick-up demand post liftings of COVID-19 restrictions across the various geographies we sell in. While for Quarter 2 FY23 export sales were 46% of total sales due to the increasing risk of inflation the export sales may further witness some downside pressure. Half year FY23 production was higher on account of pent-up demand, increase in demand post-lifting of COVID restrictions, return of laborers etc.

During the quarter the company has decided to move to a lower tax of 22% effective rate 25.17% from the earliest slab of 34.2%. This was the option given to us earlier we had taken this to use our MAT credit but now that is not there anymore so we have reverted back to this tax regime. This has led to a substantial rise at the PAT level by Rs. 16 crores. We are seeing in this quarter an additional PAT due to this change. Employee cost during Quarter 2 FY23 employee cost is marginally risen by 0.37% of production value, on account of additional wages payable in the labor-intensive part of our garment division. On a half yearly basis, the company has been able to reduce total employee expenses by 1.8% on account of the increased production across various departments.

Power cost which has been a concern for us for a while has lowered a little to 54.2 crores. That is 12.93% of production value vis-a-vis 52 crores at 13.67% of production value in the previous quarter. The moderation of 0.75% during the current quarter in the cost is due to the following reasons; one is the reduction in coal consumption by about 2%. Two is the increase in turnover of garments by 26 crores. The power and fuel costs required is significantly required in the garment division are significantly lower than yarn and fabric, thereby bringing down the company average. For the half year of FY23 the costs have increased by 1.15% majorly due to the significant upsides witnessed in the coal prices. The implementation of our solar power project has helped in moderating the higher coal cost by 1.66 crores in this quarter.

Despite significant increase in the working capital, the finance cost of the company has reduced by 0.13% of production value as compared to the previous quarter. This is majorly due to the following reasons; decreased cost of borrowing post receipt of reduced ROI from all banks, timely and effective usage of low cost EPC facilities and working capital WCGL, stoppage of high cost discounting done from garment debtors. Happy to be having this interaction even remotely from New York City and really feel that technology is really empowering all of us to be more productive and look forward to continuing to share our journey with all of you. Thank you and we'll open the floor now for question and answers.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Anant Jain, an individual investor.

**Anant Jain:** My first question is that although we are growing and we are growing significantly, our revenues have grown and our profitability has also gone up. But at the same time what we are also seeing, there is a significant increase in our debt levels and considerable increase in the balance sheet overall whether it is the receivable part of our balance sheet or the borrowings part of our balance sheet or the inventory part of our balance sheet. How do you see these evolving and how do you plan to manage these going forward?

**Ravi Toshniwal:** Anand thank you for your question. I understand what you're saying very clearly. You notice that one of the biggest increases in the debt level is because we chose not to take the expensive credit that we were getting by discounting bills. We were discounting bills of our garment domestic division sales to the corporates. corporates like the Arvind or the Arrow Group or the Raymond Group or Madhura. They were giving us a very high cost of credit of almost 12% to 13% discountable. We chose to give them open credit instead of discounting and that's why the debt level increased there. That is quite risk free and we had the availability of limits to do that. It's a choice we made which we can reverse at any time and if we want to have that working capital, we can use it and we can choose to discount again. That's one big explanation of I think the chunk of 30-40 crores increase in the garment division specifically due to that. The rest of the increases is due to some situations where the orders are there and the customers are lifting goods but lifting was little bit slower than before. These things will keep happening cyclically but I don't see a concern there. With the growth and if we look at the total expenses that we are having on finance or the expenses we are having on our people cost, we are not concerned that these will be issues. I hope I've been able to answer your question.

**Anant Jain:** Just some more clarifications here, so do we see this as a peak debt and do you expect this to come down in the going forward quarters? That is the first question and secondly for exports, specifically because we are seeing now and then some large companies going through bankruptcy in Europe or in US. So, do we have guarantees for whatever we sell to these companies?

**Ravi Toshniwal:** These two questions let me answer separately; I'll start with the first one on the exports part. On the exports part we never sell without a letter of credit. Recently again if you see some of the debt which has gone up, it's because the letter of credits which we were receiving from Sri Lanka and Bangladesh are not being discounted clearly by the banks in India due to various precautionary measures. These are all secure debts because the buyers in the US or Europe have confirmed the orders and will push the garment makers to make sure that the LCs are honored and the LC exists. This is also temporary right now; these things will change as the bank's credibility becomes better again. The other part is you asked me about whether we think that this debt level is the highest we've reached so far or something. Yes, we have chosen at this point to increase the debt level and I think it will only reduce from here going onwards. So, proportional

to the turnover and if the turnover increases significantly more than the proportionally increasing debt is a healthy thing.

**Anant Jain:** I understand that part but the increase this time was disproportionate actually to what our sales have grown. I do understand the working requirements will increase in....

**Ravi Toshniwal:** That is a good observation and it is for these two reasons that it was disproportionate. One was the LCs not being counted by the banks and two was the garment open credit that we gave to customers rather than discounting the bills at high cost.

**Anant Jain:** Just one request, in Q3 where companies simply don't publish their balance sheet. It would be really helpful if you can kind of quote the debt and receivable levels because any further increase from here would be really worrying as an investor.

**Ravi Toshniwal:** I didn't understand that. What did you want me to talk about?

**Anant Jain:** In Q3 publisher results, please give out the debt numbers and also a receivable number because as an investor any further increase from here would really be a concern in these levels because in Q3 the balance sheet doesn't get published too, for Q3 specifically because Q3 we don't publish.

**Ravi Toshniwal:** Pankaj do you want to comment on that on the numbers that he's asking for Anant.

**Anant Jain:** So, I'm saying that going forward, Q3 since we don't publish balance sheet, I would expect these numbers to be given out.

**Pankaj Gharat:** So, we would be publishing the balance sheet every September and March and in Q3, yes, if you have a specific let's say a query that the debt numbers are to be given out, we will try to let you know. However, just to take the explanation of Mr. Toshniwal ahead, apart from the garment discounting which we stopped and of course the increase in the amount of sales because last year it was 1,290, this half year it was around 762. So, apart from these two things there is certain amount of CAPEX also which we have incurred. So, there is some increase around 35 crores is the increase in the term loan amount as well.

**Ravi Toshniwal:** That is long term. I can see that.

**Pankaj Gharat:** There increase in the debt of around 150 crores if you compare March with September.

**Moderator:** The next question is on the line of Sunil Agarwal from SE Security.

**Sunil Agarwal:** I have few questions which are pertaining to the gentleman who asked earlier. Now when you say that letter of credit, it is a very safe mode of payment, I totally agree on that. But there is one thing. There are a lot of cancellations which are happening worldwide because I belong to the same industry. So, when the cancellations are happening, letter credit is not really a safe option

again. Do you see any bad payments which might not get realized and there are a lot of cancellations from your customers?

**Ravi Toshniwal:** No not really because we don't ship the goods until the primary customer, not the garment maker confirms that they should be shipped. The garment maker then has to honor the LC to receive the goods. Otherwise, the goods come back to us. That's never happened.

**Sunil Agarwal:** So, whatever are the postponement you see, in the coming quarters you will be shipping those goods. There are no cancellations on that.

**Ravi Toshniwal:** Yes. We are producing only goods against orders that are confirmed and we start to produce after orders are confirmed. So, cancellations from customers are not without liability...we are not making stock. We don't take cancellations unless there's a liability for the customer and the customer agrees to pay the liability, we don't accept the cancellation.

**Sunil Agarwal:** Can you give me a breakup of what are your margins in yarn and fabrics and garments separately?

**Ravi Toshniwal:** So, you're talking about EBITDA margins?

**Sunil Agarwal:** Yes.

**Ravi Toshniwal:** Or cash profit?

**Sunil Agarwal:** No. EBITDA.

**Ravi Toshniwal:** Yarn is right now around about 15.5%, in fabric is around 14% or 14.5% and in garment it's little bit lower at about 10% or 12% but it's improving in the garment and fabric part. These I'm talking about after accounting for yarn transfer price at market price. Yarn profit is taken in the yarn business and fabric profit is taken in the fabric business. That way.

**Sunil Agarwal:** Another thing, the expansion whatever you have done, it is good to take care till how much.... like you said you will be growing 25% to 35%. There will be a CAGR growth. So, till when do you think your expansion will be taken care of and when you'll need fresh capital to employ for the expansion?

**Ravi Toshniwal:** I'll just let Pankaj answer that because it will be more accurate as to how much we've deployed already and what according to the plan we are going to further deploy and the time period for that.

**Pankaj Gharat:** So, the line was little unclear. You are asking about the deployment of further CAPEX expenditure which is to be incurred in the next 6 months, right?

- Sunil Agarwal:** Yes. Because that will increase your debt level or it will be from internal accruals. That's also one major thing which I want to ask. Any further expansion will be from internal or you'll increase the debt again?
- Pankaj Gharat:** Whatever capital expenditure we are going to incur for that we would be going in for fresh on debt in the ratio of let's say 75%:25%. The 25 comes from internal accruals and 75 comes from the banks generally. Roughly around 70 odd crores would be the debt that we would be taking in the next 6 months as of now. This includes the expansion as well as modernization.
- Sunil Agarwal:** The 70 crores will take care of your expansion till which financial year?
- Pankaj Gharat:** The expansion in basically the garments division till March 2023 would be another 40 crores, out of which 30 would come from the bank and remaining 10 would come from the internal accruals. Apart from this 40 crores there would be another 30 crores which would be invested in the modernization, so overall we are looking at around 70 crores unless any CAPEX gets added on as per the revised plan. As of now we are steady at around 70 crores we will be incurring in Q3 and Q4 of this financial year.
- Sunil Agarwal:** Till March there will be expansion which would be funded approximately 70 crores, right?
- Pankaj Gharat:** Over the 70 again towards expansion as well as modernization.
- Sunil Agarwal:** Can you just confirm the last question from my side, how much expansion in your domestic business and export business going forward?
- Ravi Toshniwal:** Yes so, we see that the domestic market is doing better but even the export market is also quite buoyant. We're getting to that 50-50 ratio where we'll be in a good, sweet spot with 50% of our turnover coming from export and 50% from domestic.
- Sunil Agarwal:** The margins in domestic and exports are equal or the EBITDA margin or there's a difference?
- Ravi Toshniwal:** It depends from product to product and segment to segment. But on an average, I would say that they're about the same. That's more or less the same.
- Moderator:** The next question is from the line of Navneet Bhaiya, an individual investor.
- Navneet Bhaiya:** My first question is, in your presentation you've outlined your vision to grow to a 1,600 crores top line company by FY25. In this quarter we are already roughly at that run rate. So, would you like to revise that?
- Ravi Toshniwal:** We might revise it as we go down the road. Maybe by end of Q3 we should be able to give a better idea about that. It is going well and we are achieving a run rate better than what we have projected.



**Navneet Bhaiya:** Yes, exactly that's precisely so yes if you can come up with a revised vision it will just help us to visualize better?

**Ravi Toshniwal:** So, I mean people are concerned about headwinds and my personal view right now is that the headwinds that people are talking about which are coming around let's say in some of the furnishing sectors and the commodity businesses in cotton we are not being impacted by all of those. We are primarily in the more dress-up clothing sector and the suiting business and that has revived well for us in most of the markets. The demand as I see it has not really gone down in both Europe as well as in the US for us and UK, I don't know yet what is going to happen exactly but we'll see how that goes. We'll see the markets of in fact, the markets in Australia, the markets in Russia and the markets in Korea and now in Japan are beginning to revive very well too. Given the geography of our distribution both in the East as well as in the West I mean good markets, the Middle East of course has been also a very good market right now with a lot of oil dollars available to them and the market has been pretty buoyant. Globally we don't see that the recession for us in the product we are making is going to make a big impact. One because we have innovation and the kind of products we make, always allow us to get better reception from the customers when the markets are bad. Somehow Banswara seems to do better when the situation is tougher.

**Navneet Bhaiya:** I would just like to ask you in your commentary, in your press release you have of course mentioned and in your opening remarks as well that H2 has some headwinds. However, based on what you're saying right now you haven't yet seen too much of a demand pressure even in your export market, domestic of course continues to be solid. Is it more anticipation that things might go worse from where it is right now or you've already started seeing some slackness?

**Ravi Toshniwal:** No, we are just being cautious about the fact that recession fears are there but we don't see it in terms of the order book or the way the clients are working with us right now. Even when I'm in the US here in New York now I've been talking to clients the last 2 days and it's like they are also saying we don't really see the recession. The shoppers are still shopping, everything is happening. In fact, there's a shortage of people and there's a labor shortage. I mean the workforce hasn't come back to the extent that the workforce should have come back after the COVID times in the US. But other than that, most people are still spending. As I mean the malls are as busy, the shops are as busy, everything's happening.

**Navneet Bhaiya:** That's good to note. Any new customers that you are looking at in your overseas visits or it's more about selling more to the existing customers?

**Ravi Toshniwal:** Right now, it's about yes, we are developing a few more new relationships but existing relationships to harvest is more important. Among the new relationships is Uniqlo in Japan which we were working at for the last 2 years and it's slow and steady but when it breaks through it will be big and we've been working with PVH Group here in the US. That seems to be also getting to be a relationship which can be pretty big. There's a lot of big customers around and they're all looking geopolitically at India as being in a good spot and therefore they would like

to shift from China and we just need to give them the confidence and the ability to be able to deliver to that. That's why we're making these investments and we are trying to ramp up production which we have done in the garment business to meet the demand that's happening. We'll have to do it in the fabric too because demand is going to be higher than our production capacities but we're being cautious.

**Navneet Bhaiya:** Are we operating at close to 100% capacity in all the three divisions yarn, fabrics and garments?

**Ravi Toshniwal:** Yes, I would say in the 90s yes. 100% is not what we plan to achieve given the complexity of our product mix.

**Navneet Bhaiya:** Yes of course but close to full capacity utilization?

**Ravi Toshniwal:** Yes, right.

**Navneet Bhaiya:** And just one last question or observation and you may choose to comment as appropriate. There's been some promoter selling over the last quarter by about 1%. Anything that you would wish to stay on that, is there more to come or?

**Ravi Toshniwal:** Rakesh, as my sister has sold some of her shares because she wanted to buy a new house.

**Navneet Bhaiya:** Again, is that it or is there more selling expected from the promoter group?

**Ravi Toshniwal:** No, not really. I mean this is just based on what we don't have income other than what's happening from the company and we're not paying ourselves hugely. So, if somebody wants to make a big-ticket investment there's no other way.

**Navneet Bhaiya:** So, yes, I just wanted to get a clarification on that. All the best. I think things are good so far for the company and all the best for your future quarters.

**Moderator:** The next question is from the line of Surya Narayan from Sunidhi Securities.

**Surya Narayan:** Just to understand the working capital intensity of your business. If you can throw some light on the receivables, inventory and the payrolls because the cash flow statements, the operating levels, we are turning negative and most of the performance are carried of the working capital days. Can you throw some light on the inventory and the receivables and payables especially for the receivables because we are nearly halfway mark from export to domestic markets equally divided. What is the receivable days for the Indian customers and what is it of the overseas customers?

**Ravi Toshniwal:** So, you did listen to what we had said to our first question with Anant, I think. Did you listen to that?

**Surya Narayan:** I didn't get.

**Ravi Toshniwal:** I said a similar question was asked, by the first question that we got from Anant and did you listen to the reply on that and so I will let Pankaj reply again to your reply, our CFO.

**Surya Narayan:** I have got, in the previous questions working capital was not disclosed in detail. I'm asking because the cash from operating activities are negative and mostly due to the working capital carried out. So, if you can...?

**Ravi Toshniwal:** I'll address that again and ask Pankaj to do that please.

**Pankaj Gharat:** Mr. Surya so basically if you see from the levels that we were in March '22, our inventory has increased from earlier to 278 crores to currently around 329 crores. There is approximately an increase of around 51 crores whereas our paid receivables have increased by around close to 114 crores from 126 crores to around 240 crores. Now I will answer first I will take receivables. Receivables, as explained earlier over the call, majorly the receivables have increased due to two reasons. First reason is because we stopped the discounting, we have stopped discounting the domestic receivables which earlier we were discounting at a higher rate of interest. So, that is the first reason for increase in the receivables and secondly due to the recent economic changes and where we were not getting the LCs from some customers in Sri Lanka and let's say the other areas, Turkey so there due to that effect there is an increase of around 20 to 25 crores so that is regarding the receivable portion. On inventories so for receivables one more reason is the increase in the quantum of the sales as I explained earlier. In the last financial year, we were at 1,290. For the current financial year 6 months we have achieved around 762. So, naturally there is an increase in the turnover so on a pro rata basis then there is the inventory and the receivable levels are bound to increase. So, that more or less explains.

**Surya Narayan:** Can you quantify in days?

**Pankaj Gharat:** Sorry?

**Surya Narayan:** Can you quantify in days of the working capital days?

**Pankaj Gharat:** I could separately take this question with you because for that we will have to separately do it for the individual products so.

**Surya Narayan:** And also work out because there could be different level of working capital I mean receivable days for the local investors, local customers and overseas customers so I just wanted also break up of that?

**Pankaj Gharat:** While we could to give you that data out. One point which I would like to make over here is that all the receivables are 100% secure. None of our shipments are going unless either we have an advanced payment or let's say we are sending the documents as CAD or we are having the LCs in our hand. So, majorly the receivables are squarely covered. Moreover, we could take this offline.

**Surya Narayan:** Pankaj ji we are not questioning any suspicion on the receivables, those are going bad but what we are seeing that, we are asking is that whether or what count the working capital is rising and whether that is what is a sustainable level of because you have changed the methodology so what would be the sustainable working capital days or cash conversion cycle days? That is what I just wanted to understand?

**Pankaj Gharat:** To answer this question we are regularly monitoring our working capital limits and we are having sufficient gap available to take care of the current quantum of the activities and moreover we could definitely be able to take this offline, if you want any further explanation with regards to the split of let's say the domestic and the export receivables. However, the receivables, the inventory is completely in control and our existing banking limits are enough to take care of the same.

**Ravi Toshniwal:** Maybe you could just talk about days in terms of like say the total amount of outstanding days for yarn is so many days, yarn inventory, for fabric inventory, for fabric receivables it's so many days and for garment receivables its so many days and the norms in the industry are so and so compared to the norms where we are?

**Surya Narayan:** Yes, that will be fine. Yarn believed to be very less compared to others?

**Pankaj Gharat:** Basically, it again depends on the cycle, the credit terms you are having with your customers. As rightly pointed out the yarn receivables we have the lowest cycle, domestic garment would have a higher cycle. That's where we can offline take this and give you a detailed explanation.

**Ravi Toshniwal:** That pointed out so that you could even put it on the website in terms of the receivables and inventory in cycle days as compared to the norms that are there in the industry.

**Pankaj Gharat:** Sure, we can definitely do this. We can definitely put this up on the website, no problem.

**Surya Narayan:** Secondly regarding this solar power cost going forward because what is the status of the solar power projects and last time, we have seen that the biomass plant is still to be stabilized and also the EHT supply from the grid that is to be obtained. What is the status on that one front? When we migrate from the HT to EHT what is the saving if any will be there?

**Ravi Toshniwal:** So, regarding this overall power situation; we are being forced to generate electricity with coal which we don't want to do because we don't have enough of a connection from the State Electricity Board and for this, we have moved the necessary papers in Jaipur and we are getting a new line of 132 KVA. That is expected to come up within the next 6 months. Once that happens, we can cut off the coal entirely and we can move to a combination of biomass plus electricity grid plus solar. Some investments will be happening in solar; the biomass conversion of the boilers will happen. This is also in process and should take another again between that 5 to 6 months. So, I would say in 6 months we would see a significant saving of between 2 to 3 crores per month happening only on the power front.

- Surya Narayan:** Just to understand considering our size from the beginning itself 132 kV phase, three phases solar been taken, why it was not considered at the beginning stage and why it is now and secondly why 6 months delay will be there? Is a system so causing such a delay?
- Ravi Toshniwal:** No, I mean see the Electricity Board also wants to do it because they get a high-tension consumer and we'll be buying more electricity from them so it's mutually beneficial both to the board and us to do it. The reason we hadn't done it so far is that coal was actually more economical than taking the power from the Electricity Board. We actually benefited for 8-10 years due to that then we have lost for one of these last 1-year. The process of actually drawing out the 132 kVA line requires this cabling to be done underground and various permissions to be taken. That is why it is going to take 6 months.
- Surya Narayan:** Can it be happened little bit 1 or 2, less than 2 months, 3 months? Because the grid is only around your factory I believe I have not seen....
- Ravi Toshniwal:** No, it's about 8 km away the substation where the 132 kVA will be drawn.
- Surya Narayan:** So, is there any cost reduction? What is the saving cost of grid cost per unit? What would be if you migrate to 132 kVA what would be any saving on that front?
- Ravi Toshniwal:** Yes, about Rs. 3 to Rs. 2 per unit we will save.
- Surya Narayan:** Rs. 2 to Rs. 3 per unit?
- Ravi Toshniwal:** Yes. The grid is cheaper per unit compared to coal.
- Surya Narayan:** Compared to coal. From the grid, current grid to 132 kVA what is the saving?
- Ravi Toshniwal:** That's what I'm saying no that from the grid at 132 kVA right now we're taking at 33 kVA which is also okay. But we have only a connection of about 12 MVA. We need total of another 10 more which we will get with the 132 kVA in a single connection with better quality power.
- Surya Narayan:** Grid cost no savings will be there but compared to coal we could be having a saving of Rs. 2 to 3 per unit. Am I right?
- Ravi Toshniwal:** Correct.
- Surya Narayan:** What is the situation going forward when the crude oil prices are not actually receiving and the raw material for the synthetic yarns like PTA, MAB those could be in inflationary trend. Do you think the prices of the yarns, synthetic yarns will be able to sustain at this current level? Because it is unless and until crude stabilizes and all the 80 to 90 brent, I am talking about brent so do you think what is the scenario you are looking at?

**Ravi Toshniwal:** So, yarns in commodities prices should fall but we are making more specialties than commodities and all of our yarn is dyed yarn or yarn with stretch in it or yarn with some fancy properties in it. We're not that concerned about the demand being so drastically down in specialties. We're not in the commodity raw white yarn business nor are we in the commodity space in the fabric business nor are we in the commodity space in the garment business.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Ravi Toshniwal:** Thank you everyone and thank you all for the questions. I hope we have been able to answer them in a way in which there is more clarity. We do look forward to our continued communications and our conference calls and find this opportunity to be stimulating as well as educative for us to understand your concerns. We look forward to continue this process and wishing that the next half year will be as good as this one and we're going to keep working towards that. Thank you so much everyone.

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