BANSWARA

Date: 3rd March, 2018

To,
Department of Corporate Services,
BSE Ltd.,
25th Floor, P.J. Towers,
Dalal Street, Fort,
Mumbai 400 001

Code No.503722

To,
The Manager,
National Stock Exchange of India Ltd.
5th Floor, Exchange Plaza
Bandra (E), Mumbai-400 051

Symbol" BANSWRAS"

Dear Sir,

Subject: Transcript of Q3 and 9M FY2018 Earnings Conference Call held on 15th February, 2018.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Kindly find enclosed a transcript of the Q3 and 9M FY2018 Earnings Conference Call held on Thursday at 15th February, 2018. 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

(H.P. KHARWAL)
COMPANY SECRETARY
Encl: a/a

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"Banswara Syntex Limited Q3 and 9M FY2018 Earnings Conference Call"

February 15, 2018

MANAGEMENT: **MR. RAVINDRA TOSHNIWAL – MANAGING DIRECTOR - BANSWARA SYNTEX LIMITED**
MR. J. K. JAIN – CHIEF FINANCIAL OFFICER – BANSWARA SYNTEX LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Banswara Syntex Limited Q3 and nine months FY2018 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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ravindra Toshniwal – Managing Director of Banswara Syntex Limited. Thank you and over to you Sir!

Ravindra Toshniwal: Thank you. Good afternoon ladies and gentlemen and very warm welcome to our Q3 FY2018 earnings call for Banswara Syntex Limited. Along with me on this call I have Mr. J.K. Jain, our Chief Financial Officer and SGA, our Investor Relations Advisors. Let me take you through the performance for the year till date.

It has been an exceptionally difficult year and we continued to fight the challenges that the entire industry is facing. Textile industry players have headwinds and are finding it difficult because of the GST after the demonetization and many of the supply chain, major retailers, and the wholesale business in fabric and textile industry is disturbed due to the GST implementation and increased working capital requirement post this happening. Currency fluctuation and the increase in rupee strength, the rising competition from our neighboring countries and the reduction in duty drawback, which came as a consequence of the GST, impacted our overall growth for exports. So there was a subdued demand both in the domestic and export market and this industry, which was largely driven by many fragmented players there were liquidity issues across the industry in bringing them into the supply chain with GST, so there has been tepid demand.

Despite the above headwinds, we have seen sequential quarterly growth and compared to last quarter our profitability during this quarter is a little bit better. This in spite of the fact that there is an increase in price of polyester by 9% on a quarter-on-quarter basis, which did impact our profitability and we were also adversely affected by the increase in our power and fuel cost due to the underlying increase in prices of pet coke and imported coal.

The price, for example, of US imported coal has increased by 11.5% during this quarter. Currently the Supreme Court has banned the use of pet coke and we are then now using the next alternative fuel, which has increased our cost of power generation. As mentioned earlier, we have managed to pass on a 5% increase for most of our products to our customers of which about 50% have agreed and we had been trying to get a 10% increase from the rest in many products, which we hope to get agreement by the end of the year. We are focused on creating a better revenue mix, our garment and fabric business has grown and has contributed almost 66% in fact of our 9-

month turnover compared to about 60% in FY2017 so that is a 6% increase almost in the value-added part of our business in fabric and garment as compared to yarn and we will focus on these two segments going ahead and we will be using more and more of our yarn capacity for captive purposes or for fancy or value-added yarn, which we hope will help us to increase the margin and elevate us further in our fast fashion business.

In the normal scenario, yarn could contribute a 10% plus margin, fabric around 14% plus and a garment of around 15% plus EBITDA margin and our future strategy is to emphasis more and more on the fast fashion business with customers like Inditex, Zara or H&Ms and also many other customers in the world in the US market, I mean, all markets where the trend for reducing lead time and having a better turnaround cycle is a trend which we must support.

To support this fast fashion, product has to be value added both in terms of design, quality, and deliver at speed. We have therefore moved into a philosophy of delivering European style of product made in India and delivered with speed with prices better than Turkey and we are emulating the Turkish and European fast fashion reorganization to be able to get speed. We have designer's full time for France and one from the US would design fabric collections based on trends to make our products differentiated and fashionable. We have a partnership arrangement with the Japanese and European company for marketing. The European company agreement is going to be converted into a joint venture and we hope that this joint venture will be able to sign by the first week April in 2018.

As far as the Japanese partnership is concerned with Takisada and also extends into Korea and other Far East markets. We did manage in Japan last year to sell about 100,000 meters at an average price of $3.5 in Q3. We have a growth rate from last year in Japan to this year of almost 42% and almost sitting about Rs.25 Crores in total sales. We are growing at a rate of at least 25%, last year growth rate has been 42% so let us see what will be for the next year in Japan and our marketing arrangement with Riopele in the global fast fashion business for women's wear where we planned to make JV and in the process of forming that JV which as I said we hope to sign in April is doing well and we have made marketing projections there for about 1.5 million meters sales in the first year, which would be valued at around about $4 per metre so that could be around let us say $5 million dollar turnover. A $5 million turnover would be about Rs.30-35 Crores turnover in the first year itself of the JV. So you know from that perspective we think that more value-added sales would continue to grow and as far as we are concerned the industry has a tough situation ahead, but for us the situation is looking better. We have improved quarter by quarter, however, we have not yet gotten to the results of last year and we have a long way to go in improving the EBITDA margin.

I would like to now hand over the line to Mr. J.K. Jain who will update you on the financial performance of the company. Thank you very much.

J.K. Jain: Thanks Mr. Toshniwal. Good afternoon everyone. The reviewed results for the Q3 and nine months are already with you. I will just take you quickly through the financial performance quickly. The revenue for the Q3 FY2018 stood at Rs.341 Crores as against Rs.304 Crores in Q3 FY2017; it is up by 12%. Product wise, yarn contributed 32%; fabric contributed 46%, garment 20%. Thus the overall contribution of the value-added fabric and garment is 66%. Revenue for the nine months FY2018 at Rs.965 Crores against Rs.926 Crores in the corresponding period. It is also up by 4%. Product wise for the nine months, yarn contributed 34%, fabric 44%, garment about 20%.

The EBITDA margin for Q3 FY2018 at Rs.29 Crores against Rs.35 Crores in Q3 FY2017. The EBITDA margin was 8.4% during this Q3FY18 while 11.6% in Q3FY17 EBITDA for nine months FY2018 at Rs.87 Crores against Rs.105 Crores in nine months of FY2017. In terms of margin percentage, it is 9% in9MFY18 while It was 11.3% in the corresponding period. The decline in the margin was attributable to increase in raw material cost, power and fuel cost, and the reduction in the export sales.

We have reduced our net debt by Rs.44 Crores and overall reduction during the year would be Rs.61 Crores. The company has not planned any major capex in the current financial year and in the next few years. That net debt reduction in the following years will also be to the tune of about Rs.60 Crores every year and we are progressing on that as well. Thus debt is reducing and the margins are expected to be better.

Now we open the call for the questions please.

Moderator: Thank you very much Sir. Ladies and gentleman, we will now begin with the question and answer session. We take the first question from the line of Navneet Bhaiya, an individual investor. Please go ahead.

Navneet Bhaiya: My first question is on the normal margins that you just mentioned in your opening comments Mr. Toshniwal that yarn has 10% EBITDA margin, fabric 14%, and garments 15%.

Ravindra Toshniwal: Under normal situation.

Navneet Bhaiya: There are three priority yarn manufactures they have been making cotton yarn up to 15% to 16% EBITDA margin as well?

Ravindra Toshniwal: That is true Navneet.

Navneet Bhaiya: I was just trying to understand the dynamic over there?

Ravindra Toshniwal: As far as synthetic yarns are concerned, the EBITDA margins are always lower than the cotton yarn manufacturers, primarily for the reason there is a lot of profit of the cotton yarn manufacturers that comes about is due to the buying of cotton itself. As buying of cotton is a trading activity whereas when we buy synthetic fibre or filament yarn it is bought at a price which is controlled by Reliance or some large company and it is based on market price. Hence, You cannot make any trading profit.

Navneet Bhaiya: Okay. I understand. The same will percolate downwards or upwards to fabric and garment as well.

Ravindra Toshniwal: So the main difference is that cotton business has a distributed cotton purchase element to it and depending on the region where you are and how specialized you are in the cotton purchase, you make the margin on the raw material, which makes a big difference to your overall EBITDA. No brokerage and no arbitrage is possible on the raw material, in fact it is a man-made industry, in India it is more controlled by Reliance and Grasim. So in fact we are at a disadvantage as far as the man-made garments are concerned. Really our margin has to come out of design and product development.

Navneet Bhaiya: So the amount spent with the capacity would also be lower as you are comparing yourselves to cotton yarn manufacturers ?

Ravindra Toshniwal: Not necessarily.

Navneet Bhaiya: Not necessarily?

Ravindra Toshniwal: No. It could be more. It could be less. Generally, that is slightly less in the synthetic as compared to cotton that is true, but not too much.

Navneet Bhaiya: The return on capital could be higher than those of cotton yarn manufactures?

Ravindra Toshniwal: In general, when we look at the synthetic history in India, it has not done as well as the cotton has.

Navneet Bhaiya: Okay. I understand.

Ravindra Toshniwal: This is true.

Navneet Bhaiya: I understand. How is your capacity and utilisation shaping up right now?

Ravindra Toshniwal: As far as capacity and utilisation is concerned, we have done well, but there was a little bit of problem in January because of some industrial unrest with certain absenteeism that we had, so nonunion activity led to a strike for about three or four days.

Navneet Bhaiya: That is right.

Ravindra Toshniwal: So we had that challenge, but we have gotten through it in a very good way because we really had a very firm stand that we will not basically employ anybody who does not spend at least 15 days in a month in attendance. That was the only stand we had taken.

Navneet Bhaiya: That was the January or February as well but in Q3 you were pretty much at peak utilisation?

Ravindra Toshniwal: In Q3 we were fine, yes, Q3 utilisation was not a problem.

Navneet Bhaiya: Okay. So in terms of growth I am just wondering if your utilization is pretty much up there and if there are not any significant?

Ravindra Toshniwal: Problem was that the increase in the cost of raw materials, the loss in drawback and the loss in currency rate as far as export is concerned; we were not able to pass it on to the customer.

Navneet Bhaiya: Okay.

Ravindra Toshniwal: So we are still to pass on about 5% to 7% of our increases in cost to the customer.

Navneet Bhaiya: Okay in terms of volumes you are pretty much supplying as much as you can or is there upside there as well in terms of volumes?

J.K Jain: Yes, I will just update you. In terms of quantity if you look at last quarter versus the immediate preceding quarter, yarn business quantity has grown up by 8% and the fabric has gone up by 11% and garment is grown by 26%.

Ravindra Toshniwal: It is very positive growth as far as the garment and fabric part is concerned like we are saying we are now 66% of our business in fabric and garment and 34% of our business in yarn, which is significantly better than last year in terms of the value addition. We are moving in the right direction except the margin improvement and that really has been because of the cost escalations that happened post GST as well as the currency and all the drawback revision part. It takes sometimes for the customers to swallow since we have to quote prices and hold them typically for a year.

Navneet Bhaiya: Okay. So do you have capacities to grow your volumes further beyond what it was there in Q3?

Ravindra Toshniwal: One other strategy that we have now is based on outsourcing and in fact what we are doing is we are gradually eliminating those capacities which are commodity type at our end and increasing the outsourcing of those capacities or converting the capacity at our end to more high end capacity suitable for better margin products and customers like our joint venture partner will want from Portugal. We had achieved an EBITDA margin of 17% in 2011. We are convinced that we can get back there, but it is taking much longer time than expected and we now have to restructure ourselves to come back to a situation where more higher margin products are sold;

less higher margin products or for products that margin is not there are outsourced and sold;and the customer mix and matrix of better value customers is increased. So all of these steps have been taken to try and increase the EBITDA margin in all three parts of the business, in fact the yarn part of the business is shrinking and the other two parts is increasing which is a good sign.

Navneet Bhaiya: So how do you feel everything shaping up in the next, as in what is your comment on the outlook?

Ravindra Toshniwal: I was expecting this year to end at least level of last year in spite of all the headwinds, but it looks it might be a little bit less than last year.

Navneet Bhaiya: Okay and FY2019?

Ravindra Toshniwal: FY2019 should be positive because we will kick in with the joint venture and we will also have a lot of growth coming to us from the US and Japanese markets as well as the European market because now the relationships have changed. We are being perceived more as a Turkish company than an Asian company. We are getting the price increases for many customers when we give them the argument that you will not be able to counter source our products from anyone else, but Turkey, and the prices will still be higher in spite of our request for 10% increase or 12% increase in many cases. Customers just need some time to adjust to that reality, but we are paying.

Navneet Bhaiya: I understand. That is it from my side. Thank you so much and all the best.

Moderator: Thank you. We take the next question from the line of Praveen Khandekar from Khandekar Investments. Please go ahead.

Praveen Khandekar: Good afternoon Sir. Sir, I have a couple of questions. Can you throw some color on your debt position and what do you see at the end of FY2018 to FY2019. Can you give the list of working capital cycle and the way to reduce it?

Ravindra Toshniwal: Okay, I will let J.K. answer your question.

J.K. Jain: The working capital and terms loan both together are about Rs.550 Crores. I told this about Rs.250 Crores is the long-term borrowing for the leased assets and about Rs.300 Crores for the working capital. Long-term, we are almost paying Rs.60 Crores plus every year and in the next two to three years also the same repayment period will continue. This will leave the borrowing to almost less than 50% of that repayment every year. Our borrowing is reducing by about Rs.30 to 35 Crores every year. On working capital cycle the overall borrowing of Rs.300 Crores is almost all the same, which was even prior to the implementation of the GST and all that because of the GST also the working capital was blocked and utilised and substantial portion is just not being released by the government, so overall debt cycle on the working capital is about 3.5 every year because we have about Rs.1300 Crores turnover and borrowing is about Rs.300 Crores plus some bill discounting, so roughly around - 3-4 turnover of the working capital borrowing.

Praveen Khandekar: Sir, you said there would be 10% price hike you are looking at?

Ravindra Toshniwal: We requested a 10% price hike from customers, we got 5% from about 50% and we are still pressing for 10% to 12% with others and we hope to get that by the end of the year.

Praveen Khandekar: So you feel it will cover overall increase the cost of raw material?

Ravindra Toshniwal: Yes, there will be a 7% increase in our revenue even without increasing any meters or kilos and that should help the bottom-line, that will go to the margin, EBITDA margin today we only got 9% let us say we got 5% to 7% increase that would help.

Praveen Khandekar: What is the probability of chances of getting this and now if you get what will be the margin expansion of that?

Ravindra Toshniwal: We expect that the margin expansion after that should get up next year to an EBITDA margin of at least 12% or 13%. We expect to go this year because our objective is to finally come back to 15% EBITDA overall.

Praveen Khandekar: Okay. Any timeline for that 15%?

Ravindra Toshniwal: It depends on how much headwinds we face and just when we thought everything would be perfect in two to three years we had this whole big hit of GST and demonetisation and if that did not happen we would have been fine. Major hit was because of the increase in the power and fuel cost which was a major blow to the company. That's added to the misery.

Praveen Khandekar: Sir how long this GST, demonetisation effect will be there?

Ravindra Toshniwal: I think that it will last for another five to six months of market. The export part which has now foregone conclusion we lost about 4% to 5% drawback but that we are getting back from the customers in price and then this another increase in the 7% to 8% in raw material, etc. so we had asked for another 5% to 7% increases in price. So there is something that is going to adjust, raw materials increase customers pay for it, but when there is a loss of duties by our government and all other countries in the world do not have that change then that is much more difficult to get back unless you have a justification for it. So our justification has been that we are giving you European product and it is still cheaper and our government has taken away our drawbacks, so we have no choice but to increase the product price. So which customers they will say okay we will try and you cannot increase like this etc., but they may try and counter source it, when they cannot find something they come back to you and they pay.

Praveen Khandekar: Okay. Are there any escalations or things like that if something happens the tax regime, or something like that, we can pass on the prices?

Ravindra Toshniwal: No.

Praveen Khandekar: How the prices are decided?

Ravindra Toshniwal: Price is based on an estimation that this would be the raw material price for the next year and that this will be drawbacks and situations, normally drawback and all these have not changed they have only gone more favorable in the last 20 years. It is only last year when the GST happened for the first time drawback fell from 9% to 9.5% to about 2%, Once we got back GST, but the net loss of 5% in all drawbacks across the export of the manmade industry remains. The government is losing export revenue all of the councils are reporting a loss in the exports includes the garment industry; this includes the cotton textile export promotion council and the synthetic export promotion council. The government is worried about it, but they do not know what to do because they cannot get back away from GST.

Praveen Khandekar: Okay, Sir does the current situation is expected to stay for couple of months?

Ravindra Toshniwal: As far as the drawback is concerned and GST is concerned we are assuming it is permanent. All we can do is get back prices from customers and will make an offering where you will get prices which are good enough for you to get back to your margin and the customer will pay that only if he finds that you cannot get that elsewhere in the world. So really speaking the cost advantage that India was beginning to get versus China got diluted. Costs in China increasing in a faster rate than they were increasing in India, but we lost.

Praveen Khandekar: What is the difference now?

Ravindra Toshniwal: Basically 5% this year we lost, so that will take us about 1 year or 1.5 years to recover back. Eventually there is no reason why India should not become stronger in this front and we have started to recover already. The dollar also in that sense the rupee has weakened and become Rs.64.25 from Rs.63, I mean all we are looking at as a swing of 5%. The swing of 5% has to come about and it is the repackaging and rebranding of your whole product range that will allow that to happen, which we are in the process of doing, so I mean we were saying earlier that in two to three years we should start come back, so we will still say the same but we lost a year. It is going to take one more year, another two or three years before we get back to close to that 14% or 15%.

Praveen Khandekar: Thank you. If anything there I will come back in queue.

Moderator: Thank you. The next question is from the line of V.P. Rajesh from Banyan Capital Advisors. Please go ahead.

V.P. Rajesh: Mr. Toshniwal, just thinking about the margins basically that you are talking about. There are intermediate goal as well before you get to say 14% to 15% because this year the price will be below 10% and with the structural change that you are just discussing and the fact that the price hikes will probably take another 12 months to flow in. What will be your sort of guess?

Ravindra Toshniwal: My guess for the financial year 2018-2019 would be about 11.5% to 12%.

V.P. Rajesh: On the revenue side, should we assume that it will probably continue to grow in mid single?

Ravindra Toshniwal: We hope to close this year around Rs.1300 Crores, next year we are projecting about Rs.1400 to Rs.1450 Crores, but that is all without any capex, we do not need capex for all this.

V.P. Rajesh: That is helpful because I think it is good that you know you are getting out of the low margin products and moving up the chain.

Ravindra Toshniwal: We are moving up the chain, our strategy has been pretty much this and I keep reiterating it and we have not really changed anything. It is about getting more margin products and moving into European style goods prices, which are a bit less than Turkey.

V.P. Rajesh: Got it. I did not understand the comment you made that people are perceiving you as a Turkish company, could you elaborate on that?

Ravindra Toshniwal: What I mean is, when we go to say GAP and the GAP says to us that you know nobody has increased prices and how come you guys are asking for an increases from India this and that, none of our customers will come. I told them that look the products that you buy from others in India which you do not buy from us. The products you buy from us is your substituting European products for them and you are delivering European products in Asia faster than you can deliver from Turkey at better prices than Turkey when you buy my product, so even if I am asking for this increase, it is still less than what you will pay if you buy it anywhere else. That is the argument, which allows me to get a price hike.

V.P. Rajesh: Thank you so much.

Moderator: Thank you. We have the next question from the line of Shivam Vashi from Alpha Alternatives. Please go ahead.

Shivam Vashi: Good afternoon Sir. Sir, we can see that there is a significant improvement from the fabric and garment division in terms of revenue contribution which is about 66% now, but yet we are struggling on the EBITDA margins, these are higher margin revenue contributors right, fabric and garment? Yet we are hopeful?

Ravindra Toshniwal: Yes. This is the challenge across when we look at the results from all of the peer group that we have and the problem has been when the raw materials increase in price, we are committed to our retailers to sell at the old price and the margin gets eroded completely with the increase in the power, increase in the margin loss and the drawback loss and the GST and domestic market being really in shambles, it is just not possible to pass on price hikes to the customer. That has been the challenge and that is why the margin this year is terrible. We never expected it to be like this. We expected that the 10% we ask for would have been absorbed by now, but it did not.

Shivam Vashi: So you now facing challenge fully on the domestic front more?

Ravindra Toshniwal: Domestic much more than the export part, yes, our export part is better and we are able to get the realisation faster and we think that the export front will grow better next year also. The drawback part we had to explain once and then the customers always have the argument that why is your country being unfavorable to exporters, when all other countries in the world are helping exporters. I cannot say anything except please talk to Mr. Modi.

Shivam Vashi: Also the Q1 FY2018 call is there much more shift towards the integration in your business.

Ravindra Toshniwal: Yes.

Shivam Vashi: So where do we stand now and that is what continues?

Ravindra Toshniwal: It continues. We are going to downsize a little bit more of our spinning, we are going to increase the amount of fabric and garment that we do and our integration will continue and as we do the joint venture. There will be further more value-added goods that goes to joint venture like for example the joint venture is projected to do Rs.35 Crores of sales of value-added goods from the same manufacturing capacity we are. Which is why we think we can achieve about Rs.1400 to 1450 Crores turnover easily in FY2018-2019.

Shivam Vashi: Sir just want to understand why company is not interested to move on yarn revenue, is it because of the margins?

Ravindra Toshniwal: Yes margins in the yarn are horrible right now than synthetic yarn. It has got really bad margins right now.

Shivam Vashi: Sir where does your debit cost stand in percentage to loans?

Ravindra Toshniwal: Sorry.

Shivam Vashi: Your debt cost, the cost of your interest?

Ravindra Toshniwal: In the spinning part or the overall debt?

Shivam Vashi: Overall interest cost.

Ravindra Toshniwal: Yes. J.K. will tell you.

J.K. Jain: Overall working capital cost is about 8% per annum and the term loans on an average because these are under TUF schemes, but the average cost for TUF loans is around 7%. In case of increasing business for fabric and garment it is expected that the cost of borrowing for working capital will reduce because for the exports of fabric and garments we get the interest equalization rebate also at the rate of 3% per annum from the banker, so the effective rate is lower for the fabric and garment business. Yes, basically the EPC that we borrow is around 9.5% and out of that 3% rebate is available, so it is 6.5% for the fabric and garment business and we are focusing more on that business so that will bring down the cost of finance in the receivables also.

Shivam Vashi: That is it from my side, if anything I will come back. Thank you so much.

Moderator: Thank you. We take the next question from the line of Manan Patel from Equirus PMS. Please go ahead.

Manan Patel: Sir, thank you for the opportunity. Sir I wanted to understand your domestic business more. So first of all is the margin difference between domestic and export business significantly different?

Ravindra Toshniwal: Yes Sir at the present moment we are getting a better margin in the exports than we are in the domestic.

Manan Patel: Sir what would be the quantum of difference?

Ravindra Toshniwal: Well, this is just more of a broad assessment, but we have not done the maths on that exactly. I would imagine it is about 1% to 2% difference.

Manan Patel: I wanted to ask because still in nine months domestic contributes to overall 57% of the revenue. So going forward in FY2019 what would be the mix that you are targeting?

Ravindra Toshniwal: About 50:50.

Manan Patel: 50:50

Ravindra Toshniwal: Yes.

Manan Patel: What timeframe do you think before domestic market also kicks-in?

Ravindra Toshniwal: I think we got to give the domestic market another six months at least. This is a big shock to the system because a lot of people who were in supply chain were completely out of the tax net in the fabric business and garment business in India and for them to have to come in tax net with GST and everything, a lot of them have actually abandoned the businesses altogether and this whole supply chain has been pretty much disrupted. So it is getting reorganized by the bigger players. Really it is moving from the unorganised and huge spread of many wholesalers to more consolidation. The retailers is one we are targeting in India are more like Fashion at Big Bazaar or Shoppers Stop or Lifestyles. We are going after the more organised customers so that part is good because there is in fact a share of the market is increasing and I think that this is good long-term even for the Indian industry to have this kind of consolidation happen. So give it six months to a year and it should be better.

Manan Patel: Sir, from what I understand you said that unorganised sector has significantly gone out of business, would that mean that even in the next one to two years you could have significant jump in market share and growth?

Ravindra Toshniwal: Yes we will have, we do see a lot of players coming into the country from even among the foreign brands so like you know we used to deal with Marks & Spencer, UK and they are here in big presence and we sell to them as well here or even Inditex who has begun its sourcing in India itself because volume is growing significantly, same thing with H&M and with others. So we have got to see that growth in India in the garments space and in the retail organised space is increasing. There is growth in the country. There is no reason why therefore that should not help suppliers like us who are part of that supply chain.

Manan Patel: Sir in domestic largely our business would be towards garment?

Ravindra Toshniwal: Yarn. Yarn was the biggest part of our domestic business and that has been hit the hardest. That has reduced and we are reducing that amount of business also now because of the consequence we just do not understand why we should sell yarn at those low margins.

Manan Patel: That it from my side. Thank you Sir.

Ravindra Toshniwal: Thank you.

Moderator: Thank you. We have the next question from the line of Priyanka Singh from Parekh & Parekh Securities. Please go ahead.

Priyanka Singh: Good afternoon Sir. I have some questions. The first one is regarding the export, Sir why our exports are reduced during the quarter. Can you give some colour on the exports market?

Ravindra Toshniwal: Priyanka, the exports in this quarter or you are speaking about the nine months?

Priyanka Singh: No, this quarter and also the nine months?

Ravindra Toshniwal: In the nine months, there is not really a reduction, nine months is almost the same as last year. There is no real reduction in the exports, but in the last quarter there was a lot of resistance to the increase in the currency as well as drawback and we asked for prices of 10% more from our export customers and they were not agreeable. So we did not accept many orders. We were fighting a battle for the price.

Priyanka Singh: Okay. My next question is regarding the labour strike which you have intimated the Stock Exchange regarding the labor strike and how much it has affected our day-to-day operations and can you give some more colours into it?

Ravindra Toshniwal: The labour strike that we had was not really in anyway a big impact on our operations because it affected mainly our yarn operations, anyway the domestic market was very, very tough and we were not able to sell the total amount of goods that we are producing so in a way instead of stocking the goods we had a little bit of less production for a while, but we were able to get a full settlement without giving any concession of any kind. So in effect it really helped the discipline and also the need for attendance among the workers, they came home very well so I would say that this has happened after 20 years and it was sporadic not supported by the main Union, it was one of those fringe elements, which are now among the things that can happen randomly. I do not think, now that it has been dealt with firm hand we should be fine for a while.

Priyanka Singh: Okay. That was helpful. Thank you so much.

Moderator: Thank you. Ladies and gentleman, as there are no further questions from the participants I would now like to hand the conference over to Mr. Toshniwal for any closing comments.

Ravindra Toshniwal: Thank you everyone for attending this conference call and being patient with us. We continue to work on the same strategies that we have been saying o increase value-added production and define ways to escalate our margin with customers while at the same time reducing our costs and getting out of the areas where we find ourselves in a commodity space. So we continue to work towards those directions and hope to be able to get better earnings going forward. Thank you everyone for your support and patience.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of Banswara Syntex Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.