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13<sup>th</sup> August, 2025

**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 Q1 & FY 26 Earnings Call held on 8<sup>th</sup> August, 2025.**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a transcript of the **Q1 & FY26** Earnings Call held on Friday, 8<sup>th</sup> August, 2025. The same is also available on the website of the Company i.e. <https://www.banswarasyntex.com/transcript-of-earning-conference-call/>

Please take the same on record.

**Yours faithfully**  
**For BANSWARA SYNTEX LIMITED**

**Ketan Kumar Dave**  
**Company Secretary & Compliance Officer**

Ecl. As above

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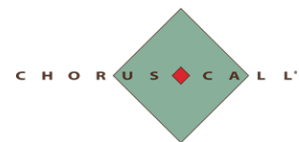
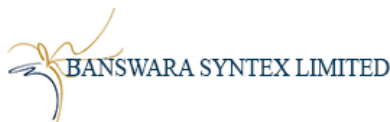
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**“Banswara Syntex Limited  
Q1 FY26 Earnings Conference Call”  
August 08, 2025**

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 8<sup>th</sup> August 2025 will prevail.”



**MANAGEMENT: MR. RAVINDRAKUMAR TOSHNIWAL – VICE  
CHAIRMAN – BANSWARA SYNTEX LIMITED  
MS. KAVITA GANDHI – CHIEF FINANCIAL OFFICER –  
BANSWARA SYNTEX LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call hosted by Banswara Syntex Limited. 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 this 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. Ravindrakumar Toshniwal, Vice Chairman from Banswara Syntex Limited. Thank you, and over to you, Mr. Toshniwal.

**Ravindrakumar T:** Thank you, Avirath. Hello, everyone. Good afternoon. I welcome you all to our quarter 1 FY '26 earnings conference call. Along with me on this call, we have our CFO, Ms. Kavita Gandhi and SGA, our Investor Relations Advisors. I hope all of you have been able to go through our investor presentation uploaded on the exchange and on our company website.

Now before I move to the specifics of our performance, let me briefly touch on the broader textile industry landscape, which remains an essential pillar of India's economic growth. India has firmly established itself as the second largest producer and the third largest exporter of textiles and garments globally, ranking among the top five exporters across several textile categories.

On the domestic front, the market is growing steadily at a CAGR of 10% and is expected to reach USD350 billion by 2030 while exports are projected to scale up to USD100 billion by FY '30. This growth is being supported by various policy measures of the government, notably the good work done in making the India-U.K. free trade agreement happen.

This has eliminated 99% of the traded products from India with -- from duty and tariffs and will boost and enhance the competitiveness of Indian textile in the key international market of the U.K. Congratulations to the Ministry of Textiles for achieving this.

In addition, initiatives such as the 100% FTI under the automatic route and a 19% increase in the Ministry of Textiles' budget allocation are encouraging both the domestic and international investments in textiles. In this context, the ongoing free trade discussions with Europe also present a potential upside, offering access to additional markets and further supporting our export growth.

Let me also address the elephant in the room, which is the Trump tariffs. The U.S. is an important market and the tariff has been a setback for India as a whole. However, I wish to state Banswara's position, particularly regarding the U.S. tariff and its impact on us. Every company will have a different impact.

For us, we have built our business over the past two decades with the U.S. customers who have had the flexibility to manufacture garments in various tariff-friendly countries that is relatively tariff-friendly right now, such as Bangladesh, Egypt, Sri Lanka, Jordan, and Vietnam. And today, nearly 90% of our U.S.-linked business is based on fabric routed through these different geographies around India.

So we remain competitive in our fabric offering through our differentiated manmade fabrics, and we compete as always against the Chinese suppliers in the U.S. market. In fact, logistically, when we have to supply our fabric to exporting countries like Bangladesh, Egypt, Sri Lanka and Jordan, logistically, we are at an advantage as compared to China.

So we expect that out of our total exports of fabric, only 10% of our fabrics were going as garments directly from India. The rest were being exported as fabric directly through different geographies who are not yet experiencing the very high tariffs that India is experiencing. Due to this, we expect that there should not be any reduction in our targets of whatever exports we achieve for the U.S.A. This is just to clarify Banswara's position on this.

We have seen already that as far as our competition with China is concerned, in the worsted woollen blended fabrics, we have grown substantially in our business share and have taken the Chinese market share aggressively in India. This is also expected to happen over the years with the growth in our manmade fabrics and polyester blends.

That said, the industry continues to show long-term potential. The current environment remains complex, however. The global manufacturing landscape is facing sustained headwinds, including demand-side pressures, rising input and labor costs, unpredictable raw material prices and changes in consumer preferences.

In addition, ongoing uncertainty around the tariff regimes and shifting trade dynamics continue to add to the near-term challenges. Despite these challenges, we remain focused on leveraging our supply chain flexibility and product strength to navigate this environment effectively and capitalize on long-term growth opportunities.

I can also add that the domestic market continues to be a large growth opportunity, and we will leverage our differentiation and competitiveness to be a China Plus One for most countries, even if not possible so much for the U.S. Now let me take you through the financial performance for the quarter.

Our total income increased by 12.7% to INR309.6 crores on quarter 1 FY '26 on a year-on-year basis. The EBITDA also increased marginally to INR21.9 crores during quarter 1 FY '26. However, the profit before depreciation and tax was lower at INR11.2 crores. And as a PAT, the company recorded a loss of INR1.4 crores in quarter 1 FY '26. Our total income did grow by 12.7% on a year-on-year basis, primarily driven by strong performance in the garment followed by the fabric and yarn.

This growth was supported by improved capacity utilization in our garments, where the demand particularly increased and lifting was good in most markets. However, our EBITDA for the

quarter was impacted by certain operating challenges we faced in the yarn division, particularly. We faced a temporary labor shortage during this first quarter 1 period, which led to higher operating costs and a subsequent impact on margins.

We lost substantially our capacity utilization in the yarn division. That said, these challenges were seasonal in nature and have started to ease down. Moreover, the investments we have made in modernization and process improvements are already beginning to show results and will enable us to address such issues more efficiently going forward.

Going forward, we do expect that the profit before tax will remain under pressure, mainly due to higher interest costs from increased working capital and term loans as well as with the increased depreciation during every quarter. This will require us to execute all of our 3 businesses with higher turnover and margin.

Now moving to our business divisions. For the yarn division, the revenue from the yarn vertical witnessed a 10% increase in quarter 1 this year as compared to FY '25. The sales volume increased by 13% year-on-year basis to 51 lakh kgs. The capacity utilization was lower at 70% in quarter 1 FY '26.

The growth was modest, the demand remained muted and we faced labor shortages, as I mentioned earlier. And we could not get the utilization levels that we target. There was a reduction in some stock, and that is why you see that the sales increased even though the utilization did not.

We shall continue to focus on high-value yarn products that leads to enhancing our value growth. With strong seasonal demand expected ahead and a healthy level of advanced bookings already in place, we are cautiously optimistic about the coming quarters in the yarn business.

For the fabric division, the fabric vertical witnessed a growth in revenue of 4% to INR117 crores in quarter 1 FY '26 as compared to the corresponding period last year. This was lower than expected, but we were challenged by a slower lifting due to the tariff pressures and quarter 1 headwinds, which slowed even the domestic market.

The capacity utilization in the fabric vertical stood at 70% for quarter 1 FY '26, and the sales volume was around 50 lakh meters. We expect the next quarters to be better, supported by good order bookings that we already have and the launch of our new Siro collections. We are also working to grow the wholesale markets in Italy and France.

At the same time, we are focusing on using our capacities better in the domestic market, especially to replace the Chinese products that get imported. Now about the garment business. For quarter 1 FY '26, garment revenue grew by 42% year-on-year to INR75 crores. This was a healthy growth. The capacity utilization in the garment vertical was also much better and stood at 78%, an increase of 29% year-on-year.

The garment segment is continuing to show strong momentum with healthy growth in both revenue and volumes. The capacity utilization has improved, reflecting better demand visibility

and stronger traction in export and domestic markets, both. We are focusing on our value-added offerings, which gives us confidence as we move into the next quarters.

The focus now is on maintaining this pace, fulfilling our order pipeline efficiently and building further on the positive trend by expanding in new markets. As you all would be aware, we did complete our shifting from Surat, and therefore, the garment capacities are now more stabilized. With this, I would like to open the floor for questions. Thank you, everyone.

**Moderator:** The first question is from the line of Isha Shah an Individual Investor.

**Isha Shah:** Sir, I have two questions. One is what are our margins in yarn, fabric and garment? Like individually, I would like to know segment-wise. And second is in our last con call, you did mention about achieving 12% EBITDA and top line of INR1,550 crores, okay? So how do you plan to achieve this? So these are my two questions?

**Ravindrakumar T:** Right, thank you. So first, when I speak about EBITDA margin, I'm not speaking with 1 quarter in mind or specifically quarter 1 in mind. But over a general period of time over the years, the yarn EBITDAs have been in the range of, let's say, between 6% to about 8% in the yarn business. In the fabric business, they have been in the range of maybe 8% to 10% or 8% to even 11% or 12% sometimes. And the garment business has been, what would you say, Kavita, is roughly the EBITDA that we get, range?

**Kavita Gandhi:** Range of EBITDA is 6% to 8%.

**Ravindrakumar T:** 6% to 8% in the garment business. So those are the normal EBITDAs that we experience in the business. And we were looking at averaging to a 12% EBITDA. And we still hold that for the whole calendar year as a possibility. We achieved only 7.1% in the first quarter. But the first quarter had a lot of headwinds, and this particular capacity utilization that dropped in our yarn business was almost about 10% to 15% utilization drop, which maybe we lost about 300 tons of yarn productivity in the first quarter.

So this significantly impacted our yarn profitability in the first quarter, which dropped to almost 4% EBITDA internally. So this was really the reason why we could not achieve better than quarter 1 last year. Otherwise, the result would have been significantly better than quarter 1 of last year, even in our first quarter.

Now going forward, with this resolved and the capacity utilization issue not being there, we are seeing demand in spite of all of the challenges that we expect, given the scenario of what has happened with the U.S. The demand for manmade synthetics imported into our country from China is reducing and is being replaced by suppliers like us.

And we are in a very good position to be able to take up a larger share of the China Plus One market domestically for sure in the fabric business and in garment packages supplied to various retailers within India. And that is a very bullish scenario over there. Apart from that, the FTA with the U.K. is going to be very positive.

So based on that, we hope that we can recover, if not in quarter 2 but definitely by quarter 3, quarter 4, the momentum should come back. We have not revised the targets that we made to achieve INR1,550 crores and to achieve a 12% EBITDA.

**Isha Shah:** Okay. So sir, just to confirm, like you said these EBITDA margins, they have been over the years. So at what capacity utilization would the EBITDA margin be in yarn, fabric, and garment?

**Ravindrakumar T:** Usually, our yarn capacity utilization has been between 80% to 85%. And in the fabric, it has been between 70% to 75%, and in the garment business, we have been between about 70% to 75% again is what I'm given to understand. So there is sufficient capacity available. And we have now realized very clearly we have to be more aggressive to compete with China, use all of the capacities and increase the turnover and therefore reduce our total cost of overheads to improve the EBITDA. This is the direction we are moving towards.

**Moderator:** The next question is from the line of Nirbhay Mahawar from N Square Capital.

**Nirbhay Mahawar:** Sir, last year, we invested around INR148 crores. So could you just run through what exactly was the capex breakup and what is this year's capex?

**Ravindrakumar T:** Right. The breakup of where we invested the INR150 crores, I'll just give you briefly. I think it was mainly about INR60 crores to INR70 crores was within the fabric business, which was mainly in worsted spinning and in adding some machineries in our finishing. And the balance was invested within certain infrastructure improvements within power and spinning and a little bit in the garment part.

Those were the main investments, but we are seeing definitely that all the investments we made will result now in an increased business that we have in our worsted fabric as well as now have more capacity available in yarn to go coarser in counts and to produce more technical yarns as well. So all that investment, I think, should begin to leverage from quarter 2, quarter 3 onwards.

**Nirbhay Mahawar:** Okay. So sir, revenue is yet to flow from the last year's capex and you are expecting it to ramp up?

**Ravindrakumar T:** Yes.

**Nirbhay Mahawar:** And how about this year's capex?

**Ravindrakumar T:** This year's capex, we are expecting to spend about another INR100 crores, which is one to complete the 132 KVA project, which we had on our power part. Then there's additional water treatments and various other infrastructural things for pollution control, which we have installed, where there is a significant investment because our water consumption has gone up. So these plus, is there any major other investment involved?

**Kavita Gandhi:** Machineries.

- Ravindrakumar T:** Yes, some modernization and top-up machineries in each of the areas would be there. So there's not a significant one allocation in an area. These will all be supporting our overall strategy, the investments we've made.
- Nirbhay Mahawar:** So sir, if we look at last 2, 3 years, there has been pretty aggressive investment in capacity building or public modernization. Are we confident that this will flow through revenues and superior margin because that is completely missing in -- if you look at numbers?
- Ravindrakumar T:** You're absolutely right, Nirbhay ji. We yet have to leverage all of that investment, and we have not yet been able to do so. But the whole point of making those investments was to make sure that we have the capability when the market is asking for it. So I think that the domestic market is showing us clear signs that it can be ratcheted up, all of our sales, and we just have to be a little more aggressive in our pricing.
- And that is not going to impact margin because we have capacity available. So this is something which we will be doing going forward in all of the quarters. In the export market, the U.S. part is a setback to our garment strategy because selling garments as a package to the U.S. all the time we invested in building a certain customer base will now get eroded.
- Instead, we will have to focus more on the U.K., Europe for exports. The domestic part of our garment strategy continues to grow very well. So I don't see that any of the investments we've made will not be leveraged and will not be used. It has been delayed and we are working to take away this delay as soon as possible.
- Nirbhay Mahawar:** Sir, I was looking at your export revenue mix and direct U.S. revenue in annual report shows only INR23 crores. So does it get routed to other countries?
- Ravindrakumar T:** Yes.
- Nirbhay Mahawar:** There is a very big number of INR272 crores, others. So what exactly is this others? If I look at out of INR570 crores export, INR272 crores is the others. So which are these countries?
- Kavita Gandhi:** This one is a very small like North America, Latin America and all that area where it is not yet to build that market. So right now, it's all getting clubbed into others.
- Ravindrakumar T:** No, I mean, so what you would have, for example, our shipments to Bangladesh or to Vietnam or Sri Lanka will be in these others. So actually, we have a sale of something like INR60 crores to the U.S. alone in terms of sales to U.S. brands. And then that fabric or that particular thing gets delivered into some other country, right? So yarns can be delivered elsewhere and fabric can be delivered elsewhere.
- The garment export, net going out of India, was very small for us, only about INR8 crores or INR10 crores. So that is something where we are going to have to replace. The rest of the other exports covers also, like Kavita was saying, Latin America and various countries in Europe. Again, these countries in Europe have destinations which are scattered all over the world where the garments are made.



- Nirbhay Mahawar:** Okay, fair enough. Another thing actually, why I was trying to understand this INR272 crores others number is because it is the fastest-growing category. If you look at the last year, this others number was INR210 crores. So I mean, any pocket which is growing much faster and we are not mentioning here?
- Ravindrakumar T:** So that pocket is Europe actually. Europe for us has been the fastest-growing market last year, and we continue to see a good momentum that will come out of both U.K. and Europe.
- Moderator:** The next question is from the line of Rajeev Saraf from Saraf Brokings.
- Rajeev Saraf:** I have two questions. One is with advanced booking in place for upcoming quarters in the yarn business, can you share your visibility on yarn volumes and expected revenue momentum in the coming quarter?
- Ravindrakumar T:** You're only looking at yarn right now, is it, Rajeev?
- Rajeev Saraf:** Yes.
- Ravindrakumar T:** Okay. So the yarn bookings, we don't usually accept for more than 30 days. So we have a coverage of around 30 days of yarn booking. More than that, we don't accept because our delivery period for yarn is within 15 to 30 days, right. So normally, we don't take advanced bookings beyond that because in any case, if the market changes and the prices increase, we stand to lose. And if they decrease, people don't lift.
- Rajeev Saraf:** Okay. And another follow-up question is that garments have done well this quarter, both in terms of volumes and revenue. What kind of steady-state quarterly revenue do you think is sustainable from here?
- Ravindrakumar T:** We're expecting at least a revenue of INR25 crores per month as a minimum in garment business. And maybe on the upside, it could go up to INR30 crores.
- Rajeev Saraf:** Okay. And what's the broader plan to grow the garments as a share of your overall business?
- Ravindrakumar T:** So we've been discussing this and we have a lot of more meetings and strategy sessions involved in this, in which we are looking at the possibility to use all of our capacity and even leverage additional capacity that is available in the country today. Especially with this whole scenario in the U.S., there is going to be a lot of garment capacity available.
- And we have the design and sourcing skills to produce the garments even using additional capacity in the country. So we're seeing what could be the upside here. There is a lot of potential, and this is both for the domestic market as well as for Europe and U.K.
- Moderator:** The next question is from the line of Viraj Shah from Shah Investments.
- Viraj Shah:** Going on the last participant question, so on the garment side, given the U.K. FTA and China Plus headwinds, how do you see the export pipeline shaping for garments?

- Ravindrakumar T:** So we think that it will do very well in both the U.K. and Europe. As far as the U.S.A. is concerned, it's particularly dead because we can't battle a 50% or a 25% tariff, especially when all around us, our neighbouring countries have less than us, right? So it's going to be good even for countries like Korea and Japan and the Far East.
- So overall, I think that the ecosystem of the textiles in India of MMF and worsted fabrics has evolved. We now have availability of a lot more variety in India and this is going to help our China Plus One strategy. Whatever you may say, China will remain a formidable competitor, but we will continue to chip away at trying to get the share. I do realize we need to get it faster and we have the potential and capacities to do it, yet our execution needs to improve.
- Viraj Shah:** Understood. Sir, are you seeing any shift in customer sourcing preferences?
- Ravindrakumar T:** The customers are basically looking for good service, good product at good price. And they are pretty neutral to geography as long as they get this.
- Moderator:** The next question is from the line of Runit Kapoor an Individual Investor.
- Runit Kapoor:** So I want to know, has the company like reduced its garmenting capacity? Because I'm looking at the previous presentation. The trousers and the jacket capacity has slightly reduced as compared to the numbers given so I wanted to check on that?
- Ravindrakumar T:** Yes, it's correct. Good observation, and you have picked that up because we shut down our SEZ in Surat. So those machines haven't been moved and installed yet. We are waiting for the permission to be able to revive that unit as a DTA, domestic tariff area, instead of SEZ. So that capacity has been reduced in both the jacketing and the trousers.
- Runit Kapoor:** But when is it expected to start?
- Ravindrakumar T:** We are hoping that the government permissions come through, but it's rather difficult to say because delisting from an SEZ and getting a permission to operate that same area in the DTA is proving to be longer than we thought. This is something we are taking up with the authorities and hope to get resolved by the end of this year, hopefully.
- Runit Kapoor:** Okay. End of this calendar year, right?
- Ravindrakumar T:** End of this calendar year, yes.
- Runit Kapoor:** Okay. And one more thing was in the previous presentation, you all had mentioned that you are looking at new clients for garmenting like Zara, H&M, and others. So has there been an update on conversions like any samples?
- Ravindrakumar T:** Yes. So unfortunately, we have put in also a lot of effort in trying to acquire some U.S. customers, which now it seems won't go anywhere. So that effort got wasted in our garment part. But the U.K., we are looking at significant growth and even in Europe, in France and in Italy, in particular. I won't mention the name of the customers but we are looking at significant growth there.

- Runit Kapoor:** So there's no update from Zara and H&M as of now?
- Ravindrakumar T:** H&M has been in continuous touch with us. Zara, no.
- Runit Kapoor:** Okay. And lastly, you stated that you will be able to leverage your capacity for garmenting. So as of now, I think you have capacity of around INR450 crores. But you have space in your current units, right, you had stated. So how much more can we reach if we install additional machinery?
- Ravindrakumar T:** No, we never said INR450 crores for garment.
- Runit Kapoor:** Capacity-wise, I'm saying.
- Ravindrakumar T:** Capacity-wise, yes. So that exists. I mean, the challenge is to sell it out. The challenge is to be - and this we are working on aggressively to figure out a way to offer the customers the price point they need and still maintain a margin which is decent. So I think we are moving better in that direction because we are looking at the overall capacity utilization and fabric business improving.
- So we'll be able to offer internally better prices on the garment. We are looking even at giving the garment costings based on our verticality and getting an overall EBITDA margin and improving our utilization by offering the customers the prices they want.
- Runit Kapoor:** Okay. And so lastly, what is -- like how the Simone brand did this quarter?
- Ravindrakumar T:** Simone is doing well, thank you. Simone is picking up well, and we've made a lot of deliveries for this coming season of Diwali. Already, the pipelines are filling up and we expect to achieve a turnover of around INR25 crores-plus in Simone within this calendar year, I mean, within this financial year.
- Runit Kapoor:** Okay. And the margin would be expected what range for this?
- Ravindrakumar T:** So we are, right now, booking business and not worrying so much about the margin. We'll do that part later. We don't really know.
- Moderator:** The next question is from the line of Naysar from Credent Asset Management.
- Naysar:** Sir, your garment business, how much you do domestic Indian market and how much is exports?
- Ravindrakumar T:** So what was it in the last quarter? In last financial year, it was almost, I think, 60%, 70% domestic and 30% export last financial year. But this financial year, we expect that, that mix will be closer to export increasing. So 50-50 is what we are targeting.
- Kavita Gandhi:** Quarter 1 is almost like that.
- Ravindrakumar T:** Quarter 1 is almost 50-50.

- Naysar:** Okay. And sir, in garments, you said in the past, you have done EBITDA margin in the range of 6% to 8%. It seems low. So is there any scope for improvement? And if yes, what are the levers available?
- Ravindrakumar T:** We are trying to improve it but the headwinds have been a lot. As such, anyway, the depreciation is very low in the garment business and the investment is small. So even on an EBITDA margin, which is low, the profitability is not as bad because both interest cost and depreciation are very low in the garment business.
- Naysar:** Okay. But sir, assuming business conditions improve, as we have seen in Q1 where top line grew by 42%, let's say, top line growth by 20%, 25%, then do you have any scope for margin improvement or at what capacity utilization do you think margins can be higher from the range that you mentioned?
- Ravindrakumar T:** I don't want to talk about the garment business in isolation here. But I think that if the garment business improves for Banswara, we will be using our yarns and our fabrics within that garment business, and it helps all 3. So the overall EBITDA of the company should increase as the garment business increases. This is the endeavor. We don't want to specifically look at the EBITDA margin of 1 division alone because many times, we have to work like an integrated vertical company.
- Naysar:** So sir, let's say maybe this quarter or last year, what was the internal consumption of yarn and fabric for your garment business or where do you see that heading?
- Ravindrakumar T:** Fabric part internally was only 10% to 15% of our entire fabric production internally. But that's what we want to increase. We want to increase the internal consumption and be able to make more garments and sell the garment as a package, give a solution to the customer where we are able to be closer to the customer with a more sticky account.
- If you are able to offer them the garment package and continuously be in the pipeline to be a primary supplier, then you have repeat orders coming every season. And this is the reason why we want the garment business to increase and increase our stickiness to the customer. Similarly, the fabric business, we want more consumption of our internal yarn to happen in there.
- So this is an integrated strategy plus individually, each division has to do what it has to. So I think we are working on both fronts. And when the -- all three engines are firing well, we can get to that 12% EBITDA that we talk about overall.
- Naysar:** Sir, garment business, somebody mentioned that you have a capacity to do sales of INR450 crores. That is once you're able to shift the machinery from existing to the new facility once that is over, right?
- Ravindrakumar T:** That is correct. So this year, our target is not to exceed INR350 crores. This year, our target is at INR350 crores in this current year.
- Naysar:** Okay. And sir, beyond INR450 crores, let's say, capacity, you can expand at existing facilities or how do you see the growth in garments few years down the road?

- Ravindrakumar T:** So I'm saying even that there will be capacities available without even our expansion. If we simply use our designing and marketing and product engineering skills to make the garment, we can use capacities outside and sell it.
- Naysar:** Okay. And sir, this year, again, you are targeting capex of about INR100 crores. Maybe you think the capex intensity will be lower maybe from '27 onwards. I'm not asking for exact number but just broadly the kind of capex that you have done in the last 3, 4 years. Maybe next 3, 4 years could be lower, significantly capex intensity would be lower?
- Ravindrakumar T:** Yes, it should taper down because most of the significant modernization and all of the mandatory requirements for meeting all the regulatory environment that is required and compliance that is required has been achieved. And that was quite an expense. So I think that it will reduce gradually over the years, for sure. Maintenance capex should not be more than, say, maybe INR40 crores, INR50 crores.
- Moderator:** The next question is from the line of Nirbhay Mahawar from N Square Capital.
- Nirbhay Mahawar:** Yes, what is our net debt? I missed that number.
- Ravindrakumar T:** Net debt, one second.
- Kavita Gandhi:** So net debt as on 30th June is INR465 crores.
- Nirbhay Mahawar:** INR455 crores (Wrongly said, this should be read as, 465). Sir, do you expect it to peak somewhere here? Because you're talking about INR100 crores capex but cash flow from operations will also be there.
- Ravindrakumar T:** Yes. So this is on the higher side only. Even right now, our borrowings are on the higher side on the working capital part.
- Nirbhay Mahawar:** Do you think this year, deleveraging will begin?
- Ravindrakumar T:** Well, hopefully, definitely by next year...
- Nirbhay Mahawar:** End of the year, debt will be lower than the current debt?
- Ravindrakumar T:** Not this year. But next year, we do expect that to happen. This year, it may not happen. Let's hope it does.
- Nirbhay Mahawar:** And when do you see actual revenues for FTA? I don't know I missed this question probably. When do you see the actual revenues from U.K. FTA flowing through or benefit from U.K. FTA flowing through in numbers?
- Ravindrakumar T:** So already, we are beginning to see it within the fabric orders. The garment duties will have to be ratified by both parliaments, and this is expected to happen 6 months from now.

- Nirbhay Mahawar:** Fair enough. But the business traction has started happening. Somehow it's not visible in numbers. So I was just wondering, can we expect that sequential improvement in numbers now for next 3 quarters in terms of revenue momentum?
- Ravindrakumar T:** I mean, if you're talking about revenue momentum as a whole with all 3 of our businesses, I would expect yes, quarter-on-quarter, we should improve in all 3 businesses. But sometimes the fabric business will be higher and sometimes the garment business will be higher and sometimes the yarn. So these things will change.
- Moderator:** The next question is from the line of Vikram Suryavanshi from PhillipCapital (India).
- Vikram Suryavanshi:** Yes. In case of yarn, how will be our mix between, say, cotton or blended yarn, sir?
- Ravindrakumar T:** So we are not doing any cotton yarn at all. We do 0 cotton yarn spinning in our company. We are making only blended yarn so it's 100% blended yarn or even 100% polyester spun, but all synthetic, all synthetic blended.
- Vikram Suryavanshi:** All synthetic blended. And in terms of internal consumption for yarn and yarn for fabrics also?
- Ravindrakumar T:** So the internal consumption is about one-third of our production. If we produce around 2,700 tons, we are consuming internally maybe about 700, 800.
- Vikram Suryavanshi:** Okay. And given then I think synthetic what we have heard, how would be the opportunity for export of this synthetic yarn compare to, say, other countries who are more competitive in synthetic?
- Ravindrakumar T:** So we are being able to export to Europe and to even we were exporting some of our yarns to the U.S., which are more differentiated in terms of the fact that they were dyed and more specialty yarns. So we are not good at commodity exports of yarn in the country but we are good at specialties.
- Vikram Suryavanshi:** Okay. So basically, dyed and other smaller lot size...
- Ravindrakumar T:** Yarn, smaller lot sizes, a little more technical fibers in it or something which is not commodity, commodity.
- Vikram Suryavanshi:** Got it. And there has been some shift towards synthetic because of cotton prices are significantly higher and they have been increasing continuously with the MSP. So is that trend still we see or now it is like more matured?
- Ravindrakumar T:** No, no, I agree with that. There is a definite trend, Vikram, towards synthetics increasing. And particularly in India, that is a very strong trend. In India, particularly, the use of cotton is going down and the use of synthetics is going up very strongly. So we definitely see that as a big plus.
- A lot of these fabrics which are being used in the country and even garments imported into the country, which are synthetic from Bangladesh will be replaced by our internal production. I do

expect that the government will, in some ways, protect the imports happening of finished garments and finished fabrics into the country to promote the ecosystem within India.

**Vikram Suryavanshi:** Understood, understood. And last part of, I think that has come down with this Bangladesh earlier, which was a lot of import work that's happening. I think the road side at least we have controlled, which will be supporting us?

**Ravindrakumar T:** Absolutely. So that's an optimistic thing. There's many new brands also, the new growth of digital brands in India and many new brands who have INR200 crores, INR300 crores turnovers have come up direct-to-consumer. And there is growth all over the country.

**Vikram Suryavanshi:** Got it. Thank you very much, sir.

**Ravindrakumar T:** Thank you.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Ravindrakumar Toshniwal for closing comments.

**Ravindrakumar T:** Thank you. I just want to thank everyone for being here with us on this conference call. To conclude, while the near-term operating environment is quite dynamic, we are optimistic about the growth in all three of our business verticals as well as a vertical company, our overall focus on increasing turnover.

Our focus remains on making sure we improve our capacity utilization and increase the sales. We believe the initiatives we are taking will help us to navigate the current challenges, and we view the current challenges as something which will make us stronger and allow us to focus more on possibilities within the domestic and available markets in a focused way. We thank you all for your continued support. Goodbye.

**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.