

RSWM/SECTT/2025  
12<sup>th</sup> August, 2025

<b>BSE Limited</b> Corporate Relationship Department, 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Mumbai - 400 001. <b>Scrip Code: 500350</b>	<b>National Stock Exchange of India Limited</b> Listing Department, Exchange Plaza, C-1, Block - G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. <b>Scrip Code: RSWM</b>
<b>CIN: L17115RJ1960PLC008216</b>	

**Subject: Transcript of Q1 FY26 Earnings Conference Call held on Wednesday, 6<sup>th</sup> August 2025.**

Dear Sir,

Please refer to our Earnings Conference Call scheduled for Wednesday, 6<sup>th</sup> August 2025 at 4:00 PM (IST), as intimated vide our letter dated 23/07/2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Q1 FY26 Earnings Conference Call transcript. The transcript is also available on the company's website: [www.rswm.in](http://www.rswm.in)

You are requested to take the same on record.

Thanking you,

Yours faithfully,  
**For RSWM LIMITED**

**SURENDER GUPTA**  
**VICE PRESIDENT – LEGAL & COMPANY SECRETARY**  
**FCS-2615**  
[rswm.investor@lnjbhilwara.com](mailto:rswm.investor@lnjbhilwara.com)

(Formerly Rajasthan Spinning & Weaving Mills Limited)

<b>Corporate Office:</b> Bhilwara Towers, A-12, Sector-1, Noida - 201301, NCR-Delhi, India <b>Tel:</b> +91-120-4390300 (EPABX) <b>Fax:</b> +91-120-4277841 <b>W:</b> <a href="http://www.rswm.in">www.rswm.in</a> <b>GSTIN:</b> 09AAACR9700M1Z1	<b>Registered Office:</b> Kharigram, Post Office Gulabpura - 311021, Dist. Bhilwara, Rajasthan, India <b>Tel:</b> +91-1483-223144 to 223150, 223478 <b>Fax:</b> +91-1483-223361, 223479 <b>W:</b> <a href="http://www.lnjbhilwara.com">www.lnjbhilwara.com</a> <b>GSTIN:</b> 08AAACR9700M1Z3
---	--



---

**RSWM Limited**  
**Q1 FY26 Earnings Conference Call Transcript**  
**Wednesday, 6<sup>th</sup> August 2025**

---

**Management Team**

- ◆ **Mr. Rajeev Gupta, JMD**
  - ◆ **Mr. Nitin Tulyani, President & CFO**
  - ◆ **Mr. Surender Gupta, VP - Legal and Company Secretary**
-

**Moderator:**

Ladies and gentlemen, good day and welcome to the RSWM Limited Q1 FY'26 Earnings Call. We have with us today from the management, Mr. Rajeev Gupta – Joint Managing Director, Mr. Nitin Tulyani - President and Chief Financial Officer, and Mr. Surender Gupta - VP Legal and Company Secretary.

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, before we proceed with this call, I would like to take this opportunity to remind everyone about the disclaimer related to this conference call.

Today's discussion may be forward-looking in nature based on management's current beliefs and expectations. It must be viewed in conjunction with the risk that our business faces that could cause our future results, performance, or achievements to differ significantly from what we may express or implied by such forward-looking statements.

I now hand the conference over to Mr. Rajeev Gupta for the industry outlook, post that Mr. Nitin Tulyani will take over for the financial overview. Thank you, and over to you, Rajeev sir.

**Rajeev Gupta:**

Hi, good evening. I hope you and your families are having good health. It is my pleasure to welcome you to this Q1 call for the year FY'25-26. This is an earnings conference call for the 1st Quarter. I hope you all had the opportunity to review our financial results and investor presentation, which is available both on stock exchanges as well as on the website of the company.

Now, if we talk about the industry, these are very, very uncertain times, if you look at both internal and external, because of two major developments, external, which have happened, first being the FTA between the UK and India. So that was a very, very positive development and we understand this was a game changing shift in the global textile trade, opening substantial opportunities for Indian exporters with the removal of import duties, simplification of trade for Indian exporters particularly in value added and sustainability driven products, categories are now better position. The UK imports which are nearly 20 billion from India worth of garment annually, including India. So, this agreement removes 9% to 12% duties across various products of garments and textiles to zero. So that level playing field with Bangladesh, Pakistan and other countries is with India as well. So, this reflects a growing trust in India's manufacturing capability, and definitely this will be a very strong ground for further growth, especially in finished garments for supply to the UK.

The second development, which is not so good and has been shattering the entire industry, is a 25% tariff imposed by the US. This comes as a very strong temporary setback to all of us, because we were expecting something around 15% to 20% as a tariff. So, this additional 5% to 10% tariff against our expectations has given us an emotional setback for the time being. We personally feel that this is a short-term slowdown, and it will not be a very long-lasting disruption for the industry as a whole. Free trade agreement with the UK and the opportunities across within domestic and others will prevail. More importantly, the duty structure of the tariff of the US on China is still to be decided, and the competitive advantages, disadvantages will be truly reflected there. The serious concern is about the penalty that the US president talked about for Russia's trade. So that is creating more uncertainty at this point in time. So, this environment of uncertainty definitely is there for textiles as a whole.

If I talk about domestic RSWM is predominantly a domestic company having around 70% of revenue coming from within India. So, the impact of international disruptions will be limited on us as we do not have direct finished product sales to the US or to other countries. Rather, our customers in turn are exporting. So, if I share the outlook that raw material polyesters remain very competitive for us, because China has better polyester prices. So, international prices of polyester definitely give us a disadvantage as a country, and we continue to face the challenge of the export of polyester-dominated yarns. Cotton has been more or less the same level ever since we talked about it in the last investors' call. But the disadvantage of Indian cotton over international cotton continues as such. So, both the synthetic and cotton areas round deal remain not very competitive strengths for Indian spinners or textile manufacturers at this point in time.

So, otherwise if we share the business-wise outlook in yarn, synthetic and cotton I shared already, mélange has been doing reasonably okay, but this land route disruption by the closure of land routes exports to Bangladesh has created an issue because most of the mélange yarn exports are in the smaller lots and go from the road route. So that impact is there for the industry as a whole. Otherwise, domestic and international demand for yarn has been more or less stable. So, there is not a very strong pull, at the same time, there is not a decline in demand. So, quarter observed reasonably okay demand for the yarn as such.

Denim overall, the sentiment has been reasonably good. Garmenters have been looking for lightweight, more comfortable wear garments that have stretch and also give a fashionable Outlook. So, denim has been reasonably okay. Overall, India's capacity utilization for denim has been in the 70%, whereas RSWM is able to clock better and around 90% is the utilisation level

we have been doing denim. The outlook for denim also continues to be good in the next quarter.

For knit, there is a lot of growth likely to happen. In India, a lot of new investments are targeted at knit. As worldwide knitting is a focus area, most of the growth is likely to happen in the knit area. So, RSWM has gone with the stabilization phase, and we are reasonably placed in the knit segment now, and the utilization levels are also okay for this to work on. Overall, the focus, as we discussed last time, on operational efficiencies and the market position continues to be the key area for RSWM, and we continue to work on that.

Future growth in RSWM, we are considering by way of consolidation in our yarn operations. And largely the focus is on the value-added products like the knit and denim sector. So, sustainability continues to be another area of very close focus, and RSWM is living its philosophy of giving back to society. So we live by that area, so overall sentiment if I talk about, it is having lot of challenges, but still we have maintained a positive outlook and see the next quarter performance going to be in the same range or slightly better range of operations that we are having in terms of utilization and overall market placement of the product. So, we will take up questions towards the end of this.

Now, I hand over to Nitin, our CFO, for financial overview and strategic highlights.

**Nitin Tulyani:**

Thank you, sir. So, I will now share our RSWM financial and strategic highlights from Q1 FY'26 and how they are preparing us for the upcoming quarters.

So, coming to the financial performance and talking in terms of the revenue, RSWM reported a revenue of ₹1,169 crore in Q1 FY'26, a slight decline of 3.2% year-over-year, which is primarily on account of the subdued export demand. Coming to the gross profit, it stood at ₹440 crores, improving by 1.3% year-over-year. Our gross profit margin strengthened to 37.3% up by 152 basis points year-over-year and 307 bps on a quarter-over-quarter basis. It's primarily driven by better cost optimizations and product mix improvement. Our EBITDA reached ₹81 crore, it's a robust 50.6% year-over-year growth, and the EBITDA margin expanded to 6.9% up 43 bps year-over-year and 63 bps quarter-over-quarter. This was supported by better operational efficiency and focusing on low-profit products to improve customer mix, product mix and market mix. Most notably, our PAT came in at Rs.7 crore compared to a loss of Rs.13.7 crores in Q1 FY'25, which is reflecting a stronger turnaround. PAT margin improved to 0.6% marking an

upward movement of 46 bps on a quarter-over-quarter basis, and the swing from negative territory last year.

Additionally, I would like to share the key outcomes from yesterday's board meeting, particularly around our capital investment strategy and operational optimizing initiative. As a part of our ongoing commitment to sustainable growth and operational excellence, the board has approved a total CAPEX of ₹92 crores to modernize and enhance our knitting operations at the Mordi and Chhata units. This will result in a 20% increase in the knitting capacity from the existing 750 metric tons to 900 metric tons per month, translating into an estimated annual upside revenue of roughly ₹220 crores. The project is targeted to be completed over the next nine months and will be funded through a mix of internal accruals and debts.

In addition, we are moving decisively on our sustainability road map. We have placed an order for a 10 megawatt renewable energy product for captive use, and we are in the last discussion to expand this to 50 megawatt in total capacity. With this, our green energy footprint will rise from 74 megawatt to 124 megawatt, helping us significantly offset our power cost and reduce our carbon footprint. The total investment is estimated at around ₹50 crores, and the project will be commissioned over the next eight months.

Lastly, we have initiated a rationalization of the spinning operations of our Chhata unit, where the old machines, which are no longer viable, usable spindles, will be transferred to the other plant for the modernization and the remaining assets will be monetized. Importantly, the knitting operations in Chhata will continue, and we will continue to get the benefit from the plant upgrades. We have made significant strides in advancing our innovation agenda and integrating sustainability more deeply into our operations. Despite ongoing challenges, we continue to uncover promising long-term opportunities. Our transition towards premium synthetic fibers, a more focused product range and the exit from the negative and the lower contribution product is helping us in improving the operational efficiency and strengthening the supply chain resilience.

Under the RSWM 2.0 initiative, we are repositioning towards the high-yield segment with a stronger export potential. We are sharpening our manufacturing focus to maximize resource utilization while maintaining fiscal discipline. Our emphasis is on the speciality yarn with the advanced technical attributes and the broader high-value product offering aligned with the global demand trends. There are certain few initiatives we are adopting towards digitalization to strengthen our processes further and enhance the working capital management. We are also focusing on reducing the net and cutting energy costs by expanding renewable energy usage across the production

hubs through proper inventory falling with the responsive production model to support the lean operations. Backed by the multi-cloud strategy, we are well-positioned to generate long-term value. Our focus on value creation, resource efficiency and disciplined execution keeps us aligned with our vision for scalable and responsible growth. These strategic investments underscore our confidence in the growth of the value-added segment. Our discipline is capital allocation, and our focus is on delivering long-term stakeholder value. With this, I would like to conclude and open the floor for any questions you may have. We shall be happy to take up your questions.

**Moderator:** Thank you very much, sir. We will now begin the question-and-answer session. We have our first question from the line of Majid Ahmaid from Pinpoint Capital. Please go ahead.

**Majid Ahmaid:** My first question is, can you give me the numbers of capacity that you have and the utilization numbers?

**Rajeev Gupta:** So, you are talking about a particular business or is the area of interest to you?

**Majid Ahmaid:** Of denim and fabric, can you give me the breakup of denim total metric ton capacity and its utilization and for fabric?

**Rajeev Gupta:** Okay, sure. So let me share with you, in case of denim, we have a capacity of 30 lakh meters of process fabric per month and against that we are clocking in this quarter an average of around 26.8 lakh meter capacity, so which works out to be almost around 90%, capacity for denim and if I share with you the knit numbers, knit number my capacity is around 750 metric ton, and we have clocked during this quarter 625 metric ton as our capacity per month for the knitted process. So, I am expecting this was the answer you were looking for your question.

**Majid Ahmaid:** Yes, sir. Can you give me the numbers like the revenue breakup between the numbers of revenue in the denim and fabric, it would be helpful.

**Nitin Tulyani:** So as a part of our segment reporting, we are reporting the fabric division numbers, and it's there in our segment.

**Majid Ahmaid:** But in the segment, we have only mentioned yarn and fabric, but what about denim? Is denim included in which part?

**Rajeev Gupta:** It's part of the fabric.

**Nitin Tulyani:** Yes, denim is a part of our fabric business. So, our fabric business includes both denim and knit.

- Majid Ahmaid:** But can you give me a breakup, so that I can understand the realization that you are making across segments, so that I have a clear idea of what's happening, because your margins are also.
- Nitin Tulyani:** So, denim we did around ₹200 crores.
- Majid Ahmaid:** Okay, denim is the most part?
- Majid Ahmaid:** Thank you, sir. So, denim is ₹200 crores right for this 1st Quarter?
- Nitin Tulyani:** Yes, right. Yes, 200 crores.
- Majid Ahmaid:** Sir, of that, how much EBITDA are you able to generate of that ₹200 crores, the EBIT margin? Like in EBIT, you have mentioned around ₹15.9 crores in segment reporting, out of that, how much is fabric and denim?
- Nitin Tulyani:** So, in the denim business, we are generating in Q1 an EBITDA of 12%.
- Majid Ahmaid:** ₹12 crore, sir. So, how many, what's the number?
- Rajeev Gupta:** As per segment reporting, we are segregating yarn and fabric. So within that, we do not make a separate balance sheet for denim and knit as such. But, broad indicators that we have shared in the industry numbers and that is applicable here also.
- Majid Ahmaid:** Okay, got it, sir. Sir, secondly, my next question is that now we are looking to break even and we are now cusp of profitability. So, are we looking to improve the profit, especially like, because I am seeing this huge yield as a percentage of revenue decreased significantly to a material level from 64% to 62% and your power and fuel cost as a percentage of revenue has also decreased 100 bps? Can we increase, can we see margins going up, either through fixed cost rationalization or the per unit realization improvement? How does that work for this year?
- Rajeev Gupta:** So, it is a combination of both things, the realization also in different businesses haven't behaved differently. The cost prices have improved little bit so some amount of realization has also improved, and there is a conscious effort in terms of improving our cost structure and thereby reducing the fixed cost and better utilization of assets. So, as we use our assets, sweat our assets better, your cost per unit goes down and thereby helping you in improving your overall numbers.
- Majid Ahmaid:** Okay. Like this quarter, we have power and fuel costs of ₹120 crores. What will be the going forward quarterly run rate? Will it be the same, or will it be



reduced going forward, the power and fuel cost, from a metric ton perspective, not the exact, but as you increase utilization.

**Nitin Tulyani:** So, we are consciously investing in renewable energy, and our power cost is expected to reduce, with the profitability coming from the low power cost. So, our power numbers will reduce.

**Rajeev Gupta:** So, we are working on the renewal power cost, as Nitin mentioned in his brief, and secondly, we are modernizing the machine path and taking action wherever the inefficient machines are. So, per unit, it will be going down. Overall figure may be similar or maybe go slightly better in case we can clock better machine utilization, but per unit consumption definitely it will be lower.

**Majid Ahmaid:** Okay. So that I can assume that as a percentage of revenue will reduce, now it is a 10% it can go between 8% to 9% kind of thing, can improve at that level, is it?

**Rajeev Gupta:** It will be difficult to comment percentage, but it will be lower.

**Majid Ahmaid:** Okay, it will be lower. On an overall basis, it will definitely be lower.

**Rajeev Gupta:** Should be, Yes.

**Majid Ahmaid:** Okay. And secondly, sir, currently, as of now, how much is the borrowing, sir, as of Q1, if you can give the number?

**Nitin Tulyani:** So our total borrowing stands at ₹1,600 crores.

**Majid Ahmaid:** How are we looking to deleverage our balance sheet?

**Nitin Tulyani:** So, we are trying to leverage our internal accruals, and through this, we are planning to go with the further expansion and whatever the new debts we will be taking for the loans, the same amount of repayment will be done during the year. So, there will be no impact on the debt ratios, either. So, we are not going with any additional debt. Our repayments will be equal to the additional debt we will be taking.

**Majid Ahmaid:** Okay. So, what you mean is that, so there will be no net change, but the incremental debt will then be used again for debt repayment for growth?

**Nitin Tulyani:** Yes, right.

**Majid Ahmaid:** Okay. What's the CAPEX requirement for FY'26? What guidance can you give? How much do you want to put?

**Rajeev Gupta:**

There are three things we are doing this year. One is expansion in our knit business, where we were having a major shortfall in our product mix. We were not having printing as a product in knitting. So, to address that, and also to balance our capability in terms of cotton knitted fabric, we are going for an expansion which will add around 250 metric tons of actual production capability and ₹220 crore of additional revenue as a result of that. So when the full project is on, we will have these numbers in place. So that's the one CAPEX that we are doing. This will be in the range of ₹90 to ₹95 crore overall for this project. The second thing we are doing is as a theme of sustainability, and with the change in the law that you can now have up to 200% of your connected load as renewable energy. So, we are going for 50 megawatts of additional round-the-clock energy through two routes, one 10 megawatt we are doing for our solar installation and the balance we are going with a clock, group captive scheme of open access power. So that investment in both areas would be somewhere around ₹50 crore. So, these are the two major things which we are doing, which are immediately the need for balancing and for our cost structure optimization we are doing. In addition to this, there is a normal capital expenditure that we are doing for maintenance and making ourselves efficient in terms of cost. So, we are very conservative about going any CAPEX for this year. Last year, we restrained ourselves and again, this will help us to be stronger financially, and this prudence of going very slow on CAPEX will continue for a couple of more quarters.

**Majid Ahmaid:**

Okay. So, sir, our CAPEX would be in the range of ₹150 crores, ₹150 to ₹200 in total, including your operation?

**Rajeev Gupta:**

Yes, absolutely.

**Majid Ahmaid:**

Okay, sir. Finally, sir in regarding working capital like this year you have done extremely well in managing your working capital and then generating strong operating cash flows. Would that remain the same, or how do you see this?

**Nitin Tulyani:**

Yes, we target to maintain the same momentum, and we are consistently keeping track of the inventory levels, specifically the raw material as well as the finished good inventory. And on the debtor side, we are also strongly governing the receivables as well as the credit limits.

**Majid Ahmaid:**

So, I can assume that it will remain the same for the year at least?

**Nitin Tulyani:**

Yes.

**Moderator:**

Thank you. We have our next question from the line of Rishab Sharma from VP Advisory. Please go ahead.

**Rishab Sharma:** What returns do you expect from the ₹92 crore setting upgrade, and when will it start to add to the profit?

**Rajeev Gupta:** Okay, so thank you very much, first of all, for studying the numbers and appreciating the performance in the quarter. This upcoming investment of ₹90 to ₹95 crore in our knitting modernization, as well as the enhancements and adding the new products, which is printed into this, we expect this to clock around 18% to 20% of ROI, and as a result, we will have had payback around five years for this. If you see that the implementation period mentioned by Nitin is almost nine months. So, I expect to have partial revenue for the year 26-27 and full revenue thereafter.

**Rishab Sharma:** And sir, what cost savings are expected from the Chhata unit, the spinning division closure, and was there any one-time shutdown cost?

**Rajeev Gupta:** Spinning division in Chhata came as part of parcel of the overall deals from the acquisition, which has two businesses that were knitting and spinning. Fortunately, knitting, we have been able to stabilize, and it is performing; we are able to utilize it nicely, and it is contributing to both revenue and EBITDA for the company. Spinning, being the old and inefficient machinery part, we have been bleeding continuously ever since we acquired this. We tried to improve on the various interests, but eventually it was not making much of a contribution, and thereby no financial sense in carrying it forward. So, we have now decided to move out of spinning in Chhata, but continue to operate the Chhata location and business in our knitting division. Rather, we are modernizing and adding more machines for balancing in our knitting division. So, there may be a limited one-time cost, but there is no major challenge to stopping our spinning operations in Chhata.

**Moderator:** Thank you. We have our next question from the line of Madhu Sharma from Estate Capital. Please go ahead.

**Madhu Sharma:** Sir, my first question is, do you plan to raise more debt, and how will this plan impact your current debt level?

**Nitin Tulyani:** So, like I answered the previous question, we are planning to use our internal accrual, and the additional debt that will be raised for these projects will be equivalent to the repayments we will be making in the year. So, year-over-year, there will be no additional burden on the balance sheet, so the ratios will be maintained.

**Madhu Sharma:** Yes, sir second question is, what share of the energy need will be made by the 50 crores green investment, and we need to reduce cost and also, are there any carbon credits intended to expected?

**Rajeev Gupta:** Madhu, very interesting question, because a lot of analysis was done on these things. So, after these 50 megawatts of additional ₹50 crore of investment in this power thing, we will be having 45% of our consumption through green energy or renewable energy. And this overall investment will bring down our per unit cost by almost ₹30 paise so which in turn will be the saving per unit cost for power consumption. And coming to your question about carbon credit, of course, this is a carbon credit that will be visible for this, and this we are using as a result of the policy that the government announced, allowing us to give 200% of connected loans as renewable energy. So, under that policy, only we are doing this.

**Moderator:** Thank you. We have our next question from Mithil from Unlistedindia.com. Please go ahead.

**Mithil:** My first question was, I just didn't hear it properly, what is the percentage of power that is captive for us currently?

**Nitin Tulyani:** In captivity, we have only renewable sources of energy at present. We have 74 megawatts of renewable energy, out of which 40 megawatts is coming from wind and 34 megawatts is coming from solar.

**Mithil:** Okay. So that is how much percentage of the overall power that we consume.

**Rajeev Gupta:** So, these 74 megawatts, which Nitin mentioned, there is a yield that is reflected in that. So that yield is slightly lower. So, that percentage would be to the tune of around 20% - 22%. So, post this additional investment, we will go up to 45%.

**Mithil:** So, 45% will be captive?

**Rajeev Gupta:** Not captive, it will be renewable.

**Mithil:** Renewable?

**Rajeev Gupta:** It's not all behind the meter; it is a combination of behind the meter plus our group captive.

**Mithil:** Okay, so group captive it's not for RSWM, particularly?

**Rajeev Gupta:** No, this is part of it. Part of it is behind the meter, which is RSWM exclusively, and the group captive is a part of the investment that we have done, and we will use it.

**Mithil:** Okay. Sir, I was asking this question because we are around ₹500 crores now on fuel cost. So, how do we bring it down, actually, because solar is a

very good return on investment, so can't we spend more on it and bring down the fuel cost?

**Rajeev Gupta:**

So, I 100% agree with you, that is the thought, that is why we are making this investment for our solar thing. Now we need to strike a very fine balance between CAPEX we want to do and CAPEX we can do. So, at this moment, we are maintaining our balance sheet strong, doing the CAPEX only to the extent that we will not have additional borrowing or additional pressure on this thing. So, we are doing, well, appreciate your point, and we agree that solar definitely makes sense. That's why we are doing the 10-megawatt behind-the-meter. And, 25 megawatt we are doing a group captive. So, we will continue to do this.

**Mithil:**

Okay. So, every year, you are planning to add more and more solar, right?

**Rajeev Gupta:**

So, whatever is permissible under the law, we will intend to achieve that, and this new possibility has come because of the project.

**Mithil:**

Thank you. And the second question is, how much of our exports are currently US and what will be the impact of the tariff on that on the gross realization?

**Rajeev Gupta:**

So, as I mentioned in my opening remarks, we are not directly exporting to the US, because we are not in the finished goods segment. We produce yarn, we produce fabric for garmenting, and we produce fabric for denim garmenting. So, we are operating in a B2B kind of environment where we are not directly exporting to the US. But if you say we are isolated or insulated from this impact, my answer would be, no. My customers are impacted, and thereby I am indirectly impacted.

**Mithil:**

Okay. Sir, one final question, do you see going forward yarn percentage of sales going down, and is there any target that the yarn percentage should go down to?

**Rajeev Gupta:**

RSWM has been known as a yarn company, and we do not want to de-grow in yarn. Of course, we would expand into areas, yarn, as well as others. At this thing, at this board meeting, we are discussing more knitting, but it doesn't mean that we will not grow in yarn. So yarn remains our strength, as today we are clearly focused on this, as the Indian government is also having a very strong growth in textiles. So do RSWM would like to live, as we know that from 147 billion India's target growth 250 billion and 300 billion as a target. So, RSWM will be participating from our side in that growth.

**Mithil:** Okay, thank you. I hope we are making a gross profit of ₹1,600 crores, but nothing is coming to the net profit, so I hope that something changes for the shareholders.

**Moderator:** Thank you. We have our next question from line of Majid Ahmaid from Pinpoint Capital. Please go ahead.

**Majid Ahmaid:** Sir, I have another question that is on regards to what type of volume growth you are looking to do for FY'26, any guidance on that from the utilization?

**Rajeev Gupta:** So, we are not getting any major expansion during this year; rather, we are consolidating and optimizing our operations. One of the strategies we have been following is producing where we are not having positive EBITDA or making gross profitable sales. So that we are not focusing only on revenue, the more focus has been on profitable revenues. So, we are enriching our product mix and thereby trying to balance the overall thing. Of course, we will be having better revenues than last year, but in terms of quantum, I do not see this year as a year of revenue enhancement. We can expect next year as our revenue enhancement, when we have the result of this net expansion, giving full advantage.

**Majid Ahmaid:** Secondly, sir, on the margin on EBITDA margin, when you are looking to have more profitable growth in the coming years, what type of EBITDA are you looking at, is it mid-single digits, or are you looking for at least low double digits, so what's your target?

**Rajeev Gupta:** I fully appreciate your concern as well as your expectation in the question, which is hidden. So, if you look at this quarter, we have been able to clock around 6.9% say, roughly 7% EBITDA, which is 2.5% more than the corresponding quarter last year, where we had around 4.5% EBITDA. So, this focus on EBITDA enhancement is the sole objective that the entire team of RSWM is working on. I agree with you, double-digit is the target that every company has to work on, and we are working in that direction only.

**Majid Ahmaid:** Okay. That's the thing that you are working toward, trying to achieve by the end of this year?

**Rajeev Gupta:** No, you should rather all of us should always wish for and try for that. So, let's see, there has been good improvement in this quarter, and let's hope for better quarters ahead.

**Moderator:** Thank you. We have our next question from the line of Ashwin Kumar, an Individual Investor. Please go ahead.

**Ashwin Kumar:** So, I just have a couple of questions from my side. First is we are talking about; we keep hearing about this cotton yarn spread being under pressure. What are you doing to counter this? Are you hedging? Is there any strategy in place?

**Rajeev Gupta:** So, there are a few strategies we need to do. One is that you don't compete in commodities, you do more of certified or sustainable cotton business, which is for organic, for fair trade, for those kinds of things. And then second is, you go for contamination-free yarns, which are on imported cotton, which will give you two advantages. One, you will not be dependent only on Indian cotton. So, to that extent, you are protected, and secondly, you are having a better product mix, which will give you better opportunities in the market. So then, machine utilization remains one of the focuses, productivity and internal efficiencies remain the focus. Raw material optimization, as I said, is going to be the key driver; innovation and product development have been the key strategies, and we would like to focus on staying afloat in this tough international environment.

**Ashwin Kumar:** Okay. So, by making these moves, you are saying now the spread should improve?

**Rajeev Gupta:** We all struck that at least we are working more on internal efficiencies and internal strategies to first, reduce the impact and second, to grow. So, that's the effort we are doing.

**Ashwin Kumar:** Okay. I heard on this call you were saying you are looking at raising debt and trying to then refinance it, so then the payment of finance cost will be the same, because that was going to be my question, because the finance cost is still the same. But instead of doing that, because RSWM is already very highly leveraged, why haven't you considered raising funds to pay off the debt and to do more acquisitions, instead of adding more debt to the company? Has that been considered?

**Nitin Tulyani:** We are exploring the internal sources of funds, and we are also focusing on certain blocked assets, and we are planning the liquidation of the non-usable assets so that the debt burden can be reduced.

**Rajeev Gupta:** So, focus on working capital, focus on asset sweating is the first focus we are doing. Your point is well placed, and the direction that we are working is aligned with what you were trying to say.

**Ashwin Kumar:** Yes, because wouldn't it be easier because you would be reducing, because you are already quite undervalued by raising debt, and by raising equity, we can really bring down the debt, and things can really work a lot more in

favour of the company. But I leave it to your judgment, I know you are all working to focus on the best results. So, I also had a question on you did mention about the trade receivable discounts. Can you explain how you have done that this last quarter? That was something that you discussed in the previous call?

**Nitin Tulyani:** So, I talked about vendor bill discounting.

**Ashwin Kumar:** Yes, vendor bill discounting. Can you tell us what you have done?

**Nitin Tulyani:** So basically, the MSME vendors we have done a tie-up with a platform TReDS platform, Trade Receivable E-discounting System, and we are discounting our MSME vendors' bill payment, which is giving us interest arbitrage in terms of the finance cost.

**Ashwin Kumar:** Okay. So, how much has that benefited us this quarter? Any numbers you can share?

**Nitin Tulyani:** Roughly around 1% to 1.5% we have been able to get because of the recent reduction in the repo rates announced by the RBI.

**Ashwin Kumar:** Okay.

**Nitin Tulyani:** That's the reason our overall finance cost has been able to be maintained.

**Ashwin Kumar:** Okay. And as per my understanding, I believe India has a lot of spinning capacity. If I am not mistaken, we have a lot of spinning capacity. So, is one of the plans, like how you sold in the Chhata unit the spinning machines, is your future plan to maybe reduce more spinning machines from your current plants and to focus more on adding knitting machinery. Is that the idea?

**Rajeev Gupta:** So, you are absolutely right, India is the second largest pillar in the world, and we have more than 20% of the world's spinning capacity in India. And RSWM is one of the prominent players; we have around 6.5 lakh spindles overall working with us. So, we want to sweat these assets better, we want to use them for a different product mix. Currently, overall spinning is allocated into three basic products. One is the synthetic yarns, both grey dyed in the consumption of somewhere around 4.5 lakh spindles, and the other 1.25 spindles are on cotton, and similarly, on 1.1 lakh spindles are on mélange yarns. So, we intend to maintain this there is no immediate intention to grow in this area. At the same time, there is no discouragement to the existing spinning capacity that we have. Modernization is the one thing that we plan to do in these capacities, to stay efficient and afloat.



**Ashwin Kumar:** I have been seeing a lot of your plant visits recently, and a lot of praise has been done said about how RSWM plants are I have seen that. One thing, I believe in the previous questions you spoke about adding knitting and spinning, you are looking at adding more capacity. But wouldn't it be better to add more knitting capacity as compared to spinning at this point?

**Rajeev Gupta:** You are absolutely right, dam right. First of all, thank you very much for following us so closely on the plant visit and other things which you mentioned, that gives a lot of encouragement when our investors also take interest in our efforts. And, as for the CAPEX we discussed about, this is only for knitting. We are not having any CAPEX for adding spindles, it is only for modernization existing spindles to stay them competitive in terms of operational efficiencies. So, the current CAPEX that we are talking about is only for knitting and for solar, for power, and knitting are the areas for CAPEX. Yarn is only for modernization and routine CAPEX.

**Ashwin Kumar:** Okay. And just one final question, so, you mentioned the knitting, there was something missing printing, I believe that's what you said was missing, like that is there any other area where you feel RSWM should look at growing in, apart from AB Printing, is there something else?

**Rajeev Gupta:** Yes, you are absolutely right, if I look at India as a country, and the opportunities the world of textile presents to us, there are many areas where we should have meaningful investment. One area that was immediately missing was printing. Another area for us, which is a logical offering for the market, is a full package offering for denim. So, we are doing only denim fabric, and most of the customers now look for suppliers who have integrated supply chain and also offer denim garments. Similarly, knitted garments in other directions, which because of FTAs, and because of demand nowadays, people are looking for integrated factories. No, the advantage that RSWM has is, we are having fiber, we are having spinning, we are having knitting, we are having denim fabric, processing both for knitting and denim, logically for a full package to deliver to the customer, the only missing link is garmenting. So, that is another area that once our balance sheet becomes capable of taking this load. So, we should be open for these discussions.

**Ashwin Kumar:** Okay. And just one last question, sorry, there was a while back I saw in the news something about a Jammu Kashmir unit that's now we are not looking at that anymore, is that right?

**Rajeev Gupta:** We discussed this last time, also, and I was waiting for this question to come yet. So, thank you very much for bringing that point on. So, we are still waiting for government approval for subsidies. We are still on the waiting list, and it is expected that next time when we have this call, we will probably

have clearance for the subsidies from the government of J&K, because this is purely a project which is initiated on the government subsidies approval.

**Moderator:**

Thank you. This was the last question for today, and I now hand the conference over to the management for closing comments.

**Nitin Tulyani:**

So, in closing, I would extend my sincere gratitude to our employees, stakeholders and partners for their unwavering support. With collective effort and a shared vision, we are well-positioned to drive innovation, strengthen our market presence and deliver sustainable value. The road ahead holds great promise, and I am confident in our ability to grow and succeed in the years to come. Thank you, everyone.

**Moderator:**

Thank you. We sincerely appreciate your participation in this event. And we kindly request that you now disconnect your lines. Thank you for your time and your engagement.

(This document has been edited for readability purposes.)

---

Registered Office: Kharigram, P.B No.28, P.O Gulabpura- 311 021, Distt. Bhilwara Rajasthan

Website: <https://www.rswm.in>

CIN: L17115RJ1960PLC008216

---