



RSWM/SECTT/2026
17th February 2026

BSE Limited Corporate Relationship Department, 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Mumbai - 400 001. Scrip Code: 500350	National Stock Exchange of India Limited Listing Department, Exchange Plaza, C-1, Block - G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. Scrip Code: RSWM
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Subject: Transcript of Q3 & 9M FY26 Earnings Conference Call held on Thursday, 12th February 2026.

Dear Sir,

Please refer to our Earnings Conference Call, scheduled for Thursday, 12th February 2026, at 4:00 PM (IST), as intimated in our letter dated 05/02/2026.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Q3 & 9M FY26 Earnings Conference Call transcript. The transcript is also being made available on the company's website: www.rswm.in

You are requested to take the same on record.

Thank you.

Yours faithfully,
For RSWM LIMITED

SURENDER GUPTA
SR. VICE PRESIDENT - LEGAL & COMPANY SECRETARY
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(Formerly Rajasthan Spinning & Weaving Mills Limited)

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RSWM Limited
Q3 & 9M FY26 Earnings Conference Call Transcript
Thursday, 12th February 2026

Management Team

- ◆ **Mr. Rajeev Gupta, JMD**
 - ◆ **Mr. Manoj Bansal, CTO & CRO**
 - ◆ **Mr. Nitin Tulyani, President & CFO**
 - ◆ **Mr. Surender Gupta, Sr. VP, Legal & Company Secretary**
 - ◆ **Mr. Rakesh Jain, Sr. General Manager - Corporate Finance**
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Moderator:

Ladies and gentlemen, good evening, and welcome to the RSWM Limited Q3 & 9M FY26 Earnings Conference Call hosted by Rik Capital.

We have with us today from the management, Mr. Rajeev Gupta, Joint Managing Director; Mr. Manoj Bansal, Chief Transformation Officer and Chief Risk Officer; Mr. Nitin Tulyani, President and Chief Financial Officer; Mr. Rakesh Jain, Sr. General Manager, Corporate Finance; Mr. Surender Gupta, Senior VP, Legal and Company Secretary.

As a reminder, all participant lines will be in listen-only mode. And you will have 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.

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 risks that our business faces that could cause our future results, performance or achievements to differ significantly from what may be expressed or implied by such forward-looking statements.

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

Rajeev Gupta:

Hi. Good evening, everyone. I hope you and your families are doing well. It is my pleasure to welcome you all to RSWM Q3 and 9M FY26 earnings conference call. We appreciate your continued interest and participation. Our financial results and investor presentation are available on stock exchanges, and I trust you had an opportunity to review them. Let me start by briefly setting up the context by global and the Indian economy.

The global economy is entering a phase of recalibration with the growth stabilizing around 3.2% during 2025-2026, despite the ongoing tariff tensions and the policy uncertainties we all are experiencing. However, India continues to outperform global peers with a GDP growth rate projected at 7.4% for FY 2026.

Now turning to the textile sector and the trade environment in textile. Global supply chain realignment, easing inflation and stabilizing growth are improving demand visibility across key global textile markets. In February 2026, very recently, India and United States announced an interim trade framework aimed to reducing the tariff variance to 18% from the previously increased 50%, laying the foundation for a broader bilateral agreement.

The significant tariff reduction is expected to improve market access for Indian textile exporters, and this will support a recovery of order inflow, following the softness observed in 2025 for the last three quarters. Before that, in January 2026, India and the EU, European Unions, concluded a negotiation on a comprehensive FTA, that is free trade agreement, making a significant structural shift of Indian exports, particularly in value-added and man-made fiber segment, where India has historically been under-presented.

Now this agreement will give us a level playing field with tariff coming up from 8% to 12% to almost zero, thereby enhancing our competitiveness in the global market, particularly Europe. And we will be at the same level with Bangladesh, Vietnam, Turkey and Sri Lanka. With the EU representing textile and apparel import markets exceeding almost \$250 billion annually, the achievement of tariff parity is expected to unlock substantial growth opportunities and enable stronger participation in the higher value-added segments by Indian textile players.

India's expanding trade architect, including recent trade agreements with the U.S., EU and before that in U.K., Oman and New Zealand, all these entry free availability of markets will enhance our economic parity in exports from India to all these markets. Collectively, these arrangements provide tariff reduce or duty free access to the global markets, enhancing competitiveness and supporting export growth. These judgments align with the broader shift from the global players towards supplier consolidation, ESG compliances, scalable sourcing partners. These are the areas where Indian manufacturers are increasingly positioned well.

Now building on these trends, our strategic initiative remains focused on strengthening long-term competitiveness and positioning RSWM for sustainable growth. The knitted fabric expansion that we discussed last time involving a capital expenditure of ₹92 Cr is progressing in a phased manner, and we are expecting this to be fully operational in FY 2027 first half. The knit expansion will significantly enhance the output and technical capabilities of our knitting units, both at Mordī, Rajasthan and Chhata, Uttar Pradesh.

The total knitting capacity post this expansion will increase by 20% from 750 MT to 900 MT.

A key highlight of this expansion is the introduction of printed knit product lines, enabling RSWM to enter a fashion-intensive segment. The current account for approximately 30% to 35% of knitted fabric market, which includes kids wear, women's wear, loungewear, this was a market which we were missing, and this will help us to give access to new orders and the customers across the geographies.

The acquisition of LNJ GreenPET strengthens our position across recycled PET value chain. The upcoming facilities in the plant, Madhya Pradesh, will produce food-grade recycled resin, expanding our presence in the packaging segment and aligning with the regulatory and ESG-driven demand. This positions us to serve major FMCG players who are mandated to increase recycled content in their packaging. The facility is targeted to become operational within the span of next 12 to 15 months.

Across all business's verticals, we continue to sharpen our focus on improving cost efficiency, enhancing product mix, and thereby overall profitability, while scaling large value-added segments, improving asset utilization and operational efficiencies. We are also regularly reviewing our low-margin, low contribution products across businesses and making continuous effort to diversify the customer base and refine the product mix, thereby improving overall profitability. With visible margin improvement across both quarterly and nine months periods, we believe RSWM is well positioned to deliver profitable and sustainable growth in medium term.

Now, I will hand over the call to Mr. Nitin Tulyani, our President and CFO, for further detailing.

Nitin Tulyani:

Thank you, sir. Good evening, everyone, and thank you for joining us on the Q3 & 9M FY26 earnings call. I will take you through the key financial highlights and operational metrics for the quarter and nine months period ended December 2025.

So, starting with the business environment. During the quarter, demand conditions across domestic and export markets remained mixed. However, the company successfully navigated this environment by maintaining a clear focus on enhancing business quality and profitability, supported by disciplined cost reduction initiatives. This focus translated into healthy and consistent margin expansion, both sequentially and year-on-year.

Gross margin strengthened to 39.2% in Q3 FY 2026, improving by 78 basis points quarter-on-quarter and 310 basis points year-on-year. For the nine months period, gross margins improved to 38.3%, up by 217 basis points year-on-year. EBITDA margins rose to 7.4% in Q3 FY26, compared with 6.8% in Q2 FY26 and 4.8% in Q3 FY25. For 9M FY26, EBITDA margins improved to 7%, reflecting a 272-basis point YoY expansion.

The improvement was driven by our favorable product mix, stable raw material cost, improved operating leverage through optimum capacity utilization, and continued progress in process efficiencies. Execution across our plants remain strong, supported by better sales operations coordination, sustained focus on yield improvement, quality consistency and energy efficiency. A growing contribution from renewable energy further strengthened cost stability and supported our contribution towards green energy objectives.

Moving to financial performance for Q3 and 9M FY26. For 9M FY26, the company reported revenue of ₹3,412 Cr, reflecting stable performance despite a challenging demand environment. Revenues for Q3 FY26 stood at ₹1,093 Cr with modernization in volumes across selected segments.

Profitability continued to strengthen. EBITDA for Q3 FY26 increased to ₹82 Cr, representing 4% quarter-on-quarter growth and 41.7% year-on-year growth. On a nine-month basis, EBITDA stood at ₹242 Cr, marking a 56.9% year-on-year increase. It is encouraging that this margin expansion was achieved despite a mixed demand environment, underscoring the structural improvement in our cost base and operating leverage.

Profit after tax for Q3 FY26 stood at ₹4 Cr after accounting for a onetime exceptional expense of approximately ₹10 Cr related to the labor code linked service cost. Excluding this item, underlying profitability would have been meaningfully higher. For the nine months, PAT improved to ₹17 Cr, representing a strong turnaround from a loss in the corresponding period last year.

Coming to our cost structure and operating leverage, the company finance cost structure continued to improve during the quarter, reflecting sustained balance sheet strengthening and disciplined financial management. Raw material cost remained stable, supported by disciplined sourcing practices and improved inventory management, contributing to overall cost efficiency supported by the disciplined sourcing practices and improved inventory management. Employee cost and overheads remain well controlled, while improved capacity utilization enabled better absorption of our fixed costs.

Depreciation for Q3 FY26 stood at ₹36.5 Cr, while finance costs declined by approximately ₹4 Cr year-on-year, driven by improved liquidity and lower borrowing cost. On a nine-month basis, finance cost savings of approximately ₹7 Cr were achieved compared to the previous years. This improvement was supported by multiple factors, including the reduction in the repo rate from 6.5% in Feb 2025 to 5.2% in December 2025, optimized working capital requirements, lower inventory levels, effective receivables management and improved trade payables management with the effective use of invoice discounting mechanism has helped us to achieve this.

On the liquidity and working capital side, we continue to see steady improvement. The balance sheet remains healthy, supported by improved operating cash flow and effective working capital management. Liquidity levels remain comfortable, providing adequate headroom to support ongoing operations, selective capital expenditure and strategic initiatives. The company continues to focus on maintaining a prudent leverage profile, optimizing the cost of capital and preserving sufficient financial flexibility to navigate demand volatility.

Capital allocation remains selective and disciplined with the investment directed towards project offering clear visibility on the returns, shorter payback periods and margin enhancements. This includes modernization initiatives and capacity additions aligned with the evolving demand trends. The company remains committed to balance growth investments with financial prudence while prioritizing cash generation, improving our return ratios and strengthening balance sheet.

Overall, Q3 and 9M FY26 reflect a clear improvement in profitability, margin resilience and financial stability. The continued focus on execution excellence, cost discipline and efficient capital deployment positions the company well to deliver sustainable financial performance in the period ahead.

Thank you. We will now be happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from Abhijit Rao from VP Capital. Please go ahead.

Abhijit Rao: Thank you for the opportunity. Sir, my first question is on EBITDA margin. So, the Q3 EBITDA margin improved to 7.4% despite the volume moderation. So, how much of this improvement is structural versus cyclical? And how was the revenue and margin mix between yarn and fabric shifted in this quarter?

Rajeev Gupta: Okay. Thank you, Abhijit. Is that all? You have another question?

Abhijit Rao: I have more questions on GreenPET.

Rajeev Gupta: Okay. So, let me respond to this first. Thank you for observing the EBITDA margin improvement from 4.8% to 7.4% in the corresponding quarter. So, this EBITDA margin is definitely sustainable because the current quarter, the Quarter 3 in discussion, was not an easy quarter or there was no abnormal conditions in the market, rather the challenges of U.S. tariff and the lower demand as a result of that, particularly for knit, denim, mélange, and to some extent, cotton yarn were challenging during this period. So, we expect this EBITDA to be sustained in coming quarters in near and mid-range quarters also. I will be happy to take your next question.

Abhijit Rao: So, on the margins only, sir, if the volume increases, then also we will sustain the margins, right?

Rajeev Gupta: Yes, sure, sure. Definitely, we are having a positive outlook for current quarter and next quarter. The volume should look better in the first quarter next year. And the EBITDA margin in this quarter and next quarter should be maintained in the similar range.

Abhijit Rao: Okay. Understood. And sir, how does the LNJ GreenPET fit into the RSWM's long-term textile strategy? And how is the contribution of all these recent sustainability and green initiatives is impacting the long-term competitiveness as well as the short-term near profitability?

Rajeev Gupta: Okay. Fine. I am happy you asked this question, this is very important for RSWM. Our thought in RSWM is, we give back to society what we take. So, sustainability is really at the core of all the operations we do in RSWM. So, we have been working very strongly in sustainability, right in terms of power consumption, as we discussed last time, 70% of the power we consume now is coming from renewable energy. And we have shifted all our boilers from fossil fuel to biofuels. So, that direction is on. And in this financial year itself, we will be going from this to biofuel. And third is, we are a company which is 100% compliant to zero liquid discharge. So, we do not discharge any polluted water. And there are various other things in terms of converting the raw material of PET to recycled polyester fiber.

This LNJ GreenPET is definitely a logical expansion of our current business, which is bottle-to-fiber. Now we already are doing around 130 metric tonnes of recycled polyester bottles collection per day. And this gives us a unique strength in terms of the supply chain, collecting these bottles and converting

this into fiber. Now with this B2B project, we have to add this further in terms of quality and producing the resins and use that as raw material by FMCG companies like brands for bottles and pharma. So, this is something which is very close to our heart. Sustainability is something which we believe in. And this project is definitely very related to our strength of processing the recycled polyester fiber from recycling of the PET bottles. So, that is how we feel that we are definitely connected to this project, and we believe that we should be in this segment.

Abhijit Rao: Understood, sir. Thank you for that detailed explanation and all the best, sir.

Moderator: Thank you. The next question is from Ruben, who's an individual investor. Please go ahead.

Ruben: First, congrats on a great set of numbers. I mean considering the demand, I mean, the situation, the very tepid demand, you guys still did a very good quarter. And also, your recent initiative RAPIDD and COCICA look very promising. So, I just had a few questions. First thing, can you maybe give me an update on what's happening with Bangladesh? There is an issue with yarn from India. And maybe if you can give an update on how does that impact RSWM?

Rajeev Gupta: Okay. Anything else?

Ruben: Yes. Secondly, I also wanted to know about this new project of yours, how is that going to be funded? I believe the group is also supposed to put ₹750 Cr, but I think now is it going to be entirely debt or are you looking at equity infusion? And how much revenue are you expecting from that?

Rajeev Gupta: Okay. Thank you, Ruben. First of all, I am extremely happy and thankful to you for sharing the comfort of the performance that we have during this quarter. I truly appreciate your understanding that this quarter was tough and across globe, the challenges in textile are impacting us badly. So, after acknowledging that, let me clearly come to the point, which is Bangladesh yarn import. Bangladesh has a limited spinning capacity, which was not used. And as a result, the Bangladesh spinners were putting pressure on the government for putting either additional import duty or removing the advantages that is given using their own yarn. So, that parity they wanted to increase.

Now, Bangladesh as a country has more consumption of fabric and yarn than their spinning capacity. So, one clear understanding is that they cannot stop importing the yarn. So, they have to import yarn. Of course, their spinning

lobby was trying very hard to put this thing. But the overall position of Bangladesh after this U.S. tariff parity with India is now more at the level playing field. But India has a challenge of garmenting capacity, which Bangladesh has in good number.

So, Bangladesh will remain a very important market for all textile companies in India, and we cannot ignore this market as such. The uncertainty or the difficulties in that market are definitely impacting us in the shorter run for sure and medium run more likely. Only in the long run, if India develops this garmenting capacity, both in knit fabric and denim, then probably we can become net exporter of garments and the dependence on Bangladesh will reduce. As on today, Bangladesh is important. Of course, these challenges do impact us in terms of immediate working.

Now coming to your second question, which was LNJ GreenPET Project and its funding, the funding is perceived to be at 70:30 level. So, we have a project cost of ₹427 Cr. Out of that, approximately ₹300 Cr is likely to be funded through debt, and the balance ₹127 Cr is to be funded as a form of internal accruals or equity that we would like to do. Now, revenue from this project would vary from ₹475 Cr to ₹500 Cr. So, that is the revenue which we are targeting. Of course, it will take time to increase the capacity utilization. First year would be somewhere around ₹70 Cr, ₹75 Cr and it will take two to three years to harness full potential of ₹500 Cr as revenue from this project.

Ruben:

Okay. And just to understand, you were talking about looking at some low-margin products and you were looking at switching from them to another product. So, I wanted to understand, how much have you done of this? What about your non-core assets? How much of your non-core assets are there that you can look at selling to raise funds?

Rajeev Gupta:

Okay. Fine. So, this is a continuous exercise. You always look at the pyramid of all your product mix. So, certain products give you the best margin, and there are, at the same time, a few products which give you very low margin. And these are the products which are used for filling the mill and ensuring that we utilize capacity. The journey for profit enhancement always is to increase the products which give you more margin and try to reduce or eliminate the products which are giving low margin. We did this exercise across all businesses. Few businesses where market sentiment was okay, we are able to implement this fully.

Few businesses like our knit business, mélange business, or to some extent, our denim business, where we could not do this very effectively because of

the market sentiment. This can only be done when you have enough of orders in your order book, then you can decide on this. So, that journey is on. Fortunately, in a few of the businesses we did it, we also shifted a few capacities from low value-added to high value-added product. Just to share an example, we shifted certain volumes for our synthetic yarn business from grey to dyed. So, we were making PV grey, which we have shifted to PV dyed, understanding that PV dyed, of course, gives better value.

And we had almost 20,000 spindles, which we shifted in the Unit number 9 of our Kharigram location from grey to dyed. So, this is a continuous journey. We are working on this concept, and we may have to work for next three, four quarters continuously to travel this journey which we have envisaged.

Ruben: Okay. And non-core assets, any numbers that you can share that we could look at selling of some?

Rajeev Gupta: So, there has been not any non-core asset per se, but a few assets which were not giving us the required margin and the required return, particularly if you ask what we have implemented so far is Chhata spinning, which was giving us a very low margin, and it was completely outdated in terms of age of this machinery. So, that is something which we have used wherever that part of the machine setup was usable in our other units for upgrading our facilities or creating more flexibility in our manufacturing setup.

And second is we went for the new boilers for going to this biofuel. And as a result, our old thermal boiler, which was a coal-based, became redundant and useless. So, that we are disposing of. Otherwise, per se, the company did not have any non-core assets which were redundant and not being used.

Ruben: Okay. And one last question, I will come back in the queue after that. One last question is working capital. Your working capital is still quite high, do you get any concessions or any low interest rates for this working capital? Is there any textile scheme for that?

Rajeev Gupta: Yes, I will let Nitin take that.

Nitin Tulyani: So, Ruben, coming to the question around working capital, we are managing the working capital effectively. So, what we have done is we have moved to the vendor discounting platform in which we are getting a benefit with respect to the interest arbitrage. So, if you talk about overall cost of working capital, it comes less than 9%.

Ruben: Okay, less than 9%.

Nitin Tulyani: This includes everything we have in terms of working capital. I am telling you the average number.

Ruben: Okay. Thank you.

Moderator: Thank you. Next question is from Rohit Ohri from Progressive Shares. Please go ahead.

Rohit Ohri: Hi, Rajeev ji. We see RSWM 2.0 transform and achieve more milestone under your guidance.

Rajeev Gupta: Thank you, Rohit.

Rohit Ohri: Sir, I have three, four questions. I will ask one and then probably follow up on the others. In terms of the GreenPET LNJ Project, sir, have we identified the land? And are we already having the technology with us? Or are we going to go for some tie-up or maybe JV over here?

Rajeev Gupta: Okay. So, we have Mr. Manoj Bansal with us, who is Chief Transformation Officer, and he is very closely working on this project. So, rather than me responding to this, I will request Manoj to respond.

Manoj Bansal: So, regarding the land, we have already taken land in a place called Ratlam, which is in MP. So, we have identified 44 acres of land for this project. So, that has been already done, it is already in place. Regarding the second part, the technology, yes, we have already finalized technology. So, there are two important machine setups. One is washing line, second is a pelletizing line. So, we already finalized the vendor for that, both of that. And just to give you kind of comfort, we have taken one of the best technology from Europe for our pelletizing line.

Rohit Ohri: Sorry, sir, we have taken technology from?

Manoj Bansal: Starlinger.

Rajeev Gupta: It's a European brand. One of the best technologies in this segment of product mix.

Rohit Ohri: Sir, my next question related to this development which we are having from BAKPL, Birla Advanced Knits Private Ltd, which is a joint venture between Grasim and Century. Sir, if you can take us through like what was the thought process? And are we so confident about the machineries that they serve because that's a new operation that they have started probably, I think, in

2023 April is when they started. So, sir, that gives us kind of confidence that these machines are going to do well for us.

Manoj Bansal:

Sure. So, Rohit, they actually set up this project with the thought of doing a sampling, viscose sampling, etc. But somehow, they couldn't connect that. So, this was almost a year-old plant where machines were not used. All these machines are European machines, all good brands. And then they had a printing kind of setup as well. So, we evaluated and found that these machines are actually a well fit for us because we didn't have a printing facility. So, with these machines, probably we solve two purposes. One, we will have a printing facility, almost 120 tonnes per month. And then probably all these machines which are being stayed we will be using for modernizing both our Chhata and Mordī plants.

So, this fits well in our kind of requirement because the machines were new, all European, all energy efficient machines and not used actually. So, we get a good deal and we shifted. Now we are actually in the process of shifting and modernizing the plant. And this will give us, as probably said earlier, so this will give additional process for printing, so 120 tonnes, which probably with this printing, now we can actually serve other kind of segments like kids wear and lady nightwear garments. So, that was the basic purpose of taking over this plant.

Rohit Ohri:

And sir, if you notice that we see these articles in Business India also where Rajeev ji and Riju, they have both mentioned about Industry 4.0. But sir, my question is that how much of this modernization or maybe replacement of the old technology, how much of this work is pending, if Nitin can help us through, that what sort of investments are we looking at or what sort of Capex are we looking for new machineries?

Manoj Bansal:

See, the cost of acquisition was ₹54 Cr. Otherwise, this entire modernization actually is ₹92 Cr. This is what we mentioned last time also. So, the total expansion for knit park is ₹92 Cr. So, we already started the process, as indicated earlier. So, we intend to close the entire expansion, setting the printing and modernizing by the first half of 2027. So, we are expecting that the second half probably be able to get the full benefit of this expansion, printing as well as modernization process. And with this expansion, our capacity will improve from 700 tonnes to 900 tonnes per month with 120 tonnes printing.

So, this gives a complete balance of our product mix. So, we get a 20% additional capacity plus additional process for printing, which will actually help us to improve our reach to different customers because the customer

will look for the complete product mix. So, printing actually is complete our range. So, that is the basic thought process.

Rohit Ohri: Sir, in addition to this replacement that is happening, are there more replacement of machinery? That was the question.

Manoj Bansal: No, every machine is in line. Only the few old machines have been replaced. Otherwise, our plant is absolutely well balanced, new machines are there. So, we are getting the potential kind of efficiency from all the machines. So, beyond that, I think there's nothing pending for modernization further.

Rajeev Gupta: Just to add what Manoj said, in addition to knitting, there are other businesses where modernization is also in discussion, and we are going purely on the basis of payback in case of modernization making sense for either digitalization or quality improvement or production improvement per se. So, that journey is on. We have started doing it in a phased manner. So, RSWM being a 65-year-old company, so the machinery park is definitely wearing. We have latest machine, and we have machines which are decades of performance already delivered. So, we are very consciously monitoring each and every machine and their performance.

And based on the payback and priority, we are doing it. So, major thing that we have done is the power efficiency improvement, the machines which are power inefficient are in the top-most priority to us. And similarly, the machines which will give us more productivity in terms of manpower, that will also be considering. But this is going to be phased manner because this is a big plan, and this will take time to improve the age of the machine park.

Nitin Tulyani: You had a question with respect to the Industry 4.0 technology, which you mentioned. So, just to update you, as a part of Industry 4.0, what we are doing is we are focusing upon bringing in the technology. Recently, we did a tie-up with a company called Green Stitch. It is a SaaS-based organization which has helped us to automate our business responsibility and sustainability reporting with the element of AI in it. And this year, we will be publishing our first report using that tool. So, that tool is helping us to integrate the data, which lies in ERP with the help of integrating the data, which help us to maintain a proper audit trail and focus upon the authenticity of the data being recorded by the system.

Second, what we have done is we have also worked upon with respect to the improvising our R&D centers. So, we have done certain investments in that with respect to the research and development, where we are working on digital tools for preparation of the samples and the development of new

product technology. So, like Rajeev ji said, this is a journey, and it has already been started, and we are continuously identifying the projects pertaining to the Industry 4.0 and moving ahead.

Rohit Ohri:

Sir, last question, two parts. First one, that how much on a yearly basis have we allocated that every year, we will spend approximately ₹X Cr for replacement or modernization of machines? And second question, which Rajeev also mentioned that we are doing quite a lot of good work, which we can also see for the power savings. My question is that from somewhere around 6% or 7% EBITDA margin, can we inch towards 10% or 11% EBITDA margin in the next six to eight quarters?

Rajeev Gupta:

Thank you, Rohit. I think you also share the forward-looking outlook for the company. I will be one of the happiest person when we touch the double digit. And intention of entire management, including Manoj, Nitin, Surrender ji is to take this company in next maybe 6 to 8 quarters to that level of double digit. And with this U.S. tariff, U.K. tariff and EU FTA on, so there is every likelihood that we may travel this journey even faster.

Now coming to your second question, which is how much fund we are allocating for modernization and this. So, I can share with you last year, we did modernization Capex to the tune of almost ₹50 Cr. So, this is only based on the cash flow and the payback period, which is encouraging to get the benefit immediately within a span of 12 to 24 months. So, based on this, we will continue to do, almost similar kind of figures would be there in that two to three years. We do not want to skew our cash flow too much and work very aggressively so that it impacts my team working as well. So, we need to strike a balance between both modernization and ensuring the current balancing also.

Rohit Ohri:

Sir, all the very best for achieving that double-digit EBITDA margin. Hopefully, we see that soon. Thank you for answering all my questions. Thanks a lot.

Moderator:

Thank you. The next question is from Mithil Bhuva from unlistedindia.com. Please go ahead.

Mithil Bhuva:

Hi, sir. I guess I missed out on that, but what is the power cost savings to switch to renewables, like per unit savings?

Rajeev Gupta:

Okay. So, we have done our power Capex in two ways. One, we are going for behind-the-meter generation of solar power by 9.6 megawatts. And second was the 60 megawatts agreement with Adani for group captive RTC,

round-the-clock power. So, if you look at per unit savings would be varying from ₹1 to ₹1.5 per unit and thereby impacting our overall consumption per kg, giving benefit to us, and we become a little more competitive to our peers in Rajasthan because this all triggered with the increased tariff by Rajasthan, which was reducing the tariff DISCOMs by ₹1.02 per unit. So, that necessitated the need of working on this. So, it is serving us two purpose. One is the saving and second is our green journey.

Mithil Bhuv: So, we have spent some Capex on this, the transmission line overall for the Green project?

Rajeev Gupta: There are two things which I said. One is for Adani. Adani, we paid up the equity for being a partner to this group captive. And this SPV that we paid was to the tune of ₹60 Cr. And for this behind-the-meter, we would spend something between ₹22 Cr to ₹25 Cr as a Capex for having this 9.6-megawatt solar power installation.

Mithil Bhuv: So, what is our share in the SPV percentage?

Rajeev Gupta: So, it is 26% that is something as per legal limit.

Nitin Tulyani: So, it's 26% in equity with the shareholder voting rights.

Mithil Bhuv: Okay. Sir, one more question, like what is the company's plan like on the ROCE, so where are we head towards? Because ROCE is the ultimate thing what investors look at.

Rajeev Gupta: Yes, you are right. ROCE is something which we have to work very strongly. So, I can only share with you that it is improving for last three, four quarters. If you see the last year's number and this year number, Nitin will be able to share that figures with you.

Nitin Tulyani: So, coming to the ROCE, return on capital employed, like it is directly linked to our profit before interest and tax. If you have taken a look at our investor presentation, like if you compare it year-over-year number, it has increased from 3.3% to 5.1%. So, the graph is upward, and like Rajeev ji said, we will continue to increase the EBITDA. So, similarly, this ROCE will be on an increasing trend. If you remember, the highest we have achieved is approx.13%, which was somewhere in the year 2021-2022. But we will be definitely moving ahead steadily with this ratio, and we are continuously focusing upon it.

Mithil Bhuv: Okay. Wish you all the best. Thank you.

Moderator: Thank you. Next question is from SP Vaiya, who's an individual investor. Please go ahead.

SP Vaiya: Good evening, sir. Your presentation is very thorough, and I could get most of my questions clarified from there. One question I would like, what sort of growth actually you are targeting for the next year? Because right, I understand last two, three quarters because of geopolitical pressures, you are not able to register the kind of growth you were really looking forward to. But now actually, things are getting better politically. So, what sort of growth you are planning in your turnover in the next year, please?

Rajeev Gupta: So, first of all, let me be thankful to you for your appreciation for the presentation and the performance, Mr. SP. The growth has not been there in these nine months because we consolidated and worked more on the profitability than on revenue. In fact, we consolidated a few of the products which were not yielding profit, we reduced it. And as a result, if you see the nine months and quarter, both revenue numbers are lower than the previous year, whereas EBITDA number for the quarter and for the nine months are better off. Now next year, we will try to harness full capacity utilization for knit, mélange.

And we are also targeting additional capacity utilization for all other assets wherever there is a scope. Major expansion that we are targeting is knit. So, that will give us some additional revenue for the additional production of 200 tonnes of knit that we are going to do. Other initiatives in terms of production are largely for modernization and improving our cost effectiveness. So, revenue really is not under focus at this point of time. Of course, we will come to the level of around ₹5,000 Cr hopefully next financial year 2026-2027.

SP Vaiya: ₹5,000 Cr, that's a growth of almost 10% because right now, you are at ₹3,400 Cr. So, I presume that if you repeat the same sort of performance as you had done the last quarter, will give additional ₹1,100 Cr or so that gives a total of ₹4,500 Cr. So, growth of 10% we are envisaging, is that correct, sir?

Rajeev Gupta: You are absolutely right. So, that is something which we are targeting.

SP Vaiya: Okay. And that will make a capacity utilization of what percentage, sir?

Rajeev Gupta: So, in yarn, you already work on high 90s in terms of capacity utilization. The major challenge of capacity utilization has been in knit, and to some extent, mélange and denim. So, I think these mélange and knit section, we

will improve our utilization and other, whatever the low-performing assets or low-performing products are there, that already have been identified and designated. So, I think there is no negative revenue growth likely to happen now. The only thing that we are likely to do is better capacity utilization for knit, mélange, and thereby having better revenue.

SP Vaiya: Thank you.

Moderator: Thank you. The next question is from Ruben, who's an individual investor. Please go ahead.

Ruben: I just had a few follow-ups. First is, you have been having discussions with Europe and all. So, maybe can you give us some guidance on how that's turning, how that's shaping up, especially after the FTA and all?

Rajeev Gupta: So, India was leading the 8% to 12% import duty by EU and U.K. So, that was giving us a direct disadvantage against Bangladesh, Pakistan, Sri Lanka and Vietnam. Now with this FTA with the EU, which is likely to be reality next January, and this U.K. FTA which is in discussion and also maybe through in just two, three quarters, we will have the level playing field. And there is a huge potential for Indian garments, Indian industry to take on this. So, as per estimate, the CAGR of 8% to 10% is likely to be there.

And we may have the growth in terms of import by these countries from \$260 billion is the import that EU do for textile. And Indian share is almost around \$8 billion. And there is a possibility to go up to \$35 billion to \$40 billion in this case. So, entire industry is looking forward to make this happen. And this U.S. tariff parity, which is brought back to 18% will also give us all a very positive outlook maybe in the first or second quarter next fiscal.

Ruben: Okay. And this Bhilwara Energy that HEG Greentech is going to be listed, so how much percentage stake would RSWM have in that listed entity?

Nitin Tulyani: So, Nitin this side. So, there's a company called Bhilwara Energy Limited, and we are holding 6.23% stake in that. So, as the value of the shares of the company will appreciate, accordingly, we will be getting a pro rata benefit. Plus, we also have a huge investment in HEG, and that will also be increased pro rata basis.

Ruben: Once HEG Greentech lists, will RSWM hold like a 1% to 2% stake in that company?

Nitin Tulyani: No, not like that. So, HEG Greentech is altogether a different setup. There are two companies, one is Bhilwara Energy Limited, in which we are holding certain percentage of shares, which is 6.23%. And second entity is HEG, which is a stand-alone entity. We are also holding certain equity investments in HEG. So, accordingly, as the valuation of the company goes up, RSWM will also get in the benefit in terms of that.

Ruben: Okay, fine. Maybe I misunderstood it. Okay.

Nitin Tulyani: The shareholding is available in our audited balance sheet.

Ruben: Correct. So, I thought that this is going to be merged and you will be getting HEG Greentech shares. That's what I understood from it, from Bhilwara Energy and HEG split, right?

Rajeev Gupta: You are right, Ruben.

Ruben: Okay. Thank you.

Moderator: Thank you very much. That was the last question. I would now like to hand the conference over to the management team for closing comments.

Nitin Tulyani: So, in closing, I extend my sincere gratitude to our employees, stakeholders, and partners for their unwavering support. With collective efforts 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.

Moderator: Thank you very much. With that, we conclude today's conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.

(This document has been edited for readability purposes.)

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