

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs167	7.9	Accumulate	Rs230	38%

*as on 08th May, 2026

About the Company:

RSWM is a part of the LNJ Bhilwara Group, one of India's esteemed and diverse business conglomerates. Headquartered in Noida, RSWM is one of India's largest textile manufacturers and exporter of synthetic, blended, mélange, cotton and specialty value-added yarns. The company also manufactures denim fabric, knitted fabric and green polyester fibres at its 12 state-of-the-art manufacturing facilities. With a legacy of more than 7 decades, the company today has its brand presence in 70+ countries in Asia-Pacific, the Middle East, Europe and North America. Through its subsidiaries and joint ventures, the group continues to innovate and contribute to various industries. BG Wind Power Ltd (BGWPL) is a wholly owned subsidiary of the company and RSWM has been receiving wind power supply from BGWPL for its various manufacturing units. Mr. Riju Jhunjunwala is the Chairman & Managing Director and CEO and Mr. Rajeev Gupta is the Joint Managing Director of the company.

Results: Quick Glance:

- The net sales for the quarter reported a de-growth of 9.1% to Rs11420mn as compared to Rs12562mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 6.11% as compared to 5.67% in the comparative quarter last year
- The company reported profit of Rs338mn as compared to Rs15mn in the same quarter last year
- The EPS for the quarter stood at Rs7.18 as compared to Rs0.31 in the corresponding period of last year
- For FY26, the revenues came in at Rs45541mn as compared to Rs48258mn; drop of 5.6% while the PAT stood at Rs520mn as against loss of Rs400mn. The EPS came in at Rs11.04 as against Rs(8.5) in FY25

Conference Call Highlights:

- The company has delivered a decent performance despite the issues related to uncertain global environment which has led to weak demand across international markets, cautious consumer spending in Western economies, volatility in raw material prices, higher logistics costs, increase in dyes and chemical prices, and disruptions in energy availability. However, the company still managed to deliver sequential improvement in the performance. Also, the shutdown of operations at Chhata has also led to some dent to the overall revenue
- On a full year basis, the revenue declined mainly due to weak export demand and disruptions across international markets. The Ebitda margin in Q4FY26 remained stable (on a q-o-q basis) at ~6.1%, driven by better operational efficiencies and focus on **value-added business**. PAT margins improved significantly due of reversal of deferred tax liabilities since the company has opted for the new income tax regime from FY27E onwards. The contribution from the exports sales stood at ~Rs3680mn grew by ~11.4% on a q-o-q basis, which indicates the demand has started to stabilise. The domestic sales remained relatively stable at ~Rs7,740mn despite softness in overall market conditions
- The **trade developments** such as India-UK FTA, India-EU FTA, and New Zealand trade discussions may create additional medium-term opportunities for the Indian textile exporters. The company is also working towards reducing dependence on limited geographies by increasing focus on new export markets and diversifying the customer base across regions and product categories. During the quarter under review RSWM has also added some new customer in Korea and Bangladesh for Melange and few customers from Sri Lanka
- On the segmental front the **yarn business** has performed comparatively better due to stronger demand in the domestic market and better product positioning. The **synthetic yarn** business operated near optimal utilisation during the quarter under review. The company aims to continue its focus on premium yarn products, value-added offerings, sustainable textile products, and recycled fibre-based products which can bring better future growth. The price increase in the cotton yarn and the polyester yarn has helped in achieving/supporting the margins and increase in the overall spreads
- The geopolitical disruptions have impacted the **mélange yarn** vertical, since large portion of the mélange yarn sales are linked to exports. The overall utilization levels in mélange yarn operations stood at ~65-70% during the quarter under review. The Management anticipates utilization to improve gradually towards ~85-90% levels as market conditions normalize and demand recovery improves

Conference Call Highlights (contd.):

- The **denim business** was **most impacted** in Q4FY26. The gas unavailability became a major issue during the quarter due to restrictions arising from shipping disturbances around the Hormuz route. Because of these disruptions, denim operations suffered production losses for some days in the month of March 2026. The availability of gas became relatively stable in April, however the elevated gas prices continued to remain a challenge. The denim business remained under pressure during the quarter due to global disruptions and since all these orders are generally booked in advance passing on the cost to the customers were also not possible. The denim plant utilization during the quarter stood at below ~80%. However, RSWM anticipates utilization levels to improve above ~85% as conditions normalize
- The **knitted fabric** businesses remained relatively stable since this vertical has stronger domestic demand. Discussions are ongoing for expanding this vertical further. RSWM aims to prioritize projects that can improve operational competitiveness and productivity rather than aggressive expansion projects, with relatively shorter payback periods of ~1-3 years
- The company has entered into **renewable power** arrangements and ~70% of its overall power requirements is now sourced from sustainable sources such as wind and solar energy. The renewable energy remains an important strategic initiative for the company which will help to reduce exposure to volatility in conventional energy costs, with the addition of this renewable power RSWM will be able to save Rs1 per unit (per day production of 3-5lakh units) in the overall production. In addition to that, RSWM also continued to strengthen sustainability-focused operations through recycled product initiatives and acquisition of **LNJ GreenPET Private Limited**, these investments are aimed at improving competitiveness, reducing costs and increasing efficiency
- In terms of **R-PET** project, RSWM will invest ~Rs4270mn. The company has already purchased ~45 acres of land in Ratlam, Madhya Pradesh, directly from MPIDC (Madhya Pradesh Industrial Development Corporation). This funding will include a debt addition of ~Rs3000mn and the rest of the portion will be introduced by a mix of equity and a loan from holding company
- The Board has **approved raising funds** to the tune of Rs360mn through **preferential issue** of up to 24,70,000 convertible warrants to promoter group entity LNJ Textiles Advisory LLP at an issue price of Rs146 per warrant (including premium of Rs136 per share). Total borrowings reduced from ~Rs16,220mn to ~Rs15,100mn which includes working capital loan of ~Rs8000mn, the Management intends to repay ~Rs1950-2000mn of debt by FY28E. Finance costs reduced to ~Rs1274mn in FY26 from ~Rs1400mn in FY25 because of lower debt levels. As per the Management commentary, major part of the debt will be retired in the next ~12-15 quarters which will further help in reducing the interest burden. Other expenses also reduced by ~9.0% on a y-o-y basis to ~Rs4449mn. Other income increased significantly because of gains arising from sale of non-core assets. The company has no major capex planned for FY27E apart from some modernisation capex and ~Rs920mn of Knitting capex

Financials:

Performance (Q4&FY26)									
Q4&FY26 Result (Rs mn)	Mar-26	Mar-25	y-o-y	Dec-25	q-o-q	FY26	FY25	y-o-y	FY27E
Total Revenue	11420	12562	(9.1%)	10908	4.7%	45541	48258	(5.6%)	47566
EBITDA	698	713	(2.1%)	682	2.3%	2832	2087	35.7%	3449
Other Income	169	91	86.3%	137	23.3%	512	325	57.8%	530
Interest	307	360	(14.6%)	301	2.0%	1274	1401	(9.0%)	1302
Depreciation	385	383	0.4%	374	2.9%	1535	1607	(4.5%)	1542
Exceptional Items	4	0	-	102	-	106	0	-	0
Tax	(166)	49	-	20	-	(82)	(183)	-	284
Share of JV/Assoc.	(1)	(4)	-	(3)	-	(9)	(12)	-	(9)
Net Profit	338	15	-	24	-	520	(400)	-	842

Outlook and Recommendations:

During the quarter under review, the company has reported a stable performance. The efforts taken during the last few quarters related to better product mix, lower discounts to clients, energy optimisation, inventory discipline, and exit from low margin businesses have already begun translating into positive bottom-line and a stable turnaround. The focus of the Management in FY26 was not only increasing volumes but improving the quality of business and margins which is already evident from the numbers reported. The company has also continued to strengthen its position in value added and recycled textile products, where customer interest is gradually improving as global brands are increasingly preferring suppliers with strong sustainability and compliance standards. The overall utilisation levels across some businesses remained below optimal levels however the demand conditions are now gradually stabilising and there is visible scope for improvement in plant utilisation going forward. The Management believes that these challenges are temporary in nature and anticipates normalization once geopolitical conditions and logistics disruptions improve.

The company continues to work on improving operational efficiency across the manufacturing facilities through productivity improvement initiatives and better working capital management. Along with this, the increasing use of renewable energy has started benefiting the company with lower dependence on volatile conventional fuel prices. The Management remains positive on long-term structural opportunities for the Indian textile sector as global customers continue to diversify sourcing away from the concentrated supply chains and increasingly prefer organised integrated players with better quality. The company is also expanding its focus towards new markets and customer categories to reduce dependence and or concentration risk. Going forward, while the near-term uncertainty in the global textile market may continue because of external macro factors, the company appears to be well positioned operationally compared to the previous year. Improvement in utilisation levels, focus on sustainable products, renewable energy integration and gradual recovery in export demand are expected to support margin improvement and profitability going forward. During the year under review, the company has shown a genuine operational/structural turnaround rather than a cyclical/optical recovery and intends to maintain this momentum going forward. The conscious efforts/actions taken by the Management are bearing fruits rather than just mere external recovery. We feel this is going to be a gradual process, but sooner or later the return ratios will tend to improve. We continue to maintain our target price of Rs230.

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Registered Office Address:

Progressive Share Brokers Pvt. Ltd,
122-124, Laxmi Plaza, Laxmi Indl Estate,
New Link Rd, Andheri West,
Mumbai-400053, Maharashtra
www.progressiveshares.com | Contact No.:022-40777500

Compliance Officer:

Ms. Mamatha Poojari,
Email: compliance@progressiveshares.com,
Contact No.:022-40777500

Grievance Officer:

Email: grievancecell@progressiveshares.com