Sector: Other Textile Products | RESULT REVIEW Q3FY26 | Declared On: 11 Feb 2026

RSWM Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs160	7.5	Accumulate	Rs230	44%

as on 17th Feb, 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 Jhunjhunwala 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 8.8% to Rs10908mn as compared to Rs11956mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 6.3% as compared to 4.2% in the comparative quarter last year
- The company reported profit of Rs24mn as compared to a loss of Rs92mn in the same quarter last year
- The EPS for the quarter stood at Rs0.50 as compared to Rs(1.96) in the corresponding period of last year
- For 9MFY26, the revenues came in at Rs34122mn as compared to Rs35696mn; drop of 4.4% while the PAT stood at Rs182mn as against a loss of Rs415mn. The EPS came in at Rs3.86 as against Rs(8.81) in 9MFY25

Conference Call Highlights:

- During the quarter under review, the company has delivered muted performance due to uneven demand trends, geopolitical pressures and shift in sourcing across domestic as well as the export markets. However, due to continuous focus on cost management efforts (seen in the reduced interest cost) the overall profitability (excluding the exceptional item) has increased (on a sequential basis) while keeping the margins intact. The improvement in the Ebitda margin is due to structural change rather than cyclical changes, as the quarter itself remained challenging with lower demand and tariff uncertainties, particularly in knit, denim, melange and cotton yarn segments
- On the segmental front, the demand conditions continue to remain challenging in certain yarn and fabric categories with moderated volumes; margin improvement was achieved via better product mix and structural changes in operations
- In terms of the knitting segment, the ~Rs920mn capex is progressing in phases and is anticipated to become fully operational during H1FY27E. This expansion will increase the overall knitting capacity by ~20%, from ~750MT to ~900MT, which will also enhance technical capabilities at the Mordi and Chhata units. The company will be introducing printed knit product lines which will help enter segments such as sportswear, innerwear and loungewear. The Management indicated that this segment was earlier not fully addressed by the company and the expansion is expected to provide access to new customers and new geographies while improving value addition and product diversification
- The acquisition of LNJ Green PET is positioned as a strategic expansion for the existing recycled polyester fibre business, where the company already processes recycled PET bottles into fibre. The new project will enable production of food-grade recycled PET resin used by FMCG, beverage and pharmaceutical companies for packaging applications. The project cost is ~Rs4270mn, funded in a ~70:30 debt-to-equity structure, with around ~Rs3000mn through debt and the balance through internal accruals or equity. The project is expected to generate revenue in the range of ~Rs4750-5000mn at full utilisation
- During the quarter under review, the company has indicated about agreement termination with M/s Didwania Trading Company w.e.f. 10th Dec'25 and signed a new agreement with M/s Malik Heights for a total consideration of Rs520mn for sale of redundant and non-operational assets of thermal power plant (2 x 23MW)

Conference Call Highlights (contd.):

- On the industry front, the global textile demand is gradually improving due to shifts in supply chain and stabilisation in global markets. Recent trade developments such as the trade deal between India and the US (which reduces tariff significantly) positions Indian textile players more competitive as compared to its neighbouring countries. This is likely to favour organised, integrated and scale-driven players, positioning RSWM to gain relative advantage. The Management indicated that although in Bangladesh there were concerns regarding yarn imports due to pressure from local spinning players, the country continues to remain an important market for Indian textile companies. Short-term challenges are anticipated to continue until India strengthens its own garmenting capacity
- Currently ~70% of the company's power consumption now comes from renewable energy sources and the company has shifted boilers from fossil fuels to biofuels. The Management indicated that the focus would continue to remain on improving the cost structure driven by stable raw material prices and better execution. The employee costs and overheads remained controlled, while improved capacity utilisation supported better absorption of fixed costs. The company indicated that overall working capital cost is below ~9%, and liquidity levels remain comfortable for ongoing operations. Going forward the focus would continue to remain on strengthening the balance sheet and prioritising cash generation and return ratios. The Management indicated that the blended margins are expected to remain in a similar range in the upcoming quarters with sustained volume improvement

Financials:

Performance (Q3FY26)									
Q3FY26 Result (Rs mn)	**Dec-25**	**Dec-24**	**y-o-y**	**Sept-25**	**q-o-q**	**9MFY26**	**9MFY25**	**y-o-y**	**FY26E**
Total Revenue	10908	11956	(8.8%)	11511	(5.2%)	34122	35696	(4.4%)	45042
EBITDA	682	506	34.7%	724	(5.8%)	2134	1374	55.3%	2703
Other Income	137	73	87.0%	91	49.7%	344	234	46.8%	481
Interest	301	336	(10.2%)	318	(5.1%)	967	1041	(7.1%)	1268
Depreciation	374	394	(5.0%)	390	(4.1%)	1150	1223	(6.0%)	1532
Exceptional Items	102	0	-	0	-	102	0	-	102
Tax	20	(50)	-	38	(47.1%)	85	(232)	-	119
Share of JV/Assoc.	(3)	(7)	-	(4)	-	(8)	(9)	-	(12)
Net Profit	**24**	**(92)**	-	**74**	**(68.0%)**	**182**	**(415)**	-	**151**

Outlook and Recommendations:

During the quarter under review, the demand was not strong and remained uneven across markets, but the company continues to focus on improving the operations and reducing cost rather than trying to increase the volumes. This has helped in improving the overall profitability even when volumes were weak. The improvement in the overall textile industry has begun to surface, the positive developments in the same will take some more time to fructify. Globally, the customers are becoming more selective and prefer suppliers who can offer consistent quality, compliance and long-term reliability. RSWM is trying to position itself in this space by focusing more on value-added products and strengthening relationships with customers. Changes in global trade and sourcing patterns may create better opportunities for Indian textile companies over time, however the company continues to remain cautious and is preparing itself for gradual improvement rather than expecting a sharp recovery. Going forward, the company's focus would remain on building a stronger base for future growth by investments in technology, expansion in knitted fabrics and progress in sustainability-related initiatives. These initiatives are expected to help the company enter better product categories and improve competitiveness in the coming years. At the same time, the improving utilisation, premiumisation of products and reducing low-margin business will enable RSWM to remain stable even during uncertain demand conditions. RSWM is entering a phase of profitability-led growth, with emphasis on value-added products, operational efficiency with improved product mix and export growth opportunities arising from trade agreements which are expected to support medium-term growth. The recent tweaking in the operations will take time to fructify, and thus we continue to maintain our target price of Rs230.

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