

RSWM/SECTT/2025  
11<sup>th</sup> November 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 Q2 & H1 FY26 Earnings Conference Call held on Thursday, 6<sup>th</sup> November 2025.**

Dear Sir,

Please refer to our Earnings Conference Call, scheduled for Thursday, 6<sup>th</sup> November 2025, at 6:00 PM (IST), as intimated in our letter dated 27/10/2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Q2 & H1 FY26 Earnings Conference Call transcript. The transcript is also being made 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**  
**SR. VICE PRESIDENT - LEGAL & COMPANY SECRETARY**  
**FCS-2615**

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**RSWM Limited**  
**Q2 & H1 FY26 Earnings Conference Call Transcript**  
**Thursday, 6<sup>th</sup> November 2025**

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**Management Team**

- ◆ **Mr. Rajeev Gupta, JMD**
  - ◆ **Mr. Nitin Tulyani, President & CFO**
  - ◆ **Mr. Surender Gupta, Chief Compliance Officer, Legal & CS**
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**Moderator:**

Ladies and gentlemen, good evening, and welcome to the RSWM Limited Q2 and H1 FY'26 Earnings Conference Call hosted by Rik Capital.

We have with us today from the Management, Mr. Rajeev Gupta – Joint Managing Director; Mr. Nitin Tulyani – President and CFO; Mr. Surender Gupta – Chief Compliance Officer, 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 touch-tone 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:**

Thank you. Good evening, everyone. I hope you and your families are in good health. It is a pleasure to welcome you all to the Q2 and H1 FY'26 Earnings Conference Call. I hope you all had the opportunity to review the Financial Results and Investor Presentation, which are available on the stock exchanges uploaded today itself.

Now, Q2 remained challenging for the entire textile industry, mainly in view of the imposition of 50% tariff on all textile goods by the U.S. government and due to the geopolitical situation across the globe. There was panic and also the feeling of uncertainty across industry segments to handle the situation and more importantly, to remain viable financially. Especially the garmenters were under great stress as the shipments got stuck and the buyers were asking for heavy discounts on the already booked orders as well. This impacted the entire supply chain on account of heavy inventories, low orders, tight liquidity position and hence, impacting the viability of the operations. Industry was trying to handle this situation through renegotiation with the buyers of the U.S. and also exploring the possibilities of shifting their

production based of the low-tariff destinations, to Bangladesh, Sri Lanka and many others. But this had a significant impact on profitability, especially in Q2 and partially in Q3 as well. There was some anticipation for relief on account of FTA with countries like the U.K., UAE and many more in discussion with the government. But this also is taking a lot of time in implementation. Now, further removal of import duty on cotton was supposed to be a welcome step, and eventually, this did not give a positive impact in Q2 at least. The impact on raw material prices was that the cotton prices of Indian cotton fell, and because of import duty, international cotton was cheaper. Most of the spinners, including RSWM, had a stock of cotton, which impacted the profitability negatively and lower cotton prices pulled down the cotton yarn prices downwards. So, there is an impact of 5% to 6% of cotton yarn prices during this quarter because of the imposition of import duty removal.

Now RSWM tried to mitigate the situation through a strong focus on internal business processes and other strategic initiatives, which have been implemented partially and will have an impact in this half year 2 of the Financial Year '25-'26. The company have invested significantly in 70 megawatts of renewable energy, 10 megawatts behind the meter, which we shared in the previous call also and 60 megawatts of round-the-clock power, which the Board had cleared a few days back, and today, we approved this further. Now these 70 megawatts of renewable energy, which we are now using, will make us a company which has more than 2/3 of its energy consumed from renewable sources. To be precise, 70% of the total consumption will now be from the renewable sources. So, we will be using the green energy to this extent. This will not only help the company in fulfilling the sustainable objective, but also will give us an advantage in terms of power cost rationalization.

Further, your company is also exploring the possibility of forward integration. Under the initiative, the company has planned to invest almost ₹92 crores in the modernization and upgradation of the knit division and this will also give us an additional product mix as we are adding a printing facility during this expansion. With this investment, our knit capacity will increase from 700 tons to 900 tons per month, along with the new printing facility. We are driving a number of initiatives across the supply chain through RSWM 2.0, the transformative journey with a focus on optimizing the cost, improving product mix and improving overall market mix through brands and new territories that we are exploring.

We are very focused on reducing our NPAs and we are also working to monetize our nonoperating assets to support the investments and improvement initiatives. The major 4 working areas for the strategic

initiatives are: Number one, we are working on cash conservation, strong focus on cash flow. You will see the finance cost has reduced in our quarter-to-quarter financial results, which Nitin will share with you after my talk. Second is optimizing the product mix for better profitability margins. This has been done in all the businesses, but the special impact of this is seen in the synthetic yarn business. Third is moving up the value chain, forward integration of knit and denim. We are adding printing and in denim, we are adding the product mix. Strong focus on operational costs, especially on the power through energy-efficient processes and alternative sources, as we mentioned, of solar and wind. And last is strong CAPEX monitoring for productive implementation of the desired outcomes. So, these being the few initiatives that we are doing with the outlook remaining concerning and challenging. RSWM is committed to taking over this challenge and in the long run, we see the outlook as very positive.

So, now I will hand over the conference to my colleague, Nitin Tulyani, CFO, for sharing the detailed financial performance. Over to you, Nitin.

**Nitin Tulyani:**

Thank you, sir. Good evening, everyone. Myself, Nitin Tulyani, and I will now present RSWM's financial and strategic highlights for the second quarter and first half of financial year '26, and share how these results are positioning us for continued improvement in the upcoming quarters.

Now, coming to the quarterly performance:

So, during the current quarter, RSWM maintained its positive momentum with sustained profitability and improved operating metrics despite the global economic uncertainty environment. Our revenue from operations stood at ₹1,150 crores compared to ₹1,166 crores in Q2 FY'25 and ₹1,169 crores in Q1 FY'26, a decline of 1.4% YoY and 1.6% QoQ, primarily due to lower capacity utilization in the mélange and the knit business.

Our gross profit has increased to ₹445 crores, up 4.1% YoY, with the gross margin expanding to 38.4%, a 195-basis point improvement YoY and 116 basis point QoQ improvement, primarily led by lower raw material costs and a more profitable product mix.

EBITDA came in at ₹79 crores, rising 85.6% YoY with the EBITDA margin improving sharply to 6.8% compared to 3.6% last year, a 318-bps expansion, primarily driven by the operational efficiency, disciplined cost management and other cost-saving initiatives, which have been the key contributors. Our profit before depreciation and tax rose to ₹48 crores, up 6.2x YoY, with PBDT margin improving by 349 basis points YoY to 4.1%. Profit after tax stood at ₹6.3 crores, a turnaround from a loss of ₹21 crores

in Q2 FY'25. PAT margin remained stable at 0.5%, marking consistent profitability for the second consecutive quarter in FY2026.

Now coming to the half-yearly performance for the half year, which ended on 30<sup>th</sup> September 2025, RSWM demonstrated resilience and solid improvement in all profitability parameters. Our revenue stands at ₹2,319 crores compared to ₹2,374 crores in H1 FY'25, marginally lower by 2.3% YoY, primarily being contributed to the lower efficiency utilization in the mélange business. Gross profit stands at ₹885 crores, an increase of 2.7% YoY with a 173-bps improvement in gross margin to 37.8%. EBITDA stands at ₹160 crores, up 66% YoY, with margin improving 280 bps YoY to 6.8%. PBDT stands at ₹95 crores, a 3.4x rise from ₹28 crores last year. PBDT margin improved 290 basis points YoY to 4.1%. Profit after tax stood at ₹13.2 crores versus a loss of ₹34.9 crores in half year, which ended last year. This shows a clear turnaround to profitability.

During the quarter, we took several focused steps to strengthen our financial position, improve cash flow and enhance overall efficiency. A few of the key initiatives include coming to the first one, which is purely reflected in our P&L, also that's the lower finance cost. We brought down our total finance cost to ₹30.6 crores, a reduction of 8.9% QoQ and 11.5% YoY through careful financial planning, reduction in the interest cost and tighter control on the borrowing cost, creating a positive impact on current quarter profitability by approximately ₹3 crores.

The second initiative revolved around stringent controls around managing the working capital. Our average working capital utilization reduced by 10% in Q2 FY'26, supported by efficient inventory management, faster customer connections and better supply chain coordination. We have reduced overall inventory by approximately 16%, contributing to ₹121 crores if we compare with the balance sheet, which we reported in the financial year ended March 2025. Similarly, our total receivables reduced by ₹51 crores in comparison to the financial year which ended 31 March 2025.

Coming to another initiative, which we are taking to strengthen our financial position. We have increased the use of invoice discounting. We have a tie-up with various invoice discounting platform and we are making greater use of the invoice discounting facilities due to better interest arbitrage in compared to our working capital cost, which is helping us to improve the cash flow expenses and we are also managing our receivables more efficiently. We have reduced certain low-margin activities to improve EBITDA margins. We are focusing on stringent profitable products only, enhancing

the capacity utilization and these are the direct efforts towards the high-value core products.

Our term loan has reduced further during the quarter, and we plan additional repayments, reinforcing our commitment to debt reduction and a stronger balance sheet in the time to follow. These actions have helped us improve our liquidity, lower finance costs and build a more efficient and resilient financial structure. We remain focused on sustainable growth, prudent capital management and creating long-term value for our stakeholders.

With this, I would like to conclude and open the floor for any questions you may have. Thank you.

**Moderator:** Thank you. The first question is from the line Rishabh Sharma of SK Capital. Please proceed.

**Rishabh Sharma:** Sir, my question is on the green energy investment. As it is a good step on reducing the carbon footprint, I want to understand the cost structure. What impact would the green investment would have on the cost structure and the margins which we can expect?

**Rajeev Gupta:** Yes. So, thank you, Rishabh, for analyzing our data on short notice. And I fully agree with you, this investment of enhancing our green power to 70% of our total consumption by the addition of this 60-megawatt round-the-clock power is a step which will help RSWM to achieve more than 2/3 of our green energy. Now we are doing this through our tie-up with Adani Green Energy Solutions, which will provide us with round-the-clock power, which is used from the generation of solar power and wind power. This is a combination of both. So, we will be getting power from Adani Grid and it will be transmitted through this DISCOM energy transportation and through the grid only, we will be using this.

Now this will have 2 advantages for us. One as a sustainable thing, the theme of sustainability the customers are giving an advantage and as management also, we also want the sustainable theme of energy to be used. Second, the tariff increases continuously for power. The Rajasthan tariff is also increasing. So, this will give us an advantage in terms of power being supplied at a lower cost. So, we intend to get savings on each unit that we do, and the exact savings on per unit will vary depending on the level of consumption and each unit structure is different. But overall, this will definitely reduce our energy cost per unit to the extent of almost ₹1.

**Rishabh Sharma:** Okay, sir. Understood, sir. And sir, the next question is on the import duty on the cotton. So, the import duty is free, so what will be your strategy for this import-free duty?

**Rajeev Gupta:** So, India was having a duty on any cotton which is imported other than the long staple cotton, which is now removed, and Indian spinners are free to import cotton from any country. Now, largely Indian mills were using Indian cotton, and Indian cotton is normally cheaper than international cotton. But for the last 2 years, the trend was reversed. International cottons were cheaper, and because of the duty, Indian cotton was looking cheaper. Now, with this removal of import duty, imported cotton used in the Indian industry will increase. Imported cotton has 2 advantages. One, you have long staples, short staples and medium staples; all cotton availability is abundant. And second, these cottons also have less or no contamination. So, contamination-free yarn can be made from these cottons.

In the longer run, this decision will make the Indian spinning industry more competitive and the sources will be that way more available for sourcing cotton for the industry as a whole. But particularly for cotton under review, this has impacted negatively twofold. One, because imported cotton was cheaper and thereby Indian cotton prices went down, the mills which had stock of cotton, so their M2M on cotton is negative, and the competitive disadvantage is there. Second, because of cheaper cotton available, cotton yarn prices have reduced. And this was further impacted by U.S. tariffs because many of the spinners, which were integrated, also making forward garments or finished products. So, their spinning capacity was idle, and they pushed the material to the Indian market. So, as a result of that also, the yarn prices got impacted negatively. So, this loss because of imported duty removal on cotton has impacted negatively in this quarter and maybe this will also continue in the third quarter. But in the longer run, this is a welcome and good step.

**Rishabh Sharma:** Okay, sir. Understood, sir and sir, the inventory is reduced from ₹730 crores to ₹608 crores. So, this is a significant reduction in the inventory. So, how much more improvement is possible in the next 2 to 3 quarters?

**Rajeev Gupta:** I would agree with you. We always want the lowest stock. This journey will continue. And there is always scope till the time inventories are hand-to-mouth. So, I will not be able to give any number. But I assure you, the focus and the control on inventories will continue, and there will be a possibility of further reduction from here on also.

**Rishabh Sharma:** Thank you, sir. All the Best



- Rajeev Gupta:** Thank you so much, Rishabh
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.
- Saket Kapoor:** Sir, firstly, with respect to the savings on account of 70% now being integrated through the renewable source, what should be our annual savings, sir, if you could just quantify?
- Rajeev Gupta:** So, I think we will have these figures to be exactly firm up. But I must say that we will have savings varying somewhere when we have full utilization. This year, it will not be full. We will have an impact on almost 4 months during this financial year. But next year, it will be full. Now the savings will depend on the DISCOM tariff. If the DISCOM tariff remains the same, the savings will be to the tune of ₹30 crores to ₹40 crores at this. If the DISCOM tariff increases further, the savings will increase. If it reduces, the savings will decrease. So, this is certainly directly proportional to the DISCOM tariff that we have from Rajasthan.
- Saket Kapoor:** Okay. So, ₹30 crores should be the base as of now for an annualized basis. That will go directly going to the bottom.
- Rajeev Gupta:** Yes. That is something which prompted us to do this investment at the earliest, you are right.
- Saket Kapoor:** Okay. So, in that case, our ₹92 crores investment will have a 3-year payback period, also if that math works out.
- Rajeev Gupta:** This ₹92 crore, which you are talking about, this is for the Knit expansion. For power, we have invested ₹60 crores as a group captive investment with Adani Energy Solution, which is part of the equity participation, which we have to do if you have to become a group captive member for any power plant.
- Saket Kapoor:** Okay. So, sir, for the knitted investment, the CAPEX which we are doing for ₹92 crores, how will the integration, the benefits of the same flow to the P&L in terms of the incremental margins? I think it will be the forward integration that we have done with our yarn, which we have.
- Rajeev Gupta:** Yes, you are absolutely right. In fact, the company is now from fibre to fabric. We have our own recycled fibre. We have our own spinning capacity in almost all sorts of yarns. And then we have fabric, which is denim fabric and knitted fabric. Now with this expansion, we will be adding our knitted fabric capacity from 700 to 900. So, this 200 additional metric tons per month is the capacity

that we are adding, but that is not the real advantage or the aim of this investment. The real advantage and aim of this investment is to adding printing as one of the products. As of today, we are doing around 700 metric tons of capacity for knitting, but not have even 1 kg of printing capacity we have. So, our product basket is more or less skewed towards nonprinted. And there is equally good demand for printed fabric today. So, with this investment, we will broaden our product mix and give more options for the customer and complete our package for any customer who wants to buy knitted fabric. So, we expect this to add. At this point in time, because of U.S. tariffs, a lot of challenges there, both for knitted and woven garments. So, that challenge is there. But this investment has been done for the long term and we expect that by the time we are able to make this investment functional, this challenge will be taken care of.

**Saket Kapoor:**

Okay. As you mentioned about the printing part of it, so that has to be the entire amount is ₹92 crores or for the printing, we are spending something, we are putting further CAPEX? You mentioned about printing as a new category. That means that used to be the job work we used to do earlier. Through job work, we used to do the printing part.

**Rajeev Gupta:**

So, job work on printing is not something which is functionally possible in the longer run because quality is something that major customers look for. And the quality of printing from organized players like RSWM and from the job work, which we get from the open market, you can never be sure about the quality. So, considering that, we have decided to go for our own investment, and the second major impact is the lead time. When you go for job work, your lead times are never comparable to those of people who have printing with them. So, these are the 2 major things which force us to consider putting printing in-house. Now this ₹92 crore is a combination of debottlenecking, modernization and printing. So, we will not say this entire process is printing; we are adding 200 metric tons of additional capacity and we are also modernizing a few of our machines. So, this is a combination of all. But 120 metric tons out of the additional capacity would be a printed fabric.

**Saket Kapoor:**

Okay. And everything will be margin accretive for us. All these steps will lead to an improvement in the margin.

**Rajeev Gupta:**

Yes, that's what we believe. That's why we are investing.

**Saket Kapoor:**

Right, sir. And sir, also, our CFO, sir, was mentioning the finance cost; the trend has been lower. Now, QoQ, there is a trend is from ₹33.6 crore, a 10% impact revision. So, how should this line item be shaping up for the next half? And if you could just provide us with what steps we are taking to lower its impact going ahead, as a percentage of sales or on an absolute number?

**Rajeev Gupta:**

So, thank you very much. Nitin probably was mentioning about the last quarter and next quarter also; we are making a plan. I will request Nitin to explain the steps we are taking.

**Nitin Tulyani:**

So, Saket, what we are trying to do is, we are trying to negotiate with the bankers to reset our interest rate, which is ongoing for the outstanding term loans. This is one step we are taking. Second, what we are doing we are trying to focus more on the vendor financing. Let's say, the regular raw material payments, which we are doing it for the regular purchases for our domestic vendors, those bill discounting give us lower finance costs in comparison to what banks are offering. So, we are trying to take benefit of the interest arbitrage plus another step, which we are planning is the domestic factoring for some of our receivables and because that also comes at a cheaper price when compared to the cost of taking the funds from banks. Plus, fourth, what we are doing is effective working capital management so that the funds are turning around at a quicker pace, which ultimately leads to the lower interest costs. So, I believe I have been able to explain to you.

**Saket Kapoor:**

Yes, sir.

**Moderator:**

Thank you. The next question is from the line of Navneet from Navneet Bhaiya. Please go ahead.

**Navneet:**

I had a few questions. In this quarter, we did not see too much of an impact on your sales because of the tariffs announced by the United States. So, are we expecting to see some impact in quarter 3 because of the tariffs?

**Rajeev Gupta:**

Navneet, first of all, thank you very much for appreciating the lesser impact of the tariff. So, tariffs have actually impacted our different businesses differently. The biggest impact has happened on our knit business, followed by the mélange business and then the yarn business, especially the cotton yarn business has a mixed impact of removal of import duty and of tariff. So, most of my customers for knitted fabric are going through a very, very tough time. So, they are renegotiating the orders with the U.S. customers. As you understand, many knit consumers in India are selling garments to the U.S., and U.S. customers have asked for strong discounts. So, that has impacted. RSWM's utilization of the knit business is impacted during this period, and a similar thing has happened in mélange because many mélange customers are knitters and garmenters for the U.S., and the impact on that is there.

Now we had certain orders for the months of July and August, and we got an impact in the month of September. So, this quarter has seen an impact accordingly. October has been equally challenging for both these businesses, and November will have some improvement, may or may not be as on today,

we can say, but quarter 3 is also equally impacted in these 2 businesses. But RSWM has 6 business segments. So, these 3 are the ones impacted. The other 3 are comparatively less impacted. So, that impact we are expecting to be limited in the third quarter. So, the entire management is working towards ensuring that we are able to clock a similar kind of sales, and the impact is not significant in Q3 as well.

**Navneet:** Understood. If I may ask, what utilizations are we running at right now in our yarn business and the fabric business?

**Rajeev Gupta:** Yarn would be in the mid-90s. So, that is not a challenge. We are maintaining the same level of utilization for the synthetic and cotton business. Some impact is there in mélange, that also to the extent of 5%. Denim and knit are having some impact, denim being very less, but not in utilization, more in realization. So, knit, there will be a utilization gap of around 8% to 10% at this point of time.

**Navneet:** Understood. My second question is on the cotton impact that you were explaining. Is it possible to quantify the impact that we've had on our margins in Quarter 2 because of the import duty reduction?

**Rajeev Gupta:** You cannot really say it is import duty reduction or it is a U.S. tariff. But overall, the price reduction of cotton yarn has been to the tune of ₹8 to ₹10 for domestic and from 10 to 15 cents in exports. So, that impact is there. But it is a combined impact of 2-3 things: the global availability of cotton, import duty removal and the U.S. tariff thing.

**Navneet:** Okay. I understand. But is it possible to quantify in absolute value what our EBITDA would have been if this were not there?

**Rajeev Gupta:** I wish I could have estimated, but it is not because it could have been reverse if the U.S. tariff or import duty did not have happened. I am sure the yarn prices must have improved northward at least by ₹5 to ₹7. So, you cannot really calculating that.

**Navneet:** Okay. No worries. I understand that. And my last suggestion or observation is, I believe you had conducted a plant visit for your investors 2 years back. Do you plan to do something similar in the near future?

**Rajeev Gupta:** Thanks for the suggestion, I would say. We have not planned yet. But taking a clue from this thing next year, maybe we can plan for something in the year '26-'27. So, Surenderji, please take note of this suggestion of Navneetji, and probably we will plan.

**Moderator:** Thank you. The next question is from the line of Thomas, an Individual investor. Please proceed.

**Thomas:** Congrats on a great set of numbers. Things are looking really good, and you are really turning things around over there. I will just have 2, 3 questions. First, you made some progress with regards to CAPEX compared to the older machines; you've done a lot more CAPEX. So, can you maybe give me a little bit of an understanding on how things are in terms of utilization? How much is the throughput per shift? And how much more CAPEX is spending to be done to replace older machines?

**Rajeev Gupta:** So, first of all, thank you, Thomas Ji, for endorsing our results and the confidence you have shown in the management. Now I agree with you, the CAPEX have been checked or controlled in the last 2, 3 quarters. If you recall, the first call we had in December and where I said that we have strong control on CAPEX because of the cash flow challenges. So, CAPEX have been under sheer control, and we are not aggressively going for CAPEX because we want to maintain positive cash flow, first improve on the performance and then go for modernization CAPEX. Just to share with you the figure for modernization CAPEX for the year '25-'26, we have approved a budget of ₹55 crores. And there is a strong need to modernize many of our assets, which we'll be doing over the period of time.

**Thomas:** Okay. And I may have missed out on the beginning of the call. After this knitting expansion, do you have a target for how much knitting will be after the expansion? Or is there any long-term plan for what the mix will be?

**Rajeev Gupta:** So, after this expansion from 700 tons to the current capacity of knitting, we will move to 900 tons of capacity. And out of these 900 tons, 120 metric tons would be printed, and the balance would be nonprinted for the way we are doing right now.

**Thomas:** Okay. And earlier, there was a press release about the Jammu project not going ahead. Can you explain what happened there? What were the reasons? And what is your plan? Are you looking at something else?

**Rajeev Gupta:** So, Thomas, I was expecting this question, and I was wondering why it has not been asked so far. The Jammu project was one of the prestigious projects LNJ Group wanted to do. And as you know, this project was triggered with the special scheme of the central government and state government by giving certain advantages. So, RSWM is one of the first movers for taking a position there, and we had applied for a project. Now, two – three developments have happened. Number one, this subsidy approval by the state government was taking a lot of time, and we had not got go-ahead till

the time we decided to withdraw this. The second is with the GST rationalization optimization, so most of the projects which we were working on there, the category and implementation of GST is reduced to 5%, which was earlier 12% and 18%. So, the project viability numbers went for a toss. And this overall project was not coming into our payback or financial viability schemes. So, these 2 things, along with being entirely different geopolitical positions in J&K, management decided not to take this step at this point in time. And for liquidating those funds, we decided to request the J&K government for liquidating these. And then thereby, we are utilizing these funds by going with one of our subsidiaries, which is LNJ Greenpet. So, there we will be going for the new projects.

**Thomas:** Okay. And my last question, how many new clients have you onboarded this quarter? And how are the discussions going with new clients? Can you give me an update on that?

**Rajeev Gupta:** So, clients, we are always working on with the new clients, new markets, and new products are the 3 major drives we are doing. So, at this moment, there is a different position in different businesses. In the knit business and mélange business, even retaining the existing customers is a big challenge because of the less orders we have. So, focus has been on the new products which are offered to the customer and working on the new customers. And we have started exploring other countries than the U.S. for exports, both for knit, denim and mélange, whereas domestically, for our synthetic yarn business and other businesses, we are working more on the strategic relationship where we have long-term tie-ups with the customers and we make a dedicated product for them.

So, as such, not clear a number of new customer acquisitions. We have more focus on customer retention and growing long-term relationships with the customers, rather than keep on acquiring new customers and not being able to serve and take control of that. But your point is very important. Customers are the people who are giving us revenue, and they need to always be taken care of.

**Thomas:** Yes. And in the U.K. I heard about the U.S., and I heard about India, but what about the U.K., because you have the advantage now. So, how is the discussion going with the U.K.?

**Rajeev Gupta:** That FTA is still under implementation. We actually do not have the implementation; a lot of developments have been happening. A lot of discussions are happening. Our team has visited the U.K. We have started taking discussion on all possible customers in the U.K., and this is still under process.

**Moderator:** Thank you. That was the last question for the day. I would now like to hand the conference over to the management for the closing comments. Over to you, sir.

**Rajeev Gupta:** Thank you very much. I will request Nitin to share the closing comments.

**Nitin Tulyani:** In closing, I 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 we are confident in our ability to grow and succeed in the years to come. Thank you.

**Moderator:** Thank you. On behalf of RSWM Limited, that conclude this conference. Thank you for joining us, and you may now disconnect your lines. Thank you, team, have a great day ahead.

(This document has been edited for readability purposes.)

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