

RSWM/SECTT/2022
March 3, 2022

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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Sub: Outcome of Virtual Analyst Meeting Call with Phillip Capital on 24th February, 2022.

Dear Sir,

We refer to our intimation dated February 23, 2022 about Phillip Capital Analyst Virtual meeting call on 24th February, 2022.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the said Analyst/Institutional Investor Meeting. The said transcript is also available on the website of the Company.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For RSWM LIMITED



SURENDER GUPTA
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“RSWM Limited – 1x1 Phillip Capital Virtual Meet”

February 24, 2022

MANAGEMENT:

MR. AVINASH BHARGAVA

CHIEF FINANCIAL OFFICER (RSWM LTD)

RSWM Limited

February 24, 2022

Richa: Sir, we have Vikram and Abhijeet from Philip Capital joining today. Avinash Bhargava Sir, he is the CFO of RSWM. Vikram sir so how would you like to start this meeting.

Vikram: Yes, first of all, thank you very much for taking time out and allowing us to understand more about your company and the sector. And just to give brief background about Philip capital. We are, me and Abhijeet, are part of equity research team which is into capital institutional investors. We have other teams which are for a private client group or HNI, but we are part of institutional side, and we cater to a FII as well as a domestic mutual fund and insurance company, so these are our main target audience for our research and Abhijeet is, basically looking at the mid cap as well as the textile sector under equity research team. And, Philip Capital main corporate offices is in Singapore, so we have offices across almost to 11 countries and in India, our offices is located at Lower Parel in Mumbai, basically. And it will be better if you give some background about company, its journey, growth and how is the management looking at, going forward as RSWM group, which are the area you want to be dominant and strategically forward that will help, and then probably we can go to question basically, is that fine Sir.

Avinash Bhargava: Right. Actually, this company RSWM is founded by Mr. Laxmi Niwas Jhunjhunwala way back in 1960. He started his textile journey in Rajasthan through LNJ Bhilwara group only. It was in the name of Rajasthan spinning and weaving mills limited. Established in Bhilwara. Then second plant was established in Gulabpura, which has now become main plant of RSWM limited. Right and then in 1989, we bought Siddha syntax in Rishabhdev. It was with the 14400 spindles, now that unit is around 45,000 spindles. In 1989, we established Banswara plant, as of now it has about 1 lac spindles, the plant is involved into cotton spinning and grey polyester viscose yarn spinning at Lodha. Then in 1994 we established this Melange unit. In 2004, we established Reengus unit, we took over this unit from Jaipur Polyspin limited. In 2015, we did an expansion of recycled polyester staple fibre of 60 metric tonne per day at Reengus. Another expansion of recycled fiber at Ringas was there by 60 metric tonnes, now total is 120 metric tonne per day. It is manufacturing polyester staple fibre by PET bottles.

In Kharigram we have 1,68,000 spindles. Last year, we planned to add 30,000 spindles in Melange yarn at Kharigram only. So, this Kharigram location will have around 2 lakh spindles. From 1st of July, 30,000 spindles will be fully operational at Kharigram making total of 1,98,000 spindle at Kharigram. In denim unit it was established in 2005 and now this unit is now generating around 30 lakhs meters per month. And we have a denim spinning unit there also. Another unit of 400 metric tonne knitted fabric unit is underway, the expansion of which was started six months back, and hopefully it will be completed by 30th of June of this 2022. This knitting plant is expected to be fully operational latest by 1st of July. That is the whole journey of RSWM with total 4,45,000 spindles across all units, and 50,000 spindles will be added by 30th June 2022 through on going expansions mentioned above. So it will be the company having five lakh spindles within RSWM, Knitting fabric capacity of 400 MT per month, 30 lac meter /PM denim, 120 MT /PM capacity of Polyester Staple Fibre, 46 MW Power Plant in Banswara along with approximately 30 MW Solar power plants.

Presently Company is being run under the leadership of CMD, Mr. Riju Jhunjhunwala and JMD Mr B.M. Sharma. The company's plants are located at 10 locations within Rajasthan, all plants in Rajasthan. And we believe in organic growth only.

Vikram: Got it, that was well explained. So basically, now what I understand most 4,45,000 spindles currently we have and 50,000 additional

Avinash Bhargava: Yes, the additional will be added by latest of 30th of June 2022. These are progressing well, but because of this delay in the delivery of machines by LMW and international machine manufacturers, there is a little delay of, we can say 90 days delays is there, which is not much. So, we will start these another 50,000 spindles by 30th of June 2022.

Vikram: So, by June-July, your knitting will also start along with the spinning?

Avinash Bhargava: Yes, knitting will also be started.

Vikram: And knitting you said, per annum, how much will be tonnes per annum capacity? 400 is what per month?

Avinash Bhargava: 4,800 metrics tonne per annum.

Vikram: And this knitting will be purely on a cotton yarn basically or how is that, it will be for shirt or something like that, blended yarn?

Avinash Bhargava: It will not be cotton dominant. It will be PV/ PC, Polyester, nylon, any other mix will be there. Depend on the demand from the customer.

Vikram: Perfect.

Avinash Bhargava: It will be basically polyester cotton.

Vikram: Got it. And when we talk about denim that include denim fabric as well as the whatever spinning is required for denim that division also?

Avinash Bhargava: Yes, if we talk about the denim, it includes the denim spinning also.

Vikram: Okay, and I guess that must be a rotor, basically?

Avinash Bhargava: Yes

Vikram: And denim again, will be a cotton dominated, or there again we have some?

Avinash Bhargava: Very little part of spinning is on polyester. But we have the facility of polyester cotton spinning there because without variation in product mix in denim, it will be it is very difficult to survive in denim market.

Vikram: Yeah, but denim presumably will have dominance of cotton basically?

Avinash Bhargava: Dominance is of cotton, but we agree that we are into polyester cotton denim also.

Vikram: Ok, got it. And the power plant, is it a viable option today? Or are we using it fully? Or is like a backup in case?

Avinash Bhargava: Power plant is being used as backup only and to cater the urgent need of steam at denim plant, we are running that power plant. Otherwise, nowadays it is not viable.

Vikram: Yeah, because most of these when I speak to textile players, they all said same for power plant

Avinash Bhargava: Coal prices have gone up as high more than INR 15,000 per tonne. Coal is becoming costlier than grains.

Vikram: Yeah, but even cotton is also now all-time high.

Avinash Bhargava: Yes. You can never forecast; that coal will be as high as INR 18,000 per tonne. At INR 18,000 per tonne, we get bajra & average quality of wheat & rice in such a price and so I can say, coal is costlier than grain.

Vikram: And their normal range like INR 18,000 – INR 20,000.

Avinash Bhargava: Yes, otherwise coal was around INR 6,000 – INR 5,000 metric tonne.

Vikram: Yeah. That's true. And this PET is mainly what do you. I think do you mentioned is from this last time we used from plastic bottle waste to polyester staple fibre.

Avinash Bhargava: Yes. We buy this, PET scrap from the market from Kabadi's which is very unorganised sector. We buy these bottles from the market and then we recycle it into polyester staple fibre.

Vikram: And do we import also that raw material, heard a couple of players which are in these segments?

Avinash Bhargava: Actually, import of PET bottles are not allowed as I understand. But yes, some alternative raw material is being imported by many players like, you can say, resin and all. They are purchasing and they are converting into PET and then manufacturing the polyester staple fibre. Like, off grade material they are purchasing and then converting into polyester staple fibre.

Vikram: Right. And what I heard of the raw materials, more like a stable raw material cost because of the waste we are using or how is now spread for that business is going?

Avinash Bhargava: No, it is not stable. Earlier 6 months to 7 months back, the price of PET bottle was around to INR 36/kg and now the PET bottle price is around INR 54-55 per kg. The delta of this PET bottle business has been reduced drastically.

Vikram: Is it because number of players? Because couple of years back, I heard, it was quite a long time back with the PET bottles prices was as low as INR 18-20 was that true? Or like in recent few years, we have seen the increase to INR 36, INR 55.

Avinash Bhargava: Yes, in initial days of setting up our plant it was the price was around INR 22, 23, 25 also, before some year (s) , it was around INR 36. And now the prices have been shot up.

Vikram: And then what would be typical selling price per kg or is spread, what we have in this business now.

Avinash Bhargava: Spread varies from INR 27, 28 to 34.

Vikram: So currently, we're at a lower end or at higher end?

Avinash Bhargava: What do you mean by this lower end or higher end?

Vikram: Currently spread, is set to close to INR 27?

Avinash Bhargava: Lower end.

Vikram: Okay, I think we start.

Avinash Bhargava: Actually, the prices of PET bottle will not be settled until this tourism business is not improved. The inflow of PET bottle, tourism or traveling both will not be improved because of covid or omicron, the supply of pet bottle will be less, and if the supply of pet bottle will be less, the prices will be higher. Otherwise also, because of this increase in polyester staple fibre prices, because of oil prices brent, all, that's why, that is also a reason for an increase in PET bottle, because the PET bottle players are thinking that fibre manufacturers are not having any kind of lower cost alternatives, so my price should be very high. Some syndication is also there, so this is our compulsion that we have to buy that bottle for running the plant. The price margins are low in this polyester staple fibre. That is all.

Vikram: And does this business is a capital intensively in spinning, we know broadly, whatever investment we do the revenue is typically 1:1? How is that in a PSF for this?

Avinash Bhargava: It is not like that because it is technology-based plant where the manpower requirement remains slow. But working capital requirement is very high there. The cost of inputs are also very high if we want to have some dyed fibre there. The cost of master batch & finish oils and the required oils for manufacturing this fibre and master batch is becoming very high because of China factor. Imports from China have become costly over the period of time. So input cost is a high. Otherwise, it is not labour intensive like other spinning mills.

Vikram: So how much money we are invested so far, for these 120 tonnes per day capacity in terms of machinery or land, whatever we're like, what you can say, gross block in land?

Avinash Bhargava: Land we were having, earlier land cost was not there in that plant. Land cost was negligible and then we set up that plan, otherwise, plant and machinery in land and building, it is about INR 225 crore.

Vikram: Yes. And in most like 5 lakh spindles, what we have? I think most of this will be for blended and melange and yarn basically. And we are known for speciality and blend compared to most of the spinning mills are in cotton so we are completely like a different player?

Avinash Bhargava: Actually, after setting up these 30,000 spindles at Kharigram, which is going on. After adding these 30,000 spindles of melange yarn, the total capacity of melange yarn would be around 1 lakh spindles out of total 5 lakhs spindles.

Vikram: Melange is basically polyester in cotton, dyed polyester basically and cotton yarn?

Avinash Bhargava: Yes, hundred percent cotton and polyester cotton both.

Vikram: Right. It will have some coloured fibred mix with the basically yarn?

Avinash Bhargava: Melange yarn remains always dyed yarn, coloured yarn. In layman's language melange is like, if you have seen this fabric, T shirt fabric or knitted fabric. In which one yarn is green and one yarn is cream colour or you can see white colour mix type of fibre is there. It is called melange yarn. Melange means mix of two shades. This is melange yarn.

Vikram: So, 1 lakh will be for melange and rest will be for blends. And do you have any dedicated cotton spindles also?

Avinash Bhargava: Cotton spindles are there; they contribute to 40 percent of the total production of RSWM. Out of this 40 percent, 20 percent is in melange and 20 percent is in cotton. And this is the ratio.

Vikram: Yes. And the mix or blend will be mostly with the polyester, or we do have too viscose or other?

Avinash Bhargava: We do have the blending of viscose and other fibres are also like bamboo, linen, etc. These kinds of fibres are also happening when we call it like new product development. For any new kind of yarn, we can blend any type of fibre. This is the beauty of RSWM, that basket of commodity or basket of products are there. Which is not available anywhere in the country or in any industry. RSWM can manufacture any kind of yarn with any kind of blending, maybe acrylic, polyester cotton, bamboo, linen, polyester viscose, viscose individually, maybe polyester 100% and any kind of a yarn RSWM can manufacture, which otherwise is not available with any other yarn manufacturer in country. Because they do the spinning on a big lot. RSWM can give you yarn in a lot of a lot size of 500 kg to 1000 kg also, with very good value edition.

Vikram: Understood. And in cotton side, what will be our average count? Is it more like a coarser route? Or are we more on finer side? Average quality, will it be more on finer side or is it a coarse side like 50, 60 or 30.

Avinash Bhargava: Finer side is forties, which we manufactured 40 side and coarse side we manufactured even polyester cotton with considered polyester cotton both be manufactured 8 counts also.

Vikram: No, my point was like majority or average count would be in what range?

Avinash Bhargava: It depends, on the order of the customer. We cannot define. Otherwise, average count in polyester spinning units it is 20-22. Average count in polyester viscose manufacturing units or polyester hundred percent manufacturing unit, it is 20, 22, 24, that's kind of yarn we are manufacturing.

Vikram: And production side are we will look much better than industry average in terms of like a grams per spindle or how we scale rates or if you can give some reference link, because when you talk about the cotton spinning they give like, for 30 my productivity is 180-170 gm/spindle. So here, how do we measure compared because with the competitor in terms of productivity or how much production we generally get per spindle basis per shift or per day.

Avinash Bhargava: Actually, this very technical question. You have asked me, but yes. I would like to tell you that the per spindle per shift just give me 1 minute.

Vikram: Ok.

Avinash Bhargava: Yes, please. Per spindle per shift current price of February in 130 is cotton, knit is around INR 6 per spindle per shift. If we take 130 polyester hundred percent and recycled fibre then it is INR 3 per spindle per shift or INT 2.75 per spindle per shift respectively. And in some kind of polyester hundred percent, especially, they are INR 4.5 per spindle per shift. In case of viscose, it is lower because the prices of the viscose they are a bit high and the per spindle per shift contribution is very low.

Vikram: Sir numbers, you gave me is the contribution per spindle?

Avinash Bhargava: It is current price for per spindles per shift.

Vikram: Perfect. So, if you take a production in grams, the multiple contribution?

Avinash Bhargava: We can we can think about the gross contribution per kilogram. We are more or less at par with other industries in case of cotton, it is around INR 80 to 85, and in case of PV grey it is INR 90, and in case of PV dyed it is INR 100. It is average contribution, which is more or less equal to other units. And other units

may earn this contribution INR 5 high because of their stock holding capacity, and there is stockholding policies, but we don't have any stock holding practices in RSWM ours price margin remains lower, but it remains a stable.

Vikram: Understood. Yeah, I think just to mind, another point was on the same question. What you just highlighted, so how do we do this procurement of raw material? Or do you have any advantage in terms of raw materials sourcing whether it is cotton or polyester? How it impacts our working capital?

Avinash Bhargava: We have centralized purchasing system in RSWM. For inputs like stores and purchases, dyes and chemicals, capital expenditures, we have the centralized sourcing department. Likewise, we have centralized sourcing department for fibres also. Majorly we buy the viscose from Grasim with some especially discounting structures and polyester from Reliance with some especially designed discounting structure. And third source of raw materials is our own polyester staple fibre where we don't have any transportation cost or some extra prices, otherwise it would have been charged by these recycled staple polyester fibre manufacturers. This margin remains within RSWM. Because this polyester staple fibre plant is for captive consumption only. We have backward integration for spinning units in the form of this polyester stable fibre plant.

Vikram: Got it. And in cotton, do we procure for which a longer period during season?

Avinash Bhargava: We have the cotton purchase policy, wherein we buy for maximum 90 days stock at the time of season. Otherwise, we have the stock of maximum 60-45 days, depending upon the current scenario of the cotton prices. You can observe this, that price at the moment is around INR 75,000 per candy, and we have the average cost of about INR 65,000 to INR 70,000 per candy. It is because of our cotton purchase policy. Other players may have the average cost of INR 60,000 per candy, obviously because of their speculative kind of things. But in RSWM there is no speculative kind of things for purchase of raw materials. We have a hedging policy in terms of cotton purchase.

Vikram: Got it. But, now just to get more clarity, if you look at current prices, they are almost all time high, and when we speak to some of the companies, they said that, since prices are all time high, we are keeping a much lower inventory than usually we used to keep.

Avinash Bhargava: Presently, we used to keep this lower end inventory only because the prices are very high.

Vikram: Right, so you are also expecting that there will be some correction from these and where it can stabilize as per your expectation?

Avinash Bhargava: Yes, the cotton prices will get stabilize. Yesterday, I was reading some news that cotton prices have started coming down to some extent.

Vikram: But, can we see it again going down to significantly lower or it will remain at a very limited level.

Avinash Bhargava: As of now, we cannot say that it will go down very much. It will remain stable, but as and when stability will come, we will be able to transfer this price increase to the customer. I have replied your two questions. One question in advance.

Vikram: Right. And do we import some of the cotton raw material or mostly we manage with the domestic kind of borrowing?

Avinash Bhargava: We believe in domestic buying only; we don't import cotton.

Vikram: Understood. I was just going through your financial, so we have a lot of volatility in our earnings in the past and even our ROCE numbers are also looking quite a lower than what is expected as a equity investors. So, if you can explain the reasons for a slightly higher volatility in earnings in the past or how we can improve return ratio for company or what are strategy on that? And what was the reason for impacting our ROCE in the past?

Avinash Bhargava: It is a very good question from your side, which everyone asked from us, any investor would like to ask from us. If you will see business wise data, there was a loss in nine months in case of fabric business. So, this price profit margins in case of cotton, polyester, grey dyed it was good in 9 months. The average was around 16 percent, but since the losses were there in fabric, the profit margins are looking a bit lower. From next year, you will not see this fabric loss. I mean, loss figure in case of fabric business. Average

EBIDTA should be better for next year, it may be around 14% - 15% across the company if market will remain sustainable, which is as of now 12% -13%.

Vikram: And when you say fabric, does it mean denim?

Avinash Bhargava: Yes, denim also. International prices of denim have gone down , but this will be recovered in coming months provided there would not be any kind of impact due to this Ukraine and Russia war. The exports will not be affected and we will be in comfortable position. First time, average profitability of denim is very good in case of our denim plant. We were able to export a very good quantity of denim fabric. Around 2 million meters have been exported in last quarter. It is becoming around 25 percent of the total production of denim fabric.

Vikram: Okay. So apart from denim, if you break up the export, how much would be the yarn export and fabric export and which are the major countries we export?

Avinash Bhargava: Export domestic ratio earlier it was 70:30. Now the last nine months, it has been improved from 30% to 38%. Now it is 38%

Vikram: And within that, majority of its fabric or yarn?

Avinash Bhargava: Fabric portion in total turnover is around 4% percent only, putting together denim fabric and it is negligible. Otherwise, 94% we are dominant into yarn only.

Vikram: Understood, and in country wise export is there any 2-3 major countries or it is like a more diversified.

Avinash Bhargava: We exported to about 75 countries. But major countries 70 percent of the exports are through Turkey, Egypt, Brazil, Germany, Belgium, Morocco, Spain, Portugal, Poland, Romania, Jordan, Syrian, South Africa. This is about yarn and if we consider this denim fabric sale, it is to Bangladesh, Latin America, Central America, Turkey and Egypt.

Vikram: Got it. But then I think in how much is capital employed or capex we have done in denim side of business.

Avinash Bhargava: Capital employed in denim business; I have to see separate figures. Because there were many changes from year-to-year basis, year wise capital expenditure we can find out if you can give me some time, otherwise readily it is not available.

Vikram: Abhijeet, you have any question then you can also ask.

Abhijeet: Yeah. Hi sir, thank you so much for your time.

Avinash Bhargava: Thank you, Abhijeet.

Abhijeet: I have a couple of more questions, so I wanted to know about how much of the government schemes are currently helping us and how much are helpful going forward?

Avinash Bhargava: Rajasthan state government policies are very good for textile companies. They are providing the interests subsidy assistance, for new textile units or expansion. It is 6% for five years, and they provide customized package also, if the industry crosses the specified limits of investments and employment. Let's say, for INR 100 Cr they provide the customized packaged also; they can increase the 6% for five years to 7% for five year old or 6% for seven years like that. Rajasthan state government policies for improvement or bringing new investment in Rajasthan are very good.

Other states also do have their policies, but the transparency in these policies are not there other than Rajasthan. Maharashtra government announces the policies, but don't pay to the textile manufacturers. The amounts are outstanding since last 4 years. They have not been to the textile manufacturers they are suffering. But in Rajasthan, it is very good.

Abhijeet: I also wanted to know one trend that I recently seen in the textile universe, is that the cotton arrivals have been very slower this year, but the demand has been very high. So, what is this direction?

Avinash Bhargava: It is because of this syndication only and nothing else. CCIL has fixed up the minimum selling price (MSP). So, the farmer's holding capacity has been increased and some mediators have also this accumulate their stocks. That's why this price increases is there, as I think. This is the overall sentiment in the market. Does

that the price increase is not because of shortage of cotton, it is because of speculative practices in the market, and we are part of that. We cannot keep ourselves aloof. We have to face it.

Abhijeet: Sir, I was reading your AGM transcript the other day and I came across the average life of the machinery, that we have in general, is much younger compared to other industry players. What is the reason behind it? Is it because of the capex maintenance that we do? Or is it because the quality of our machinery at the import? Or we get much more superior quality compared to other?

Avinash Bhargava: Yes, it's a good question. I have listened in the past that RSWM has the older machineries. At some plants, we had the machineries of 10 to 15 years old. But some of the plants are very new. To maintain the good quality of yarn, the maintenance of machinery standards are very high in RSWM. We have our policy of preventive maintenance to avoid longer breakdown, these policies are very much in place in RSWM. We do spend on year-to-year basis around INR 50 Cr every year across all plants. That is why, the machinery within RSWM look like younger machines and the quality of the production, even of the older machineries are at par with the new machine. We spend around INR 55 Cr in Reengus plant for modernization. The quality of the yarn being produced by 30 years old machineries are exactly at par with new machines. We discarded these machineries and set up new LMVLR9A, Auto Doping spindles, limitation was the per kg wages was very high in case of old technology. Now this is auto doping technology, ring spins We spend regularly some money on the age of the machinery, for the health of the machines. With every expansion in every year, we keep around the INR 40 to 50 Cr for modernization or upgradation of these machines, is the bottleneck kind of thing.

Abhijeet: Okay. And Sir, in FY21 Ikea approved our recycled fibre usage of recycled fibre unit, so can you share some light on how it is doing. Or have you attracted more customers for that segment.

Avinash Bhargava: Ikea approved our recycled fibre plant just because of their green fibre drive. They purchase the fibre, they asked to us to give them the yarn manufactured out of this recycle fibre. We have certain tie up with Ikea to supply the fabric or to supply the yarn also to their job weavers. We supply the yarn to the weaver they have nominated. We supply the yarn internally to our group companies also. From them, they buy the fabric from here. This kind of agreement is there with Ikea. And it still exists, you want to know that?

Abhijeet: Yeah, what I want to know.

Avinash Bhargava: Yes, this arrangement is still there.

Abhijeet: And are there any more market players like Ikea in products customer profile. There are the customers those are buying yarn are like Siyaram, D'Decor, Raymond these are major customers, and in case of denim, we have entered into an agreement with Levi's, Lee Cooper, Killer, Spykar, H&M, Mufti and Benetton. These kinds of 100 percent production selling arrangements are there with these customers. We have some contract again on certain counts. Raymonds and Siyaram and then D'Decor they buy from us only. Some specific yarn they don't prefer to buy from others. There are the weavers in Ludhiana also, knitting also, they buy the 100% polyester yarn in 8 and 16 counts from us only. And we feel that we are the biggest in these count in Ludhiana market. And the prices realisation of these count is the highest in Ludhiana market.

Abhijeet: Okay, Sir is there a timeline to these contracts that we have signed with Ikea, Siyaram, Raymond or these guys are our clients since we have since very, very long time?

Avinash Bhargava: These are the clients we have from very long time, even ten years back they were with us. And we feel even after 20 years, they will be with us.

Abhijeet: And Sir just one last question from my side, because of the China plus one strategy is getting a lot of buzz, that Indian manufacturers are mainly benefitted with China plus one strategy, how much we personally being beneficiary of this strategy, and what do you think about this strategy going forward. Will it going to sustain?

Avinash Bhargava: The profitability of every textile unit in Rajasthan has increased just because of this only. Certainly, it is adding to the profitability of every spinning unit in India. In recent 10-15 days has shaken the confidence of every industrialist or any industrial enterprise. Let's see, otherwise, things are good. If this, will we continue, we are the part of that only. When international instability is there, we are the part of that only.

Abhijeet: By the last 10-15 days, you mean the war issues which is going on?

Avinash Bhargava: People are not ordering since last 15 days. The stocks of polyester yarn, polyester viscose yarn and even cotton yarn are piling up. Across all, not only with RSWM, but across all the spinning units. So, delivery within the market has become slower. We feel that the March month would be very good. As historically, every year, March month goes good for every textile manufacturer or any other industry, because selling pushes are there, extra efforts are also there. But if the international instability or domestic instability, there will be adverse sentiments with us also. People are looking at different points. They are looking at the UP, Uttarakhand, Punjab elections. They are looking at Ukraine, Brent oil prices and this Fed rates. There is a negativity in everyone's mind. Like in the stock market with which you deal on with daily basis.

Abhijeet: One's should have faith in God.

Avinash Bhargava: God is with us. The management of RSWM is very good. We believe in this corporate culture. We believe in transparency. We believe in governance. It keeps our mind fresh. When I see this 15-20 years career in my life, whenever any new law comes into India, we became proactive, at least once one year in advance. And we try to understand and we implement that law, well before the deadline of the implementation of any new law.

Vikram: Got it. Sir, just last question from my side about how much is current loan or debt on our books or if you break into long term and working capital and average interest costs and how much it can increase for the capex, what we are ongoing, particularly on spindle and knitting side? So, what would be additional input into the current debts, so if we can give some details on that and then probably, we can close?

Avinash Bhargava: Average cost of finance, you can see from our website because it is very subjective question. We don't want to share this data because rate of interest from different sites varies. And there is an impact of this government incentives also, so average cost of finance remains low in case of RSWM. As far as this loan is concerned, as of now, 31st January the terms loans were INR 710 Cr, these includes the terms loan which are sanctioned but not availed for all the projects we discussed here. And these will be repaid by FY 2028-29. In next year, the repayment will be around to INR 160 Cr, then INR 125 Cr and then INR 95 Cr, and the last instalment will be around INR 65 Cr only in FY 2028-29. And if we talk about this working capital, we talk about this working capital, because of healthy cash inflows in RSWM in recent past, the utilization of working capital limits was around 50% to 60% only. The recently because of these increasing prices and non-arrangement of these terms loan, the working capital limits are utilized to the extent of 75% against the regular sanction limits of INR 600 Cr approximately apart from seasonal and stand by limits.

Vikram: Okay. And the capex, how much would be we are doing this for 50,000 spindle and knitting, this capex was how much?

Avinash Bhargava: The capex for this denim, spinning, melange and knit along with modernization and balancing of machines putting all together, it will be INR 410 Cr. This will be incurred by the end of June, total capex. Around INR 325 Cr will be the term loan against it and it has been included in INR 710 Cr, which I have discussed recently for the period ended 31st January 2022.

Vikram: Great, that was really helpful to understand the company. We spent more time on it, and if there are queries, we'll come back to. Thank you so much for your time.

Avinash Bhargava: Thank you so much Abhijeet, Ritesh and Richa.

Abhijeet: Thank you so much.

Richa: Thank you Sir.

Ritesh: Thank you.

(This document has been edited for readability purposes.)
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