



CMP: ₹375-391

BUY

TP: ₹700

Upside: 83%

- RSWM Limited is engaged in the manufacturing, spinning, weaving and processing of man made textile fabrics. The company is also engaged in cotton spinning and weaving. Its segment includes Yarn, and Fabric & Denim. RSWM is the Largest yarn maker with popular brand "Mayur" doing extremely well. It is also one of the largest makers of denim supplying to "Levi" Calvin Klein & Wrangler.
- The company has been able to manage operations at full capacity through out the period of restrictions. Q1FY22 has ended with total revenues at Rs750cr and PAT of Rs37cr.
- Debts slightly increased as compared to 31st March due to increased working capital utilization on account of stock of cotton & increased volume of business. Debt is mostly from hydro & solar power plants which is in state partnerships & which are now doing very well which will see reduction in debt & improvement in ROE.
- Company's manufacturing units are operating at normal capacity. Inventories are under control. Increased penetration of organized retail, favorable demographics and rising income level will drive demand of Textiles in the future Pandemic has led to an increased demand for Technical Textiles also.
- As 100% FDI is allowed (automatic route), PLI of Rs10,683cr (USD 1.44 billion) for man made fiber and Technical Textiles, support to hand loom weavers under MUDRA Scheme will led to the growth in the top & bottom line of the company

### Financial Summary

Consolidated (₹mn)	Net income	PAT Margin	EPS	P/E (x)	RoE (%)
FY22E	25,586	2.0%	21.7	16.9	6
FY23E	28400	3.0%	36.2	10.14	9



Disclaimer:

## Recommendation Parameters for Fundamental/Technical Reports:

Buy – Absolute return of over +10%

Accumulate – Absolute return between 0% to +10%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

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Investment

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