

RSWM/SECTT/2022
November 14, 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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Subject: Press Release of the Company

Dear Sir,

Please find enclosed the press release being issued by the Company.

This will also be hosted on the Company's website at www.rswm.in

This is for your information and record please.

Thanking you,

Yours faithfully,
For RSWM LIMITED

SURENDER GUPTA
VICE PRESIDENT – LEGAL & COMPANY SECRETARY
FCS-2615

Encl.: As above

rswm.investor@lnjbhilwara.com

(Formerly Rajasthan Spinning & Weaving Mills Limited)

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Corporate Identification Number: L17115RJ1960PLC008216

Press Release

RSWM Ltd. reports H1 FY23 sales of ₹ 1,978 Cr up 16.7%

- ❖ Total sales recorded for H1 FY23 stands at ₹ 1,978 Cr up 16.7%
- ❖ Export recorded sales ₹ 238 Cr dropped ~31% (YoY)
- ❖ EBITDA for H1 FY23 stands at ₹ 222 Cr, up 11% (YoY)
- ❖ PAT for H1 FY23 stands at ₹ 81 Cr, up 1.7% (YoY)

New Delhi, 14th November 2022: RSWM Ltd. (BSE: 500350/NSE: RSWM), is one of the largest manufacturers and exporters of value-added synthetic, mélange, blended spun yarns, denim fabric, knitted fabric, and green polyester fibres from India, today announced its financial results for the Q2 & H1 FY23 ended 30th September 2022.

Financial Performance and Business Outlook for Q2 & H1 FY23 (₹ in Cr):

Particulars	Q2FY23	Q2FY22	YoY	H1 FY23	H1 FY22	YoY
Sales	954	953	0.1%	1,978	1,695	16.7%
EBITDA	82	111	(26.4%)	222	200	11.0%
EBITDA margin	8.6%	11.6%		11.2%	11.8%	
PAT	14	42	(67.5%)	81	80	1.7%
PAT margin	1.4%	4.4%		4.1%	4.7%	

Business Update:

Yarn

- The global economic volatility and high inflationary pressure resulted in subdued demand from export markets
- While our total turnover (Yarn+Knits+Denim) remained stable, our export turnover dropped ~31% on a YoY basis
- However, the domestic market performed well with growth of ~18% on a YoY basis
- We sold our products in domestic markets, but at reduced margins on the back of increased supply

Denim

- Volatile cotton prices wiped out our margins during the quarter
- We have been able to pass on the increased cotton prices to some extent only
- All-time higher prices of cotton during the period under analysis, resulted in an unbearable increase in finished product prices and customers moved away from retail stores or remained with low-cost denim

- With the arrival of the new cotton crop, prices will settle down to some extent and we expect prices to normalize by end of December'22

Knits

- Commercial production started on 1st July 2022
- Low-capacity utilisation during Q2FY23, due to teething challenges
- Since it is our new product in our basket of offerings it may take a few more months to reach an optimum level

Commenting on the results, Mr. Riju Jhunjunwala, Chairman & Managing Director, and CEO of RSWM Ltd. said, “The last quarter was one of the most challenging quarters we have witnessed recently due to the macroeconomic business environment. We at RSWM continue to focus on operational excellence and optimize costs at different levels to manage our working capital well and generate cash to support our growth engine.

Currently, we are closely watching the cotton prices which peaked in Q2FY23 and now it’s stabilizing on the onset of new crop arrival we expect a further correction in cotton prices. Secondly, Marco’s economic environment such as the issues of high inflation, interest rates increase, and gas prices increase due to the Russia-Ukraine is a cause of concern for demand globally in the short term. But we are utilizing this period to build our customer relationships and ensure smooth functioning.

Our view for the long term in textiles remains favorable. We have been taking all necessary measures to de-risk ourselves from supply chain disruptions and expect to see these efforts bear fruits next fiscal onwards. Due to the current volatile and uncertain environment, we believe that we will not be able to meet our guidance, and it will not be prudent on our part to give any future guidance until the situation becomes stable. All our projects and plans are on track, and I am confident that the current fiscal will be a one-off and not affect our long-term growth strategy and aspirations.”

About RSWM Limited (BSE: 500350, NSE: RSWM)

RSWM Ltd. produces and supplies high-quality yarns to some of the most renowned brands in India and over 70+ countries abroad. For the last 57 years, the company has been producing high-quality cotton, mélange, synthetic, novelty yarns, and denim fabric used to drape populations around the world. RSWM is one of the largest manufacturers and exporters of synthetic and blended spun yarns from India.

About LNJ Bhilwara:

The esteemed journey of the LNJ Bhilwara Group started in 1960, when the Group’s founder, Mr. L. N. Jhunjunwala established a textile mill in Bhilwara, Rajasthan. The Group has completed more than 50 glorious years and today the single textile mills of 1961 have expanded into several plants; the Group export earnings comprise 50% of its turnover and has strategically diversified over the period. It stands proudly as a multi-products and services conglomerate in textile, graphite electrodes, power generation, IT-enabled services, power engineering consultancy services, Energy storage solutions & Skill development.

LNJ Bhilwara Group is a well-diversified conglomerate and stands as one of India's largest setups on the corporate horizon. The USD 967 million LNJ Bhilwara Group (www.lnjbhilwara.com), commands 20 production units, is strategically located, markets internationally, and employs over 25,000 employees globally. HEG Ltd. is the group’s flagship company and has the world’s largest single-location graphite electrode manufacturing plant. The group also owns two hydroelectric projects under Bhilwara Energy Ltd.

Contacts:

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Safe Harbor

This document includes certain forward-looking statements. These statements are based on management’s current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological, and/or regulatory factors. RSWM Ltd., its directors, and any of the affiliates or employees are under no obligation to, and expressly disclaims any such obligation to, update, or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.