

Press Release

RSWM reports H1FY22 income from operation at INR 1695 Cr up 120% YoY, EBITDA at INR 186 Cr, YoY EBITDA Margin at 11% PAT at INR 82 Cr YoY

- The company continues to report stellar sales performance: Recorded 120% increase in revenue to INR 1695 crores in H1 FY22 in comparison to INR 769 crores revenue in the corresponding period H1 FY21
- EBITDA stood positive in the H1 FY22- A sharp shift from INR (30) crores loss from last year to INR 186 crores profit
- Profit After Tax for H1FY22 stood at INR 81.66 crores from INR (83) crores in H1FY21
- Total Capex of INR 330 crores for Brownfield and Greenfield expansion
- Company plans to enter Knits business with initial investment of INR 80 crores in first phase
- Investment in Denim, Knits and Cotton Yarns is expected to increase top line by around INR 575 crores by FY23

New Delhi, 08th November 2021: RSWM Ltd., RSWM is one of the largest manufacturers and exporters of synthetic and blended spun yarns from India, today announced its financial results for the quarter ended September 30, 2021.

Financial and Business Outlook for Q2 and H1 FY22

RSWM Limited delivered a robust business performance and closed H1FY22 with INR 82 crores Profit After Tax (PAT)- a strong return to profitability after the loss of INR (83) crores the corresponding period in H1FY21. The company continued to see the rallying effect of the positive sentiments and market recovery on the business in FY22, reflecting in the strong sales and profit results recorded in the first half of the year, despite the continued lockdown in the initial months of H1 FY22.

Despite the lockdown induced restrictions in many parts of the country during the second wave of COVID-19, RSWM Ltd. registered a turnover of INR 1695 crores in H1FY22 against INR 769 crores in the corresponding period in FY21. Within the group, RSWM Yarn business witnessed a sudden surge in demand in H2FY21. With ease in restrictions, the denim business performed better with increasing demand from existing customers which continues to see upwards growth trend and reflects in the strong business performance of the group.

RSWM also announced its business plans, including **a few critical structural changes, manufacturing capacity building and allocation of INR 330 crore** to continue growth trajectory and stronger financial performance. The investment allocation will support expansion of Denim Fabric manufacturing capacity, Cotton Mélange Yarn manufacturing capacity and Modernisation & Balancing equipments across all units.

With strategic interventions and focused efforts, RSWM has improved its Debt Equity ratio from 1.56 as on 31.03.18 to 0.92 as on 30.09.21. Over the last 4.5 years, the debt has been reduced to INR 612 crores from INR 1402 crores as on 31.03.18 to INR 790 crores as on 31.09.21.

Current Scenario and Outlook

RSWM is looking forward to continued robust business performance in Q3FY22. Despite the initial impact of local lockdowns and night curfews which impacted dispatches in the first quarter of FY22, consumer sentiments and market confidence improved due to increasing vaccination. Along with this, operations at the manufacturing plants remained normal. Moreover, increased penetration of organised retail, festive celebrations, favourable demographics and rising income level is expected to drive demand of Textiles after recording sharp increase in in Online apparel buying during COVID 19 lockdowns. With this, pandemic has also led to increased demand for Technical Textiles.

Additionally, the company will be setting up 30,000 spindles of Mélange yarn at its largest unit in Kharigram (Rajasthan) and also installing 20,000 spindles for combed cotton at the yarn facility in Mordi (Banswara). This is apart from the modernization and balancing equipment across all the locations in FY22.

Denim Business

The denim business expects to perform well given the global industry forecast. In addition, the company expects new opportunity creation in the denim market owing to the demand for recycled denim. The addition of important global brands to RSWM's clients' portfolio lends growth optimism in the coming years. The company also reinforces its sustainability efforts to protect the environment by recycling waste and converting it into wearables.

Sufficient cash generation has put the company in very comfortable position in terms of liquidity.

The investment in Denims allocated for building facility of 8.4 million meters of denim capacity for sheet dyeing and finishing capacity at Mordi.

Commenting on the results, Mr. Riju Jhunjunwala, Chairman & Managing Director of RSWM Ltd. said, "FY21 was full of learnings and challenges both in terms of business and battling the pandemic which catalyst for change. RSWM stood among the companies that envisioned the change and showcased agility to prepare to continue delivering better financial numbers in a highly unpredictable ecosystem. Also, FY21 was a very satisfying year for us because we made structural changes that we believe were critical for a sharper focus of business growth. As we step into a new period of growth with a sharper focus on business growth, our consolidation efforts, new investment allocation and focus on core business capabilities building remains critical for sustainable business growth. With stronger business performance in H1 FY22, we are confident that the company would continue to build on the momentum while executing our blueprint with disciplined determination."

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

RSWM Ltd. produces and supplies high-quality yarns to some of the most renowned brands in over 78 countries. For the last 57 years, the company is producing high-quality cotton, mélange, synthetic and novelty yarns, along with suiting and denim fabric that's 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. Jhunjhunwala established a textile mill in Bhilwara, Rajasthan. The Group has completed 50 glorious years and today that single textile mill of 1961 has expanded into several plants; the Group has strategically diversified and stands proud as a multi-products and services conglomerate in textiles, 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 the largest setups on the corporate horizon in India. 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.

The Group's export earnings comprise 50% of its turnover. It has been actively seeking growth and profitability by investing in a variety of systematically identified businesses making it a multi-product conglomerate with interests in a range of industries such as textiles, graphite electrodes, power generation, power engineering consultancy services, IT-enabled services, Energy storage solutions & Skill development.

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