

Resilient | Repurposed | Future Ready

- ✓ Home Textile revenue grew by more than 6% YoY & 62% QoQ
- ✓ Highest ever Bed Sheet volume in a quarter
- ✓ Core business EBITDA up 1% YoY & 61% QoQ at Rs. 4,215 mn and Margin stood at 21.9%
- ✓ Net Debt (Excl. Flooring) reduced by Rs. 6,239 mn and stood at Rs. 17,001 mn
- ✓ Scott Living brand licensing partnership
- ✓ Supplier Titan award from Home Textile Today, US for COVID responsiveness and partnership
- ✓ Global E-Commerce business grew 4x YoY, Domestic E-Commerce grew 75% YoY

Mumbai, October 29, 2020: Welspun India Ltd. (WIL), part of the US\$ 2.7 billion Welspun Group, announced Q2FY21/H1FY21 results today.

Key Financial highlights of the Quarter ended September 30th, 2020:

➤ **Total Income:**

- Rs. 19,926 mn, registering a growth of 8.5% YoY & 63.9% QoQ

During the quarter the company fully recovered from the lockdown impact and the plants worked at full capacities. In Home Products portfolio; Bath Linen volume grew by 13% YoY and 51% QoQ while Bed Linen volume grew by 13% YoY and 145% QoQ.

➤ **EBITDA:**

- Rs. 4,048 mn, flat YoY, up 70% QoQ & EBITDA Margin was at 20.3%
- **Core business EBITDA** stood at Rs. 4,215 mn & EBITDA Margin stood at 21.9%

➤ **PAT:**

- Rs. 1,797 mn vs. Rs. 1,985 mn in Q2FY20 & Rs. 491 mn in Q1FY21
- **TTM EPS** stood at Rs 3.86 vs Rs. 3.15 in the same period last year

➤ **Net Debt:**

- Rs. 23,798 mn vs. Rs. 29,618 mn (March 2020); reduction of Rs. 5,819
- **Excluding flooring** stood at Rs. 17,001 vs. Rs. 23,240 mn (March 2020); reduction of Rs. 6,239 mn

We have been able to continuously reduce our Net Debt even though we have added capacities in various businesses which will yield significant cash flows in future.

Corporate re-alignment - After due deliberation, the committee of Independent Directors has opined that WFL should continue to be a part of WIL in its formative years. Hence, in line with the recommendation of the committee, the company has decided not to pursue the re-alignment plan.

Key business updates:

Hygiene and Wellness has become integral part of existence. Consumers are still reluctant to resume their normal 'out of home' activities and are spending more time at home. This change in underlying behavior and rise of homebody economy has resulted in re-allocation of spending, which is driving the overall demand for Home textile products. With the growth of Omni-channel, retailers have also adapted to the next normal in consumer experience and engagement. During Q2 we have witnessed a sharp jump in volumes, and as we speak today, our plants are running at full capacity.

With the customer demand continuing to be buoyant, the company is exploring further ways and means to enhance its capacity by de-bottlenecking its manufacturing processes and rebalancing the facilities. This has potential to increase present plant capacities by around 20%.

This quarter we also launched "Industry First" virtual 3D showroom and Omni-channel experience at New York September market week which was very well received by our customers.

Our new Welspun Flooring facility at Telangana is fully integrated with advanced capabilities and infrastructure. This will complement the strengths of our existing rugs and carpets manufacturing unit at Vapi. The synergies will help us to further develop innovative solutions and enhance customer serviceability. We have planned to utilize the flooring division to produce Rugs and Carpets for our Home Textile customers, as our Rugs and Carpets facility at Vapi is running at full capacity. This will not only help in meeting the increased demand for export of Rugs and Carpets; but will also increase utilization of the soft flooring plant at Hyderabad.

We have further strengthened our brand portfolio by expanding our brand licensing partnership with Scott Living. Scott Brothers are well known designers and twin TV hosts in North America with millions of followers. Through this partnership Welspun plans to reach wider consumer base with innovative Home Textile products. We continue to build and strengthen our global license and owned brand portfolio to cater to changing consumer preferences across geographies. US consumer reach is getting stronger with brand like Martha and Scott in our portfolio, UK/Europe getting stronger with the Christy Brand and India consumer reach is getting enhanced with Spaces and Welspun. Addition of brands gives us additional shelf space, opens up new channels and creates incremental volumes, both online and offline, hitherto not available to us.

From predominantly being a B2B textile home products supplier to global retailers, we are also evolving into a strong B2C home textile player with direct connect to end consumer. Apart from the encouraging growth we see in our own global and domestic brands, we see a huge growth opportunity, through our licensed brand and E-Comm business, wherein we expect to cross \$100 mn, each, over the next 2 to 3 years' time.

During the quarter, our hard flooring business received positive response from US, UK, Europe & Middle East regions. We are in process of on-boarding B2B distributors across these geographies. The existing capacity is largely tied up and we are adding downstream equipment to augment hard flooring capacity. Overall, our target geographies are getting positive business traction and we expect sizable revenues coming from this business vertical going forward.

Demand for wipes has grown substantially in the developed markets, as there is an increased preference and proclivity for using aids for hygiene by individuals and for personal spaces. We are witnessing heightened demand for our spunlace products which are running at full capacity. Hence, as planned and updated in the last earnings call, we have begun the capacity enhancement projects for spunlace and wetwipes. We will invest around Rs. 300 crs in the above facilities over the next 2 years and expect to generate additional potential turnover of Rs. 400 crores at optimum capacity utilization.

On our "Health & Hygiene" vertical, Welspun products continue to receive good feedback and are now certified by BIS.

Awards and Accolades:

- Supplier Titan award from HTT, United States for COVID responsiveness and partnership
- TESCO Value Award for being responsive, supportive and collaborative during COVID-19
- Recognized as one of top 100 companies in India for Sustainability and CSR by ET-Futurescape for 2020

Management Comment:

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun Group, said, "The strength and resilience of Welspun was fully visible in the quarter gone by as we have delivered strong profitability led by global recovery and easing of lockdown restrictions. We continue to invest in our brands across geographies and channels which we believe would be one of the key growth drivers in times to come.

Considering the changing industry landscape and digital disruption, our focus on e-commerce & transforming to digital culture continues. We are upgrading our systems, tools, processes, and up-skilling people while establishing 'Digital as the new norm' in our organization."

Consolidated Financial Summary								(Rs. Million)
Particulars	Q2FY21	Q2FY20	YoY Change	Q1FY21	QoQ Change	H1FY21	H1FY20	YoY Change
Total Income	19,926	18,371	8.5%	12,160	63.9%	32,086	35,682	-10.1%
EBITDA	4,048	4,034	0.3%	2,381	70.0%	6,429	7,746	-17.0%
EBITDA Margin	20.3%	22.0%	-164 bps	19.6%	73 bps	20.0%	21.7%	-167 bps
Finance Cost	362	336	7.8%	412	-12.2%	774	709	9.1%
Depreciation	1,149	1,145	0.3%	1,106	3.9%	2,255	2,239	0.7%
PBT	2,537	2,554	-0.6%	863	194.0%	3,400	4,798	-29.1%
PAT after Minorities	1,797	1,985	-9.5%	491	266.1%	2,288	3,486	-34.4%
Cash Profit*	3,179	3,366	-5.6%	1,648	92.9%	4,827	6,112	-21.0%

Segmental Details								(Rs. Million)
Particulars	Q2FY21	Q2FY20	YoY Change	Q1FY21	QoQ Change	H1FY21	H1FY20	YoY Change
Home Textile:								
Revenue	19,242	18,120	6.2%	11,846	62.4%	31,088	35,298	-11.9%
EBITDA	4,215	4,183	0.8%	2,613	61.3%	6,828	7,978	-14.4%
EBITDA Margin	21.9%	23.1%	-118 bps	22.1%	-16 bps	22.0%	22.6%	-64 bps
Flooring:								
Revenue	772	130	494.8%	254	204.2%	1,025	234	338.8%
EBITDA	(295)	(196)	-	(273)	-	(568)	(282)	-

*Cash Profit = PBDT before exceptionals – Current Tax

Prior period figures are restated and reclassified, wherever necessary

Consolidated Balance Sheet Summary		(Rs. Million)	
Particulars	30 th Sep 2020	31 st Mar 2020	
Net worth	33,195	29,721	
Gross debt	29,789	34,421	
- Short Term Loans	14,181	17,717	
- Long Term Loans (excl. Welspun Flooring Debt)	8,810	10,326	
Net Debt excluding Flooring Debt	17,001	23,240	
- Welspun Flooring Debt	6,798	6,378	
Net Debt	23,798	29,618	
Net Fixed Assets (incl. CWIP)	37,552	38,105	
Net Current Assets (excl. cash & cash equiv.)	21,072	21,828	
Capital Employed	68,491	68,825	
Net Debt/EBITDA*	2.02x	2.26x	
Net Debt/EBITDA* (excluding Flooring)	1.26x	1.58x	
Net Debt/Equity	0.72x	1.00x	

*EBITDA calculated on TTM basis

About Welspun India Ltd:

Welspun India Ltd (WIL), part of \$2.7 Bn Welspun Group, is a global leader in Home textiles. With a distribution network in more than 50 countries and world class manufacturing facilities in India, Welspun is strategic partners with top global retailers. WIL is driven by its differentiation strategy based on Branding, Innovation and Sustainability.

About Welspun Group:

A US\$ 2.7 billion enterprise, Welspun Group is one of India's fastest growing conglomerates with businesses in Line Pipes, Home Textiles, Infrastructure, Warehousing, Oil & Gas, Advanced Textiles and Floorings. The Group has a strong foothold in over 50 countries with 26,000 employees and over 100,000 shareholders. Headquartered in Mumbai, Welspun Group's manufacturing facilities are strategically located in India, USA and Saudi Arabia. Known for technological and operational excellence, the Group has established a leadership position in the Line Pipe & Home Textiles sectors globally. Its clients include most of the Fortune 100 companies.

For further information please visit www.welspunindia.com

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