

## Strong volumes drives all-time high quarterly revenue

**Mumbai, January 27, 2021:** Welspun India Ltd. (WIL), a global leader in Home textiles and part of the US\$ 2.7 billion Welspun Group, announced Q3FY21 / 9MFY21 results today.

### Management Comment:

**Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun Group, said, "I am pleased with the all-round performance during the quarter. In tough times, the Welspun family has been at the forefront converting challenges into opportunities and 2020 was no different. We worked harder than ever before & our efforts are being recognized by clients & other stake holders.**

*Over the past few years we have made significant investments in the areas of sustainability, circularity, "SPUN" including amongst others, and going forward we are bringing all such initiatives under overarching framework of ESG. We have achieved high rating for ESG by one of the leading global rating agencies and the Board is committed to accelerate this process to take it to the next level.*

*We continue to pursue our differentiation strategy through branding and innovation, coupled with the thrust on digitalization and E-commerce initiatives. We are well poised to meet the increasing demand emanating from the structural shift in the global home textile industry.*

### Key Highlights

- Achieved highest ever **Bath Linen and Rugs & Carpets Sales Volume**
- Achieved highest ever **Total Income** in a quarter and stood at ₹ 20,497 mn, up 28% YoY
- **EBITDA** up 75% YoY at ₹ 4,187 mn and margin stood at 20.4%
- **Core business EBITDA** up 48% YoY at ₹ 4,348 mn and Margin stood at 22.1%
- **Net Debt** (Excl. Flooring) reduced by ₹ 5,353 mn and stood at ₹ 17,887 mn

### Key Financial highlights of the Quarter (Consolidated):

(₹ Million)

Financial Summary	Q3FY21	Q3FY20 <sup>^</sup>	YoY%	Q2FY21	QoQ%	9MFY21	9MFY20 <sup>^</sup>	YoY%
Total Income	20,497	16,049	27.7%	19,926	2.9%	52,511	51,721	1.5%
EBITDA	4,187	2,389	75.3%	4,048	3.4%	10,616	10,135	4.7%
EBITDA Margin	20.4%	14.9%	554 bps	20.3%	11 bps	20.2%	19.6%	62 bps
PAT after Minorities	1,808	732	147.0%	1,797	0.6%	4,096	4,218	(2.9%)

Segmental Details	Q3FY21	Q3FY20 <sup>^</sup>	YoY%	Q2FY21	QoQ%	9MFY21	9MFY20 <sup>^</sup>	YoY%
<b>Home Textile:</b>								
Revenue	19,672	15,490	27.0%	19,242	2.2%	50,760	50,788	(0.1%)
EBITDA	4,348	2,947	47.6%	4,215	3.2%	11,176	10,925	2.3%
EBITDA Margin	22.1%	19.0%	308 bps	21.9%	20 bps	22.0%	21.5%	51 bps

**Flooring:**

Revenue	977	218	347.9%	772	26.7%	2,002	452	343.2%
EBITDA	(240)	(545)	-	(295)	-	(808)	(826)	-

\*Cash Profit = PBDT before exceptionals – Current Tax

Prior period figures are restated and reclassified, wherever necessary

^ Total Income & EBITDA includes prior period impact on reversal of MEIS benefit for ₹ 947 mn in Q3FY20 and for ₹ 109 mn in 9MFY20

(₹ Million)

Balance Sheet Summary	31 <sup>st</sup> Dec 2020	31 <sup>st</sup> Mar 2020
<b>Net worth</b>	<b>35,324</b>	<b>29,721</b>
Gross debt	31,007	34,421
- Short Term Loans	16,374	17,717
- Long Term Loans (excl. Welspun Flooring Debt)	7,834	10,326
<b>Net Debt excluding Flooring Debt</b>	<b>17,887</b>	<b>23,240</b>
- Welspun Flooring Debt	6,799	6,378
Net Debt	24,686	29,618
Net Fixed Assets (incl. CWIP)	37,062	38,105
Net Current Assets (excl. cash & cash equiv.)	24,149	21,828
Capital Employed	71,838	68,825
Net Debt/EBITDA*	1.82x	2.26x
Net Debt/EBITDA* (excluding Flooring)	1.20x	1.58x
Net Debt/Equity	0.70x	1.00x

\*EBITDA calculated on TTM basis

**Total Income:**

- ₹ 20,497 mn, registering a growth of 28% YoY & 3% QoQ

During the quarter under consideration our plants at Vapi and Anjar operated at peak capacities. Bath Linen sales volume grew by 17% YoY, Bed Linen sales volume grew by 43% YoY and Rugs and carpets sales volume grew by 28% YoY.

**EBITDA:**

- ₹ 4,187 mn, up 75% YoY and 3% QoQ & EBITDA Margin was at 20.4%
- **Core business EBITDA** stood at ₹ 4,348 mn & EBITDA Margin stood at 22.1%

**PAT:**

- ₹ 1,808 mn, up 147.0% YoY
- **TTM EPS** stood at ₹ 4.93 vs ₹ 3.41 in the same period last year

**Net Debt:**

- ₹ 24,686 mn vs. ₹ 29,618 mn (March 2020); reduction of ₹ 4,932
- **Excluding flooring** stood at ₹ 17,887 mn vs. ₹ 23,240 mn (March 2020); reduction of ₹ 5,353 mn

There is a continuous improvement in ROCE in spite of adding capacities in various businesses which will yield significant cash flows in future.

**Capacity Enhancement:**

- The Board has approved capacity expansion plan for the Home Textile business through de-bottlenecking and rebalancing of facilities at Vapi and Anjar. It will be a capital light, quick turnaround expansion, resulting in increased capacity of Towels by 7%, Bed Linen by 20% and Rugs & Carpets by 80%. The company is expected to spend around ₹ 2,250 mn for the expansion over FY 21 & FY 22. The benefits of this expansion will start accruing in phases from as early as Q1 FY22. This expansion has a revenue potential of ~ ₹ 12,000 mn from second year of operation.
- We have re-calibrated our investment in Advanced Textile expansion project, thus reducing the size of investment from ₹ 4,957 mn to ₹ 2,996 mn. The new Disinfectant wipes line is expected to commence production in February 2021 while the expansion of Spunlace business is expected to commence operations by September 2021. These would help this business achieve topline of around ₹ 6,000 mn by FY 23.

**Capex:**

- Till date we have spent ₹ 2,930 mn in capex and for the full year it is expected to be around ₹ 5,000 mn including the investment announced for the home textile business. In spite of these investments in our growth business, net debt is expected to remain below ₹ 24,000 mn as on 31<sup>st</sup> March 21.

**Key Business Updates:**

- Our innovation-driven approach has helped us to challenge the status quo, set new industry benchmarks, and build an industry leading portfolio of 30 innovations over the years. Our Innovation product sales during the quarter was ₹ 6,060 mn, registering a growth of 36% YoY and 61% QoQ.
- Our E-Commerce business has grown 22% YoY. In order to give further impetus to our e-com growth strategy, we have embarked upon Project Wave (accelerated e-com growth), which should lead to a topline of over \$100 mn by FY23.
- Domestic branded revenue grew by 24% YoY. December month in particular was very strong as we saw volume exceed pre-covid levels. We are extremely enthused with the significant turnaround seen in the retail demand over the last few months and gives us the confidence of crossing annualized revenue of ₹ 10,000 mn over the next 4 years.
- Flooring business grew more than 3x YoY and our flooring branded products revenue grew by 107% YoY. Hard flooring plant is running at optimum capacity due to the strong demand and order book. While the capacity of the hard flooring plant has been doubled in January 2021, it is being further doubled by Q2FY22 to cater to the growing demand. Soft flooring has also started gaining traction with strong enquiries from US, Canada & ROW. In order to optimize capacity utilization of the soft flooring plant, we plan to produce rugs and carpets for our Home Textile customers from Welspun flooring facility, as our facility at Vapi is running at peak capacity.

**Awards and Accolades:**

- Welspun awarded with the 'Most Influential Innovator' for the Textile Industry at the Clarivate South & South East Asia Innovation Awards 2020
- Sainsbury's Innovation product award in Consumer Wellness (2020)
- Loblaw Innovation/CSR Product & CSR Supplier of the year (2020)
- Welspun's Sustainability journey now an Ivey publishing case study
- Welspun has been recognized by Walmart as its trusted partner for 20 years in their recent corporate announcement & HT Leadership Summit 2020

**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](http://www.welspunindia.com)**

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*The information in this release has been included in good faith and is for general purposes only. It should not be relied upon for any specific purpose and no representation or warranty is given as regards to its accuracy or completeness. No information in this release shall constitute an invitation to invest in Welspun India Ltd. or any of its affiliates. Neither Welspun India Ltd., nor their or their affiliates' officers, employees or agents shall be liable for any loss, damage or expense arising out of any action taken on the basis of this release, including, without limitation, any loss of profit, indirect, incidental or consequential loss.*

*Investor Queries Contact: Mr. Vipul Garg at [Vipul\\_garg@welspun.com](mailto:Vipul_garg@welspun.com)*

**Q3 FY21 Investor / Analyst conference call:**

Conference call with the management to discuss the company's

**Q3FY21 financial results on Thursday, January 28, 2021 at 2.00 PM IST**

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**Date** : **Thursday, 28<sup>th</sup> January 2021**

**Time** : **2.00 PM IST / 14:00 hours**

**Conference dial-in:**

Primary Number : + 91 22 6280 1123 / + 91 22 7115 8024

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