

Well-poised for growth in FY19

- ✓ Wel-Trak™ merchandise available on shelves in US stores at multiple retailers
- ✓ E-commerce contributes double-digit share in Christy sales
- ✓ FY18 EBITDA Margin at 19.6%
- ✓ Dividend proposed at Rs. 0.65 per share; payout ratio maintained at ~25%

Mumbai, May 16, 2018: Welspun India Ltd., (WIL), part of the US\$ 2.3 billion Welspun Group announced Q4FY18 / FY18 results today.

Consolidated Financial Summary - Q4FY18 & FY18								(Rs. Million)
Particulars	Q4FY18	Q3FY18	QoQ Change	Q4FY17	YoY Change	FY18	FY17	YoY Change
Total Income	15,349	14,143	8.5%	17,727	-13.4%	61,318	67,211	-8.8%
EBITDA	2,922	2,687	8.8%	3,984	-26.7%	12,046	16,639	-27.6%
EBITDA Margin	19.0%	19.0%	4 bps	22.5%	-344 bps	19.6%	24.8%	-511 bps
Finance Cost	381	345	10.3%	430	-11.4%	1,408	1,583	-11.1%
Depreciation	1,301	1,272	2.3%	1,365	-4.7%	5,042	5,054	-0.2%
PBT [^]	1,241	1,070	15.9%	2,190	-43.3%	5,597	10,003	-44.0%
PAT Before Minority Interest	899	795	13.0%	1,545	-41.8%	3,982	3,624	9.9%
PAT After Minority Interest	866	774	11.9%	1,538	-43.7%	3,850	3,576	7.7%
Cash Profit*	2,325	2,270	2.4%	3,189	-27.1%	9,413	13,812	-31.8%
EPS [#] (Rs.)	0.86	0.77	11.9%	1.53	-43.7%	3.83	3.56	7.7%

*Cash Profit = PBDT before exceptionals – Current Tax; Prior-period figures have been restated for comparison purpose

EPS not annualized for quarterly figures

[^] Excluding exceptional item during FY17 of Rs.(4,648) mn

Balance Sheet Snapshot (Rs. million)	31 st Mar 2018	31 st Mar 2017
Net worth	26,057	23,971
Gross debt	32,807	33,114
Net Debt	30,269	30,389
Net fixed assets (incl. CWIP)	33,641	35,713
Net current assets (excl. cash & cash equiv.)	23,539	20,114
Capital Employed (avg.)	62,111	58,189
Net Debt/EBITDA	2.51x	1.83x
Net debt/Equity	1.16x	1.27x

Note: Prior-period figures have been restated for comparison purpose

For FY17, figures adjusted for exceptional items

Consolidated Highlights

- For FY18, sales was Rs. 61,318 million vs. Rs.67,211 million, ~8.8% lower on account of lower volumes by ~5.0%, adverse currency impact of ~1.6% as well as change in drawback rates of ~2.2%
- Wel-Trak™ merchandise available on shelves in US stores at multiple retailers
- E-commerce contributes double-digit share in Christy sales

- Total Income at Rs. 15,349 million vs. Rs. 17,727 million in Q4FY17; the decrease was on account of a volume decline due to customer destocking coupled with GST impact on duty drawback. Sequentially, sales improved by 8.5% on the back of higher volumes
- EBITDA at Rs. 2,922 million vs. Rs. 3,984 million in Q4FY17. EBITDA margins were impacted by lower volumes as well as higher raw material costs
- Full year EBITDA margin stood at 19.6%
- Net debt stands at Rs. 30,269 million as on 31st March 2018 (Rs. 30,389 million at FY17-end) implying a Net debt/Equity of 1.16x (1.27x at FY17-end)
- Dividend proposed at Rs. 0.65 per share; payout ratio maintained at ~25%
- Company generated positive free cash flows for the fourth consecutive year

Project Status

- Company continues to calibrate capex according to cashflows.
- Capex during FY18 was Rs. 3 billion, majorly towards expanding its towel capacity to 80,000 MTPA.
- Board has approved the shifting of the proposed flooring facility from Gujarat to Telangana. The expected investment is ~Rs. 11 billion with a capacity of 27 million sq. metres p.a. Commercial production is expected to start during Q3FY20.
- FY19 capex is expected to be Rs. 9 billion, including part of the investment for the flooring project

Management comments

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun Group, said, “FY18 witnessed destocking by retailers, transition to GST, currency appreciation, consumer preference for online channel etc. Nevertheless, we look at these changes as opportunities. We are confident that the Company will revert to the growth path in FY19, driven by our differentiation strategy based on branding, innovation, sustainability and our patented traceability solution, along with our focus on the domestic market.”

Business outlook

The Company is seeing an uptick in volume off-take by customers in key markets, with some of the transitory issues fading out. Increasing volumes along with depreciating rupee and clarity on government policies should augur well for the Company’s margins in FY19.

The Company’s growth strategy is based on five pillars:

- a) **Innovation and Patents:** The Company has filed 30 unique inventions globally. It is making efforts to commercialise some of these promising innovations and emulate the success of ‘Hygro cotton’.
- b) **Brands:** The Company has reinvigorated the ‘Christy’ brand in UK. The ‘Christy’ brand is also being introduced globally including the US, China and Middle East. On the domestic front, the new campaign for the ‘Spaces’ brand has been well-received.
- c) **New markets:** India is one of the most promising markets for Welspun, which is being addressed through brands such as ‘Spaces’. The Company is also focusing on markets in Europe, Middle East, Far East, Australia etc to boost growth.
- d) **New Channels:** The Company has developed omni-channel capabilities to support retailers as well as its own websites across key geographies. The Company is also working on being the preferred sourcing partner for private label programs of key e-commerce platforms. The Company has also tied up with leading hotel chains and wellness centres to boost its hospitality sales.
- e) **New products:** Flooring solutions will be one of the key growth drivers for the Company in the coming years. Apart from this, technical textiles, smart textiles and bedding are other key growth areas.

About Welspun India (www.welspunindia.com)

Welspun India Ltd, part of US\$ 2.3 billion Welspun Group, is one of the world's largest home textile manufacturers. With a distribution network in more than 50 countries and world class manufacturing facilities in India, it is the largest exporter of home textile products from India. Welspun is supplier to 17 of Top 30 global retailers.

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