

Resilience in challenging times

- ✓ 1st company in India to get BIS quality certification for the disposable coverall
- ✓ Spaces becomes one of the top online brands on Myntra in Home category
- ✓ Domestic E-Commerce business grew by 29% & global E-commerce business grew 100%+ YoY
- ✓ Spaces.com doubled its sales YoY and Christy.com witnessed record breaking sales
- ✓ Core business EBITDA Margin at 22.1%
- ✓ Core business Net Debt reduced by Rs. 3,485 mn

Mumbai, July 24, 2020: Welspun India Ltd. (WIL), part of the US\$ 2.7 billion Welspun Group, announced Q1FY21 results today.

Key Financial Highlights of the Quarter ended June 30th, 2020:

- **Total Income:**
 - Rs. 12,160 mn in Q1FY21 vs. Rs. 17,363 mn in Q1FY20; down by 30% YoY
- **EBITDA:**
 - Rs. 2,381 mn in Q1FY21 vs. Rs. 3,712 mn in Q1FY20; EBITDA Margin at 19.6%
 - Core Business EBITDA stood at Rs. 2,613 mn in Q1FY20; EBITDA Margin at 22.1%
- **PAT:**
 - Rs. 491 mn in Q1FY21 vs. Rs. 1,500 mn in Q1FY20; down by 67% YoY
 - TTM EPS stood at Rs 4.05 vs Rs. 2.32 in the same period last year
- **Net Debt:**
 - Total Net Debt was Rs. 26,529 mn vs. Rs. 29,618 mn (FY20); reduced by Rs 3,089 mn
 - Net Debt (excl. flooring) was Rs. 19,755 vs. Rs. 23,240 mn (FY20); reduced by Rs, 3,485 mn

Key Business updates:

As we had already updated during our Q4FY20 results, our plants were shut from last week of March to first half of April, due to government imposed lockdown on account of COVID. However we could swiftly restart our operations with all the safety protocols in place. We saw lower utilization of our capacities in April, but it improved in May and further picked up in June. This impacted the revenue and EBITDA of the current quarter, which are down by 30% and 36% respectively from the corresponding quarter of the previous year. However at present our plants are running close to full capacities.

Many countries in Europe and USA have started easing down on the restrictions, with majority of the stores back in operations. We are witnessing a sharp jump in enquiries and increased sales every passing month. So to say our June 2020 month sales has come close to the level of June 2019 sales. Order book looks strong for Q2FY21 and projections for rest of the year looks robust. Our newly launched “Martha Stewart” brand licensed products have seen great success in US market, both online & offline, despite COVID challenge.

As stated earlier, we have forayed into a new “Health & Hygiene” business vertical in shortest possible time, with focus on health and hygiene related products such as masks, coverall, medical gowns, disposable bed linen/towel, etc. for front line workers and consumers. We are the first company in India to be BIS certified for disposable coverall. Our products are under certification for CE and the US FDA Class 1 listing is already done for

supplying to global markets. We will very soon be launching our anti-viral range in exclusive partnership with Healthguard, Australia.

Today the Board has approved investment of Rs. 495 crore in Advanced Textile vertical through its wholly owned subsidiary namely Welspun Advanced Materials India Limited (WAMIL) spread over 2 years. It is a planned capex to augment our Spunlace, Wet wipes and bleached cotton capabilities. Given the current scenario and changing consumer behavior towards health and hygiene, there is high demand for PPE products as well as disposable solutions. Our current capacities are already fully utilized. We see huge potential with addressable market size estimated to be \$ 80 billion.

During the quarter, our domestic E-Commerce business grew by 29% YoY with just 45 days of activity while our global E-commerce business grew by 100%+ YoY. Spaces has also become one of the top online brands on Myntra in Home category. In FY21, we are targeting 100% growth in our domestic E-commerce business and around 150% growth in our international business from E-commerce. Our own brands like Spaces, Welspun, Christy and license brand Martha Stewart, along with our innovation capabilities, will act as key growth catalyst for this channel.

Spaces continues to be consistently the No. 1 brand in SIS format in bed and bath categories and 2nd most popular brand in Premium Category. We continue to see a great opportunity in “Welspun” as a mass brand. It is the 2nd most popular brand in “Mass Market” category and is currently present in 46 cities, 3014 outlets and 52 distributors.

In our Flooring business, the export market is looking promising. We have entered into a long term strategic arrangement with one of the largest US distributor for hard flooring. This has enabled us to secure 50% of our current capacity of hard flooring. As external situation keeps improving, we expect every passing quarter to be better than the previous one.

Capital Allocation Strategy:

It has been our endeavor to allocate capital efficiently in order to enhance stakeholder value. Hence over the last few years our net debt has reduced, even though we have added capacities in various businesses, including our investment in the flooring business.

Our strategy on capital allocation is to:

- Calibrate our capex based on the cash flow available; and keep it around the total depreciation charge
- Maintain a steady dividend distribution of at least 25% of standalone profit
- Continue to invest in our brands across geographies and channels
- Continued focus on reduction of Net Debt; we have already reduced net debt in our core business by Rs 1,000 crore over the last 2 years and would continue to allocate cash flows towards net debt reduction

Today any capital we are allocating, is after a comprehensive discussion and exercise which is supervised by the board. Any capital invested is with view to grow with a significantly higher margin than the current average margins.

Awards and Accolades:

- Home Textile Today honored Ms. Dipali Goenka (Jt. MD & CEO) as 2020 'Woman of Influence' for her leadership, accomplishments and strategic vision in home textile industry.

Management Comment:

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun Group, said, "In a quarter marked by challenging conditions and uncertainties, we have demonstrated resilience in our performance. We are well equipped for the 'New Normal' and have resumed operations in record time while prioritizing the safety and well-being of our people.

We continue to accelerate our journey towards digitalization of all critical business functions and processes while focusing on our enablers' viz., Innovation, Branding, Talent and Sustainability to consolidate our leadership position."

Consolidated Financial Summary								(Rs. Million)
Particulars	Q1FY21	Q1FY20	YoY Change	Q4FY20	QoQ Change	FY20	FY19	YoY Change
Total Income	12,160	17,363	(30.0%)	16,645	(26.9%)	68,362	66,084	3.4%
EBITDA	2,381	3,712	(35.9%)	2,963	(19.6%)	13,098	11,467	14.2%
EBITDA Margin	19.6%	21.4%	(180 bps)	17.8%	178 bps	19.2%	17.4%	181 bps
Finance Cost	412	374	10.3%	612	(32.7%)	1,777	1,593	11.6%
Depreciation	1,106	1,094	1.1%	1,247	(11.3%)	4,811	4,358	10.4%
PBT	863	2,244	(61.5%)	1,103	(21.8%)	6,510	5,516	18.0%
Exceptional Items [^]	-	-	-	-	-	434	(2,647)	-
PAT after min. int	491	1,500	(67.3%)	856	(42.7%)	5,074	2,098	141.8%
Cash Profit*	1,648	2,746	(40.0%)	1,960	(15.9%)	9,702	8,977	8.1%
EPS (Rs.)	0.49	1.49	(67.3%)	0.85	(42.7%)	5.05	2.09	141.8%

- [^]FY20 Exceptional Item: 434 mn (Reversal of excess provision related to provenance)
- *Cash Profit = PBDT (before exceptional) less Current Tax
- Prior period figures have been restated wherever necessary

Segmental Details								(Rs. Million)
Particulars	Q1FY21	Q1FY20	YoY Change	Q4FY20	QoQ Change	FY20	FY19	YoY Change
Home Textile:								
Revenue	11,846	17,178	(31.0%)	15,845	(25.2%)	66,633	65,137	2.3%
EBITDA	2,613	3,795	(31.1%)	3,767	(30.6%)	14,692	11,278	30.3%
EBITDA Margin	22.1%	22.1%	(3 bps)	23.8%	(172 bps)	22.0%	17.3%	474 bps
Flooring:								
Revenue	254	104	144.1%	421	(39.7%)	872	131	564.4%
EBITDA	(273)	(86)	-	(597)	-	(1423)	(275)	-

- Prior period figures have been restated wherever necessary

Consolidated Balance Sheet Summary		(Rs. Million)	
Particulars		30 th Jun 2020	31 st Mar 2020
Net worth		30,698	29,721
Gross debt		32,457	34,421
- Short Term Loans		16,315	17,717
- Long Term Loans (excl. Welspun Flooring Debt)		9,368	10,326
Net Debt excluding Flooring Debt		19,755	23,240
- Welspun Flooring Debt		6,774	6,378
Net Debt		26,529	29,618
Net Fixed Assets (incl. CWIP)		38,347	38,105
Net Current Assets (excl. cash & cash equiv.)		19,781	21,828
Capital Employed		68,298	68,825
Net Debt/EBITDA*		2.25x	2.26x
Net Debt/Equity		0.86x	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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