

WELSPUN INDIA LIMITED

TRANSCRIPT OF

36th ANNUAL GENERAL MEETING

CONVENED ON

TUESDAY, AUGUST 31, 2021

AT

11:00 AM

VIA

**VIDEO CONFERENCING /
AUDIO VISUAL MEANS**

<p>Mr. Balkrishan Goenka, Chairman</p>	<p>: <i>“Good Morning everyone.</i></p> <p><i>I welcome the members, the directors, auditors of the Company, and the other dignitaries present to this 36th Annual General Meeting of Welspun India Limited being held through this video conference.</i></p> <p><i>I would like to start by wishing safety and health for you and your family and friends.</i></p> <p><i>Members may please note that this meeting is being recorded and the recording and the transcript of the meeting shall be uploaded on the website of the Company as soon as possible.</i></p> <p><i>I now advise the Company Secretary to confirm that requisite quorum is present for the meeting.</i></p>
<p>Mr. Shashikant Thorat, CS</p>	<p>: <i>Dear Sir, the requisite quorum is present for the meeting.</i></p>

**Mr.
Balkrishan
Goenka,
Chairman**

: *As the requisite quorum is present, I declare that the meeting is in order.*

Dear members, I am glad to introduce to you my fellow directors on the Board who are present in this meeting.

We have:

- *Mr. Arun Todarwal, Lead independent director and the Chairman of the Audit Committee, Nomination & Remuneration Committee and the ESG & CSR Committee;*
- *Mr. Pradeep Poddar, an independent director;*
- *Ms. Anisha Motwani, an independent director;*
- *Mr. Rajesh Mandawewala, Managing director;*
and
- *Ms. Dipali Goenka, CEO & Joint Managing Director*

“Dear Members, we also have Mr. Sanjay Gupta, the CFO, and Mr. Shashikant Thorat, Company Secretary of the Company present in this meeting.

“Further, we also have representatives of the Auditors of the Company present in this meeting.”

I thank everyone for attending this meeting.

**Mr.
Balkrishan
Goenka,
Chairman**

: *“Dear Members, in view of the continuing COVID-19 pandemic, the regulators have permitted holding of the General Meeting via Video Conferencing or other audio-visual mode, without the physical attendance of the Members at the General Meeting venue and therefore, I am thankful to the regulators for this relaxation.”*

“You must be aware, the facility to appoint proxy is not available for this meeting.”

“Please also note, the Register of Directors’ Shareholding and the other Statutory Registers are open for inspection of the members. You can contact the Company Secretary if you wish to inspect any register.”

“As the Notice convening this 36th Annual General Meeting and the Auditor’s Report along with the audited financial statements for the year ended March 31, 2021 have been circulated to the members and are available on the website of the Company and the stock exchanges, I take the Notice and the Auditor’s Report as read.”

“I now proceed to say a few words on the business performance and then to transact the businesses as per the agenda given in the Notice”

Chairman speech.

My fellow shareholders, colleagues and directors, it gives me great pleasure to welcome you to your company's 36th Annual General Meeting. I am glad to get the opportunity to connect with you all again on a virtual platform, as that is the need of the hour. I hope and pray that each one of you is safe with your families and are taking all due precautions for your safety and well-being.

Your company believes in adhering to compliance and responsible management. To attain the highest level of good Corporate Governance practices, your company's Board of Directors lays strong emphasis on transparency, accountability, and integrity. During the year, they established a voluntary Board Effectiveness Committee, comprising of all independent directors to re-assess the corporate governance structures and practices. A detailed report of our Corporate Governance practices is included in our Annual Report for your reference.

Before we proceed further, I wish to share my thoughts on the current situation. The past 18 months have been challenging for all of us in many ways. These are unprecedented times due to the spread of Covid 19 pandemic across the world and it has not yet abated, with multiple variants of the virus still a threat to human life. In these times, it is important for us to maintain appropriate behavior of safety at all times. In order to protect the lives we touch, your Company has ensured that 100% of its workforce has been administered at least the first dose of vaccine.

These challenging times also led to the loss of lives of some of our employees. We have decided to take care of their families' education, health and sustenance requirement while ensuring dignity.

I take pride in the work being done by Welspun Foundation which has taken several outreach programs to support the health, sustenance and livelihood of marginalized communities on the ground, directly impacting over 1.69 Lakhs lives.

Turning to the broader economy, the first wave of the pandemic brought the economic activity to a near standstill in almost all major economies, especially during the first half of the Financial Year 20-21. As a result of the pandemic, the industry suffered production losses due to the national lockdown but gradually recovered in 3rd and 4th Quarter driven by strong revival in global demand fueled by aggressive retail performance and emergence of home body economy focused on health and hygiene.

Under this backdrop, your company too had a challenging 1st Quarter of Financial Year 20-21. However, with the efforts and commitment demonstrated by the employees, the company not only overcame the crisis but achieved the highest ever annual revenues that crossed the \$1 billion mark and the highest ever Home Textile volumes in a year.

I am happy to share that the new flooring plant commissioned at the end of last FY in Hyderabad, Telangana, with a planned capacity of 27

million square meter per annum, is operational with an installed capacity of approximately 13 million square meters per annum by the end of Financial year 2020-21. By the end of Financial Year 2021-22, entire installed capacity of 27 million would be operational.

Let me seize the opportunity to share some specific achievements of your Company with you for Fiscal 2020-21 –

1. The company's consolidated revenues grew by 8.4% to Rs. 7,408 Crore, it's highest ever. The company generated an EBITDA of 19.2% which is 8.4% increase over the previous year. Net profit was Rs. 540 Crore and EPS stood at Rs. 5.37.
2. Core business (which is the Home Textile business) delivered Revenue of Rs. 7,128 Crore, registering a growth of 7.0%. EBITDA for Core business grew by 1.2% and stood at Rs. 1,486 Crore & EBITDA Margin stood at 21%.
3. Emerging businesses, which include Branded business, E-Commerce, Flooring and Advanced Textiles, grew by 39% in Financial Year 20-21 and contributed 23% to the yearly sales as compared to 18% in Financial Year 19-20. Flooring revenue was at Rs. 319 Crore for the year, delivering a healthy growth of 265%, while Advanced Textile revenue was Rs. 285 Crore, registering an increase of 23%. Emerging businesses will continue to drive the future growth of your company.

4. Innovation has been part of our DNA. Our innovation-driven approach has helped us challenge the status quo and set new industry benchmarks – be it Nanocore technology, unique traceability process, Wel-Trak, or our HygroCotton technology. Your Company was recognized among the most influential innovators at the Clarivate South and South East Asia Innovation Award 2020. Our innovation-driven approach has helped us to get 32 patented technology in various Jurisdictions like India, USA and Europe.
5. Brands, both owned and Licensed, brings to us new opportunity pockets by opening up new channels and shelf space without cannibalizing our existing business. This business through brands has enabled us to deepen our connect with consumers across markets and aspirational categories. Licensed brands like Martha Stewart and Scott Living in US and Christy in UK have been very promising. Closer home, Spaces and W brands have become no. 2 most famous brands in the category in premium and mass segments respectively.
6. The company has moved aggressively to capture the emerging opportunities led by consumer-driven growth in the economy in the domestic market. Our aspiration of “Har Ghar Welspun,” led us to 3400+ outlets in 66 towns for brand “W” and we plan to be at 100+ towns and 6550+ outlets with a distributor in every town we are present in. We have also added 22 towns & 307

outlets for brand “Spaces” during the year. We are extremely enthused with the significant turnaround seen in the retail demand, and it gives us the confidence of crossing annualized revenue of Rs. 1000 crores by Financial Year '25.

7. The flooring business has been one of the growth drivers for the domestic and export market. Though Financial Year 20-21 witnessed COVID-related manufacturing challenges, we see significant improvement in utilization levels post normalization of operations. The global reception of products and order flows from marquee brands give us confidence that this business will be a major growth driver in future. Our domestic flooring ended the year with a total of 572 dealers in our network across 192 towns and cities. The robust growth outlook for the building material segment in India for the near to long term also augurs well for the growth of our product lines.

The Company has been investing in the areas of Digital analytics and technology to make the business structurally more competitive and agile. We are laying the foundation for future growth by building a comprehensive nextgen technology stack for e-commerce business and our manufacturing automation initiatives. The pandemic saw a shift in the consumption pattern towards online spending. We are significantly ramping up our e-commerce presence with our brands as well as through Omni-channel and marketplace.

Our ESG journey is part of our core processes and one of the key enablers shaping our future growth. ET Futurescape recognized Welspun as one of the leaders in sustainability. I am very proud to say that your company was the only textile company ranked in the top 100. Welspun is rated “low risk” on ESG factors by one of the top ESG rating agency Sustainalytix and our Sustainability journey is now a case study on the Ivey publishing website.

As a result of all actions taken by the company during the year and aided by strong market conditions, we have significantly strengthened the financial position and reduced the debt of the company by Rs 629 cr during the year and the consolidated net debt of the company at the year end came down to Rs. 2333 Cr from Rs 2962 Cr. We continue to pursue our goal to become a NIL net debt company in the next few years.

I am also happy to announce that Financial Year ended March'21, the Board of Directors have recommended dividend a of Rs. 0.15 per equity share for the Financial Year 2020-21, which is in addition to Rs.200 Crore of Share Buyback completed on July 14, 2021. Along with dividend and Buyback (including taxes), payout to shareholders amounts to 50% of Standalone PAT.

Finally, I think Welspun India is at a very important inflexion point in its history and has the opportunity to create a substantial long term value for its stakeholders. In the next three years, the vision is to build

significant scale and differentiation and consolidate its position as one of the most competitive and valuable textile player globally.

I express my sincere gratitude to our workforce and our shareholders, bankers, customers, and Board of Directors for supporting us throughout our journey. I believe in our capabilities and look forward to sharing more good news about our accomplishments with you as we move forward.

Stay safe, stay healthy.

My best wishes to you and all your loved ones

Mr. Balkrishan Goenka, Chairman	:	<i>“Now I request the Company Secretary to explain the resolutions to the members”.</i>
Mr. Shashikant Thorat, CS	:	<i>“Thank you, Sir. Dear Members, you must be aware, we had provided remote e-voting facility from 9:00 a.m. on August 28, 2021 to 5:00 p.m. on August 30, 2021. Still, if any of you have not participated in the remote e-voting will get an opportunity to cast vote. Such members are requested to visit the website of CSDL and go to voting page to cast their vote while the meeting continues. The electronic voting facility shall close after 15 minutes from the conclusion of this meeting. Since the meeting is held through Video Conferencing,</i>

		<p><i>there will be no proposing and seconding of the resolutions by the members.</i></p> <p><i>The Company has appointed Mr. Sunil Zore, proprietor of M/s. SPZ & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the e-voting and the remote e-voting process."</i></p>
<p>Mr. Shashikant Thorat, CS</p>	<p>:</p>	<p><i>"Dear Members, there are 9 resolutions proposed for approval by the members at this Annual General Meeting.</i></p> <p>I) <i>Resolution No.1 as an Ordinary Resolution for adoption of the audited (standalone as well as consolidated) financial statements for the Financial Year ended March 31, 2021 and the Report of the Auditors and the Directors thereon.</i></p> <p><i>There are no qualifications in the Report of the Statutory Auditor as well as in the Secretarial Audit Report issued by the Secretarial Auditors.</i></p> <p>II) <i>Resolution No. 2 as an Ordinary Resolution for declaration of Dividend for the financial year ended March 31, 2021 @ 15% i.e. Re.0.15 per equity share. The Record Date was May 26, 2021.</i></p> <p>III) <i>Resolution No. 3 as an Ordinary Resolution for re-appointment of Ms. Dipali Goenka, who</i></p>

retires by rotation and being eligible, offers herself for re-appointment.

Brief resume of Ms. Goenka is given in the Notice of the meeting.

Ms. Goenka being the appointee, and her spouse Mr. Balkrishan Goenka being a director are deemed to be concerned and interested in this resolution.

IV) Resolution No. 4 as an Ordinary Resolution for ratification of fees of Rs. 3 lakh p.a. and such travelling and out-of-pocket expenses as may be approved by the Board, payable to M/s. Kiran J. Mehta & Co., Cost Accountants for their appointment as the Cost Auditors of the Company for the financial year which commenced on April 1, 2021.

V) Resolution No. 5 as a Special Resolution for deletion of provisions relating to the Common Seal of the Company.

VI) Resolution No. 6 as a Special Resolution for approval of payment of commission of 1% on consolidated net profits of the Company for a

period of 5 years.

Brief resume of Mr. Goenka is given in the Notice of the meeting.

Mr. Goenka being the appointee, and his spouse Ms. Dipali Goenka, CEO and Joint Managing Director of the Company is deemed to be concerned and interested in this resolution.

VII) Resolution No. 7 as a Special Resolution for revision in remuneration payable to Mr. Rajesh Mandawewala by changing the basis of commission from 1% of standalone profits to 1% consolidated profits of the Company and other components of his remuneration remaining the same.

Brief resume of Mr. Mandawewala is given in the Notice of the meeting.

Mr. Mandawewala being the beneficiary under this resolution is deemed to be concerned and interested in this resolution.

VIII) Resolution No. 8 as a Special Resolution for appointment of Ms. Dipali Goenka as Joint

		<p><i>Managing Director for a period of 5 years which commenced from April 1, 2021.</i></p> <p><i>Brief resume of Ms. Goenka is given in the Notice of the meeting.</i></p> <p><i>Ms. Goenka being the appointee, and her spouse Mr. Balkrishan Goenka being a director are deemed to be concerned and interested in this resolution.</i></p> <p><i>IX) Resolution No. 9 as a Special Resolution for appointment of Ms. Anisha Motwani, an independent director of the Company, for a 2nd term of 5 years commencing from October 22, 2021.</i></p> <p><i>Ms. Motwani being the appointee is deemed to be concerned and interested in this resolution.</i></p> <p><i>Except as mentioned in the Notice, none of the Directors or Key Managerial Personnel of the Company or their relatives may be deemed to be concerned or interested, financially or otherwise, in the resolutions mentioned in the Notice.</i></p>
Mr. Shashikant Thorat, CS	:	<i>"Dear Chairman Sir, over to you."</i>
Mr. Balkrishan	:	<i>"Now that the resolutions and the procedure for voting</i>

Goenka, Chairman		<p><i>has been explained, I request the members to proceed to cast their votes.</i></p> <p><i>In the meanwhile, there are a few questions which have been received by the Company. I request Mr. Mandawewala, our MD to answer."</i></p>
Mr. Shashikant Thorat, CS	:	<i>Cotton prices have reached at an all time high. Would it adversely affect the Company? Can the Company pass on the cotton price increase to Customers?</i>
Mr. Rajesh Mandawewala, MD	:	<i>We have seen sharp increase in cotton prices in the Q4 of FY20-21. Increased demand for Indian yarn and internally higher MSP may result in cotton prices remaining firm till new harvest season in the current FY. The Company's cotton buying strategy of buying in Oct-Nov for periods till Sep next year has reduced the impact of price increase to some extent in FY20-21 & for the first half of FY 21-22. The Company also passes on the price increases to its customers, which generally has a lag effect of about 3-4 months.</i>
Mr. Shashikant Thorat, CS	:	<i>About Xinjiang China cotton ban, does it impact home textiles as much or is it only restricted to fashion industry and are there any implications for it for Indian exporters and exporters other than China?</i>
Mr. Rajesh Mandawewala, MD	:	<i>Xinxiang region has been supplying about 20% of overall Cotton products requirement of the US. The ban on Xinjiang cotton by the US govt would open space for other cotton exporting countries including India. This would also apply to home textiles and India home textiles manufacturers are set to gain further market share in US.</i>
Mr. Shashikant Thorat, CS	:	<i>As the Govt. has extended the scheme RoSCTL till March 2024 and introduced RoDTEP scheme, what is applicable rate of rebate for our company?</i>
Mr. Rajesh	:	<i>The Govt of India's recent announcement of the</i>

Mandawewala, MD	<p><i>extension of Rebate of State & Central Taxes and Levies (RoSCTL) till 31st March 2024 will prove to be a level playing field for Indian textile manufacturers and exporters while enabling them to capitalize on the recent shift in the global retail sourcing strategies. Your Company's Towels and Bed-Sheets are covered under this scheme with rebates ranging from 6.05% to 8.2% of FOB value.</i></p> <p><i>The Govt has also recently announced Remission of Duties & Taxes on Export Products (RoDTEP), where your Company's Rugs, Flooring and Advanced Textiles products are covered with rebates ranging from 1.2% to 3.5% of FOB value.</i></p>
Mr. Shashikant Thorat, CS	<p><i>: There is good growth in home textile. Is there any market shift happening due to China or is it purely driven by the increased demand due to WFH?</i></p>
Mr. Rajesh Mandawewala, MD	<p><i>: Recent US Economic indicators show that the economy is on firm footing and is expected to grow fastest in over three decades. Vaccinations, economic stimulus payments and tax refunds are combining to provide a substantial increase in personal income and thus purchasing power. Increased spending intentions and comfort with resuming pre-pandemic behaviours like shopping in stores, travel and family gatherings is likely to translate into higher levels of household spending. Globally, the Homebody economy with focus on hygiene will continue to drive demand for home textiles. Big Box Retailers, Supermarkets and Marketplaces are expected to continue doing well across geographies. Coupled with this, strong global retailers' financial performance and their plans to continue to adopt "China +1" strategy for supply chain management would continue to drive the demand in FY22.</i></p> <p><i>China's share in the US market continues to be under pressure. As per OTEXA data, in the last three years we have seen India's market share in Towel & Bed</i></p>

	<p><i>Sheets increased to 44% and 62% respectively.</i></p> <p><i>Your Company is ranked no 1 exporter of Home Textiles to US with a share of ~19% in towels and ~12% in Bedsheets.</i></p>
Mr. Shashikant Thorat, CS	<p>: <i>What differentiating strategies are we adopting for increasing our market share in textiles business? How is our E-Commerce and Brands performing in both international and domestic markets?</i></p>
Mr. Rajesh Mandawewala, MD	<p>: <i>Innovation is an integral part of Welspun's DNA and the foundation on which our customer-centric solutions are built. Our innovation-driven approach has helped us to get 32 patented technology in various Jurisdictions like India, USA and Europe. Our Innovation product sales contributed 29% to the topline.</i></p> <p><i>Licensed brand brings to us new opportunity pockets by opening up new channels and shelf space without cannibalizing our existing business. Martha Stewart brand saw expansion in both online as well as offline in FY21 and we continue to see strong performance in FY22 with increased customer base. Prospects of Scott Living brand which we had signed up during the year also looks very promising.</i></p> <p><i>The pandemic has reshaped our world and more consumers have begun shopping online in greater numbers and frequency. In US alone, consumers spent more than \$850 bn online in 2020, up 44 % YoY as per industry data. Online spending represented about 21% of total retail sales as compared to 15% in the year prior. Our e-commerce business also witnessed similar trend with growth of 84% YoY, contributing 6% to the topline against 3% in the last year.</i></p> <p><i>In domestic retail, the Company continued to witness strong business momentum as the COVID impact on the consumer sentiments seemed to fade in the second</i></p>

		<p>half of the financial year. Domestic retail business again recorded very strong revenues in Q4. Despite headwinds, we ended the year with 3400+ outlets in 66 towns for brand "W" and we plan to be at 100+ towns and 6550+ outlets with a distributor in every town we are present in. We have also added 22 towns & 307 outlets for brand "Spaces" during the year.</p>
<p>Mr. Shashikant Thorat, CS</p>	:	<p>How much capex have we incurred in flooring business till date? What are the prospects of Flooring business in international and domestic markets?</p>
<p>Mr. Rajesh Mandawewala, MD</p>	:	<p>Flooring is an Emerging business which would fuel faster growth of your Company in the next few years. We have invested about Rs 1100 Crores till FY20-21 and further spend of Rs about Rs 200 Crore is expected in FY21-22 to complete the expected installed capacity of the Project.</p> <p>We are seeing significant improvement in utilization levels primarily on account of easing of lockdowns in multiple geographies. The business has started taking shape with strong enquiries from US, Canada & ME regions. The global reception of products and the order flows from marquee brands give us confidence that this business will be the major growth driver once the project execution concludes and full capacity comes aboard.</p> <p>In our domestic flooring business, despite setbacks due to Covid induced Lockdowns during first quarter, Q4 witnessed highest ever expansion of our retail footprint – adding 128 dealers to our channel. We concluded the year with a total of 572 dealers in our network, across 192 towns & cities. Robust growth outlook for renovation and building materials segment in India for the near to long term also augurs well for growth of our product lines.</p> <p>During the year, Flooring business grew to contribute 5% to the topline in FY21. As external situation keeps</p>

		<i>improving, we expect every passing quarter to be better than the previous one.</i>
Mr. Shashikant Thorat, CS	:	<i>“Now I hand it over back to the Chairman.”</i>
Mr. Balkrishan Goenka, Chairman	:	<p><i>“I authorize the Company Secretary to conduct the voting procedure. Results of the voting will be announced on or before September 1, 2021 and the same will be communicated to the stock exchanges and will be available on the website of the Company and the Depositories.</i></p> <p><i>At the end, I would like to once again thank the members and my colleagues on the board and other dignitaries and conclude this 36th Annual General Meeting of the Company.</i></p> <p><i>Thank you very much for joining this meeting.</i></p>
Mr. Shashikant Thorat, CS	:	<i>On behalf of all attendees, thanks to the Chair.</i>