

WELSPUN



WELSPUN INDIA LTD

Investor Presentation
February 2020

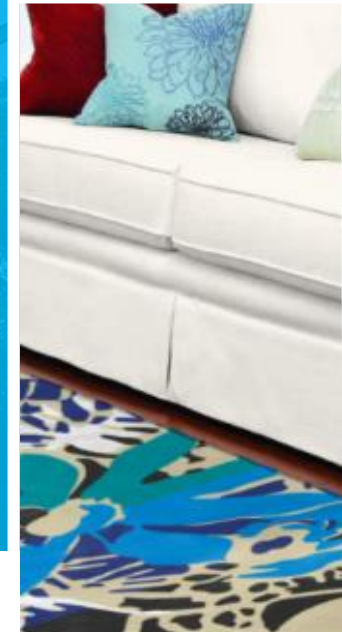
OWNED BRANDS



INNOVATIONS



LICENSES



Q3 & 9M FY20 Financial Performance

WELSPUN



Key Highlights - Q3/9M FY20



Emerging businesses collectively continue to grow by **30% YoY**

Licensing deal for **Martha Stewart** for Bed, Bath & Flooring categories

Brand '**Welspun**' catapulted to **Top 2 position** in value segment in Home Textile

Flooring business reach: **50+** distributors appointed pan India

Awarded '**Highest Global Exports**' from Texprocil for more than 10 years in a row

Only Home Textile player amongst Top 100 companies in India for Sustainability & CSR by 'ET- Futurescape'

EBITDA Margin* at 19.6%, higher **451 bps YoY**

HygroCotton® completed **15** Years & cumulatively achieved **\$1 bn** in Global Sales

ROE^ → **19.1%**
ROCE^ (pre-tax) → **15.1%**

Financial Performance - Q3 / 9M FY20

(Rs. Million)

Particulars	Q3 FY20	Q3 FY19	YoY Change	Q2 FY20	QoQ Change	9M FY20	9M FY19	YoY Change
Total Income	16,996	16,574	2.5%	18,371	-7.5%	52,667	50,109	5.1%
EBITDA	3,336	2,506	33.1%	4,034	-17.3%	11,082	8,943	23.9%
EBITDA Margin	19.6%	15.1%	451 bps	22.0%	-233 bps	21.0%	17.8%	319 bps
Finance Cost	455	402	13.2%	336	35.6%	1,165	1,114	4.6%
Depreciation	1,325	1,118	18.5%	1,145	15.7%	3,564	3,259	9.4%
PBT (Before exceptional)	1,556	986	57.8%	2,554	-39.1%	6,353	4,570	39.0%
Exceptional Items [^]	(513)	(294)		-		(513)	(407)	
PAT (After Minority Interest)	732	471	55.4%	1,985	-63.1%	4,218	2,891	45.9%
Cash Profit*	2,576	1,928	33.6%	3,366	-23.5%	8,688	6,804	27.7%
EPS** (Rs.)	0.73	0.47	55.4%	1.98	-63.1%	4.20	2.88	45.9%

* Cash Profit = PBDT (before exceptionals) less Current Tax

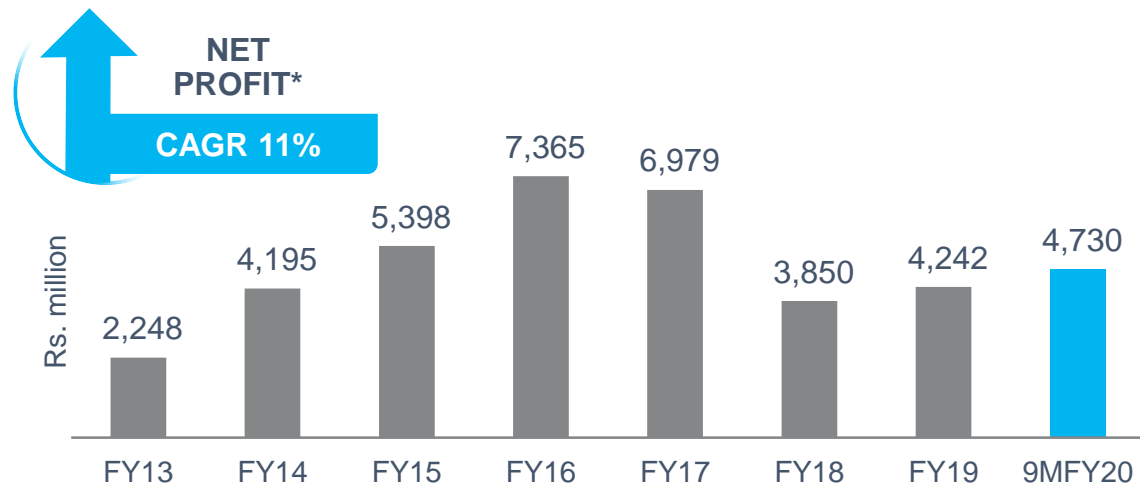
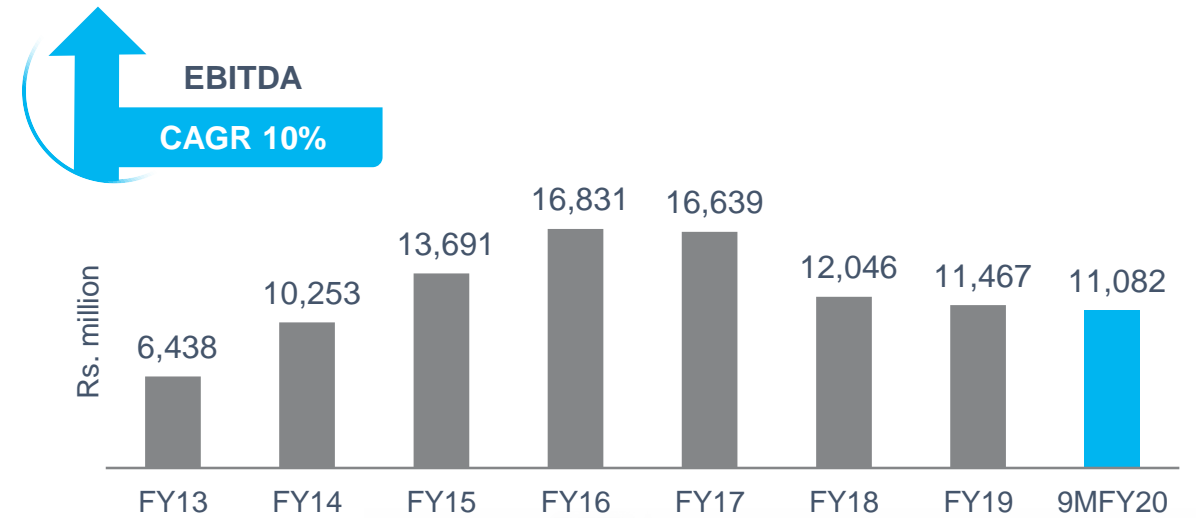
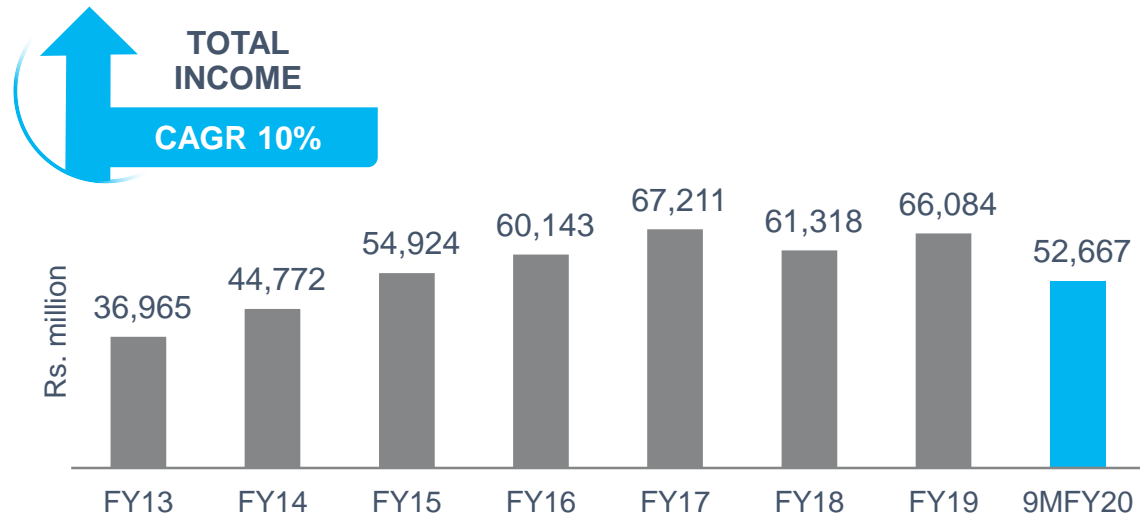
** EPS not annualised

[^] @ Q3FY20 Exceptional Item: 513 mn = 947 mn - 434 mn

· Reversal of the MEIS benefit of Rs. 947 mn for the period from March 07, 2019 to September 30, 2019

· Reversal of provision of Rs 434 mn related to traceability issue

Trend of Financial Performance



*Net Profit for FY17, FY19 & 9MFY20 is adjusted for exceptional items; CAGR is based on FY13-FY19

Financial Performance Trend

(Rs. Million)

Particulars	FY15	FY16	FY17	FY18	FY19	9MFY20
Total Income	54,924	60,143	67,211	61,318	66,084	52,667
Growth %	22.7%	9.5%	11.8%	-8.8%	7.8%	5.1%
EBITDA	13,691	16,831	16,639	12,046	11,467	11,082
EBITDA Margin	24.9%	28.0%	24.8%	19.6%	17.4%	21.0%
Depreciation	3,329	3,718	5,054	5,042	4,358	3,564
Finance cost	2,829	2,368	1,583	1,408	1,593	1,165
PBT (Before exceptional)	7,533	10,745	10,003	5,597	5,516	6,353
Exceptional Items	-	-	(4,648)	-	(2,647)	(513)
PAT (After Minority Interest)	5,398	7,365	3,576	3,850	2,098	4,218
Cash Profit*	9,095	12,074	9,131	9,413	8,977	8,688
EPS** (Rs.)	5.4	7.3	3.6	3.8	2.1	4.2

* Cash Profit = PBDT (Before exceptionals) less Current Tax

** Adjusted for stock split, EPS not annualized for 9MFY20

Balance Sheet Trend

(Rs. Million)

Particulars	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Dec-19
Net Worth	14,732	19,700	23,971	26,057	27,793	30,992
Short Term Loans	13,936	13,533	11,721	12,580	14,080	14,069
Long Term Loans	20,864	18,945	21,393	20,228	19,024	16,581
of which Welspun Flooring Debt	-	-	-	-	2,870	6,194
Gross Debt	34,800	32,478	33,114	32,807	33,104	30,650
Cash & Cash Equiv.	4,321	1,388	2,725	2,538	2,821	1,593
Net Debt	30,479	31,090	30,389	30,269	30,283	29,057
Net Debt excluding Flooring debt	30,479	31,090	30,389	30,269	27,412	22,863
Average Capital Employed #	47,619	53,331	58,189	62,111	64,209	66,287
Net Fixed Assets (incl CWIP)	26,049	33,508	35,713	33,641	36,154	38,671
Net Current Assets*	17,630	16,845	20,114	23,734	22,210	23,443
Total Assets	58,960	65,491	73,283	72,249	77,423	79,922

Capital Employed = Net worth + Gross Debt + Other long term liabilities

* Net current assets does not include Cash & cash equivalents

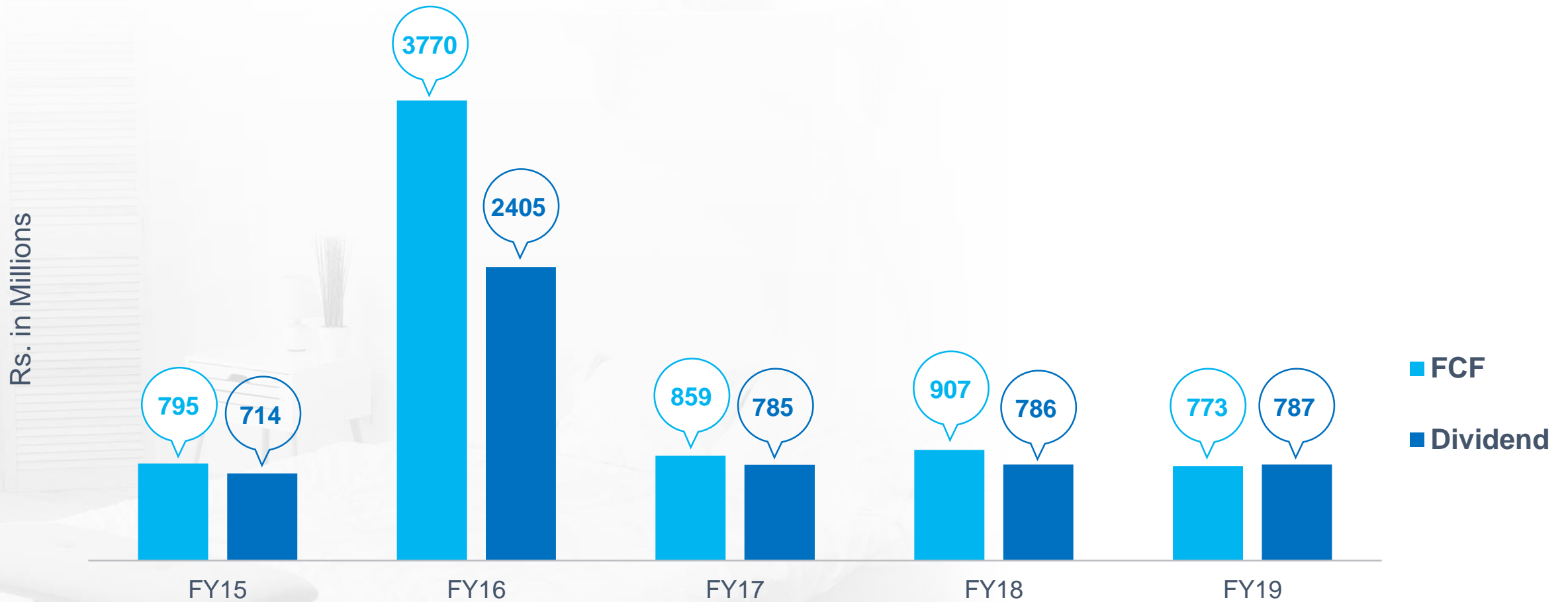
Financial Ratio Trend

		FY15	FY16	FY17	FY18	FY19	Q3 FY20
Solvency ratios	Net debt/Equity	2.07	1.58	1.27	1.16	1.09	0.94
	Net debt/EBITDA	2.23	1.85	1.83	2.51	2.64	1.97
	EBIT/Interest	3.66	5.54	7.32	4.98	4.46	6.46
Operational ratios	Current ratio	1.12	1.15	1.41	1.42	1.25	1.29
	Fixed asset turnover	2.04	1.77	1.86	1.80	1.81	1.80
	Total asset turnover	0.90	0.90	0.91	0.84	0.84	0.87
	Inventory days	76	68	70	79	75	74
	Debtor days	40	52	53	56	60	60
	Payable days	30	41	41	39	39	49
	Cash conversion cycle	86	79	82	96	95	85
Return ratios	ROE	41.8%	42.8%	29.6%	15.4%	15.2%	19.1%
	ROCE (Pre-tax)	21.8%	24.6%	19.3%	11.3%	10.9%	15.1%

Continuous Improvement in Net Debt/Equity

1. ROCE = EBIT / Average Capital Employed; ROE = Net Profit / Average Net worth
2. Total asset turnover = Sales/ (Fixed assets + Gross current assets)
3. FY17, FY19 & 9MFY20 Return Ratios figures adjusted for Exceptional item
4. ROCE (pre-tax) excluding Welspun Flooring is 11.5% for FY19 and 16.9% for 9MFY20
5. P&L figures for 9MFY20 have been annualised

Focus on Free Cash Flow



FCF positive for five consecutive years and utilized for dividend payout

Dividend Policy



Board approved dividend distribution policy

25% of consolidated PAT* to be the total payout
(incl. dividend tax)



Consistent track record of dividend distribution

Period	Standalone EPS	DPS	Dividend Tax Per Share	Payout Percentage
FY15	5.09	1.05	0.21	25%
FY16	5.99	1.30	0.26	26%
FY17	3.05	0.65	0.13	26%
FY18	3.03	0.65	0.13	26%
FY19	1.41	0.30	0.06	26%

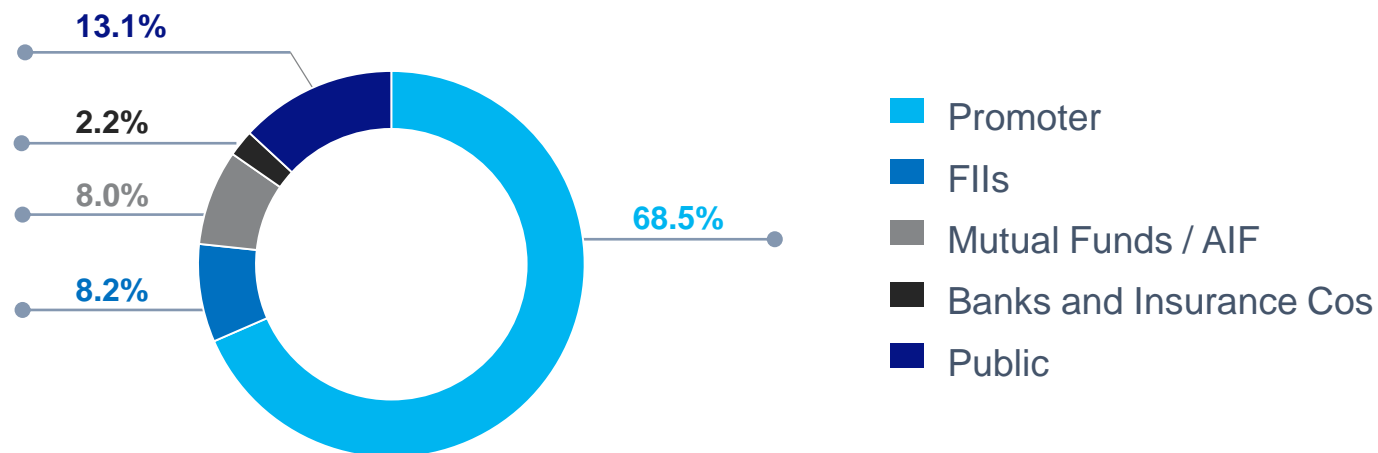
*Approved by the Board in the meeting held on 12th February 2020

Shareholding and Trading Snapshot



Shareholding Pattern

As on December 31, 2019



Market Statistics

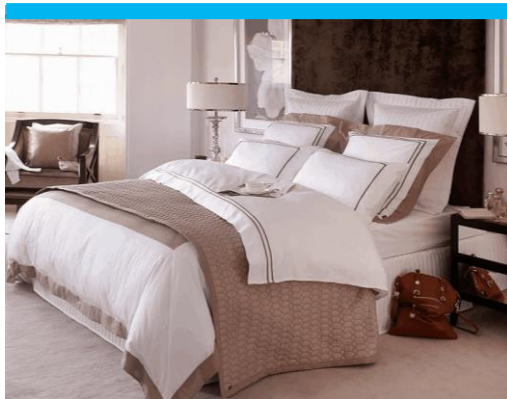
As on December 31, 2019

	INR	USD
Price per share	48.00	0.67
No of shares outstanding (Mn)	1,005	
Market capitalization (Mn)	48,227	674
Daily average trading Volumes (Q3 FY20). No of shares in Mn	0.58	
Daily average trading Value (Q3 FY20) (Mn)	31.08	0.44

About Welspun Group



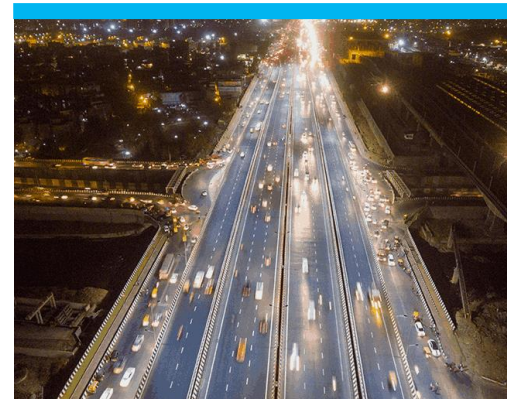
**Global Leader
in Home Textiles**



**Global Leader in
Large Diameter Pipes**



**Infrastructure
Investments in Oil & Gas**



Group Revenue
US\$ 2.7 Billion



Fixed Asset Base
US\$ 0.9 Billion



Employees
25,000+

WELSPUN



WELSPUN INDIA OVERVIEW



Presence in
50+ Countries

30 Unique
Innovations

38% Sales
Innovative
Products⁽³⁾

17% Sales
Branded
Products⁽³⁾



Trusted and Preferred
Suppliers to

17 of Top 30

Global Retail Giants



Ranked #1

Among Home Textile Suppliers
to USA by
Home & Textiles Today Magazine
5 Times in Last 6 Years

Largest

Home Textiles Company
Globally⁽¹⁾

With Presence in

Bed, Bath & Flooring



3E's of Corporate Social Value

Education, Environment &
Health, Empowerment

**Every
5th Towel**

**Every
9th Sheet**

Sold in the US is
Made by Welspun⁽²⁾


Note: (1) Based on consolidated revenues from Home Textiles segment. (2) Based on OTEXA CY2019 data. (3) FY19 Figures

Welspun India: Growth Drivers - Vision 2022

WELSPUN2.0




Revenue
\$1.5bn


Net Debt
NIL


Innovative / Branded
Revenue Share
50%


Women
Employees
20%


Share of Domestic
Revenue
20%

Increasing Share of Innovative Products



38%
of Sales from
Innovative
Products



30
unique inventions
filed globally



Contributes more than **\$150 Mn**
of sales annually

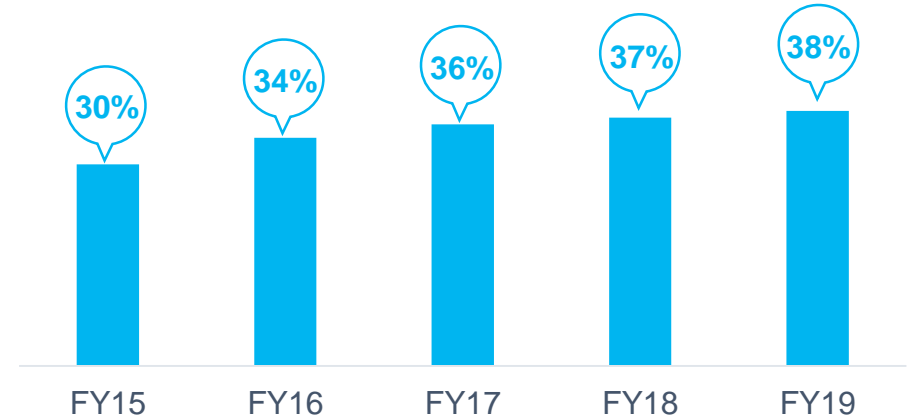
Gaining traction in hospitality &
domestic market



Received asthma and allergy free
certification for bedding products in
US post stringent testing



Constitutes **3% of total** revenue



The innovative products account for
38% of revenue (FY19)



**Global Collaboration
on Innovation**



Top Universities



Technology Partners



Industry Associations



Before washing

After 3 washings



HYGROCOTTON®

Regulates temperature for individual comfort



WEL-TRAK : Patented Global Cotton Integrity Process



Welspun's patented Wel-Trak® process, supplemented by scientific traceability from Oritain™ is now the industry defining end-to-end fiber tracking process



Verifies fiber from the origin and at every stage of production

Ensures rigorous process control of fiber's physical parameters

Authenticates cotton from dedicated sources

Assures independent third-party testing

Allows consumers to track fiber in product back to the farm where it was produced

Diversified Brand Portfolio



Premium & Luxury



SPACES

Christy
ENGLAND

Innovation



Brand
Spectrum
Continues
to Evolve

Sustainability & Empowerment



spun
threads with a soul

Value



WELSPUN
QUIK DRY TOWEL

Branded Products Contribution to Sales
at 17% in FY19

Coveted Licenses



Goodful



American Cotton
AMERICAN PRIDE IN EVERY THREAD

Premium Brand: Spaces

Focus on Tapping Domestic Market Potential

India – One of the fastest growing economies in the world with huge potential for increasing organized market

1800+ Outlets across **360+** Cities

'Spaces' was recently recognized as a best brand in home category by Myntra. Also, received Amazon Marketing Services Award for Spaces. Spaces continues to be No 1 in shop-in-shops



Presence in **200+** shop-in-shops

Licenses for Domestic Market



Redesigned Brand Strategy

Use of 360 degree marketing approach by increasing customer touch points including social media, POS, in-store, PR news, TV, outdoor, radio, customer service.

Revisited Spaces brand campaign



Value Brand: Welspun



Value brand 'Welspun': Focus on tapping a larger segment of the domestic market

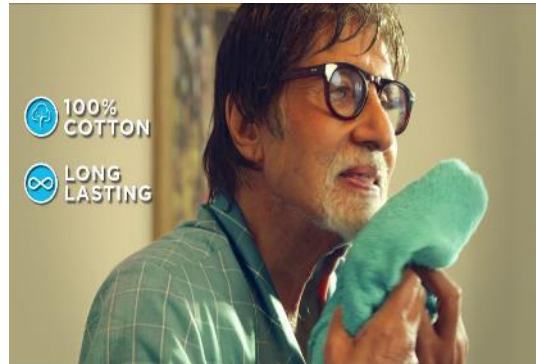
IPL: Official Partner
of Kings XI Punjab



Outdoor
Advertising



Campaign at
Kumbh Mela



Campaign starring
Amitabh Bachchan



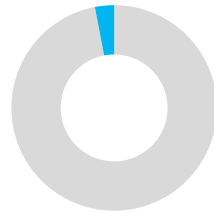
Election TVC on
News Channels

Reaching Larger Audience → 2500+ Outlets across 50 Cities

Sustainability woven in Value Chain



Welspun only constitutes ~3%
of total US hospitality market



The US hospitality market is **c. \$1.5bn**
(i.e. for towels and sheets)

Welspun's revenue from this segment is
c. \$50mn indicating huge growth potential

High potential global wellness
economy of about **\$3.7 trillion**

STAY  WELL

Welspun has partnered with Stay Well
to tap global wellness potential

Stay Well infuses wellness into hotel rooms with
features and programs to maximise the guest
experience and minimise the impact that travel
has on the human body

OPPORTUNITY



STRATEGY



Focus on domestic as well as international markets

Tied up with leading hotel chains and wellness centers

In key developed markets, E-commerce constitutes 10-15% in Home Textiles. Expected to reach ~25% by FY23

Welspun approach to tap the ecommerce opportunity



Key Ecommerce Platforms

- Key ecommerce players increasing share of private labels to capture more value, cater to increased volumes and to have better control
- Focus on being a preferred sourcing partner for these key ecommerce platforms' private labels



Big-Box Retailers' Websites

- Strong relations with existing big-box retailers
- Selling through online channels of these retailers
- Omni channel support to retailers on product development, Warehousing, Pick and Pack, Drop-Ship and Analytics
- Warehouses in US, UK, Germany and India



Own Website

- More than **10%** sales of Christy in UK is own website/exclusive online
- Establishing own brands' presence across key markets
- Focus on capturing value on the Company's own portal

<https://www.christy.co.uk/>

<https://www.spaces.in/>



Exclusive Online D2C Players

- Home textile start-ups penetrating D2C channels
- Looking at significant minority stake in select ventures as a strategic investor
- Partnering to create brands and tap D2C channels

Welspun sees Omni-channel as an opportunity

Emerging Business: Flooring Solutions

Wide range of flooring products



Carpet tiles



Broadloom carpets
& area rugs



Luxury Performance
Tiles (LPT)



Artificial grass

Welspun Flooring
Fully integrated
flooring vertical



- Aim to become a one-stop flooring solutions provider for domestic and international markets
- Facility located in Telangana
- Expected investment is **~Rs.11 billion**
- Capacity of **27 million** sq. metres p.a
- Commenced operations with effect from September 13, 2019
- 50 distributors and **~450 dealers** have been appointed so far pan-India

Emerging Business: Advanced Textile



Untapped Opportunity in Bedding

Large untapped opportunity in basic bedding, comforters and quilts

Currently, China dominates the market; India is gradually making inroads

Contributed ~3% of sales in FY19

Technical / Advanced Textiles

Products for specialized use in healthcare, fire departments, aerospace, defense, automobile, railways and other utilities

These products include specialized features such as fire retardants, stain resistant, anti-bacterial, PET resistant, and soil resistance, among others

Contributed ~3% of sales in FY19

Welicate
Spunlace for Delicate touch

Welspun's "Welicate" Spunlace exhibits exceptionally soft hand feel and is perfect for delicate touch. Our new offering with customized fabric construction also gives superior functional properties.

KEY ADVANTAGES		VISUAL COMPARISON
► Extremely Soft with Smooth Appearance.		
► Better Opacity & Improved Cover Factor.		
► Greater Water Holding Capacity.		
► Lower Elongation improves Process ability & Usability.		
► High Cleaning Efficiency & Low Lint.		

APPLICATIONS

 BABY CARE WIPES	 PERSONAL CARE WIPES	 HOUSEHOLD WIPES	 MEDICAL WIPES
---------------------	-------------------------	---------------------	-------------------

Email: nonwovens@welspun.com Web: www.welspunindia.com

WELSPUN INDIA
ADVANCED TEXTILES

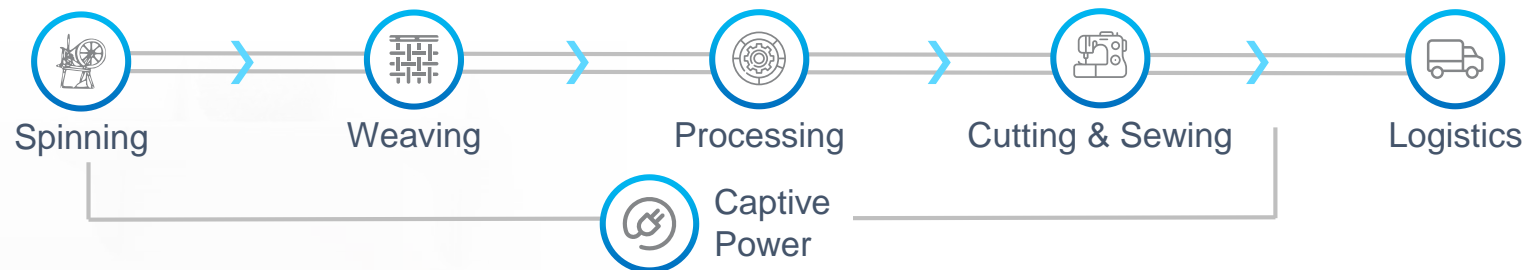
Vertically Integrated Presence with Significant Capabilities

India Supply Advantage



Cotton

Vertically Integrated Facilities Across Manufacturing Chain



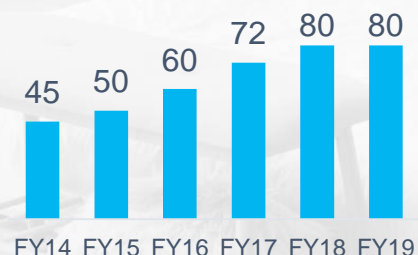
Current integration of about **70%** in Spinning and Weaving

Captive power generation

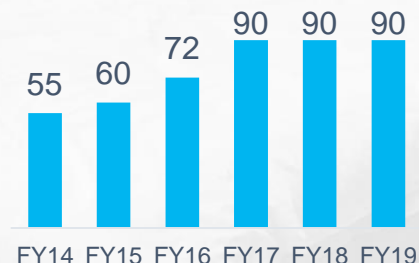
Welspun India's backward integration has helped improve margin, better quality control and timely delivery

GROWING CAPABILITIES

Towel ('000MT)



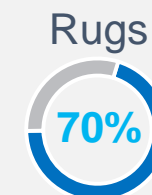
Bed Linens ('Mn mtrs)



Rugs & Carpets ('Mn sq. mtrs)



FY19 Effective Utilization



Capex of around **Rs. 4.7 bn** in 9M FY20
FY20 capex expected at **Rs. 6 bn**

Global Distribution Network with Marquee Clients



Delivery and Reach in Over 50 Countries

Inclusive Growth: Corporate Social Value

Environment



Sustainable business practices, clean water, improved sanitation and development of green spaces within the communities

Education



Our initiative to improve the quality of education at schools serves over **55 schools**, **500 teachers** and **10,000 students** in Gujarat

Empowerment



Welspun 2.0, spun centers, smart villages are empowering the women in Gujarat to lead the way to economic independence and growth

Supporting Sportswomen



69 Medals won through Welspun Super Sports Program since April 2019. Partnership with sports agency – Meraki Sports

Awards & Accolades - Testimony to Excellence

FUTURESCAPE
Sustainability & CSR

Amongst Top 100 Companies in India



amazon
Marketing

Marketing Services Award "Spaces" (2018)



Walmart
Sustainability

GIGA GURU status from Walmart for Sustainability 2019



Forbes

Asia's 50 Power Businesswoman

Dipali Goenka
Featured at **#16** in Asia's **Top 50** Power Businesswomen (2016)



ProlificNorth
Social Media

Digital / Social Media Campaign of the Year Christy (2018)



Highest Exports

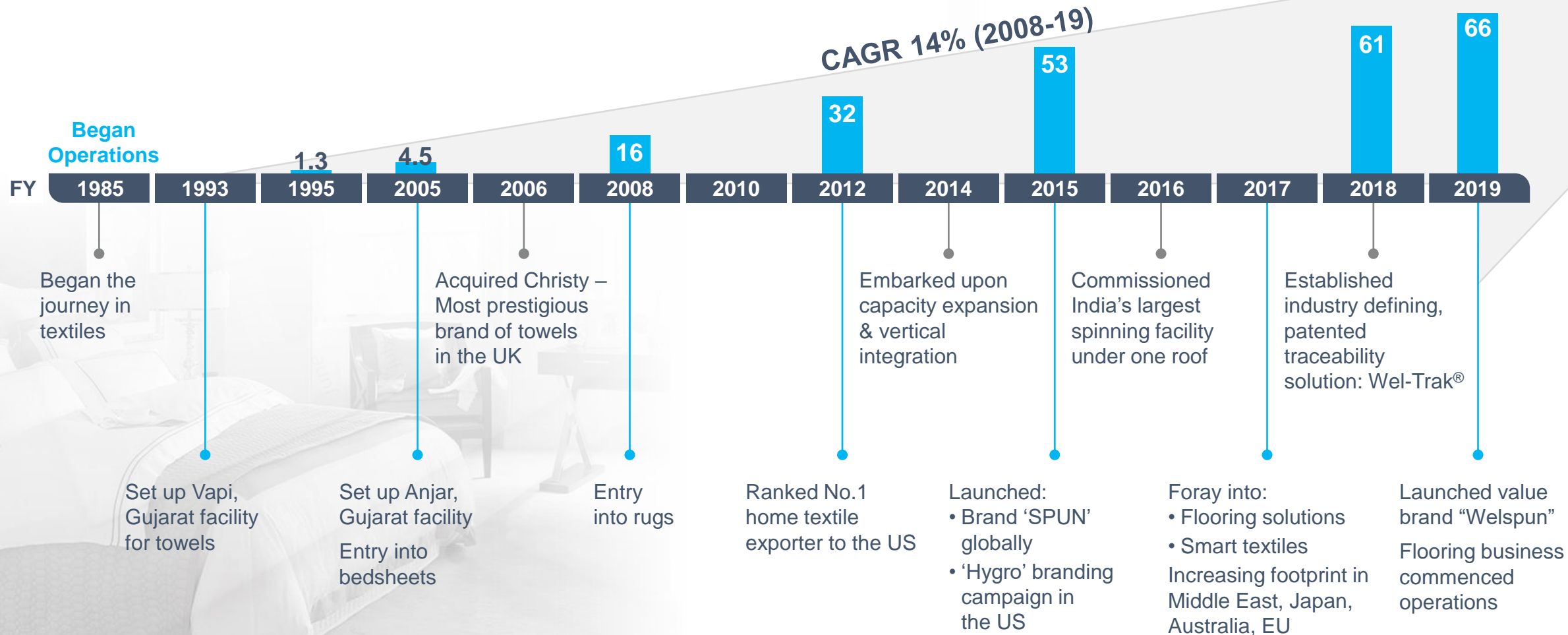
Winner of Platinum (2019)



and many more...

Key Milestones

Revenues (Rs. Bn)



Experienced Board & Management with Proven Track Record



Board of Directors

B. K. Goenka, Chairman

- Amongst India's most dynamic businessmen
- Past President ASSOCHAM (2019)
- Recipient of Asian Business Leadership (ABLF) Award, 2019

Arun Tadarwal, Independent Director, Audit Committee Chairman

- **20+ years** of experience in Finance, Audit, Taxation and Quality Management. Member of ICAI, practicing since 1981

Ms. Anisha Motwani, Independent Director

- **28+ years** experience in advertising, auto-manufacturing, financial and health services. Currently advisor to World Bank. Voted among '50 Most Powerful Women in Indian Business' by Business Today for 3 consecutive years

Pradeep Poddar, Independent Director

- Technocrat & Corporate Leader with **30+ years** of experience in consumer products industry and vast experience in brand building

Arvind Singhal, Independent Director

- MBA from University of California, founded Technopak, India's leading management & operations consulting firm with focus on Textiles, Retail, Healthcare etc

Shalil Mukund Awale, Nominee Director

- Chief GM at IDBI Bank with nearly **22 years** covering areas like Priority sector, Retail Banking, Investment & Treasury, Venture Capital Finance, Audit



Management Team

Rajesh Mandawewala, Managing Director; Member of Board

- Qualified Chartered Accountant; Played an instrumental role in establishing Welspun's Textile & Pipe business
- Leading new strategic initiatives of the Group
- Authorization of investment decisions for Welspun

Ms. Dipali Goenka, CEO & Joint Managing Director; Member of Board

- Driving force behind textile business, successfully led development of two brands – SPACES and Welhome
- Graduate in Psychology & completed Management Program from Harvard

Altaf Jiwani, CFO (Welspun India)

- **25+ years** experience in corporate finance roles across diverse industries.
- Worked with RPG Group for **19 years**. Last role as CFO, Phillips Carbon Black

Cherian Thomas, CEO (Advanced Textiles)

- **24+** years of experience across diverse functions & global functional expertise
- Worked with Essel Propack, ITW Signode, Packaging India Private India Limited, Amcor Flexibles India Private Limited

Ms. Manjari Upadhye, CEO (Domestic Retail Business)

- **17+ years** of experience across the consumer products industry; Significant contribution in brand building for FMCG companies

Mukesh Savlani, CEO (Welspun Flooring)

- Home-grown CEO with **17+ years** experience in various roles at Welspun; Engineering graduate
- Leadership Program from Harvard

Ravi Panicker, Head (Christy)

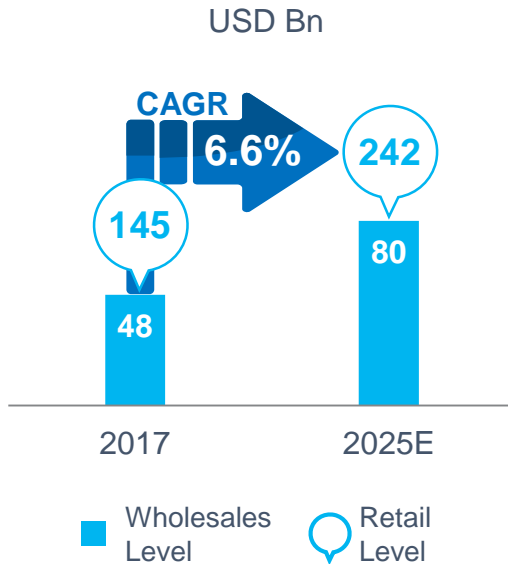
- 26+ yrs. experience in Retail Sales, Ecommerce & Category
- Previously worked with Raymond, Bombay Dyeing among others

Michael Mullen, Sales Head – US

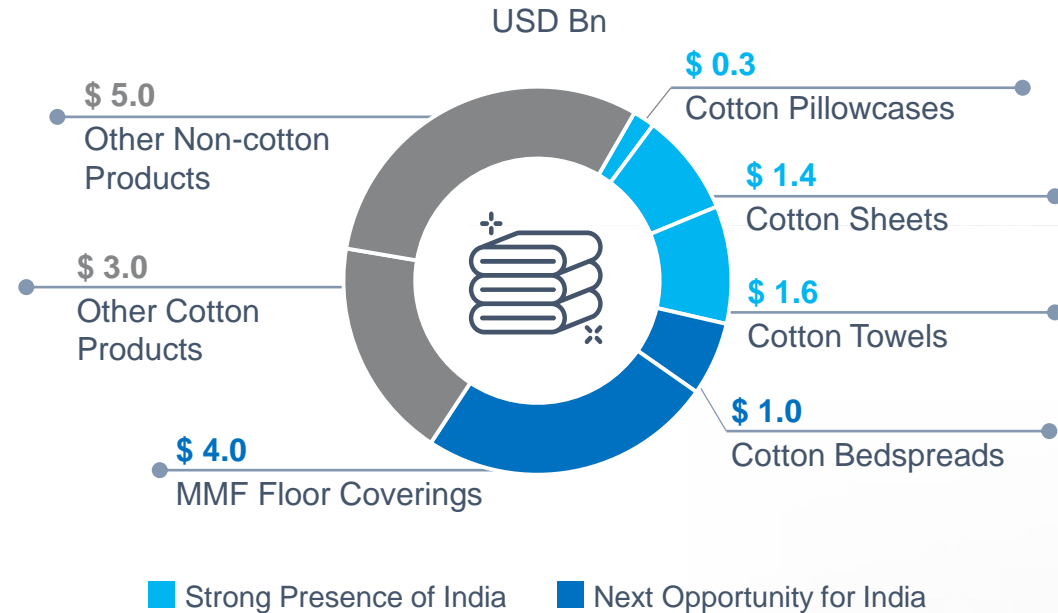
- **26+ yrs.** experience in Business Development, Sales & Merchandising & E-Commerce
- Previously worked with Keeco, Home Express, Mervyn's and E & E Co

Global Market Opportunity

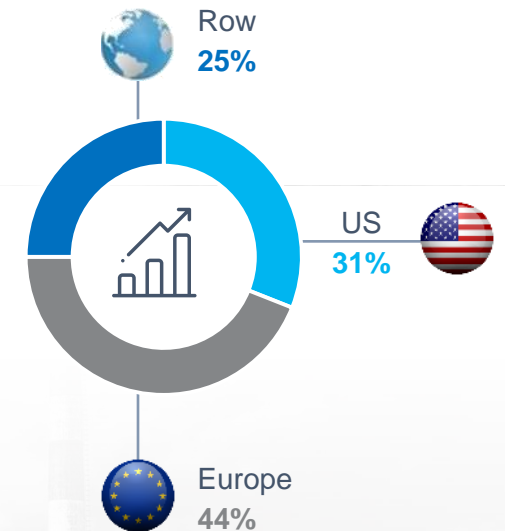
Global Home Textile Market



US Home Textile Market (2018)



Market Composition



- **US and Europe** are the major end markets comprising a **75%** of the textile market
- India players have concentrated in US because
 - US is a large and homogenous market making it a more attractive market to target first
 - While US is a level playing field, Europe provides preferential tariff rates to some competing countries

The information contained in this presentation is provided by Welspun India Limited (the “Company”), although care has been taken to ensure that the information in this presentation is accurate, and that the opinions expressed are fair and reasonable, the information is subject to change without notice, its accuracy, fairness or completeness is not guaranteed and has not been independently verified and no express or implied warranty is made thereto. You must make your own assessment of the relevance, accuracy and adequacy of the information contained in this presentation and must make such independent investigation as you may consider necessary or appropriate for such purpose. Neither the Company nor any of its directors assume any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information or opinions contained herein. Neither the Company nor any of its directors, officers, employees or affiliates nor any other person accepts any liability (in negligence, or otherwise) whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.

The statements contained in this document speak only as at the date as of which they are made, and the Company expressly disclaims any obligation or undertaking to supplement, amend or disseminate any updates or revisions to any statements contained herein to reflect any change in events, conditions or circumstances on which any such statements are based. By preparing this presentation, none of the Company, its management, and their respective advisers undertakes any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. This document is for informational purposes and does not constitute or form part of a prospectus, a statement in lieu of a prospectus, an offering circular, offering memorandum, an advertisement, and should not be construed as an offer to sell or issue or the solicitation of an offer or an offer document to buy or acquire or sell securities of the Company or any of its subsidiaries or affiliates under the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, both as amended, or any applicable law in India or as an inducement to enter into investment activity. No part of this document should be considered as a recommendation that any investor should subscribe to or purchase securities of the Company or any of its subsidiaries or affiliates and should not form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This document is not financial, legal, tax, investment or other product advice.

This presentation contains statements of future expectations and other forward-looking statements which involve risks and uncertainties. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition, and future events and plans of the Company. These statements can be recognized by the use of words such as “expects,” “plans,” “will,” “estimates,” or words of similar meaning. Such forward-looking statements are not guarantees of future performance and actual results, performances or events may differ from those in the forward-looking statements as a result of various factors and assumptions. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of the management of the Company on future events. No assurance can be given that future events will occur, or that assumptions are correct. The Company does not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.

Any reference herein to "the Company" shall mean Welspun India Limited, together with its consolidated subsidiaries.



THANK YOU

For further details, please contact

Altaf Jiwani

Director (Finance) & CFO
Welspun India Limited

Email: altaf_jiwani@welspun.com

Harish Venkateswaran

AVP-Group Finance and Strategy

Email: harish_venkateswaran@welspun.com