

BUSINESS UPDATE

Core business focus delivers extraordinary performance

- Nine renowned awards testimony to innovation and sustainability

- ✓ Completes first year of successful operations post the business reorganisation
- ✓ Sales up 13%; EBITDA up 56%; Cash Pat up 139% for FY13

Mumbai, May 15, 2013: Welspun India Ltd., (WIL), part of the \$ 3.5 billion Welspun Group today announced Q4 and FY13 results, showing strong growth in profitability in comparison to corresponding period last year.

Consolidated Financial Summary - FY 2013 (in Rs. Million)

Particulars	FY 2013	FY 2012	Change %
Revenue	36,473	32,194	13%
EBITDA	6,438	4,122	56%
Finance Cost	1,977	1,918	3%
Depreciation	1,449	1,378	5%
Profit after tax (PAT)	2,248	(134)	
Cash PAT	4,178	1,750	139%
EBITDA Margin	17.7%	12.8%	
PAT Margin	6.2%	-0.4%	

Key Ratios	FY 2013	FY 2012
Net debt/Equity	1.76	2.23
Long term debt/Equity	1.12	1.65
Net debt/EBITDA	2.71	4.02
ROCE	11.4%	7.2%
ROE	22.7%	-1.8%

Consolidated Financial Summary - Q4 FY13* (on comparable basis) (in Rs. Million)

Particulars	Q4 FY 13	Q3 FY13	QoQ Change %	Q4 FY12	YoYChange %
Revenue	7,569	9,225	-18%	8,400	-10%
EBITDA	1,344	1,650	-19%	956	41%
Finance Cost	501	483	4%	484	3%
Depreciation	389	357	9%	343	14%
Profit after tax (PAT)	632	516	22%	(445)	
Cash PAT	1,304	945	38%	28	
EBITDA Margin	17.7%	17.9%		11.4%	
PAT Margin	8.3%	5.6%		-5.3%	

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***Note: The figures discussed here are presented on a comparable basis after giving effect of the scheme of merger between WIL and WGBL for each of the periods mentioned; thus the published figures in the Consolidated Clause-41 statement may not match with the figures presented here.**

Financial Highlights – FY13 (compared to FY12)

- Revenue grew 13% to Rs. 36,473 mn from Rs. 32,194 mn primarily driven by ~30% volume growth in Sheets and rugs.
- Share of Innovative Products in the total Sales at ~30%.
- EBITDA up 56% to Rs. 6,438 mn from Rs. 4,122 mn delivering consistent margins of ~18% across the four quarters indicating a steady and sustainable business performance.
- Finance cost rises marginally to Rs. 1,977 mn from Rs. 1,918 mn; new debt taken to fund the new capex and higher working capital.
- Marginal increase in Depreciation at Rs. 1,449 mn from Rs. 1,378 mn, on higher fixed assets related to plant modernisation and expansion
- Profit after Tax at Rs. 2,248 mn; significant improvement in profitability
- As on 31st March 2013, Net Debt stands at Rs.17,446 mn while Net worth stands at Rs.9,902 mn. This implies a Net Debt to Equity of 1.76x compared to 2.23x at the end of FY12
- Long term debt at Rs.11,079 mn implying a long term debt/equity of 1.12x
- Net debt/EBITDA at 2.71x, a significant improvement from 4.02x in FY12
- Final Dividend announced at Rs. 2/share; along with the interim dividend of Rs. 2/share announced in November 2012, total dividend for the year reaches Rs. 4/share

Key Developments during the year

- Merger of WIL and WGBL completed via court order dated 26 Nov 2012; becomes effective from December 7, 2012
- Home Textiles Today (HTT) has ranked Welspun No. 1 in US Home textiles in the recent annual survey released in Jan 2013, climbing up from No. 2 position last year.
- Acquired 13.03% equity stake in Welspun Retail Ltd (WRL) a subsidiary company, raising the effective shareholding in WRL to 98.03%.
- Mrs. Dipali Goenka appointed as an Executive Director of the Company with effect from April 01, 2013.

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Awards and Recognitions

- WIL has won nine awards during the year for innovation and sustainability initiatives
 - i. Responsibility Award for Excellence - Walmart
 - ii. Global CSR Excellence & Leadership - Bluedart
 - iii. Most Preferred Furnishing Brand - MAGPPIE
 - iv. Gold Supplier Award – TESCO
 - v. Innovation Award for Eco-Dry towels - Golden Peacock
 - vi. Best Product Award- Wilkinson
 - vii. Five Star Award – Macy’s
 - viii. Vendor of the Year Award - Sears / K-Mart
 - ix. Partners in Business Transformation award - Sears / K-Mart

Status of Projects

- The vertical integration project to increase spinning and weaving capacity is on schedule and expected to be completed by end of FY14. The project entails the installation of 170,000 spindles and 140 looms which will take the backward integration to ~75%. The estimated project cost of Rs. 7-8 bn will be 72% debt funded. The debt will receive 5-7% interest rebate from the Gujarat state government and 4-5% from the central government (under TUFs), resulting in an effective interest rate of 2-3%. Apart from ensuring quality and availability of key intermediate products such as yarn and fabric, the backward integration will also contribute to improve the profitability of WIL significantly.
- Welspun has recently commissioned an 80 MW power plant, which will further reduce power costs.

Management comments

Speaking about the performance, Mr. B. K. Goenka, Chairman, Welspun India Ltd., said, “Welspun has successfully completed one full year post the business reorganisation. The benefits of closing down our unprofitable businesses and consolidating the entire textile business under one roof are clearly reflected in the profitability metrics of the company. Our focus for the coming year will be on improving profitability and the effort underway towards further vertical integration is a step in that direction. The awards we have received this year bear testimony to the fact that Welspun has created an enviable track record not only in quality and innovation but also in corporate social responsibility and sustainable development”.

Outlook

Indian textile players, especially the home textile players, have been able to increase their market share due to their superior quality and competitive prices. With China’s new cotton and yarn policy reducing the cost competitiveness of its industry, Pakistan being impacted by energy availability issues and Bangladesh facing scrutiny regarding workers’ safety, India is expected to further increase its market share in the medium term

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in the global arena. Welspun, with its global scale and reach as well as innovative product development, is well-positioned to capitalise on this opportunity.

The US market, where WIL already holds a dominant position, is slowly getting back on the growth path, with home sales and consumer confidence on the rise. Overall European market growth is expected to be sluggish, but the proposed EU-India Free Trade Agreement (FTA), when it happens, would give WIL an opportunity to increase its market share significantly. Welspun is also gaining traction in newer markets such as Canada, South Africa, Japan, Korea and Australia. WIL will also continue to have strong focus on the high growth domestic market through Shop-in-shop in large retail stores, Wholesale distributors, Institutional clients and E-commerce.

About Welspun India (www.welspunindia.com)

Welspun India Ltd, part of US\$ 3.5 billion Welspun Group is one of the top three home textile manufacturers in the world and the largest home textile company in Asia. With a distribution network in 32 countries and manufacturing facilities in India, it is the largest exporters of home textile products from India. Supplier to 14 of Top 30 global retailers, the company has marquee clients like Wal-Mart, J C Penny, Target and Macy's to name a few.

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