

Press Release

Welspun India Ltd's strong operating results continues

- ✓ Revenue up 23% YoY
- ✓ EBITDA up 60% YoY; margin at ~23%

Mumbai, October 25, 2013: Welspun India Ltd., (WIL), part of the \$ 3.5 billion Welspun Group today announced Q2 FY14 results, showing strong growth in revenue and operating profit in comparison to the corresponding period last year.

Consolidated Financial Summary - Q2 FY14 (Rs. Million)

Particulars	Q2 FY14	Q1 FY14	QoQ Change %	Q2 FY13	YoY Change %	H1 FY14	H1 FY13	Change %
Revenue	12,191	9,446	29%	9,945	23%	21,637	19,679	10%
EBITDA	2,785	2,229	25%	1,738	60%	5,014	3,444	46%
Finance Cost	593	558	6%	486	22%	1,151	993	16%
Depreciation*	478	415	15%	354	35%	893	702	27%
Profit before tax *	1,714	1,256	37%	898	91%	2,970	1,749	70%
PAT post minorities & associates*	1,166	899	30%	586	99%	2,065	1,100	88%
Cash PAT	1,691	1,397	21%	1,015	67%	3,088	1,929	60%
EBITDA Margin	22.8%	23.6%		17.5%		23.2%	17.5%	
PAT Margin*	9.6%	9.5%		5.9%		9.5%	5.6%	

Note: Above presentation is on a comparable basis post-merger for each of the periods mentioned.

*On account of the change in depreciation policy from straight line method to reducing balance method, the company has taken an additional one-time depreciation of Rs. 4,631 million (for the period up to June 30, 2013) in Q2 FY14. The Q2 FY14 figures are normalized by removing this one-off effect.

Further, depreciation for the quarter ended September 30, 2013 is higher by Rs. 41 million, due to the policy change, which is included in the figures for the quarter.

Consolidated Financial Highlights – Q2 FY14

- Revenue at Rs. 12,191 million vs. Rs. 9,945 million in Q2 FY13 - 23% growth YoY primarily due to strong volume growth in towels and rugs.
- EBITDA margin improved to 22.8% as compared to 17.5% in Q2 FY13.
- Finance cost 22% higher YoY, primarily due to the additional debt on account of the consolidation of the captive power plant.
- During the quarter, the Company has changed the method of providing depreciation on its plant and machinery from straight-line method to reducing balance method. This has resulted in an additional one-off depreciation of Rs. 4,631 million for the period up to June 30, 2013 which has been provided in the current quarter. The change in methodology has also resulted in an increase of Rs. 41 million for the current quarter, which has contributed to a 15% increase in depreciation in Q2 FY14 compared to the previous quarter.

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- Profit after Tax (adjusted for the one-off depreciation) has doubled to Rs. 1,166 million from the Q2 FY13 level of Rs. 586 million.
- Net worth, which was impacted by the one-off depreciation taken, stands at Rs. 7,119 million.
- As on 30th September 2013, Net long term debt stands at Rs. 12,161 million implying a net long term debt/equity of 1.71x. The increase in debt QoQ was on account of drawdown of loans for the backward integration capex.
- Net long term debt/Operational EBITDA (annualized) stands at 1.32x and the Net debt/ Operational EBITDA (annualized) stands at 2.32x.

Project Status

- The vertical integration project to increase spinning and weaving capacity is on schedule and expected to be completed by end of FY14.

Outlook

India's market share in global home textile exports has been continuously increasing over the last few years. The market share gain is expected to continue, supported by factors such as surplus cotton in the country, competitive factor costs and supportive policy regime.

With economic growth showing signs of improvement, the US market is expected to pick up pace. Europe is also showing signs of a revival, with consumer confidence hitting six-year highs in many important markets such as UK and Germany. With many foreign retailers planning to set up their operations in India post the opening up of FDI in retail, the domestic market is expected to grow considerably.

Management comments

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun India Ltd., said, "We continue to deliver strong operating results, as in the last few quarters. To sustain and improve our margins, we have already taken several steps such as increasing share of premium products, raising our level of backward integration and setting up a captive power plant. We will continue to strive to be the preferred home textile supplier for our customers, through our innovation, scale and reach."

About Welspun India (www.welspunindia.com)

Welspun India Ltd, part of US\$ 3.5 billion Welspun Group is among 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, JC Penny, Target and Macy's to name a few.

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