

BUSINESS UPDATE

Sustained profitability - at all-time high levels

- ✓ Revenue up 24% YoY
- ✓ EBITDA up 66% YoY; PAT more than doubles

Mumbai, January 27, 2014: Welspun India Ltd., (WIL), part of the \$ 3.5 billion Welspun Group today announced Q3 FY14 results, showing strong growth in revenue and operating profit in comparison to the corresponding period last year.

Consolidated Financial Summary - Q3 FY14 (Rs. Million)

Particulars	Q3 FY14	Q2 FY14*	QoQ Change %	Q3 FY13	YoY Change %	9M FY14*	9M FY13	Change %
Revenue	11,468	12,191	-6%	9,225	24%	33,105	28,904	15%
EBITDA	2,746	2,785	-1%	1,650	66%	7,760	5,095	52%
Finance Cost	568	593	-4%	483	18%	1,719	1,476	16%
Depreciation	501	478	5%	357	40%	1,394	1,059	32%
Profit before tax	1,677	1,714	-2%	810	107%	4,647	2,559	82%
PAT post minorities & associates	1,095	1,166	-6%	516	112%	3,160	1,616	96%
Cash PAT	1,658	1,691	-2%	945	75%	4,746	2,874	65%
EBITDA Margin	23.9%	22.8%		17.9%		23.4%	17.6%	
PAT Margin	9.5%	9.6%		5.6%		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 FY14/9M FY14 figures are normalized by removing this one-off effect.*

Consolidated Financial Highlights – Q3 FY14

- Revenue at Rs. 11,468 million vs. Rs. 9,225 million in Q3 FY13 - 24% growth YoY with strong volume growth across towels and rugs.
- EBITDA margin improved to 23.9% as compared to 17.9% in Q3 FY13.
- Profit after Tax has more than doubled to Rs. 1,095 million from the Q3 FY13 level of Rs. 516 million.
- Net worth at the end of the quarter stands at Rs. 9,347 million.
- As on 31st December 2013, Net debt stands at Rs. 24,422 million and net long term debt stands at Rs. 13,835 million. This implies a net debt/equity of 2.61x and net long term debt/equity of 1.48x. The increase in debt QoQ was on account of drawdown of loans for the backward integration capex and borrowing for purchase of cotton stock.
- Net long term debt/Operational EBITDA (annualized) stands at 1.48x and the Net debt/ Operational EBITDA (annualized) stands at 2.61x.

BUSINESS UPDATE

Project Status

- The vertical integration project to increase spinning and weaving capacity is on schedule and expected to be commissioned by June 2014.

Outlook

An increasing number of customers are choosing India over key competing countries such as China, and Pakistan for sourcing textiles, especially home textiles. This is on account of a number of factors such as quality, costs as well as predictability of supplies. This augurs well for the Indian textile industry.

The US, which is the largest market for Indian players, continues to show signs of economic growth. In spite of Europe granting duty free access to Pakistan and Bangladesh, Indian exports to Europe are growing and could receive a further boost if the India – EU Free Trade Agreement is signed. The domestic market is growing at a fast pace, with FDI in retail likely to provide a further impetus.

Management comments

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun India Ltd., said, “Our strategic repositioning has helped us deliver strong results consistently over the last few quarters. The backward integration capex, once commissioned, will improve quality and availability of key intermediate products such as yarn and fabric. We will continue our focus on quality and innovation to consolidate our position as the top global home textile supplier.”

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.

DISCLAIMER:

The information in this release has been included in good faith and is for general purposes only. It should not be relied upon for any specific purpose and no representation or warranty is given as regards to its accuracy or completeness. No information in this release shall constitute an invitation to invest in Welspun India Ltd. or any of its affiliates. Neither Welspun India Ltd., nor their or their affiliates’ officers, employees or agents shall be liable for any loss, damage or expense arising out of any action taken on the basis of this release, including, without limitation, any loss of profit, indirect, incidental or consequential loss.