

BUSINESS UPDATE

Profitability at multi-year high

- ✓ EBITDA up 31% and PAT up 75% YoY as business re-organisation continues to drive profitability growth
- ✓ EBITDA margin at multi-year high of ~24%

Mumbai, August 7, 2013: Welspun India Ltd., (WIL), part of the \$ 3.5 billion Welspun Group today announced Q1 FY14 results, showing strong growth in profitability in comparison to the corresponding period last year.

Consolidated Financial Summary - Q1 FY14 (Rs. Million)

Particulars	Q1 FY 14	Q4 FY13	QoQ Change %	Q1 FY13	YoY Change %
Revenue	9,446	7,569	25%	9,734	-3%
EBITDA	2,229	1,344	66%	1,707	31%
Finance Cost	558	501	11%	507	10%
Depreciation	415	389	7%	349	19%
Profit before tax	1,256	422	198%	851	47%
Profit after tax (PAT) after minorities and associates	899	632	42%	514	75%
Cash PAT	1,397	1,304	7%	914	53%
EBITDA Margin	23.6%	17.7%		17.5%	
PAT Margin	9.5%	8.3%		5.3%	

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

Key developments

- In April 2013, the company's subsidiary - Welspun Captive Power Generation Ltd. - has commissioned a thermal power plant at Anjar.

Consolidated Financial Highlights – Q1 FY14

- Revenue from Operations at Rs. 9,446 million vs. Rs. 9,734 million in Q1 FY14 showing a stable performance YoY despite the rationalisation of some overseas businesses.
- In spite of the increase in raw material costs of ~5%, increased operational efficiency and lower power costs contributed to an improvement in EBITDA margin to 23.6% as compared to 17.5% in Q1 FY13.

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- Finance cost and depreciation higher YoY, primarily due to the impact of the captive power plant.
- Profit after Tax at Rs. 899 million as compared to Rs. 514 million in Q1 FY13 showing significant improvement YoY.
- Net worth, which was impacted by decrease in Hedging Reserve of Rs. 1,364 million, stands at Rs. 9,311 million. Excluding the hedging reserve, net worth would have been Rs. 10,353 million as against Rs. 9,580 million as of March 31st, 2013.
- As on 30th June 2013, Net long term debt stands at Rs. 10,799 million implying a net long term debt/equity of 1.16x.
- Net long term debt/Operational EBITDA (annualized) stands at 1.34x and the Net debt/ Operational EBITDA (annualized) stands at 2.53x.

Project Status

- The vertical integration project to increase spinning and weaving capacity is on schedule and expected to be completed by end of FY14. Apart from ensuring quality and availability of key intermediate products such as yarn and fabric, the backward integration will contribute to improve the profitability of WIL significantly.

Outlook

According to the recently released TEXPROCIL- Gherzi Benchmarking Study, India's competitiveness against six benchmark countries (including China, Pakistan and Bangladesh) has significantly improved in the last 10 years thanks to factors such as technology up-gradation, competitive power and wage costs, and a holistic enabling environment. This has resulted in the Indian textile industry, especially home textiles, gaining market share in the global arena. The market share gain is expected to continue, supported by domestic factors such as surplus cotton and favourable government policies.

The US market, the biggest for Indian manufacturers, is showing signs of getting back on the growth path, with an improvement in consumer confidence, home sales and retail sales. Other markets like Europe, Japan and South Korea are also opening up, aided by Free Trade Agreements (FTAs), which have already been signed or expected to be signed soon. While the domestic market continues to grow, opening up of FDI in retail is expected to give it a further boost.

Management comments

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun India Ltd., said, "Our re-organisation efforts – bringing the textile business under one roof and focussing on our core competencies - stand vindicated by the results we have been reporting over the last few quarters. The vertical integration project, once completed, will lead to further improvement in profitability. The captive power plant is ramping up generation, thus lowering power costs further and contributing to better profitability. We will continue our focus on innovation, strengthening customer relationships and improving supply chain efficiency which will help us become the top home textile company in the world."

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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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