

BUSINESS UPDATE

All-time high Annual Sales and EBITDA

- ✓ Annual Revenues up 23% ; EBITDA up 59% ; Cash PAT up 50%
- ✓ Dividend announced at Rs. 3 per equity share
- ✓ Welspun Global Brands is now “Certified Woman Business Enterprise”
- ✓ Received “Green Manufacturing Excellence International Award 2014”

Mumbai, May 20, 2014: Welspun India Ltd., (WIL), part of the \$ 3.5 billion Welspun Group today announced Q4 FY14 and FY 14 results, showing strong growth in revenue and profitability in comparison to the corresponding period last year.

Consolidated Financial Summary Q4 & FY 2014 (Rs. Million)

Particulars	Q4 FY 14	Q3 FY14	QoQ Change %	Q4 FY13	YoY Change %	FY14	FY13	Change %
Revenue	11,850	11,468	3%	7,569	57%	44,954	36,473	23%
Operational EBITDA	2,204	2,402	-8%	1,153	91%	9,211	5,946	55%
Reported EBITDA	2,493	2,746	-9%	1,344	86%	10,253	6,438	59%
Finance Cost	633	568	11%	501	26%	2,352	1,977	19%
Depreciation*	509	501	2%	389	31%	1,903	1,449	31%
Profit before tax*	1,350	1,677	-19%	422	220%	5,997	2,982	101%
PAT after min. & assoc.*	1,035	1,095	-5%	632	64%	4,195	2,248	87%
Cash PAT	1,491	1,658	-10%	1,273	17%	6,237	4,147	50%

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

b) Cash PAT = PBT + Depreciation – Current tax (including MAT credit, if any)

*On account of the change in depreciation policy from straight line method to reducing balance method, the company had taken an additional one-time depreciation of Rs. 4,631 million in Q2FY14. In order to maintain consistent accounting policies, Welspun Captive Power Generation Limited (WCPGL), a 68% subsidiary of the Company has also provided depreciation on its plant and machinery on reducing balance method. This has resulted in an additional depreciation of Rs. 329 million in Q4 FY14. Above figures are normalized for these effects.

Consolidated Financial Highlights – FY 14

- Revenue at Rs. 44,954 million vs. Rs. 36,473 million in FY14 - 23% growth YoY with strong volume growth in towels and rugs and higher realization across products. This is the highest annual sales in the history of the company.
- Operational EBITDA up by 55% at Rs. 9,211 million (vs. Rs. 5,946 million). Operational EBITDA margin improved to 20.5% in FY14 as compared to 16.3% in FY13.
- Annual EBITDA and EBITDA margin are at the highest level in the history of the company.
- Reported Depreciation for the year stood at Rs. 6,863 million. This was high primarily on account of the change in depreciation policy from straight line method to reducing balance method, which resulted in an additional one-time depreciation of Rs. 4,631 million in Q2FY14. In order to maintain consistent accounting policies, Welspun Captive Power Generation Limited (WCPGL), a 68% subsidiary of the

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Company has also provided depreciation on its plant and machinery on reducing balance method which has resulted in an additional depreciation of Rs. 329 million in Q4 FY14 (total impact of Rs.4,960 million in FY13). Adjusted for these effects, depreciation for the year would have been Rs. 1,903 million.

- Finance cost is higher y-o-y on account of consolidation of the captive power plant debt and higher working capital debt.
- Profit after Tax (adjusted for the additional depreciation) grew 87% y-o-y to Rs. 4,195 million in FY14 vs. Rs. 2,248 million in FY13, on account of the strong growth in revenues and improvement in operating margins.
- Net worth at the end of the year stands at Rs. 11,097 million as against Rs.9,902 million at end-FY13.
- Net debt stands at Rs. 26,635 million and net long term debt stands at Rs. 15,286 million in FY14. This implies a net debt/equity of 2.40x and net long term debt/equity of 1.38x. The increase in debt was on account of drawdown of loans for the backward integration capex, borrowing for purchase of cotton stock and consolidation of the captive power plant debt.
- Net long term debt/Operational EBITDA for FY14 stands at 1.66x and the Net debt/ Operational EBITDA stands at 2.89x.
- Dividend announced at Rs. 3 per equity share.

Awards and Recognitions

- Ranked largest Home textile supplier to the US for the second consecutive year by HTT magazine in the recent annual survey done in Feb 2014
- Welspun Global Brands, the marketing subsidiary of Welspun India, has been recognized as a “Certified Woman Business Enterprise” by WEConnect International. WEConnect International is a non-profit organisation, which helps build sustainable communities and economic growth by empowering women business owners.
- Received “Green Manufacturing Excellence International Award 2014 – Frost & Sullivan.”
- Won the “CEO Award” from Sears Holding.

Project Status

- The vertical integration project to increase spinning and weaving capacity is close to completion. While some of the elements have already been completed and under trial runs, the remaining portion is expected to be completed by June 2014.

Outlook

- Key competing countries in the home textile space – China, Pakistan and to an extent, Bangladesh – are facing structural challenges, which are hampering their export competitiveness. India is well-placed to take advantage of this opportunity and its market share is expected to improve in the medium term in the global arena.
- With the US economy on revival mode, Indian exports to US are expected to grow.
- Indian exports to Europe are growing and could receive a further boost if the India – EU Free Trade Agreement is signed.
- Other key markets, such as Japan, Korea, Australia, South Africa, also present huge potential for growth. India has signed an FTA (free trade agreement) with Japan, Korea and the SAARC countries, which could be leveraged to increase Indian exports to these countries.
- The domestic market is also growing at a fast pace, presenting strong potential for growth.

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Management comments

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun India Ltd., said, “Over the last few years, we have transitioned from being purely a textile manufacturer to a one-stop solution provider for clients. This has helped us gain market share and mind share of customers, which is clearly reflected in our financial results. Our capex plans, which are already under implementation, will help us maintain our quality and scale leadership while delivering profitable growth.”

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 more than countries and manufacturing facilities in India, it is the largest exporter 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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