

## BUSINESS UPDATE

# Scaling new heights – EBITDA and PAT at record levels

- ✓ Revenue up 22% YoY
- ✓ EBITDA up 29% and PAT up by 31% YoY
- ✓ Cash PAT up 37%

**Mumbai, January 29, 2015:** Welspun India Ltd., (WIL), part of the US\$ 3 billion Welspun Group today announced Q3 FY15 results, showing strong growth in revenue, operating EBITDA and profit after tax in comparison to the corresponding period last year.

### Consolidated Financial Summary - Q3 & 9M FY15 (Rs. Million)

9M FY15	9M FY14*	Change %	Particulars	Q3 FY15	Q2 FY15	QoQ Change %	Q3 FY14	YoY Change %
39,367	32,187	22%	Revenue	13,459	14,135	-5%	11,029	22%
9,296	7,007	33%	Operational EBITDA	3,400	3,169	7%	2,402	42%
9,956	7,760	28%	Reported EBITDA	3,547	3,360	6%	2,746	29%
2,260	1,719	31%	Finance Cost	816	731	12%	568	44%
2,321	1,394	67%	Depreciation	918	717	28%	501	83%
5,376	4,647	16%	Profit Before Tax	1,813	1,913	-5%	1,677	8%
3,784	3,160	20%	PAT post min. & asso.	1,436	1,299	11%	1,095	31%
6,236	4,746	31%	Cash PAT	2,278	2,306	-1%	1,658	37%
23.6%	21.8%		Op. EBITDA Margin	25.3%	22.4%		21.8%	
25.3%	24.1%		Reported EBITDA Margin	26.4%	23.8%		24.9%	
9.6%	9.8%		PAT Margin	10.7%	9.2%		9.9%	

\* 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 9M FY14 figures are normalized by removing this one-off effect.

Notes: a) Prior period figures are restated, wherever necessary

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

### Consolidated Financial Highlights – Q3 FY15

- Revenue at Rs. 13,459 million vs. Rs. 11,029 million in Q3 FY14; 22% growth YoY driven by strong volume growth in sheets and rugs.
- Operational EBITDA up by 42% at Rs. 3,400 million vs. Rs. 2,402 million in Q3FY14. Operational EBITDA margin was higher at 25.3% (vs. 21.8% in Q3 FY14), on account of the commissioning of the 170,000-spindle spinning mill leading to higher vertical integration.
- Reported EBITDA up by 29% at Rs. 3,547 million vs. Rs. 2,746 million in Q3FY14.
- Depreciation was 83% higher YoY at Rs. 918 million (vs. Rs. 501 million in Q3FY14), mainly on account of the capitalisation of the vertical integration projects, depreciated according to the new accounting policy introduced last year.

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- Finance cost stood at Rs. 816 million, 44% higher YoY, on account of higher working capital interest cost (primarily due to discontinuation of interest subvention) and interest on the term loans related to the newly commissioned projects.
- Profit after Tax (after minorities and associates) stood at Rs. 1,436 million compared to the Q3 FY14 level of Rs. 1,095 million, growth of 31% YoY.
- Net worth stands at Rs. 13,357 million at the end of Q3FY15.
- At the end of the quarter, Gross debt stands at Rs. 29,983 million, lower compared to Rs.30,293 million at end-FY14 and gross long term debt stands at Rs. 19,399 million (vs. Rs. 18,944 million at end-FY14).
- As on 31<sup>st</sup> December 2014, net debt stands at Rs. 25,733 million (vs. Rs. 26,635 million at end-FY14) implying a net debt/equity of 1.93x (vs. 2.40x at end-FY14).
- Net debt/ Operational EBITDA (annualised) stands at 2.08x.

### Project Status

The modernisation, expansion and vertical integration project, is on schedule with capex of about Rs. 13 bn completed till the end of the quarter. During the quarter, the new spinning facility of 170,000 spindles - the largest under one roof in India – was inaugurated by the Honourable Chief Minister of Gujarat at Anjar.

### Outlook

The US economy is expected to continue on its growth trajectory in the coming year. New home-sales data is indicating a strengthening housing market while consumer confidence has been hitting multi-year highs. While consumer confidence in Europe is edging higher, it is expected to get a further boost from falling oil prices and the ECB stimulus, which would improve real household spending power. The Indian economy is expected to grow faster in the coming years as economic reforms gather pace.

The outlook for Indian cotton textiles, especially home textiles, continues to be positive. The Indian home textile industry continues to gain market share from competing countries, particularly in the key markets of US and Europe.

### Management comments

**Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun India Ltd., said, “We continue on our growth journey achieving new milestones and scaling new heights. We have successfully commissioned our spinning plant during the quarter which would help us consolidate our leadership position in the industry. Our focus over the next few quarters will be to increase our branded sales, especially in India, as well as to improve our share of sales from innovative products.”**

### About Welspun India ([www.welspunindia.com](http://www.welspunindia.com))

*Welspun India Ltd, part of US\$ 3 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 50 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 Penney, Target and Macy’s to name a few.*

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