

Welspun aims to maintain 20% margin growth in H2 FY10

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Rajesh Mandawewala, Joint MD, [Welspun India](#) hopes to maintain the current growth momentum of 20% in the second half of FY10. He says the rupee movement vis-à-vis Chinese yuan has helped his business.

Here is a verbatim transcript of the exclusive interview with Rajesh Mandawewala on CNBC-TV18. Also watch the accompanying video.

Q: Can you take us through the numbers, your bottom-line and your margins as well?

A: We did about Rs 460 crore of revenue this quarter which is a 22% improvement over the corresponding quarter last year, our margins are about 23% which are double of what they were last year and at PAT we were Rs 50 lakh and the current quarter is about Rs 42 crore which is a significant jump over last year.

Q: So what led to this dramatic improvement in margins and the bottom-line?

A: Nothing spectacular, the same old things, very deep focus on operating efficiencies; I think we were highly focused on new product developments and innovations and also a lot of effort on the sales and marketing side, so with the effect of all this positive impact coming from these three strategic initiatives we were able to churn out better numbers for the quarter and look good for the future as well.

Q: Do you expect to hold on to these margins of 20% going forward and what can we expect on the bottom-line as well?

A: We are certainly hopeful to maintain the margins and as I said a lot of work has been done on the ground both on the sales and marketing front as well as on the operating front and on product development, so some of our new developments that we have done are genuinely driving growth apart from the fact that we have also introduced new product categories into our various markets so we are hopeful that we should continue to do well going forward in the future.

Q: How are your export markets, how is it the same, have you serviced what about 32 countries, how come you are not impacted?

A: Yes and 90% of our revenues come from exports and they come from markets which actually felt the impact of the slowdown which is more from the Europe and the US. So we have penetrated deep into the European markets and in the US as I said we have introduced new product categories, we have innovated a lot of new products and licensed new brands particularly for the American markets, so we went out very aggressive trying to grab the market share through all the various channels, we also have introduced new channels and we started the internet business in the US which is kind of nascent but very promising and we do about 4 million about revenues but its already profitable.

Q: From March to August, Indian companies had a currency advantage over China is that helpful?

A: Certainly see this current quarter last year we were at about 41.50 or 42 at average and our realization this quarter it is Rs 48 but don't forget that also with the depreciating rupee that there was a cost push because all our input costs or energy costs also went up so while it certainly helped our business that and there is question on that but I think the business aspects were equally important in lets say turning the business around.

Q: So what should you do by way of a year end EPS you think?

A: We don't give out earnings forward but we are hoping to maintain the run rate that we have for the first six months of the year.

Q: You acquired a brand in the UK anything specific that you are expecting out of that?

A: The brand is doing very well for US and infact despite the slowdown, our sales on the brands have grown 25% in the UK on this brand and so have the sales on all the other brands that we have so that has been one of the focus areas over the past 12-18 months, so we have done pretty well with all the brands were owned and licensed within the business.