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WELSPUN INDIA LTD.

BUSINESS UPDATE

Strong operating margin drives profit growth

- ✓ **Revenue up 18%; PAT & Cash Profit up 55% YoY**
- ✓ **Operational EBITDA margin at 25.9%**
- ✓ **Net Debt / Op EBITDA at 1.7x**

Mumbai, July 20, 2015: Welspun India Ltd., (WIL), part of the US$ 3 billion Welspun Group announced Q1 FY16 results today, showing strong growth in revenue, operating EBITDA and profit after tax in comparison to the corresponding quarter last year.

Consolidated Financial Summary - Q1 FY16 ***(Rs. Million)***

Particulars	Q1 FY16	Q4 FY15	QoQ Change %	Q1 FY15	YoY Change %
Revenue	13,885	13,658	2%	11,773	18%
Operational EBITDA	3,598	3,446	4%	2,727	32%
Op. EBITDA Margin	*25.9%*	*25.2%*		*23.2%*	
EBITDA	3,875	3,735	4%	3,049	27%
EBITDA Margin	*27.9%*	*27.3%*		*25.9%*	
Finance Cost	593	569	4%	713	-17%
Depreciation	793	1,009	-21%	686	16%
Profit Before Tax	2,490	2,157	15%	1,650	51%
PAT post min. & asso.	1,632	1,614	1%	1,050	55%
PAT Margin	*11.8%*	*11.8%*		*8.9%*	
Cash Profit	2,561	2,781	-8%	1,651	55%

Notes: a) Prior period figures are restated, wherever necessary
b) Cash Profit = PBDT – Current tax

Balance sheet snapshot (Rs. million)	Q1 FY16	Q4 FY15
Net worth	15,790	14,318
Net Debt	24,880	26,094
Net fixed assets (incl. CWIP)	27,540	26,049
Net current assets (excl. cash and cash equivalents)	12,095	13,155
Net Debt/Op. EBITDA	1.7	2.0
Net debt/Equity	1.6	1.8

Consolidated Financial Highlights – Q1 FY16 (compared with Q1 FY15 figures)

- Revenue at Rs. 13,885 million vs. Rs. 11,773 million in Q1 FY15; 18% growth YoY driven by strong volume growth. Growth in domestic sales is 35.6% YoY.
- Operational EBITDA up by 32% at Rs. 3,598 million vs. Rs. 2,727 million in Q1 FY15. Operational EBITDA margin was higher at 25.9% (vs. 23.2% in Q1 FY15), mainly on account of higher vertical integration and larger share of innovative products.

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- Reported EBITDA up by 27% at Rs. 3,875 million vs. Rs. 3,049 million in Q1 FY15.
- Finance cost stood at Rs. 593 million, 17% lower YoY. The company has started availing benefits under the Gujarat textile policy, which has led to a reduction in interest expense.
- Depreciation was higher YoY at Rs. 793 million (vs. Rs. 686 million in Q1 FY15), mainly on account of the capitalisation of the vertical integration projects.
- Profit after Tax (after minorities and associates) stood at Rs. 1,632 million compared to the Q1 FY15 figure of Rs. 1,050 million, growth of 55% YoY.
- Net worth stands at Rs. 15,790 million as on 30th June 2015.
- At the end of the quarter, Gross debt stands at Rs. 30,217 million vs. Rs. 30,851 million at end-FY15 and gross long term debt stands at Rs. 19,363 million (vs. Rs. 20,817 million at end-FY15).
- Net debt stands at Rs. 24,880 million (vs. Rs. 26,094 million at end-FY15) implying a net debt/equity of 1.6x (vs. 1.8x at end-FY15).
- The Company continues to generate positive free cash flows during the quarter after meeting capex requirements on account of strong operating profits and working capital reduction.
- Net debt/ Operational EBITDA (annualised) as on 30th June 2015 stands at 1.7x vs. 2.0x at end-FY15.
- ROCE (pre-tax) as on 30th June 2015 stands at 25.8% vs. 22.8% in FY15 while ROE stands at 43.3% (vs. 42.5% in FY15).

Project Status

The capital expenditure is as per schedule; balance investment of around Rs. 11 billion is expected over the next 12-15 months. This capex will entail modernisation, automation and capacity enhancement for towels and sheets as well as routine maintenance at Anjar and Vapi, Gujarat.

Recent Awards & Recognitions

- Global Inclusion and Diversity Award for 2015 – JC Penney
- Golden Peacock Eco – Innovation Award for 2015

Management comments

Speaking about the performance, Mr. B.K. Goenka, Chairman, Welspun Group, said, “We continue to be a supplier of choice for our clients. Our ongoing initiatives with respect to own brands as well as innovative products have resulted in another strong quarter of operational and financial performance. We will keep striving to capitalise on newer opportunities, while continuing to build a sustainable and progressive community, thus delivering value to all our stakeholders.”

About Welspun India (www.welspunindia.com)

Welspun India Ltd, part of US$ 3 billion Welspun Group, is the largest home textile company in Asia and among the top 3 in the World. With a distribution network in more than 50 countries and world class 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, Costco, JCPenney, Target and Macy’s to name a few.
