

## **Merger of WGBL with WIL comes into effect; Textile Business consolidated under Welspun India Ltd.**

- ***High Court Approval received on November 26, 2012***
- ***Merger scheme becomes effective from December 7, 2012***
- ***Merger of WGBL with WIL consolidates Home Textiles business under a single umbrella***

**Mumbai, December 07, 2012:** Welspun India Ltd., (WIL) a part of the \$ 3.5 billion Welspun Group today announced that the merger scheme has come into effect. The consolidated results post merger, for FY 2012 have also been announced.

### ***Merger approved by High Court and becomes effective:***

The High Court of Gujarat at Ahmedabad by its order dated November 26, 2012 has approved the Scheme. The Order has been filed with the Registrar of Companies on December 7, 2012.

In a three step process, firstly WGBL has merged with WIL. WIL is issuing fresh equity shares to equity shareholders of WGBL, i.e. - shareholders of every 1 equity share in WGBL are being given 1 equity share of WIL, on record date. WIL which has 89.01 million shares outstanding, is issuing 10.47 million shares of Rs 10 each fully paid-up, and thereby shall have total of 99.48 million shares outstanding.

In step two, marketing business of WGBL has been hived-off from WIL via slump sale to its subsidiary Welspun Retail Ltd (WRL) for a consideration of redeemable preference shares equivalent to the book value of assets transferred.

Finally, Welspun Retail Ltd is being renamed as Welspun Global Brands Ltd to retain its marketing identity.

This process shall bring the entire manufacturing and marketing business under a single company. The appointed date for this merger is proposed to be 1st April 2011.

In the challenging global business environment, this restructuring shall enable the Textiles business to provide superior products and services to customers and also provide an opportunity to grow the market share in a much more profitable manner. This shall also enable to lower the administrative and other costs. With this scheme getting into effect the Company is on a profitable growth trajectory.

**WIL : Financial Summary of FY12**

*(Figures in Rs. Million)*

| Particulars                                       | Standalone<br>FY12 | Consolidated<br>FY12 |
|---------------------------------------------------|--------------------|----------------------|
| <b>Total income from operations</b>               | <b>25,905</b>      | <b>32,194</b>        |
| <b>EBITDA</b>                                     | <b>4,877</b>       | <b>4,122</b>         |
| Interest                                          | 1,439              | 1,918                |
| Depreciation                                      | 1,187              | 1,378                |
| <b>Profit before Tax before Exceptional Items</b> | <b>2,251</b>       | <b>826</b>           |
| Exceptional items (Gain)/Loss                     | 82                 | 795                  |
| Net profit/loss after tax                         | 1,171              | (134)                |
| <b>Cash PAT</b>                                   | <b>2,642</b>       | <b>979</b>           |

Consolidated results represent the effect of merger as per scheme, which has the impact of one time exceptional items. The marketing and retail operations were affected by difficult business environment and witnessed high cost, low margins resulting in losses across geographies. These marketing setups under WIL, WRL, WGBL in USA, UK, Portugal and Mexico had incurred losses and required one-time write-offs of Rs 795 million in FY12.

During the first half of FY13 WIL and WGBL have performed well and have reported strong profitability, as presented below:

**Textiles Business (WIL + WGBL) performance in H1 FY13**

*(Figures in Rs. Million)*

| Particulars #          | H1 FY13      | H1 FY12      | Change %    |
|------------------------|--------------|--------------|-------------|
| <b>Reported EBITDA</b> | <b>3,500</b> | <b>2,392</b> | <b>46%</b>  |
| <b>PAT</b>             | <b>1,096</b> | <b>427</b>   | <b>156%</b> |
| <b>Cash PAT</b>        | <b>1,772</b> | <b>1,334</b> | <b>33%</b>  |

# Management Consolidation of profit numbers for WIL and WGBL, not audited

**Management comments**

Speaking on the occasion, Mr. Rajesh Mandawewala, Managing Director, Welspun India Ltd., said, “This is a major milestone for the Textiles Business, as overall efficiencies shall provide a much stronger platform for a profitable growth ahead. After having factored all the one-time closure cost in FY2012, the Company now has a much leaner business set-up in line with customer requirement. The efforts in this direction have already provided a much stronger performance in H1 FY2013 results declared earlier. From here onwards, we look forward to a strong growth backed by high quality innovative products and superior services to our customers. This focused approach shall deliver better returns to the stakeholders”.



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

*Welspun India Ltd, part of US\$ 3.5 billion Welspun Group is one of 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, J C Penny, and Macy's to name a few.*

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