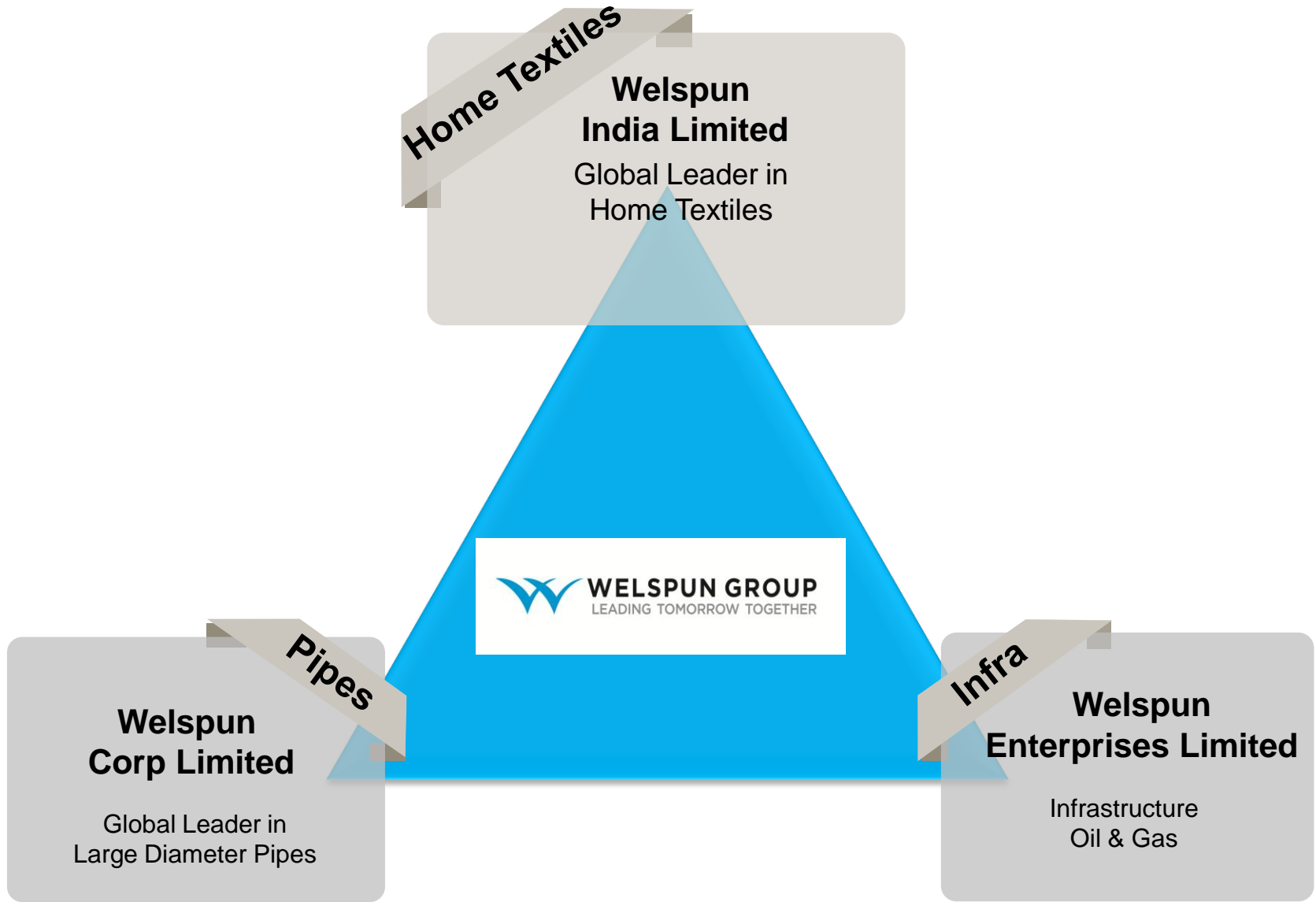


# INVESTOR PRESENTATION

## Q1 - FY17

July, 2016





Revenue : US\$ 2.3 Billion; Asset Base : US\$ 1.8 Billion; Employees: 25,000+

# AGENDA

- 1. Company Overview**
- 2. Industry Overview: Advantage India**
- 3. Welspun India: Global Leader in Home Textiles**
- 4. Q1 - FY17 Highlights**
  - **Ind-AS Impact**
- 5. Way forward**

# WIL - AN OVERVIEW

## Global Home Textiles Leader

- Among the top three home textile manufacturers in the world and the largest home textile company in Asia
- Leading Home Textile exporter to the US for four years in a row (2012-15)
- Distribution network in more than 50 countries
- Centered on excellence and transparency, has emerged as the trusted partner to 18 of Top 30 global retailers like Bed Bath and Beyond, Target, Macy's, Wal-Mart and JC Penney among others
- State-of-the-art manufacturing facilities at Anjar and Vapi (Gujarat)

## Commitment & Empowerment

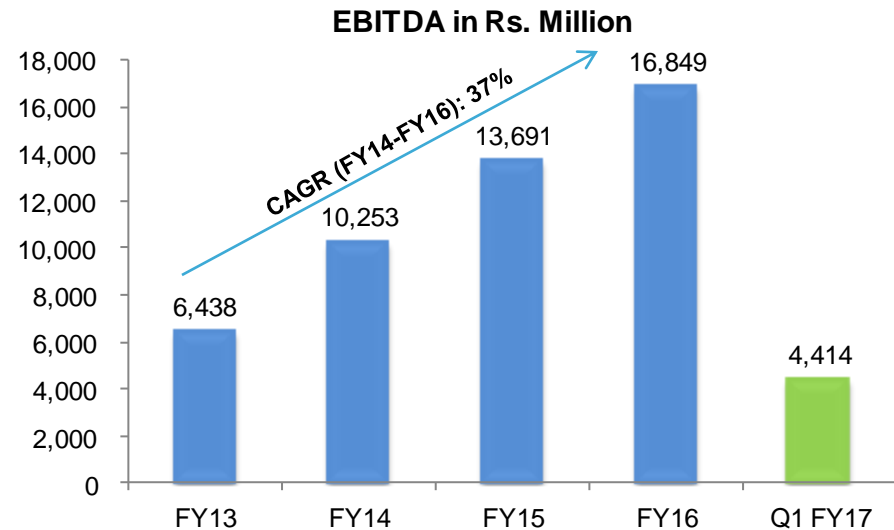
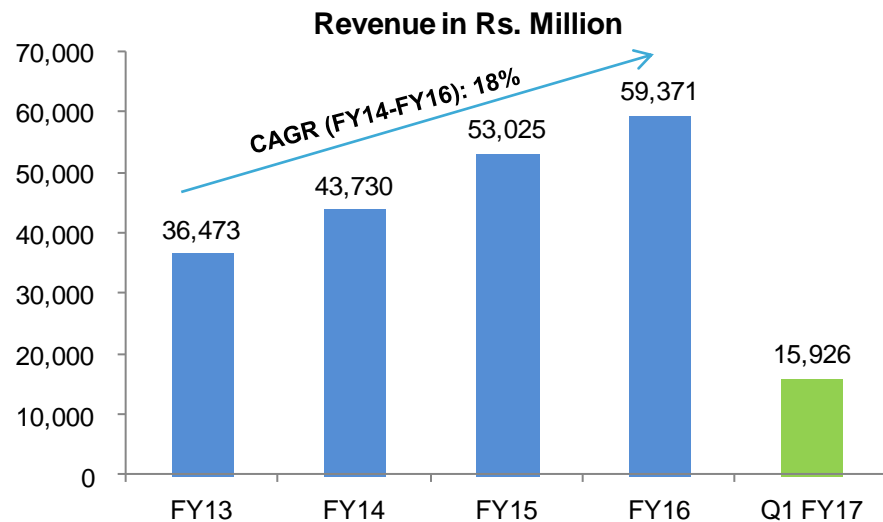
Creates opportunities for financial inclusion for women-through initiatives like Spun, Rags to Riches and Swasti

## Innovation & Brand Focus

Patents (Including Pending) : 26  
 34% of FY16 sales from innovative products  
 13% of FY16 sales from branded products



# FINANCIAL OVERVIEW



## Shareholding Pattern

Particulars	30-Jun-16	31-Mar-16
Promoters	73.5%	73.5%
FII's	13.6%	12.7%
Mutual Funds	2.2%	2.7%
Banks & Insurance Cos	0.5%	0.4%
Public	10.3%	10.7%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

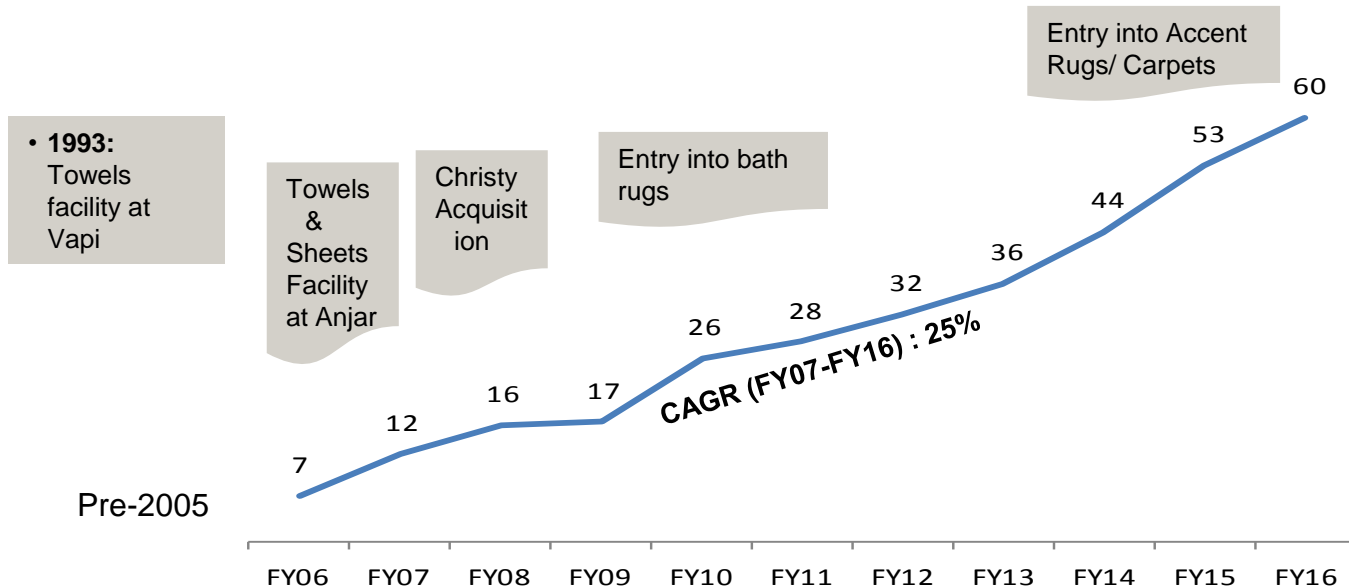
## Market Statistics

As on July 25, 2016	Rs.	USD
Price per share	108	1.6
No: of Shares Outstanding (Mn)	1,005	1,005
Market Capitalization (Mn)	108,912	1,633
Daily Average Trading Volumes (Q1FY17) - No. of shares in Mn	1.3	1.3
Daily Average Trading Value (Q1FY17) - Mn	128	1.9

**Note : All figures until FY15 are as per Indian GAAP and numbers for subsequent periods are as per Ind-AS**

# WIL - REVENUE MILESTONES

WIL Revenue in Rs. Billion



- Textiles business has been growing at a CAGR of 25% since the inception of the Anjar Facility
- Sustained growth indicates the potential of Home Textiles globally
- International operations majorly contribute to the revenue

# INDUSTRY OVERVIEW: ADVANTAGE INDIA



# GLOBAL HOME TEXTILE SCENARIO



## Market Size

- Home textile market at US\$45 bn
- Bath constitutes ~25%
- Bed constitutes ~35%

## Key Consumers

- US , Europe and Japan are the largest consumers
- Global demand equally split between US, Europe and Rest of the World

## Key Producers

- India, Pakistan and China are the largest producers; Account for 85% of cotton home textile trade to US
- India's market share is higher in cotton home textiles

# STRUCTURAL CHANGE: ASIAN DOMINANCE IN HOME TEXTILES



India has emerged as significant player in Home Textiles

# ADVANTAGE INDIA



- Largest producer of cotton
- 25% surplus available for export as cotton/yarn
- Exporter of yarn
- Competitive costs
- Robust ecosystem for textiles
- Democracy with stable government
- Better environmental and labor law compliance
- Huge domestic market potential

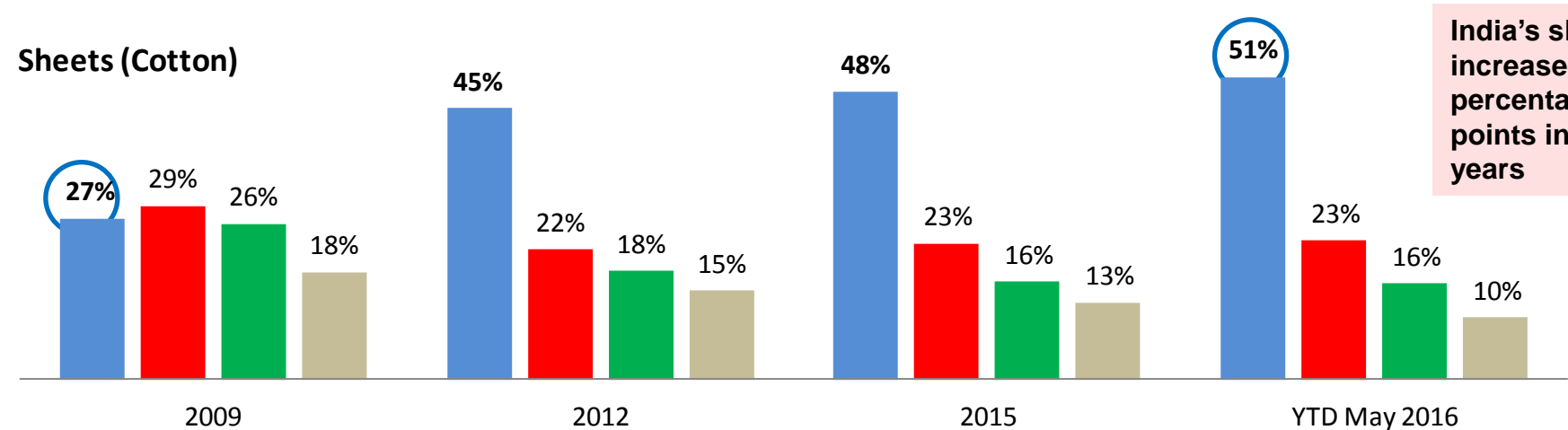
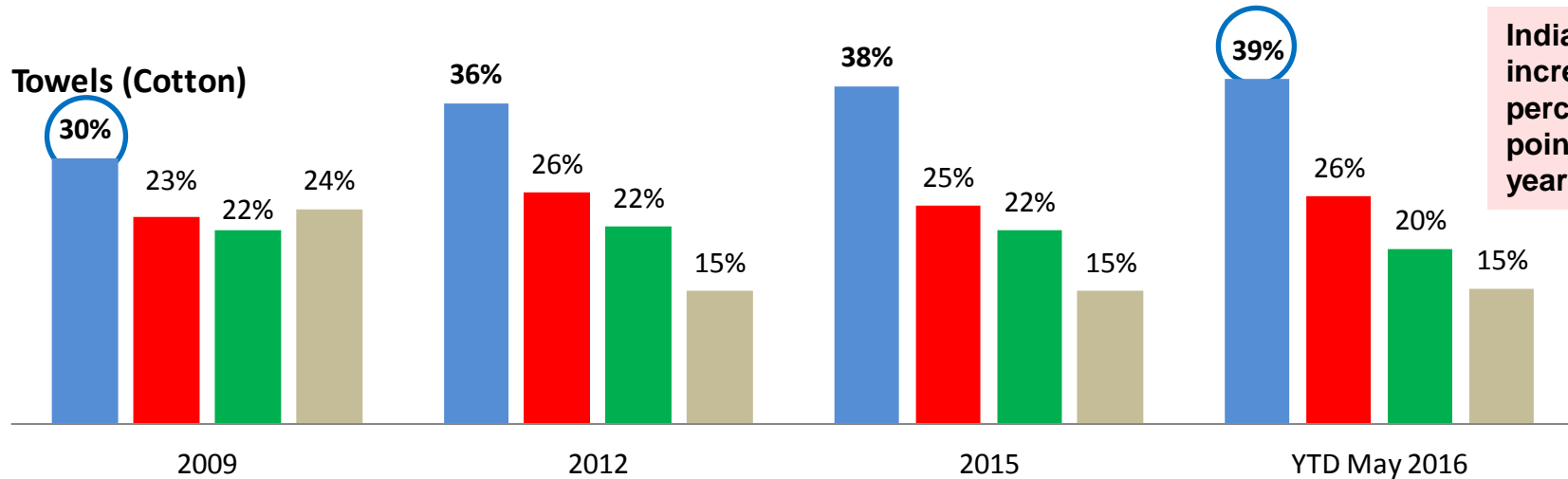


- Major importer of cotton and yarn
- Losing export Competitiveness
- Wage inflation
- Rising power costs
- Increasing costs for environmental compliance
- Focus on domestic consumption



- Cotton Importer
- Energy issues
- Geopolitical issues
- Compliance issues

# INDIAN PLAYERS GAINING PROMINENCE GLOBALLY



US market share. **Source:** Otexa

■ India ■ China ■ Pakistan ■ ROW

# WELSPUN INDIA



# LEADERSHIP: FOCUS AND EXCELLENCE



- A differentiated End-to-end Solutions Provider in Home Textiles
- Widest product range in the Home Textiles segment

Bath	Bedding	Flooring
Towels	Sheets	Carpets
Bath robes	TOB	Rugs
	Basic and Fashion Bedding	

- Uniquely positioned for cross-selling due to
  - Customer reach
  - Competitive manufacturing
  - Global delivery model
- Higher wallet share due to multi-product portfolio
- Strong track record of customer satisfaction and repeat business from them; 80% revenue from replenishment

Wide product range in Home textiles

# LEADERSHIP: STRATEGIC PARTNERSHIP WITH GLOBAL RETAIL GIANTS



- Bed Bath & Beyond
- Macy's
- J C Penney
- Target
- Kohl's
- Wal Mart
- Costco
- Home Depot
- ..... and many more



- Carrefour
- JYSK
- Auchan
- Kaufland
- Rusta
- ... and many more



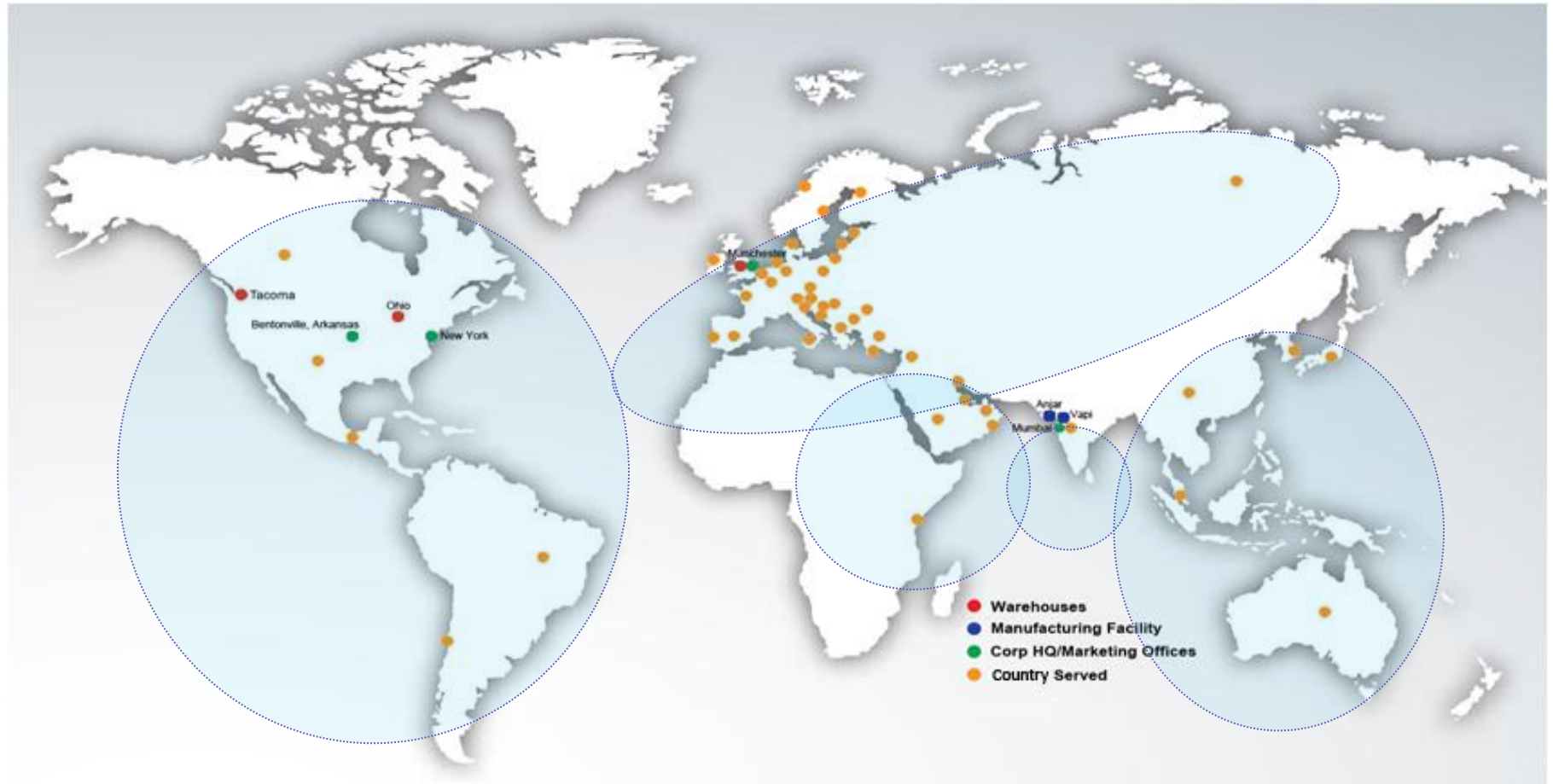
- ASDA
- Tesco
- Sainsbury
- John Lewis
- House of Fraser
- Debenhams
- ..... and many more



- Shopper's Stop
- Lifestyle
- HomeTown
- @Home
- ..... and many more

**Strategic Partnership with Marquee clients across geographies**

# LEADERSHIP: GLOBAL REACH & DELIVERY MODEL



Delivery & Reach in over 50 countries

# LEADERSHIP: SCALE

Product	Unit	End-FY16 Capacity	Sales volume FY16	Utilisation %	Expected Capacity FY17
Towels	MT	60,000	55,400	92%	72,000
Sheets	'000 Mtrs	72,000	66,500	92%	90,000
Rugs & Carpets	'000 Sq. mtrs.	8,000	6,100	76%	10,000

Capacities running close to full utilisation in towels and sheets



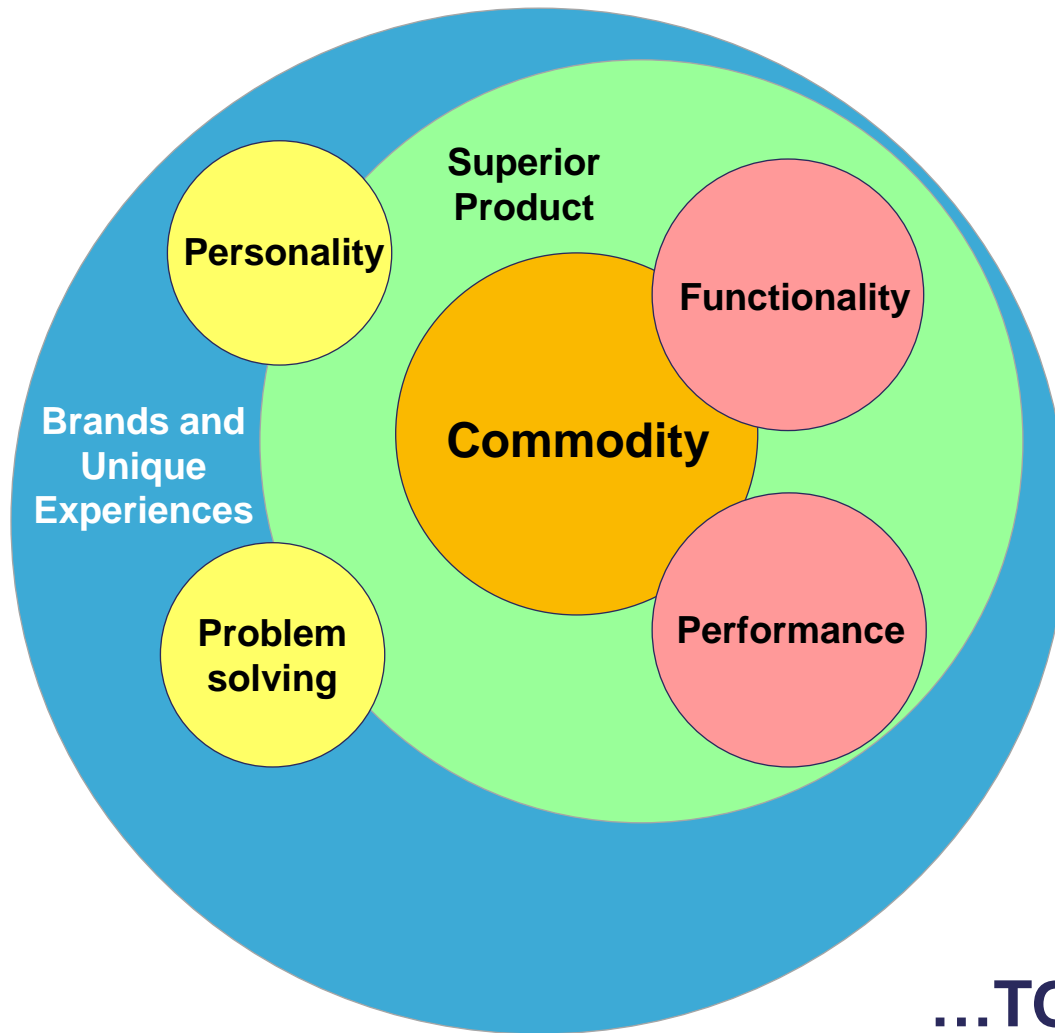
Investment of approx. Rs.8 bn expected in FY17 (including Q1FY17 capex of Rs. 1.4 bn)



Capacity growth to be achieved with minimal headcount increase

**High utilisation of world-class capacities**

# WELSPUN: BEYOND MANUFACTURING...



- Evolved from being a commodity manufacturer to a creator of unique customer experiences
- Experiences created through brands, product and technologies and new channels

...TO CUSTOMER CENTRIC

# DELIVERING UNIQUE EXPERIENCES....

## INNOVATION FOCUS

Consumer Needs

## BRAND AND DELIVERY FOCUS

### Continuous Idea Generation

- Welspun Innovation Lab
- Product Development

### Ensuring Credibility



### Innovation

- Innovation Partners
- Global patents: 26 (including pending)

CONSUMER INSIGHTS

### Ingredient /Technology



### Brands

#### Owned



#### Licensed

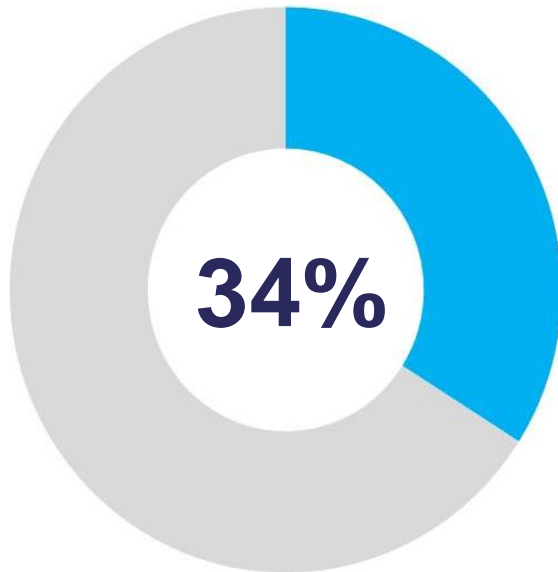


### Technology and Product Delivery

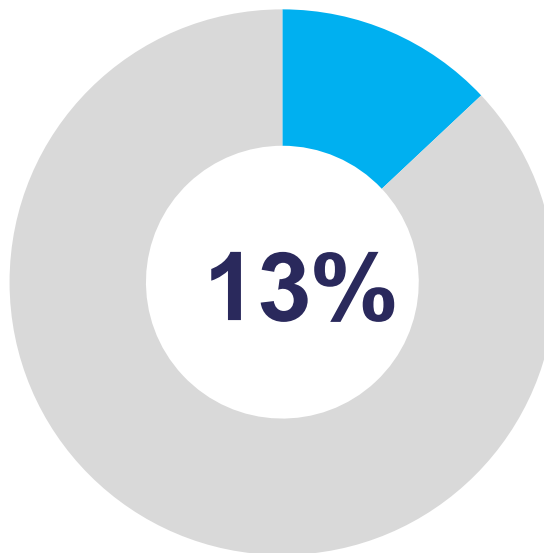
- B2C/ B2B Connect
- Data Analytics and VMI Support

## ....LEADING TO A UNIQUE REVENUE MIX

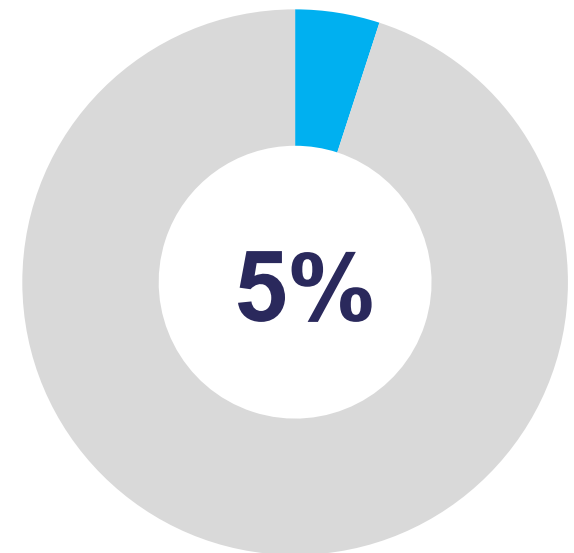
INCREASED SHARE OF  
INNOVATIVE PRODUCTS



INCREASED SHARE OF  
BRANDED PRODUCTS



INCREASED SHARE OF  
NEW CHANNELS



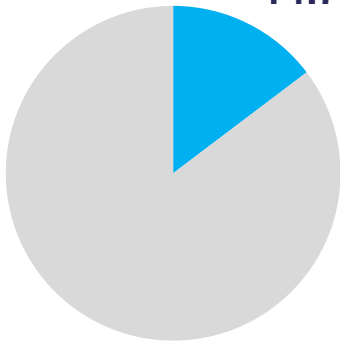
Note: Figures of FY16

# WELSPUN'S IMPROVED MARKET SHARE

**CY13**

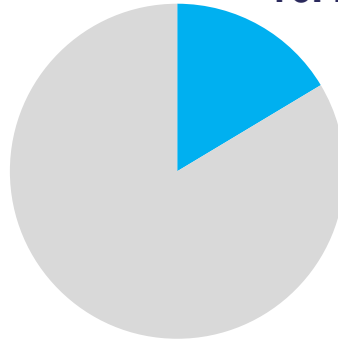
**Towels**

**14.7%**



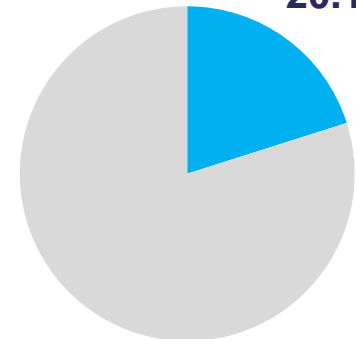
**CY14**

**16.4%**



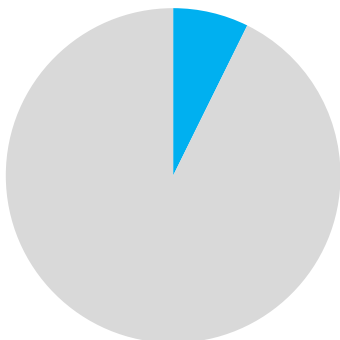
**CY15**

**20.1%**



**Bed Linen**

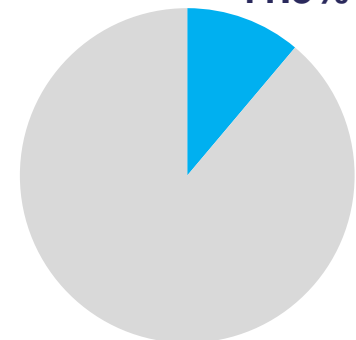
**7.3%**



**9.9%**



**11.3%**



# BRANDING OUR INNOVATION



*regulates temperature for individual comfort*



*before washing*



*after 3 washings*



- Launched nation-wide campaign in the US in FY16 to introduce patented Hygro cotton® technology to consumers
- First ever such campaign in textiles in the past 15 years

# FOCUS 2016 - INCLUSIVE GROWTH

## Virtuous Cycle of Social Development at Welspun

- Sustainability Focus
- Need based Health Camps
- Mobile Medical Vans



- Quality Education at Govt. Schools
- Adult Literacy Education for women

- Natural/ Recycled Products
- Over 300K Trees Planted
- Rain Water Harvesting
- Bio gas plant

- Vocational Training for women and youth
- Employability

# FOCUS 2016 - INCLUSIVE GROWTH (Contd.)

**Girls Hostel**



**Vocational Centers for SPUN**



**Skill Development**



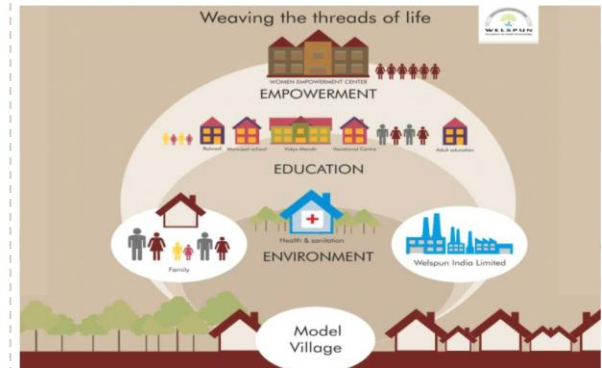
**Global Women Economic Empowerment Initiative**



**Education: Students and Govt. Schools Covered**



**Smart Village**



# Q1 FY17 HIGHLIGHTS



# KEY HIGHLIGHTS - Q1 FY17

**Sales growth at 14.3%**

**Operating EBITDA  
margin up 19 bps  
to 26.5%**

**PAT crosses Rs. 2 bn  
milestone**

**Net Debt to Equity at 1.2x  
(Vs 1.3x at FY16 –end)**

**Net debt to  
Op.EBITDA at 1.5x  
(Vs 1.6x at FY16-end)**

**ROCE (pre-tax) at 25%;  
ROE at 39%**

**Innovative sales  
share at 35%**

**Wimbledon campaign  
witnessed strong traction  
in UK and India**

**Branded sales share  
at 14%**

# FINANCIAL PERFORMANCE – Q1 FY17

(Rs. Million)

Particulars	Q1FY17	Q1FY16	YoY	Q4FY16	QoQ
Revenue	15,926	13,931	14.3%	16,294	-2.3%
Operating EBITDA	4,225	3,669	15.1%	4,326	-2.3%
<b>Op. EBITDA Margin</b>	<b>26.5%</b>	<b>26.3%</b>	<b>19 bps</b>	<b>26.6%</b>	<b>-2 bps</b>
EBITDA	4,414	3,955	11.6%	4,603	-4.1%
EBITDA Margin	27.7%	28.4%	-68 bps	28.3%	-54 bps
Finance Cost	353	593	-40.5%	668	-47.2%
Depreciation	1,121	785	42.9%	1,036	8.2%
PBT	2,940	2,577	14.1%	2,900	1.4%
<b>PAT after min. &amp; assoc.</b>	<b>2,018</b>	<b>1,830</b>	<b>10.3%</b>	<b>1,994</b>	<b>1.2%</b>
PAT Margin	12.7%	13.1%	-46 bps	12.2%	44 bps
Cash Profit*	3,277	2,640	24.1%	3,223	1.7%
<b>EPS</b>	<b>2.0</b>	<b>1.8</b>	<b>10.3%</b>	<b>2.0</b>	<b>1.2%</b>

Revenue Growth at 14.3% ; Cash Profit Growth at 24% YoY

\* PBDT - Current Tax #Adjusted for stock split

# PROFITABILITY TREND

(Rs. Million)

Particulars	FY14	FY15	FY16	Q1 FY17
<b>Revenue</b>	<b>43,730</b>	<b>53,025</b>	<b>59,371</b>	<b>15,926</b>
<i>Revenue growth %</i>	19.9%	21.3%	12.0%	14.3%
<b>Operating EBITDA</b>	<b>9,211</b>	<b>12,742</b>	<b>15,899</b>	<b>4,225</b>
<i>Op EBITDA Margin</i>	21.1%	24.0%	26.8%	26.5%
<b>EBITDA</b>	<b>10,253</b>	<b>13,691</b>	<b>16,849</b>	<b>4,414</b>
<i>EBITDA Margin</i>	23.4%	25.8%	28.4%	27.7%
Depreciation	1,903	3,329	3,718	1,121
Finance cost	2,352	2,829	2,368	353
<b>PBT</b>	<b>5,997</b>	<b>7,533</b>	<b>10,763</b>	<b>2,940</b>
<b>PAT after min. &amp; assoc.</b>	<b>4,195</b>	<b>5,398</b>	<b>7,400</b>	<b>2,018</b>
<i>PAT Margin</i>	9.6%	10.2%	12.5%	12.7%
Cash Profit	6,237	9,017	11,840	3,277
<b>EPS</b>	<b>4.2</b>	<b>5.4</b>	<b>7.4</b>	<b>2.0</b>

## Consistent Operating Margins

- Notes:** 1. Cash Profit = PBDT - Current Tax    2. FY14 PAT and EPS are adjusted for one-time additional depreciation net of tax  
 3. Q1FY17 EPS not annualised

# BALANCE SHEET TREND

(Rs. Million)

Particulars	31-Mar-14	31-Mar-15	31-Mar-16	30-Jun-16
Net Worth	11,097	14,318	19,739	21,638
Short Term Loans	11,349	10,034	7,716	11,393
Long Term Loans	18,944	20,817	18,945	19,518
<b>Gross Debt</b>	<b>30,293</b>	<b>30,851</b>	<b>26,661</b>	<b>30,911</b>
Cash & Cash Equiv.	3,658	4,297	1,386	5,180
<b>Net Debt</b>	<b>26,635</b>	<b>26,554</b>	<b>25,275</b>	<b>25,731</b>
Capital Employed#	43,694	45,451	47,936	52,081
Net Fixed Assets (incl CWIP)	25,609	26,049	33,508	33,751
Net Current Assets*	12,140	13,155	10,726	13,476
Total Assets	51,684	56,953	61,462	66,001

**Net debt maintained**

# Capital Employed = Total assets - Current liabilities (excl short-term debt and long-term debt repayable in one year)

\* Net Current Assets does not include Cash & Cash Equivalents

# FINANCIAL RATIO TREND

		FY14	FY15	FY16	Q1 FY17*
Solvency ratios	Net debt/Op. EBITDA	2.89	2.08	1.59	1.52
	Net debt/Equity	2.40	1.85	1.28	1.19
	EBIT/Interest	3.55	3.66	5.55	9.34
Operational ratios	Current Ratio	1.07	1.10	1.15	1.26
	Fixed Asset turnover	1.71	2.04	1.77	1.89
	Total Asset turnover	0.85	0.93	0.97	0.97
	Inventory days	84	76	69	64
	Debtor days	34	31	36	34
	Payable days	51	48	62	45
	Cash conversion cycle	67	59	43	53
Return ratios	ROE	40.0%	42.5%	43.5%	39.0%
	ROCE (pre-tax)	21.9%	22.8%	27.4%	25.3%

**Continuous improvement in Net Debt/Equity and Net Debt/Op. EBITDA**

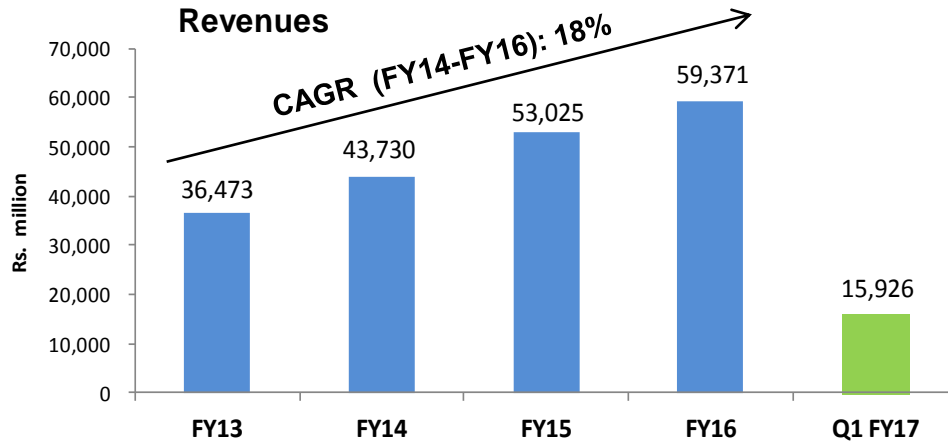
**Notes:** 1. ROCE = EBIT / Average Capital Employed; ROE = Net Profit / Average Net worth

2. Total asset turnover = Sales/ (Fixed assets + Gross current assets)

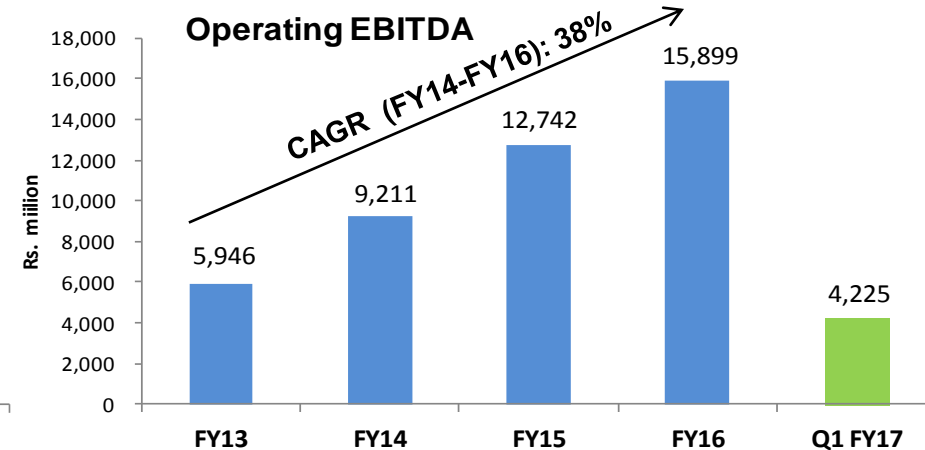
\* P&L figures are annualized.

# KEY FINANCIAL TRENDS

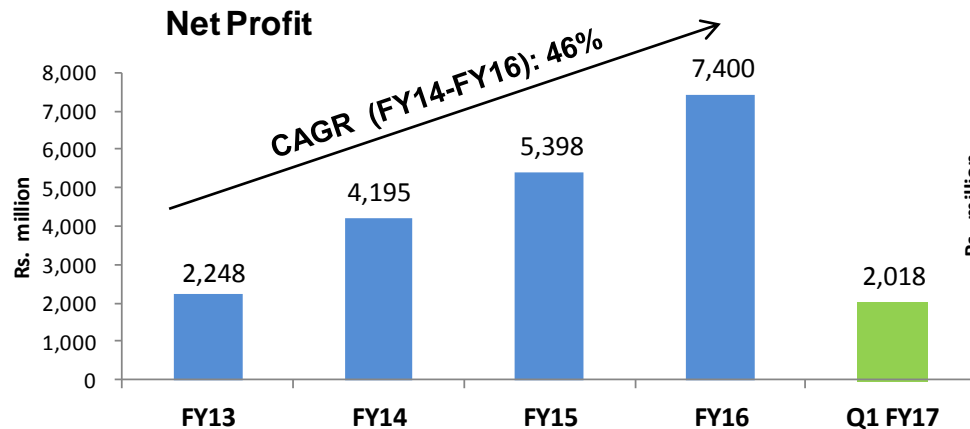
## Revenues



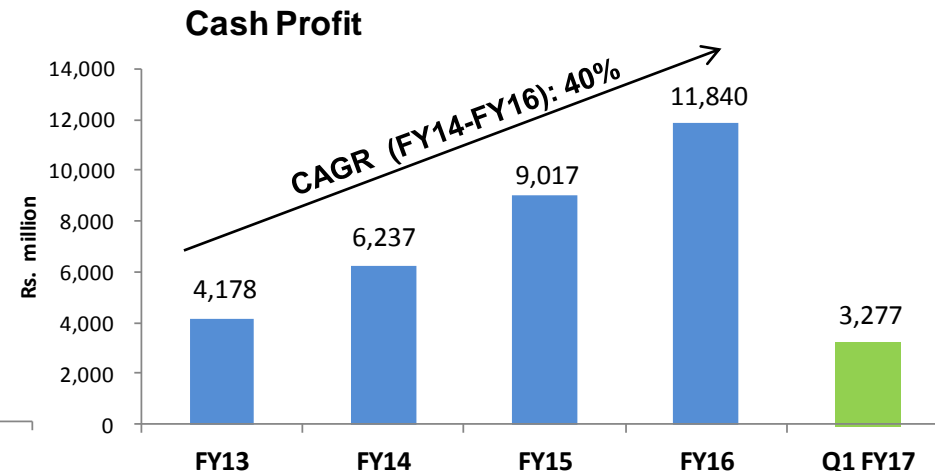
## Operating EBITDA



## Net Profit

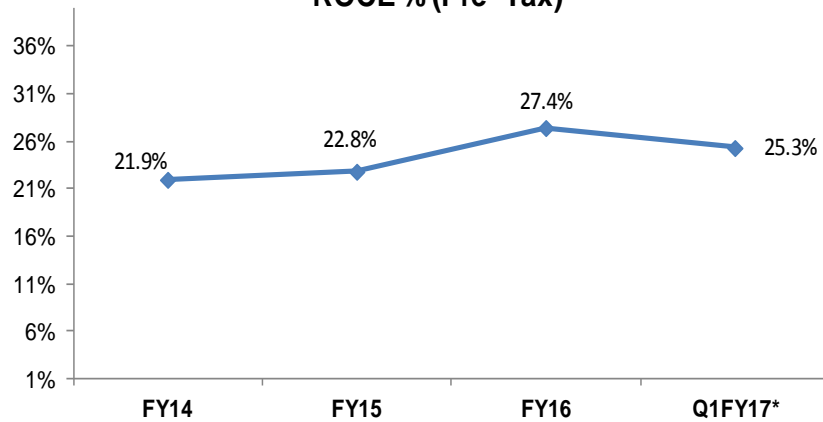


## Cash Profit

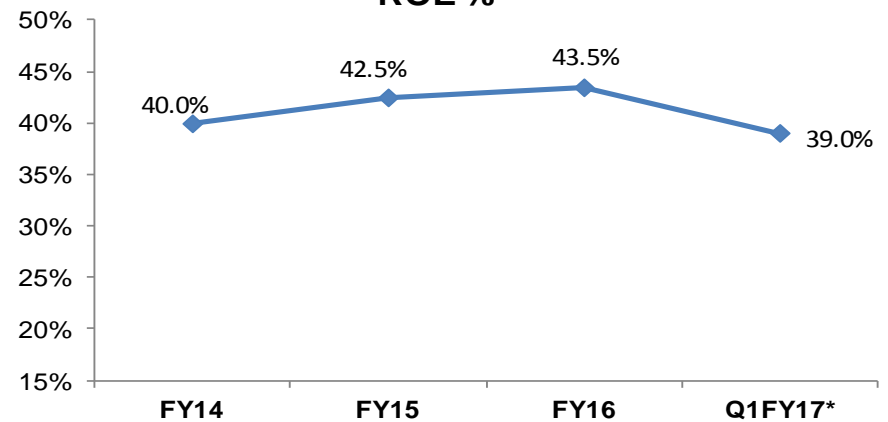


# KEY RATIO TRENDS

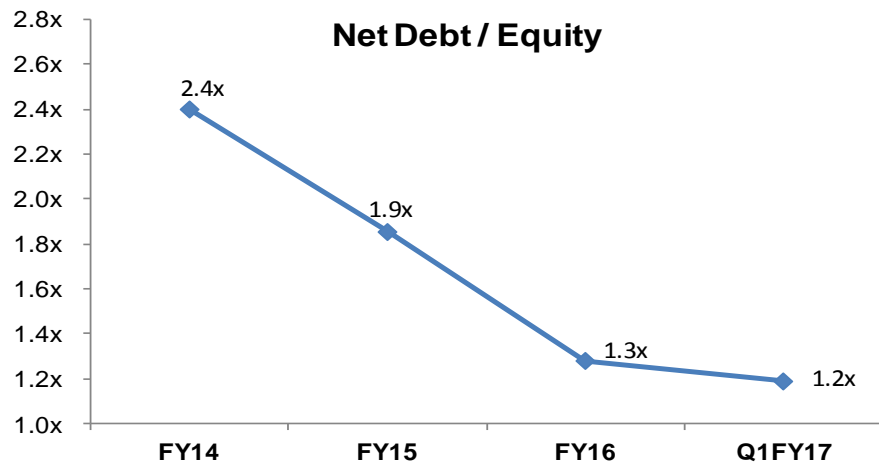
**ROCE % (Pre- Tax)**



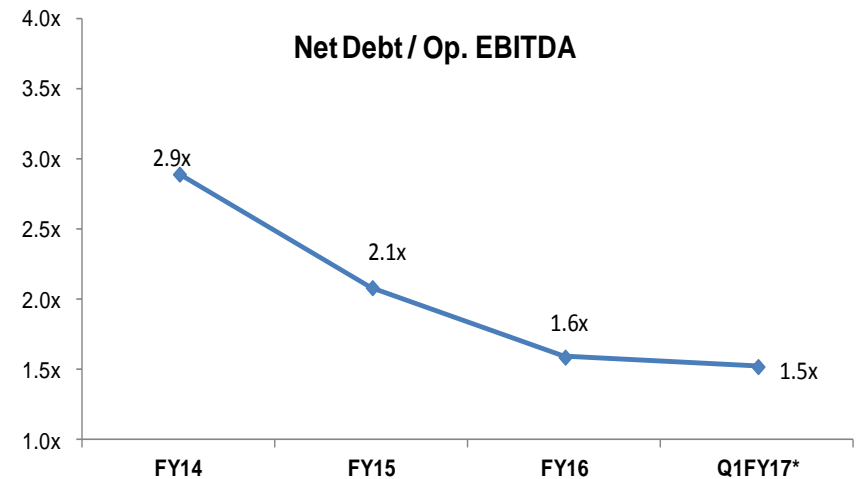
**ROE %**



**Net Debt / Equity**



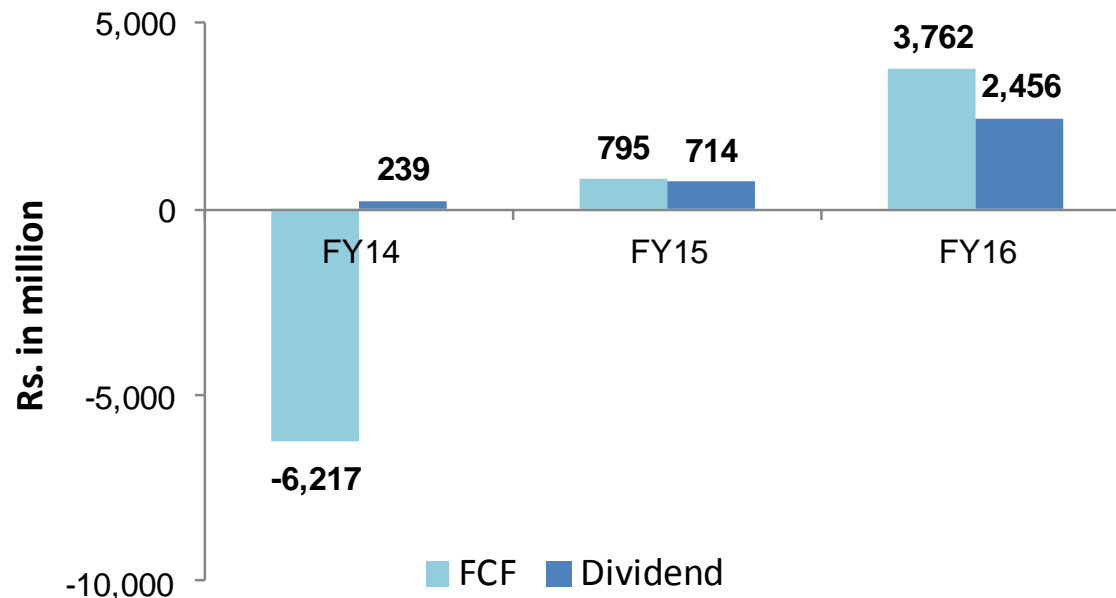
**Net Debt / Op. EBITDA**



\* Annualised

# FOCUS ON FREE CASH FLOW

- Cash flow improvement through tight working capital management and calibrated capex
- FCF positive in the last two years



**Rs. 10 bn positive swing in FCF in two years**

# DIVIDEND POLICY

- **Clear, defined Dividend Distribution policy**
  - **25% of standalone PAT to be the total payout (incl. dividend tax)**

<b>Period</b>	<b>Standalone EPS</b>	<b>DPS</b>	<b>Dividend tax per share</b>	<b>Payout Percentage</b>
H1FY15	2.43	0.30	0.06	15%
H2FY15	2.66	0.75	0.15	34%
<b>FY15</b>	<b>5.09</b>	<b>1.05</b>	<b>0.21</b>	<b>25%</b>
H1FY16	3.15	0.65	0.13	25%
H2FY16	2.84	0.65	0.13	28%
<b>FY16</b>	<b>5.99</b>	<b>1.30</b>	<b>0.26</b>	<b>26%</b>

# Ind-AS Transition : Key Impacts

- Impact of Ind-AS on profitability mainly on two accounts
  - Effect of change in method of recognising grants
  - Deferred tax impact on Ind-AS adjustments

(Rs. Million)

Description	Q4FY16	Q1FY16	FY16
<b>Net profit as per Indian GAAP</b>	<b>1,968</b>	<b>1,650</b>	<b>7,153</b>
Add/(Less):			
Effect of change in method of recognising grants	89	87	353
Deferred Tax impact on Ind AS adjustments	(46)	111	(13)
Others	19	1	33
<b>Net profit as per Ind AS</b>	<b>2,029</b>	<b>1,849</b>	<b>7,525</b>

# WAY FORWARD



# SUSTAINABLE VALUE CREATION

## NEW CHANNELS



## NEW SEGMENTS



## NEW GEOGRAPHIES



## INNOVATION



## OPERATIONAL EXCELLENCE



## PERSONALIZED / CUSTOMIZED



## EXPANDED PRODUCT RANGE



# VISION 2020

## LEADING



Innovation

## TOMORROW



Leveraging technology

## TOGETHER



Inclusive growth



**SPACES**  
HOME & BEYOND



**WELHOME**  
BED | BATH | KIDS | LIVING

**KINGSLEY**  
HOME

Brands



People development



Collaboration

# VISION 2020

Revenue

**\$2 BN**

**WELSPUN2.0**

Net Debt

**NIL**

Innovative/Branded  
Share of Revenue

**50%**

Women  
employees

**20%**

Share of  
Domestic Revenue

**20%**

# THANK YOU

**For further details, please contact:**

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