

# Investor Presentation – Q3 FY16

February, 2016



**Textiles**

## Welspun India Limited

*#1 home textiles supplier to  
the US*

**Pipes**

## Welspun Corp Limited

*Global leader in large diameter  
pipes*



## Welspun Energy Limited

*India's largest solar Independent Power  
Producer*

**Energy**

## Welspun Enterprises Limited

*Oil & Gas  
Infrastructure*

**Oil & Gas**

**Revenue : US\$ 3 Billion ; Asset Base : US\$ 3.2 Billion**

# Agenda

- WIL – An Overview
- Industry Overview: Advantage India
- Welspun India: Global Leader in Home Textiles
- Q3FY16 Highlights
- Way forward

DARE TO RISK INNOVATION  
COLLABORATION INTEGRITY  
INCLUSIVE GROWTH TECHNOLOGY  
SPEED ADAPTABILITY  
CUSTOMER CENTRICITY

## WIL – An overview

### Global Home Textiles Leader

- A part of US\$ 3 billion Welspun Group, Welspun India Ltd. is 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 the third consecutive year
- With a distribution network in more than 50 countries, it is the largest exporter of home fashion products
- Centered on excellence and transparency, the company has emerged as a trusted partner to 14 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)

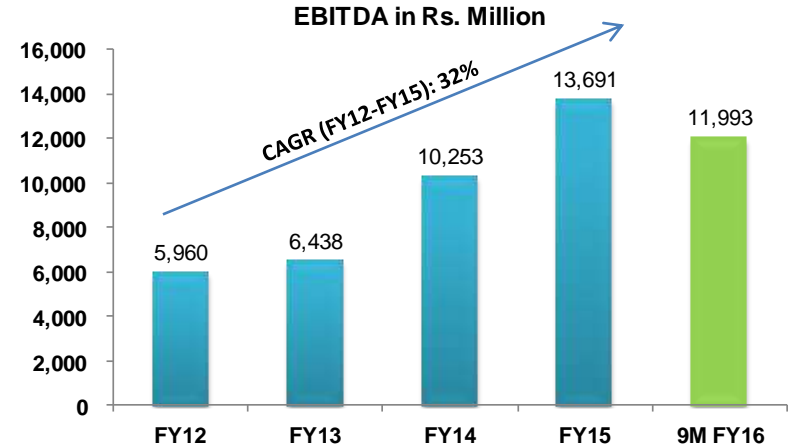
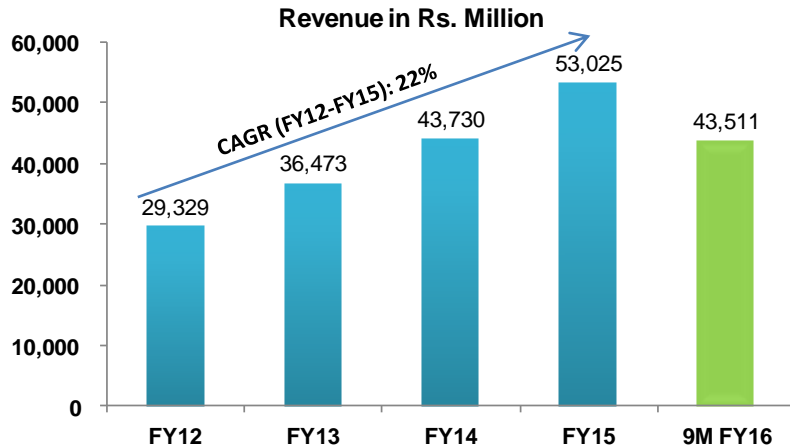
### Commitment & Empowerment

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

### Innovation Focus

- Patents (Including Pending) : 16
- About 30% of sales comes from innovative products

# Financial Overview



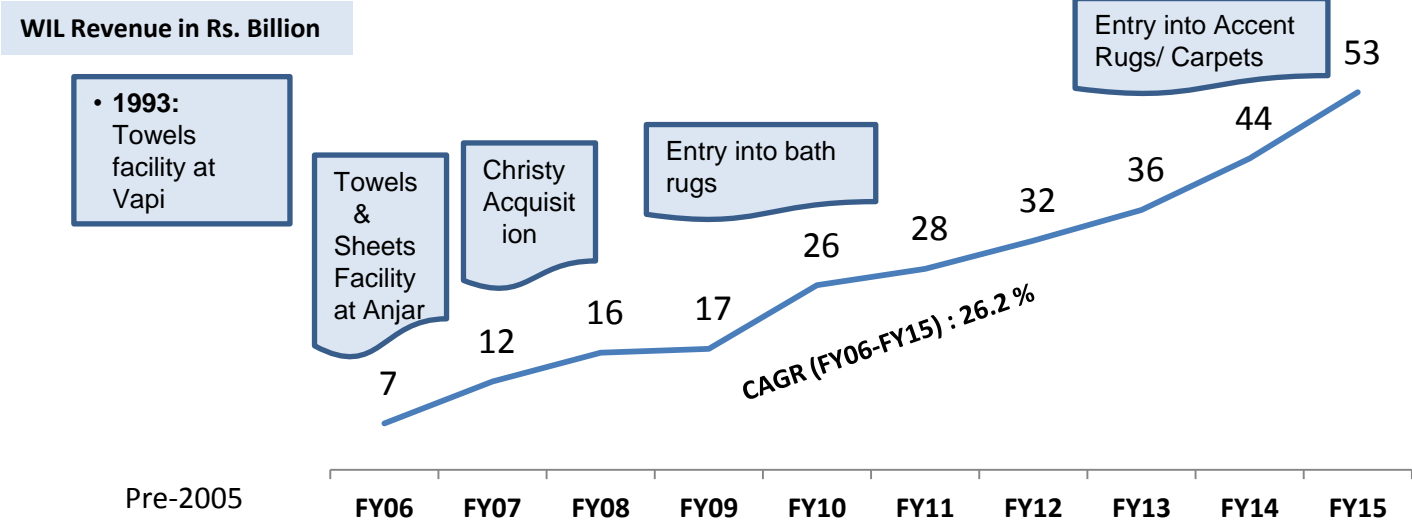
## Shareholding Pattern

Particulars	31-Dec-15	31-Mar-15
Promoters	73.5%	73.5%
Fills	9.4%	3.6%
Mutual Funds	4.1%	4.0%
Banks & Insurance Cos	1.0%	2.0%
Public	12.1%	16.9%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

## Market Statistics

As on Feb 01, 2016	Rs.	USD
Price per share	844	12.7
No: of Shares Outstanding (Mn)	100	100
Market Capitalization (Mn)	84,788	1,271
Daily Average Trading Volumes (Q3FY16) - No. of shares	228,400	228,400
Daily Average Trading Value (Q3FY16) - Mn	183	2.7

# WIL – Revenue Milestones



- Textiles business has been growing at a CAGR of 26.2% since the inception of the Anjar Facility
- Sustained growth indicates the potential of Home Textile in the world
- International operations majorly contribute to the revenue

A bedroom scene with a bed on a wooden deck overlooking a lake and a house. The bed has a dark headboard and a patterned duvet cover. The background shows a large house with a balcony, surrounded by trees and a lake. The sun is shining brightly, creating a lens flare effect.

# ***Industry Overview: Advantage India***

# Global Home Textile Scenario

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## *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
- Global market share: India 11%; China 35%
- India's market share is higher in cotton home textiles



# Structural Change: Asian Dominance in Home Textiles



<b>Textiles and Clothing</b> US\$797 bn	<ul style="list-style-type: none"> <li>• China : 37%</li> <li>• India : 5%</li> </ul>
<b>Textiles</b> US\$314 bn	<ul style="list-style-type: none"> <li>• China : 36%</li> <li>• India : 6%</li> </ul>
<b>Home textiles</b> US\$45 bn	<ul style="list-style-type: none"> <li>• China : 35%</li> <li>• India : 11%</li> </ul>
<b>US Cotton Home Textiles</b> US\$7.5 bn	<ul style="list-style-type: none"> <li>• China : 39%</li> <li>• India : 31%</li> </ul>

*India has emerged as significant player in Home Textiles*

# Structural Changes in favour of India



- Largest producer and 2nd largest exporter of cotton
- Exporter of yarn
- Competitive costs
- Robust ecosystem for textiles
- Democracy with stable government
- Better environmental and labor law compliance



- Major importer of cotton and yarn
- Losing export Competitiveness
- Wage inflation
- Rising power costs
- Stricter environmental compliance
- Focus on domestic consumption
- Yarn capacity closures

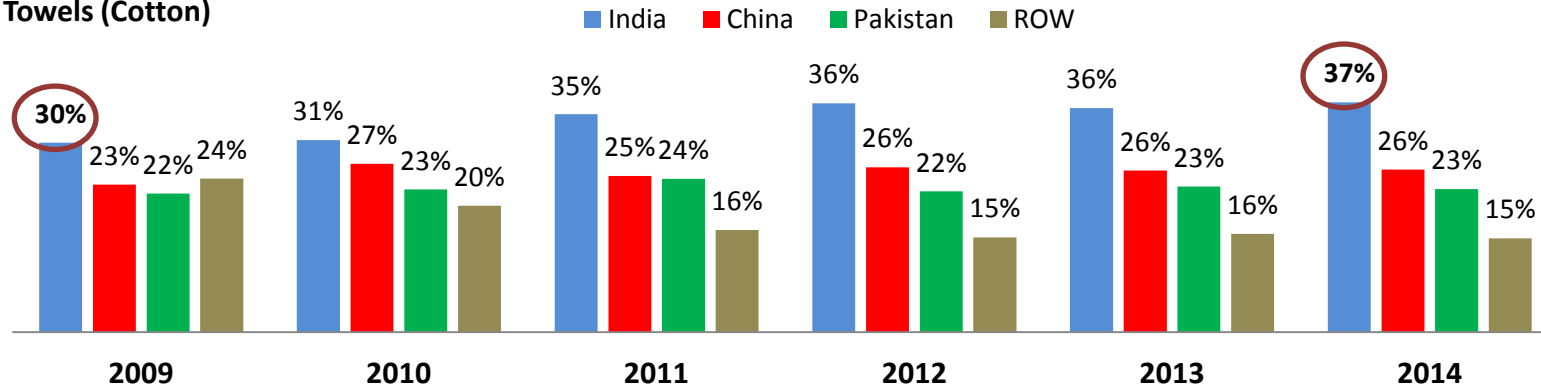


- Cotton Importer
- Energy issues
- Geopolitical issues
- Compliance issues

# Structural Change: Manifests in Higher Market share

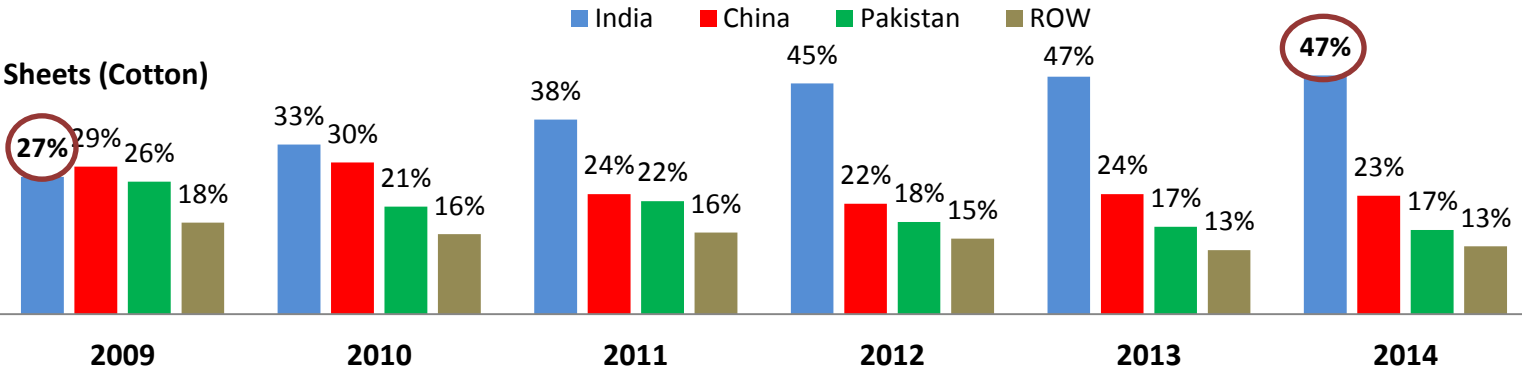
## US Imports from Various countries – Market share

### Towels (Cotton)



India's share increased by 7 percentage points in 5 years

### Sheets (Cotton)



India's share increased by 20 percentage points in 5 years

India's dominance is evident in cotton home textiles

A photograph of a bedroom with a light blue color scheme. A bed with white linens and a blue blanket is the central focus. To the left is a fireplace with a painting above it. To the right is a window with a lamp and a bedside table. The text 'Welspun India' is overlaid in the center.

***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 and Global delivery model empowering higher wallet share
- 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
- K Mart- Sears
- ..... and many more



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



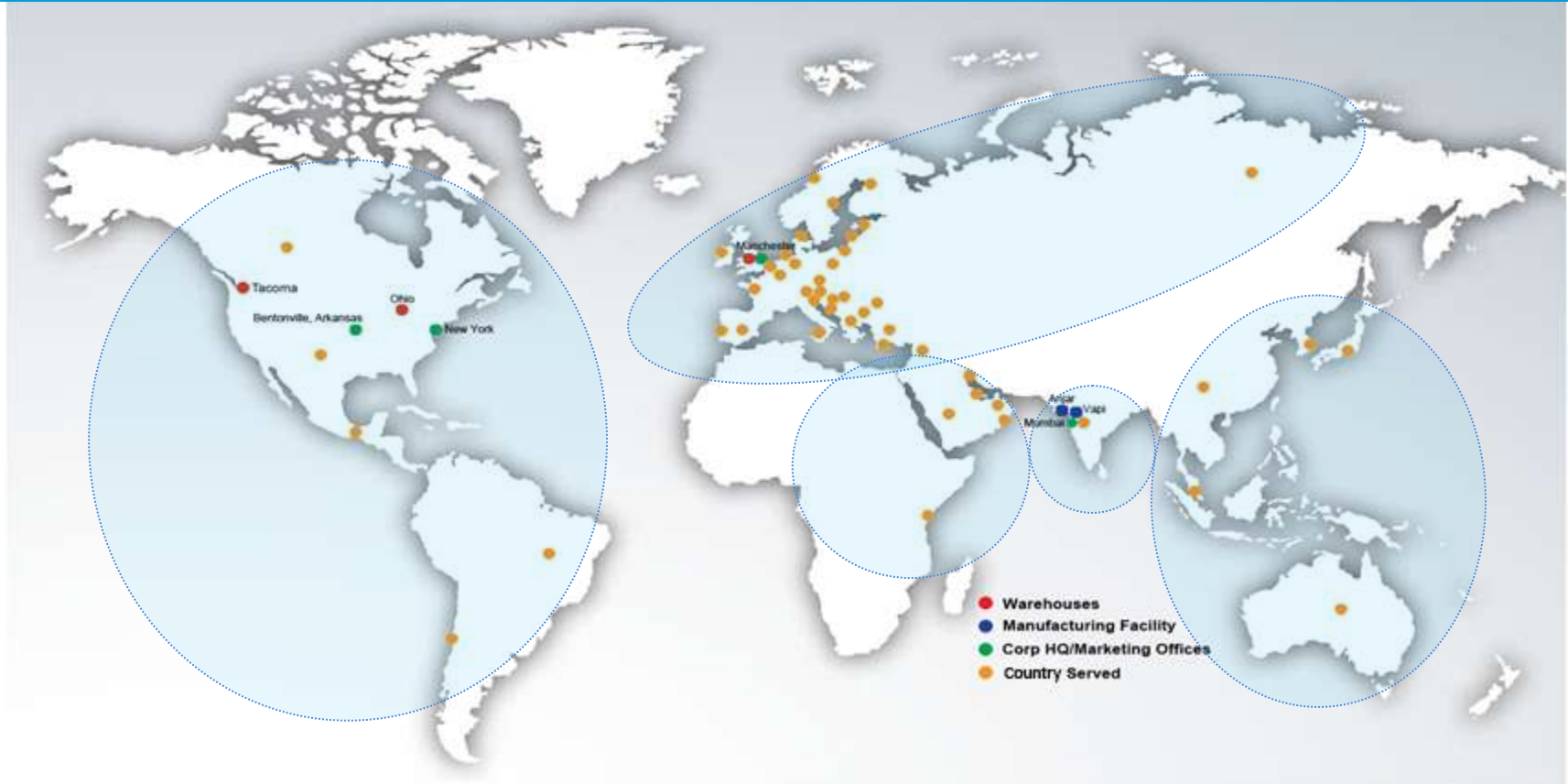
- Ikea
- Carrefour
- JYSK
- El Corte Ingles
- Vincenzo Zucchi S.p.A
- ... and many more



- ASDA
- Tesco
- Marks & Spencer
- Debenhams
- House of Frazer
- ..... and many more

*Strategic Partnership with Marquee clients across geographies*

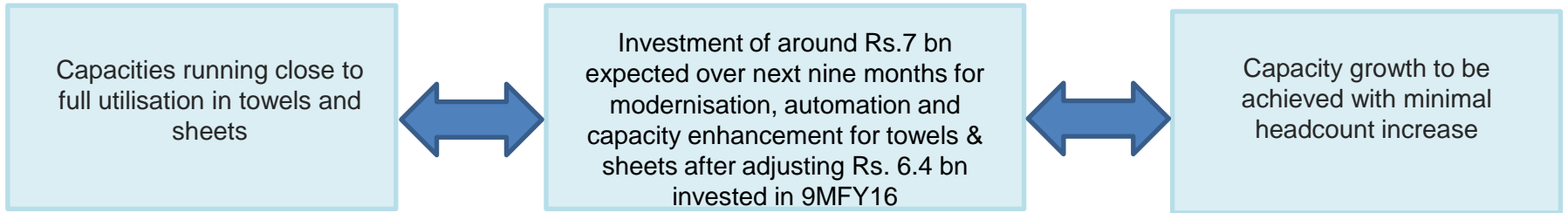
# Leadership: Global Reach & Delivery Model



*Delivery & Reach in over 50 countries*

# Leadership: Scale

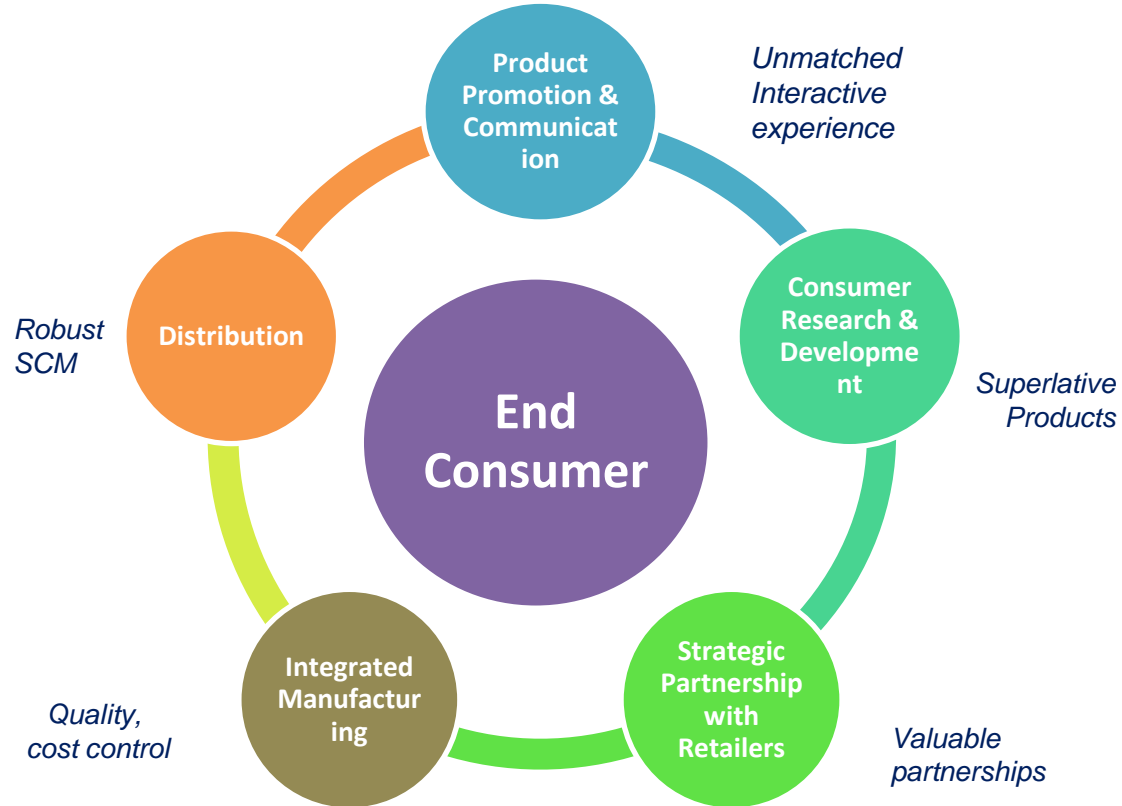
Product	Unit	FY15 Capacity	Sales volume	Utilisation %	Expected Capacity FY16
Towels	MT	50,000	50,852	102%	60,000
Sheets	'000 Mtrs	60,000	58,047	97%	72,000
Rugs & Carpets	MT	15,000	8,755	58%	20,000*



\* Expected in H1FY17



# Leadership: FMCG Approach – Consumer-Driven Innovation



## Today's Welspun: "FAST"

Fast

Quick  
response  
time  
(Speed to  
Market)

Affordable

Best cost  
structures for  
different price  
levels

Sustainability

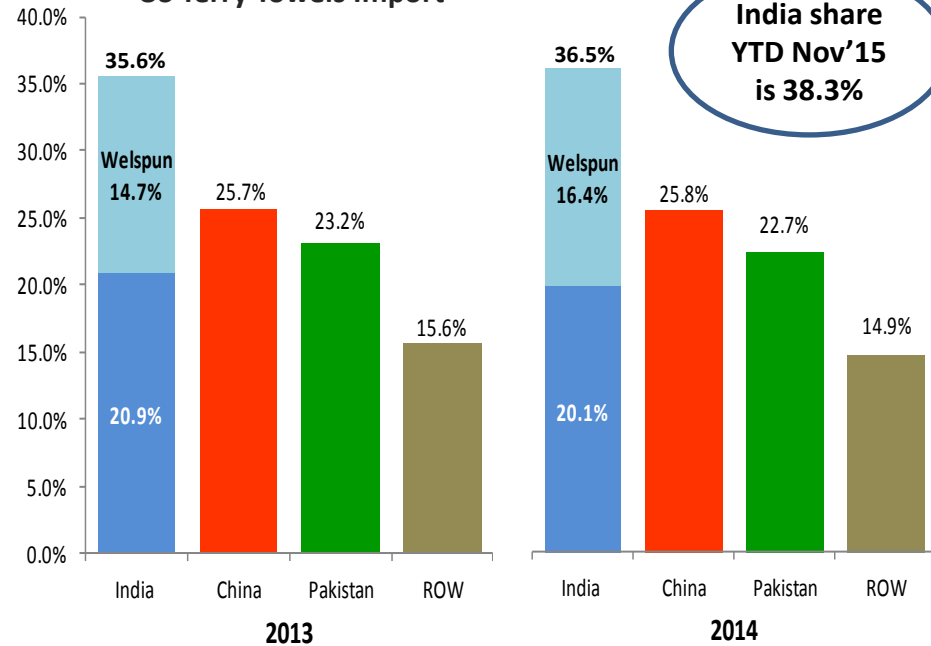
Caring for the  
environment  
and the  
community

Tech-oriented

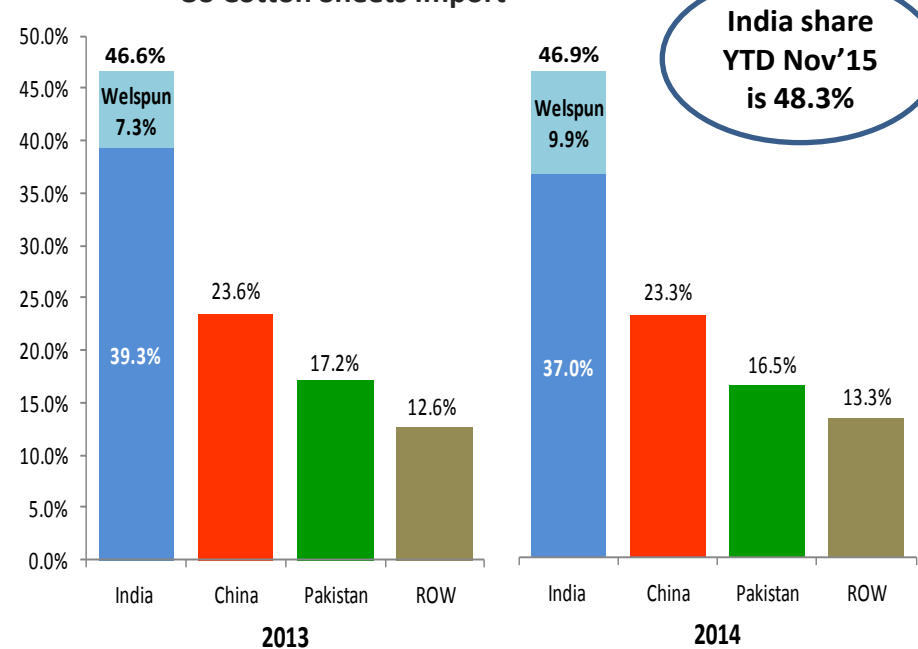
Technology  
leveraged  
across  
Products,  
Processes  
and Supply  
Chain

# “FAST” translating into Leadership Position

### US Terry Towels Import



### US Cotton Sheets Import



- Welspun’s share in US Terry Towels import has increased to 16.4% in 2014
- Welspun’s share in US Cotton Sheets import has increased to 9.9% in 2014

*Sustaining leading position in towels and sheets in the US*

# Value through Brands

## BRANDS



- Premium brand with presence in India
- Footprint of around 200 shop-in-shop outlets and distribution



- Value brand; presence in India via mass retailers; also growing via distributor network



- Largest terry towel brand in the UK with growing presence in China and the Middle East
- Present in over 40 retailers within UK
- Also present in USA and seeing aggressive growth in e-commerce



- Value brand in the UK with a focus on bedding
- Targetting the affordable fashion segment



- Patent 'Hygro Cotton' launched as a brand in Q3FY16
- Ingredient branding with retailer's brands

## Value through Brands (contd...)

# BRANDS



- Suppliers of the Wimbledon towels
- A souvenir that even the star tennis players covet



- License holder of the Rugby World Cup 2015 towels



- Licensed the Amy Butler range of home products for the US business with a special focus on e-commerce

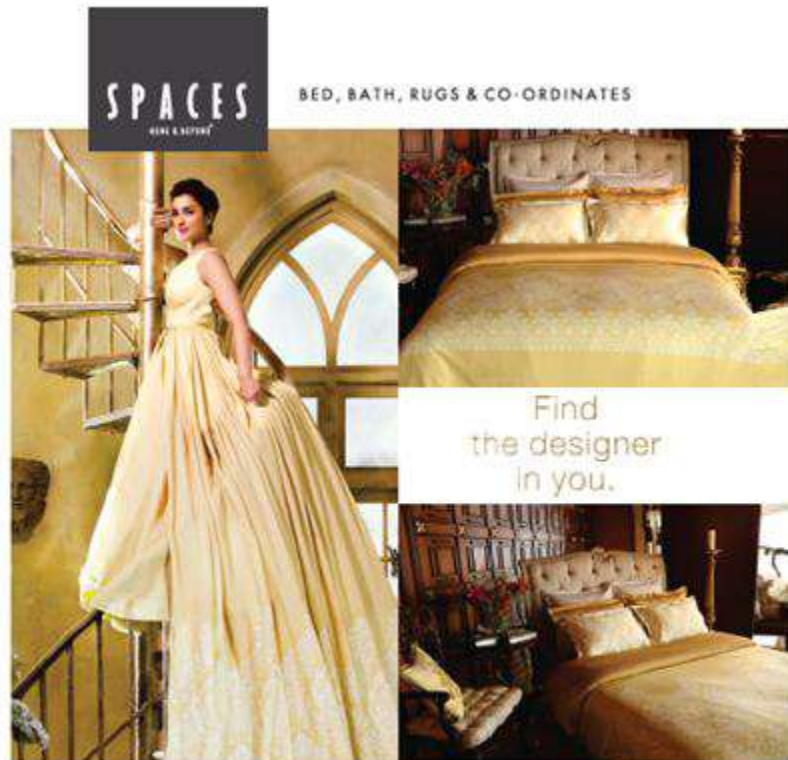


- Launched own brand of luxury linen in the US via e-commerce



- Licensed the Annie Phillip brand for floor coverings in US, UK and India

# Spaces Campaign



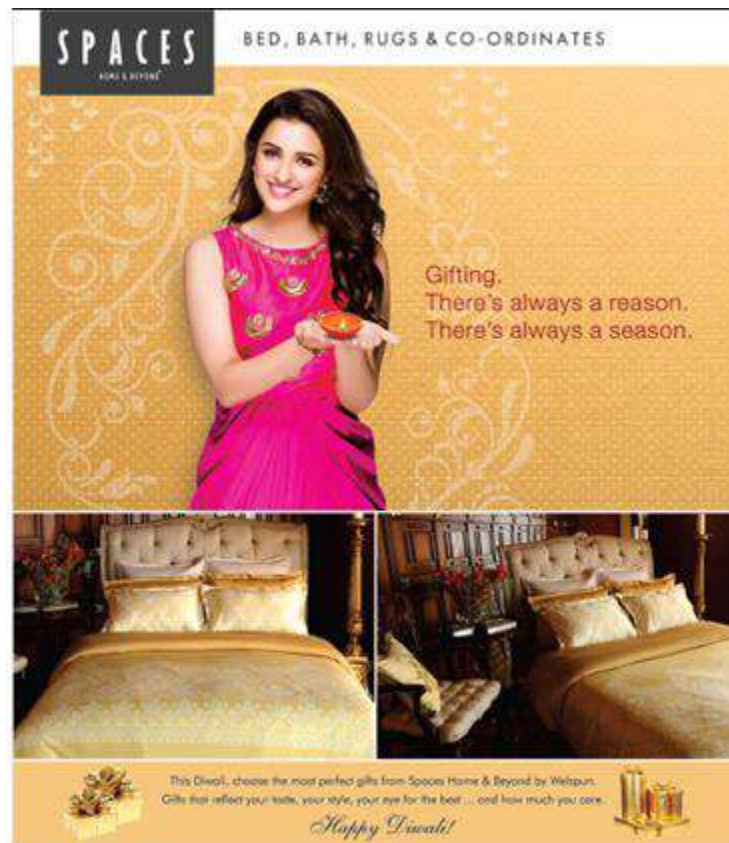
**SPACES**  
HOME & BEYOND

BED, BATH, RUGS & CO-ORDINATES

Find the designer in you.

Define your style. Follow your imagination. Create your own look.  
Spaces Home & Beyond by Welspun is all about self-expression.

Find your space.



**SPACES**  
HOME & BEYOND

BED, BATH, RUGS & CO-ORDINATES

Gifting.  
There's always a reason.  
There's always a season.

This Diwali, choose the most perfect gifts from Spaces Home & Beyond by Welspun. Gifts that reflect your taste, your style, your eye for the best ... and how much you care.

*Happy Diwali!*

Find your space.

# Branding our Innovation



Hygro Cotton® creates sheets that are alive with natural comfort.

-  **They breathe...**  
with unique 100% cotton hollow core yarn that allows more air inside... so you sleep more peacefully.
  -  **They adapt...**  
to changes in temperature to keep you cooler in summer and warmer in winter.
  -  **They astonish...**  
becoming softer and more comfortable wash after wash after wash.
- Exceeding expectations by actually getting better over time, no other sheets perform quite like these. Because no other cotton performs quite like Hygro.

Hygro Cotton is a registered trademark of Welspun.



WelspunComforts.com



Hygro Cotton® creates towels that are alive with natural comfort.

-  **They breakthrough...**  
with unique 100% cotton hollow core yarn that makes them more absorbent.
  -  **They beguile...**  
drying you quicker than you could ever imagine.
  -  **They bloom...**  
becoming softer and better wash after wash after wash.
- Exceeding expectations by actually getting better over time, no other towels perform quite like these. Because no other cotton performs quite like Hygro.

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WelspunComforts.com

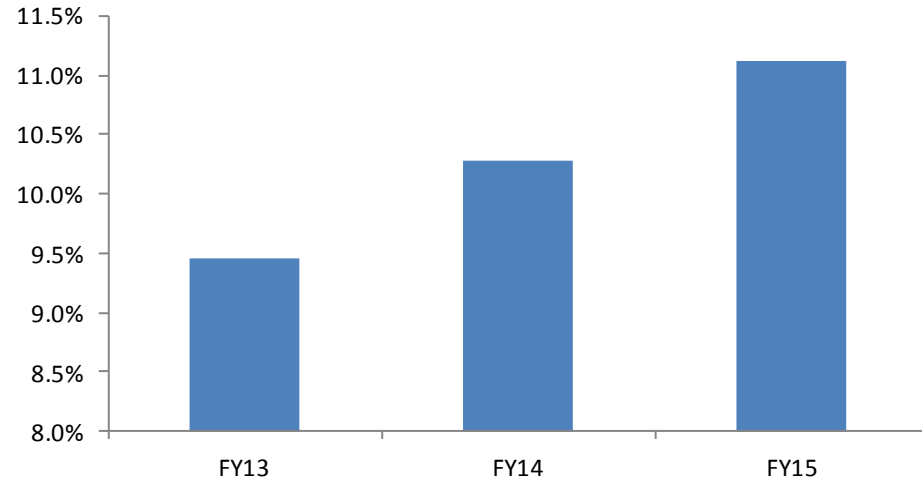


- Launched nation-wide campaign in the US in September 2015 to introduce patented Hygro Cotton® technology to consumers
- First ever such campaign in textiles in the past 15 years

# Value through Brands

- Strong growth expected in the branded category, especially in India
- Expansion of Christy into geographies such as USA, China and Middle East
- Increased penetration of **Spaces** and **Welhome** through shop-in-shop and e-commerce
  - Very low capex and risk
- Launched 'Hygro' as ingredient brand during Q3FY16
- India – Growth of branded products at ~40% CAGR over a period of 2 years
- Global – Growth of branded products currently at ~11% of consolidated sales

Branded sales as % of Total

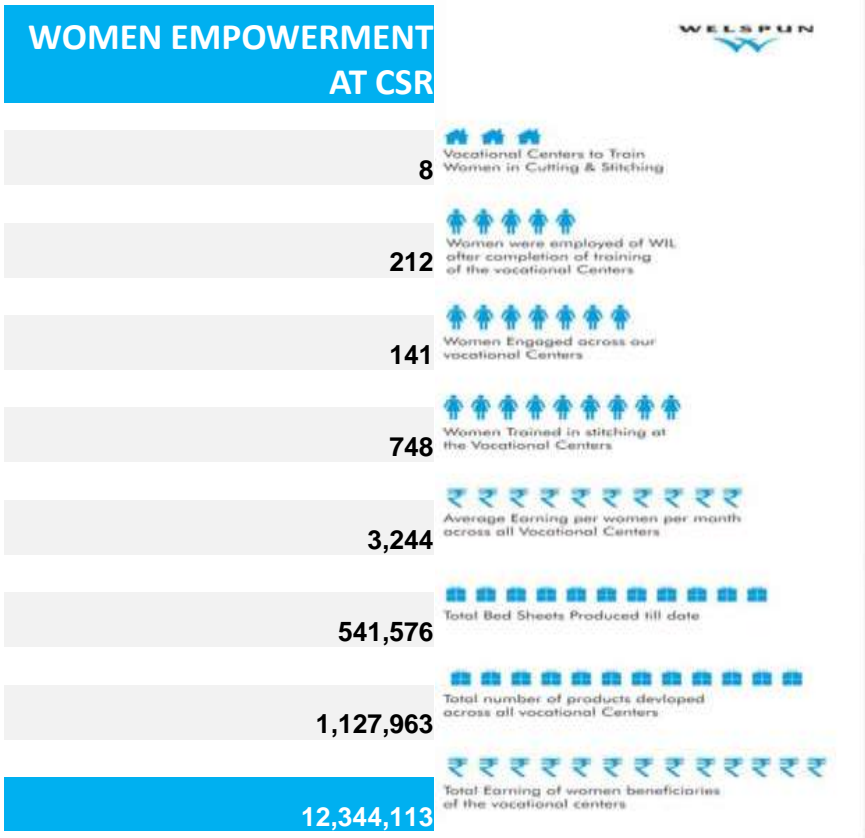


*Rising Share of Branded Products*



# CSV – Through 3E's

## Empowerment



# CSV – Through 3E’s – Launched Campaign for “SPUN”

*SPUN : Our Corporate Social Value initiative to Empower Women and Revive the crafts of our country*

Fabric scraps take on new life in our Spun™ Waste Not™ collection. What could have ended up in a land fill becomes a work of textile art in the hands of our master craftspeople.

**Bringing** opportunity to communities in need.

**Enabling** underprivileged women to become empowered.

**Protecting** and preserving the environment.

**Creating** beauty for our homes.

**Thinking** global.

**Acting** local.



*waste not™*  
think global, act local



**SPUN**

THINK GLOBAL CREATE LOCAL



# CSV – Through 3E's

## Environment & Health



**HEALTH CAMPS:** 10 camps on blood group detection, general health check up, diabetes detection, dental camps, etc. were conducted in 10 villages of Anjar



**SANITATION PROJECT:** 2,800 toilets constructed in 10 villages of Anjar



**MOBILE HEALTH VANS at Anjar & Mumbai:** Provide basic health facilities, awareness sessions in the underprivileged communities 20 Villages in Anjar, 9 communities in Mumbai



**PLANTATIONS:** 4,500 fruit and vegetable plantations done at 14 villages of Anjar  
**RO DRINKING WATER initiative at Vapi (5 nos) and Anjar (2 nos)**

## Education



**ADULT LITERACY PROGRAMME:** 4 classes were conducted consisting of a total of 75 women at Versamedi, Ratnal, and Ajapar villages since August 2014



**QUALITY EDUCATION PROGRAMME WITH 45 GOVT SCHOOLS IN ANJAR :** We recruited 62 Para –teachers

# SUSTAINABLE : Corporate Social Value (CSV) – 5E’s Vision for Smart Village

## 5 Es for a Smart Village

### Essential Infra

- PCC Roads, Side Walks, Upgraded Under ground Sewage lines, Un-Interrupted power supply, Street Lights, Adequate water supply, Public toilets, Entrance Gate, Sports field

### E – Connectivity

- 100% adults enrolled under Govt. Schemes, E-enabled Milk Bank, Wi-Fi enabled village, Personal Announcement System, E governance, Promote Cash less transactions.

### Empowerment

- Skill development centre, CSR centre, CCTV coverage for village, ATM

### Environment

- Green cover, 100% drip irrigation, Biogas plant, Shed for stray cattle, Solar powered street lights, RO drinking water, Develop lake as recreational area, Biogas from waste.

### Education

- Till Class X in Schools, Smart classes and CCTV in all classes, Wi-fi enabled school, Functional Library


*Swachh Welspun Abhiyan (Clean Welspun Movement) implemented across locations at Welspun.*

A modern bedroom interior with a bed, desk, and window. The room features a dark wood-paneled wall on the left, a white desk with a lamp, a bed with a striped blanket, and a window with a view of a city skyline. A small table with a chair is in the foreground, and a chair is on the right. The floor is light-colored wood.

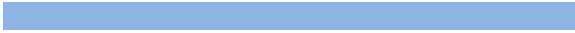
# ***Q3 FY16 Highlights***

## Key Highlights – Q3 FY16

Ranked **No:1 Home Textile Supplier to the US** for the fourth consecutive year by **HTT**



Crossed **Rs. 4 bn quarterly Operating EBITDA** milestone




**Domestic Retail Sales Growth of 52% YTD**




Launched **'Hygro Cotton'** as an ingredient brand



**Dipali Goenka** selected to the **Board of Directors of Social Accountability Accreditation Services (SAAS)**




Bestowed **'Exemplary Supply Chain and Speed Award'** by **Kohl's** and **'Best Innovation Award'** by **Wilkinson**



Board approves **stock split in 10:1 ratio**



**Net Debt to Equity at 1.4x** (vs. 1.8x at 31 March 2015);  
**Net debt to Oper. EBITDA at 1.75x** (vs. 2.0x )



**Positive free cash flows** in 9MFY16 after capex of **Rs. 6.4 bn**



## Financial performance – Q3 FY16 & 9M FY16

(Rs. Million)

Particulars	Q3FY16	Q3FY15	YoY	Q2FY16	9M FY16	9M FY15	YoY
Revenue	14,904	13,459	10.7%	14,723	43,511	39,367	10.5%
Operating EBITDA	4,006	3,400	17.8%	3,743	11,346	9,296	22.1%
<b>Oper. EBITDA Margin</b>	<b>26.9%</b>	<b>25.3%</b>	<b>161 bps</b>	<b>25.4%</b>	<b>26.1%</b>	<b>23.6%</b>	<b>246 bps</b>
EBITDA	4,178	3,547	17.8%	3,940	11,993	9,956	20.5%
<i>EBITDA Margin</i>	<i>28.0%</i>	<i>26.4%</i>	<i>168 bps</i>	<i>26.8%</i>	<i>27.6%</i>	<i>25.3%</i>	<i>227 bps</i>
Finance Cost	592	816	-27.4%	515	1,700	2,260	-24.8%
Depreciation	997	918	8.7%	918	2,708	2,321	16.7%
PBT	2,588	1,813	42.8%	2,508	7,585	5,376	41.1%
<b>PAT after min. &amp; assoc.</b>	<b>1,741</b>	<b>1,436</b>	<b>21.3%</b>	<b>1,724</b>	<b>5,096</b>	<b>3,784</b>	<b>34.7%</b>
<i>PAT Margin</i>	<i>11.7%</i>	<i>10.7%</i>	<i>101 bps</i>	<i>11.7%</i>	<i>11.7%</i>	<i>9.6%</i>	<i>210 bps</i>
Cash Profit*	3,002	2,278	31.8%	2,799	8,362	6,236	34.1%
<b>EPS</b>	<b>17.3</b>	<b>14.3</b>	<b>21.3%</b>	<b>17.2</b>	<b>50.7</b>	<b>37.7</b>	<b>34.7%</b>

\* PBDT – Current Tax

**Operating margin expansion by ~250 bps and EPS growth of ~35% in 9M**

## Financial Highlights : Profitability Trend

(Rs. Million)

Particulars	FY13	FY14	FY15	9M FY16
<b>Revenue</b>	<b>36,473</b>	<b>43,730</b>	<b>53,025</b>	<b>43,511</b>
<i>Revenue growth %</i>	24.4%	19.9%	21.3%	10.5%
<b>Operating EBITDA</b>	<b>5,946</b>	<b>9,211</b>	<b>12,742</b>	<b>11,346</b>
<i>Operating EBITDA Margin</i>	16.3%	21.1%	24.0%	26.1%
<b>EBITDA</b>	<b>6,438</b>	<b>10,253</b>	<b>13,691</b>	<b>11,993</b>
<i>EBITDA Margin</i>	17.7%	23.4%	25.8%	27.6%
Depreciation	1,449	1,903	3,329	2,708
Finance cost	1,977	2,352	2,829	1,700
<b>PBT</b>	<b>3,013</b>	<b>5,997</b>	<b>7,533</b>	<b>7,585</b>
<b>PAT after min. &amp; assoc.</b>	<b>2,248</b>	<b>4,195</b>	<b>5,398</b>	<b>5,096</b>
<i>PAT Margin</i>	6.2%	9.6%	10.2%	11.7%
<b>EPS*</b>	<b>22.4</b>	<b>41.8</b>	<b>53.8</b>	<b>67.7</b>
Cash Profit	4,178	6,237	9,017	8,362

\* Annualised

Notes: 1) Cash Profit = PBDT – Current Tax

2) FY14 PAT and EPS are adjusted for one-time additional depreciation net of tax



## Financial Highlights : Balance Sheet

(Rs. Million)

Particulars	31-Mar-13	31-Mar-14	31-Mar-15	31-Dec-15
Net Worth	9,902	11,097	14,318	18,332
Short Term Loans	9,166	11,349	10,034	14,039
Long Term Loans	11,079	18,944	20,817	17,787
<b>Gross Debt</b>	<b>20,244</b>	<b>30,293</b>	<b>30,851</b>	<b>31,827</b>
Cash & Cash Equiv.	2,798	3,658	4,757	5,376
<b>Net Debt</b>	<b>17,446</b>	<b>26,635</b>	<b>26,094</b>	<b>26,450</b>
Capital Employed#	32,387	43,694	47,208	52,857
Net Fixed Assets (incl CWIP)	18,615	25,609	26,049	29,737
Net Current Assets*	8,221	12,140	13,155	13,729
Total assets	38,579	51,684	56,953	63,622
Net Long Term Debt	8,280	15,286	16,060	12,411

# Capital Employed = Total assets – Trade Payables – Short-term provisions – Other Current liabilities (excl long-term debt repayable in one year)

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

## Financial Highlights : Financial Ratios

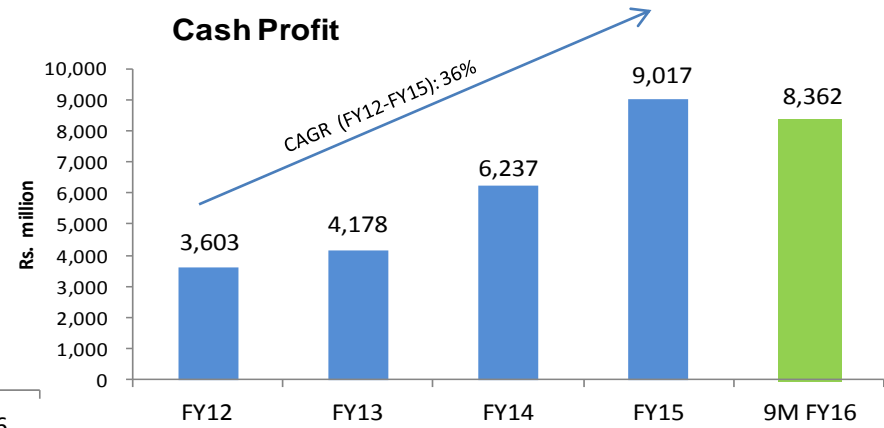
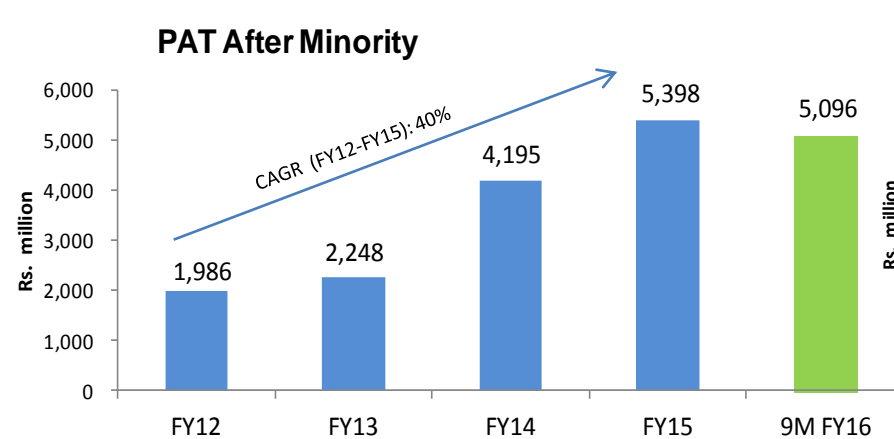
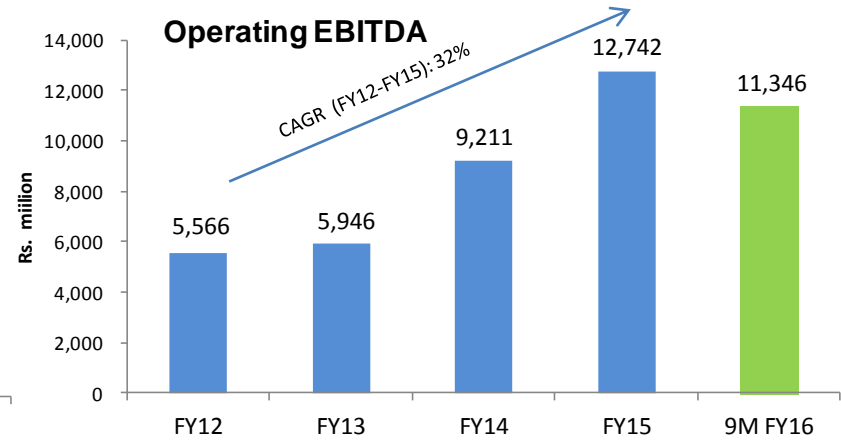
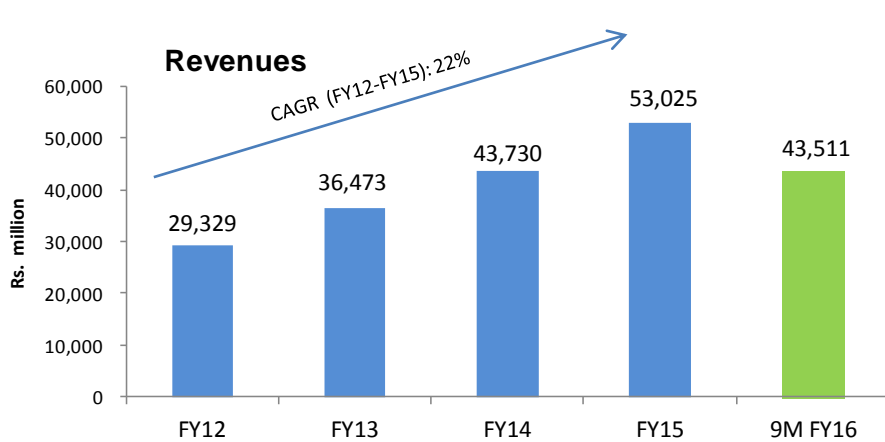
		FY13	FY14	FY15	9M FY16*
<b>Solvency ratios</b>	Net debt/Op. EBITDA	2.93	2.89	2.05	1.75
	Net debt/Equity	1.76	2.40	1.82	1.44
	EBIT/Interest	2.52	3.55	3.66	5.46
<b>Operational ratios</b>	Current Ratio	1.00	1.07	1.12	1.09
	Fixed Asset turnover	1.96	1.71	2.04	1.95
	Total Asset turnover	0.95	0.85	0.93	0.91
	Inventory days	82	84	76	71
	Debtor days	28	34	31	41
	Payable days	50	51	48	54
	<b>Cash conversion cycle</b>	<b>60</b>	<b>67</b>	<b>59</b>	<b>57</b>
<b>Return ratios</b>	ROE	25.9%	40.0%	42.5%	41.6%
	ROCE (pre-tax)	16.3%	21.9%	22.8%	24.7%

\* Annualised

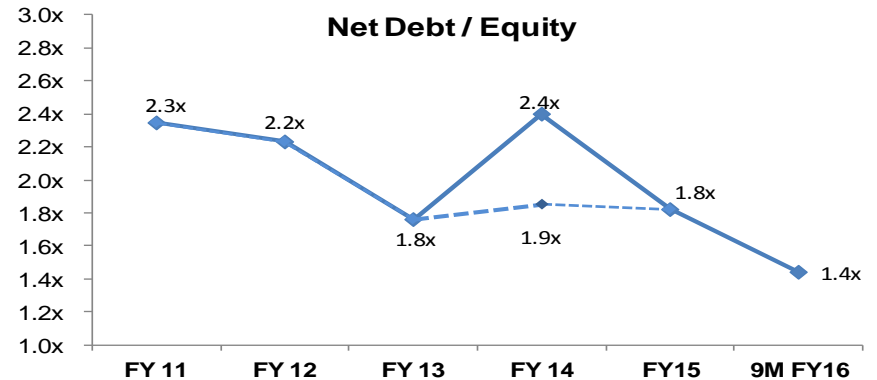
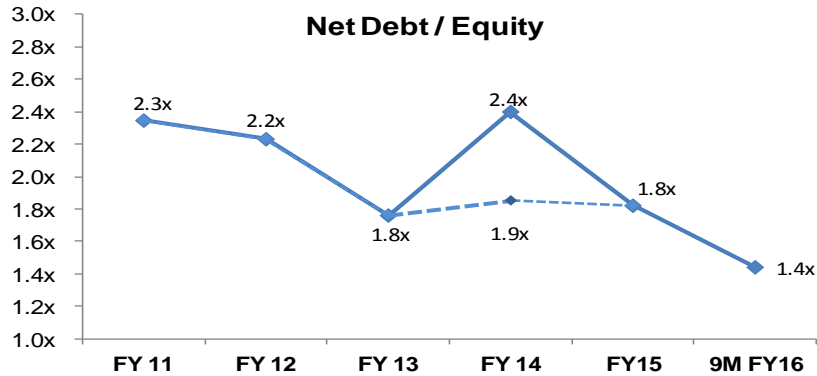
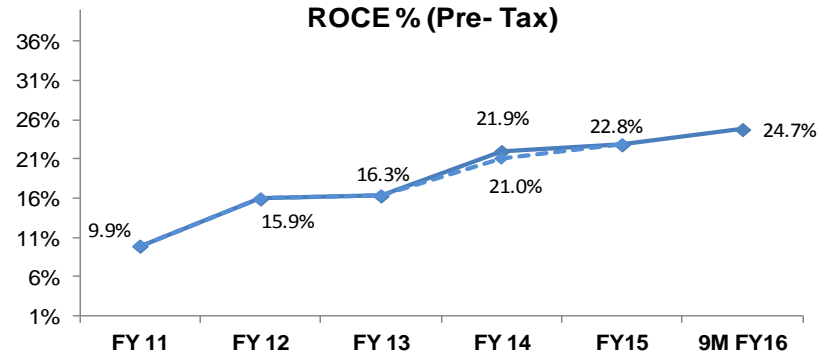
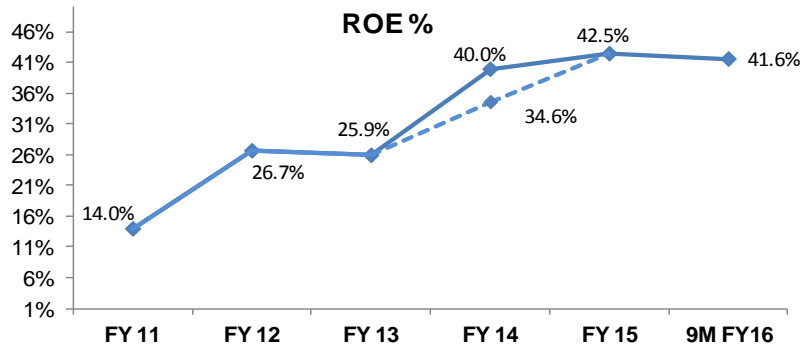
Notes:

1.  $ROCE = EBIT / \text{Average Capital Employed}$ ;  $ROE = \text{Net Profit} / \text{Average Net worth}$
2.  $\text{Total asset turnover} = \text{Sales} / (\text{Fixed assets} + \text{Gross current assets})$

# Key Financials - Trends



# Key Ratio Trends



Note : Dotted line indicates trend after removing impact of one-time depreciation during FY14

## Dividend Policy – A Pioneering Initiative in the Industry

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- ✓ Dividend distribution policy announced along with FY15 results

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- ✓ Dividend Payout: 25% of standalone PAT

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- ✓ Total dividend for FY15 at Rs. 10.5 per share of face value Rs. 10

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- ✓ Interim dividend for FY16 at Rs. 6.5 per share of face value Rs. 10

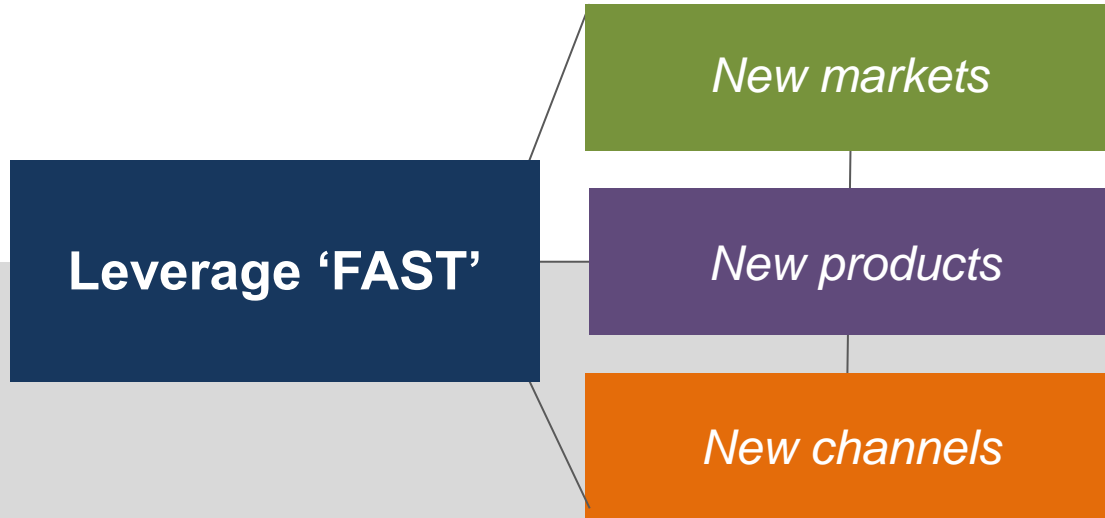
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***Way Forward***

## Way Forward : Sustaining growth momentum

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# THANK YOU

**For further details, please contact:**

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