



Welspun India Ltd

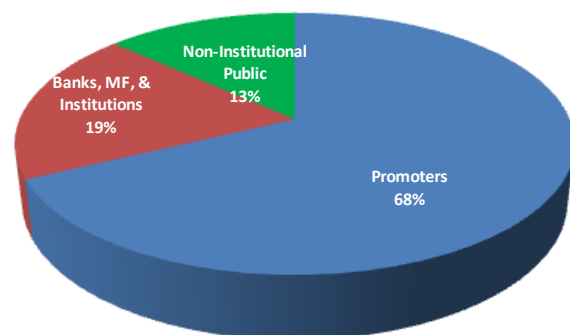
2nd Largest Home Textile Company in the World

January 2013

Company Overview

- ❖ One of the largest global home textile players
- ❖ Incorporated in 1985; range of products include bed and bath- towels, robes, sheets, comforters and rugs
- ❖ Ranked 2nd among the Home Textile Suppliers (*Source: Home Textile Today (HTT) Top 15 Supplier Giants, 2nd Jan 2012*)
 - ❖ Rank # 1: Bath Towels
 - ❖ Rank # 2: Bed Sheets, Pillow cases & TOB
 - ❖ Rank # 4: Rugs
- ❖ Key Global Retailers as clients:
 - ❖ US: Wal Mart, Target, JC Penny
 - ❖ Europe: IKEA, Rewe, JYSK
 - ❖ UK: Christy, Mark & Spencer, House of Fraser
- ❖ Export driven business, product innovation and technological excellence
 - ❖ Patented products – 2 ; Trademarks – 7
 - ❖ Innovative products contribute ~35% of sales

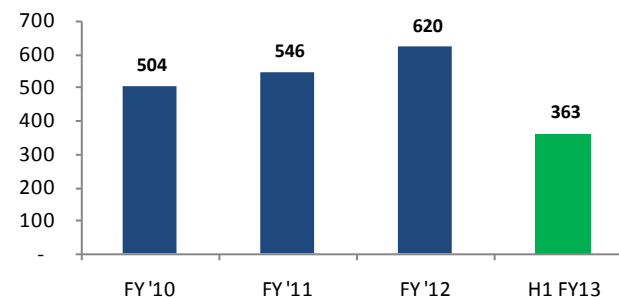
Shareholding Pattern, as on Dec. 31, 2012



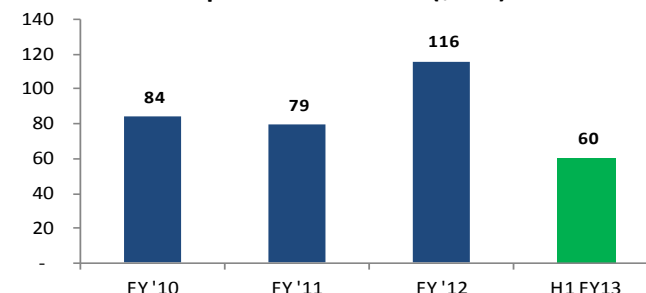
All figures re-grouped to show the consolidation of WIL and WGBL

Consolidated Financial Summary – Continuing business

Revenue (\$ mn)



Operational EBITDA (\$ mn)



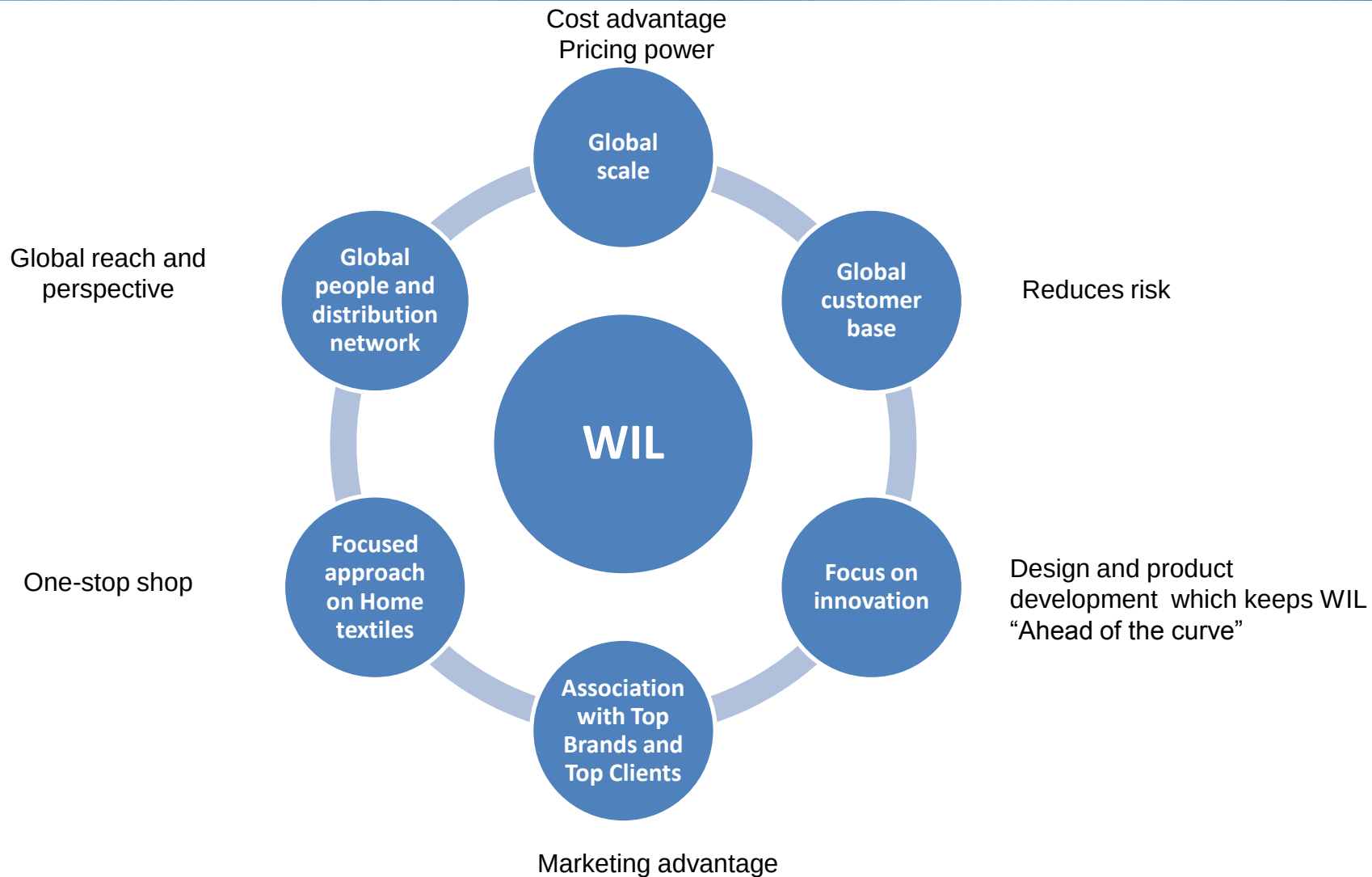
Summary Market Statistics

As on Jan 20, 2013

Price per share - US\$	1.29
No: of Shares Outstanding (Mn) @	99.48
Market Capitalization (US\$ mn)	128
Enterprise value (US\$ mn)	418
P/E	2.80
EV/EBITDA	3.10

@ Including shares to be issued to WGBL shareholders as part of the merger
 Note: P/E and EV/EBITDA calculated by annualizing H1FY13 PAT and EBITDA

WIL – A True Indian “MNC”



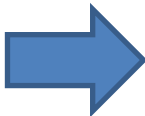
WIL – Strong positive Outlook

Industry factors

- Favourable government policies
- Proposed FTA with Europe
- De-risking from China & Pakistan
- India's Location advantage
 - Surplus cotton
 - Cheap labour and favourable demographics
 - High-growth domestic market

WIL specific factors

- Unification of WIL and WGBL to give better control and lower costs
- Completed exit from loss making subsidiaries
- Increasing contribution from innovation: now at ~35% of sales
- Increasing backward integration: now at ~35%



**Strong
sustainable
growth and
profitability**



WIL - Initiatives To Overcome Structural Challenges

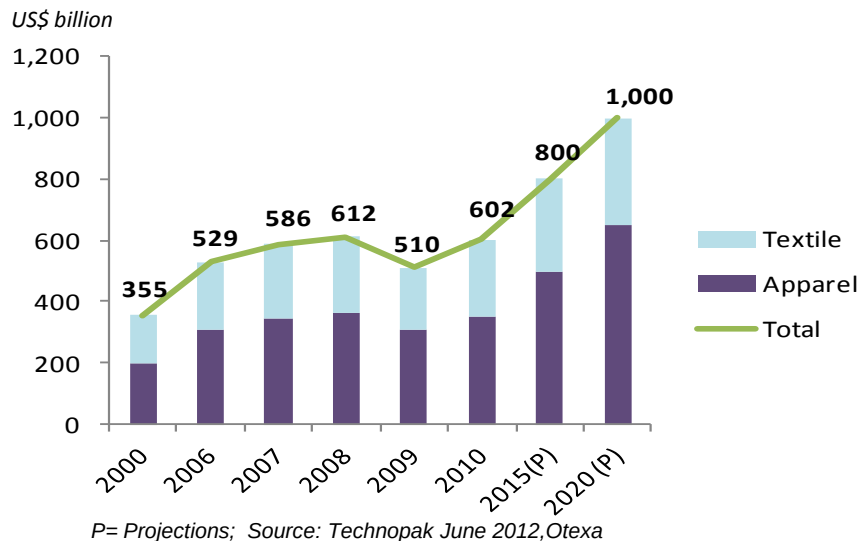
- ❖ **Consolidation of Textile Business under single umbrella to re-create unified stronger entity**
 - ❖ WIL and WGBL intertwined for manufacturing, marketing and branding
 - ❖ Financial inter-linkages for debtors, creditors, loans & advances, guarantees etc
 - ❖ Competitive environment presenting opportunities to increase market share globally
- ❖ **Business clean up**
 - ❖ Acknowledgement of the ineffectiveness of earlier decisions; concentrated efforts for a unified structure for a profitable ***Home Textile business***
 - ❖ Non performing international manufacturing and setups closed down
 - ❖ Retail: Preference given to shop-in-shop concept rather than handling own retail outlets with no capex and low risk
 - ❖ Resultant one time losses booked in FY12 results
- ❖ **Simplified structure with better control**
 - ❖ All manufacturing , marketing, retailing and brands to come under one entity - **WIL**
 - ❖ Consolidation of marketing and branding to become more effective
 - ❖ Control on administrative and other distribution costs
 - ❖ Streamlining of administrative and compliance procedure
- ❖ **Value for all the stakeholders**
 - ❖ Marketing operations to be stronger and thereby ensuring strategic market placements for WIL products
 - ❖ Shareholder value under single listed entity which is completely integrated with manufacturing by parent and marketing through a wholly-owned subsidiary

Strong Textile Industry Fundamentals – Global and India

Global Textile showing Growth Signs

- ❖ Increase in textiles and clothing global trade from US\$ 355 bn in 2000 to US\$ 602 bn in 2010
- ❖ Expected to reach US\$ 1 trillion by 2020, CAGR of 5% pa.
- ❖ China, India, Pakistan, Bangladesh, Thailand, Indonesia are leading suppliers and further expanding their capacities.
- ❖ Established markets (North America, Western Europe) continue to show traction
- ❖ Emerging markets in Asia and Middle East shall provide strong growth opportunities.

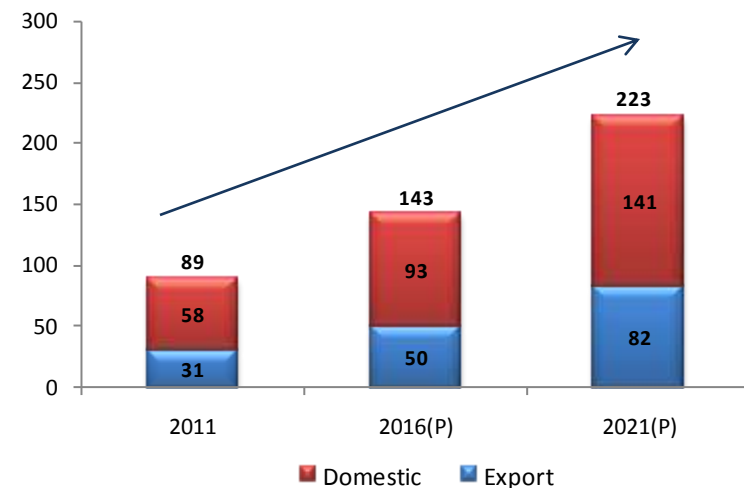
Global Textile Market on a Significant Uptrend



Indian Textile Industry

- ❖ Estimated size of US\$ 89 bn in 2011 (domestic + exports), projected to reach US\$ 223 bn by 2021, CAGR of ~10%
- ❖ Second largest producer of cotton, textiles & garments and only major textile exporting country with a net cotton surplus
- ❖ 12% of India's exports and 4% of India's GDP attained through Textile industry
- ❖ Third largest exporter of textiles, with a share of ~4%
- ❖ US and EU account for about two-third of India's textile exports

Projected Indian Textile Industry – Domestic + Exports (US\$ bn)

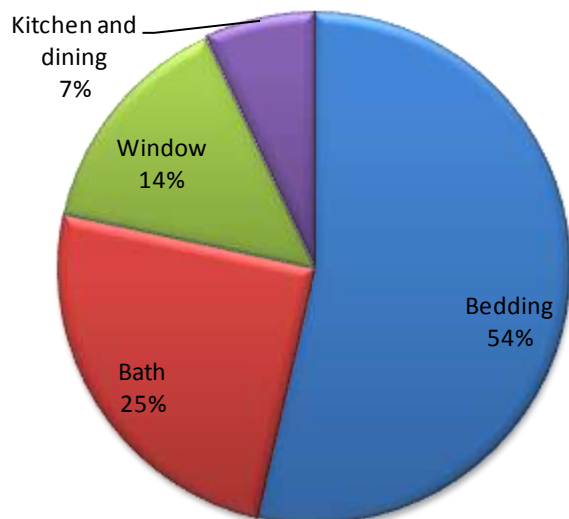


Home Textile Landscape

Global Home Textiles

- ❖ 2011 Global Home Textiles Market: US\$ 70 billion
- ❖ US and Europe account for ~ 70% of market size
- ❖ US home textile market: US\$24 bn in 2011

US home textile industry: US\$ 24bn

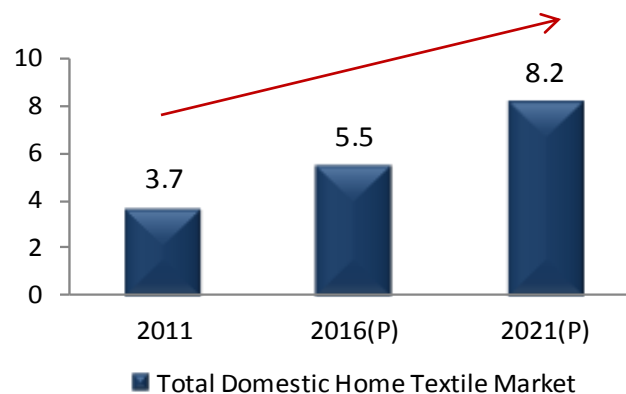


Source: NPD

Indian Home Textiles

- ❖ India's share in global home textile trade at 7% with 2/3rd of exports going to US and EU
- ❖ Indian domestic home textile market currently at ~US\$ 4bn
 - ❖ Projected to exceed US\$ 8 bn by 2021 with an expected CAGR of ~8%

Projected Indian Home Textile Market (US\$ Billion)

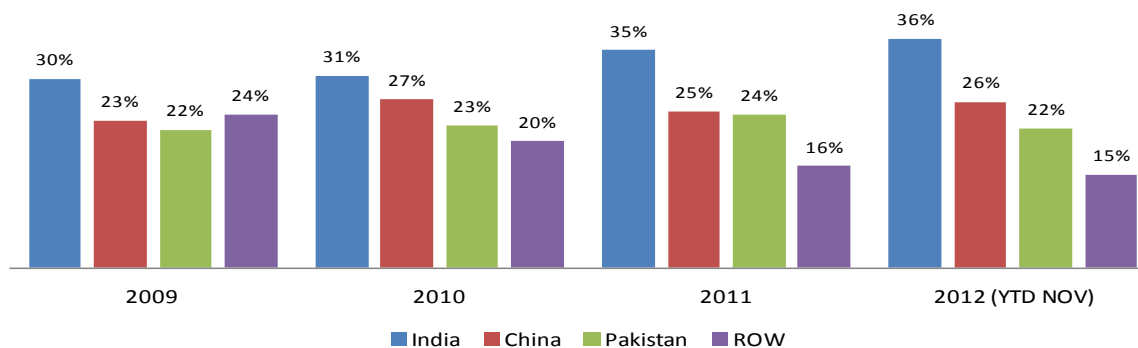


Source: Technopak

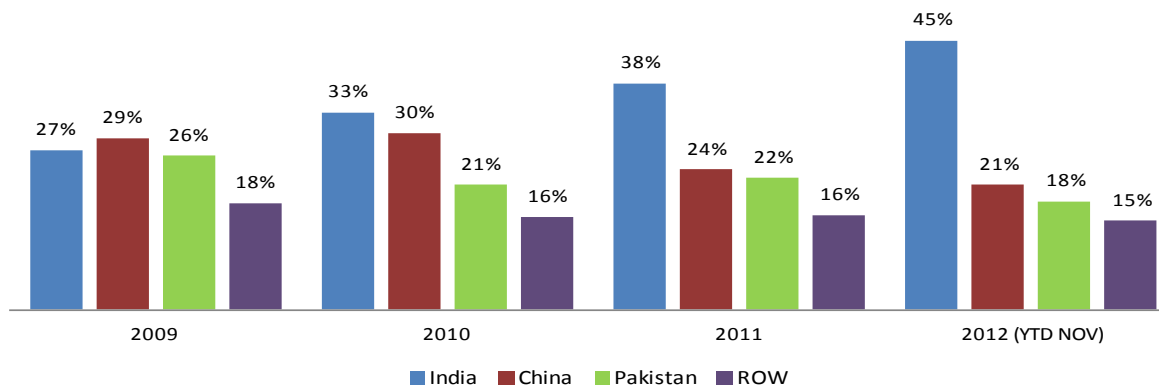
India - Gaining market share in US in home textiles

- ❖ India, Pakistan and China account for more than 85% of the total exports to USA in Towels and Bed Sheets
- ❖ India has been increasing its market share in the last few years

Towels



Sheets



Source: Otexa

- ❖ With the FTA with EU coming into place, India's market share is expected to increase in Europe as well

Advantage India – Market share gains to continue

US\$ million

India – major “Net Exporter” of cotton compared to China, Pakistan and Brazil

Country	Production	Consumption	Exports	Imports
China	6,400	9,600	30	2,610
India	5,770	4,550	1,170	85
Pakistan	1,910	2,200	130	310
USA	3,940	850	3,130	-
Brazil	1,960	990	435	150
Turkey	450	1,250	-	750
Others	4,440	5,020	2,705	3,695
World	24,870	24,460	7,600	7,600
India's Share	23%	19%		

Factors	Advantages
Raw Material Availability	Keep production costs lower and increase operational efficiency
Low Cost Skilled Labour	Provides a competitive edge; recent wage increases have been dampers but not to a significant effect
Manufacturing Flexibility	Aids in catering to demand across various segments
Government Policies	Several favourable policies by the central and state governments
European Textile Markets	FTA with Europe to open up new opportunities for Home Textile companies in one of the largest textile markets

- ❖ **De-Risking from China** - China's transition to a developed country forcing overseas buyers to look at India as an alternative for sourcing requirements
 - ❖ **Rising Wages** - Average wage in China growing at 18-20% p.a.
 - ❖ **Currency Appreciation** - Yuan appreciated by 3.6% while Indian Rupee depreciated by 20.7% during last year
- ❖ **De-Risking from Pakistan** - Pakistan's geopolitical situation and power shortages prompting clients to look for other sources
- ❖ **Raw Material Availability**- Large cotton base, integrated operations and design skills in India make it flexible to cater to various textile segments and handle different order sizes
- ❖ **Favourable government policies**: Interest and capital subsidies for new capex from central and various state governments
- ❖ **Increasing retail penetration in the Indian market** – Share of Textiles and Clothing Retail ~ 40% of organized retailing in India; Organized Retailing expected to increase from ~5% in 2005 to ~24% by 2020
- ❖ **Higher disposable income & Favourable demographic profile in the Indian market** - Rising per capita income leading to an increase in consumption of Textiles. The % of earning population (15-60 years) in the total population is rising

Source: Eurostat, Technopak Analysis

WIL - Global Market Leader In Home Textiles In Various Products

2nd in Home Textiles Today (HTT's Ranking, January 2, 2012) Top 15 Supplier Giants list

Largest supplier of Bath towels



2nd Largest Supplier Of Top Of Bed



4th Largest Supplier Of Bath Rugs



US\$ million

Bath Towels

Sales	2011	2010
Welspun	290	294
1888 Mills	200	183
Trident	185	157
Loftex	119	NA
West Point Home	95	114

US\$ million

Top of Bed

Sales	2011	2010
Alok Industries	288	NA
Welspun	225	NA
Divatex	205	NA
Springs Global	174	NA
Royale Linens	165	NA

US\$ million

Bath Rugs

Sales	2011	2010
Mohawk Home	210	196
Maples Rugs	120	130
Shaw Living	51	54
Welspun	50	NA
Faze Three Ltd.	18	17

WIL - Global Manufacturing Scale & Integrated Facilities

Terry Towels

- Capacity: 43,800 MT/Year
- Location: Anjar/Vapi
- Cap. Utilization : 95%

Bed Linen Products

- Capacity: 45 million Mtr/Year
- Location: Anjar
- Cap. Utilization: 83%

Rugs

- Capacity: 10,151 MT/Year
- Location: Vapi
- Cap. Utilization: 47%

India Locational advantage

Vertically Integrated Facilities Across The Manufacturing Chain with Current Integration at 35% in spinning and weaving; capex planned to increase it to ~70%



Cotton



Yarn



Spinning



Weaving



Processing



Cut & Sew



Packing & Logistics

Captive yarn generation

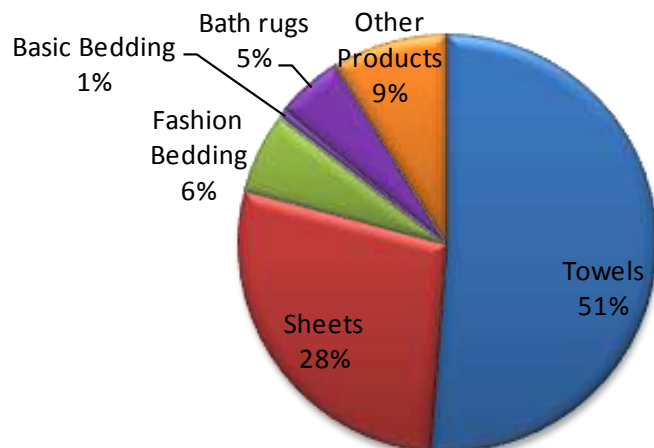
Power generation - thermal all captive

Diversified Product Portfolio in the Home Textiles segment

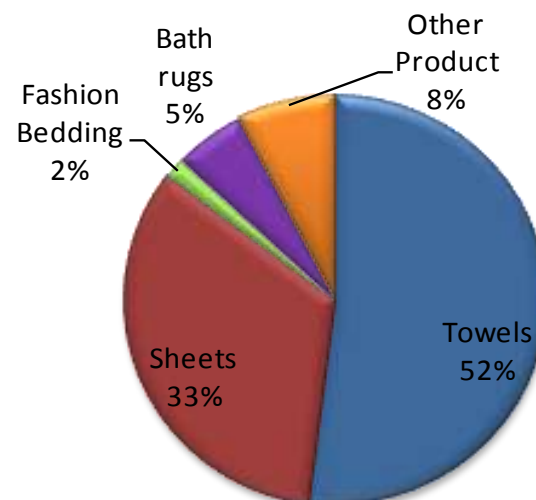
- ❖ Expanding Product Portfolio has made *WIL a “One Stop Shop For Home Textiles”*
- ❖ Expansive product mix has enabled WIL to reach out to a larger consumer base
- ❖ Technological expertise along with Design Studio has enabled WIL to deliver world class quality products in a wide range to meet rising consumer needs

Towels and Sheets comprise a significant part of Sales

FY12 Sales



H1 FY13 Sales



Marquee Retailing Giants as Valued Customers



- ❖ Bed Bath & Beyond
- ❖ Macy's
- ❖ Wal Mart
- ❖ J C Penney
- ❖ Target
- ❖ Kohl's
- ❖ K Mart- Sears
- ❖ Sam's Club
- ❖ Costco
- ❖ Burlington Coat Factory
- ❖ Ross Stores
- ❖ Bon Ton
- ❖ Belk, Inc.
- ❖ Anna's Linen



- ❖ Ikea
- ❖ Carrefour
- ❖ JYSK
- ❖ El Corte Ingles
- ❖ Vincenzo Zucchi S.p.A
- ❖ Bassetti
- ❖ Auchan
- ❖ Rewe
- ❖ Tom Tailor
- ❖ Descamps
- ❖ Casino



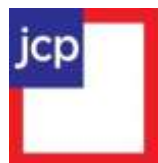
- ❖ Christy
- ❖ Tesco
- ❖ Marks & Spencer
- ❖ Debenhams
- ❖ House of Fraser
- ❖ John Lewis
- ❖ Sainsbury
- ❖ ASDA
- ❖ T J Hughes
- ❖ T K Maxx
- ❖ Fenwicks



Dare to Commit



MARKS & SPENCER



WIL – Increasing market share in the US

WIL Contributing 45% of India's Towel Exports to the US ; YTD November 2012

Towels - 2011

US\$

Total US Towel Imports – 1,427 mn

Total US Towel Imports from India

495 mn

Welspun's Towel Exports to US

195 mn ~ 39% of India Exports

Towels – YTD November 2012

US\$

Total US Towel Imports – 1,359 mn

Total US Towel Imports from India

495 mn

Welspun's Towel Exports to US

225 mn ~ 45% of India Exports

WIL Contributing 24% of India's Bed sheet Exports to the US; YTD November 2012

Bed sheets - 2011

US\$

Total US Bed sheet Imports - 1,740 mn

Total US Bed sheet Imports from India

665 mn

Welspun's Bed sheet Exports to US

146 mn ~ 22% of India Exports

Bed sheets – YTD November 2012

US\$

Total US Bed sheet Imports 1,631 mn

Total US Bed sheet Imports from India

742 mn

Welspun's Bed sheet Exports to US

177 mn ~ 24% of India Exports

Consistent Growth in the US Markets

Recorded 2nd highest Sales in 2011 in US market

USD in Mn

Company	2006	2007	2008	2009	2010	2011	CAGR
Mohawk Home	624	624	624	629	620	636	0.4%
Welspun	277	349	401	444	498	550	14.7%
Alok					396	430	8.58%
Carpenter			225	251	308	438	24.5%
WestPoint Home	958	684	430	375	423	345	-18.5%
Springs Global US	1,672	1,435	1,108	996	542	319	-28.2%
Pacific Coast Feather	338	352	303	284	289	294	-2.8%
Hollander Home Fashions	303	295	254	246	272	285	-1.2%
Shaw Living	288	288	288	274	274	271	-1.2%

Source: Home Textiles Today, Jan 2012

Pricing power on account of long-term relationship with clients

- ❖ Welspun has developed strong relationships with clients over the years, which gives it better pricing power
- ❖ Most clients on an index-based pricing
 - ❖ Price varies up or down with changes in major input costs
- ❖ This reduces volatility in margins

Progressing well in new markets



Canada

- ❖ Nano Spun Towel in Loblaws
- ❖ Developing relationship with Costco, HBC, Loblaws through AHF



Europe

- ❖ Development with RUSTA Sweden 2nd largest retailer in Sweden
- ❖ ROSS, OYSHO, Etc



KENYA

- ❖ Development Various Rugs / Towels / Sheets with Largest Retailer in Kenya (NUKUMMAT)



South Africa

- ❖ Nanospun towels at PEP Stores
- ❖ One Side Terry Beach at Mr. Price
- ❖ Rugs business at Mr. Price
- ❖ Combed Embroidery towel at PRE LES
- ❖ Development on for Pick n Pack, Sheet Street, Wool Worth, Home Stores, @ Home, GAME (Wal Mart), Boadman, etc.



CHINA

- Development with new retailer MENDALE MAINSON



Japan

Developing new products for Family Mart, Uniqlo, Uchino, Marubeni and Toyato, Kanematsu,



Korea

- ❖ Hygro Towel at E Mart
- ❖ Various Rugs at Regal
- ❖ Development work at Tesco KOREA (Rugs + Towels)



Australia

One side terry + Back side waffle towel sold. 24/2 Supima hygro towel is under development

Innovative Products as Significant Contributor



Bed Technologies

- Flexifit (exclusive licensee)
- Eversmooth
- Cotton Touch
- Smart Bedskirt
- Perfect Sheet
- Hygro Comfort
- Bleach safe



Bath Technologies

- Hygro cotton
- Quick Dry
- Bleach safe
- Eucalyptus
- Silk
- Bamboo
- Aerospun
- Spot Stop



Sleep Solutions

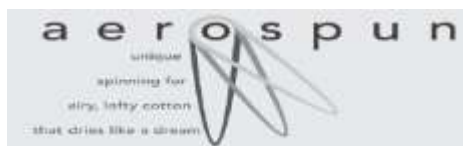
- Earth Pillow
- Sneeze eezzz
- Hygrofil
- My Favorite Pillow



Rugs

- Bleach safe
- Eucalyptus
- Drylon
- Hygro
- Quick Dry
- Aerofil
- Hygro cotton

Innovative products, mainly in Towels and Sheets accounted for almost 20% of turnover in FY 11 and has grown to ~33% in FY12 ,with an overall target of 35% for the current year



Earth Pillow

Welspun SWOT Analysis

STRENGTHS

- Strategic vendor status with top global retailers
- Customer focus through marketing research and data analysis
- One stop shop for bed and bath linens
- Global footprint & Product Innovation

WEAKNESS

- Inability to control certain costs like cotton, labour, etc.
- Changing policies and rising inflation in India
- Dependence on large retailers in the US
- Inadequate control over the entire value chain

OPPORTUNITIES

- Expanding our reach in North America
- Proposed India – EU FTA to provide access to European markets
- Capitalize on International design and innovation capabilities
- Leverage multi-location marketing presence to offer solutions to customers across geographies.

THREATS

- Price sensitive retail market
- Shifting demand towards private label products
- New entrants like Vietnam, Bangladesh, Myanmar providing low prices
- Countries like Portugal and Turkey in closer proximity to major markets

Financial Snapshot

Balance Sheet Extract

US\$ million

Particulars	FY11*	FY12	H1 FY13
Net Worth	150	146	175
Gross Debt	390	386	345
Cash, Cash Equivalents & Investments	53	60	55
Net Debt	338	326	290
Net Fixed Assets	343	306	305
Net Current Assets**	117	124	136

*FY11 balance sheet figures are before merger of the company with WGBL

** NCA do not include Cash & Cash Equivalents

Profitability Extract – Continuing business

US\$ million

Particulars	FY10	FY11	FY12	H1 FY13
Revenue	504	546	620	363
Reported EBITDA	93	88	124	65
Operational EBITDA	84	79	116	60
Operational EBITDA Margin	16.7%	14.5%	18.7%	16.6%
PBT	42	32	59	34
PAT	27	21	41	22
PAT Margin	5.4%	3.8%	6.7%	6.1%
Cash PAT	57	54	75	34

Note: 1) FY12 figures are after the Merger of company's marketing division namely "Welspun Global Brand Ltd" with Welspun India Ltd via Honourable High Court of Gujarat Order dated 26th Nov 2012.

Financial Ratios

Particulars	FY11	FY12	H1 FY13
Fixed Asset Coverage Ratio	1.21	1.27	1.59
Net Debt / EBITDA @	4.25	2.81	2.40
Net Debt / Net Worth	2.25	2.23	1.65

@Calculated based on operational EBITDA numbers.

H1 FY13 operational EBITDA has been annualized

Return Ratios

Particulars	FY11	FY12	H1 FY13 [@]
ROCE	7.5%	11.7%	14.3%
ROE	14.2%	26.7%	26.1%

@H1 FY13 figures have been annualized

Exchange Rate

Year	FY10	FY11	FY12	H1 FY13
Avg. INR/US\$	47.47	45.53	47.95	54.74
Period Ending INR/US\$	44.90	44.60	50.87	52.85

WIL - Way Ahead

- New unified structure to will help lower costs, give better control on manufacturing and branding
- Focus on stringent cost controls, foray into new markets and consolidation and streamlining of operations to maximize ROI
- Preference to shop-in-shop concept in retail business with no capex and low risk
- Continued emphasis on innovation
- Integration of projects, modernization and expansion in India

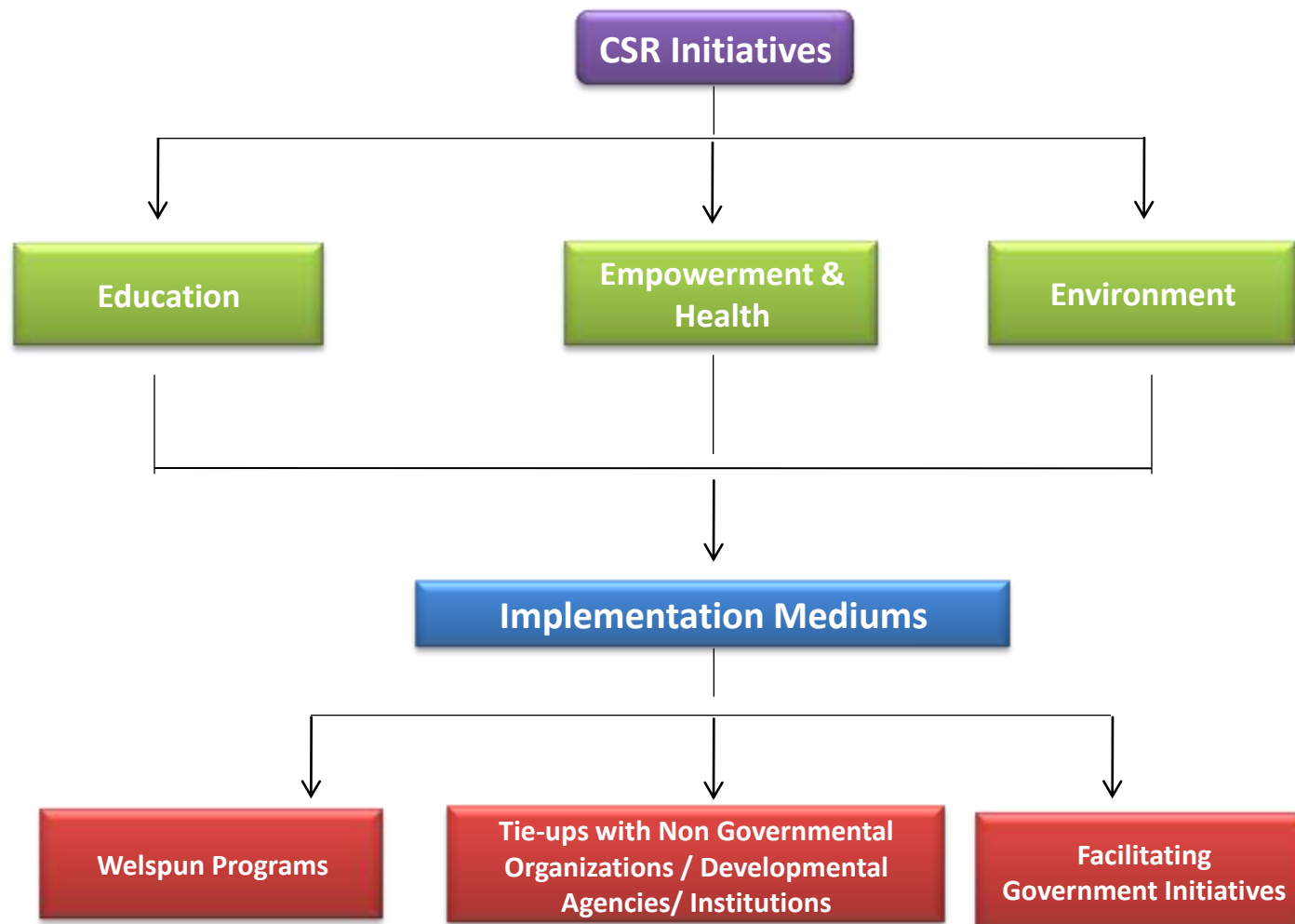
WIL well placed with high end global scale capacity, skilled workforce, product knowledge expertise and coordinated marketing approach to capitalize on the textile growth

CSR and Environmental Leadership

When Industry Cares.... The Community Smiles

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Golden Peacock Award for WIL – Eco Innovation FY12

Eco-Innovation award presented each year to the most innovative product or service that satisfies customers' long term needs and requirements in the most cost-effective manner and is consistent with the society's goal of sustainable development

Welspun now joins the list of leading corporations that have received this coveted award since its institution in 2003. Other leading names in this category include Tata Motors, Steel Authority of India, Reliance Industries amongst others.



Mr. Sushil Jain – VP – Business Excellence, Welspun receiving the award - July 7, 2012



Recent Awards and Recognitions

Performance Awards

- ***Texprocil awards 2011-12***
 - ***Highest global exports- Special Gold***
 - ***Top Terry towel exports- Gold***
 - ***Merchant exports in Made-ups- Gold***
- ***Tesco Home Shop Gold Supplier Award, 2012***
- ***Wilkinson Award – Best Product, 2012***
- ***5 Star award- Macy's, 2011***
- ***Sheridan Ultra-Light Towel chosen as Winning Product in 'Favorite Home & Outdoor' category- Australian Women's Weekly, 2011***

Sustainability awards

- ***Sustainability award for Process Innovation- Indian Carbon Outlook, 2011***
- ***Outstanding CSR in Textile sector- India Shining Star CSR awards, 2011***

Thank You

For further details, please contact:

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