



WELSPUN



Dare to Commit

Welspun India Limited (WIL)

Investor Presentation



29 April, 2015

Financial Highlights

Industry Overview:
Advantage India

Welspun India: Year in
review

Creating stakeholder
value

Road Ahead



Financial Highlights

Key financial highlights

Achieved **highest annual sales and profitability** in the Company's history

Crossed **Rs. 50 bn milestone** for revenue and **Rs. 5 bn milestone** for PAT

Operating EBITDA margin at **24.0%**; **PAT** margin at **10.2%**

Long Term Credit Rating improved two notches to **AA-** by **FITCH**

Net Debt to Equity at **1.8x** vs. **2.4x**

Net debt to Operational EBITDA at **2.0x** vs. **2.9x**

Positive free cash flows after meeting capex requirements

Tighter working capital control reduces cash conversion cycle to 59 days from 67 days

Income Statement – Annual : Historic highs

(Rs. million)			
Particulars	FY15	FY14	Change %
Revenue	53,025	43,730	21%
Operating EBITDA	12,742	9,211	38%
Operating EBITDA Margin	24.0%	21.1%	290 bps
EBITDA	13,691	10,253	34%
EBITDA Margin	25.8%	23.4%	240 bps
PAT	5,398	4,195	29%
EPS (Rs)	53.8	41.8	29%
Cash Profit	9,017	6,237	45%

Note:

1) Cash Profit = PBDT – Current Tax

2) FY14 PAT and EPS are adjusted for one-time additional depreciation net of tax i.e. Rs 3,274 million

Income Statement – Quarterly : Strong improvement

(Rs. million)

Particulars	Q4FY15	Q4FY14	Change %
Revenue	13,658	11,850	15%
Operating EBITDA	3,446	2,204	56%
Operating EBITDA Margin	25.2%	18.6%	660 bps
EBITDA	3,735	2,493	50%
EBITDA Margin	27.3%	21.0%	630 bps
PAT	1,614	1,035	56%
EPS (Rs)	16.1	10.3	56%
Cash Profit	2,781	1,491	87%

Note:

1) Cash Profit = PBDT – Current Tax

2) Q4FY14 PAT and EPS are adjusted for one-time additional depreciation net of tax i.e. Rs. 217 million

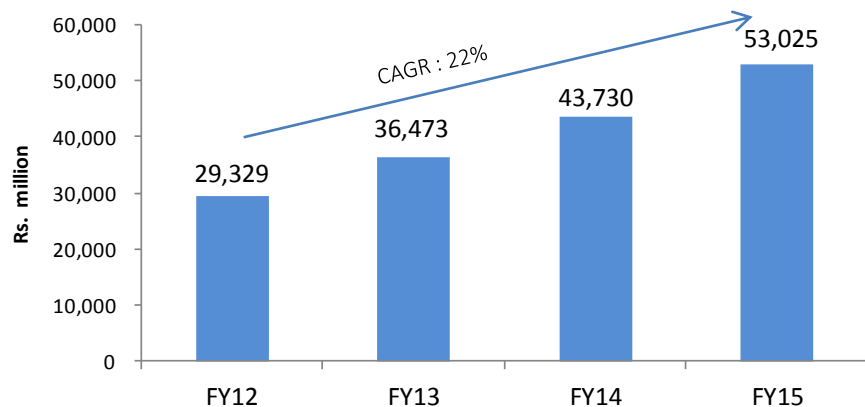
Balance Sheet : Sustainable Growth

(Rs. million)

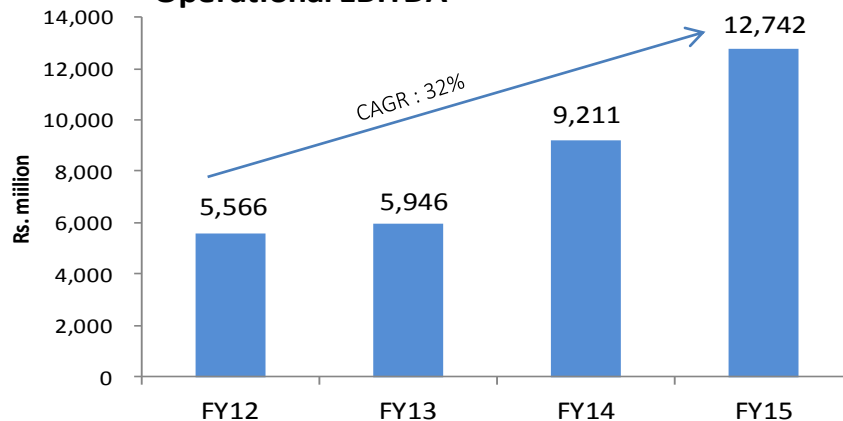
Particulars	31 st March, 2015	31 st March, 2014
Net Worth	14,318	11,097
Short Term Loans	10,034	11,349
Long Term Loans	20,817	18,944
Gross Debt	30,851	30,293
Cash & Equivalent	4,757	3,658
Net Debt	26,094	26,635
Net Fixed Assets (incl CWIP)	26,049	25,609
Net Current Assets	13,155	12,140

Key Financials - Trends

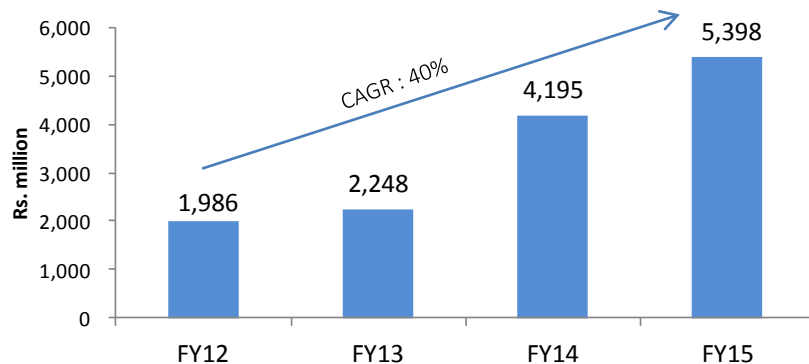
Revenues



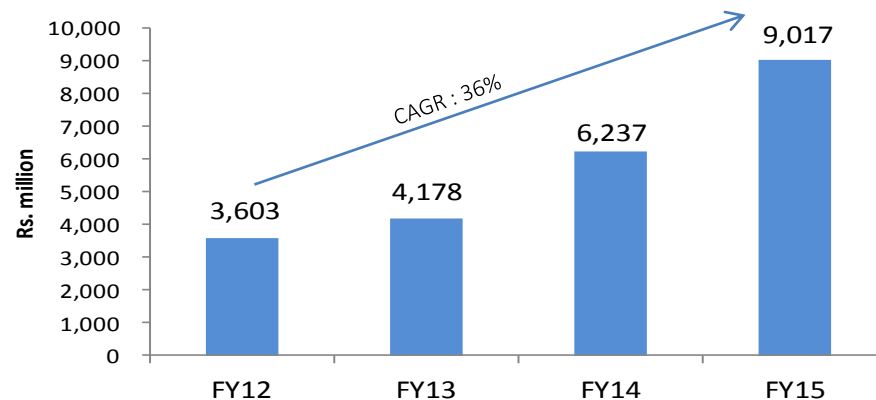
Operational EBITDA



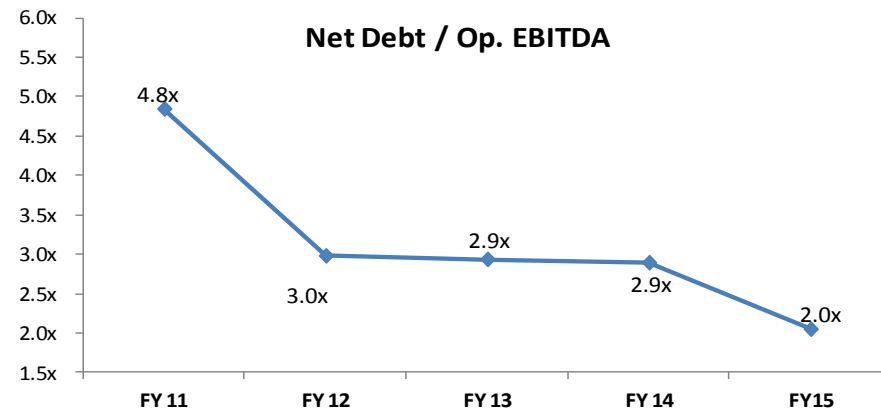
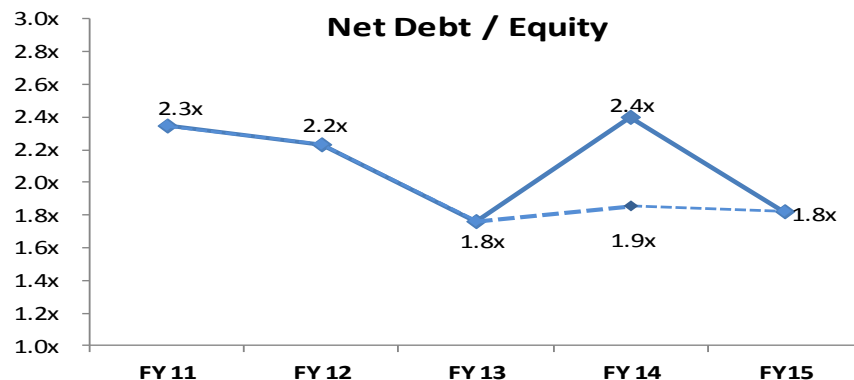
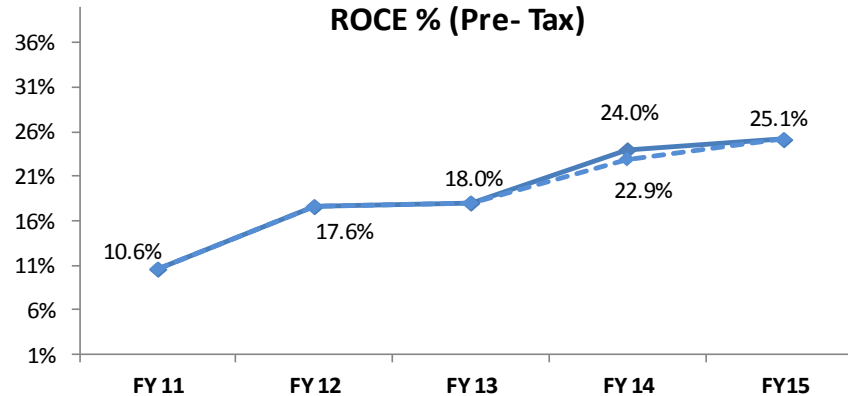
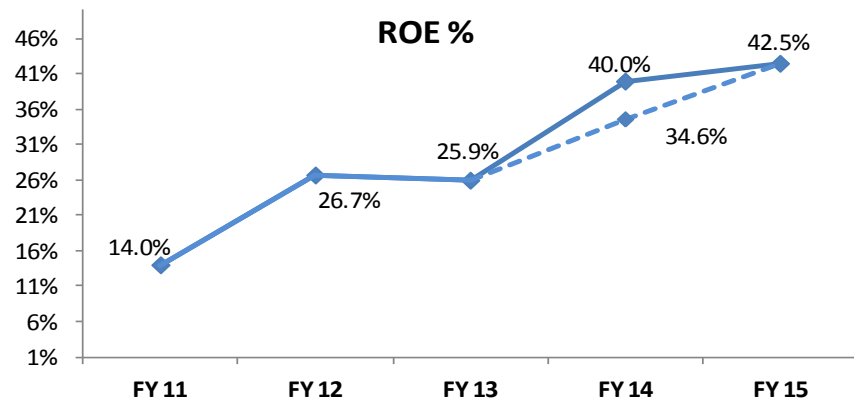
PAT After Minority



Cash Profit



Key Ratios - Trends



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

Capacity Utilisation – Best in the Industry

Product	Unit	Capacity	Production	Utilisation %	Expected Capacity FY16 / FY17
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

Capacities running close to full utilisation in towels and sheets

Investment of Rs. 13 bn over the next 12-18 months for modernisation, automation and capacity enhancement for towels & sheets as well as routine maintenance

Capacity growth to be achieved without headcount increase

Dividend Policy – A Pioneering Initiative



- ✓ Dividend distribution policy announced

- ✓ Dividend Payout: 25% of PAT

- ✓ FY15 Final Dividend at Rs. 7.5 per share.
Total dividend for FY15 at Rs. 10.5 per share

- ✓ FY15 Dividend Payout: ~25% of PAT

A photograph of a bed with a patterned coverlet and two white pillows, placed on a wooden deck. In the background, there is a body of water, trees, and a building. A large, semi-transparent purple arrow graphic points from the top left towards the bottom right, framing the text.

Industry Overview: Advantage India

Market Size

- Home textile market at US\$45 bn
- Bath towel and Bed linen constitute ~60%

Key Consumers

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

Key Producers

- India, China and Pakistan are the largest producers, accounting 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 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
- Yuan appreciation
- Losing export Competitiveness
- Wage inflation
- Rising power costs
- Stricter environmental compliance
- Focus on domestic consumption
- Yarn capacity closures



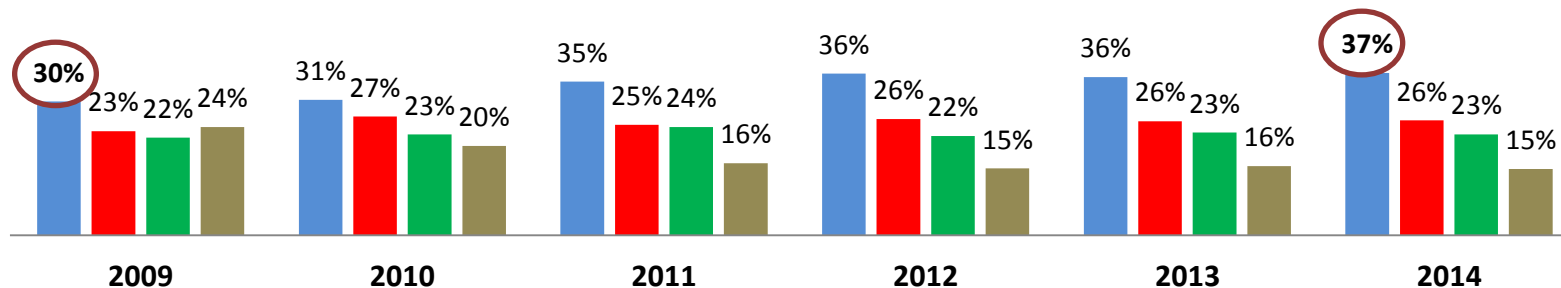
- Cotton Importer
- Energy issues
- Geopolitical issues
- Compliance issues

Structural Change: Manifesting in Higher Market share

US Imports from Various countries – Market share

Towels (Cotton)

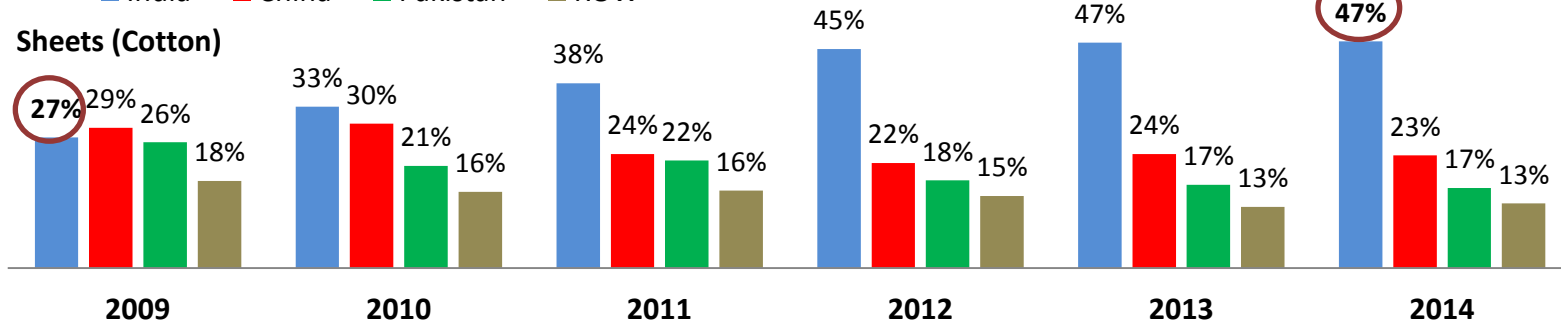
■ India ■ China ■ Pakistan ■ ROW



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

Sheets (Cotton)

■ India ■ China ■ Pakistan ■ ROW



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

India's dominance is evident in cotton home textiles

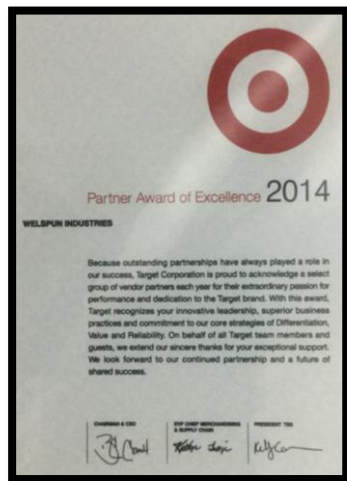


Welspun India – Year in Review

Key Developments in FY15

- ✓ No. 1 Home Textile exporter to the US for third consecutive year
- ✓ Increased vertical integration for yarn and fabric to ~70%
- ✓ Launched major campaign for '**Spaces**' in India
Launched Brand '**Spun**' Globally
- ✓ Launched '**Christy**' stores in China
- ✓ Gained traction in hospitality business globally
- ✓ Innovative products accounted for 31% of the revenues
- ✓ Commissioned India's 'largest spinning facility under one roof' at Anjar, Gujarat
- ✓ Launched '**Hygro**' branding campaign in the US
- ✓ Gained foothold in Lat Am, Central America, and Ireland
- ✓ Global Ecommerce – Tie-up with major portals in US, UK and India

Global Client Recognitions in FY15



- **Target** Partner Award of Excellence for performance in 2014
- **Macy's** 5 Star Vendor Award for performance in 2014
- **Sheridan** – Best Supplier Award for performance in 2014
- **ASDA** Self Testing Certification, April 2015
- **Kohl's** Self Testing Certification



- JCPenney – **Innovation Award** for year 2013
- Texprocil : **Highest Global Exports – Special Gold 2013-14**
- **ECGC D&B** - Best Trader Exporter, Indian Exporter Award'14
- **ASDA George Home** Best Product Quality award for Egyptian Nanospun Towel



- Green Manufacturing Excellence Award **Green Believers Award 2014 by Frost & Sullivan**
- **Macy's** Global Citizen Award for CSR for 2014.
- Golden Peacock : **Environment Management Award 2014**
- World CSR Congress - Global CSR Excellence & Leadership
- **Best Corporate Social Responsibility Practices 2013**

A surreal beach scene with a bed, a lamp, and a sailboat, overlaid with a large green checkmark. The scene is a composite image where a bed with a striped blanket and a checkered pillow is placed on a sandy beach. To the left of the bed is a small table with a lamp. To the right is a small sailboat. In the background, there are rocks and a body of water. A large green checkmark is overlaid on the left side of the image.

Creating stakeholder value

FMCG Approach – Consumer-driven innovation



Today's Welspun: "FAST"

Fast

Quick
response
time
(Design to
Delivery)

Affordable

Best cost
structures for
different price
levels

Sustainability

Caring for the
environment
and the
community

Tech-
oriented

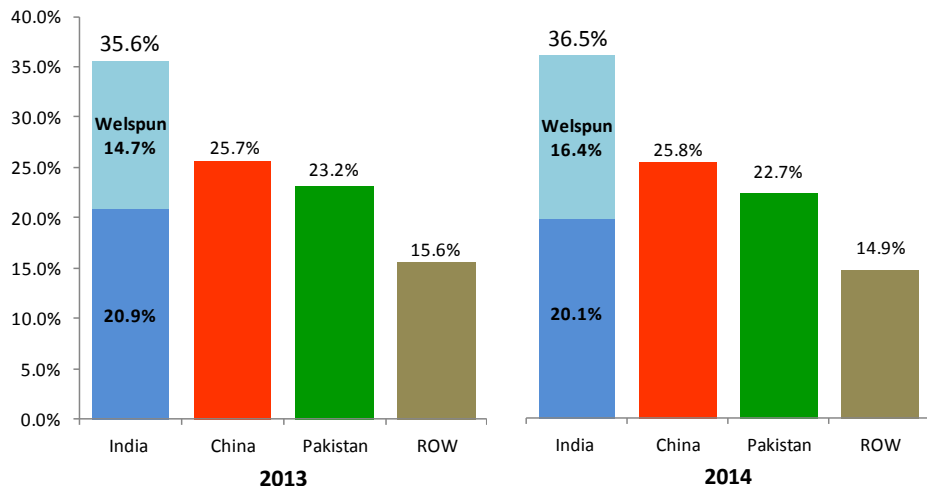
Technology
leveraged
across
Products,
Processes
and Supply
Chain

“FAST” manifests into Leadership Position

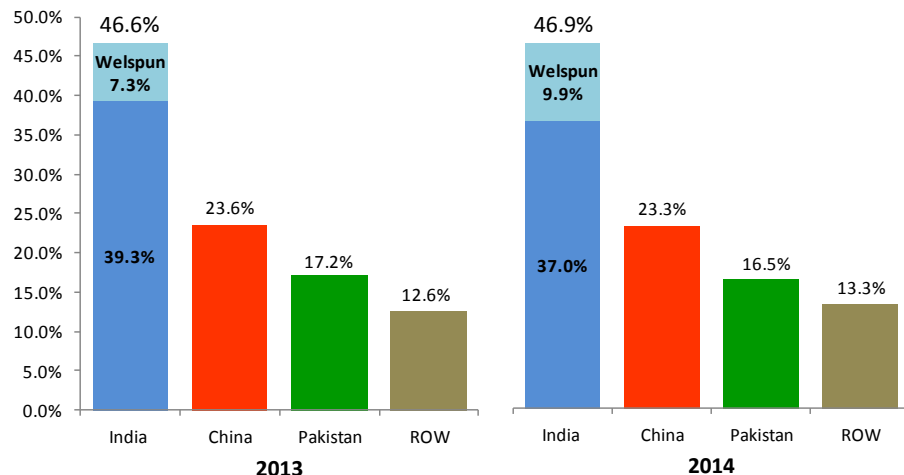


Leading position in towels and sheets in the US

US Terry Towels Import Share



US Cotton Sheets Import share



- 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



- Premium brand with presence in India and Middle East
- Footprint of over 200 shop-in-shop outlets and distribution



- Mass brand presence 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



- Mass brand in the UK with a focus on bedding
- Growing aggressively in affordable fashion

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 partners



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

Spaces Campaign



**I HAVE FOUND MY
SPACE**
WHAT ABOUT YOU?

www.spaces-home.com



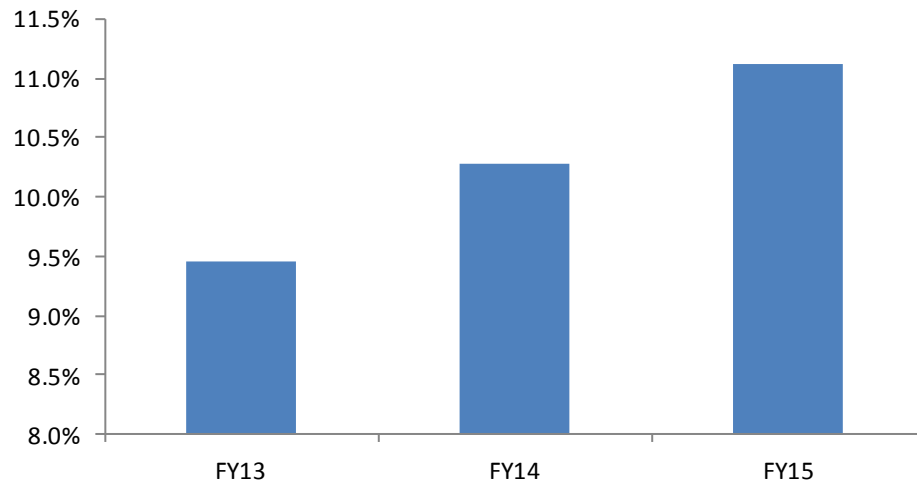
SPACES | **WELSPUN**
HOME & BEYOND



Rising share of Branded sales

- Strong growth expected in branded sales, especially in India
- Global expansion of Christy into geographies such as USA, China and Middle East
- Increase penetration of **Spaces** and **Welhome** through shop-in-shop and e-commerce
 - Very low capex and risk
- India brand sales growing at ~40% CAGR over period of 2 years
- Global Branded sales currently ~11% of consolidated sales

Branded sales as % of Total



Share of Branded Products is increasing

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... to wick away more moisture.
 - 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.



WelspunComforts.com
WELSPUN
conforming the planet™



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 softer 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.

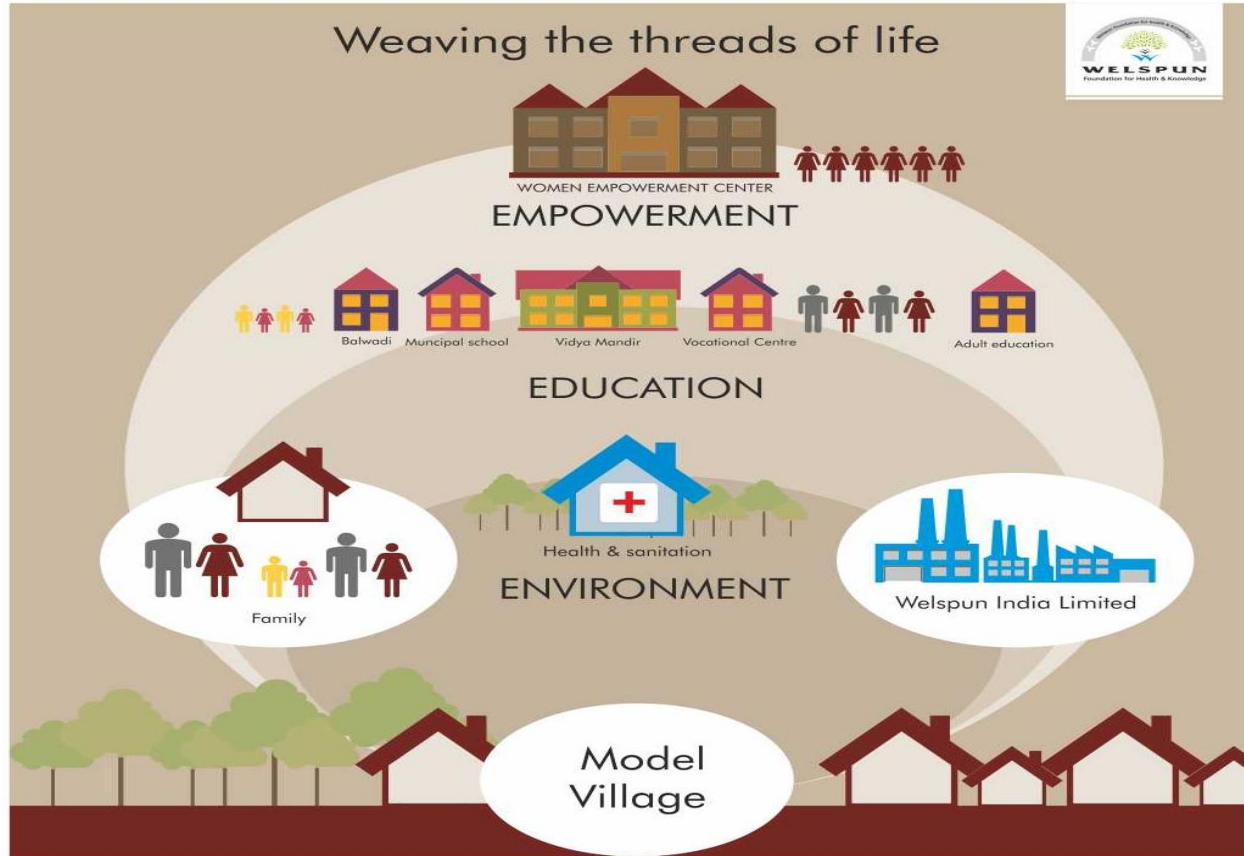


WelspunComforts.com
WELSPUN
conforming the planet™

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



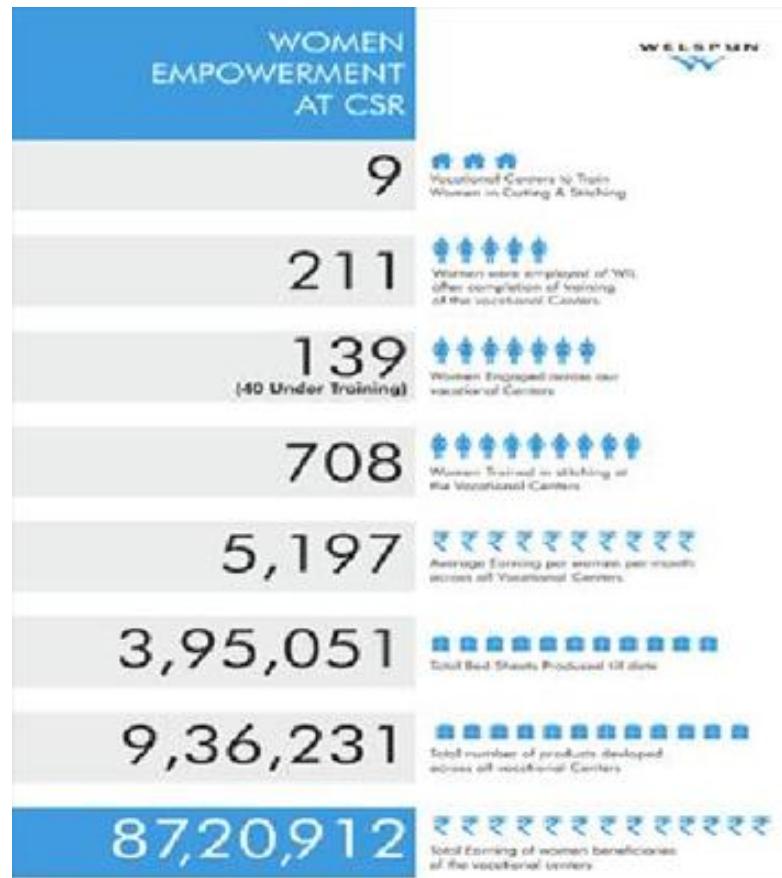
Corporate Social Value (CSV) - Vision



First model village,
Versamedi, Anjar

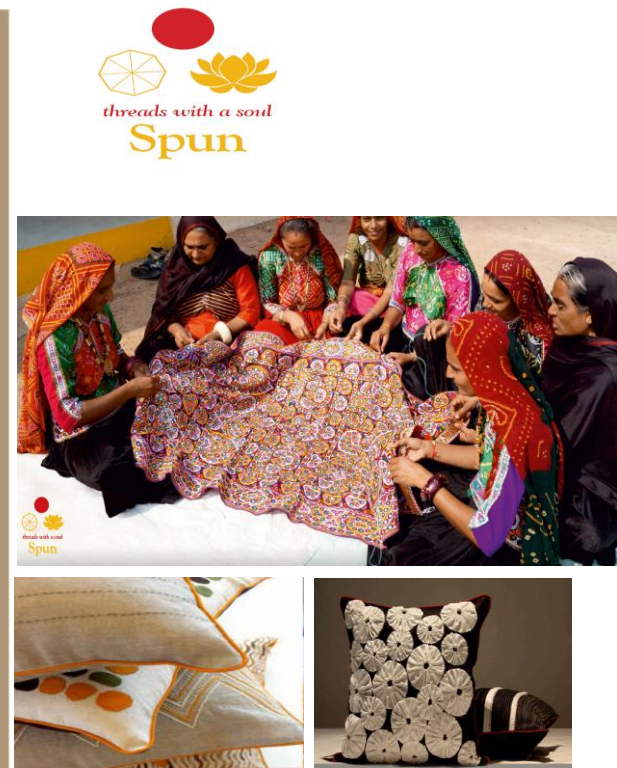
CSV – Through 3E's

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



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: 1160 toilets constructed in 8 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: 565 fruit and vegetable plantations done at 3 villages of Anjar

RO DRINKING WATER initiative at Vapi (2 nos) and Anjar (3 nos)

Education

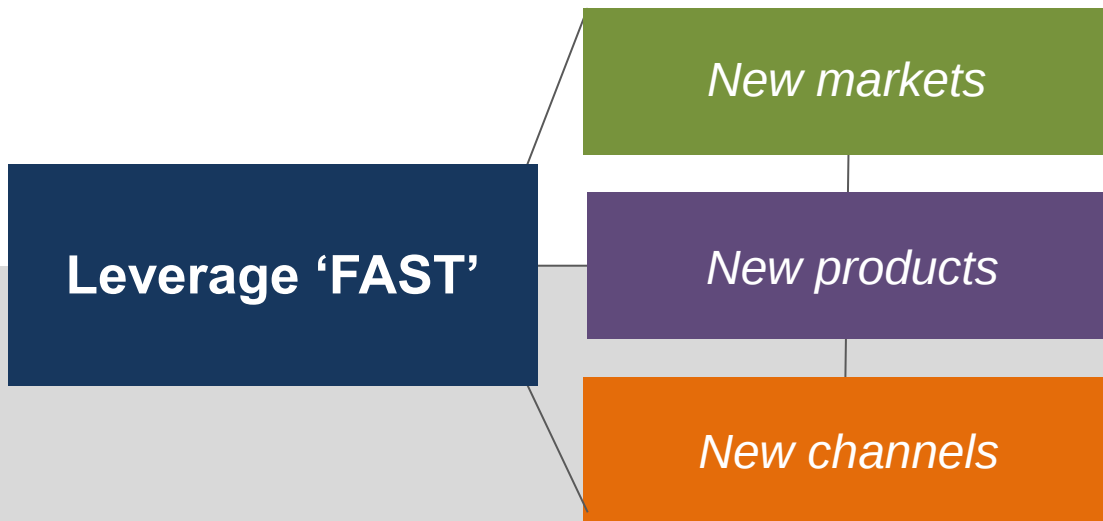


ADULT LITERACY PROGRAMME: 3 classes were conducted consisting of a total of 75 women at Versamedi and Ajapar villages since August 2014



QUALITY EDUCATION PROGRAMME WITH 20 GOVT SCHOOLS IN ANJAR : We recruited 26 Para –teachers. 51% average increase in scores of students

Road ahead : Sustaining growth momentum





THANK YOU!