

# WELSPUN INDIA

Performance sustains; margin may temper

India Equity Research | Midcap Textiles



Welspun India (WLSI) reported yet another good quarter with Q1FY17 revenue moving up 14% YoY to INR15.9bn (3% above estimate). This comprised 10% volume growth and 4% positive impact of currency. EBITDA margin at 26.5% also came in better than expected, higher by 19bps YoY and flat QoQ. However, if the recent spike in cotton prices sustains it could impact margins going forward. With the huge capex cycle behind and ancillarisation plan picking up, we expect WLSI to generate strong cash flows of ~INR13bn over the next 2 years. We maintain our 7.0x EV/EBITDA target multiple with TP pegged at INR116. Maintain 'BUY'.

## Volume growth sustains, margins stable; interest cost plummets

Revenue, at INR15.9bn, moved up 14.3% YoY (3% above estimate), driven by the 10% volume growth and 4% positive impact of currency. Towels and sheets utilisation touched 90% this quarter. WLSI managed to sustain margins, which improved 19bps YoY to 26.5%. Overall, EBITDA increased by 15% YoY (5% above estimate). The company saw a sharp 47% QoQ and 41% YoY fall in interest expense to INR353mn led by reduction in base rate and higher quantum of debt under Gujarat Textile Scheme. However, higher depreciation (on capitalised capex), lower other income and higher tax restricted PAT growth to 10% to INR2.0bn (19% above estimate).

## Margin outlook a slight concern on spike in cotton prices

The recent spike in cotton prices may not have an immediate impact on WLSI's margins, but could adversely impact if prices continue to sustain till September and thereafter when cotton buying commences. With cotton futures for November still trading ~15% higher YoY (higher than our cotton price increase estimate), we marginally trim our FY17E EBITDA margin by 30bps.

## Outlook and valuations: Strong FCF; maintain 'BUY'

WLSI is done with its huge capex programme, which saw it incur INR25bn in past 2 years. Going forward, with its ancillarisation programme gathering pace and despite 20% increase in capacity by this year end, we see WLSI generating strong FCF of ~INR13bn over next 2 years. We maintain our EV/EBITDA target multiple of 7.0x giving us a target price of INR116. Maintain 'BUY'.

EDELWEISS RATINGS			
Absolute Rating		BUY	
Investment Characteristics		Growth	
MARKET DATA (R: WLSP.BO, B: WLSI IN)			
CMP	: INR 100		
Target Price	: INR 116		
52-week range (INR)	: 120 / 67		
Share in issue (mn)	: 1,004.7		
M cap (INR bn/USD mn)	: 101 / 1,495		
Avg. Daily Vol. BSE/NSE ('000)	: 2,071.8		
SHARE HOLDING PATTERN (%)			
	Current	Q3FY16	Q2FY16
Promoters *	73.5	73.5	73.5
MF's, FI's & BKs	15.9	2.8	8.7
FII's	-	12.7	5.0
Others	10.7	11.0	12.8
* Promoters pledged shares (% of share in issue)		:	NIL
PRICE PERFORMANCE (%)			
	BSE Midcap Index	Stock	Stock over Index
1 month	9.8	(3.9)	(13.7)
3 months	12.0	0.1	(11.9)
12 months	11.4	24.5	13.0

Financials						(INR mn)		
Year to March	Q1FY17	Q1FY16	YoY (%)	Q4FY16	QoQ (%)	FY16	FY17E	FY18E
Net Revenues	15,926	13,931	14.3	16,294	(2.3)	59,371	69,265	77,573
EBITDA	4,225	3,669	15.1	4,326	(2.3)	15,899	18,238	20,037
Adjusted Profit	2,019	1,830	10.3	1,994	1.2	7,400	8,582	9,444
Adj. Dil. EPS*	2.0	1.8	10.3	2.0	1.2	7.4	8.5	9.4
Diluted P/E (x)						13.4	11.6	10.5
EV/EBITDA (x)						7.9	6.8	5.8
ROAE (%)						42.9	36.7	31.1

\* Q1FY16 EPS adjusted for stock split

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## Impact of IND-AS

**Table 1: IND-AS impact**

INR mn	Q4FY16	Q1FY16	FY16
Net profit as per Indian GAAP	1,968	1,650	7,153
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>

Source: Company, Edelweiss research

- **Effect of change in method of recognising grants:** This relates to VAT or sales tax refund which WLSI was getting from the Gujarat government relating to capex incurred. While earlier, the company was eligible to recognise this over the refund period i.e., 8 years, under IND AS it is required to recognise it over the depreciable life of the assets.
- **Deferred tax impact on IND AS adjustments:** Relates to deferred tax adjustments for stock sitting in the company's subsidiary's books.

## Q1FY17 concall: Key highlights

- **Q1FY17 results**
  - Growth in PAT would have been 15.3% YoY excluding IND AS adjustments.
  - Capacity utilisation:
    1. Towel: 90%
    2. Bed sheet: 90%
    3. Rugs: 72%
  - The company reported 14% revenue growth. The break-up was
    1. Volume: 10%
    2. Currency: 4%
    3. Price: 0%
- **Cotton**
  - Prices surged as more than anticipated quantity of cotton was exported.
  - Also, for the new season, acreage is lower by 4-5%.
  - Despite this, crop estimate at 350lakh bales is higher than 340lakh bales seen last year due to the drought situation, which has eased this year.
  - While current quotes are at INR46,000/candy, trades for Nov-Dec futures are already happening at INR41,000/candy
  - This is still higher than the last year average price of INR35,000/candy.
  - However, WLSI remains confident of maintaining its margins despite this rise.

- **Industry**

- Top of the bed segment:
  1. The market for top-of-the-bed category is bigger than sheets.
  2. WLSI entered this market only recently.
  3. In Fashion bedding the company is only doing revenues of USD15-20mn.
  4. However, WLSI does not see India grabbing a major share of the 'top-of-the-bed' category (as seen in cotton and bed sheets).
- Hospitality & healthcare
  1. Hospitality and healthcare is a USD1-1.5bn market.
  2. While WLSI is still at research stage in the healthcare side, hospitality business is already seeing traction.
  3. The market is dominated by local companies. Bulk of the product is imported.
- China
  1. While the recent spike in Indian cotton prices is worrisome, Chinese cotton is still 17% more expensive.
  2. This cotton advantage along with existing labour advantage should help Indian companies maintain their advantage.
  3. The cost differential will not change too much.

- **Geographic expansion**

- US market trends
  1. WLSI has not seen any impact of the fall in US home textile volumes (reported by OTEXA) seen in past few months.
  2. There have been no indications from its clients about any issues.
  3. The company increased its market share in US last year also.
- Europe
  1. WLSI continues to remain focused on the European markets.
  2. The company's business continues to grow in Europe.
  3. Business in Europe and RoW registered 20-25% growth.
  4. It has been successful in opening doors with all major retailers in Europe.
  5. WLSI has been able to achieve this growth, despite the duty disadvantage.
- Japan and other Asian markets
  1. WLSI is focused on Asian markets as well.
  2. However, the Asia (especially Japan) is a conservative market and it takes time to get business.
  3. The company is already in its 3rd year of business in Japan.
- India market

1. Logged growth in excess of 20% this quarter.
  2. Growth in future quarters will be pronounced.
- **Retail and innovative products**
    - WLSI continues to invest in its brands in India and also '*Christy*' in the UK.
    - '*Hygro*' continues to see huge traction in US markets.
  - **Capex**
    - Total capex of INR8bn for this year
      1. INR2.5bn is a carry forward from last year.
      2. INR3bn will be spent on increasing towel, sheets and rugs capacity by 20%.
      3. INR1.5bn is being incurred on carpets.
    - Capex is expected to decline in FY18, and should be equal to depreciation going forward.
  - **Ancillarisation**
    - WLSI wants to outsource yarn manufacturing for towel and sheets whereas fabric will be outsourced only for sheeting.
  - **This takes away 2/3rd of the company's capex**
    - First spinning unit is operational and was commissioned 2-3 months ago.
    - It will soon start producing 45 tonnes of yarn per day.
    - The company plans to give this first unit 3-4 months to mature and understand the learning curve therein.
    - There are already 11 other ancillary units the company is in discussion with. There is more interest in yarn manufacturing.
    - Over next 2-3 years, the roll out should happen.
    - Going forward, WLSI will only focus on dyeing, finishing, sewing and other value-added processes.
  - **Incentives**
    - General belief is that with implementation of GST, there will be immediate impact of 1.5% on margins related to the discontinuation of duty drawback.
    - While there are fears that incentives could get reduced, but looking at the recent incentives rolled out for the garment segment, there is a possibility incentives could be increased.
  - **Debt**
    - 90% of borrowing is in INR and rest is in foreign currency.

## Q4FY16 Analyst meet: Key highlights

### Q4FY16/FY16 results

- WLSI was declared as the No.1 home textile supplier in the US for the fourth consecutive year.
- Overall revenue growth at 13% YoY in FY16 was led by 12% volume growth, 2% price decline and 3% exchange gain.
- Margin expanded driven by foreign currency benefit (3% on revenue), increased backward integration and change in product mix.
- Capacity utilisation

**Table 2: Capacity utilisation**

Segment	Capacity	Utilisation (%)
Towels (MT)	60,000	92.0
Sheets (Mn mtrs)	72	92.0
Rugs (Mn sq.mtrs)	8	76.0

*Source: Company, Edelweiss research*

- Terry towels market share in USA reached 20% in CY15 from 14.7% in CY13, while bed linen market share moved up to 11.3% from 7.3% in CY13).
- **Innovative/branded products**
  - Share of innovative products stood at 34% in FY16 (versus 31% in FY15), while that of branded sales stood at 13% (versus 11 % in FY15).
  - Launch of innovative products by WLSI such as 'Hygro cotton' towels is gaining strong traction. Revenue clocked ~USD150mn in FY16 and is expected to touch ~ USD 200mn in FY17.
  - On similar lines, the company is confident of growing its other innovative products 'Nano Care' and 'Drylon'. WLSI plans to launch similar products in bed linen segment, too.
  - Domestic retail business clocked stupendous 47% YoY growth in FY16
- **Future growth**
  - Globally, the company is seeing humungous opportunity in hospitality and health care segments.
  - Future focus areas include providing value-added services/partnership approach for large retailers in terms of inventory management, product placement, real-time data analytics, etc. This will help maintain the company's strong relationship with retailers.
  - Focus on sales through e-commerce will continue and it expects to maintain it at ~5 % levels on higher base.
- **Capex**
  - WLSI has commissioned incremental capacity in bed linen and terry towels.
  - Further capacity expansion has been announced in all segments:

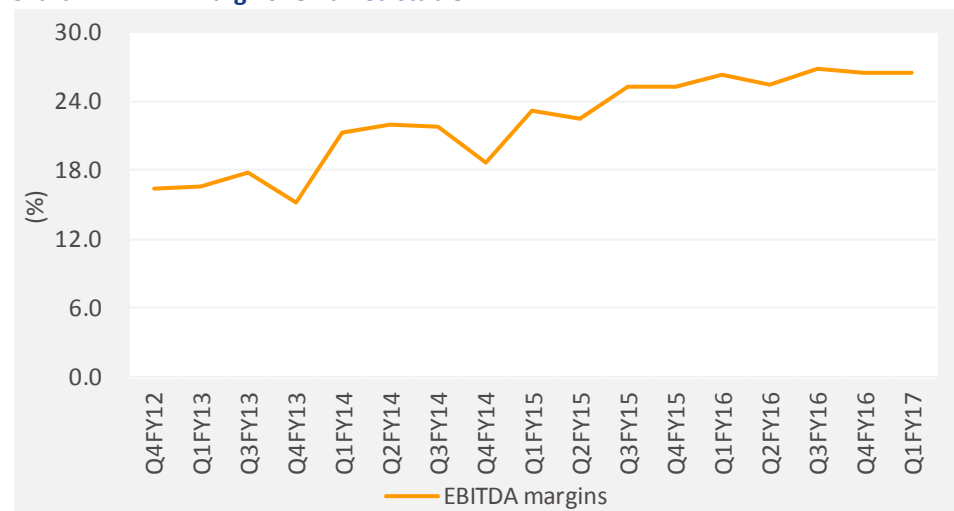
**Table 3: Additional capacity**

Segment	Addition Capacity	Total capacity
Towels (MT)	12,000	72,000
Sheets (Mn mtrs)	18	90
Rugs (Mn sq.mtrs)	2	10

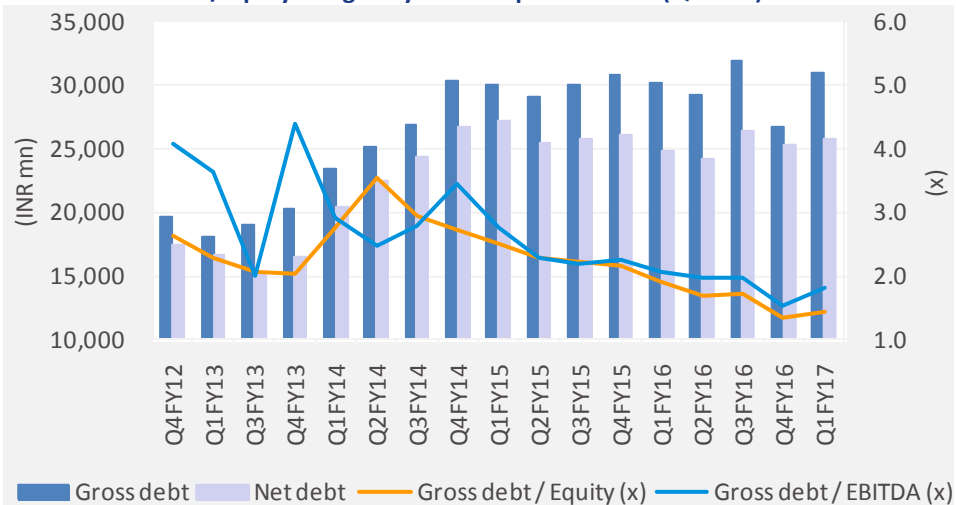
Source: Company, Edelweiss research

- Incremental capacity will not be fully integrated and will mainly be processing and stitching capabilities.
- WSLI is moving towards developing ancillary units around its existing plant for spinning and weaving and would leverage its processing capabilities including new product development and customer relationship for volume growth going forward.
- Earlier planned capex for Vapi plant modernisation will continue and get completed in FY17.
- The company stated post this capex plan, future capex will be to the tune of depreciation.
- **Vision 2020**
  - Revenue: USD2bn
  - 50% of revenue from innovative and branded products
  - Domestic share of revenue at 20%, mainly from own brands and retail program
  - Net debt : Nil

**Chart 1: EBITDA margins remained stable**



Source: Company, Edelweiss research

**Chart 2: Gross debt/Equity marginally inched up from 1.35x (Q4FY16) to 1.43x (Q1FY17)**

Source: Company, Edelweiss research

## Financial snapshot

(INR mn)

Year to March	Q1FY17	Q1FY16	% change	Q4FY16	% change	FY16	FY17E	FY18E
Net revenues	15,926	13,931	14.3	16,294	(2.3)	59,371	69,265	77,573
Staff costs	1,539	1,239	24.2	1,379	11.6	5,364	6,125	6,783
Direct costs	7,240	6,500	11.4	7,340	(1.4)	26,589	31,992	36,500
Other expenses	2,922	2,523	15.8	3,248	(10.1)	11,518	12,910	14,253
EBITDA	4,225	3,669	15.1	4,326	(2.3)	15,899	18,238	20,037
Depreciation	1,121	785	42.9	1,036	8.2	3,718	4,848	5,462
EBIT	3,104	2,885	7.6	3,290	(5.7)	12,181	13,390	14,575
Other income	189	286	(33.9)	277	(31.8)	950	865	791
Interest	353	593	(40.5)	668	(47.2)	2,368	1,515	1,338
Add: Exceptional items								
Profit before tax	2,940	2,577	14.1	2,900	1.4	10,763	12,740	14,027
Provision for taxes	853	729	17.1	871	(2.0)	3,238	4,013	4,419
Minority interest	68	18	271.2	36	91.9	125	145	165
Reported net profit	2,019	1,830	10.3	1,994	1.2	7,400	8,582	9,444
Adjusted Profit	2,019	1,830	10.3	1,994	1.2	7,400	8,582	9,444
Diluted shares (mn)	1,005	1,005*		1,005		1,005	1,005	1,005
Adjusted Diluted EPS	2.0	1.8	10.3	2.0	1.2	7.4	8.5	9.4
Diluted P/E (x)	-	-		-		13.4	11.6	10.5
EV/EBITDA (x)	-	-		-		7.9	6.8	5.8
ROAE (%)	-	-		-		42.9	36.7	31.1

## As % of net revenues

Direct costs	45.5	46.7		45.0		44.8	46.2	47.1
Employee cost	9.7	8.9		8.5		9.0	8.8	8.7
Other expenses	18.3	18.1		19.9		19.4	18.6	18.4
EBITDA	26.5	26.3		26.6		26.8	26.3	25.8
Reported net profit	12.7	13.1		12.2		12.5	12.4	12.2
Tax rate	29.0	28.3		30.0		30.1	31.5	31.5

\*Adjusted for stock split

## Company Description

Established in 1985, Welspun India today, it is one of the top three home textile manufacturers globally and the largest home textile company in Asia. It has modern manufacturing facilities at Anjar and Vapi in Gujarat where it produces an entire range of home textiles for bed & bath category. The company has state-of-the-art completely vertically integrated plants, right from spinning to confectioning.

Welspun has been ranked No.1 among home textile suppliers in the US (Source: Home Textile Today). It has a distribution network in over 32 countries including US, UK, Europe, Canada and Australia.

In addition to manufacturing facilities, which predominantly supply to private labels, the company also maintains its own brands Christy, Hygrocotton, Welhome and Spaces - Home and Beyond; it also has a tie up with Nautica for North American markets.

## Investment Theme

**Innovation, diversified client and product base cement dominance:** Welspun enjoys long standing relationships with top retailers in the US and Europe and supplies to 14 of the top 30 global retailers. It commands a lion's share of home textiles exported out of India. Increasing geographical and client diversification is improving the company's risk metrics. It has seven trademarks and has applied for six patents till date. Welspun derives ~30% of sales from innovative products.

**Margin sustainability:** WLSI has consistently improved its margin. While the rise is partially attributed to currency, it has been primarily driven by increase in share of innovative products. Driven by its confidence in sustaining these margins, it has upgraded its margin guidance from 20-22% to 23-24%.

**Robust free cash flow & consistently lowering leverage:** WLSI is at the end of its massive INR25bn capex programme it had undertaken in FY14, with only INR8bn to be spent in FY17. The company's confidence in generating free cash is also evident from its recently announced dividend policy of 25% payout ratio. Going forward, it is expected to generate strong free cash flows and lower its leverage further. Gross debt/equity has fallen from 2.1x at FY15 end to 1.3x as of FY16. We estimate this to fall below 1.0x by FY18E.

## Key Risks

**Raw material risk:** Raw material costs, primarily cotton yarn, account for 50% of the overall expenses and are a prime driver of profitability. Volatility in cotton prices can impact the profitability adversely.

**Leveraged balance sheet:** Welspun ended FY16 with a net debt/equity of 1.2x. While it has completed a major portion of its capex, leverage remains high.

**Currency fluctuations:** Welspun exports more than 90% of its production. With a network spanning 50 countries, the company is exposed to currency fluctuations which can significantly impact profitability.

## Financial Statements

### Key Assumptions

Year to March	FY15	FY16	FY17E	FY18E
<b>Macro</b>				
GDP(Y-o-Y %)	7.2	7.4	7.9	8.3
Inflation (Avg)	5.9	4.8	5.0	5.2
Repo rate (exit rate)	7.5	6.8	6.0	6.0
USD/INR (Avg)	61.1	65.0	67.5	67.0
<b>Company</b>				
Towel cap. (MT)	50,000	55,000	60,000	72,000
Bed-linen cap. (000 mts)	60,000	66,000	72,000	90,000
Rugs/carpets cap. (MT)	15,000	15,000	17,500	25,000
Towel utilis. (%)	102	101	99	89
Bed-linen utilis. (%)	97	101	99	87
Rugs/carpets utilis. (%)	58	76	80	68
Raw Material (% net rev)	48.0	44.8	46.2	47.1
Other exp (% net rev)	19.6	19.4	18.6	18.4
Depreciation rate (%)	7.6	7.1	7.8	8.0
Dividend per share	10.5	1.3	1.6	1.8
Capex (INR mn)	5,795	10,597	8,788	4,332
Inventory % of costs	43.3	41.5	41.0	41.0
Debtors % of revenues	8.4	10.3	10.3	10.3
OCA % of revenues	2.8	2.8	2.8	2.8
Loans & adv (% net rev)	14.1	10.8	10.8	10.8
Incremental debt	558	(4,219)	(323)	(4,115)

### Income statement

(INR mn)

Year to March	FY15	FY16	FY17E	FY18E
Net revenue	53,025	59,371	69,265	77,573
Materials costs	25,443	26,589	31,992	36,500
Gross profit	27,582	32,782	37,273	41,073
Employee costs	4,460	5,364	6,125	6,783
Other Expenses	10,380	11,518	12,910	14,253
EBITDA	12,742	15,899	18,238	20,037
Depreciation	3,329	3,718	4,848	5,462
EBIT	9,412	12,181	13,390	14,575
Add: Other income	949	950	865	791
Less: Interest Expense	2,829	2,368	1,515	1,338
Profit Before Tax	7,533	10,763	12,740	14,027
Less: Provision for Tax	2,090	3,238	4,013	4,419
Less: Minority Interest	45	125	145	165
Reported Profit	5,398	7,400	8,582	9,444
Adjusted Profit	5,398	7,400	8,582	9,444
Shares o /s (mn)	100	1,005	1,005	1,005
Adjusted Basic EPS	53.7	7.4	8.5	9.4
Diluted shares o/s (mn)	100	1,005	1,005	1,005
Adjusted Diluted EPS	53.7	7.4	8.5	9.4
Adjusted Cash EPS	89.3	11.1	13.4	14.8
Dividend per share (DPS)	10.5	1.3	1.6	1.8
Dividend Payout Ratio(%)	23.5	21.2	23.0	23.0

### Common size metrics

Year to March	FY15	FY16	FY17E	FY18E
Operating expenses	76.0	73.2	73.7	74.2
Materials costs	48.0	44.8	46.2	47.1
Staff costs	8.4	9.0	8.8	8.7
S G & A expenses	19.6	19.4	18.6	18.4
Depreciation	6.3	6.3	7.0	7.0
Interest Expense	5.3	4.0	2.2	1.7
EBITDA margins	24.0	26.8	26.3	25.8
Net Profit margins	10.3	12.7	12.6	12.4

### Growth ratios (%)

Year to March	FY15	FY16	FY17E	FY18E
Revenues	21.3	12.0	16.7	12.0
EBITDA	38.3	24.8	14.7	9.9
PBT	626.3	42.9	18.4	10.1
Adjusted Profit	486.3	37.1	16.0	10.0
EPS	485.6	37.1	16.0	10.0

Balance sheet		(INR mn)			
As on 31st March	FY15	FY16	FY17E	FY18E	
Share capital	1,005	1,005	1,005	1,005	
Reserves & Surplus	13,314	18,872	25,480	32,752	
Shareholders' funds	14,318	19,877	26,485	33,756	
Minority Interest	378	503	648	813	
Short term borrowings	14,905	8,755	10,308	7,193	
Long term borrowings	15,946	17,877	16,000	15,000	
Total Borrowings	30,851	26,632	26,308	22,193	
Long Term Liabilities	1,020	1,296	1,517	1,700	
Def. Tax Liability (net)	641	1,178	1,178	1,178	
<b>Sources of funds</b>	<b>47,208</b>	<b>49,486</b>	<b>56,136</b>	<b>59,641</b>	
Gross Block	42,980	53,741	62,114	67,210	
Net Block	24,442	31,486	35,014	34,650	
Capital work in progress	1,564	1,832	2,246	1,482	
Intangible Assets	1,828	1,892	1,900	1,908	
Total Fixed Assets	27,834	35,210	39,160	38,040	
Non current investments	15	30	30	30	
Cash and Equivalents	4,657	1,777	2,798	5,541	
Inventories	11,006	11,046	13,117	14,965	
Sundry Debtors	4,467	6,114	7,133	7,988	
Loans & Advances	7,474	6,419	7,489	8,387	
Other Current Assets	1,500	1,676	1,955	2,189	
Current Assets (ex cash)	24,447	25,255	29,694	33,530	
Trade payable	6,910	10,080	11,736	13,233	
Other Current Liab	2,835	2,706	3,810	4,267	
Total Current Liab	9,745	12,786	15,546	17,500	
Net Curr Assets-ex cash	14,702	12,469	14,148	16,030	
<b>Uses of funds</b>	<b>47,208</b>	<b>49,486</b>	<b>56,136</b>	<b>59,641</b>	
BVPS (INR)	142.5	19.8	26.4	33.6	
Contingent Liability	594.1	414.3	414.3	414.3	

Free cash flow		(INR mn)			
Year to March	FY15	FY16	FY17E	FY18E	
Reported Profit	5,398	7,400	8,582	9,444	
Add: Depreciation	3,329	3,718	4,848	5,462	
Interest (Net of Tax)	2,044	1,656	1,038	917	
Others	871	1,010	(388)	(369)	
Less: Changes in WC	2,252	(2,754)	1,459	1,699	
Operating cash flow	9,391	16,538	12,621	13,755	
Less: Capex	5,795	10,597	8,788	4,332	
<b>Free Cash Flow</b>	<b>3,596</b>	<b>5,940</b>	<b>3,833</b>	<b>9,423</b>	

## Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY17E	FY18E	FY17E	FY18E	FY17E	FY18E
Welspun India	1,495	11.7	10.6	6.8	5.9	36.7	31.1
Arvind	1,171	14.9	12.6	8.8	7.9	16.7	17.1
Himatsingka Seide	403	14.0	12.0	10.5	7.9	18.1	17.9
Median	-	14.0	12.0	8.8	7.9	18.1	17.9
AVERAGE	-	13.6	11.7	8.7	7.2	23.8	22.1

Source: Edelweiss research

Cash flow metrics		FY15	FY16	FY17E	FY18E
Year to March					
Operating cash flow	9,391	16,538	12,621	13,755	
Investing cash flow	(6,071)	(8,012)	(7,933)	(3,551)	
Financing cash flow	(3,249)	(9,455)	(3,667)	(7,461)	
Net cash Flow	71	(929)	1,021	2,743	
Capex	(5,795)	(10,597)	(8,788)	(4,332)	
Dividend paid	(711)	(2,443)	(1,974)	(2,172)	

## Profitability and efficiency ratios

Year to March	FY15	FY16	FY17E	FY18E
ROAE (%)	41.7	42.9	36.7	31.1
ROACE (%)	23.8	28.4	28.4	27.9
Inventory Days	122	151	112	115
Debtors Days	30	33	35	36
Payable Days	94	117	124	125
Cash Conversion Cycle	58	67	22	25
Current Ratio	3.0	2.1	2.1	2.2
Gross Debt/EBITDA	2.4	1.7	1.4	1.1
Gross Debt/Equity	2.1	1.3	1.0	0.6
Adjusted Debt/Equity	2.1	1.3	1.0	0.7
Net Debt/Equity	1.8	1.2	0.9	0.5
Interest Coverage Ratio	3.3	5.1	8.8	10.9

## Operating ratios

Year to March	FY15	FY16	FY17E	FY18E
Total Asset Turnover	1.2	1.2	1.3	1.3
Fixed Asset Turnover	2.3	2.0	2.0	2.1
Equity Turnover	4.1	3.4	2.9	2.5

## Valuation parameters

Year to March	FY15	FY16	FY17E	FY18E
Adj. Diluted EPS (INR)	53.7	7.4	8.5	9.4
Y-o-Y growth (%)	485.6	37.1*	16.0	10.0
Adjusted Cash EPS (INR)	89.3	11.1	13.4	14.8
Diluted P/E (x)	1.9	13.6	11.7	10.6
P/B (x)	0.7	5.1	3.8	3.0
EV / Sales (x)	2.4	2.1	1.8	1.5
EV / EBITDA (x)	2.9	7.9	6.8	5.9
Dividend Yield (%)	10.5	1.3	1.6	1.8

## Additional Data

### Directors Data

Mr. B K Goenka	Chairman	Mr. R. R. Mandawewala	Managing Director
Ms. Dipali Goenka	Executive Director	Mr. A. K. Dasgupta	Independent Director
Mr. Arun Tadarwal	Independent Director	Mr. Ram Gopal Sharma	Independent Director
Mr. Ajay Sharma	Nominee Director	Mr. Arvind Kumar Singhal	Additional Director

Auditors -

*\*as per last available data*

### Holding – Top10

	Perc. Holding		Perc. Holding
Goldman Sachs Group	2.77	Wasatch Advisors	1.33
Reliance Capital	0.93	Vanguard Group	0.75
Dimensional Fund Advisors	0.59	HSBC Asset Mgmt India	0.53
Union Investment	0.42	BNP Paribas Asset Mgmt	0.31
Prudential ICICI Asset Mgmt	0.28	Capital Securities	0.28

*\*as per last available data*

### Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
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No Data Available

*\*as per last available data*

### Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
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No Data Available

*\*as per last available data*

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Manoj Bahety

Deputy Head Research

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### Coverage group(s) of stocks by primary analyst(s): Midcap Textiles

Arvind, Himatsingka Seide, Welspun India

#### Recent Research

Date	Company	Title	Price (INR)	Recos
25-May-16	Himatsingka Seide	Margins uptick in retail; Result Update	216	Buy
13-May-16	Arvind	Growth with stable margins; Result Update	299	Hold
26-Apr-16	Welspun India	Brand & Retail margins revival continues; Result Update	99	Buy

#### Distribution of Ratings / Market Cap

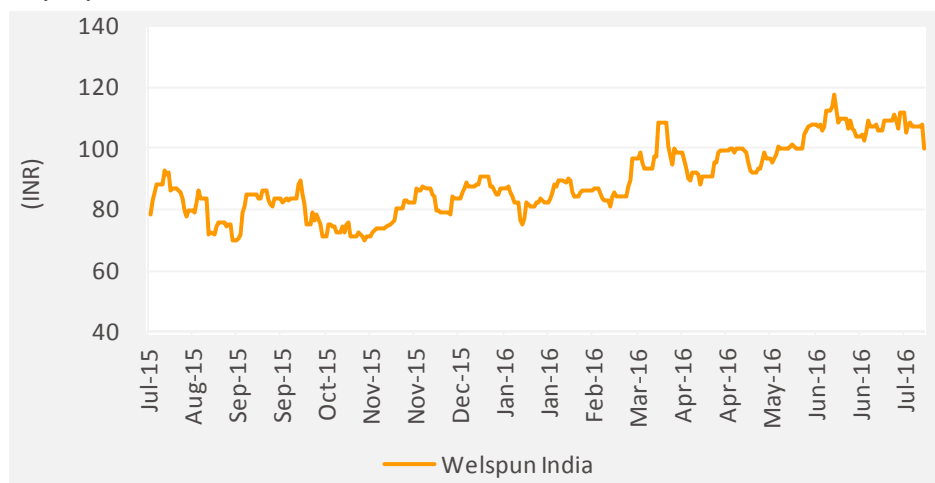
##### Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	158	59	12	229
* - stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

#### Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

#### One year price chart



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