

WELSPUN INDIA

Record margin yet again; stellar prospects

India Equity Research | Textiles

Welspun India's (WLSI) Q3FY16 result was characterised by yet another record high EBITDA margin—26.9%—driven by increased share of innovative products, especially *Hygro Cotton*. The company also raised its margin guidance to 23-24% from 20-22%. Revenue growth was flat QoQ, in line with our estimate, as the company was constrained by capacity. As we roll forward to FY18E, we revise up our EV/EBITDA to 7.0x driven by: a) margin sustainability; b) robust free cash flow; and c) lower leverage. Hence, we upgrade to 'BUY' with a revised target price of INR1,128 (INR849 earlier).

Another quarter of record margin; guidance raised to 23-24%

WLSI reported another quarter of stellar margin—26.9%, up 146bps QoQ and 161bps YoY. The growth was driven primarily by higher share of innovative and branded products, especially *Hygro Cotton*, wherein it launched its campaign for ingredient branding with retailer brands this quarter. Driven by this traction in brands and innovative products, WLSI has revised up EBITDA margin guidance from 20-22% to 23-24%.

Revenue growth flat; new capacity to be commissioned by Mar '16

Revenue grew 10.7% YoY riding 7% volume jump. However, the revenue growth was flat QoQ as incremental capacity in sheeting and towels got commissioned towards the quarter end. While the entire sheeting capacity has been commissioned, balance 5,000 tonnes in towel will be added by March 2016. The strong traction in domestic retail (majorly *Spaces*) continued with 90% YoY growth in Q3FY16 (YTD up 52%).

Outlook & valuations: Abundant cash flow ahead; upgrade to 'BUY'

WLSI's margin has improved consistently and driven by its confidence in sustaining the momentum, the company has revised up its margin guidance. In addition, it is now close to the end of its massive capex programme, post which it should generate strong free cash flow (cumulatively INR19bn over FY17-18E). Moreover, its D/E has been consistently falling and should be below 1.0x by FY18E. As we roll forward to FY18E, we increase our EV/EBITDA to 7.0x (6.0x earlier) giving us a TP of INR1,128 (INR849 earlier). We upgrade our recommendation to 'BUY' from 'HOLD'. At our TP, the stock is valued at 3.5x FY18E P/BV, with an RoE of 31%.

Financials

(INR mn)

Year to March	Q3FY16	Q3FY15	YoY	Q2FY16	QoQ	FY15	FY16E	FY17E
Net Revenues	14,904	13,459	10.7	14,723	1.2	53,025	58,457	67,038
EBITDA	4,006	3,400	17.8	3,743	7.0	12,742	15,322	18,063
Adjusted Profit	1,741	1,436	21.3	1,724	1.0	5,398	6,776	8,325
Adjusted Diluted EPS	17.3	14.3	21.2	17.2	1.0	53.7	67.5	82.9
Diluted P/E (x)						16.4	13.1	10.6
EV/EBITDA (x)						9.0	7.4	6.1
ROAE (%)						41.7	39.8	36.6

EDELWEISS RATINGS

Absolute Rating	BUY
Investment Characteristics	Growth

MARKET DATA (R: WLSP.BO, B: WLSI IN)

CMP	: INR 883
Target Price	: INR 1,128
52-week range (INR)	: 963 / 297
Share in issue (mn)	: 100.5
M cap (INR bn/USD mn)	: 89 / 1,311
Avg. Daily Vol. BSE/NSE ('000)	: 253.9

SHARE HOLDING PATTERN (%)

	Current	Q2FY16	Q1FY16
Promoters *	73.5	73.5	73.5
MF's, FI's & BKs	8.7	4.3	4.8
FII's	5.0	7.5	6.1
Others	12.8	14.7	15.7
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	BSE Midcap Index	Stock	Stock over Index
1 month	(8.5)	(5.3)	3.2
3 months	(6.3)	18.0	24.3
12 months	(3.6)	121.3	124.9

Nihal Mahesh Jham

+91 22 6623 3352

nihal.jham@edelweissfin.com

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Why we raise our multiple?

- **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:** WLSI is at the end of its massive INR25bn capex programme it had undertaken in FY14, with only INR7bn to be spent over the next 9 months. Even for incremental growth it believes only INR3bn capex will be needed to sustain 5-6% volume growth. 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 (cumulatively INR19bn over FY17-18E).
- **Consistently lowering leverage:** Gross debt/equity has fallen from 2.2x at FY15 end to 1.7x as of now. We estimate this to fall below 1.0x by FY18E.

Q3FY16 concall highlights

- **Q3FY16 results**
 - WLSI was again declared the No.1 home textile supplier in the US for the fourth consecutive year.
 - The company launched the Hygro Cotton campaign. It has seen significant traction here. It will be an ingredient branding launch where Private players have agreed to put the 'Hygro' label on their products.
 - Domestic retail business clocked stupendous growth of 90% YoY in Q3FY16.
 - During the quarter, innovative products contributed 34% to revenue and branded segment contributed 12%.
 - The business reported 7% volume growth with balance contribution of ~3% coming from exchange benefits.
 - Capacity utilization:
 - Bed sheet: 95%.
 - Towel: 100%.
 - Rugs: 70%.
 - ~70% revenue came from the US, 18-19% from Europe and balance from branded sales.
 - Margin expanded driven by foreign currency benefit (3% on revenue), increased backward integration and also change in product mix.
- **Capex**
 - WLSI has commissioned all the 328,000 spindles.
 - The incremental 5,000 tonnes in towel will be commissioned by March 2016.
 - Capacity in carpets will increase to 20,000 tonnes by Sep-16
 - The remaining capex of INR7bn will be done over the next 9 months: INR3bn will be spent in Q4FY16 and INR4bn in FY17.

- Plan for the balance INR7bn
 - Still some integration is pending in bed linen.
 - Investing INR1bn for automation.
 - INR1bn investment will be made for sustainability. Also, investing about 8-10MW for power at Vapi which will cost INR0.8-1bn.
 - Carpet will require limited expenditure of INR500mn.
 - A large part of capex is addition of 5,000 tonnes of towel and vertical integration in bedding.
- The company stated that capacity will not be an issue for growth:
 - WLSI believes volumes can jump 5-6% over FY17 and FY18 (i.e. post the current capex) by investing only ~INR3bn per annum.
 - It does not believe capacity will ever be a constraint for growth.
 - Also, incremental capacity can be commissioned in a quarter or two.
- WLSI is contemplating on increasing capacity further and it could announce something on this by next month.
- **Retail & innovative products**
 - Retail domestic revenue was INR420mn and for 9mFY16 it was INR1.1bn.
 - The 'Hygro Cotton' brand for 9mFY16 has already clocked revenue of USD90mn and WLSI anticipates strong growth ahead as well.
 - It has 16 patents in the pipeline.
- **Expansion in Europe:**
 - All things equal, margins in Europe will be lower due to: a) current duty structure; and b) fragmented market which leads to smaller orders.
 - As a result, WLSI is positioning itself slightly higher where it is offering only high end products. This helps it bridge the margin gap.
 - If the Free Trade Agreement (FTA) goes through, India will gain market share.
 - The first set of meetings on FTA will happen over the next few weeks.
 - It stated that the government understands that not many treaties are going through and India is being left out
 - However, the deal could take 18-24 months.
- **Industry related**
 - WLSI believes the fear over Chinese currency is overdone as the depreciation of CNY and INR has been similar in the 4-5% range.
 - Also, India has 5-10% cost advantage. Hence, unless there is a greater than 10% depreciation, there is nothing to worry.
 - WLSI also mentioned that Chinese players have virtually stopped bidding for home textile contracts
 - **Trans Pacific Partnership (TPP)**

- The Trans Pacific Partnership (TPP) is more focused on garments and that too synthetic. Therefore, it will mainly hamper China.
- The implementation of TPP is a 10 year process.
- WLSI believes that in home textiles, there is no risk as there are no major home textile players in Vietnam.
- The rate of growth in wages in Vietnam will outstrip India's which will also hamper its competitiveness.
- In relation to the MEIS benefits, the Foreign Trade Policy (FTP) review will happen in 2018. MEIS benefits could be taken off then.
- WLSI believes there is still a huge untapped potential for India in the filled products section e.g. comforters. Here India's share is only 7% and China's share is 60-65%.
- **Debt:**
 - The company received interest equalization with retrospective effect from Mar-15.
 - Looking at similar net debt levels in FY15 and FY16.
 - Interest equalization benefit was INR40mn for the quarter.
 - The benefits from Gujarat textile:
 - Interest subsidy which is 5%.
 - VAT refund which is subject to investment in plant and machinery: Available for domestic sales from Gujarat government. This will increase as the company increases domestic sales.
- **Business related:**
 - Overall realization has improved due to better product mix as there has been no price increase.
 - WLSI believes its above industry growth has been driven by its solutions like 360 degree, innovation etc.
- **Guidance:**
 - WLSI has upgraded for EBITDA margin of 23-24% driven by traction in innovative and branded products
 - WLSI is confident of achieving 13% annual growth target.
 - The 13-17% guidance takes care of all aspects i.e. volume, exchange rate and price.
 - Anything between 10% and 15% growth is sustainable.

Chart 1: Another quarter of record high EBITDA margins

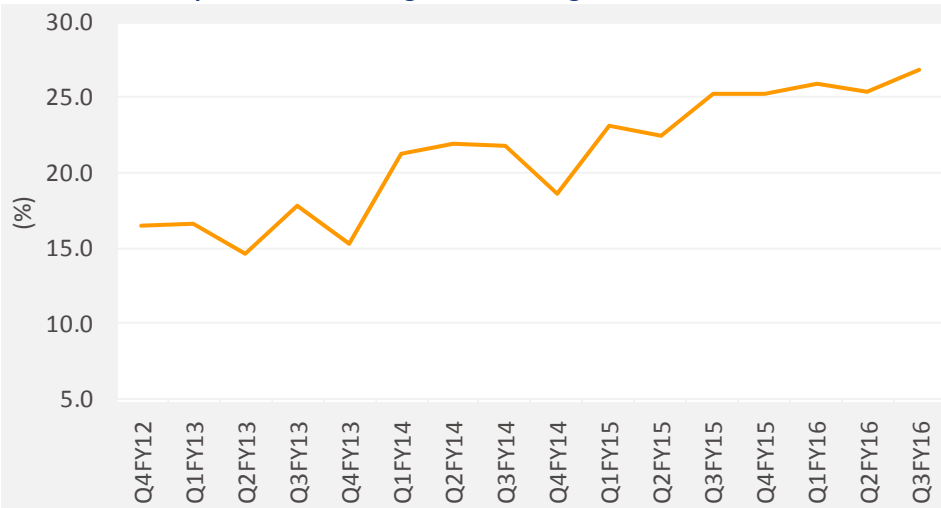
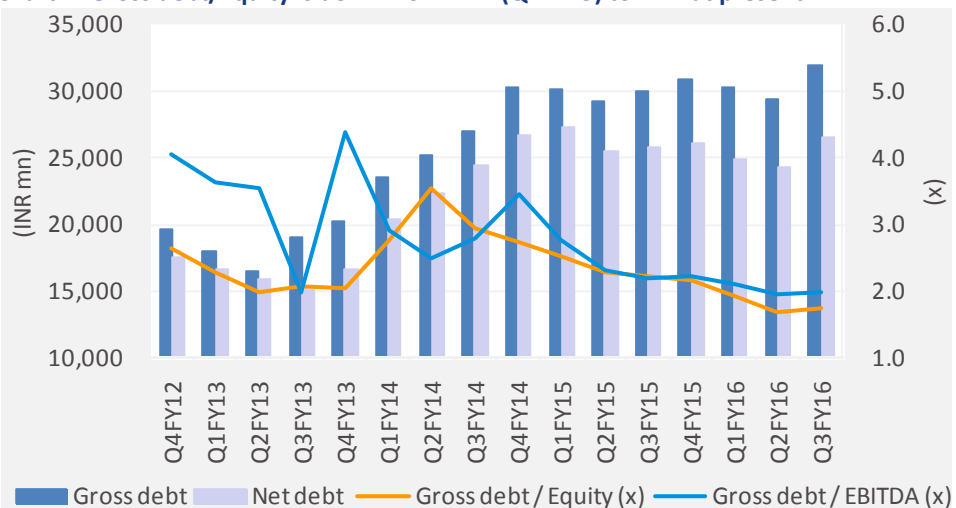
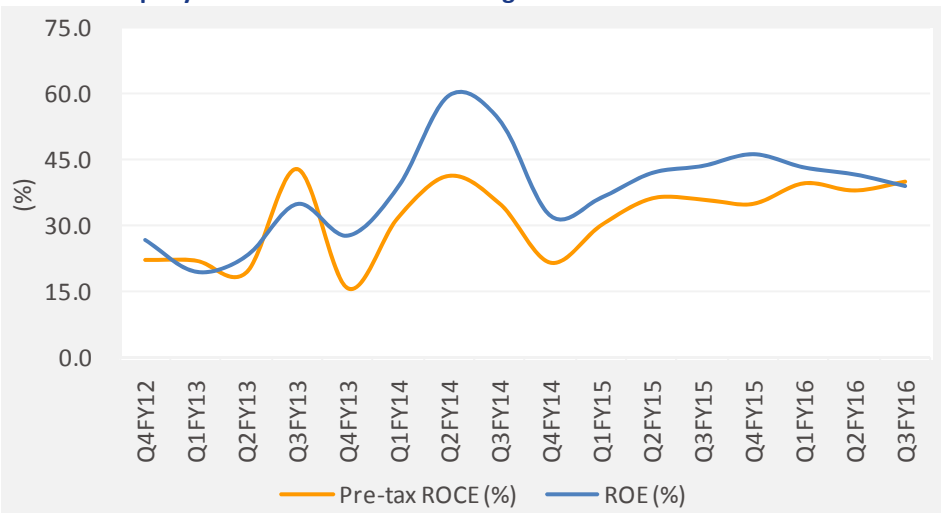


Chart 2: Gross debt/Equity is down from 2.2x (Q4FY15) to 1.7x at present



Company's focus on debt reduction is visible

Chart 3: Company continues to maintain its high RoE and RoCE



Source: Company, Edelweiss research

Textiles

Financial snapshot (Consolidated)

(INR mn)

Year to March	Q3FY16	Q3FY15	YoY (%)	Q2FY16	QoQ (%)	YTD16	FY16E	FY17E
Net revenues	14,904	13,459	10.7	14,723	1.2	43,511	58,457	67,038
Direct costs	6,220	6,324	(1.7)	6,637	(6.3)	19,283	26,034	29,870
Employee expenses	1,421	1,132	25.5	1,325	7.3	3,985	5,318	5,991
Other expenses	3,257	2,602	25.2	3,019	7.9	8,897	11,782	13,113
EBIDTA	4,006	3,400	17.8	3,743	7.0	11,346	15,322	18,063
Depreciation & Amortisation	997	918	8.7	918	8.7	2,708	3,905	4,443
EBIT	3,008	2,483	21.2	2,825	6.5	8,638	11,418	13,620
Less: Interest Expense	592	816	(27.4)	515	15.1	1,700	2,268	2,233
Add: Other income	172	147	17.3	197	(12.7)	647	910	949
Add: Exceptional items	-	-	NM	-	NM	-	-	-
Profit before Tax	2,588	1,813	42.8	2,508	3.2	7,585	10,060	12,336
Less: Provision for Tax	814	369	120.5	747	9.0	2,400	3,179	3,886
Less: Minority Interest	34	8	302.8	38	(10.1)	90	105	125
Reported Profit	1,741	1,436	21.3	1,724	1.0	5,096	6,776	8,325
Adjusted Profit	1,741	1,436	21.3	1,724	1.0	5,096	6,776	8,325
No. of Dil. shares outstanding (mn)	100	100	0.0	100	-	100	100	100
Adjusted Diluted EPS	17.3	14.3	21.2	17.2	1.0	50.7	67.5	82.9
As % of net revenue	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Direct costs	41.7	47.0		45.1		44.3	44.5	44.6
Employee expenses	9.5	8.4		9.0		9.2	9.1	8.9
Other expenses	21.9	19.3		20.5		20.4	20.2	19.6
EBIDTA	26.9	25.3		25.4		26.1	26.2	26.9
Net profit	11.7	10.7		11.7		11.7	11.6	12.4
Tax rate	31.4	20.3		29.8		31.6	31.6	31.5

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.

Capex underway to bolster already formidable capacity: The company is undertaking a major capex programme to enhance its cost base, lending it pricing power and opportunities to increase market share globally. This will propel vertical integration to ~75% (~35% currently). The capex is being funded by low-cost subsidised debt, which will increase capacity without substantial interest burden.

Returns: High capacity utilisation and increased backward integration will drive 364bps expansion in EBITDA margin over FY14-16E. Similarly, RoEs are likely to maintain upward trend and cross the 35% mark in FY16E (890bps expansion over FY13-16E).

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 FY15 with a net debt/equity of 1.8x. It is in the midst of a capex programme with a remaining outlay of INR6bn. This is likely to keep leverage levels high in the future and may pressurise profitability.

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	FY15	FY16E	FY17E	FY18E
Macro				
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)	7.50	6.75	6.00	6.00
INR/USD	61.2	65.0	67.5	67.0
Company				
Terry towel capacity (MT)	50,000	52,500	60,000	60,000
Bed Linen capacity (000 Mts)	60,000	64,500	72,000	72,000
Rugs/carpets capacity (MT)	15,000	15,000	17,500	17,500
Terry towel capacity utilisation (%)	102	100	93	99
Bed linen capacity utilisation (%)	97	94	93	99
Rugs/carpets capacity utilisation (%)	58	68	75	85
Raw material costs (% of sales)	48.0	44.5	44.6	45.1
Employee costs (% of sales)	8.4	9.1	8.9	9.1
Other expenses (% of sales)	19.6	20.2	19.6	19.5
Avg. depreciation rate (%)	7.6	7.7	7.8	7.9
Capex (INR mn)	5795	7815	5543	1599
Increase in debt (INR mn)	558	973	(1,517)	(277)
inventory as % of RM costs (%)	43.3	44.0	44.0	44.0
Receivables as % of net revenues (%)	8.4	8.5	8.5	8.5
Other cur. assets as % of net rev. (%)	2.8	2.5	2.5	2.5
Loans/advances as % of net rev. (%)	14.1	13.0	13.0	13.0
Dividend per share (INR)	10.5	14.1	17.3	18.9

Income statement

(INR mn)

Year to March	FY15	FY16E	FY17E	FY18E
Net revenue	53,025	58,457	67,038	72,965
Materials costs	25,443	26,034	29,870	32,882
Gross profit	27,582	32,422	37,167	40,082
Employee costs	4,460	5,318	5,991	6,609
Other Expenses	10,380	11,782	13,113	14,198
EBITDA	12,742	15,322	18,063	19,276
Depreciation	3,329	3,905	4,443	4,797
EBIT	9,412	11,418	13,620	14,479
Add: Other income	949	910	949	1,236
Less: Interest Expense	2,829	2,268	2,233	2,232
Profit Before Tax	7,533	10,060	12,336	13,483
Less: Provision for Tax	2,090	3,179	3,886	4,247
Less: Minority Interest	45	105	125	145
Reported Profit	5,398	6,776	8,325	9,091
Adjusted Profit	5,398	6,776	8,325	9,091
Shares o/s (mn)	100	100	100	100
Adjusted Basic EPS	53.7	67.5	82.9	90.5
Diluted shares o/s (mn)	100	100	100	100
Adjusted Diluted EPS	53.7	67.5	82.9	90.5
Adjusted Cash EPS	89.3	109.6	131.1	142.6
Dividend per share (DPS)	10.5	14.1	17.3	18.9
Dividend Payout Ratio(%)	23.5	25.0	25.0	25.0

Common size metrics

Year to March	FY15	FY16E	FY17E	FY18E
Operating expenses	76.0	73.8	73.1	73.6
Materials costs	48.0	44.5	44.6	45.1
Staff costs	8.4	9.1	8.9	9.1
S G & A expenses	19.6	20.2	19.6	19.5
Depreciation	6.3	6.7	6.6	6.6
Interest Expense	5.3	3.9	3.3	3.1
EBITDA margins	24.0	26.2	26.9	26.4
Net Profit margins	10.3	11.8	12.6	12.7

Growth ratios (%)

Year to March	FY15	FY16E	FY17E	FY18E
Revenues	21.3	10.2	14.7	8.8
EBITDA	38.3	20.3	17.9	6.7
PBT	626.3	33.6	22.6	9.3
Adjusted Profit	486.3	25.5	22.9	9.2
EPS	485.6	25.5	22.9	9.2

Balance sheet		(INR mn)			
As on 31st March	FY15	FY16E	FY17E	FY18E	
Share capital	1,005	1,005	1,005	1,005	
Reserves & Surplus	13,314	18,396	24,640	31,458	
Shareholders' funds	14,318	19,401	25,645	32,463	
Minority Interest	378	483	608	753	
Short term borrowings	14,905	15,574	14,606	14,330	
Long term borrowings	15,946	16,250	15,701	15,700	
Total Borrowings	30,851	31,824	30,307	30,030	
Long Term Liabilities	1,020	1,162	1,326	1,438	
Def. Tax Liability (net)	641	967	1,368	1,805	
Sources of funds	47,208	53,838	59,253	66,489	
Gross Block	42,980	51,712	57,234	59,144	
Net Block	24,442	29,271	30,352	27,467	
Capital work in progress	1,564	647	668	357	
Intangible Assets	1,828	1,836	1,844	1,852	
Total Fixed Assets	27,834	31,754	32,865	29,676	
Non current investments	15	50	50	50	
Cash and Equivalents	4,657	7,247	9,292	18,112	
Inventories	11,006	11,455	13,143	14,468	
Sundry Debtors	4,467	4,969	5,698	6,202	
Loans & Advances	7,474	7,599	8,715	9,485	
Other Current Assets	1,500	1,461	1,676	1,824	
Current Assets (ex cash)	24,447	25,485	29,232	31,980	
Trade payable	6,910	7,333	8,326	9,127	
Other Current Liab	2,835	3,366	3,860	4,201	
Total Current Liab	9,745	10,699	12,186	13,328	
Net Curr Assets-ex cash	14,702	14,786	17,046	18,651	
Uses of funds	47,208	53,838	59,253	66,489	
BVPS (INR)	142.5	193.1	255.3	323.1	

Free cash flow		(INR mn)			
Year to March	FY15	FY16E	FY17E	FY18E	
Reported Profit	5,398	6,776	8,325	9,091	
Add: Depreciation	3,329	3,905	4,443	4,797	
Interest (Net of Tax)	2,044	1,551	1,529	1,529	
Others	871	133	155	(95)	
Less: Changes in WC	2,399	(58)	2,097	1,492	
Operating cash flow	9,243	12,423	12,355	13,829	
Less: Capex	5,795	7,815	5,543	1,599	
Free Cash Flow	3,449	4,608	6,812	12,230	

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Welspun India	1,311	13.1	10.7	7.4	6.1	39.8	36.6
Arvind	1,143	21.5	15.3	10.2	8.5	11.8	14.9
Himatsingka Seide	271	11.2	9.2	9.5	8.5	18.6	19.4
Median	-	13.1	10.7	9.5	8.5	18.6	19.4
AVERAGE	-	15.3	11.7	9.0	7.7	23.4	23.6

Source: Edelweiss research

Cash flow metrics		FY15	FY16E	FY17E	FY18E
Year to March					
Operating cash flow		9,243	12,423	12,355	13,829
Investing cash flow		(6,071)	(8,295)	(4,604)	(373)
Financing cash flow		(3,102)	(2,883)	(5,706)	(4,637)
Net cash Flow		71	1,245	2,045	8,819
Capex		(5,795)	(7,815)	(5,543)	(1,599)
Dividend paid		(711)	(1,694)	(2,081)	(2,273)

Profitability and efficiency ratios

Year to March	FY15	FY16E	FY17E	FY18E
ROAE (%)	41.7	39.8	36.6	31.1
ROACE (%)	23.8	25.4	26.9	26.2
Inventory Days	122	125	120	123
Debtors Days	30	29	29	30
Payable Days	94	100	96	97
Cash Conversion Cycle	58	54	53	56
Current Ratio	3.0	3.1	3.2	3.8
Gross Debt/EBITDA	2.4	2.1	1.7	1.6
Gross Debt/Equity	2.1	1.6	1.2	0.9
Adjusted Debt/Equity	2.1	1.6	1.2	0.9
Net Debt/Equity	1.8	1.2	0.8	0.4
Interest Coverage Ratio	3.3	5.0	6.1	6.5

Operating ratios

Year to March	FY15	FY16E	FY17E	FY18E
Total Asset Turnover	1.2	1.2	1.2	1.2
Fixed Asset Turnover	2.3	2.0	2.1	2.4
Equity Turnover	4.1	3.4	2.9	2.5

Valuation parameters

Year to March	FY15	FY16E	FY17E	FY18E
Adj. Diluted EPS (INR)	53.7	67.5	82.9	90.5
Y-o-Y growth (%)	485.6	25.5	22.9	9.2
Adjusted Cash EPS (INR)	89.3	109.6	131.1	142.6
Diluted P/E (x)	16.4	13.1	10.7	9.8
P/B (x)	6.2	4.6	3.5	2.7
EV / Sales (x)	2.2	1.9	1.6	1.4
EV / EBITDA (x)	9.0	7.4	6.1	5.3
Dividend Yield (%)	1.2	1.6	2.0	2.1

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 Todarwal	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	2.69	Reliance Capital	1.92
HSBC Asset Mgmt India	0.83	Prudential ICICI	0.58
Dimensional Fund Advisors	0.50	Mirae Global Asset Mgmt	0.31
BNP Paribas Asset Mgmt	0.31	Capital Securities	0.28
Frank Russell Trust Co	0.25	Birla Sun Life Insurance	0.21

**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
19 Mar 2015	Krishiraj Trading Limited	Buy	185000.00

**as per last available data*

Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.

Board: (91-22) 4009 4400, Email: research@edelweissfin.com

Nirav Sheth

Head Research

nirav.sheth@edelweissfin.com

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

Arvind, Himatsingka Seide, Welspun India

Recent Research

Date	Company	Title	Price (INR)	Recos
04-Feb-16	Himatsingka Seide	Portfolio realignment impacts retail growth; <i>Result Update</i>	190	Buy
06-Nov-15	Arvind	Margins revive in brands; <i>Result Update</i>	284	Hold
20-Oct-15	Welspun India	Highest ever PAT; base affects growth; <i>Result Update</i>	760	Hold

Distribution of Ratings / Market Cap

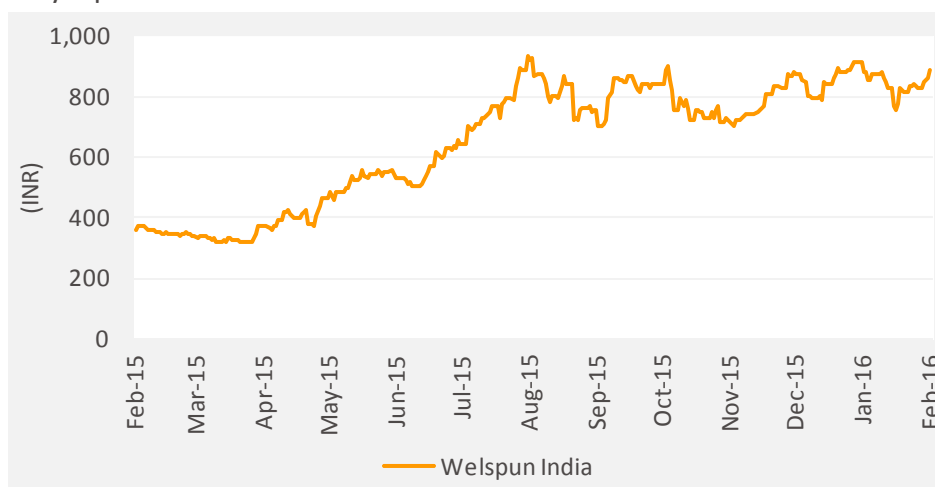
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	145	54	15	214
* stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	147	61	6	

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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