

Trident Limited Corporate Presentation November - 2015

Home Textiles | Paper

Safe Harbour



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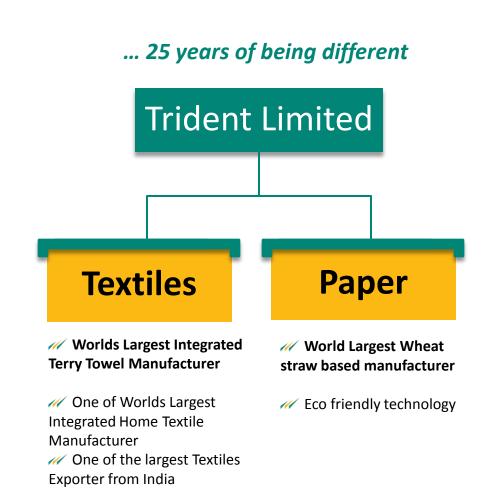




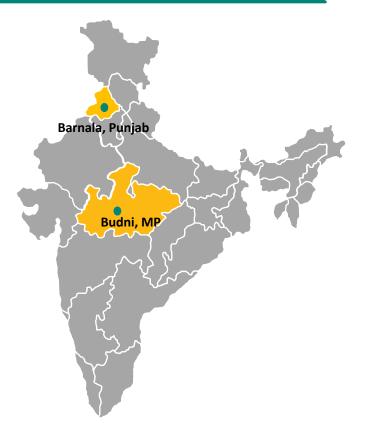
Trident Overview

Trident Perspective





Manufacturing Facilities

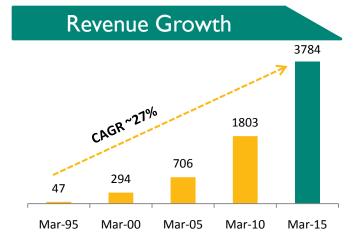




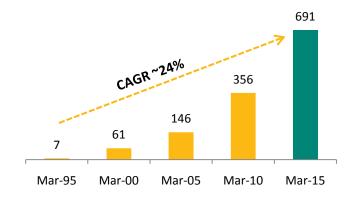
... Milestones Towel Towel Towel Towel Bed Linen **Home Textiles** Unit-I Unit-II Unit-III Unit-IV Unit 1 Spinning Spinning Spinning Spinning Spinning Spinning Spinning Spinning Yarn Unit-I Unit-II Unit-IV Unit-VI VII & VIII Unit-IX Unit-III Unit-V Unit-X Paper Paper Copier Paper Unit-I Unit-II Paper 4500 4000 3500 3000 2500 2000 Inception 1500 1000 500 0 Dec Dec Nator Nator Nator Nator Nator Nation Nation Nation Nation Nation Nation RAIS NAIS NAIS DEC DEC DEC DEC DEC DEC NAIS Revenue (Rs Cr)

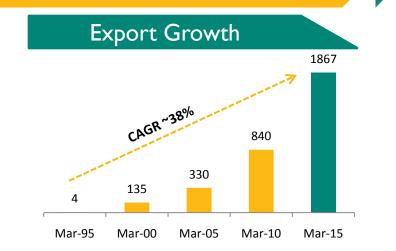


...Delivering Value

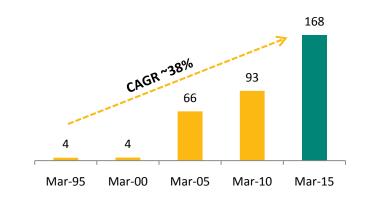


EBITDA Growth





PBT Growth





Profit & Loss Abstract



Q2 FY16	Q2 FY15	Shift %	Particulars (Rs. crore)	H1 FY16	H1 FY15	Shift %	FY15
961.0	965.7	(0.5)	Net Revenues	1840.1	1872.4	(1.7)	3784.3
783.0	812.6	(3.6)	Total Expenditure	1465.8	1538.1	(4.7)	3092.9
467.8	521.5	(10.3)	- Material Consumed	857.2	965.8	(11.2)	1929.6
315.2	291.1	8.3	- Other Costs & Expenses	608.6	572.3	6.3	1163.3
178.9	156.1	14.6	EBITDA	376.9	340.2	10.8	691.3
18.6%	16.2%	245 bps	EBITDA Margin (%)	20.5%	18.2%	231 bps	18.3%
81.8	78.2	4.6	Depreciation	163.2	159.1	2.6%	321.3
97.1	77.9	24.6	EBIT	213.7	181.1	18.0%	373.8
36.8	44.6	(17.6)	Interest	81.2	102.7	(20.9)	206.0
60.3	33.3	81.1	PBT	132.5	78.3	69.1	167.8
9.4	12.3	(24.1)	Тах	20.5	25.1	(18.1)	50.0
51.0	21.0	142.8	PAT	111.9	53.3	110.1	117.8
1.00	0.43	132.6	EPS (Diluted & non-annualized) (In Rs)	2.20	1.11	98.2	2.47

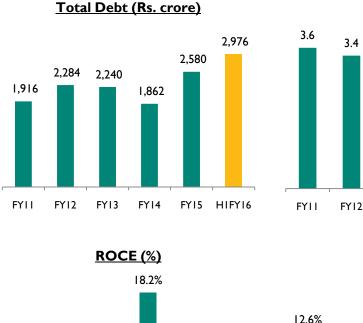


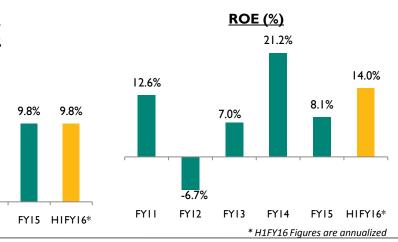
Balance Sheet Abstract

Particulars (Rs. crore)	As on September 30, 2015	As on March 31, 2015
	Sources of Funds	
Share Capital	558.85	508.64
Reserves and Surplus	1,040.76	946.68
Money received against Share Warrants / ESOPs	0.16	0.00
Long Term Borrowings	2,083.00	1,396.10
Other Non Current Liabilities	154.61	164.72
Current Liabilities	1,276.39	1,487.75
TOTAL	5,113.77	4,503.89
A	oplication of Funds	
Fixed Assets	3,861.81	3,085.75
Non Current Investments	11.70	11.70
Long Term loans and advances	158.24	172.79
Current Assets	1,082.01	1233.65
TOTAL	5,113.77	4,503.89



Key Financial Parameters





Debt : Equity (x)

2.0

FY14

1.9

HIFY16

1.8

FY15

3.2

FY13

- Debt Repayment in FY15 Rs. 458.4 crore
- Debt Repayment of Rs. 200.9 crore in H1 FY16
 - Includes prepayment of high cost debt of Rs. 53.6 crore
- /// Debt / Equity Ratio stands at 1.86:1
- Debt level increased due to implementation of Integrated Bed-Linen project
- Net Debt stood at Rs. 2,816.0 crore

Return ratios improved due to improved margins



FY12

4.1%

9.6%

FYII

11.6%

FY13

FY14



Home Textiles Industry Overview

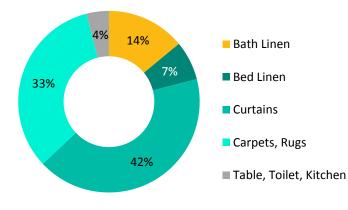
Global Home Textile Industry



Global Home Textiles Sector

- Global Home Textiles market is expected to grow at a CAGR of ~5% for the period 2012-2017
- Bed and Bath Linen together constitute about 21% of the totalHome Textiles industry by volume
- For the year 2013, Bath Linen contributed 20% to the total value of home textiles industry

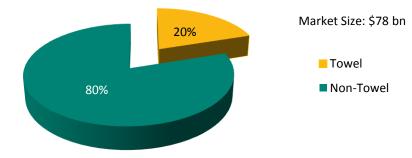
Split of Home Textiles (Volume)



Global Home Textiles Market

Split of Global Home Textiles (Value)

2015



Source: Global and Indian Textile & Apparel Trade -Technopak Analysis

2012

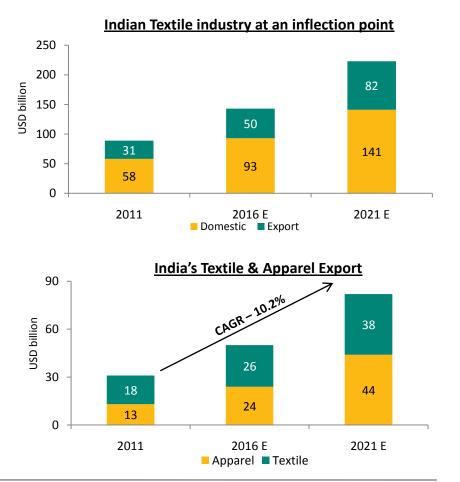


2017



Indian Textile Sector

- India's textile sector contributes ~14% to industrial production, 4% to GDP and 12% to the country's export earnings
- India is the second largest producer of cotton, textiles & garments and is the only major textile exporting country with a net cotton surplus - constitutes ~20% to the total cotton cultivation area
- U.S. & E.U. account for about 2/3rd of India's textile export constitute over 50% of all fibre consumption
- The Indian textile and apparel market size is projected to grow at a 9% CAGR to USD 141 billion by 2021 - domestic home textile market growing at a CAGR of 8% and is expected to reach USD 9 billion by 2021



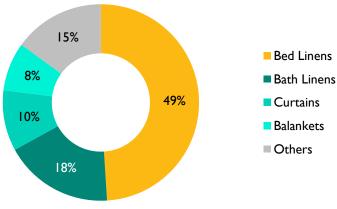
Source: Technopak, June 2012, Otexa



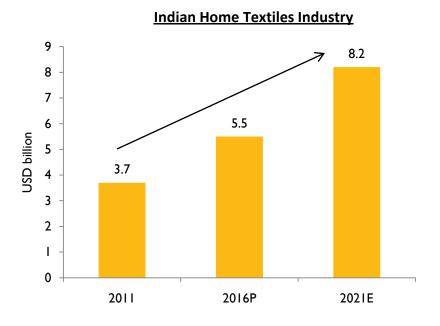
Domestic Home Textiles Industry

Indian Home Textiles Sector

- Domestic Home Textiles market is expected to grow at a CAGR of ~8.3% for the period 2011-2021
- Bed and Bath Linen together constitute about 67% of the total domestic home textiles industry by value
- Indian products has gained significant market share in past few years



Indian Home Textiles Industry (Value)



Source: Technopak Compendium Textile Apparel



Advantage – "Make in India"



Large Capacities

India's share of spinning capacities have improved significantly in world capacities – accounts for 9% of total installed capacities

Raw Material Availability

India is among the only textile manufacturing country to be net exporter of cotton – benefit of lower raw material costs vis-à-vis Pakistan & China that are net importers

Talent Pool & Cheap Workforce

Design skills vis-à-vis commoditized products and cheaper labor costs viz. USD 200 per month in relation to China's labor cost viz. USD 450 per month growing at 18-20% Y-o-Y

Power

Captive power leading to assured power supply at competitive rates compared to China and Pakistan, where Pakistan is facing huge power shortage due to power disruption

Largest Competitor (China) transitioning to developed economy

Rising per capita income making China a self consuming economy (domestic consumption growing at 13% CAGR) likely to impact its ability to export



Rupee Depreciation

Rupee has depreciated ~25%
 compared to an appreciation in Chinese
 Yuan by 3.4%. This has made Indian
 textile products more competitive

Govt. Incentive Schemes

Various government policies to support the industry as well as to ensure that the industry is competitive to its international peers in manufacturing and exports



Robust Growth to Continue

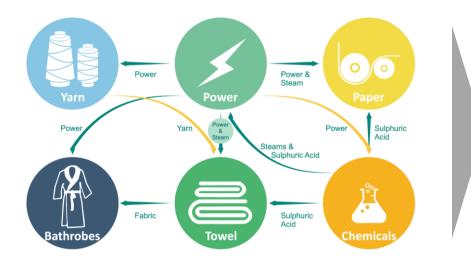
- Shift in sourcing base With China becoming a self consuming economy, customers in U.S. & E.U. are diversifying their sourcing base to countries like India . Other reasons being:
 - M Design led products compared to commoditized products
 - *M* Chinese currency appreciation vis-à-vis rupee depreciation
 - M Rising labour & power costs making China less competitive in world trade
 - *M* Pakistan's power issues prompting customers to look for other sources
 - Scrutiny in labour safety in Bangladesh
- **E.U. Free Trade Agreement** Removal of 5-10% of import duties on Indian textiles likely to make India more competitive enabling market share gains
- *Interpreter the second of the*
- **Favorable domestic demographics** Rising income and population levels combined with rise in organized retail to drive domestic consumption
- Favorable government policies Interest and capital subsidies for additional capex from central and various state governments to reduce cost of capital towards expansion



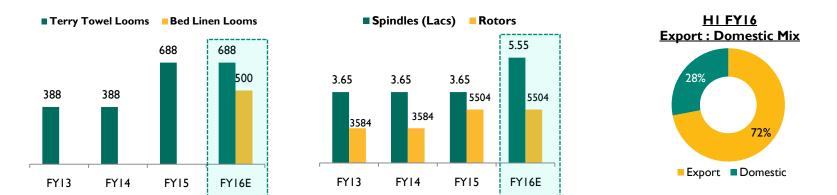


Trident Home Textiles Business Highlights

World's Largest Integrated Home-Textile Manufacturer



- Fully integrated home-textile operations with terry towel capacity of 360 million pieces of towel per annum
- Commenced production at its Bed Linen Project of 500 looms capable of producing 43.2 mn meters of bed-linen
- Implemented the world's largest terry towel project at a single facility in Budni (M.P.)
- One of the largest cotton yarn spinning capacity in India with 5.55 lac spindles capable of producing 9600 MT/month of cotton and blended yarn





Textile Brands



Mid Range







EXCLUSIVE TOWEL COLLECTION







<section-header><image>



Corporate Presentation - Trident Ltd.

Bed-Sheeting Brands



TRIDENT Everyday



















Trident Innovations



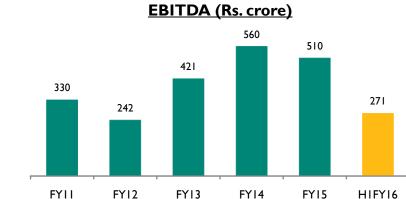


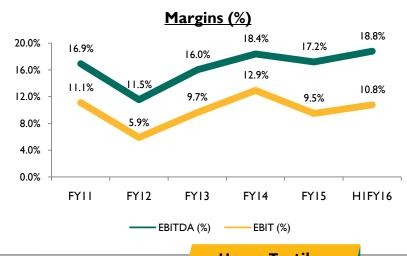


Financial Highlights



^{3,046} 2,964 1,945 2,096 1,441 FY11 FY12 FY13 FY14 FY15 HIFY16





EBIT (Rs. crore) 394 216 216 124 FY11 FY12 FY13 FY14 FY15 HIFY16

<u>Revenues (Rs. crore)</u>



Home Textiles

Way Forward



Emphasis on entry into new markets

- /// Current marketing and distribution network spread over 100 countries across 6 continents
- Association with top brands and marquee clientele
- Continuous focus on spreading customers geographically
 - /// Successfully entered highly cost-conscious markets like UK, Italy, France, Japan, Australia, South Africa and Canada

Sustained focus on expanding customer base & De-commoditizing through innovative value-added products

- *W* Ramp up business volumes in New Markets Within India (Eastern & Central India) and International markets
- M Brand presence expanded to more than 120 multi-brand outlets across India
- Increase presence on online portals reaching direct customers increasing traction in the e-commerce segment in domestic and international market with product availability in all major e-commerce websites
- *W* De-commoditizing through increased off-take of Terry Towels on the back of expanded capacities

Maintain cost-efficient operations

- // Procurement of yarn based on quality and pricing captive manufacturing or through reputed long term partners
- Addressing high cost & irregular power supply through captive capacities currently enjoys one of the lowest power cost to revenue ratio
- *W* Various initiatives undertaken towards lean manufacturing (to enable Company reduce wastages and improve productivity)

Focus on quality and branding

- Lab and Plants AATTC & ISO standards compliant
- ~50% of Cotton yarn requirement sourced from captive manufacturing set-up
- *W* Focus on aggressive branding strategy to percolate home textile product in premium customer segment



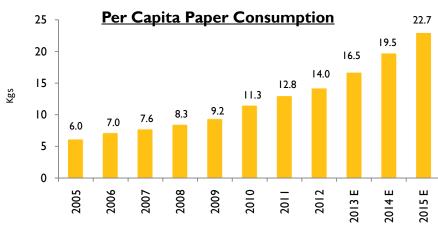
Paper Industry Overview

Domestic Paper Industry

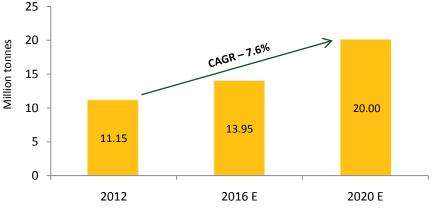


Indian Paper Sector

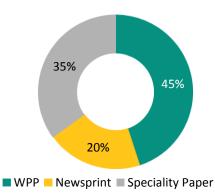




Source: Turning the page on India's Paper Industry, Deloitte



Paper Consumption break-up





Paper Industry is poised for a big leap



Rise in per Capita Consumption

Improving demographics combined with rising population and income levels and increase in advertising and print media to drive consumption

Government Initiatives

Policy emphasis on education through private sector and public-private partnership and FDI in retail to boost demand by ~80% from current estimates of 12 million tones

Key Reasons

Demand for Agro-based Paper

Demand for agro-based paper is on the rise largely due to shortage of key raw material – wood. Besides, paper manufactured using agro residue is considered environment friendly together with fair pricing

Government Intervention

High duty on imported paper would enable increased consumption of domestic paper. Besides, India has relaxed the rules and regulations and also de-licensed the paper industry to encourage investments Other factors which may contribute to the growth in paper industry include: Changing demographics Population growth Increase in advertising and print media

An increase in consumption by 1 kg per capita would lead to an increase in demand of 1 million

tonnes of paper

Source: Turning the page on India's Paper Industry, Deloitte







Trident Paper Business Highlights

World's Largest Wheat Straw based Paper Manufacturer

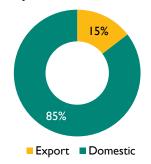


Energy-saving operations initiated to reduce power consumption

		Paper	r (tpd) 🛛	Pulp (tpo	3)	
500	450	450	450	450	450	450
400 -						
300 -	265	265	265	265	265	265
200 -						
100 -						
- +					_	
	FY10	FYII	FY12	FY13	FY14	FY15

Trident Brands	GSM	Brightness
Royal Touch	80	90%
Spectra	75	88%
Eco Green	75	90%
Natural	72	86%
My Choice	70	87%
Digiprint	100	92%

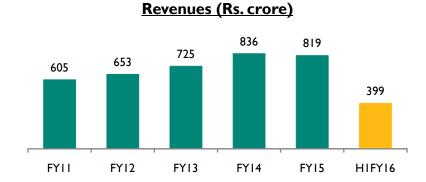
HI FY16 Export : Domestic Mix



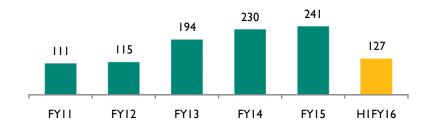


Financial Highlights

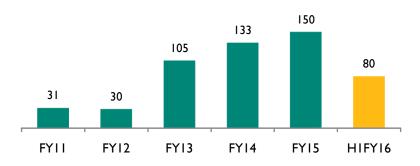




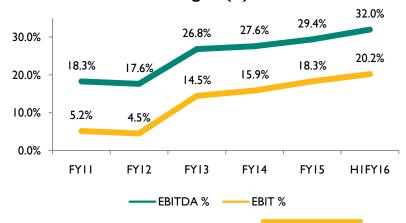
EBITDA (Rs. crore)



EBIT (Rs. crore)



Margins (%)



TRIDENTGROUP™

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Way Forward



Strategic focus on high-value products

- Geared towards high margin copier segment
- *Increased production of copier segment to* ~50% of total paper production
 - «Improvement in operational efficiencies due to better product mix
 - «Improvement in service aspect to achieve price premium vis-à-vis competition
- /// Launched "Trident Digiprint™" a premium copier paper of 100 GSM specially suitable for Digital Printing
- /// Product availability in all major hypermarkets and supermarkets

Increasing marketing and distribution network

- *M* Launched Trident Scholarship Scheme in order to improve presence and increase pull from the end customers
- Focus on increasing the width and depth of the distribution
 - "Distributors currently pan India and marketing team constantly monitoring and controlling secondary market sales
- Focus on both, Indian and Export Markets
 - Indian markets targeting North, NCR, Central and West markets
 - «Export markets focus on increase in percolation of own brands, increase letter size copier paper to American market
 - «Exports to 52 countries including South Africa, USA, Canada, Australia, Europe which are highly quality conscious & competitive markets

Cost reduction initiatives to improve productivity and margin profile

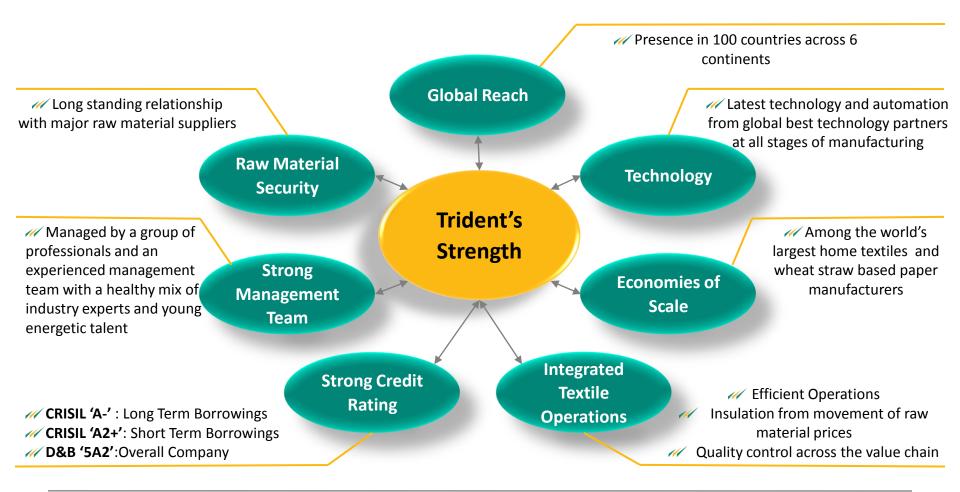
- Continuously practicing business excellence activities like Kaizen, TQM, TPM, 5S, Change Management to have lean manufacturing resulting in efficient usage of technology
- *W* Working in close partnership with vendors/suppliers to target quality from the source of origin of raw material the cost and benefits resulting are shared with the vendors/suppliers
- Continuous monitoring of fuel to arrest leakages and use the resources judiciously
 - «Initiated energy savings operations to reduce consumption Reduced power consumption from 950KW/MT to 884 KW/MT













Group Strategy



Continuous focus on spreading customers *W* Fully vertically integrated operations (from cotton-toterry towel and from cotton-to-bed linen) - ensure geographically Successfully entered new markets like greater sustainability in performance going forward UK, Italy, France, Japan, Australia, South Africa and Full Canada **Entry** in Vertical Integration New Markets **Focus on** Value Focus on aggressive branding strategy to Added Focus on aggressive branding strategy to percolate home textile and copier products Strategy **Products** percolate home textile and copier **Branding** in premium customer segment products in premium customer segment Strategy Continuous Improvement Business excellence activities like Geographical Kaizen, TQM, TPM, 5S, Change Management to Diversification have lean manufacturing resulting in efficient Location advantage (M.P. being closer to usage of technology ports), State Government incentives (mega project TPM Policy has been formulated across the incentives), captive power plant (reduction in power organization to achieve zero accidents, zero cost) to make operations cost effective resulting in defects and zero breakdowns improved profitability





Business	Operations			
Division	Product	Capacity		
	Terry Towels	688 Looms		
	Bed Linen	500 Looms		
Home Textiles	Yarn	555,600 Spindles		
		5,504 Rotors		
	Dyed Yarn	6,825 TPA		
Danar & Chamicals	Paper	175,000 TPA		
Paper & Chemicals	Chemicals	100,000 TPA		
Energy	Captive Power	50 MW		







Value Chain

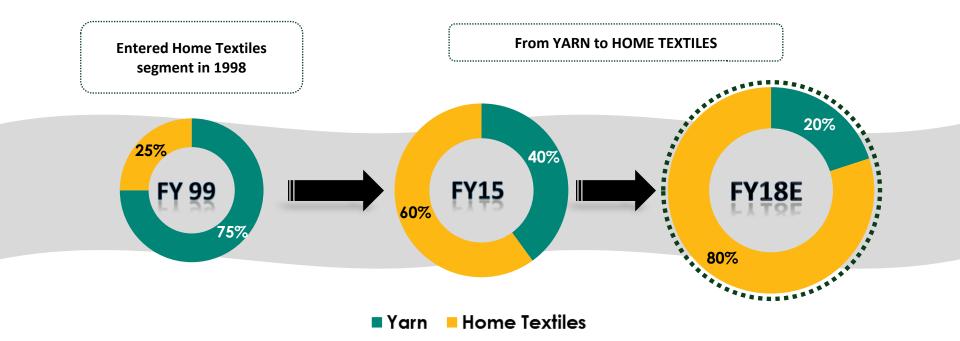


Cotton Procurement	Yarn Production	Design & Development	Finished Products
 Adopted 200 villages and provided agricultural education for ensuring superior quality cotton production Long lasting relationship with cotton suppliers Quality Control at 	 5.55 lacs spindles for producing yarn from 20-count to 100- count Capacity to produce 9600 MT/month of cotton & blended yarn Control over yarn supply in situations of 	 Qualified team of designers from top-colleges in India End to end product design capability Collaboration with foreign designers 	 688 looms of Towel & 500 looms of Bed Linen Focus on Innovation Air Rich Smart Twist Quick Dry 36% Value Added
the very beginning of the Value Chain	price rise		Products



Moving up the Value Chain





Transformed from a Yarn player to a fully-integrated Home Textiles manufacturer





CSR Initiatives





Empowering our Women -ASMITA

More than 20% Employees are Females





CSR Initiatives





Providing opportunities to LEARN, EARN & GROW to more than 10,000 members of 10th, 10+2, ITI's



More than 600 Graduates and Diploma Holders.. in past 6 years

Trident is preparing ground for future leaders. To cater to the increasing requirements of the market, the company has given shape to its Centre for Excellence, Takshashila



CSR Initiatives



Sustaining recovery and reuse of waste water – ensuring Zero Liquid Discharge

Trident maintains a zero liquid discharge facility for complete Towel processing, saving fresh water of 6 million litres/day directly. The facility has a biological plant for bio-degradation of waste water and an RO system to recover 92% of water





Nirmal Narmada Abhiyaan

Clean Narmada Campaign was undertaken by Trident on World Environment Day- 5th June in association with the Madhya Pradesh Pollution Control Board & Department of Agriculture, MP, in which Trident in order to generate awareness among the masses to keep the river Narmada pollution free, cleaned the most polluted ghat - The Sethani Ghat in Hoshangabad

Saakshar – Adult Education Programme

Trident is conducting an Adult Education Programme, "Saakshar" in Association with village panchayats and anganwadi centers in Sehore (MP). The Programme aims to educate the illiterate masses of the villages with an approach to go beyond Reading- Writing and Numerics. The objective of the programme is not only to increase the literacy rate but also to educate the masses on socio-ecological issue.





Krishak Sanghosthi, Kharif Ritu

The programme was jointly conducted with Agriculture Department, Budni, and was made successful by active involvement of the Gram Panchayat. Farmers were educated on important precautions to be taken before cultivation of paddy, especially preparation of seedlings, usage of fungicide and weedicide, micro-nutrients and how to use balanced fertilisers at the right time in proper dosage.

Awards & Accolades

4

3

- Wal-Mart Supplier of the Year awards
- JCPenney Best Supplier , Innovation, Quality Awards
- 3
- Corporate Governance Awards
- 12

2

- Texprocil Export Performance Awards
- IKEA Quality and Sustainability Awards

- National Energy Conservation Awards (NECA)
- 1

1

Niryat Shree – FIEO Awards



- Punjab Safety Awards
- 1
- D&B ECGC: Exporter's Excellence Awards
- Best Diversified Exporter (Runner-Up)Best Rural Exporter (Runner-Up)
- -
 - Achievement in Environmental Sustainability Award FROM Sam's Club, USA



TRIDENTGROUP











About Us

Trident Limited is the flagship company of Trident Group, a USD 1 billion Indian business conglomerate and a global player. Headquartered in Ludhiana, Punjab, Trident is the largest terry towel and wheat straw based paper manufacturer in the world. With the establishment of the state-of-the-art manufacturing processes and systems coupled with appropriate human capital and credentials, Trident has frequently received accolades from its patrons in recognition for delivering high quality standards and for its customer-centric approach.

The Company operates in two major business segments: Textiles and Paper with its manufacturing facilities located in Punjab and Madhya Pradesh. Trident's customer base spans over more than 100 countries across 6 continents and comprises of global retail brands like Ralph Lauren, Calvin Klein, JC Penney, IKEA, Target, Wal-Mart, Macy's, Kohl's, Sears, Sam's Club, Burlington, etc. With export turnover accounting for about 50% of total sales of the Company, Trident Group has emerged as one of the world's largest integrated home textile manufacturer.





For more information about us, please visit **www.tridentindia.com**

<u>OR</u>

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