



**GARWARE-WALL ROPES LTD.**  
A RBG GROUP COMPANY

*A Sustainable business growth with increasing network effects*

# **Content Index**

- **GWRL – Stock Details:- Slide #3**
- **Key Highlights of GWRL :- Slide #4**
- **Company – Business Analysis:- Slide#5**
- **Products & Solutions:- Slide #18**
- **GWRL Infrastructure – Slide #25**
- **GWRL's Vigor – Slide #25**
- **Solutions Offered:- Slide #34**
- **GWRL Financials:- Slide #55**
- **Risks and Concerns:- Slide #61**
- **Conclusion:- Slide #62**
- **Annexure:- Slide #68**

# GWRL - Stock Details

CMP  
Rs.324

Market Cap  
768cr.

Codes  
BSE: 509557  
NSE: GARWALLROP

No. of shares  
2.4cr

Face Value  
Rs.10

52week high/low  
Rs.438/165

P/E  
13x

EV/EBITDA  
7.8x

# Key Highlights of GWRL

## Unique business model with diversified revenue sources:

The wide range of technical textiles manufactured by GWRL find applications in diverse business segments, ranging from fishing to agriculture, transportation, sports and defense. The dual strategy of lateral and vertical expansion in global markets provides a strong foundation for sustaining growth. Company enjoys leadership in the market for many of its products and continuously increasing its market share

## Huge business opportunity in niche areas:

Newly developed verticals like, Agriculture, defense, coated fabric have high demand for company's products. This provides huge business opportunity for the company.

## Customer Centric & Entrepreneurial Management:

Putting customers first, company has helped many end users to improve their value by offering customized solutions and helped them in reducing business costs. Management has also bought back significant number of shares from the market during FY13 and FY15. This shows management confidence and gives further fillip to the business prospects of the company.

## Improving profit margins & return metrics:

Company is having 12% profit margin and ROCE of 18%. There is scope for huge improvement in profitability and efficiency in the future.

## High cash generating business:

Company's operating cash flow (OCF) has been always positive in the last 10 years. This has increased further in the last three to four years from 53cr to 74cr.

## Attractive Valuations:

At the current market cap of Rs.750cr, company's shares are trading at TTM earnings multiple of 13x and EV/EBITDA of 7.8x. At the FY15 OCF yield of 9.8%, company is looking very attractive in terms of valuations.

# Company – Business Analysis

## **Business Analysis of Garware Wall-Ropes Ltd**

Garware Wall Ropes Ltd (GWRL) is a leading player in technical textile sector in India. It offers wide variety of solutions to the multiple industries through its diversified product portfolio. The company was established in 1976 by late Mr. B.D. Garware (Grandfather of present Chairman & MD - Mr. V.R. Garware) in collaboration with M/s Wall industries Inc. USA to make synthetic ropes and twines. The company has two manufacturing facilities in Pune and Wai (both in Maharashtra). Company has strong distribution network in both domestic as well as export market. Globally, company has presence in 75 countries through five (USA, UK, Russia, Canada and Australia) overseas offices. End users of company's products include Fishermen, Shipping Companies, Oil Drillers, Agriculturists, Packers, and Transporters, Construction companies, Municipalities, Government organizations, clubs, universities and manufacturing plants.

### **Business Operations:**

Garware is a unique player which provides value added solutions to different industries globally. Its business operations can be divided on geographical basis, product basis or on End user basis. On geography wise, export market contributes 49% to the total revenues while domestic market contributes remaining 51%. North America, Europe and Australia are the major markets for company's products in export segment.

On product basis business can be divided into - i) Synthetic Cordage and ii) Fibre and Industrial Products & Projects. Synthetic Cordage consists of products such as Twines, Ropes and Netting and Fibre and Industrial segment consists of Yarn, woven fabric, coated fabric and metal gabions. Company derives its majority (~80%) of the revenue from cordage segment and the remaining (~20%) is from Fibre and Industrial segment. Based on End users, Fishing is more of traditional business which contributes 20% to the overall turnover. Aquaculture constitute about 15-20%, Agriculture about 15-20%, Ropes about 13%, Sports about 10%, Geosynthetics about 7% and rest would be from various other segments.

Geographical Segment (In Cr.)	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Domestic	167	222	269	291	299	314	327	343	350	401
% of Total Revenues	63.0	65.3	66.1	65.5	66.2	62.7	56.4	56.9	50.9	51.0
Export	98	118	138	153	153	187	253	260	338	385
% of Total Revenues	37.0	34.7	33.9	34.5	33.8	37.3	43.6	43.1	49.1	49.0
Total Revenue	265	340	407	444	452	501	580	603	688	786

The export contribution has increased from 35% in FY07 to 49% in FY15. This is further expected to reach 60% in the coming years with expanding geographical presence and with increased demand for company's export products

#### **Synthetic Cordage - Main growth driver (EBIT Margin 12%, ROCE of 25%+):**

Synthetic cordage segment has been major growth driver of the GWRL. Under this segment, company manufactures Twines, Ropes and Nettings. Twines have applications in Fisheries. Company makes different strand (3strand, 8strand, 12 strand) of ropes which are mainly used in Fisheries, Aquaculture, Shipping and industrial applications. Nettings are used in Fisheries (fishing nets), Aquaculture (Cages, Predator Nets, Bird Protection Nets, and Knotless Netting), Shipping & Industrial (Safety Nets), Sports (Tennis, Cricket, Golf, and Hockey etc.), and Agriculture (Shade Net, Insect net, Anti Bird, Anti Hail and Fencing Nets etc.).

#### **Synthetic Cordage revenues (In Cr.):**

Synthetic Cordage	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	CAGR (%)
Twines & Ropes	118	137	150	160	165	187	199	215	227	231	7.7
Nettings	94	116	147	159	165	200	260	272	350	414	17.9
	212	253	297	319	330	387	459	487	577	645	13.2
% of Nettings to the Total Revenue	35.5	34.1	36.1	35.9	36.5	39.9	44.8	45.1	50.8	52.7	
% of Synthetic Cordage to Total Revenue	80.0	74.4	73.0	72.0	73.1	77.2	79.1	80.7	83.7	82.1	

In the last decade, Netting revenues have been major growth drivers for the company which have increased from 35% of the overall revenues in FY06 to the 52% in FY15. The same has grown at 18% CAGR from 94cr to 414cr in the last 10 years. This is led by the increase in different end user applicants and geographical presence. Earlier company used to manufacture nets mainly for fisheries and aquaculture. Over the years, company has added more value added products to its portfolio by manufacturing different nets for Agriculture, Sports, Shipping and Industrial which helped the company to grow. Twines and Ropes revenues have grown moderately at 7.7% CAGR from 118cr in FY06 to 231cr in FY15. This is mainly due to low demand from fishing industry.

Out of the total capex (Rs.240cr) that incurred in the last 10 years, company has spent nearly Rs.200cr on Synthetic Cordage business. It has constantly upgraded technology to improve the operational efficiency and to provide quality products to its end customers. Due to superior quality of the products, company is able to command premium in the market. This has resulted in increasing the margin profile and capital efficiency of segment. The EBIT Margin has increased by 160bps in the last five years from 10.5% to 12.1% in FY15. ROCE has improved by nearly 10% from 17.6% in FY10 to 27.3% in FY15.

<b>Synthetic Cordage (In Cr.)</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Segmental Revenue	212	253	297	319	330	387	459	487	577	645
Segment EBIT	24	32	44	44	36	42	48	55	66	78
Margin (%)	11.3	12.6	14.8	13.8	10.9	10.9	10.5	11.3	11.4	12.1
Capital Employed	186	195	217	219	204	226	242	257	264	286
Capex	18	22	20	18.5	19	23	26	12	13.4	26
Segmental ROCE (%)	12.9	16.4	20.3	20.1	17.6	18.6	19.8	21.4	25.0	27.3

### Fibre and Industrial Products & Projects:

This segment comprises of Fibre, Synthetic Fabric, Yarn, Woven and Non-Woven Textiles, Secugrids, Coated steel Gabions, Machinery and Projects. Company has not seen much traction in this business over the many years. Yarn is the major revenue contributor to this segment followed by coated fabric. The revenues from the Yarn are stabilized between 45cr to 55cr in the last few years. Coated fabric, which has started contributing revenues from FY12, is growing very fast. The revenues from coated fabric have increased from 6cr to 23cr in the last four years.

Fibre and Industrial Products & Projects	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Yarn	34	31	42	53	44	49	45	46	40	55
Woven Fabric	3	4.5	7	10	4.4	7	7.3	18	11	9
Metal Gabions		4.5	17	10.3	14.3	11	8.3	6	5.2	8
Coated Fabric							6	13.7	18	23
Traded Goods	16	47	44	51	59	47	55	33	38	46
Total	53	87	110	124.3	121.7	114	121.6	116.7	112.2	141
Total Company Revenues	265	340	407	443.3	451.7	501	580.6	603.7	689.2	786

The recent foray into defense segment to manufacture import substitutes has opened up several opportunities for the company. It is expecting to generate 100cr of revenues from this segment during the next four years. The strong infrastructure boom also should help the company to get demand for its Geosynthetics products in the near future. The margin profile of this segment is poor with EBIT margin of 6%. This is expected to widen in the coming years due to increase in product mix and high value added products. Low efficiency (ROCE-11%) of this segment is bringing down the overall capital efficiency of the company. We expect this to improve in the future with increase in margins and further improvement in working capital cycle.

Fibre and Industrial Products & Projects	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Segmental Revenue (Cr.)	53	87	110	124.3	121.7	114	121.6	116.7	112.2	141
Segmental EBIT (Cr.)	8.0	12.5	13.0	8.6	10.0	11.0	10.5	7.5	4.5	9.7
Margin (%)	15.1	14.4	11.8	6.9	8.2	9.6	8.6	6.4	4.0	6.9
Capital Employed	28	54.6	97	92	100	101	105	95	84.5	86.5
Capex	0.6	7.5	13	1	2	2	9	2	2	1.7
Segmental ROCE (%)	28.6	22.9	13.4	9.3	10.0	10.9	10.0	7.9	5.3	11.2

## Investment Arguments:

### **Unique business model with diversified revenue sources:**

The wide range of technical textiles manufactured by GWRL find applications in diverse business segments, ranging from fishing to agriculture, transportation, sports and defense, for a large spectrum of end-users: fishermen, farmers, engineers, packers, municipalities, construction companies, co-operatives and manufacturing plants. The range of business segments and customers helps the company to stand against cyclical demand-fluctuations in particular segments. This inherent strength is being expanded further by entering into emerging opportunities with innovative solutions and by developing new applications for its established products. The Company's agriculture business has expanded with addition of new geographies and deeper penetration in existing markets. GWRL's coated fabrics have found a number of customers across different sectors, ranging from road transport, to sports, tourism and construction. Specialized fabrics for defense have opened a new avenue. Yarns used in the manufacture of Plateena ropes are stronger than steel and widely used in bullet-proof applications.

Company enjoys leadership in the market for many of its products and continuously increasing its market share. The dual strategy of lateral and vertical expansion in global markets provides a strong foundation for sustaining growth. The expanding geographical presence and increasing diverse customer base provide economies of scale and also create network

effects for the company. This provides significant competitive advantage over its competitors for the company and allows it grow profitably in the future.

### **Huge business opportunity in niche areas:**

#### **Fishing & Aquaculture - core business area:**

Fishing has been core business area for the company since its inception. Fishing, combined with aquaculture contributes 35-40% to the total turnover. GWRL manufactures Synthetic Fishing Ropes, Twines, Nets, Fabricated Products, etc under Fisheries Segment, where it also enjoys 60% domestic market share. In addition, GWRL is one of the largest producers of fishing nets in the world and exports in more than 40 countries. Its aquaculture cages and other equipment's are widely used by fishery companies in US, Canada and Europe, where it has dominant position. In Aquaculture segment; company develops customized Synthetic Cages, Predator Nets and Mooring system ropes of global standards that are used in marine, inland and brackish water environment. GWRL's innovative nets are designed to provide sufficient water flow due to better mouth opening and are lighter than other available nets in the market. Thus these nets reduce fuel consumption and also provide higher fish catch.

Recent development in the segment by the company includes high strength mooring ropes, high tenacity yarn nets and cod ends that reduce twine and net size during fish trawling, anti-predator nettings for marine fish farms, aquaculture cages for organic fishing, ultra-strong and algae resistant nylon nettings and aquaculture traps for protection against plankton and sea lice. GWRL has developed Sapphire category nets – Ultra core and SealPro nets that safeguard the fishes from predators. Due to stringent environment regulations and demand for better quality fish products, the aquaculture companies are shifting from copper coated cages to nylon cages. GWRL's Star Cages use special kind of yarns and threads, which do not require copper or any other chemicals, and thus the product demand is improving.

### **Agriculture - Untapped market for its value added products:**

Protective farming constitutes very small portion (1% compared to 65-70% in other developed markets) of Indian agriculture. The growing demand for yield-enhancing solutions in the domestic agriculture sector is being aggressively tapped by the company, and it is gaining a dominant market share position in the solutions it is offering. In agriculture segment, GWRL manufactures – Anti Bird Net, Anti Hail Net, Shade Net, Crop Support Net, Grape Net, Sericulture Net, Insect Net, Staking Cord, Floriculture Net and Fencing Net, used for Protected Cultivation, protection of Horticulture crops, and support for Floriculture and Vegetable crops, utility products for Post-Harvest Technology and Sericulture.

Agriculture products, which were introduced during FY11 and FY12, received well acceptance in the market. The revenues from this segment have grown substantially in the last four years and now constitute about 15-20% of overall revenues. GWRL has also launched a new project known as UDAAN to provide platform to the farmers to spread awareness about protected cultivation. We believe that company is well positioned with its strong product offerings to capture the next leg of growth in Indian Agriculture segment.

### **Sports - Increasing demand for its quality products:**

GWRL manufactures various sports net such as tennis nets, cricket nets, golf practice & driving range nets, basketball nets, volleyball nets, ski nets, soccer nets, badminton nets, hockey nets, batting cage, handball nets, swimming pool nets, etc. Global reach in the sports-goods sector was extended and its products are being used in major sports tournaments across the world. Over the years, company has emerged as the top sports-goods exporter from India. Recognition from SGEPC reflects the contribution of GWRL in India's export of sports goods. Growing awareness for other forms of sports in India and continued demand from overseas market could create a strong base for the company.

### **Geosynthetics - Huge demand from rising infra boom:**

GWRL is a pioneering developer of Geosynthetics solutions for a variety of applications across industry sectors and geographical locations. This division offers custom made innovative solutions to the infrastructure and construction sector. It

develops reinforced soil structures, earth walls, rock-fall protection and geo-synthetic lining for road sector and railways. In river and coastal protection segment, GWRL offers materials and project solutions for flexible sea walls using geo-tubes and shore protection using geo-bags system. Company is also providing turnkey solutions for civic and hazardous landfill segments. During past few years, GWRL developed and commercialized over 20 products and solutions in geo-synthetic segment and successfully carried out more than 150 projects for clients such as Konkan Railways Corp, Hindustan Zinc, Chennai Airport, Nabha Powers, etc. Company is currently working on installation of geo-textile tubes and creating an embankment with toe mound, which will protect coastal village, Pentha, Odisha from coastal erosion. **This will further open up new opportunities in coastal erosion once the project completes. The rising infrastructure boom and governments key projects on coastal areas such as 'Sagar Mala' will provide huge prospects for the company in the coming future.**

#### **Shipping & Industrial:**

GWRL is the leading manufacturer, supplier and exporter of Garfil Nylon ropes for various industries such as power transmission, shipping (mooring & towing), defense, etc. In addition, GWRL offers wide range of 3 strand hawser laid and 4 strand shroud laid ropes for a variety of applications such as large scale fishing, ports & yard handling, stevedoring, material handling in heavy industries, construction & infrastructure and various industrial applications. Company's Garfil category ropes have applications in cargo nets, gangway nets, helipad nets, safety nets, boulder nets, gabions, rope ladders, slings, etc.

#### **Coated Fabrics (Defense - Opportunity from Indigenization & Import Substitutes):**

GWRL manufactures PVC-coated fabrics which offers protection against water, dirt, chemicals and UV radiation. Company has a capacity of producing 3million square meters of coated fabrics annually. Coated fabrics have found a number of applications across different sectors, ranging from road transport, to sports, tourism and construction. It further expanded the application range by introducing a multi-purpose multi-benefit product called GURU Max, which provides five-pronged protection against fire, UV Rays, dust, wind and water. This is made from fire-retardant fabrics that prevent the spread of flames and also provide a pleasant aesthetic environment.

Specialized fabrics for defence have opened a new avenues for the company. It provides specialized products like weather proof enclosures to protect electronic equipment in extreme conditions, and airborne platforms for military solutions. In association with DRDO, company has also co-developed aerostat balloons using coated fabrics, which are used for surveillance applications by defense and police forces. Government thirst for indigenization and opportunity from import substitutes opens up huge business opportunity for the company. Other than defense, coated fabrics have wide applications in fields such as medical substances, protective clothing, flexible membranes for civil structures, airbags, geo-textiles, industrial fabrics, transportation, architecture, mining, etc.

**The revenues from this segment are growing very fast and they have increased by nearly four times from Rs.6cr to Rs.23cr in the last four years. Company is expecting Rs.100cr. of revenue from only defence during the next four years. Coupled with defence, the wider applications of coated fabrics provides huge opportunity for the company. We expect the significant contribution of revenues from this segment in coming years which further helps expanding margins and improving return metrics for the Fabric segment.**

### **Customer Centric & Entrepreneurial Management:**

The company was started in 1976 by late Mr. B.D. Garware, a pioneering industrialist from Maharashtra and founder of the Garware group of industries. From his first job of washing cars to selling second hand cars, Mr. B.D. Garware evolved as a great businessman. After seeing huge demand for plastic business during WW-II, he got into a no. of ventures related to plastic and synthetic yarn. The youngest of his 4 sons, late MR. Ramesh Garware, a Cambridge University graduate took over the reins of the company in 1991. He has played a key role in increasing the profitability and improving the customer satisfaction for company's products. The present Chairman & MD Mr. V.R. Garware (Son of late Mr. Ramesh Garware) joined the company in late 1995 after returning from Wharton Business School. Mr. V.R. Garware has played a major role in transition

of the company from making traditional products to high-value added products. He has helped the company to grow by exploring opportunities in newer business segments and by entering into new geographies.

Putting customers first, company has helped many end users to improve their value by offering customized solutions and helped them in reducing business costs. Recent output of customer-oriented product development include high strength mooring ropes with low snap-back, high tenacity yarn nets and cod ends that reduce twine/net size during fish trawling, anti-predator nettings for marine fish farms, aquaculture cages for organic fishing, ultra-strong and algae resistant nylon nettings and aquaculture traps for protection against plankton and sea lice. Management has also bought back significant number of shares from the market during FY13 and FY15. This shows management confidence and gives further fillip to the business prospects of the company.

### **Improving profit margins & return metrics:**

Company's profit margins are highly sensitive to fluctuations in raw material prices. The inflated raw material prices have affected the operating margins during FY11 to FY14. Polyethylene, Polypropylene (Petroleum products) accounts for 85% of the raw material cost. In the last couple of years, the softened petroleum prices eased pressure on the operating margins which can be seen in increasing margins in FY15 and 9MFY16. The OPM (EBITDA Margin) has increased by 110 bps from 9.1% in FY14 to 10.2% in FY15. This further expanded by 180 bps to 12% during 9M period of current fiscal year. The improvement in OPM is also due to increased revenue contribution from value added products. We expect the margins to improve further in coming years with increased contribution from coated fabrics, agri nets, and Geosynthetics products. With eased debt burden, the PAT margins has also increased from 4.2% in FY12 to 7% during 9MFY16.

Profitability (%)	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	9M FY16
EBITDA Margin	11.2	12.1	13.2	9.5	10.5	10.3	10.7	9.8	9.1	10.2	12
PAT Margin	5.6	6.7	6.2	3.8	4.3	4.7	4.2	4.2	3.9	5.6	7

The capital efficient numbers have seen gradual increment in the last five years due to increased profit margins and improved working capital cycle. The buyback of shares from the market by company has helped the ROE to improve significantly in FY15. Though Synthetic Cordage Segment is high capital efficient with ROCE of 27% (FY15), the low margins and capital inefficient Fabric & Industrial segment is bringing down overall ROCE numbers. This is expected to change from current fiscal year, with increased business traction from coated fabrics and defense opportunity. The increase in EBIT margins & ROCE of the Fibre & industrial segment helps the company to post higher ROCE numbers

Efficiency (%)	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
ROA	16.4	21.1	19.2	12.4	13.5	16.7	15.4	17.2	18.5	28.0
ROE	10.7	14.2	13.5	8.1	9.0	10.0	9.7	9.3	9.8	14.1
ROCE	10.9	13.9	15.2	10.7	12.1	10.7	12.9	13.2	14.8	17.4

### **Stretched Working Capital Cycle - A Negative Point:**

Compared to typical manufacturing companies, GWRL's business has long working capital cycle of nearly four months. This is putting pressure on ROCE numbers. Though it has improved very significantly in the last five years, 118 days of long WC cycle has negative on the effects the operations. The working capital day's number has decreased from 164 days to 118 days in the last five years. This is led by faster inventory turnover which has improved sharply. The inventory days have decreased form 254 days in FY11 to 144 days in FY15. During FY11 and FY15, company is able to generate additional turnover of nearly Rs.300cr by keeping its working capital amount in the limits of Rs.220cr to Rs.250cr. This shows the improved operational efficiency of the company. We believe, there is more room for the company to improve its WC cycle and there by improved business efficiency.

<b>Working Capital</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
Working Capital (Cr.)	114	140	155	167	160	224	220	219.3	205.5	253
Working Capital Days	159	152	142	139	130	164	139	134	110	118
Inventory Days	273	230	220	198	205	253	198	189	163	144
Receivables Days	84	96	106	97	102	98	95	94	76	85
Paybles Days	74	75	131	78	131	88	85	90	82	69

### **High cash generating business @ Attractive Valuations:**

Company's operating cash flow (OCF) has been always positive (except for FY11) in the last 10 years. This has increased further in the last three to four years. Company is also able to convert its profits to cash during the last few years which can be observed from the below table. With increased operational efficiency in the last four years, company is able to convert cash at EBIT level itself. We expect the further improvement in cash generating capacity of the company with increased efficiency of working capital.

<b>OCF Analysis</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
CFO	12.1	19.4	30.8	28.7	60.2	-1.7	52.7	33.3	79.1	73.9
CFO/EBIT	0.5	0.6	0.7	0.9	1.6	0.0	1.1	0.7	1.5	1.0
CFO/PAT	0.8	0.9	1.3	1.7	3.1	-0.1	2.2	1.3	2.9	1.7

We believe, with all the business segments which have products catered to growing demand and management's thirst for exploring new opportunities, company will grow at sustainable rate of 15-20% CAGR during next five years. At the current market cap of Rs.750cr, company's shares are trading at TTM earnings multiple of 13x and EV/EBITDA of 7.8x. At the FY15 OCF yield of 9.8%, company is looking very attractive in terms of valuations.

# Products and Solutions

# Products & Solutions

## FISHERIES



- Fully assembled Trawls
- Purse Seine Netting
- Gill Netting
- Dole Netting
- Pelagic Netting
- Ropes
- Twines

## AQUACULTURE



- Cages
- Predator Systems
- Anti Bird Netting
- Mooring System
- Knotless

## SHIPPING & IPD



- 8 Strand Shipping Ropes
- 3 Strand Industrial Ropes
- Speciality Ropes
- 12 Strand Ropes
- Safety Nets
- Cargo Nets
- Rope Articles
- Braided Ropes

## SPORTS



- Tennis Nets
- Volley Ball Nets
- Basket Ball Nets
- Ski Nets
- Cricket Nets
- Badminton Nets
- Golf Practice Nets
- Soccer Nets
- Batting Cages
- Handball Nets

# Products & Solutions

## AGRICULTURE



- Anti Bird Nets
- Anti Hail Nets
- Shade Nets
- Sericulture Nets
- Floriculture Nets
- Insect Nets
- Grape Nets
- Crop Support
- Stacking Cord
- Banana Rope

## GEO-SYNTHETICS



- Reinforced Soil Structures
- Landfill
- Coastal & River Protection
- Rock fall Protection
- Gabion Walls
- Geosynthetic Lining
- Erosion Control

## COATED FABRIC



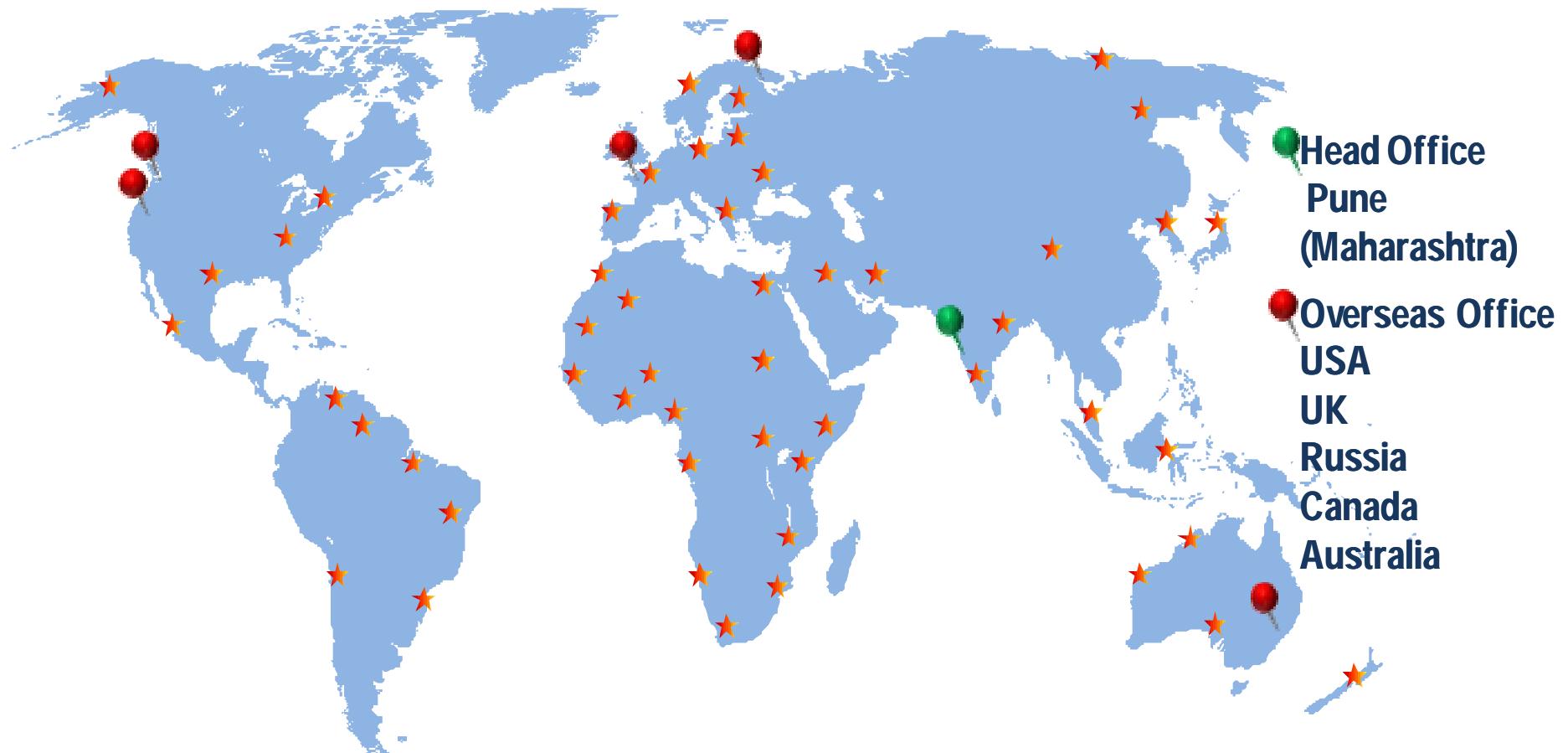
- Tarpaulins
- Hanger Covers
- Awnings
- Inflatables
- Biogas Covers
- Tents
- Pandals
- Pitch Covers/ Ground Covers
- Auto Hood

## PLATEENA



- Aquaculture Cages
- Mooring & Towing
- Trawling
- Safety Device
- Purse Seine Netting
- Conductor Cable Pulling
- Hot Line Stringing
- River Cross Cable Pulling

# International presence in more than 72 countries through 5 overseas offices across the Globe



# Strong Focus on Innovation & Quality

- **State-of-the-Art Research & Development Facility** with strong focus on **Product Innovation**
- The R&D team **Works Closely with End Users** to understand their requirements
- Our R&D Unit is recognized by the **Department of Science & Technology, Government of India**

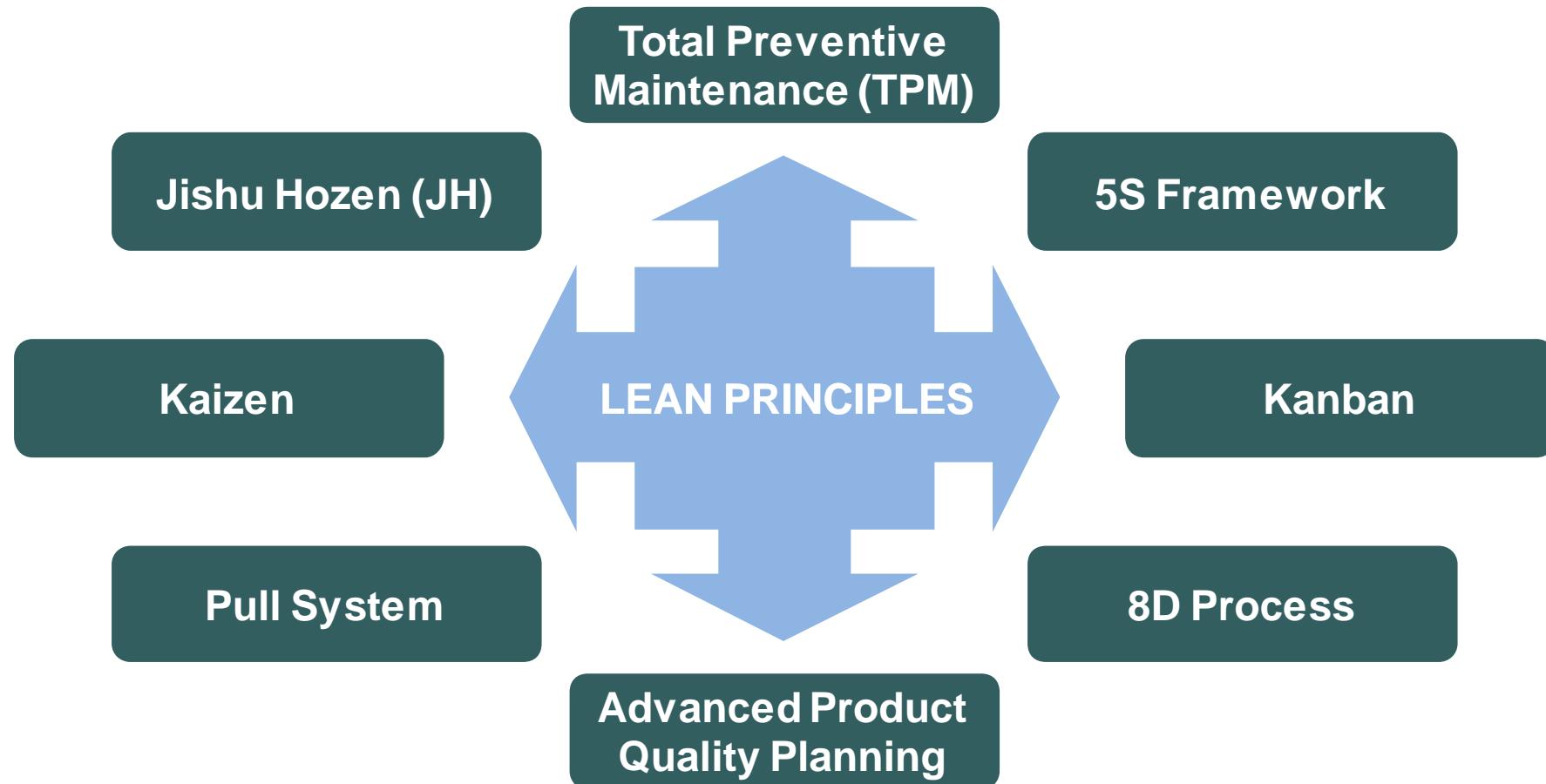


# Strong Focus on Innovation & Quality

- Our **Quality Management System** is certified as per **ISO 9001:2008 standard by BVQI**
- GWRL products conforms to the following standards:
  - BSEN- European Standard in UK
  - BIS- Indian Standard
  - JIS- Japanese Standard
  - EN-ISO- International Standards Organization
  - CI- Cordage Institute USA
  - OCIMF- Oil Companies International Marine Forum
  - ASTM- American Standards for Testing Methods
  - RMRS- Russian Maritime Registrar of Shipping



# Strong Focus on Innovation & Quality





## SECTION B: GWRL INFRASTRUCTURE

**GWRL serves Indian market with 7 offices, 18 depots and more than 1600 dealers and sub dealers**



**GWRL CORPORATE OFFICE**

- Pune, Maharashtra

**GWRL REGIONAL OFFICES:**

- Delhi
- Mumbai
- Kolkata
- Cuttack
- Chennai
- Vishakhapatnam
- Cochin

# Manufacturing facility at Pune is strategically located in close proximity to Mumbai



- Products:**
- Ropes
  - Rope Articles
  - PPMF Yarns
  - PPMF Twines
  - Geo Textiles
  - Metal Gabions
  - Cargo Nets
  - Gangway Nets

Our Pune manufacturing facility conforms to ISO 9000 standards and boasts state-of-the-art machinery

# Manufacturing facility at Wai is the largest unit in India which conforms to ISO 9000 standards



## Products:

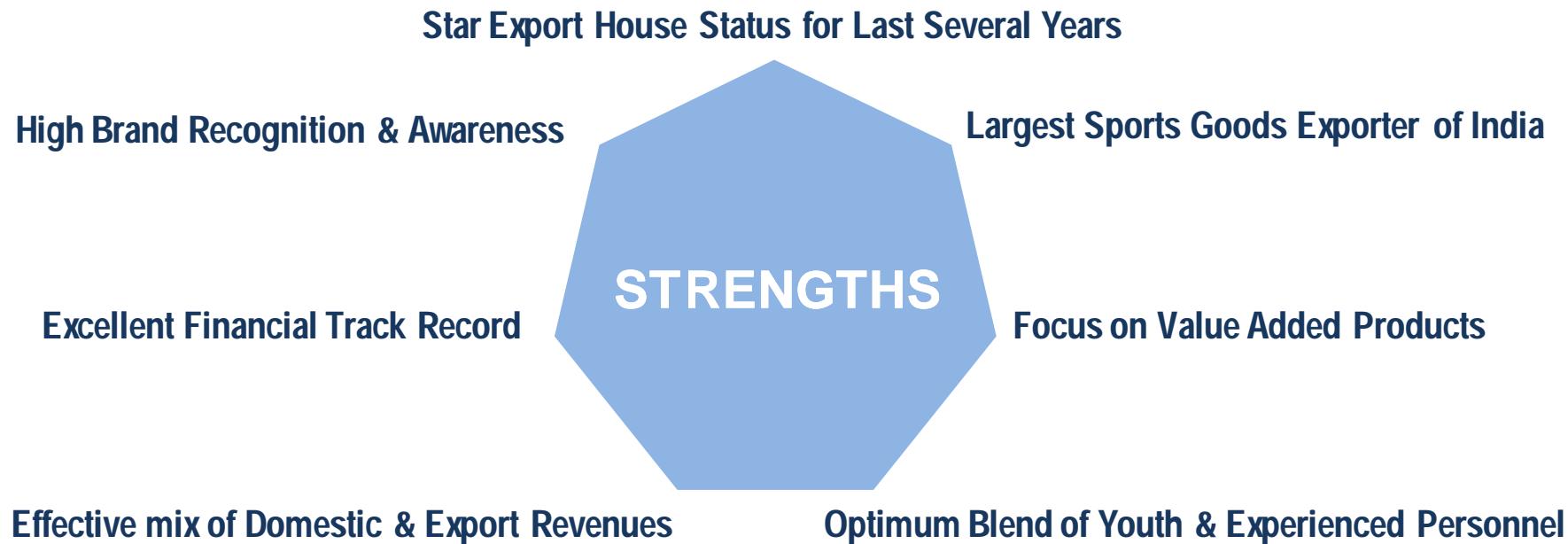
- Aquaculture Cages
- Plateena (Dyneema) Products
- Fishing Nets
- Net Assembly
- Sports & Adventure Nets
- Safety Nets
- Agricultural Nets
- Coated Fabric

The Net Assembly Shop at Wai caters to customized Fishing / Aquaculture Net requirements as per customer specifications



## SECTION C: GWRL's VIGOUR

# GWRL's Strengths...



# Experienced Management Team



## **Mr Vayu R Garware, *Chairman & Managing Director***

- Graduate from Wharton Business School, USA
- Dynamic & Aggressive Leader



## **Mr Shujaul Rehman, *coo***

- Over two decades of experience in FMCG sector
- Strategic thinker and an aggressive marketer



## **Mr M P Mone, *President Geo-Synthetics***

- More than three decades of experience in textile industry
- Varied experience and astute business leader

# Experienced Management Team



## **Mr Tiru Kulkarni, Vice-President Geo-Synthetics**

- Technocrat with more than 2 decades of global experience
- Extensive experience in managing business in the geotechnical and geo-environmental sectors



## **Mr P S Kamat, President -Operations**

- More than 30 years of experience in manufacturing sector
- Expert in operational excellence & lean management systems

# Experienced Management Team



## **Mr Ravendra Mishra, Head -Human Capital**

- More than 25 years of experience in operations & HRM
- An administrator par excellence with strong management skills



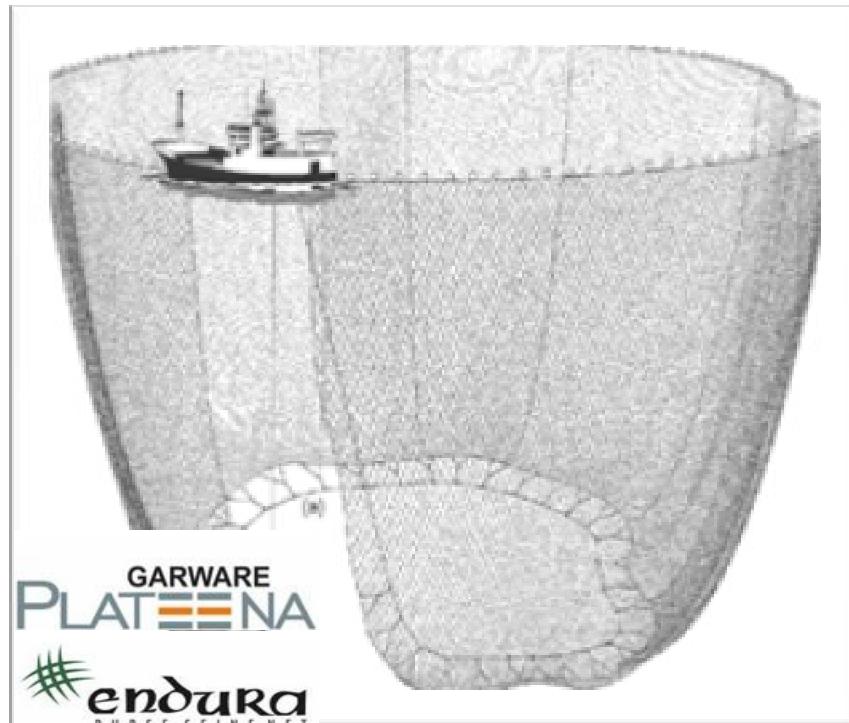
## **Mr S V Raut, President -Technical & New Businesses**

- More than 35 years of global experience in technical textiles
- Innovative thinker with in depth practical expertise



## SECTION D: SOLUTIONS OFFERED

# Purse Seine & Trawling Nets: 'Garfil Star' made from patented multi-mono polyolefin yarn



**PURSE SEINE NET**



# Our Purse Seine Net has caught 2500 MT fish in one catch which is a World Record!!!



# Ropes: Designed for Trawling, Gill Netting, Dole Netting & Purse Seine applications



**SHIP TOWING ROPE**



**MOORING ROPE**

# GWRL Ropes are used for Ship Towing and Mooring Application

**Garfil**



**SHIP TOWING**

**MOORING**



# Aquaculture Solutions: Made as per Design and Dimensions required by Customers

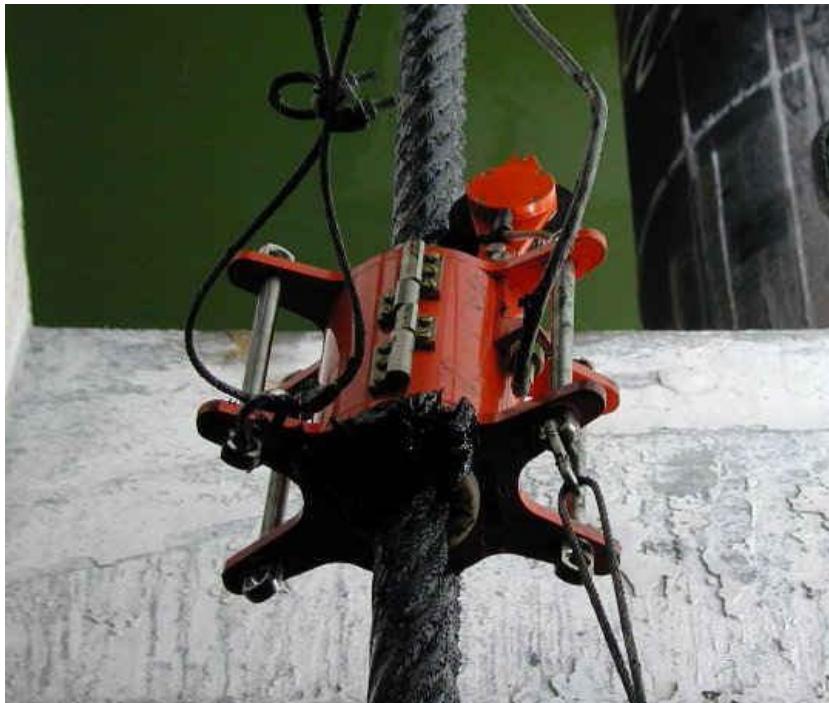


PREDATOR SYSTEM



CAGE

# GWRL Ropes has wide array of Industrial Applications



**INDUSTRIAL ROPE**

## POWER TRANSMISSION LINES



# CARGO & SAFETY NETS



**CARGO NETS**

**SAFETY NETS**



# GWRL is the No.1 Sports Net manufacturer in India & also the top exporter to USA



**BADMINTON NET**



**BASKETBALL NET**

# Our Sports Nets are used in Wimbledon, FIFA Football World Cup & Olympics!!!

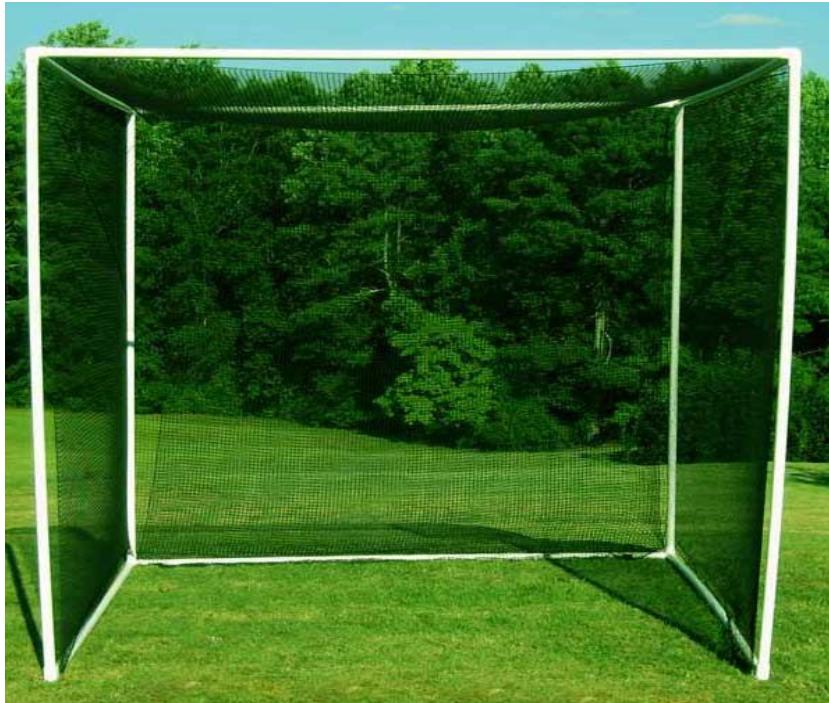


**BEACH VOLLEYBALL NET**

**BATTING CAGE**



# All the Sports Nets are developed as per International Standards



**GOLF CAGE**

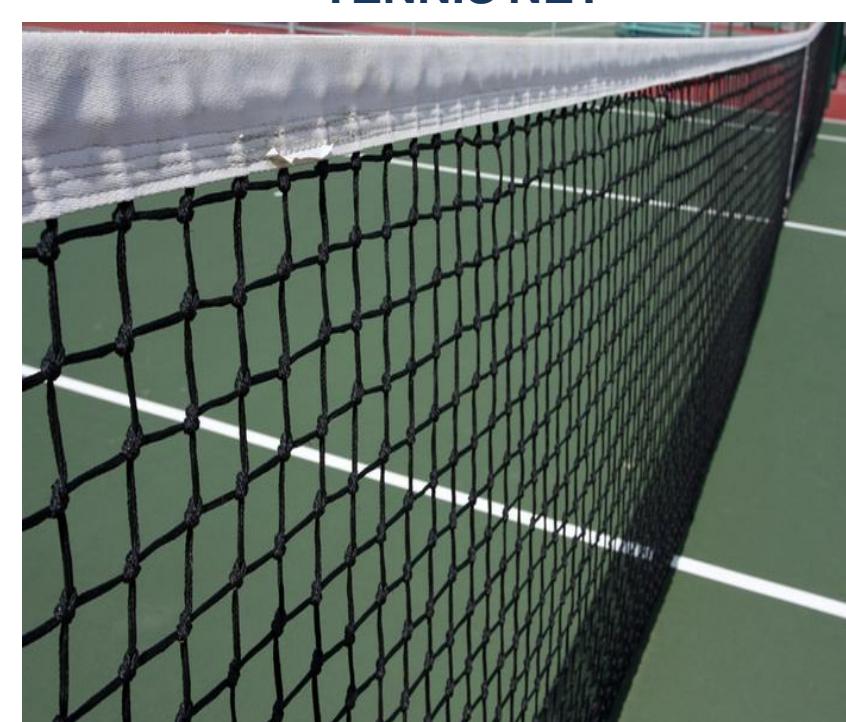


**ICE HOCKEY NET**

# Unique Technique of Double Top Six Stitching is used in manufacturing Sports Nets



**SKI NET**



**TENNIS NET**

# GWRL Sports Nets have high Shock Resistance, UV Treated and better Knot Stability



**SOCCKET NET**

**SOCCKET BALL CARRY NET**



# GWRL offers high-quality, UV-stabilized Agriculture Nets for variety of applications



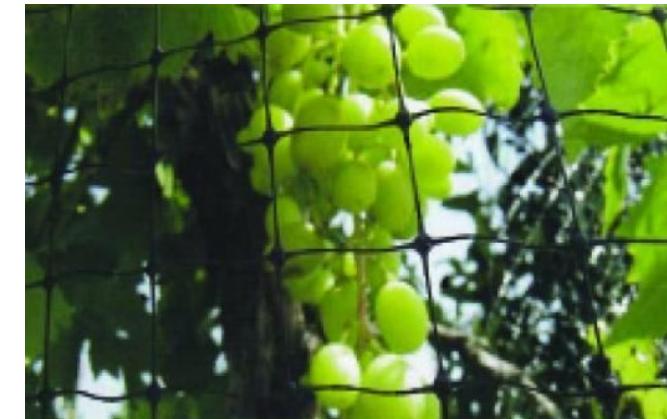
**SHADE NETS**



**BIRD NETS**



**SERICULTURE UNIT**



**GRAPE NETS**

# Coated Fabric Solutions

**GURU™**  
**Tarpaulins**



**TRUCK TARPULINS**

**AWNINGS**



# Some Applications of Coated Fabric are Hanger Cover, Tents, Bouncies and Parking Shades



**HANGER COVER**



**TENTS**

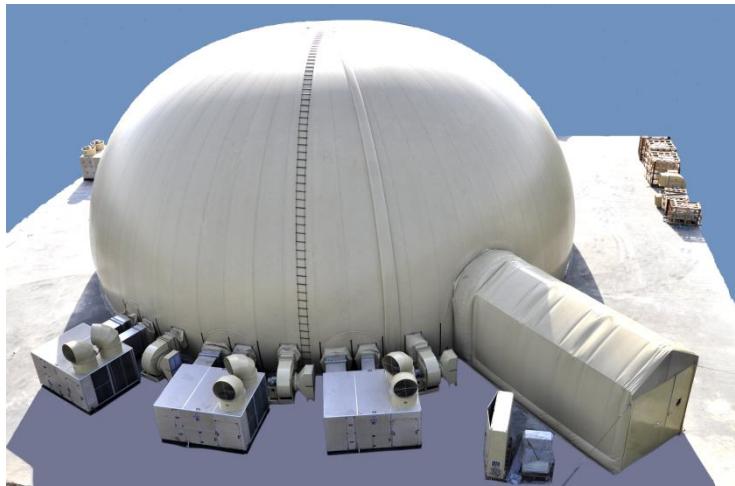


**BOUNCIES**



**PARKING SHADES**

# Defence Textiles Solutions



**Inflated Structures  
for Radars**



**Flexible Helipad**



**Tethered Aerostat  
Balloons**

# Geo-Synthetics- Road Solutions



**Ground Improvement**



**Rock fall Protection**



**Erosion Control**



**Reinforced Walls**

# Geo-Synthetics- Railway Solutions



**Rock fall Protection**



**Erosion Control**



**Track Stabilization**



**Rock fall Protection**

# Geo-Synthetics- Environmental Protection



**Landfills**



**Coastal Protection**



**Lining**



**River Training**

# Brand Portfolio



PPMF YARN

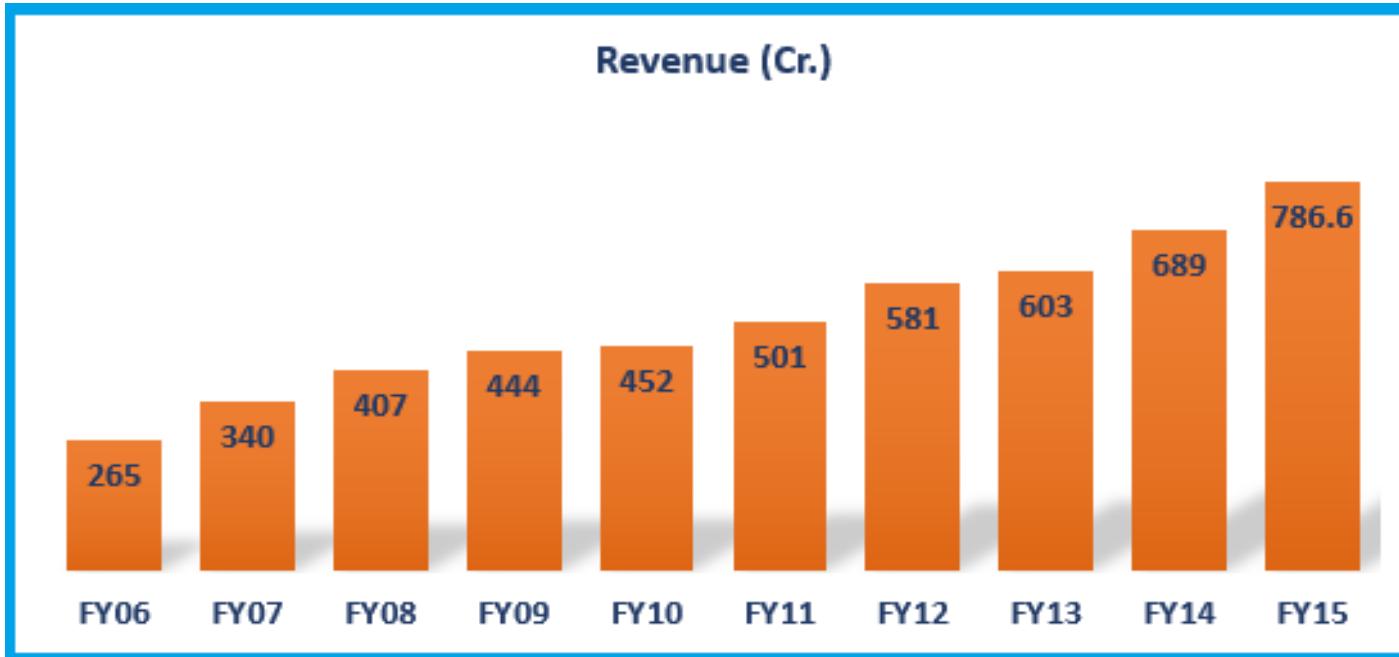


BRANDS



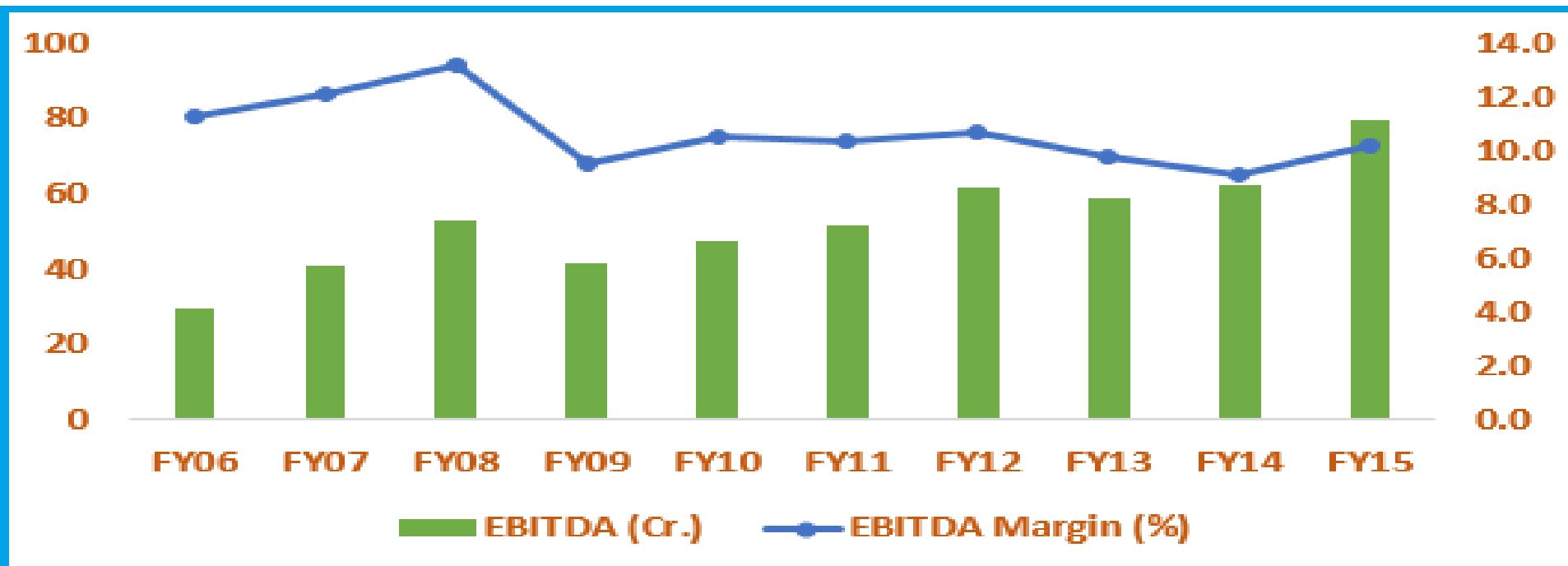
# GWRL - Financials

# Revenue Growth



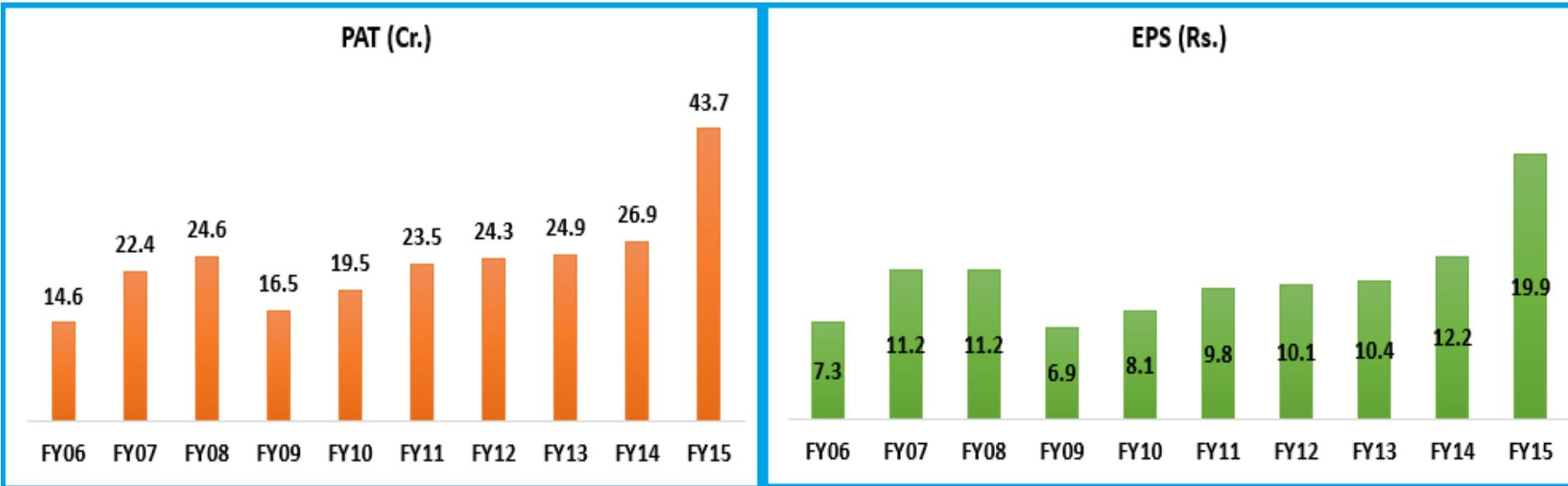
- Company's revenues have grown from Rs.265cr in FY06 to Rs.786cr in FY15. at CAGR of ~13%.
- Nettings have been major growth drivers of the company, which have grown at CAGR of 18% from 94cr to 414cr in the last 10 years.
- We believe, with all the business segments which have products catered to growing demand and management's thirst for exploring new opportunities, company will grow at sustainable rate of 15-20% CAGR during next five years.

## EBITDA & EBITDA Margin (%)



- Company's operating profit has grown at CAGR of 12% from FY06 to FY15. They have increased from 29cr in FY06 to 79.6cr in FY15.
- Margins have started recovering in the last fiscal year after suffering from the high raw material prices during FY12 and FY14.
- The EBITDA Margin has increased by 110 bps from 9.1% in FY14 to 10.2% in FY15. This further expanded by 180 bps to 12% during 9M period of current fiscal year.

# PAT & EPS



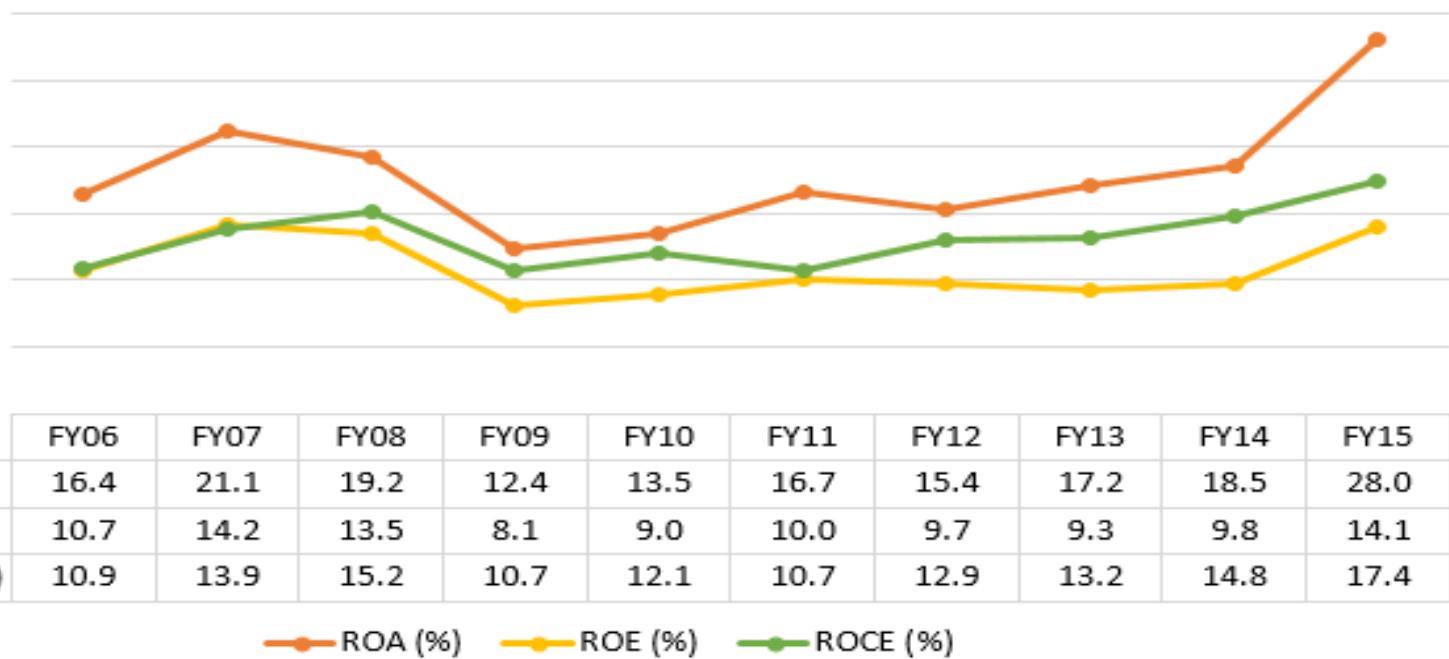
- Company's PAT has grown at 13% CAGR in line with revenues during last 10 years. They have increased from 14cr in FY06 to 43.7cr in FY15.
- During the last few years, the PAT margins has also increased from 4.2% in FY12 to 7% during 9MFY16.
- EPS (Earnings per share) has grown from Rs.7.3 in FY06 to Rs.19.9 in FY15.

# Performance Metrics

Performance Metrics	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
(Net) Asset Turnover (x)	3.0	3.2	3.2	3.3	3.1	3.6	3.7	4.2	4.8	5.0
(Gross) Asset turnover (x)	1.4	1.6	1.7	1.7	1.6	1.6	1.8	1.9	2.1	2.2
Total Debt/Equity (x)	0.6	0.6	0.6	0.5	0.4	0.5	0.5	0.4	0.2	0.1
Current Ratio (X)	1.3	1.4	1.3	1.5	1.4	1.3	1.5	1.5	1.5	1.4
Quick Ratio (X)	0.8	0.9	0.9	1.1	1.0	0.8	1.0	1.1	1.0	1.0
Interest Coverage (X)	3.0	3.8	3.0	2.5	3.4	4.4	2.9	3.3	4.0	7.0

- Company is maintaining high asset turnover and it is increasing gradually. In the last fiscal year, Net and Gross asset turnover stood at 5x and 2.2x respectively.
- Company is reducing its debt continuously from last several years. The debt/Equity ratio for the company stood at 0.1x in FY15 which is decreased from 0.5x in FY11.
- Company is in a good liquidity position with current ratio and quick ratio stood at 1.4x and 1x respectively in FY15.
- Company has higher interest coverage of 7x and it has improved from 3x in the last four years.

# Capital Efficient Ratios



- Return on Net assets for the company stood at 28% in the last financial year. this has improved significantly from 15.4 in FY12.
- ROE & ROCE are increasing gradually with improved profitability. Company is having ROE of 14% and ROCE of 17.4% in FY15.
- We believe that the capital efficient numbers will improve further with increased profit margins and reduced working capital cycle.

# Risks & Concerns

- Margins are highly sensitive to raw material prices. Wide fluctuations in Key raw material prices will huge impact on the business performance.
- Company derives nearly 50% of the revenues from exports. Any volatility in currency prices will effect the revenues of the company.
- High Working capital cycle is locking the efficiency of the company. Failure of management to bring it down will effect the capital efficient numbers in the future.
- Company derives most of its revenues from other countries. Any wide fluctuations in foreign currency will have significant impact on the company's business performance.
- As company is coming up with variety of products, slower pick up for its products in the market will effect the business performance.

# Conclusion

Garware-Wall Ropes (GWRL), a leader in technical textiles has unique business model with wider application of its products across industries. The range of business segments and customers helps the company to stand against cyclical demand-fluctuations in particular segments. **This inherent strength is being expanded further by entering into emerging opportunities with innovative solutions and by developing new applications for its established products.**

Company enjoys leadership in the market for many of its products and continuously increasing its market share. The dual strategy of lateral and vertical expansion in global markets provides a strong foundation for sustaining growth. **The expanding geographical presence and increasing diverse customer base provide economies of scale and also create network effects for the company. This provides significant competitive advantage over its competitors for the company and allows it grow profitably in the future.**

**With increased revenue contribution from vale added products, the profitability and efficiency of the company will improve from current levels (OPM-12%, RoCE – 17.4%)**

**We believe, with all the business segments which have products catered to growing demand and management's thirst for exploring new opportunities, company will grow at sustainable rate of 15-20% CAGR during next five years. At the current market cap of Rs.750cr, company's shares are trading at TTM earnings multiple of 13x and EV/EBITDA of 7.8x. At the FY15 OCF yield of 9.8%, company is looking very attractive in terms of valuations for next three to five years.**

## Annexure:- Financials

# Profit & Loss Statement

Profit & Loss Statement (In Crores)	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Operating Income	265	340	407	444	452	501	581	603	689	786.6
Less: Excise Duty	3.8	4.5	8.5	6.7	3	2.3	2.6	3.7	4.2	4.3
	261.2	335.5	398.5	437.3	449	498.7	578.4	599.3	684.8	782.3
YOY growth		28.4	18.8	9.7	2.7	11.1	16.0	3.6	14.3	14.2
Expenditure										
Cost of Materials Consumed	99	122.3	159	155	167.3	199.3	227	235.3	284.4	348.3
Purchase of Traded Goods	11.8	34.4	28	37	43	31.5	31.2	26.2	26	22.4
(Inc)/Decr in Fin goods, WIP and Traded goods	0.1	-2.8	-13.6	7.7	-5.4	-12	-6.4	3.2	6	-7
Employee costs	30	36	46.6	52	55	65.4	79	79	64	84
Operation and Other Expenses	91	105	126	144	142	163	186	197	242	255
Total Expenses	231.9	294.9	346	395.7	401.9	447.2	516.8	540.7	622.4	702.7
EBITDA	29.3	40.6	52.5	41.6	47.1	51.5	61.6	58.6	62.4	79.6
EBITDA Margin (%)	11.2	12.1	13.2	9.5	10.5	10.3	10.7	9.8	9.1	10.2
EBITDA Growth(yoy)		38.6	29.3	-20.8	13.2	9.3	19.6	-4.9	6.5	27.6
Other Income	1.5	3	1.4	2.8	2.7	2.4	3.3	5.8	4	3.8
Dep	8.6	9.4	11	12.3	13	14.8	16	16.3	14.4	12.4
EBIT	22.2	34.2	42.9	32.1	36.8	39.1	48.9	48.1	52	71
EBIT Margin (%)	8.5	10.2	10.8	7.3	8.2	7.8	8.5	8.0	7.6	9.1
Financial expenses	7.3	9	14.3	13	10.7	8.9	16.6	14.5	13	10.2
EBT	14.9	25.2	28.6	19.1	26.1	30.2	32.3	33.6	39	60.8
Tax	0.27	2.8	4	2.6	6.6	6.7	8	8.7	12.13	17.06
PAT (Cr.)	14.6	22.4	24.6	16.5	19.5	23.5	24.3	24.9	26.9	43.7
PAT Margin (%)	5.6	6.7	6.2	3.8	4.3	4.7	4.2	4.2	3.9	5.6

# Balance Sheet (Liabilities)

Balance Sheet ( <i>In Crores</i> )										
	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
<b>Equity and liabilities</b>										
<b>Shareholders' funds</b>										
Share capital	19.96	20.7	21.7	23.7	23.7	23.7	23.7	23.7	21.97	21.88
Reserves and surplus	116.7	137	160.5	181	193.5	211	227	243.5	253	289
<b>Total</b>	<b>136.66</b>	<b>157.7</b>	<b>182.2</b>	<b>204.7</b>	<b>217.2</b>	<b>234.7</b>	<b>250.7</b>	<b>267.2</b>	<b>274.97</b>	<b>310.88</b>
<b>Non-current liabilities</b>										
Long-term borrowings	1	15	26	29	18	8	42	24.5	12	4
Deferred tax liabilities (net)	14	15	16	16	17	18	18	18	20	22.5
Other long term liabilities						3	3	3	3.3	1.5
Long-term provisions						1.4	1.5	1.7	1.6	2.4
<b>Total</b>	<b>15</b>	<b>30</b>	<b>42</b>	<b>45</b>	<b>35</b>	<b>30.4</b>	<b>64.5</b>	<b>47.2</b>	<b>36.9</b>	<b>30.4</b>
<b>Current liabilities</b>										
Short-term borrowings	83	87.3	87	77	68	103	83	83	45	27.5
Trade payables	20	25	57	33	60	48	53	57.7	64	66
Other current liabilities	46	47	64	61	68	39	41	37.4	60	86.5
Short-term provisions	16	16	20	23	28	74	81	85	118	178
<b>Total</b>	<b>165</b>	<b>175.3</b>	<b>228</b>	<b>194</b>	<b>224</b>	<b>264</b>	<b>258</b>	<b>263.1</b>	<b>287</b>	<b>358</b>
<b>Total Liabilities</b>	<b>316.66</b>	<b>363</b>	<b>452.2</b>	<b>443.7</b>	<b>476.2</b>	<b>529.1</b>	<b>573.2</b>	<b>577.5</b>	<b>598.87</b>	<b>699.28</b>

# Balance Sheet (Assets)

Balance Sheet ( <i>In Crores</i> )		FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
<b>Assets</b>											
<b>Non-current assets</b>											
<b>Fixed assets</b>											
Tangible assets	89	106	128	133	144	141	158	145	145	145	156
Intangible assets						9	8.7	9	7.6	10	
Capital work-in-progress						5.4	3.3	0.35	7.4	6.7	
Non-current investments	18	18	18	18	17	9	9	8.6	9.5	9.5	9
Long-term loans and advances						11	9.5	11	11.5	12	
Other non-current assets						0.8	0.8	1.7	1	5.5	
	107	124	146	151	161	176.2	189.3	175.65	182	199.2	
<b>Current assets</b>											
Inventories	74	77	96	84	94	138	123	122	127	137	
Trade receivables	60	88	116	116	126	134	150	155	142.5	182	
Cash and bank balances	3.3	7.4	3.6	3.3	5.6	2	24	21	9.4	11	
Short-term loans and advances	72	67	90	89	91	79	87	104	138	170	
Other current assets											
	209.3	239.4	305.6	292.3	316.6	353	384	402	416.9	500	
<b>Total Assets</b>	<b>316.3</b>	<b>363.4</b>	<b>451.6</b>	<b>443.3</b>	<b>477.6</b>	<b>529.2</b>	<b>573.3</b>	<b>577.65</b>	<b>598.9</b>	<b>699.2</b>	

# Key Ratios

Working Capital	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Working Capital (Cr.)	114	140	155	167	160	224	220	219.3	205.5	253
Working Capital Days	159	152	142	139	130	164	139	134	110	118
Inventory Days	273	230	220	198	205	253	198	189	163	144
Receivables Days	84	96	106	97	102	98	95	94	76	85
Paybles Days	74	75	131	78	131	88	85	90	82	69
Efficiency	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
ROA (%)	16.4	21.1	19.2	12.4	13.5	16.7	15.4	17.2	18.5	28.0
ROE (%)	10.7	14.2	13.5	8.1	9.0	10.0	9.7	9.3	9.8	14.1
ROCE (%)	10.9	13.9	15.2	10.7	12.1	10.7	12.9	13.2	14.8	17.4
Perfoemance	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
(Net) Asset Turnover (x)	3.0	3.2	3.2	3.3	3.1	3.6	3.7	4.2	4.8	5.0
(Gross) Asset turnover (x)	1.4	1.6	1.7	1.7	1.6	1.6	1.8	1.9	2.1	2.2
Total Debt/Equity (x)	0.6	0.6	0.6	0.5	0.4	0.5	0.5	0.4	0.2	0.1
Current Ratio (X)	1.3	1.4	1.3	1.5	1.4	1.3	1.5	1.5	1.5	1.4
Quick Ratio (X)	0.8	0.9	0.9	1.1	1.0	0.8	1.0	1.1	1.0	1.0
Interest Coverage (X)	3.0	3.8	3.0	2.5	3.4	4.4	2.9	3.3	4.0	7.0
EPS (Rs.)	7.3	11.2	11.2	6.9	8.1	9.8	10.1	10.4	12.2	19.9

THANK YOU