

Q4FY24 Performance

The company has achieved a considerable growth of 20% in FY24, recording its highest ever yearly revenues, with PAT growing by 3.4x.

The flooring business continued to achieve newer heights with highest ever revenues and profitability in FY24. All emerging businesses, which would be key contributor towards growth in the future, recorded a 26% increase in revenues during Q4FY24.

The brand “Welspun” continues to be the most widely distributed Home Textile brand in the country with a presence in 600+ towns and 20,000+ stores

Total Income for Q4FY24 ₹2617crs grew by 19.2% YoY and for FY24 ₹9825crs, grew by 19.6% (Highest ever quarterly and yearly revenue)

EBITDA for Q4FY24 up 25% YoY at ₹400crs and for FY24 stood at ₹571crs grew 3.7% YoY 5%

PAT for Q4FY24 is ₹146crs grew 16% YoY and for FY24 it grew more than 3.4x to ₹681crs

Management has guided 11-12% growth in the top line with an EBITDA margin of 15-15.5% for FY25.

Important Statistics

Nifty	22,442
Sensex	73,895
Mcap (₹ Cr)	₹14,626
52 Week H/L (₹)	171/88
NSE Code	WELSPUNIND
BSE Code	514162
Bloomberg Code	WLSI:IN

Shareholding pattern (%) Mar'24

Promoter Holding	70.5
FII	07.1
DII	05.5
Public	16.9

Key Con-Call Highlights

- India continues to shine with expected GDP growth of 8% in Q4 and inflation in Mar'24 is to ease to 4.8%, the lowest in the last 6 months. The retail sector demand, however, remained muted during Q4 through Jan to Mar'24, mainly due to lower consumer spending, especially in discretionary categories. The company's domestic retail business showed a lot of resilience despite subdued operation conditions in consumer markets in India, which continued to subsist in Q4 as well.
- **Brand Welspun growth** has witnessed a healthy 15% Y-o-Y growth in Q4 and has grown to become a ₹200crs brand in FY24. Brand Spaces has outgrown the category in modern trade channels, emerging as a leading brand within the category and gaining the market share. The company has solidified a presence with 6 EBOs (FOFO) added in Q4, leading to a total of 26 EBOs on a journey to reach 150-plus EBOs by FY27.
- **The Home Textile Consumer business** continued investment in marketing to the tune of 10%. Management remains committed to continued investments in brands for improving brand visibility and salience as well as a focus on building profitable business growth in the domestic consumer business.
- Domestic Consumer Business in Q4FY24 grew by 12.2% YoY and stood at ₹138.2crs and for FY24 stood at ₹571crs grew by 3.7%. (highest every yearly revenue)
- **Flooring Business** also recorded the highest ever yearly revenue of ₹927crs and EBITDA grew by 31.4% in FY24. And for Q4FY24 grew 2.2% YoY to ₹213crs.
- Core exports. U.S. retail sales continued the upward trend sequentially on a month-to-month basis in Feb'24 and Mar'24, growing by 0.9% and 0.7%, respectively, leading to strong buying by retailers. India continues to be the

Financials

Particulars	₹ cr		
	FY21	FY22	FY23
Revenues	7340	9311	8094
EBITDA	1352	1362	753
EBITDA Margin (%)	18%	15%	9%
Net Profit	551	607	203
EPS (₹)	5.37	6.06	2.02
RoE (%)	14.8	15.1	4.9
RoCE (%)	17.9	17.0	7.2
P/E (x)	27.2	24.1	72.3
EV/EBITDA (x)	7.4	8.4	9.8

Source: Company, Way2wealth

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
Welspun Living Ltd	57	61	185
Nifty 50	22	52	98
Sensex	19	51	96

Source: Company, Way2wealth

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7th May 2024

CMP – 150.5/-

View – Add on dips

leading supplier of terry towels and bedsheets in the US. In value terms, though the overall export to the US during this period saw a degrowth of 11% and 9% in TT and bed sheets due to input cost rationalization during FY24, WLL, however, witnessed a growth of 11% and ~40%, respectively, solidifying leadership and US exports further.

- Witnessing a good demand in Australia and New Zealand. The company has a strong presence in the towel segment. If FTA comes into play, the upside would be in the bedding category where Pakistan and Bangladesh dominate.
- Emerging businesses sales (Domestic Consumer business, Branded, Advanced Textiles & Flooring businesses grew) 26% YoY in Q4 FY24 & 16% in FY24. Contributing 33% of total consolidated sales.
- Export Business grew 23% YoY in Q4FY24 to ₹2041crs and grew 23% in FY24 with sales of ₹7533crs
- In FY24 the company spent ₹275crs majorly towards the setup of a 30 MW Solar Power plant at Anjar facility which is commissioned and planning ₹860crs of capex for FY25 majorly towards brownfield project in terry towel expansion in Anjar, new pillow facility at Ohio, USA and modernization of existing equipment
- ROCE has improved substantially to 14.6% from 5.7% last year. Net Debt stood at ₹1354crs as of 31st Mar'24, ₹180crs lower than ₹ 1534crs a year ago. Management is expecting zero debt by 2027
- **Cotton Inventory** – The Company holds around six months of cotton until Oct'24 and currently, cotton prices are in the range of ₹59,000-62,000 per candy. Management believes that the cotton prices will remain in same range.

Key Risks

- Slower than expected demand recovery in its key markets
- Delay in capex implementation could impact financials of company

View

Through stellar performance in all businesses, core as well as emerging, the company has been able to deliver revenue growth of ~20% in FY24. However, considering the current economic instability, management continues to be cautiously optimistic about the operating performance in FY25.

On the back of a strong performance of 20% growth in FY24 and investment in new complementary products of fashion towels and pillows and proposed increased capacity utilization, the company is well set to achieve a further top line growth of 11% to 12% in FY25 with EBITDA margin of 15-15.5%.

Given the execution strength, strong brand recall, and investment in capacities we expect Welspun Living Ltd. to put up a strong show in the longer term. **At CMP of ₹150.5, the stock trades at a P/E of ~20.1x to FY24 EPS of ₹7.1. We recommend investors to add the stock on dips.**

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Consolidated Financial Highlights

(₹ Cr)

Particulars	Q4FY24	Q4FY23	VAR [%]	Q3FY24	VAR [%]	FY24	FY23	VAR [%]
Sales	2,575.24	2,153.90	19.6%	2,410.87	6.8%	9,679.24	8,093.76	19.6%
Other Income	41.48	41.57		43.01		148.59	121.34	
Total Income	2,616.7	2,195.5	19.2%	2,453.9	6.6%	9,827.8	8,215.1	19.6%
Total Expenditure	1379.44	1177.02	17.2%	1232.31	11.9%	5109.88	4514.03	13.2%
Raw Material Consumed	1127.72	882.77	27.7%	1290.17	-12.6%	4,994.42	4,018.32	24.3%
Purchase of stock in trade	106.49	21.56	393.9%	40		273.61	201.52	35.8%
Stock Adjustment	145.23	272.69	-46.7%	-97.86	-248.4%	-158.15	294.19	-153.8%
<i>RMC as a %age of sales</i>	<i>53.57%</i>	<i>54.65%</i>	<i>-2.0%</i>	<i>51.11%</i>	<i>4.8%</i>	<i>52.79%</i>	<i>55.77%</i>	<i>-5.3%</i>
Employee Expenses	275.83	200.12	37.8%	268.08	2.9%	1,027.40	794.35	29.3%
<i>EPC as a %age of sales</i>	<i>10.71%</i>	<i>9.29%</i>		<i>11.12%</i>		<i>10.61%</i>	<i>9.81%</i>	
Other Expenses	561.32	498.24	12.7%	571.6	-1.8%	2,175.79	2,032.84	7.0%
<i>Other Expenses as a %age of sales</i>	<i>21.80%</i>	<i>23.13%</i>		<i>23.71%</i>		<i>22.48%</i>	<i>25.12%</i>	
Total Expenditure	2,216.59	1,875.38	18.2%	2,071.99	7.0%	8,313.07	7,341.22	13.2%
EBIDTA	358.65	278.52	28.8%	338.88	5.8%	1,366.17	752.54	81.5%
<i>EBIDTA Margins %</i>	<i>13.93%</i>	<i>12.93%</i>	7.7%	<i>14.06%</i>	-0.9%	<i>14.11%</i>	<i>9.30%</i>	51.8%
Interest	51.81	33.27		41.93		153.41	129.88	
PBDT	348.32	286.82	21.4%	339.96	2.5%	1,361.35	744.00	83.0%
Depreciation	96.23	113.53	-15.2%	100.35	-4.1%	394.49	442.14	-10.8%
Profit before share of associates	252.09	173.29		239.61		966.86	301.86	
Share of Associate's Net Profit/(Loss)	0.05	-0.10		0.09		0.11	0.05	
PBT	252.14	173.19		239.70		966.97	301.91	
Tax	121.59	44.2	175.1%	60.63	100.5%	294.21	99.40	196.0%
<i>Tax Rate</i>	<i>25.50%</i>	<i>25.50%</i>	0.0%	<i>25.50%</i>	0.0%	<i>25.50%</i>	<i>25.50%</i>	0.0%
Reported Profit After Tax	130.50	129.09	1.1%	178.98	-27.1%	672.65	202.46	232.2%
<i>PATM %</i>	<i>5.07%</i>	<i>5.99%</i>	-15.4%	<i>7.42%</i>	-31.7%	<i>6.95%</i>	<i>2.50%</i>	177.8%
			-		-			-
Basic:								
EPS	1.52	1.31	16.3%	1.81	-16.1%	7.06	2.05	244.5%
Equity	97.18	98.8	-1.6%	98.8	-1.6%	98.8	98.8	0.0%
Face Value	1	1	0.0%	1	0.0%	1	1	0.0%

Source: Company, Way2wealth

7th May 2024

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 View – **Add on dips**
Segmental Financial Highlights

								(₹ Cr)
Particulars (crs)	Q4FY24	Q4FY23	VAR	Q3FY24	VAR	FY24	FY23	VAR
REVENUES								
Revenue from Operations	2,634.6	2,225.4	18.4%	2,497.7	5.5%	9,989.9	8,343.7	19.7%
Home Textile	2,421.7	2,017.1	20.1%	2,251.4	7.6%	9,063.0	7,638.1	18.7%
% Mix	91.9%	90.6%		90.1%		90.7%	91.5%	
Flooring	212.9	208.3	2.2%	246.3	-13.6%	926.9	705.6	31.4%
% Mix	8.1%	9.4%		9.9%		9.3%	8.5%	
Less : Inter Segment Revenues	59.4	71.5	-16.9%	86.8	-31.6%	310.7	250.0	24.3%
Total Segment Revenue	2,575.2	2,153.9	19.6%	2,410.9		9,679.2	8,093.7	19.6%
PROFIT								
Profit/Loss Before Dep, Interest and Tax	400.1	320.1	25.0%	381.9	4.8%	1,492.1	854.2	74.7%
Margin %	0.151873	0.143835		0.152888		0.149355	0.102376	
Home Textile	364.0	293.0	24.2%	347.0	4.9%	1,382.7	798.4	73.2%
Margin %	15.0%	14.5%		15.4%		15.3%	10.5%	
Flooring	18.2	8.7	108.4%	20.0	-8.9%	76.6	18.1	322.1%
Margin %	8.6%	4.2%		8.1%		8.3%	2.6%	
Add: Un- allocable Income net of Un-allocable Expenses	17.89	18.33	-2.4%	14.91		32.8	37.6	-12.9%
Net Profit/Loss Before Int, Dep & Tax	400.1	320.1	25.0%	381.9	4.8%	1,514.7	873.9	73.3%

Source: Company, Way2wealth

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Disclosure of Interest Statement Welspun Living Ltd. as on May 7th, 2023

Name of the Security	Welspun Living Ltd
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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