

18<sup>th</sup> February 2025

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View – **Accumulate**

**Q3FY25 Performance**

Consolidated revenue grew 3.3% YoY to ₹2489crs. EBITDA declined 17.2% YoY to ₹280crs. EBITDA margin contracted 280bps to 11.3%. PBT de-grew 34% YoY to ₹158crs. PAT de- grew 32% YoY to ₹122crs with a PAT margin of 4.9%. The other income was at ₹38crs vs ₹43crs in Q3FY24.

Home Textile Exports Business grew by 6% YoY in Q3FY25 with an EBITDA margin of 13.6%. Branded Business grew by 7% YoY in Q3FY25.

Net Debt stood at ₹ 1685crs vs. ₹1542crs (Dec 23) vs. ₹1832crs (Sept'24).

Management has maintained a target of 10-12% revenue growth with an EBITDA margin of 14% for FY25.

**Important Statistics**

Nifty	22,945.30
Sensex	75,967.39
LTP* (₹)	117
Mcap(₹ crs)	~₹11,222
52WeekH/L (₹)	213/123
NSE Code	WELSPUNIND
BSE Code	514162
Bloomberg Code	WLSI:IN

LTP\* as on 18<sup>th</sup> Feb 2025

Shareholding Pattern (%)	Dec'24
Promoter Holding	66.2
FII	5.90
DII	8.31
Public	19.55

**Key Con-Call Highlights**

- The company is on course to achieve FY27 vision of reaching `15,000crs by maintaining market leadership and profitability in core business while scaling up emerging businesses.
- YTD company revenues are at ₹8,049crs, with emerging business comprising of Domestic Consumer business, Global Brands, Advanced Textile and Flooring witnessing double-digit growth of 10% in 9MFY25 and contributing about 30% of the total revenues.
- Domestic Flooring showed strong double-digit, 17% growth in 9MFY25 and continued to revitalize international flooring strategy, focusing on home improvement chains, hospitality segment and indigenization.
- Advanced Textile business grew 11% YTD as it continues to build strategic partnerships to diversify value-added product application and diversify into new categories in home care, personal care, medical and high-performance filtration.
- Home textile exports witnessed steady growth of 6% YoY in Q3FY25 and 14% in 9MFY25. The company is continuing to gain market share in U.S. in both bed and bath segment, with higher dispatch growth as compared to the market. The pillow factory in U.S. helped to tap into the utility bedding segment and complements the "Make in America" ambition of the new U.S. administration.
- **Branded Portfolio:** Global brands witnessed robust growth of 10% in Q3FY25 and 23%in 9MFY25. Christy brand has shown global potential beyond U.K., with extended presence in Middle East, U.S.A. and Africa and plan to soon launch in India.
- Christy has made significant strides in its premiumization journey, with a higher gross margin in Q3FY25 compared to last year. The licensed brands, Martha Stewart, COCOCOZY and Disney Europe witnessed over 40% growth in 9MFY25, opening additional shelf space with the key retailers.
- **Domestic retail business performance:** Urban consumption was subdued, and inflation hovered around 5% to 6% during the quarter. As per a survey by RAI, the festive demand in the retail sector improved by about 7% from October to November, though it was lower than the anticipated growth of 10%.
- Amidst higher food inflation and softened urban spending, the company witnessed a modest growth of 2% in domestic retail business, clocking revenue of ₹177crs in Q3FY25 and over 6% growth in 9MFY25. Welspun

**Financials**

Particulars	₹ cr		
	FY22	FY23	FY24
Revenues	9311	8094	9679
EBITDA	1362	753	1369
Margin (%)	15%	9%	14%
Net Profit	607	203	673
EPS (₹)	5.98	1.98	7.01
RoE (%)	15.8	4.9	15.9
RoCE (%)	14	6	16
P/E (x)	19.6	59.1	16.7

Source: Company, Way2wealth

**Relative Performance**

Absolute Return (%)	1 Yr	3Yr	5 Yr
<b>Welspun India</b>	<b>-25</b>	<b>9</b>	<b>216</b>
<b>Nifty 50</b>	4	38	100
<b>Sensex</b>	4	36	99

Source: Company, Way2wealth

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- witnessed a healthy growth of 8% in Q3FY25 and 12% in 9MFY25 and continued to be the most widely distributed home textile brand in the country.
- The quick commerce segment has been significant traction with 8x growth between Q1 and Q3FY25. The company has continued investment in domestic markets with marketing spend to ~10% for improving brand visibility and salience as well as a focus to build profitable business growth.
  - Home textile exports witnessed strong performances across regions. The U.S. economy continued to show resilience, with the Q3 growth at 3% Q-on-Q and 2024 GDP growth expected at 2.8%, aided by consumer spending growing at 3.3% annualized rate in Q4 after accelerating at 3.7% pace in July-September quarter.
  - Welspun Brand witnessed a healthy growth of 20% YoY and continued to be the most widely distributed home textile brand in the country. Brand Spaces has outgrown the category in modern trade channels, emerging as a leading brand within the category of gaining market share, though the modern trade segment de-grew YoY. The company has continued investment in domestic markets with marketing spending to the tune of 10% for improving brand visibility and salience, as well as focusing on building profitable business growth.
  - **The advanced textile business** witnessed revenue of ₹132crs, degrowing 5% Y-on-Y, but growing 11% YTD. While transit time issues impacted sales during the quarter, The company has strong spun lace order book across the U.S., U.K., Europe, and Middle East for Q4 and new partnerships across the globe with innovative and sustainable non-wovens
  - **Flooring:** The challenges the company witnessed due to Red Sea issues impacted flooring deliveries to some extent with the business recording a revenue of ₹216crs, degrowing by 12% Y-o-Y. Management is hopeful of recouping the growth in the business by Q4FY25, with lower expected freight rates due to the Israel-Palestine truce and distributors starting to restock.
  - Net debt stood at ₹1,658crs versus ₹1,832crs in Q2FY25, which is lower by ₹174crs and versus ₹1,542crs in Q3FY24, which is higher by about ₹117crs. This increase as compared to last year has been due to investment in capex and higher working capital. The interest cost is due to borrowings for an increased capex, which was around ₹595crs year-to-date, and the working capital requirement has gone up to ₹62crs from ₹42crs last year.
  - In Q3FY25, the company spent ₹103crs towards capex, majorly towards a new towel project at Anjar. Year-to-date total capex stood at ₹595crs versus guidance of total year's capex at ₹860crs.
  - The cotton prices have been slightly coming down from ₹56 to ₹52 to ₹53. WELSPUNLIV has about 5 to 6 months of stock. And sees a 1% to 2% benefit from this coming in the ensuing quarters.

**Key Risks**

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

**View**

Management continues to be cautiously optimistic about the operating performance for FY25. The concern around potential instability due to current geopolitical issues might result in volumes picking up only gradually at a relatively muted pace in H2FY25. Additionally, if the Red Sea situation persists, it would add further to these challenges.

While exports continued to grow, it grew at about 6%, the other businesses of Flooring and Advanced Textile were impacted due to the Red Sea issue, which led to an increased rate of freight due to which the buying dispatch decisions were postponed by many buyers.

However, with investment in new complementary products of fashion towels and pillows and proposed increased capacity utilization, the company is well set to achieve further guided top-line growth of 10% to 12% in FY25 with an EBITDA margin of 14%. Scaling up of the flooring business and capacity addition in the home textile segment will add incrementally to revenue growth and profitability in the medium term.

**At CMP, the stock trades at a P/E of ~17.5x to TTM EPS of ₹6.7. We recommend investors to accumulate the stock.**

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**Consolidated Financial Highlights**

									(₹ crs)
Particulars	Q3FY25	Q3FY24	VAR [%]	Q2FY25	VAR [%]	9MFY25	9MFY24	VAR [%]	
Sales	2,489.61	2,410.87	<b>3.3%</b>	2,873.09	<b>-13.3%</b>	7,899.19	7,104.00	<b>11.2%</b>	
Other Income	38.08	43.01	<b>-11.5%</b>	62.93		152.97	107.11	<b>42.8%</b>	
<b>Total Income</b>	<b>2,527.7</b>	<b>2,453.9</b>	<b>3.0%</b>	<b>2,936.0</b>	<b>-13.9%</b>	<b>8,052.2</b>	<b>7,211.1</b>	<b>11.7%</b>	
Total Expenditure	1321.43	1232.31	7.2%	1593.11	-17.1%	4274.33	3730.25	14.6%	
Raw Material Consumed	1200.59	1290.17	<b>-6.9%</b>	1479.15	<b>-18.8%</b>	4,017.33	3,866.51	<b>3.9%</b>	
Purchase of stock in trade	107.32	40	168.3%	129.03		385.20	167.12	130.5%	
Stock Adjustment	13.52	-97.86	-113.8%	-15.07	-189.7%	-128.20	-303.38	-57.7%	
<i>RMC as a %age of sales</i>	<i>53.08%</i>	<i>51.11%</i>	3.8%	<i>55.45%</i>	-4.3%	<i>54.11%</i>	<i>52.51%</i>	3.1%	
Employee Expenses	285.27	268.08	6.4%	292.52	-2.5%	859.65	751.57	14.4%	
<i>EPC as a %age of sales</i>	<i>11.46%</i>	<i>11.12%</i>		<i>10.18%</i>		<i>10.88%</i>	<i>10.58%</i>		
Other Expenses	602.46	571.62	5.4%	629.83	-4.3%	1,785.61	1,614.49	10.6%	
<i>Other Expenses as a %age of sales</i>	<i>24.20%</i>	<i>23.71%</i>		<i>21.92%</i>		<i>22.60%</i>	<i>22.73%</i>		
<b>Total Expenditure</b>	<b>2,209.16</b>	<b>2,072.01</b>	6.6%	<b>2,515.46</b>	-12.2%	<b>6,919.59</b>	<b>6,096.31</b>	13.5%	
<b>EBIDTA</b>	<b>280.45</b>	<b>338.86</b>	-17.2%	<b>357.63</b>	-21.6%	<b>979.60</b>	<b>1,007.69</b>	-2.8%	
<i>EBIDTA Margins %</i>	<i>11.26%</i>	<i>14.06%</i>	-2.8%	<i>12.45%</i>	-9.5%	<i>12.40%</i>	<i>14.18%</i>	-12.6%	
Interest	62.33	41.93	48.7%	54.86		160.56	101.60	58.0%	
<b>PBDT</b>	<b>256.20</b>	<b>339.94</b>	<b>-24.6%</b>	<b>365.70</b>	<b>-29.9%</b>	<b>972.01</b>	<b>1,013.20</b>	<b>-4.1%</b>	
Depreciation	98.23	100.23	<b>-2.0%</b>	85.55	<b>14.8%</b>	280.55	298.14	<b>-5.9%</b>	
<b>Profit before share of associates</b>	<b>157.97</b>	<b>239.71</b>	<b>-34.1%</b>	<b>280.15</b>		<b>691.46</b>	<b>715.06</b>	<b>-3.3%</b>	
<b>Share of Associate's Net Profit/(Loss)</b>	<b>0.41</b>	<b>0.09</b>		<b>0.17</b>		0.63	0.06		
<b>PBT</b>	<b>158.38</b>	<b>239.80</b>	<b>-34.0%</b>	<b>280.32</b>		<b>692.09</b>	<b>715.12</b>	<b>-3.2%</b>	
Tax	35.51	60.63	-41.4%	77.92	-54.4%	180.87	172.62	4.8%	
<i>Tax Rate</i>	<i>25.50%</i>	<i>25.50%</i>	<b>0.0%</b>	<i>25.50%</i>	<b>0.0%</b>	<i>25.50%</i>	<i>25.50%</i>	<b>0.0%</b>	
<b>Reported Profit After Tax</b>	<b>122.46</b>	<b>179.08</b>	-31.6%	<b>202.23</b>	-39.4%	<b>510.59</b>	<b>542.44</b>	-5.9%	
<i>PATM %</i>	<i>4.92%</i>	<i>7.43%</i>	-33.8%	<i>7.04%</i>	-30.1%	<i>6.46%</i>	<i>7.64%</i>	-15.3%	
<b>EPS</b>	<b>1.27</b>	<b>1.84</b>	-31.0%	<b>2.10</b>	-39.5%	<b>5.30</b>	<b>5.54</b>	-4.3%	
Equity	97.18	97.18	<b>0.0%</b>	97.18	<b>0.0%</b>	97.18	97.18	<b>0.0%</b>	
Face Value	1	1	0.0%	1	0.0%	1	1	0.0%	

Source: Company, Way2wealth

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**Segmental Highlights**

(₹ Cr)

Particulars	Q3FY25	Q3FY24	VAR	Q2FY25	VAR	9MFY25	9MFY24	VAR
<b>REVENUES</b>								
<b>Revenue from Operations</b>	<b>2,497.5</b>	<b>2,497.7</b>	<b>0.0%</b>	<b>2,962.5</b>	<b>-15.7%</b>	<b>8,075.2</b>	<b>7,355.3</b>	<b>9.8%</b>
Home Textile	2,281.8	2,251.4	1.3%	2,712.8	-15.9%	7,381.9	6,641.3	11.2%
% Mix	91.4%	90.1%		91.6%		91.4%	90.3%	
Flooring	215.7	246.3	-12.4%	249.8	-13.6%	693.3	714.0	-2.9%
% Mix	8.6%	9.9%		8.4%		8.6%	9.7%	
Less: Inter Segment Revenues	7.9	86.8	-90.9%	89.4	-91.2%	176.0	251.3	-29.9%
<b>Total Segment Revenue</b>	<b>2,489.6</b>	<b>2,410.9</b>	<b>3.3%</b>	<b>2,873.1</b>		<b>7,899.1</b>	<b>7,104.0</b>	<b>11.2%</b>
Add: Other Unallocable Income	-	-		-		-	-	
<b>Net Revenue from Operations</b>	<b>2,489.6</b>	<b>2,410.9</b>	<b>3.3%</b>	<b>2,873.1</b>	<b>-13.3%</b>	<b>7,899.1</b>	<b>7,104.0</b>	<b>11.2%</b>
<b>PROFIT</b>								
<b>Profit/Loss Before Dep, Interest and Tax</b>	<b>318.5</b>	<b>381.9</b>	<b>-16.6%</b>	<b>420.6</b>	<b>-24.3%</b>	<b>1,132.6</b>	<b>1,114.4</b>	<b>1.6%</b>
Margin %	12.8%	15.3%		14.2%		14.0%	15.2%	
Home Textile	286.4	347.0	-17.5%	374.2	-23.5%	1,009.0	1,018.7	-0.9%
Margin %	12.5%	15.4%		13.8%		13.7%	15.3%	
Flooring	16.9	20.0	-15.5%	22.0	-23.2%	59.9	58.4	2.6%
Margin %	7.8%	8.1%		8.8%		8.6%	8.2%	
Power	-	-	0.0%	-	-	-	-	0.0%
Margin %	-	-		-		-	-	
Add: Un- allocable Income net of Un-allocable Expenses	15.29	14.91	2.5%	24.35		63.7	37.4	70.4%
Margin %	4.8%	3.9%		5.8%		5.6%	3.4%	
<b>Net Profit/Loss Before Int, Dep &amp; Tax</b>	<b>318.5</b>	<b>381.9</b>	<b>-16.6%</b>	<b>420.6</b>	<b>-24.3%</b>	<b>1,132.6</b>	<b>1,114.4</b>	<b>1.6%</b>
<b>Profit before Tax</b>								
<b>Profit before Tax</b>	<b>158.4</b>	<b>239.7</b>	<b>-33.9%</b>	<b>280.3</b>	<b>-43.5%</b>	<b>691.6</b>	<b>714.8</b>	<b>-3.2%</b>
Margin %	6.3%	9.6%		9.5%		8.6%	9.7%	
Home Textile	160.7	231.1	-30.5%	259.3	-38.0%	653.0	686.1	-4.8%
Margin %	7.0%	10.3%		9.6%		8.8%	10.3%	
Flooring	(17.6)	(6.3)	179.7%	(3.3)	433.0%	(25.0)	(9.0)	179.8%
Margin %	-8.2%	-2.6%		-1.3%		-3.6%	-1.3%	
Add: Un- allocable Income net of Un-allocable Expenses	15.29	14.91	2.5%	24.35		63.7	37.6	69.4%
Margin %	9.7%	6.2%		8.7%		9.2%	5.3%	
<b>Net Profit/Loss Before Int, Dep &amp; Tax</b>	<b>158.4</b>	<b>239.7</b>	<b>-33.9%</b>	<b>280.3</b>	<b>-43.5%</b>	<b>691.6</b>	<b>714.8</b>	<b>-3.2%</b>

Source: Company, Way2wealth

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**Disclosure of Interest Statement Welspun Living Ltd. as on February 18<sup>th</sup>, 2025**

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
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
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