

Q1FY25 Performance

The company continues to deliver strong performance in Q1FY25 with a growth of 16% YoY to ₹2536crs. EBITDA grew ~10% YoY to ₹342crs with an EBITDA margin of 13.46%. PAT grew 14% YoY to ₹186crs with a PAT margin of 7.3%

Despite the Red Sea issues and mixed global macro economic conditions, exports have grown by 20% YoY, outperforming the industry.

Domestic Retail continued to be the leading home textile player in India and the flooring business recorded a revenue of ₹227.8crs with the highest EBITDA margin of 9.2% on the back of increased revenues and better operating leverage.

Welspun continued to be the leading Home Solution brand in India, increasing its presence in 21000+ stores and 39 EBOs across India.

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

Important Statistics

Nifty	24,836
Sensex	81,356
Mcap(₹Cr)	₹17,579
52WeekH/L (₹)	190.00/122.65
NSE Code	WELSPUNIND
BSE Code	514162
Bloomberg Code	WLSI:IN

Shareholding Pattern (%) Jun'24

Promoter Holding	70.5
FII	05.9
DII	05.5
Public	18.1

Key Con-Call Highlights

- Total Income in Q1FY25 is ₹2588.5crsgrewby 17% YoY. A buyback of ₹27.84crs was approved by the board for price of ₹220 per share. PAT grew ~14% YoY to ₹186crs.
- Home textile revenue declined QoQ by 1.4% to ₹2387crs while the flooring business witnessed a growth of 7% QoQ to ₹228crs. The home textile business reported EBITDA of ₹348crs with margins at 14.6% in Q1FY25. The Flooring business reported EBITDA of ₹21crs vs EBITDA of ₹18crs in Q4FY24. Bath Linen capacity utilisation increased to 94% vs 88% in Q4FY25, Bed Linen capacity utilisation declined to 69% vs 79% in 4Q while Rugs and carpets utilisation came at 85% vs 76% in 4Q.
- Core exports. U.S. retail sales continued the upward trend. Textile Export Business grew 19% YoY in Q1FY25 with EBITDA margin of 17% leading to strong buying by retailers. India continues to be the leading supplier of terry towels and bedsheets in the US.
- 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 bedding where Pakistan and Bangladesh dominate.
- Domestic Consumer business continued to be the most widely distributed Home Textile brand in the country with a presence across 21k+ outlets and 39 EBOs.
- Emerging businesses Sales of (Domestic Consumer business, Branded, Advanced Textiles & Flooring businesses grew) by 7% YoY.
- Innovation sales grew by 13% to ₹64crs, contributing 28% of total sales.
- In Q1FY25 the company spent ₹20.7crs majorly towards Towel projects at Anjarand Pillow project in US. The company has maintained its capex guidance at ₹860crs for FY25 for 3 new capex plans (terry towel projects, transmission lines, and modernization of existing equipment and maintenance capex).
- In FY24 the company has already spent ₹275crs majorly towards the setup of a 30 MW Solar Power plant at Anjar facility which is commissioned and Pillow projects in the US.
- ROCE has improved substantially to ~15% from 6% in FY23. Net Debt stood at ₹156.2crs vs. ₹181.5crs as on June'23 lower by ₹25.3crs & vs. ₹135.4crs as on Mar'24 increased by ₹20.78crs. The company announced the buyback of equity shares for an amount up to ₹2.78bn at a price of ₹220/share.

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)	31.6	95.4	26.9
EV/EBITDA (x)	14.8	25.2	13.9

Source: Company, Way2wealth

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
Welspun India	72	40	278
Nifty 50	26	54	127
Sensex	23	50	120

Source: Company, Way2wealth

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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 get a robust 20% growth in revenues in FY24 and ~16% revenue growth in Q1FY25. 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 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 an 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 ₹189, the stock trades at a P/E of ~25.1x to TTM EPS of ₹7.5. We recommend investors to accumulate the stock.**

30th July 2024

CMP – 189/-

 View – **Accumulate**
Consolidated Financial Highlights

(₹ Cr)					
Particulars	Q1FY25	Q1FY24	VAR [%]	Q4FY24	VAR [%]
Sales	2,536.49	2,184.05	16.1%	2,575.24	-1.5%
Other Income	51.96	30.81		41.48	
Total Income	2,588.5	2,214.9	16.9%	2,616.7	-1.1%
Total Expenditure	1359.79	1154.56	17.8%	1379.44	-1.4%
Raw Material Consumed	1337.59	1200	11.5%	1127.72	18.6%
Purchase of stock in trade	148.85	63.91	132.9%	106.49	
Stock Adjustment	-126.65	-109.35	15.8%	145.23	-187.2%
<i>RMC as a %age of sales</i>	<i>53.61%</i>	<i>52.86%</i>	1.4%	<i>53.57%</i>	0.1%
Employee Expenses	281.86	226.12	24.7%	275.83	2.2%
<i>EPC as a %age of sales</i>	<i>11.11%</i>	<i>10.35%</i>		<i>10.71%</i>	
Other Expenses	553.32	492.54	12.3%	561.32	-1.4%
<i>Other Expenses as a %age of sales</i>	<i>21.81%</i>	<i>22.55%</i>		<i>21.80%</i>	
Total Expenditure	2,194.97	1,873.22	17.2%	2,216.59	-1.0%
EBIDTA	341.52	310.83	9.9%	358.65	-4.8%
<i>EBIDTA Margins %</i>	<i>13.46%</i>	<i>14.23%</i>	-5.4%	<i>13.93%</i>	-3.3%
Interest	43.37	25.83		51.81	
PBDT	350.11	315.81	10.9%	348.32	0.5%
Depreciation	96.77	99.41	-2.7%	96.23	0.6%
Profit before share of associates	253.34	216.40		252.09	
Share of Associate's Net Profit/(Loss)	0.05	0.05		0.05	
PBT	253.39	216.45		252.14	
Tax	67.44	53.25	26.6%	121.59	-44.5%
<i>Tax Rate</i>	<i>25.50%</i>	<i>25.50%</i>	0.0%	<i>25.50%</i>	0.0%
Reported Profit After Tax	185.90	163.15	13.9%	130.50	42.5%
<i>PATM %</i>	<i>7.33%</i>	<i>7.47%</i>	-1.9%	<i>5.07%</i>	44.6%
EPS	1.90	1.70	11.8%	1.52	25.0%
Equity	97.18	97.18	0.0%	97.18	0.0%
Face Value	1	1	0.0%	1	0.0%

Source: Company, Way2wealth

30th July 2024

CMP – 189/-

 View – **Accumulate**
Segmental Highlights

(₹ Cr)

Particulars	Q1FY25	Q1FY24	VAR	Q4FY24	VAR
REVENUES					
Revenue from Operations	2,615.1	2,262.7	15.6%	2,634.6	-0.7%
Home Textile	2,387.3	2,037.6	17.2%	2,421.7	-1.4%
	<i>% Mix</i>	<i>91.3%</i>	<i>90.1%</i>	<i>91.9%</i>	
Flooring	227.8	225.1	1.2%	212.9	7.0%
	<i>% Mix</i>	<i>8.7%</i>	<i>9.9%</i>	<i>8.1%</i>	
Power	-	-	-	-	-
	<i>% Mix</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	
Shrimp Hatchery	0.00	0.00		0.00	
	<i>%Mix</i>				
Less : Inter Segment Revenues	78.7	78.6	0.1%	59.4	32.5%
Total Segment Revenue	2,536.4	2,184.1	16.1%	2,575.2	
Add : Other Un-allocable Income	-	-		-	
Net Revenue from Operations	2,536.4	2,184.1	16.1%	2,575.2	-1.5%
PROFIT					
Profit/Loss Before Dep, Interest and Tax	393.5	341.5	15.2%	400.1	-1.7%
	<i>Margin %</i>	<i>15.0%</i>	<i>15.1%</i>	<i>15.2%</i>	
Home Textile	348.4	312.3	11.6%	364.0	-4.3%
	<i>Margin %</i>	<i>14.6%</i>	<i>15.3%</i>	<i>15.0%</i>	
Flooring	21.0	18.3	14.8%	18.2	15.3%
	<i>Margin %</i>	<i>9.2%</i>	<i>8.1%</i>	<i>8.6%</i>	
Add: Un- allocable Income net of Un-allocable Expenses	24.10	10.85	122.1%	17.89	
	<i>Margin %</i>	<i>6.1%</i>	<i>3.2%</i>	<i>4.5%</i>	
Net Profit/Loss Before Int, Dep & Tax	393.5	341.5	15.2%	400.1	-1.7%
Profit before Tax	252.9	215.9	17.1%	252.1	0.3%
	<i>Margin %</i>	<i>9.7%</i>	<i>9.5%</i>	<i>9.6%</i>	
Home Textile	233.0	204.6	13.9%	246.7	-5.5%
	<i>Margin %</i>	<i>9.8%</i>	<i>10.0%</i>	<i>10.2%</i>	
Flooring	(4.2)	0.5	-964.6%	(12.4)	-66.6%
	<i>Margin %</i>	<i>-1.8%</i>	<i>0.2%</i>	<i>-5.8%</i>	
Add: Un- allocable Income net of Un-allocable Expenses	24.06	10.85	121.8%	17.89	
	<i>Margin %</i>	<i>9.5%</i>	<i>5.0%</i>	<i>7.1%</i>	
Net Profit before Tax	252.9	215.9	17.1%	252.1	0.3%

Source: Company, Way2wealth

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Disclosure of Interest Statement Welspun Living Ltd. as on July 30th, 2024

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
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