

**Market Cap.**

Rs.18,173 Cr.

**52 Week H/L**

Rs.191 / 100

**CMP**

Rs.187

**Target Price**

Rs.209

## TEXT

### STOCK DATA

#### HOLD

 Reuters Code WLSP.BO  
 Bloomberg Code WLSI IN

 BSE Code 514162  
 NSE Symbol WELSPUNIND

Face Value Rs.1

Shares Outstanding 97 Cr.

Avg. Daily Volume (6m) 3,289,237 Shares

Price Performance (%)

1M	3M	6M
7	23	25

200 days EMA Rs.144

### SHARE HOLDING (%)

Promoters	70.5
FII	5.9
FI / MF	5.5
Bodies Corporate	2.9
Public & Others	15.2

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Welspun Living Ltd. recently announced its performance for the quarter ended June 30 2024. Following are the key highlights.

Particulars	Q1 FY25	Q1 FY24	YoY	Q4 FY24	QoQ
Net Sales	2,536.5	2,184.1	16.1%	2,575.2	(1.5%)
EBITDA	341.5	310.6	9.9%	358.7	(4.8%)
<b>EBITDA Margin</b>	<b>13.5%</b>	<b>14.2%</b>	<b>(70 bps)</b>	<b>13.9%</b>	<b>(40 bps)</b>
Profit before Tax	253.3	216.2	17.2%	252.1	0.5%
Profit after Tax	185.9	163.0	14.1%	130.5	42.5%
<b>PAT Margin</b>	<b>7.3%</b>	<b>7.5%</b>	<b>(20 bps)</b>	<b>5.1%</b>	<b>220 bps</b>
EPS	1.9	1.7	16.3%	1.5	27.0%

#### Highlights from the Quarter (Q1 FY25) :

During Q1 FY25, the top line went up by 16% yoy to Rs.2,536.5 cr on account of strong 20% yoy growth in the exports despite issues in Red Sea. Growth during the quarter was driven by the volumes, while pricing was flat. Home textiles (91% of the sales) reported a growth of 17% yoy in revenue to Rs.2,387 cr, while flooring revenue reported revenue of Rs.228 cr, a growth of 1% yoy. Flooring sales were impacted due to the Red Sea crisis, however, the company expects a recovery in Q2FY25. On flooring, the management expects 20% CAGR over next 3-4 years, with EBITDA margins to touch approx. 15-16% as against 9% as on Q1FY25.

EBITDA margin for the company was impacted marginally by 40 bps qoq to 13.5% in Q1 FY25.

The board of directors approved a capex investment totalling about Rs.850 cr to set up a new towel capacity of 6400 metric ton per annum at Anjar (present capacity – 90000 MT), to set up a pillow manufacturing facility with a capacity of 6.7 million in Ohio USA and investment for transmission lines for the new renewable energy facility being set up at Gujarat.

The company has guided a revenue growth of 10-12% in FY25 and EBITDA margin to be in the range of 15-15.5%. Management is confident that once emerging business like flooring, domestic and advanced textile gain traction, it can have a margin of 16-17% in the next couple of years.

### OUTLOOK AND VALUATION

Raw material have peaked and are reflected in the margins in the current quarter. On the revenue front, we expect a gradual pickup due to long-term drivers like China+1 and possible FTAs with UK and EU and established brands. Going forward, we expect the company to deliver an EPS of Rs.11.6 in FY27, we arrive at a target price of Rs.209. We recommend a HOLD at current levels within the time frame of 18-24 months.

Y/E Mar	Revenue (Rs. Cr)	PAT (Rs. Cr)	NPM (%)	AEPS (Rs.)	P/E (x)	ROCE (%)
FY24P	9,679.2	681.0	7.0	7.0	26.5	15.8
<b>FY25E</b>	<b>10,725.3</b>	<b>829.2</b>	<b>7.7</b>	<b>8.5</b>	<b>21.8</b>	<b>16.8</b>
<b>FY26E</b>	<b>12,012.4</b>	<b>1,010.3</b>	<b>8.4</b>	<b>10.4</b>	<b>17.9</b>	<b>17.3</b>
<b>FY27E</b>	<b>13,333.7</b>	<b>1,127.9</b>	<b>8.5</b>	<b>11.6</b>	<b>16.0</b>	<b>16.4</b>



### Earlier Recommendation

Date	Report Type	Reco	Price (Rs.)	Target (Rs.)
12-Oct-21	Initiating Coverage	Buy	164	215
6-Jun-22	Q4FY22 Update	Buy	72	153
29-Jul-22	Q1FY23 Update	Buy	70	118
10-Nov-22	Q2FY23 Update	Buy	77	118
2-May-23	Q4FY23 Update	Buy	102	126
1-Aug-23	Q1FY24 Update	Buy	115	130
2-Feb-24	Q3FY24 Update	HOLD	160	175
2-May-24	Q4FY24 Update	BUY	150	175

**PROFIT & LOSS STATEMENT**

(Rs. Cr)

Y/E Mar.	FY24P	FY25E	FY26E	FY27E
<b>Revenue</b>	<b>9,679.2</b>	<b>10,725.3</b>	<b>12,012.4</b>	<b>13,333.7</b>
Raw Material	5,109.9	5,626.7	6,289.7	7,001.9
Employee Cost	1,027.4	1,115.4	1,225.3	1,360.0
Other Expenses	2,173.1	2,413.2	2,666.7	2,946.8
<b>EBITDA</b>	<b>1,368.9</b>	<b>1,570.0</b>	<b>1,830.7</b>	<b>2,025.1</b>
Depreciation	394.5	429.0	456.5	506.7
Interest Cost	153.4	157.0	157.0	157.0
Other Income	145.8	160.9	180.2	200.0
<b>PBT</b>	<b>966.8</b>	<b>1,144.9</b>	<b>1,397.4</b>	<b>1,561.4</b>
Tax	294.2	324.0	395.5	441.9
<b>APAT</b>	<b>681.0</b>	<b>829.2</b>	<b>1,010.3</b>	<b>1,127.9</b>

**BALANCE SHEET STATEMENT**

(Rs. Cr)

As on 31 <sup>st</sup> Mar.	FY24P	FY25E	FY26E	FY27E
Equity Share Capital	97.2	97.2	97.2	97.2
Reserves	4,418.6	5,233.3	6,229.0	7,342.3
<b>Net worth</b>	<b>4,613.1</b>	<b>5,442.5</b>	<b>6,452.2</b>	<b>7,580.5</b>
Total loans	2,520.5	2,132.2	2,340.7	2,231.8
Other Current Liabilities	2,416.4	2,550.1	2,326.8	2,328.3
<b>Total Liabilities</b>	<b>9,550.0</b>	<b>10,124.7</b>	<b>11,119.7</b>	<b>12,140.6</b>
Net block	3,512.0	3,941.0	3,892.9	3,839.6
Capital WIP	46.8	858.0	408.4	453.3
Investment	908.8	727.0	894.2	1,073.1
Deferred tax	65.0	67.0	85.0	98.0
Sundry debtors	1,254.7	1,205.1	1,349.7	1,498.2
Inventories	2,071.8	2,164.1	2,419.1	2,693.0
Cash and bank	254.8	74.2	440.7	532.5
Loans and advances	1.7	1.8	2.4	2.4
Other Financial Assets	1,432.5	1,084.2	1,624.6	1,947.5
<b>Total Assets</b>	<b>9,550.0</b>	<b>10,124.7</b>	<b>11,119.7</b>	<b>12,140.6</b>

Source: Company, Sushil Finance Research

**CASH FLOW STATEMENT**

(Rs. Cr)

Y/E Mar.	FY24P	FY25E	FY26E	FY27E
PAT	681.0	829.2	1010.3	1127.9
Depreciation & Amortization	394.5	429.0	456.5	506.7
Finance Cost	153.4	157.0	157.0	157.0
(Incr)/Decr in Working Capital	(447.8)	272.5	(475.7)	(424.3)
<b>Cash Flow from Operating</b>	<b>1075.3</b>	<b>2011.7</b>	<b>1543.6</b>	<b>1809.1</b>
(Incr)/ Decr in Gross PP&E	(296.2)	(1,669.3)	41.2	(498.3)
(Incr)/Decr other non current asset and others	(431.1)	305.7	(570.4)	(370.2)
<b>Cash Flow from Investing</b>	<b>(727.3)</b>	<b>(1,363.5)</b>	<b>(529.3)</b>	<b>(868.5)</b>
Others	(434.9)	(425.9)	(841.7)	(725.3)
(Decr)/Incr in Debt	170.1	(388.3)	208.5	(108.8)
<b>Cash Flow from Financing</b>	<b>(274.5)</b>	<b>(828.8)</b>	<b>(647.8)</b>	<b>(848.8)</b>
<b>Opening cash flow</b>	<b>181.4</b>	<b>254.8</b>	<b>74.2</b>	<b>440.7</b>
<b>Total cash flow</b>	<b>73.4</b>	<b>(180.6)</b>	<b>366.5</b>	<b>91.8</b>
<b>Cash at the End of the Year</b>	<b>254.8</b>	<b>74.2</b>	<b>440.7</b>	<b>532.5</b>

**FINANCIAL RATIO STATEMENT**

Y/E Mar.	FY24P	FY25E	FY26E	FY27E
<b>Growth (%)</b>				
Total Sales	19.6%	10.8%	12.0%	11.0%
<b>Profitability (%)</b>				
EBITDA Margin	14.1%	14.6%	15.2%	15.2%
APAT Margin	7.0%	7.7%	8.4%	8.5%
ROCE	15.7%	16.7%	18.1%	17.9%
<b>Per Share Data (Rs.)</b>				
AEPS	7.0	8.5	10.4	11.6
Reported CEPS	11.1	12.9	15.1	16.8
BVPS	46.5	54.8	65.1	76.5
<b>Valuation</b>				
PER (x)	26.5	21.8	17.9	16.0
P/BV (x)	4.0	3.4	2.9	2.4
EV/EBITDA (x)	15.7	13.7	11.7	10.6
MCap/Net Sales (x)	1.9	1.7	1.6	1.4
<b>Turnover</b>				
Debtor Days	47	41	41	41
Inventory Days	159	140	140	140
Creditor Days	65	69	66	66
<b>Gearing Ratio</b>				
D/E (x)	0.56	0.40	0.37	0.30

Source: Company, Sushil Finance Research

**Rating Scale :**

This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

<b>Total Expected Return Matrix (Rating and Return)</b>	<b>BUY : Over 12%</b>	<b>HOLD : -12% to 12%</b>	<b>SELL : Below -12%</b>
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Remuneration/Benefits received from company in 12 months	No
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Broking Relationship with the company covered	No