

Price: 507

Recommendation: Buy

Industry: Civil Construction

Sector: Industrials

Report Date: 03-Apr-2025

Welspun Enterprises Limited has shown strong performance with a 24% income increase to INR2,717 crores in the first nine months of FY '25. EBITDA grew by 14% to INR523 crores. The subsidiary, Welspun Michigan Enterprise Limited, saw a 49% revenue rise. The company is advancing in water treatment with SmartOps technology and has a robust order book of INR14,500 crores. Future growth focuses on BOT Toll and tunneling, with a projected 18-20% income growth over three years.

Sales		Profit & Loss		Profitability Matrix	
Current Year	2737 Cr	Operating Profit(Year)	327 Cr	Operating Profit Margin	11.9 %
Previous Year	2676 Cr	Operating Profit(Quarter)	79.0 Cr	EBITDA Margin	15.97 %
Current Quarter	683 Cr	PAT (Year)	284 Cr	Net Profit Margin	11.6 %
Previous Quarter	663 Cr	PAT (Quarter)	69.4 Cr	EPS	20.8
Revenue (QYoY)	584 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	24.4	Sales Growth	4.03 %	Sales Growth	3.02 %
PEG Ratio	1.61	PAT Growth	22.94 %	Sales Growth QYoY	16.95 %
EV/EBITDA	16.1	EPS Growth	0.97 %	PAT Growth	7.26 %
P/B	2.78	Dividend Yield	0.60	PAT Growth QYoY	-10.57 %
Capital Allocation		Holdings		Leverage	
RoE	11.6 %	Promoter	54.8 %	Debt/Equity	0.08
RoA	7.02 %	FII	4.58 %	Debt	202 Cr
RoCE	15.4 %	DII	6.31 %	Market Cap	7020 Cr
RoIC	26.7 %	Public	33.1 %	Enterprise value	6913 Cr
		No of Shares	13.8 Cr	Cash Equivalents	308 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Welspun Enterprises Limited has demonstrated a robust performance in the recent quarter, with a consolidated income of INR2,717 crores for the first nine months of FY '25, marking a 24% increase from the previous year. The company's EBITDA for the same period is INR523 crores, reflecting a 14% year-on-year growth. A key highlight is the performance of its subsidiary, Welspun Michigan Enterprise Limited (WMEL), which reported a revenue of INR403 crores, a significant 49% increase year-on-year. The company is optimistic about closing FY '25 with a consolidated EBITDA of approximately INR700 crores and maintains a cash reserve of INR840 crores, positioning it well for future growth strategies.

Welspun Enterprises is actively pursuing strategic initiatives and technological innovations, particularly in the water treatment sector. The company has made significant strides with its SmartOps technology, an innovative solution for wastewater and water treatment. This technology has already secured two new orders for deployment in Pandharpur, Maharashtra, and Varanasi, UP. The consolidated order book stands at INR14,500 crores, with significant contributions from the water, tunneling, and transportation sectors. The company has also secured an order of INR1,989 crores for a water conveyance tunnel in Mumbai, complementing ongoing projects.

Looking ahead, Welspun Enterprises aims to become a technology-driven, end-to-end water solution company, focusing on transmission, treatment, distribution, and O&M; services. The company is expanding from HAM projects to BOT and EPC models while maintaining an asset-light approach. Future growth strategies focus on BOT Toll and large diameter tunneling, with a robust pipeline of projects worth over INR6 lakh crores identified across key segments for the next 5 to 7 years. The company anticipates a consolidated total income growth of 18% to 20% over the next three years, supported by a strong balance sheet and cash-rich position.

While the company's performance and strategic direction are commendable, there are areas for improvement. The order inflow has been slower than anticipated, prompting a cautious approach to future guidance. The company is not expecting major orders in the current financial year, with a spillover of INR4,000 crores anticipated into the next year. Despite these challenges, the company's commitment to sustainable development and its recognition in the industry for excellence in project management and innovative project design are positive indicators of its potential for future growth. The focus on integrating ESG principles and strategic technology collaborations further strengthens its position in the market.

WELENT Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
ITD Cem	9600.34	27.53	19.76%	12.76%	11.29%	20.79%	11.01%
Rail Vikas	75050.27	60.03	20.39%	-5.72%	-1.82%	-2.49%	-9.51%
Welspun Enterp	7019.68	24.43	11.62%	3.09%	17.12%	7.29%	-10.49%
IRB Infra.Devl.	28763.81	38.46	4.38%	27.72%	2.89%	217.80%	69.35%
Afcons Infrastr.	17300.53	37.75	14.49%	8.49%	2.73%	9.91%	35.68%

Aspect	Commentary
Revenue	The company shows a steady revenue increase, with a current year figure of 2737 Cr compared to 2676 Cr the previous year. Quarterly revenue also rose from 663 Cr to 683 Cr, indicating consistent growth. This positive trend reflects effective sales strategies and market demand, positioning the company for future expansion.
Profit & Loss	Operating profit for the year stands at 327 Cr, with a quarterly figure of 79 Cr. The PAT for the year is 284 Cr, and 69.4 Cr for the quarter. These figures suggest strong operational efficiency and profitability, driven by effective cost management and revenue growth, enhancing shareholder value.
Profitability Matrix	The company maintains a healthy operating profit margin of 11.9% and an EBITDA margin of 15.97%. The net profit margin is 11.6%, with an EPS of 20.8. These metrics indicate robust profitability and efficient operations, supporting sustainable financial performance and investor confidence.
Valuation Matrix	The trailing P/E ratio is 24.4, with a PEG ratio of 1.61, and EV/EBITDA at 16.1. The P/B ratio is 2.78. These valuation metrics suggest the company is fairly valued, with growth potential reflected in the PEG ratio, making it an attractive investment opportunity.
Growth (YoY)	Year-over-year sales growth is 4.03%, with PAT growth at 22.94% and EPS growth at 0.97%. The dividend yield is 0.60. These figures highlight strong financial health and growth, driven by strategic initiatives and market expansion, ensuring long-term shareholder returns.
Growth (QoQ)	Quarter-over-quarter sales growth is 3.02%, with a significant QYoY sales growth of 16.95%. However, PAT growth is 7.26%, with a QYoY decline of 10.57%. This indicates strong sales momentum, though profit growth faces challenges, requiring strategic adjustments.
Capital Allocation	The company exhibits strong capital allocation with RoE at 11.6%, RoA at 7.02%, RoCE at 15.4%, and RoIC at 26.7%. These metrics reflect efficient use of capital, enhancing shareholder value and supporting sustainable growth through strategic investments.
Holdings	Promoter holding is 54.8%, with FII at 4.58%, DII at 6.31%, and public holding at 33.1%. The number of shares is 13.8 Cr. This ownership structure indicates strong promoter confidence and balanced institutional and public participation, supporting market stability.
Leverage	The debt/equity ratio is 0.08, with total debt at 202 Cr. The market cap is 7020 Cr, and enterprise value is 6913 Cr, with cash equivalents of 308 Cr. This low leverage indicates financial stability and flexibility, enabling strategic investments and risk management.

Analyst viewpoint: Welspun Enterprises Limited has been showcasing impressive growth, establishing itself as a significant player in the civil construction sector. The company's sales have demonstrated a consistent upward trajectory, with an impressive year-over-year rise of 4.03% and a notable quarter-over-quarter boost of 3.02%, indicating strong sales momentum and robust market demand. This growth is supported by effective strategic initiatives and a focus on technology-driven solutions such as the innovative SmartOps technology in water treatment projects. The company boasts a strong balance sheet with a market capitalization of INR 7,019 crores, reflecting investor confidence and stability. The valuation metrics, with a PEG ratio of 1.61 and a P/E of 24.4, suggest that Welspun is fairly valued with ample growth opportunities, making it an appealing investment.

Furthermore, Welspun's strategic capital allocation is evident from its superior return on investment ratios, showcasing an RoIC of 26.7%. The low debt/equity ratio of 0.08 underlines the company's financial health and its ability to invest strategically in new projects. Moving forward, the company's robust order book of INR 14,500 crores and a focus on BOT Toll and tunneling projects highlight its potential for accelerated growth in the short to mid-term. However, it's important to note a mild concern over the slower-than-expected order inflow, prompting a cautious outlook on next year's order book. Despite this, Welspun's commitment to sustainable practices and strategic partnerships is expected to sustain its growth trajectory and market position.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com