

WELSPUN LIVING

RESULT UPDATE

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	133
12 month price target (INR)	141
52 Week High/Low	213/105
Market cap (INR bn/USD bn)	127/1.5
Free float (%)	0.0
Avg. daily value traded (INR mn)	1,300.0

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	66.24%	66.24%	66.24%
FII	4.75%	5.35%	5.90%
DII	9.24%	8.93%	8.31%
Pledge	0%	0%	0%

FINANCIALS

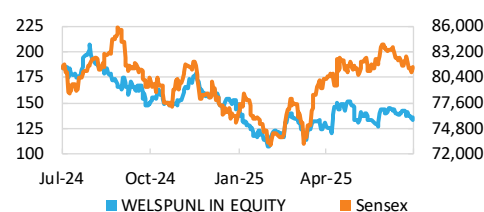
(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	96,792	1,05,451	1,10,723	1,21,796
EBITDA	13,689	12,985	14,026	17,259
Adjusted profit	6,727	6,440	6,083	8,964
Diluted EPS (INR)	6.9	6.7	6.3	9.3
EPS growth (%)	237.8	(3.0)	(5.5)	47.4
RoAE (%)	13.8	16.4	16.4	16.4
P/E (x)	19.2	19.8	21.0	14.2
EV/EBITDA (x)	11.4	12.0	10.5	8.1
Dividend yield (%)	2.7	2.8	1.2	1.8

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	1,10,723	1,21,796	-4.5%	-8.0%
EBITDA	14,026	17,259	-14.1%	-10.8%
Adjusted profit	6,083	8,964	-21.8%	-14.9%
Diluted EPS (INR)	6.3	9.3	-21.8%	-14.9%

PRICE PERFORMANCE



Weak showing; clarity awaited

Welspun reported a contraction in Q1FY26 revenue of 10% YoY stemming from the uncertainties pertaining to US tariffs, which led to softer demand in both the Home Textiles and Flooring segments. The Online segment continues to do well, albeit on a smaller base. The fall in revenue led to a steep fall in EBITDA margin, down 3.5pp YoY. Net debt has cooled off from last quarter and came in at INR14bn.

In light of the uncertainty regarding the tariff rates in Welspun's core market of US, we are trimming FY26E/27E revenue by 4.5%/8% and EBITDA by 14.1%/10.8%. Our revised TP works out to INR141 (earlier INR153); maintain 'HOLD'.

Tariff uncertainty leads to contraction in revenue and margin

Welspun Living reported Q1FY26 sales of INR22.5bn, contracting 11% YoY/14.6% QoQ. Home Textiles contracted 11% YoY this quarter due to higher tariffs and the uncertainty thereof. The Domestic branded business under the Home Textiles segment grew this quarter, both in the online and offline formats, albeit on a lower base. Branded global online business as well posted strong growth of 35% YoY, again on a very smaller base. Branded business reported overall growth of 2% YoY.

E-commerce's contribution in Home Textiles reported strong growth of 35% on a smaller base. Advanced textiles contracted too, down 11.2% YoY.

The Flooring business suffered a decline of 15% YoY, mimicking the Home Textiles business as the tariff uncertainty led to softer demand during the quarter.

Margins continue to be under pressure, contracting 3.5pp YoY. This is primarily due to lower productivity and should pick up once growth bounces back.

Capex and debt; outlook

The company incurred capex of INR830mn, and has got approval for additional capex of INR1.12bn to set up a new pillow plant at Nevada in US with annual capacity of 10.8mn pieces. Management aims to double the revenue from pillows in the current year from USD15mn in FY25. Net debt decreased INR2bn to INR14bn, and management aims to bring this down significantly over coming two-three years.

Management remains optimistic about the mid-to-long term demand, but is uncertain of the near term scenario given tariffs certainty and global demand. With the UK FTA, management aims to diversify its exposure out of US, which currently stands at about 40%.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	22,606	25,365	(10.9)	26,459	(14.6)
EBITDA	2,254	3,415	(34.0)	3,158	(28.6)
Adjusted Profit	876	1,855	(52.8)	1,321	(33.7)
Diluted EPS (INR)	0.9	1.9	(52.2)	1.4	(33.7)

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	96,792	1,05,451	1,10,723	1,21,796
Gross profit	48,961	48,696	55,362	62,116
Employee costs	10,274	11,515	11,405	12,180
Other expenses	24,998	24,195	29,931	32,678
EBITDA	13,689	12,985	14,026	17,259
Depreciation	3,945	3,734	4,761	4,941
Less: Interest expense	1,534	2,175	2,183	2,021
Add: Other income	1,458	1,522	1,039	1,673
Profit before tax	9,668	8,598	8,120	11,969
Prov for tax	2,942	2,162	2,042	3,009
Less: Other adj	0	0	0	0
Reported profit	6,727	6,440	6,083	8,964
Less: Excp.item (net)	0	0	0	0
Adjusted profit	6,727	6,440	6,083	8,964
Diluted shares o/s	972	959	959	959
Adjusted diluted EPS	6.9	6.7	6.3	9.3
DPS (INR)	3.6	3.7	1.6	2.3
Tax rate (%)	30.4	25.1	25.1	25.1

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
EBITDA margin (%)	14.1	12.3	12.7	14.2
Net profit margin (%)	7.0	6.1	5.5	7.4
Revenue growth (% YoY)	19.6	8.9	5.0	10.0
EBITDA growth (% YoY)	81.9	(5.1)	8.0	23.0
Adj. profit growth (%)	232.2	(4.3)	(5.5)	47.4

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	6.4	5.8	5.8	5.8
Repo rate (%)	6.0	5.5	5.5	5.5
USD/INR (average)	82.0	85.0	85.0	85.0

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	19.2	19.8	21.0	14.2
Price/BV (x)	2.9	2.6	2.4	2.1
EV/EBITDA (x)	11.4	12.0	10.5	8.1
Dividend yield (%)	2.7	2.8	1.2	1.8

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	972	959	959	959
Reserves	44,186	47,252	51,811	58,531
Shareholders funds	45,158	48,211	52,770	59,490
Minority interest	973	996	996	996
Borrowings	25,205	24,686	25,403	20,974
Trade payables	9,088	11,229	10,953	11,808
Other liabs & prov	8,898	8,986	9,117	9,390
Total liabilities	94,850	1,02,673	1,07,931	1,11,617
Net block	36,131	38,036	36,274	34,333
Intangible assets	1,999	2,187	2,187	2,187
Capital WIP	488	3,803	2,303	1,303
Total fixed assets	38,618	44,025	40,764	37,823
Non current inv	76	107	107	107
Cash/cash equivalent	2,548	3,063	11,137	14,043
Sundry debtors	12,547	16,449	17,272	18,999
Loans & advances	4,895	7,483	7,483	7,483
Other assets	34,494	30,601	30,223	32,218
Total assets	94,850	1,02,673	1,07,931	1,11,617

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	9,670	8,602	8,120	11,969
Add: Depreciation	3,945	3,734	4,761	4,941
Interest (net of tax)	1,055	653	1,145	349
Others	(3,219)	(1,938)	0	0
Less: Changes in WC	(5,007)	(2,469)	(463)	(2,326)
Operating cash flow	5,328	6,880	11,522	11,923
Less: Capex	(2,592)	(6,953)	(1,500)	(2,000)
Free cash flow	2,736	(73)	10,022	9,923

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	13.8	16.4	16.4	16.4
RoCE (%)	16.4	14.8	13.5	17.4
Inventory days	154	137	142	135
Receivable days	42	50	56	54
Payable days	68	65	73	70
Working cap (% sales)	38.9	36.5	35.3	34.2
Gross debt/equity (x)	0.5	0.5	0.5	0.3
Net debt/equity (x)	0.5	0.4	0.3	0.1
Interest coverage (x)	6.4	4.3	4.2	6.1

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	237.8	(3.0)	(5.5)	47.4
RoE (%)	13.8	16.4	16.4	16.4
EBITDA growth (%)	81.9	(5.1)	8.0	23.0
Payout ratio (%)	51.4	55.6	25.0	25.0

Q1FY26 conference call takeaways

Q1FY26

- Margin compression primarily due to operating deleverage amid lower volumes.
- The average exchange realisation for the US dollar during Q1FY26 was INR85.09, compared with INR84.05 in the corresponding quarter last year.
- Net debt was INR14bn, a reduction of INR2bn from the previous quarter and INR1.6bn from the same quarter last year.
- Capex incurred during the quarter was INR830mn.
- The Board approved additional capex of USD13mn (approximately INR1.12bn) for a new pillow and TOB facility in Nevada, USA.
- The company aims for a zero net debt target by FY28E.

Performance by business segment

- Domestic flooring business grew 26% YoY in Q1FY26 driven by the residential and hospitality segments.
- The domestic flooring business is approaching EBITDA breakeven.
- Brand Welspun, in the domestic market, grew 15% YoY in Q1FY26.
- The B2C business performance improved over the past two–three quarters, growing 16% YoY.
- Three new FOFO stores were added, bringing the total EBO count to 48.
- Branded businesses account for 18% of total revenue and grew in single digits this quarter.

Market and trade dynamics

- Reciprocal tariffs between the US and India have created unpredictability in trade flows, impacting retailer sentiment and order patterns.
- The US-India Bilateral Trade Agreement remains under discussion, with hope for a constructive policy resolution.
- The India-UK Free Trade Agreement is expected to boost India's textile exports, eliminating a 12% tariff on Home Textiles.
- The India-EU Interim FTA finalisation is also seen as a positive step.
- US retail sales declined for the second consecutive month in May while inflation accelerated to 2.7% in June, partly due to tariff-induced cost increases.
- India remains a leading supplier of terry towels and bedsheets to the United States, with dominant market shares of 45% and 59%, respectively (as at May 2025).
- The company is actively pursuing geographic diversification with revenue share from markets outside the US increasing to 40%. This 40% includes India.

Operational and strategic initiatives

- Innovation contributed 27% to revenue this quarter.
- High-potential segments such as pillows, utility and fashion bedding are focus areas.
- The Ohio pillow plant's capacity utilisation reached 47%.
- The company expects to nearly double its pillow business this year from USD15mn in the previous year.
- A new pillow plant is being set up in Nevada, USA, to serve West Coast customers, with an annual capacity of 10.8mn pillows in two-shift operations.
- The Nevada plant is expected to be operational in Q4 and contribute over USD60mn in additional pillow revenues at full capacity.
- Strategic product diversification, especially in underrepresented segments, is a key focus under the India-UK FTA.
- Cost management and operational agility are priorities to navigate headwinds.
- An 18-megawatt solar plant at Vapi and a 4-megawatt plant at Hyderabad were commissioned this quarter.
- The company is targeting 47 megawatts of round-the-clock green power by year-end.

Outlook

- Q2FY26 is expected to remain challenging with pressure persisting on both top line and bottom line due to continued uncertainty around tariffs and trade policies.
- The company anticipates improvement in Q2 with Q1 owing to seasonal trends.

Exhibit 1: Segmental highlights

Segmental highlights	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Revenue (INR mn)					
Home Textiles	21,235	23,873	-11.1	24,526	-13.4
Flooring	1,935	2,278	-15.1	1,958	-1.1
EBITDA (INR mn)					
Home Textiles	2,232	3,484	-35.9	2,813	-20.7
Flooring	162	210	-22.9	139	16.7
EBITDA margin (%)					
			Change bp		Change bp
Home Textiles	10.5	14.6	-408.5	11.5	-96.1
Flooring	8.4	9.2	-85.1	7.1	128.1

Source: Company, Nuvama Research

Exhibit 2: Trends by channel (INR mn)

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
B2B	13,218	15,255	12,591	14,550	15,949	18,450	17,646	17,311	19,346	20,675	18,336	19,325	16,612
-Global Innovation	2,398	3,185	3,718	3,934	5,653	5,314	4,002	6,902	6,401	5,997	4,340	5,929	5,494
-Global Others	9,689	10,821	7,677	9,222	8,832	11,609	12,351	9,100	11,439	13,118	12,780	12,379	9,917
-Domestic	1,131	1,249	1,196	1,394	1,464	1,527	1,293	1,309	1,506	1,560	1,216	1,017	1,201
Branded	4,215	3,308	3,749	4,569	3,440	3,809	3,924	5,678	3,534	5,263	4,211	4,107	3,600
-Global Online	811	982	964	1,088	775	685	580	495	466	780	708	698	629
-Global Offline	2,290	971	1,328	2,353	1,594	1,788	1,729	3,918	1,958	3,049	1,824	2,098	1,742
-Domestic Online	28	42	22	17	34	30	40	10	29	56	81	67	41
-Domestic Offline	1,086	1,313	1,435	1,111	1,037	1,306	1,575	1,255	1,081	1,378	1,598	1,244	1,188
YoY Growth (%)													
B2B	-17.0%	-19.0%	-30.0%	-14.7%	20.7%	20.9%	40.1%	19.0%	21.3%	12.1%	3.9%	11.6%	-14.1%
-Global Innovation	-56.6%	-44.4%	-27.1%	-4.1%	135.7%	66.8%	7.6%	75.4%	13.2%	12.9%	8.4%	-14.1%	-14.2%
-Global Others	2.4%	-9.5%	-35.0%	-22.1%	-8.8%	7.3%	60.9%	-1.3%	29.5%	13.0%	3.5%	36.0%	-13.3%
-Domestic	21.1%	8.3%	9.5%	24.1%	29.4%	22.3%	8.1%	-6.1%	2.9%	2.2%	-6.0%	-22.3%	-20.3%
Branded	40.7%	-7.1%	-3.3%	42.5%	-18.4%	15.1%	4.7%	24.3%	2.7%	38.2%	7.3%	-27.7%	1.9%
-Global Online	-10.7%	-30.0%	-2.2%	22.9%	-4.4%	-30.2%	-39.8%	-54.5%	-39.9%	13.9%	22.1%	41.0%	35.0%
-Global Offline	45.0%	-21.9%	-14.5%	84.3%	-30.4%	84.1%	30.2%	66.5%	22.8%	70.5%	5.5%	-46.5%	-11.0%
-Domestic Online	-37.8%	-20.8%	-60.7%	-32.0%	21.4%	-28.6%	81.8%	-41.2%	-14.7%	86.7%	102.5%	570.0%	41.4%
-Domestic Offline	134.1%	52.5%	11.9%	9.0%	-4.5%	-0.5%	9.8%	13.0%	4.2%	5.5%	1.5%	-0.9%	9.9%
Contribution to top line (%)													
B2B	75.8%	82.2%	77.1%	76.1%	82.3%	82.9%	81.8%	75.3%	84.6%	79.7%	81.3%	82.5%	82.2%
-Global Innovation	13.8%	17.2%	22.8%	20.6%	29.2%	23.9%	18.6%	30.0%	28.0%	23.1%	19.2%	25.3%	27.2%
-Global Others	55.6%	58.3%	47.0%	48.2%	45.6%	52.2%	57.3%	39.6%	50.0%	50.6%	56.7%	52.8%	49.1%
-Domestic	6.5%	6.7%	7.3%	7.3%	7.6%	6.9%	6.0%	5.7%	6.6%	6.0%	5.4%	4.3%	5.9%
Branded	24.2%	17.8%	22.9%	23.9%	17.7%	17.1%	18.2%	24.7%	15.4%	20.3%	18.7%	17.5%	17.8%
-Global Online	4.7%	5.3%	5.9%	5.7%	4.0%	3.1%	2.7%	2.2%	2.0%	3.0%	3.1%	3.0%	3.1%
-Global Offline	13.1%	5.2%	8.1%	12.3%	8.2%	8.0%	8.0%	17.0%	8.6%	11.8%	8.1%	9.0%	8.6%
-Domestic Online	0.2%	0.2%	0.1%	0.1%	0.2%	0.1%	0.2%	0.0%	0.1%	0.2%	0.4%	0.3%	0.2%
-Domestic Offline	6.2%	7.1%	8.8%	5.8%	5.3%	5.9%	7.3%	5.5%	4.7%	5.3%	7.1%	5.3%	5.9%

Source: Company, Nuvama Research

Exhibit 3: Trends by segment (INR mn)

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Home Textile Business	14,961	16,158	14,031	16,745	16,530	18,882	18,258	19,893	19,677	22,388	19,501	20,171	17,358
B2B	10,967	13,147	10,683	12,502	13,370	15,353	14,729	14,660	16,454	17,486	15,708	16,513	14,133
Branded	3,156	1,987	2,362	3,138	2,350	2,814	2,909	4,728	2,728	4,067	3,004	2,893	2,555
E-Com	838	1,024	986	1,105	810	715	620	505	495	835	789	765	670
Advanced Textiles	898	975	761	838	937	1,105	1,234	1,215	1,165	1,316	1,146	1,369	1,034
Flooring Business	1,572	1,430	1,549	1,537	1,923	2,274	2,080	1,885	2,039	2,232	1,899	1,891	1,821
B2B	1,353	1,132	1,148	1,211	1,642	1,993	1,685	1,440	1,727	1,872	1,482	1,442	1,446
Branded	219	298	401	326	281	281	395	445	312	360	417	449	375
YoY growth (%)													
Home Textiles business	-12.9%	-20.3%	-28.0%	-6.5%	10.5%	16.9%	30.1%	18.8%	19.0%	18.6%	6.8%	1.4%	-11.8%
B2B	-23.3%	-22.0%	-32.4%	-16.2%	21.9%	16.8%	37.9%	17.3%	23.1%	13.9%	6.6%	12.6%	-14.1%
Branded	64.5%	1.5%	-9.8%	51.6%	-25.5%	41.6%	23.2%	50.7%	16.1%	44.5%	3.3%	-38.8%	-6.3%
E-Com	-12.2%	-29.7%	-5.4%	21.4%	-3.3%	-30.2%	-37.1%	-54.3%	-38.9%	16.8%	27.3%	51.5%	35.4%
Advanced Textiles	43.7%	44.7%	20.8%	12.9%	4.3%	13.3%	62.2%	45.0%	24.3%	19.1%	-7.1%	12.7%	-11.2%
Flooring Business	38.9%	-1.9%	-12.6%	-5.0%	22.3%	59.0%	34.3%	22.6%	6.0%	-1.8%	-8.7%	0.3%	-10.7%
B2B	34.5%	-13.6%	-26.2%	-13.0%	21.4%	76.1%	46.8%	18.9%	5.2%	-6.1%	-12.0%	0.1%	-16.3%
Branded	73.8%	102.7%	84.8%	44.2%	28.3%	-5.7%	-1.5%	36.5%	11.0%	28.1%	5.6%	0.9%	20.2%
Contribution trends													
Home Textiles business	85.8%	87.0%	85.9%	87.6%	85.3%	84.8%	84.6%	86.5%	86.0%	86.3%	86.5%	86.1%	85.9%
B2B	62.9%	70.8%	65.4%	65.4%	69.0%	69.0%	68.3%	63.8%	71.9%	67.4%	69.7%	70.5%	69.9%
Branded	18.1%	10.7%	14.5%	16.4%	12.1%	12.6%	13.5%	20.6%	11.9%	15.7%	13.3%	12.3%	12.6%
E-Com	4.8%	5.5%	6.0%	5.8%	4.2%	3.2%	2.9%	2.2%	2.2%	3.2%	3.5%	3.3%	3.3%
Advanced Textiles	5.2%	5.3%	4.7%	4.4%	4.8%	5.0%	5.7%	5.3%	5.1%	5.1%	5.1%	5.8%	5.1%
Flooring Business	9.0%	7.7%	9.5%	8.0%	9.9%	10.2%	9.6%	8.2%	8.9%	8.6%	8.4%	8.1%	9.0%
B2B	7.8%	6.1%	7.0%	6.3%	8.5%	9.0%	7.8%	6.3%	7.5%	7.2%	6.6%	6.2%	7.2%
Branded	1.3%	1.6%	2.5%	1.7%	1.4%	1.3%	1.8%	1.9%	1.4%	1.4%	1.8%	1.9%	1.9%

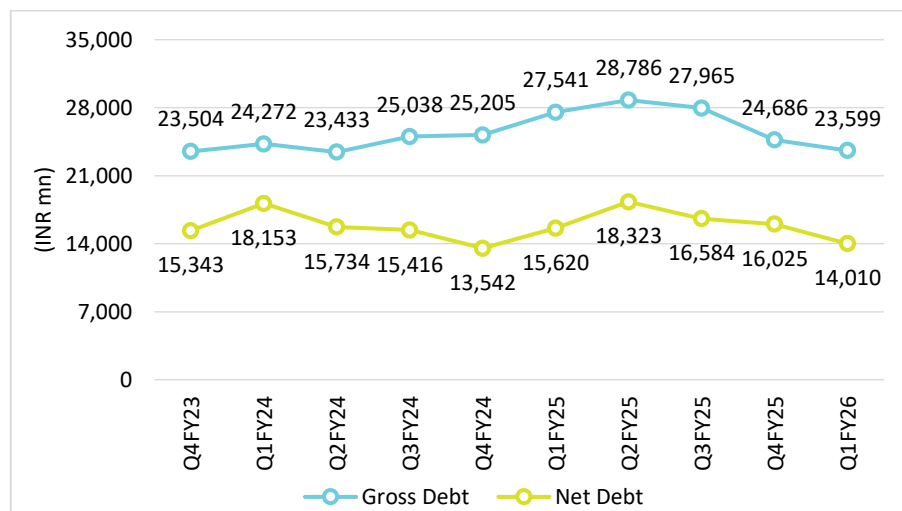
Source: Company, Nuvama Research

Exhibit 4: Manufacturing capacity and utilisation rate (%)

		Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Bath Linen	MT	11,632	13,538	16,279	14,948	18,181	21,012	18,933	19,877	21,055	21,676	17,747	20,448	19,706
Bed Linen	Mn mtrs	14	14	13	15	15	22	16	21	19	26	21	20	18
Rugs & Carpets	Mn sq mtrs	2	2	2	2	3	3	3	2	3	3	3	3	2
Spunlace	MT	2,386	2,438	2,564	2,811	3,509	4,452	4,505	4,018	4,612	4,308	4,332	4,332	4,145
Needle Punch	MT	246	316	283	264	305	389	370	401	376	395	332	332	373
Wet Wipes	Mn Packs	5	6	6	5	7	4	4	6	5	6	4	4	6
Flooring	Mn sq mtrs	2	1	1	2	2	3	3	2	3	3	2	2	2
Pillow	Mn Pcs	0	0	0	0	0	0	0	0	0	0	0	0	1
Annual Capacity														
Bath Linen	MT	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Bed Linen	Mn mtrs	108	108	108	108	108	108	108	108	108	108	108	108	108
Rugs & Carpets	Mn sq mtrs	12	12	12	12	12	12	12	12	12	12	12	12	12
Spunlace	MT	27,729	27,729	27,729	27,729	27,729	27,729	27,729	27,729	27,729	27,729	27,729	27,729	27,729
Needle Punch	MT	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026
Wet Wipes	Mn Packs	100	100	100	100	100	100	100	100	100	100	100	100	100
Flooring*	Mn sq mtrs	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Pillow*	Mn Pcs											4.7	4.7	4.7
Capacity Utilisation (%)														
Bath Linen		51.7%	60.2%	72.4%	66.4%	80.8%	93.4%	84.1%	88.3%	93.6%	96.3%	78.9%	90.9%	87.6%
Bed Linen		51.9%	51.5%	46.7%	54.4%	57.0%	80.7%	59.3%	78.9%	68.9%	95.2%	77.8%	74.4%	67.0%
Rugs & Carpets		60.0%	56.7%	50.0%	70.0%	90.0%	96.7%	86.7%	76.7%	86.7%	100.0%	83.3%	83.3%	80.0%
Spunlace		34.4%	35.2%	37.0%	40.5%	50.6%	64.2%	65.0%	58.0%	66.5%	62.1%	62.5%	62.5%	59.8%
Needle Punch		32.5%	41.8%	37.4%	34.9%	40.3%	51.4%	48.9%	53.0%	49.7%	52.2%	43.9%	43.9%	49.3%
Wet Wipes		20.0%	24.0%	24.0%	18.8%	28.8%	16.0%	15.2%	23.2%	19.6%	25.6%	16.0%	16.0%	23.6%
Flooring		33.3%	31.1%	31.1%	33.3%	51.1%	62.2%	60.0%	51.1%	64.4%	62.2%	53.3%	53.3%	42.2%
Pillow		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	34.0%	25.5%	51.1%

Source: Company, Nuvama Research

Exhibit 5: Debt trends



Source: Company, Nuvama Research

Exhibit 6: Valuation summary

EBITDA – Q1FY28 (INR mn)	17,666
EV/EBITDA (x)	8.0
EV (INR mn)	1,41,327
Net Debt (INR mn) - Excludes Non-current investment also	4,903
Minority Interest (INR mn)	996
Target Market Cap (INR mn) – June 2026	1,35,428
Number of shares (mn)	959
Target Price (INR/share)	141
Current Market Price (INR/share)	133
% upside	6%

Source: Company, Nuvama Research

Exhibit 7: Quarterly summary

Year to March	Q1FY26	Q1FY25	% YoY	Q4FY25	% QoQ
Revenue	22,606	25,365	(10.9)	26,459	(14.6)
Raw material costs	11,831	13,598	(13.0)	14,012	(15.6)
Gross profit	10,774	11,767	(8.4)	12,447	(13.4)
Employee costs	2,900	2,819	2.9	2,919	(0.6)
Other expenses	5,620	5,533	1.6	6,370	(11.8)
Total operating expenses	8,520	8,352	2.0	9,289	(8.3)
EBITDA	2,254	3,415	(34.0)	3,158	(28.6)
Depreciation	879	968	(9.2)	928	(5.3)
EBIT	1,375	2,448	(43.8)	2,230	(38.3)
Less: Interest Expense	425	434	(2.1)	569	(25.4)
Add: Other income	289	520	(44.4)	23	1,178.8
Add: Prior period items					
Profit Before Tax	1,240	2,533	(51.1)	1,683	(26.3)
Less: Provision for Tax	347	674	(48.6)	353	(1.7)
Share of Profits from Associates	0	1		-2	
Add: Exceptional items (net of tax)	0	0		0	
Reported Profit	875	1,855	(52.8)	1,318	(33.6)
Adjusted Profit	875	1,855	(52.8)	1,318	(33.6)
NOSH	959	972		959	
Adjusted EPS	1	2	(52.2)	1	(33.6)
As % of revenues			Change bp		Change bp
COGS	52.3	53.6	(127.1)	53.0	(62.0)
Gross profit	47.7	46.4	127.1	47.0	62.0
Employee costs	12.8	11.1	171.6	11.0	179.7
Other expenses	24.9	21.8	304.7	24.1	78.7
Total operating expenses	37.7	32.9	476.4	35.1	258.4
EBITDA	10.0	13.5	(349.2)	11.9	(196.4)
Net profit	3.9	7.3	(344.1)	5.0	(110.9)

Source: Company, Nuvama Research

Company Description

Established in 1985, Welspun India (WLSI) currently is one of the top-three home textile manufacturers globally and the largest home textile company in Asia. It has modern manufacturing facilities at Anjar and Vapi in Gujarat where it produces an entire range of Home Textiles for bed & bath category. The company has state-of-the-art completely vertically integrated plants, right from spinning to confectioning.

WLSI has been ranked No.1 among home textile suppliers in the US (Source: Home Textile Today). It has a distribution network in over 32 countries including US, UK, Europe, Canada and Australia.

In addition to manufacturing facilities, which predominantly supply to private labels, the company also maintains its own brands Christy, Hygro cotton, Welhome and Spaces - Home and Beyond; it also has a tie up with Nautica for North American markets.

Investment Theme

Innovation, diversified client and product base cement dominance: WLSI enjoys longstanding relationships with top retailers in the US and Europe and supplies to 14 of the top-30 global retailers. The company commands a lion's share of home textiles exported out of India. Increasing geographical and client diversification is improving the company's risk metrics. It has seven trademarks and has applied for six patents till date. WLSI derives ~30% of sales from innovative products.

Robust free cash flow and consistently lowering leverage: WLSI has calibrated its capex programme post the change in industry scenario. The company's confidence in generating free cash is also evident from its dividend policy of 25% payout ratio. Going forward, it is expected to generate strong free cash flows and further lower its leverage.

Key Risks

Raw material risk: Raw material costs, primarily cotton yarn, account for 50% of the overall expenses and are a prime driver of profitability. Volatility in cotton prices can impact the profitability adversely.

Currency fluctuations: Welspun exports more than 90% of its production. With a network spanning 50 countries, the company is exposed to currency fluctuations, which can significantly impact profitability.

Egyptian cotton issue: Egyptian cotton products manufactured by WLSI came under the scanner when Target, cut ties with the company. Post the event, other major customers have however continued their regular sourcing of other products from WLSI. But, any further customer issues will be a negative for the company

Additional Data

Management

CEO	Ms. Dipali Goenka
CFO	Sanjay Gupta
MD	Rajesh Mandawewala
Other	
Auditor	SRBC & Co LLP

Holdings – Top 10*

	% Holding		% Holding
SBI Life Insura	3.06	BlackRock Inc	0.50
LIC	2.70	Norges Bank	0.48
Quant money man	1.42	ABSL AMC	0.40
Vanguard group	1.25	Nippon Life AMC	0.23
L&T MF	0.98	DSP	0.08

*Latest public data

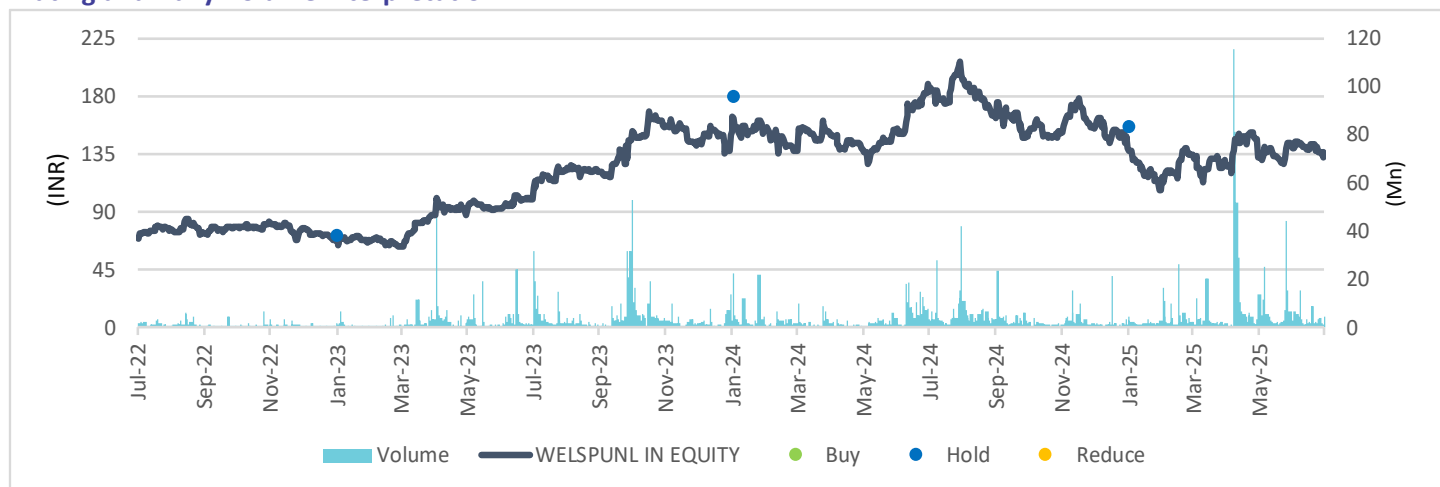
Recent Company Research

Date	Title	Price	Reco
29-May-25	Soft showing continues; <i>Result Update</i>	148	Hold
30-Jan-25	Growth soft; margins under pressure; <i>Result Update</i>	151	Hold
29-Oct-24	Strong growth; margins soften; <i>Result Update</i>	149	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
29-Jul-25	Arvind Ltd	Near-term margin pressure; <i>Result Update</i>
16-May-25	Arvind Ltd	AMD segment picks up; stable showing; <i>Result Update</i>
29-Jan-25	Arvind Ltd	Volume-led growth; demand picks up; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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