Sector: Other Textile Products | **RESULT REVIEW Q1FY27** | **Declared On: 13 Aug 2026**

Welspun Living Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs178	167.6	Accumulate	Rs200	13%

**as on 18th Aug, 2026*

About the Company:

Welspun Living Limited (WLL) is a global leader in home textiles, technical/advanced textile and flooring solutions. The company is ranked as No.1 towel and bath rug exporter from India and enjoys top two position in bed sheets globally. WLL has consistently evolved to adapt to emerging market trends. The key owned brands include SPACES which caters to the Indian premium home textiles segment, and WLL Health, focused on hygiene and wellness solutions. The manufacturing facilities are located at 4 key locations; two in Gujarat, (Anjar and Vapi), a dedicated flooring unit in Telangana, and a state-of-the-art pillow factory in the US. WLL exports to more than 60 countries with strong relationship with leading global retailers. WLL owns ~47 patented technologies and employs an R&D team of ~80 members. WLL draws strength from the experience and competence of Chairman Mr. Balkrishna Goenka and MD/CEO Ms. Dipali Goenka.

Results: Quick Glance:

- The net sales for the quarter reported a growth of 23.6% to Rs27,955mn as compared to Rs22,606mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 11.5% as compared to 9.9% in the comparative quarter last year
- The company reported profit of Rs1626mn as compared to Rs893mn in the same quarter last year
- The EPS for the quarter stood at Rs1.69 as compared to Rs0.92 in the corresponding period of last year

Conference Call Highlights:

- The **domestic business** reported a growth of ~21.3% on a y-o-y basis wherein **Welspun** and **Spaces** continued to strengthen their presence across key channels (B2B and B2C both reported a double-digit growth). The Management targets a **domestic retail** revenue for Welspun and Spaces at ~Rs10bn. **Home textiles** sales came in at Rs26.8bn; growth of 26.2% on a y-o-y basis and the segment contributes ~93% of the overall revenues. The Ebitda margins under this have seen an improvement both on a y-o-y and on a sequential basis. The **flooring** segment sales came in at Rs1880mn; drop of 3.1% on a y-o-y basis. The margins under this segment have however, seen an expansion sequentially as well as on a y-o-y basis. The Management expects the **flooring margins** to remain at ~10% owing to a strategic shift towards soft floorings alongwith partnerships. Under the home textile, the capacity and utilisation stood as: **bath linen** (20,048MT, 83%), **bed linen** (16.1 mn mtrs, 60%) and **rugs & carpets** (2.2 mn mtrs, 74%)
- Under the **advanced textile**, the capacity and utilisation stood as: **Spunlace** (3,333MT, 48%), **Needle Punch** (275MT, 36%) and **Wet Wipes** (4.6 mn packs, 18%). For **flooring** segment, the capacity stood at 1.8 mn sq. mtrs, 40% utilisation whereas the **pillow Nevada facility** in the USA had a capacity of 1.4 mn pieces, 55% utilisation. This facility had fully commenced its operations w.e.f. 15th June 2026. The Management stated that the US **onshore pillow revenue** is on track to double to ~USD60mn in FY27E (the growth in Q1FY27 was reported at 2.3x). For its **Ohio pillow facility**, the capacity utilisation stood at ~81% during the quarter under review
- In the **branded business**, Christy delivered 16% growth which was led by a strong performance in the UK, expanding presence in the Middle-East and growing traction in the US. **Welhome** brand is gaining an increased acceptance across North America, Japan and newer markets. The Management expects the **global branded** business revenue target at ~USD100mn
- The **innovation-led** sales grew 16% during the quarter and contributed ~25% of the sales. The non-US sales contribution came in at ~41%
- During the quarter under review, the **UK and European** business registered a 20%+ growth and going ahead the Management expects to deliver a double-digit growth in the UK business
- With regard to **tariff refunds**, the Management indicated of process initiation for the eligible claims with the applicable regulatory adherence and wherever applicable the company has started receiving refunds as well. The Management indicated of **not losing** any market share/customer relations during the tariff disruption
- For **RoSCTL**, the scheme is due for termination by September 2026 and the Management did not provide a definitive outcome but expressed hope for a favorable extension/continuation. In terms of container related concerns, the same did not have a material impact for the company as WLL has long-term partnerships with freight carriers. Although market freight rates have increased, the company stated that **customer dispatches** would not be impacted

Conference Call Highlights (contd.):

- On 24th July, 2026, the operations at the manufacturing unit located in **Vapi** (covered with insurance) were disrupted due to heavy rains and flooding in the region; even though the operations were partially resumed within a week, the impact of this is expected in Q2FY27; the Management expects to restore the operations in Q3/Q4FY27; whereas for the **Anjar** facility, the same has achieved 100% green power supply from mid-July 2026; at the company level ~79% of the total power consumption is green based. The Board also approved an investment of Rs1210mn (in July) directed for **debottlenecking and modernization project** at its Anjar facility; this would replace the older technology with more advanced technology and improve plant utilization
- In terms of **capex**, the Management expects to incur ~Rs4-5bn in FY27E (inclusive of Anjar investment as well) which would be indicated for automation, modernization and de-bottlenecking. WLL's manufacturing network is witnessing efficiency led by automation, process simplification, AI usage as well as Industry 4.0 tools. The IP portfolio stands with 50 patents

Financials:

Performance (Q1FY27)							
Q1FY27 Result (Rs mn)	**Jun-26**	**Jun-25**	**y-o-y**	**Mar-26**	**q-o-q**	**FY26**	**FY27E**
Total Revenue	27955	22606	23.6%	24354	14.8%	93991	105968
EBITDA	3211	2254	42.4%	2491	28.9%	7932	12716
Other Income	327	289	13.2%	158	-	688	981
Interest	344	425	(19.1%)	366	(6.1%)	1615	1319
Depreciation	1004	879	14.3%	1031	(2.6%)	3941	4282
Exceptional Items	0	0	-	0	-	190	0
Tax	578	347	66.5%	190	-	746	1983
Net Profit	**1626**	**893**	**82.1%**	**1062**	**53.2%**	**2129**	**6112**

Outlook and Recommendations:

The overall performance for the quarter under review was led by growth seen under the home textiles exports, US onshore pillow operations, branded products, domestic India sales and flooring. In addition to this, the US consumer market too assisted the overall growth in terms of demand creation especially for the home textiles. The quarter under review saw a slight moderation on the **gross margins** (consol level) which was on account of higher cotton and crude oil related costs. Going ahead the Management expects to more or less retain these gross margin levels. The Ebitda margins has seen a consistent improvement and stood at 11.5% for the quarter under review; the key contributors to this was on account of volume recoveries, operating leverage and the disciplined cost structure adopted in the past. This translated to a PAT growth as well for the quarter under review. For the **flooring** business, apart from focusing on improving the profitability, the Management expects to further diversify its presence beyond the US in markets like Australia and Canada by engaging in **strategic partnerships**.

The **India-UK FTA** agreement unfolds new opportunities for WLL whereas for the EU the company is already engaged with retailers in this market. Specifically, for the UK, the company has already observed an **order inflow** and the entire process is gradual with regard to approvals, discussions and confirmations. The company intends to capture the market share in the UK where at present Pakistan had a huge scope in the home market. The company intends to reduce the **geographic concentration** where the US would continue to account for ~50-55% in the medium term whereas the balance mix would be contributed by the UK, Europe, Japan, India and other markets. The company has demonstrated organizational flexibility while successfully turning around the flooring business and scaling-up the sleep ecosystem. Coupled with onshore manufacturing and high growth domestic retail trajectory, WLL is also maintaining disciplined capital allocation and ROCE improvement. The Management has retained its FY27E guidance for double digit topline growth and low-teens at the Ebitda margins. WLL is maintaining a careful **capital allocation strategy** while focusing on the debottlenecking initiatives. The company has a planned capex of ~Rs4-5bn for FY27E and a target to improve the overall RoCE to the low teens in the quarters to come. Overall, the company is prioritizing on the quality of growth and asset productivity. From a long-term perspective, the company has entered FY27E with stronger demand visibility, a better cost structure, greater geographic diversification and improving asset utilization. We continue to maintain our target price of Rs200.

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