

10 Dec, 2025

PICK OF THE MONTH

VOL-11, NO-10

Industry: Other Textile Products

Welspun Living Limited

BUY

CMP: Rs.132

TARGET PRICE: Rs.155

TIME: 12 months

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.

WLL intends to maintain its market share as one of the largest player in the home textile business across the globe, with the possibility to be aided by the FTAs that are coming across. We feel the worst is behind for the company and most of the issues related to global tariff are amicably digested by WLL and its clients. We initiate coverage on Welspun Living Ltd as a turnaround story with a **BUY** rating and a TP of Rs155 (20.7x of Mar'27E EPS of Rs7.48), implying an upside of 18%.

Business Segment: Home textiles is the core business of WLL which offers range of products in Bathing and Bedding solutions. However, the recent entry into **new categories** of advanced textiles and flooring has started cushioning the topline. The company is looking at doubling the pillow business in FY26E. The **Advance Textiles** segment has a wide range of non-woven products, leveraging key technologies such as Spunlace, Needle-punch, and Thermobond. WLL is a leading manufacturer of both hard and soft **flooring solutions** with proprietary innovations such as Click-N-Lock tiles with Wel-Lock technology, wall-to-wall carpets, area rugs, and tactile carpet technology.

Pillars to Growth: WLL's strategic growth lies in (i) **vertically integrated manufacturing** spanning the entire value chain primarily centered in India and supported by key US facilities, (ii) **leveraging robust R&D capabilities**, including over 250 global patent applications and proprietary technologies, (iii) the **India-UK FTA** which represents a major growth driver which can improve price competitiveness, market share and double India's textile exports, (iv) WLL has adopted a **strategic ancillarisation** model to enhance supply chain efficiency, agility, and cost-effectiveness. The company is actively investing in Industry 4.0 technologies, predictive analytics, and automation, aimed at driving greater efficiency, enhancing plant productivity, and creating a more resilient and responsive supply chain.

SNAPSHOT	
52 week H/L	Mcap (INR mn)
188/105	126,320
Face value: 1	
BSE Code	NSE CODE
514162	WELSPUNLIV

Shareholding Pattern as on 30th Sept, 2025		
Parameters	No of Shares	%
Promoters	635,349,495	66.2
Institutions/MF	130,094,864	13.6
Public	193,708,155	20.1
TOTAL	959,152,514	100.0

Quarterly Performance				
Parameters (Rs mn)	Dec-24	Mar-25	Jun-25	Sept-25
Sales (Net)	24,896	26,459	22,606	24,409
EBITDA	2,805	3,158	2,254	1,533
EBITDA (%)	11.3	11.9	10.0	6.3
Other Income	381	23	289	148
Interest	623	569	425	434
Depreciation	982	928	879	1009
PAT	1229	1328	893	149
Equity (Rs mn)	972	959	959	959

Source: Annual Report, Progressive Research

Annual Performance				
(Rs mn)	FY23	FY24	FY25	FY26E
Total Revenue	80,938	96,792	105,451	95,112
EBITDA	7,525	13,689	12,985	7,133
EBITDA (%)	9.3	14.1	12.3	7.5
Other Income	1,213	1,458	1,522	774
Interest	1,299	1,534	2,175	1,697
Depreciation	4,421	3,945	3,734	3,809
PBT	3,019	9,668	8,598	2,401
PAT	2,025	6,727	6,440	1,765
Equity (Rs mn)	988	972	959	959
EPS (INR)	2.0	7.1	6.7	1.8

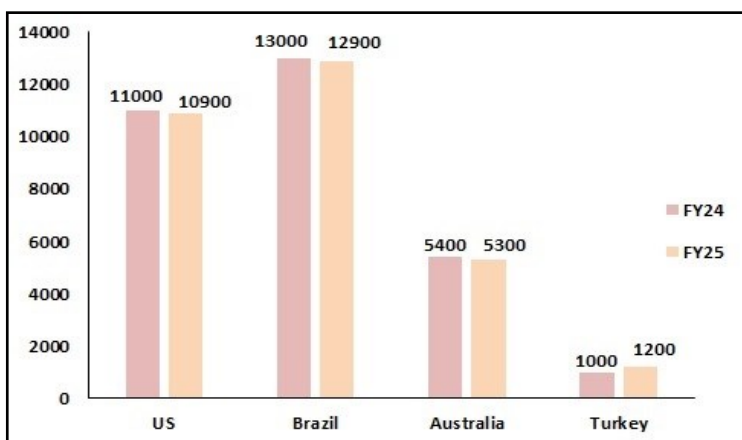
Ratio Analysis				
Parameters (Rs mn)	FY23	FY24	FY25	FY26E
EV/EBITDA (x)	19.7	10.9	11.4	20.6
EV/Net Sales (x)	1.8	1.5	1.4	1.5
M Cap/Sales (x)	1.6	1.3	1.2	1.3
M Cap/EBITDA (x)	16.8	9.2	9.7	17.7
Debt/Equity (x)	0.7	0.7	0.6	0.6
ROCE (%)	7.3	18.0	15.9	5.8
Price/Book Value (x)	3.2	2.8	2.6	2.6
P/E (x) (TTM)	28.4	23.7	35.7	71.6

Note: Data calculated as on 09th Dec, 2025

Industry Overview:

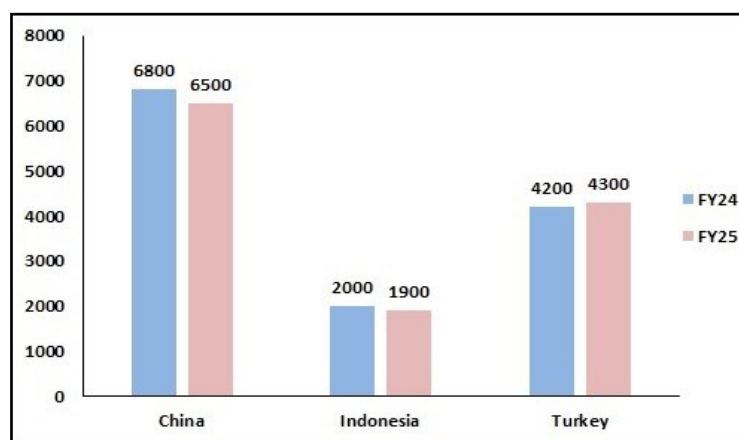
Global Cotton Production: is expected to rise by ~1.2% to ~118.08mn bales, driven primarily by demand growth in countries like Bangladesh, India, and Vietnam. The global trade is forecasted to expand by ~5% to ~44.83mn bales, supported by stronger export volumes (as per Global textile times. com). The top **global cotton producers** include China, India, and Brazil, with projected production volumes (for FY25) of ~6.0MT, ~5.6MT, and ~3.2MT, respectively. These figures underscore the resilience of cotton demand across key textile markets and reaffirm its strategic role in the global textile value chain. The global consumption and trade was expected to maintain an upward trajectory with the **global retail** outlook also remaining optimistic, with positive forecasts for both revenue growth and profit margins. This momentum is supported by improving e-commerce profitability and technological advancements. Innovations in data analytics, AI, and automation enable retailers to process large volumes of consumer data rapidly, lower operating costs, and deliver personalized customer experiences. These factors collectively strengthen the long-term growth prospects of both the retail and e-commerce ecosystems, **unless any disruption led by tariff issues.**

Exhibit 01: Major Exporters of Cotton (in '000 bales)



Source: WLL AR2024-25, Progressive Research

Exhibit 02: Major Importers of Cotton (in '000 bales)



Source: WLL AR2024-25, Progressive Research

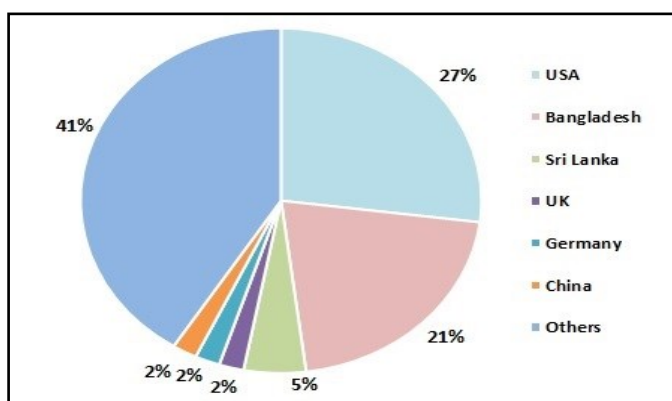
Global Home Textile Industry: is projected to grow at a CAGR of ~5.0-5.5% through 2030, underpinned by several structural & cyclical drivers, better textile manufacturing, increased spends, rising demand for home renovations, and higher disposable incomes. The Asia-Pacific (APAC) region remains the main production hub, while North America and Europe focus on consuming high-value products. Historically, China has maintained a dominant position as the world's largest exporter of home textiles, followed by India and Turkey. On the demand side, US remains the **single largest importer**, accounting for ~30% of global imports, while Germany, UK, and France are the major importers in Europe accounting for ~8%, ~6% and ~5% (in FY25) respectively. Until recently, the US market was heavily dependent on Chinese suppliers, with China accounting for ~35% of its home textile imports, followed by India with a significant share of ~29%. However, in the last five years, India's exports in this segment has grown at a CAGR of ~12.3%, while China's exports have declined by ~13.2%, reflecting a realignment in sourcing preferences in favour of India. In contrast, India faces stiffer competition in the UK, where China leads with a ~23% import share, Pakistan holds ~20%, and India trails with ~10%. The **global home textiles** industry is well-positioned for steady long-term growth, offering significant opportunities for both innovation and value creation. This industry is attracting major investments from governments' worldwide to support textile production and promote eco-conscious manufacturing practices. At the same time, consumers now prefer organic cotton, recyclable materials, and natural colours, while stricter regulations are also pushing companies to adopt **greener practices**. To meet these demands and new safety standards, textile makers are focusing more on sustainability and innovative products like anti-microbial and smart textiles are becoming popular.

Global Technical Textile Industry: was valued at ~USD239bn in 2024, reflecting strong momentum in the sector driven by rapid industrialization, rising demand across key end-use sectors such as automotive, healthcare, construction, and protective clothing. The market is projected to grow steadily and expand further to ~USD330-391bn by 2032-2034, registering a CAGR between 4.8% and 6.5% during the forecast period. This growth is anticipated to be supported by increasing consumption of nonwoven textiles in medical and hygiene applications, rising urbanization, and the shift towards eco-friendly and multifunctional materials. The APAC region remains the **fastest-growing and dominant market**, accounting for ~36-45% of global demand, fueled by robust government support, infrastructure development, and manufacturing capabilities in countries like China, India, Japan, and South Korea. Meanwhile, North America and Europe continue to see strong demand due to stringent safety regulations, increasing adoption of energy-efficient building materials, and growing R&D in sustainable textiles. The industry is also witnessing a surge in demand for geotextiles and construction composites due to rapid urban development and climate-resilient infrastructure projects. With **sustainability** becoming a major strategic priority, manufacturers are increasingly investing in **circular solutions** and environmentally responsible production practices.

Industry Overview (contd.):

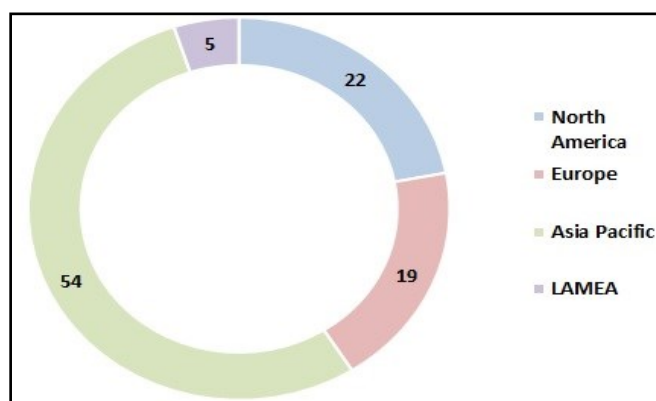
Global Retail Industry: is poised for strong growth along with rising revenue and profit margins supported by **increased e-commerce** and expansion into higher-margin revenue streams. According to a report by Deloitte dated Sept'25; ~47% of retailers attribute their optimism to e-commerce success, while ~34% highlight growth from new and more lucrative channels. The global retail industry is projected to grow at a CAGR of ~7.65%, reaching a market valuation of ~USD50.8tn by 2030. Easing inflation and advancements in technology including enhanced data analysis, pattern recognition and predictive modelling enable faster processing of large data volumes which supports the expected growth. Additionally, these technological innovations can contribute to lower costs and further enhance customer experiences, empowering both retail and e-commerce sectors.

Exhibit 03: Country wise Cotton Exports in FY25



Source: WLL AR2024-25, Progressive Research

Exhibit 04: Textile Market Share in % (by Region for 2024)



Source: WLL AR2024-25, Progressive Research

Global Textile Flooring Market: is poised for sustained growth, supported by robust structural and growing consumer demand for aesthetically appealing interiors. The market is projected to grow from ~USD10,784.4mn in 2025 to ~USD17,904.3mn by 2035, reflecting a CAGR of ~5.2% over the forecast period (as per Future Market Insights). This expansion is underpinned by technological advancements in textile flooring materials, rising emphasis on sustainability, and the increasing adoption of modular carpet tiles across residential, commercial, and hospitality spaces. Some of the key growth catalysts include **product innovation:** durability, stain resistance, and design versatility are making textile flooring more functional and appealing to end users; **sustainability trends:** with a shift towards the use of eco-friendly and recycled materials, aligning with evolving environmental regulations and consumer preferences; **infrastructure investment:** and rising capital expenditure in urban development projects globally; and **design demand:** with a growing preference for modern, stylish, and comfortable flooring solutions across commercial and luxury residential projects. The textile flooring market in **North America** is driven by rising demand for sustainable and luxury flooring solutions. In the US and Canada, eco-friendly carpets and rugs are gaining traction, supported by stringent environmental regulations and increased consumer awareness. **Europe's** textile flooring market remains strong, underpinned by high environmental awareness and rigorous regulations surrounding building materials.

With a regional focus on sustainable construction practices, demand is growing for eco-friendly and recycled flooring products. Premium carpet tiles are gaining popularity in commercial settings particularly in Germany, UK, and France due to their aesthetic appeal and environmental benefits. **APAC** is emerging as the fastest growing market for textile flooring in key economies such as China, India, and Japan which are making substantial investments in commercial real estate. Additionally, the expanding hospitality sector across the region is contributing to rising demand for stylish, durable carpets and rugs. Although challenges such as volatile raw material prices and competition from alternative flooring options may pose short-term headwinds, the region's robust economic growth and evolving lifestyle trends continue to propel the textile flooring market going forward. **Rest of the World** textile flooring market is witnessing growth across Latin America, the Middle East, and Africa (LAMEA). In Latin America and the Caribbean, there is an increasing demand for affordable yet aesthetically appealing flooring solutions in both residential and commercial segments. In the Middle East, a thriving real estate sector is fuelling the demand for premium and luxury carpets. Meanwhile, Africa's ongoing infrastructure development is opening up new avenues for textile flooring adoption. While certain regions may face slower growth due to economic uncertainties and limited manufacturing capabilities, the overall expansion of construction and real estate activities across LAMEA offers significant growth potential for textile flooring manufacturers.

India and Triggers: India's sustained economic momentum has catalysed a revival across core sectors such as construction, manufacturing, real estate, hospitality, and transportation. In the Union Budget for FY25, the GOI reinforced its **commitment to the textile sector** by announcing a 27.6% y-o-y increase in budgetary allocation for the Ministry of Textiles. This material policy support is accompanied by a suite of focused initiatives designed to boost the sector's productivity, competitiveness, and sustainability.

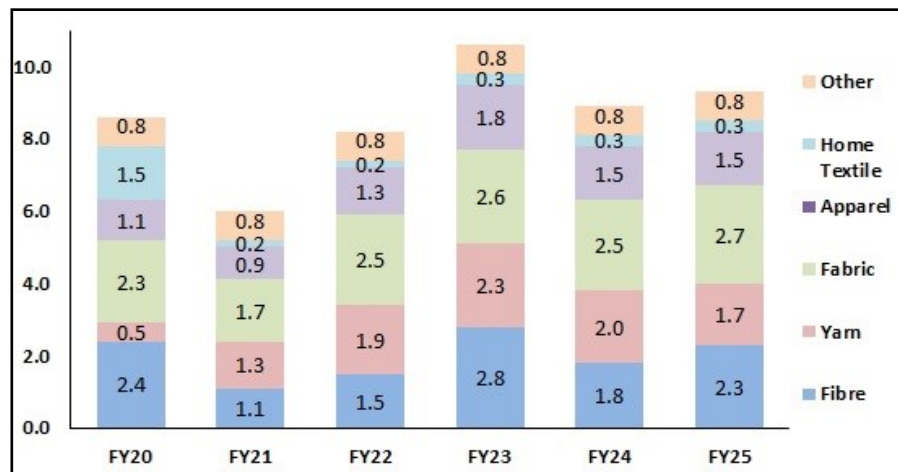
Industry Overview (contd.):

India and Triggers (contd.):

The **PM MITRA Park Scheme**: aiming at establishing world-class integrated textile parks, is expected to deliver end-to-end infrastructure with seamless value chain integration. **National Technical Textiles Mission**: promotes R&D, innovation, and skill development in technical textiles, thereby supporting the adoption of advanced materials and cutting-edge manufacturing techniques. **Amended Technology Upgradation Fund Scheme (ATUFS)**: provides financial assistance for technology modernization, encouraging automation and capacity enhancement to improve productivity and product quality. **Integrated Skill Development Scheme**: is designed to bridge workforce capability gaps ensuring a future-ready talent pool. **Rebate of State and Central Taxes and Levies (RoSCTL)**: offers tax rebates to exporters, helping maintain international price competitiveness and providing policy stability. **Remission of Duties and Taxes on Exported Products (RoDTEP)**: replacing the earlier MEIS framework ensures seamless refunds of duties and taxes on exported goods. **Support for Cotton MSP via the Cotton Corporation of India**: ensures minimum support prices (MSP) for cotton farmers, promoting price stability and supply assurance within the textile value chain. **Sustainability Initiatives**: are actively promoting the use of renewable energy, bio-manufacturing, rooftop solar, and offshore wind power to build a green textile ecosystem aligned with global ESG expectations. Collectively, these initiatives are expected to strengthen India's textile manufacturing infrastructure, boost export competitiveness, drive technology-driven transformation and promote environmental sustainability.

Indian Cotton Market: India's cotton production recorded a significant increase in FY24, with total arrivals reaching ~6,647mn kgs, marking a notable rise from 4,173mn kgs in FY23. Despite this surge in output; cotton exports remained moderate, accounting for 9% of total production, or 573mn kgs, up from 318mn kgs in FY24 (as per Asian Markets Securities Report). While export volumes have improved, the share of exports relative to total production remains constrained, reflecting variability in global demand conditions, competitive pressures, and trade policy dynamics. On the other hand, domestic consumption has remained robust, underpinned by the ongoing recovery and expansion of the domestic textile industry. India is one of the world's largest producers and exporters of cotton, supported by favourable agro-climatic conditions and widespread cultivation. Indian cotton is highly valued in global markets for its quality, fibre length, and variety, enabling its consistent demand across geographies. India is a leading exporter of spun yarn, catering to both natural and man-made fibre segments. India's technologically advanced spinning mills and abundant access to raw materials ensure the delivery of high-quality yarn. India has established a strong global presence in home textiles, manufacturing a diverse portfolio that includes bed linens, towels, curtains, and related products. The sector benefits from the country's rich textile heritage, skilled workforce, and modern production infrastructure, enabling it to produce value-added goods. With continued investment in technology upgrades, product innovation, and compliance with international sustainability norms, India's textile sector is well-positioned to capitalize on shifting global sourcing patterns.

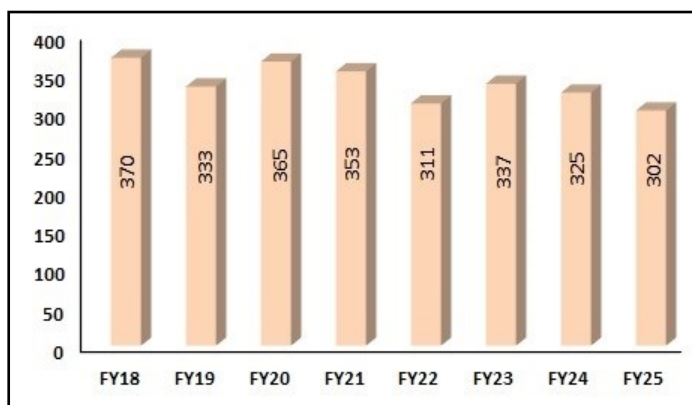
Exhibit 05: India's Textile and Apparel Imports (USD bn)



Source: WLL AR2024-25, Progressive Research

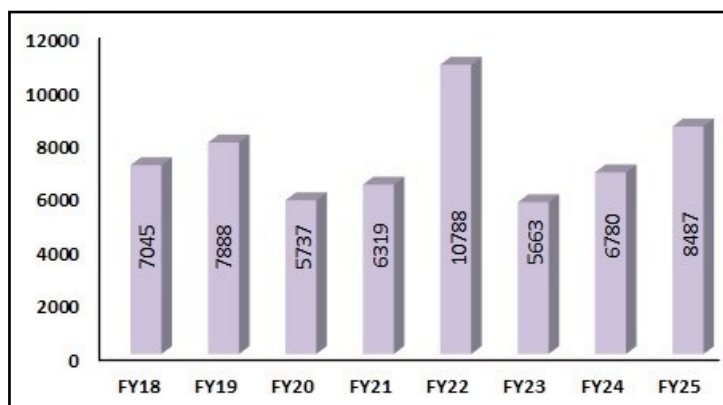
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Exhibit 06: Cotton Production in India (lakh bales of 170kg each)



Source: IBEF, Progressive Research

Exhibit 07: Yearly Total Cotton Exports (in USD mn)



Source: WLL AR2024-25, Progressive Research

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Industry Overview (contd.):

Indian Home Textile: accounts for ~7-8% of the global home textile market, firmly establishing itself as one of the **leading suppliers** to the US and the UK. Indian home textile manufacturers are widely recognized for their quality, craftsmanship, and cost competitiveness, with carpets, rugs, and furnishing articles comprising ~30-32% of total exports, closely followed by bed linen, and kitchen/table linen. The industry operates in a dynamic environment, influenced by several macro and microeconomic factors like volatility in raw material prices, the global China+1 diversification strategy, elevated freight and logistics costs, economic softening in key export markets, and high energy prices and inflation-driven discretionary spending constraints. While these headwinds posed short-term challenges, recent trends indicate a reversal and consistent growth. India now ranks as the **second largest** global exporter in the home textile category. Since FY11, the country's home textile exports have grown at a CAGR of ~4%, reflecting steady progress amid global competitive dynamics. The rise of online platforms has provided consumers with a wider range of choices and the convenience of shopping from home, particularly in urban areas, fueling further market expansion.

Indian Flooring Industry: is poised for steady growth, with market size projected to increase from ~USD82.25mn in FY24 to ~USD97.87mn by FY29E, reflecting a CAGR of ~3.53%. The growth of India's flooring industry is **moving in line** with the overall construction sector, with projects creating strong demand for high quality flooring. The market is being shaped by stricter quality requirements, shorter project timelines, and the need for cost efficiency. Modern consumers increasingly prefer flooring solutions that are durable, low-maintenance, and competitively priced. Growth is further supported by rapid industrialization and development urban infrastructure. India's flooring sector also benefits from being capital-intensive yet largely self-reliant with ample access to raw materials, domestic technical expertise and well-established manufacturing infrastructure. These strengths help enhance India's position as a strong player in the global market for advanced flooring solutions with sustained long-term growth.

Sustainable Textile Practices: The **rising consumer awareness** which is fueled by digital media and increasing concerns over climate change is significantly influencing purchasing behavior, particularly among younger generations who prioritize sustainability. This shift is transforming the textile industry, as demand grows for environmentally friendly and ethically produced products. In response to these evolving preferences, the European Commission has introduced a series of directives aimed at promoting sustainability within the textile sector. Notably, a 2023 report under the Waste Framework Directive emphasized the need for a robust Extended Producer Responsibility (EPR) framework, compelling producers to adopt stricter textile waste management practices. Additional directives introduced guidelines for environmental labelling, while also imposing restrictions on micro plastics and hazardous substances in textile products with an aim to enhance transparency and empower consumers to make more sustainable choices. Central to these efforts is the **EU Strategy for Sustainable and Circular Textiles**, which sets an ambitious target of achieving sustainable production, distribution, and consumption of textiles & apparels by 2030. Companies like **WLL** are already aligning with these regulatory trends by embedding sustainability into core operations to drive long-term growth and also ensure compliance with stringent environmental regulations.

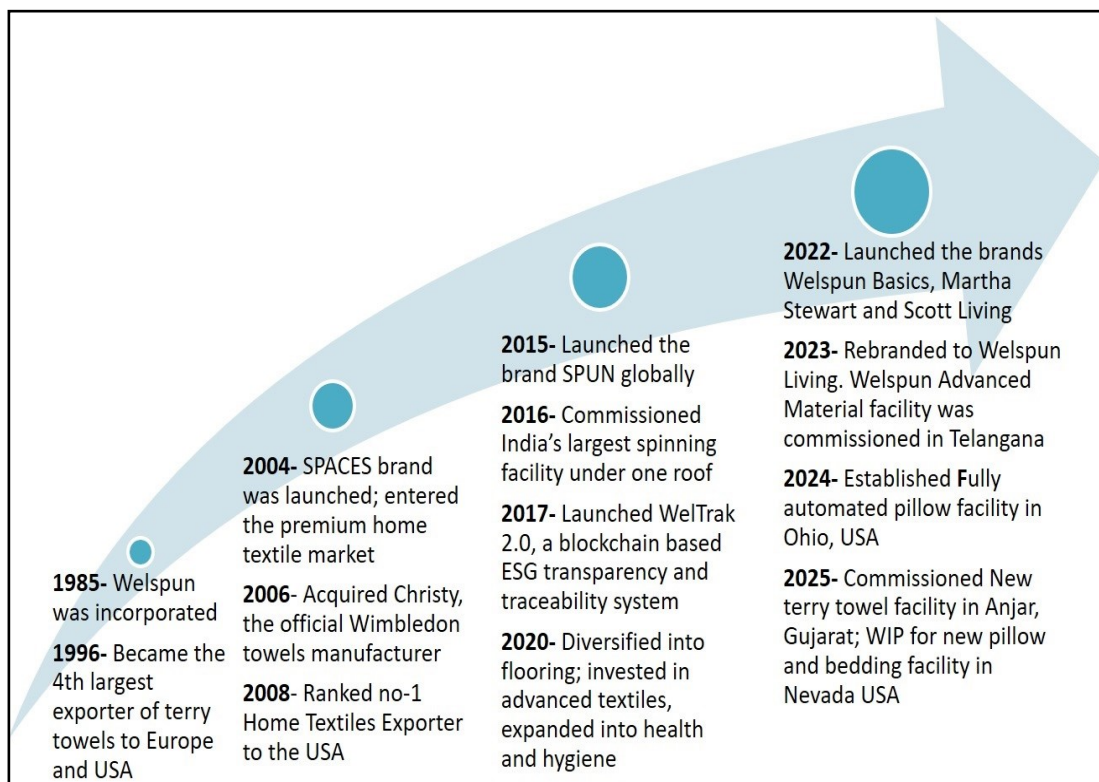
About the Company:

Welspun Living Limited (WLL) is a global leader in home textiles, technical/advanced textile and flooring solutions. WLL is a part of the Welspun Group which is a diversified conglomerate with established track record in businesses related to line pipes, infrastructure and warehousing with growing presence in DI pipes. It operates across primary business segments: **home textiles, flooring solutions, and advanced textiles**. The home textiles division includes bed linen, bath linen, and rugs catering to global markets with both **private labels** and **licensed brands** like Martha Stewart, Wimbledon and SPACES. The company ranks as the No.1 towel and bath rug exporter from India and enjoys top two position in bed sheets globally. The key **owned brands** include **SPACES** which caters to the Indian premium home textiles segment, and WLL Health, focused on hygiene and wellness solutions. WLL has built a robust and agile supply chain that integrates end-to-end processes, from raw material procurement to final product distribution. The company follows a **vertically integrated model**, managing cotton sourcing, spinning, weaving, dyeing, and finishing in-house, which reduces dependency on third-party suppliers and enhances quality control. With a focus on branding, innovation, and sustainability, the manufacturing facilities spans across **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 serves a prestigious global customer base, including major **international retailers** such as Walmart, Costco, and IKEA. Its **flooring division** produces both soft and hard flooring solutions at a state-of-the-art, LEED-certified facility in Telangana. The company has also partnered with leading corporate and hospitality brands such as Infosys, Google, Hyatt, Marriott, the Taj Group, and Radisson underscoring its strong presence in the institutional and commercial segments. Further strengthening its premium positioning, WLL continues to invest in luxury product lines under its brand philosophy, **Luxury Without Frontiers**. This includes offerings from globally recognized labels such as Christy (UK) and other high-end brands, enabling the company to cater to the evolving preferences of upscale consumers in both domestic and international markets. Over the years, WLL has solidified its position as a market leader, consistently evolving to adapt to emerging market trends. The company exports to more than **60 countries** and has a strong relationship with leading global retailers. To enhance domestic market penetration, WLL **operates 22000+ stores across 500+ districts**. Its **advanced textiles** division specializes in high-performance fabrics for hygiene, medical, and industrial applications, with notable innovations like **Spunlace nonwovens** and **antimicrobial textiles**. The holding company has 20 subsidiaries as on Sept 2025.

About the Company (contd.):

With a workforce of ~24000+ employees, WLL places strong emphasis on skill development and gender diversity. Through its **SPUN initiative**, the company empowers rural women by transforming textile waste into handcrafted products, thereby creating sustainable livelihood opportunities. The company owns ~47 patented technologies and employs an R&D team of ~80 members. The notable patented products include **HygroCotton towels**, which become softer and more absorbent after each wash, and **NanoCore technology**, which enhances durability and performance in textiles. WLL's sustainable cotton farming project spans over ~1,84,345+ acres, engaging ~24,566 farmers as of Q2FY26. WLL draws strength from the experience and competence of the Chairman **Mr. Balkrishna Goenka** and MD/ CEO **Ms. Dipali Goenka**.

Exhibit 08: Key Milestones



Source: Market Research Report, Progressive Research

WLL derives significant strategic and financial strength from its parent, **the Welspun Group** which is a diversified global conglomerate. The Welspun Group's strong brand equity has been instrumental in helping WLL forge strategic partnerships with leading global retailers and gain traction in the regulated and premium markets. Additionally, WLL benefits from shared resources across innovation, technology, and sustainability, allowing the company to accelerate R&D efforts particularly in advanced textiles, ESG integration, and digital supply chain systems. The Group's support also ensures favourable access to capital, facilitating large-scale investments such as state-of-the-art pillow manufacturing facility in Ohio and expansion in key global growth markets including the UK, EU, and Japan. Such strategic investments are pivotal in driving product diversification, geographical de-risking, and export-led growth. The combination of operational independence and institutional support positions WLL as a scalable, innovation-driven, and future-ready organization.

Investment Rationale:

(A) Business Segments: The company was conventionally known as a textile player, however, the recent entry into **new categories** with calculated risks and expansion in advanced textiles and flooring has started help cushion the topline. Currently the long term vision of the Management includes **expanding** into wellness and hospitality solutions by leveraging its strong **brand equity**, operational excellence, and sustainability initiatives. The key business segments are divided into as mentioned below:

(i) Home Textiles: segment is **WLL's core business**, making it the largest exporter of home textiles from India. It holds strong presence in markets like North America, the UK, Europe, and India. The company's vertically integrated manufacturing facilities allow high efficiency and innovation in textile production. As of Q2FY26 WLL PPT, the key product lines included bath linen 96,400MT annual capacity with ~76% utilization, bed linen 108mn meters capacity with ~75% utilization, and rugs & carpets 12mn sq. mtrs with ~78% utilization. The growth in this segment is driven by exports, branded business expansion, and increasing penetration in domestic retail. The company is actively expanding its presence in the **home textiles** sector by acquiring major customers across multiple regions. To strengthen its market position, WLL has diversified its approach by collaborating with **original manufacturers** in the US and establishing strategic partnerships in Australia, New Zealand and Japan. WLL is the largest home textiles supplier in the US, with a dominant presence supplying one in every five towels and one in every nine bed sheets sold in the US. The company enjoys long-standing partnerships with **major retailers** like Target, Walmart, and Costco, as well as **departmental stores** like Macy's and Kohl's, while also serving **institutional customers** including hotels. In addition to its strong B2B presence, WLL is steadily building a portfolio of its **own and licensed brands**, which now contributes ~18% of revenues (in Q2FY26) across India and key global markets.

Investment Rationale (contd.):

The various offerings in the Home Textiles Segment:

(a) Bathing Solutions: WLL offers a comprehensive portfolio of innovative and sustainable bathing solutions that serve both retail and institutional clients globally. The company's product range spans across face towels, hand towels, gym and sports towels, bathrobes, and premium bath mats, manufactured in high-quality materials such as terry, velour, waffle weave, and jacquard. These offerings are engineered with advanced technologies to deliver superior softness, absorbency, durability, and aesthetic appeal. Among WLL's most notable product innovations are: **Hygro cotton Towels**-which becomes softer after every wash through a unique hollow-core spinning technology; **Quick Dry Towels**-enhanced with moisture-wicking properties for faster drying; **Aromatherapy Towels**-infused with essential oils like lavender and eucalyptus to elevate wellness; **Super Soft Bath Rugs**-developed through advanced textile engineering for unmatched plushness and resilience.

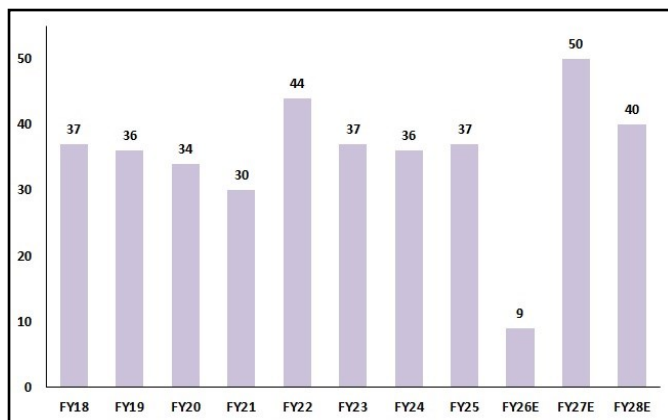
WLL is at the forefront of sustainable innovation through **partnerships** like the one with DuPont Biomaterials, enabling the development of **bio-based home textile collections**. Additionally, the company has launched a **recycled towel and rug range** to meet rising demand for eco-friendly and circular products. The robust **brand architecture** of WLL strategically targets varied consumer demographics and geographies i.e. **SPACES** (India): WLL's flagship premium brand, with an **impressive ~80% brand recall**, offering design-led, high-quality bath solutions; **Christy** (UK): A **heritage British brand**, known globally for its association with Wimbledon and recognized for its **luxury towel** craftsmanship; **Charisma** (US): A relaunch of the iconic 20th century American brand, now positioned to **expand WLL's luxury presence** in the US and international markets.

Diverse Brand Portfolio and Markets: WLL continues to expand its portfolio with high potential and higher realization categories such as fashion towel, utility bedding and pillows. The commencement of operations of the **Jacquard plant in July 2025** has made WLL a leading **terry towel manufacturer globally**. **Christy, luxury heritage** brand has grown by ~40% while the online business of Christy has grown by ~23% with a margin of 50% in Q2FY26. In addition to this, the concept of **store-in-store for Bloomingdale's as stores has also benefited**. The company has more than 9 such stores. In India, Spaces and Welspun are anticipated to grow post the blip of GST which occurred in Q2FY26 and or the festive season.

In the **mass-market segment**, WLL's core brand **Welspun** delivers value-driven essentials such as towels, robes, and bath mats through a **distribution network of ~22,000 outlets in 500+ towns**; the company aims to scale this to **50,000+ outlets by FY28E**. Digital channels including e-commerce and quick-commerce platforms like Blinkit further augment reach and convenience.

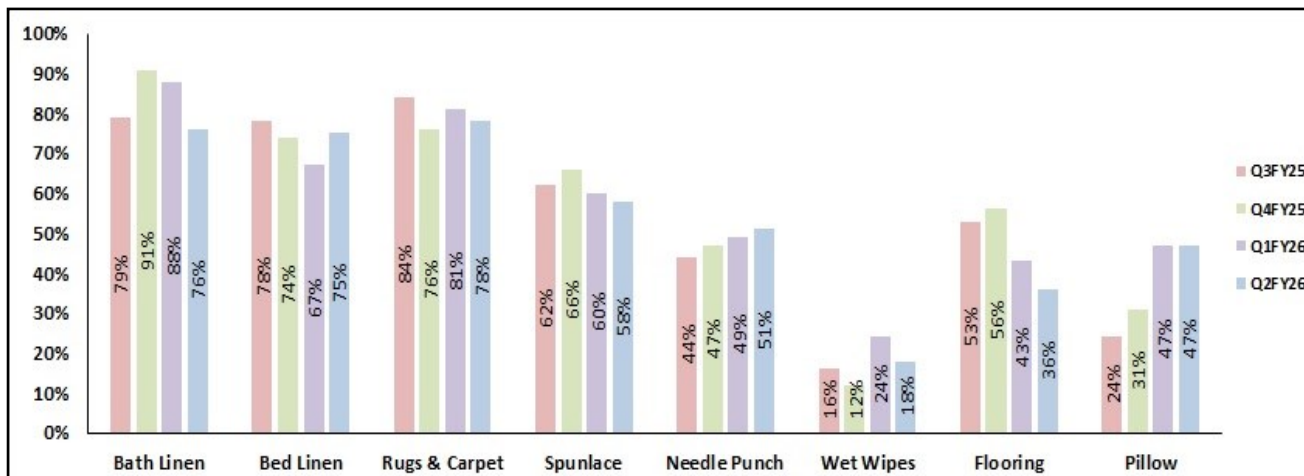
Strategic Licensing Partnerships and Global Distribution: In a landmark move to diversify and attract a younger consumer base, WLL has entered into a **multi-region licensing agreement with The Walt Disney Company**, granting it rights to design, manufacture, and distribute home textile products across **Europe, the Middle East, and Africa** featuring characters from **Disney, Pixar, Marvel, and Lucas Film**. This initiative strengthens WLL's presence in the **children's and family segments**, opening up high-margin growth opportunities and enhancing brand relevance among newer demographics. The company enjoys shelf presence with top global retailers such as **Walmart, Target, IKEA, and Costco**, underscoring its strong B-2-B partnerships and diversified revenue streams.

Exhibit 09: Textiles and Apparel Exports from India (USD bn)



Source: IBEF Aug 2025, Progressive Research

Exhibit 10: WLL Capacity Utilisation Across Segment



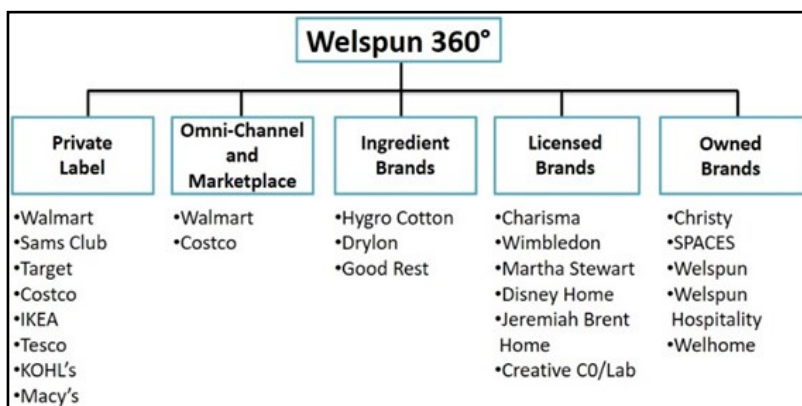
Source: WLL Quarterly PPTs, Progressive Research

Investment Rationale (contd.):

(b) Bedding Solutions: WLL's bedding segment combines **comfort, innovation, and sustainability** to deliver a product portfolio designed for modern lifestyles and wellness-focused consumers. The offering spans a broad range, including bed sheets, pillow fillers, mattress pads, down-alternative comforters, and fashion bedding sets. These products are manufactured at state-of-the-art integrated facility in Anjar, Gujarat, where eco-conscious materials and advanced textile technologies. WLL continues to lead the bedding segment with differentiated, performance driven innovations like **Extra Soft Sheets**: enhanced through proprietary fabric softening techniques to deliver exceptional **breathability** and a **velvet-touch finish**, **Advanced Hygro Sheets**: engineered with **hydrophilic properties** for superior **moisture management**,

ideal for humid climates or individuals experiencing night sweats, **WEL-COOL Technology**: temperature-regulating bedding that adapts to body temperature, promoting optimal **thermal comfort** and **restorative sleep**, **Functional Wellness Bedding**: which includes **anti-allergy, anti-bacterial**, and **copper-infused textiles** offering antimicrobial protection, alongside **aroma-infused sheets** with essential oils like lavender to encourage deeper relaxation and wellness. These innovations align with WLL's ESG vision, supporting both **sustainable manufacturing** and **health-enhancing** product features. With a strong B-2-B presence, WLL supplies high-quality textile solutions to prominent retailers like Walmart, IKEA, Target, Costco, Tesco etc. In Q4FY25, the **pillow facility** in Ohio began ramping up operations and has now reached a utilization level of ~47-50%. WLL is anticipating nearly **doubling the pillow business** in FY26E. This US unit benefits from supply chain integration with WLL's Indian operations, where high-grade filling material and fabric casings are manufactured in-house, ensuring consistent quality and cost efficiency. Strategically located to serve North America's retail and hospitality sectors, this facility offers versatile products like fiber-filled sleep pillows, performance pillows under **patented Gx technology** and hospitality grade pillows for premium hotels and institutional clients. Furthermore, the company is establishing a new pillow manufacturing facility in Nevada, USA, aimed at serving customers on the West Coast of USA. The Board has sanctioned an investment of USD13mn (~Rs1,120mn) for the construction of a Pillow and TOB facility, which will have an annual capacity of ~10.8mn pillows through two-shift operations. This plant is projected to become operational by February 2026.

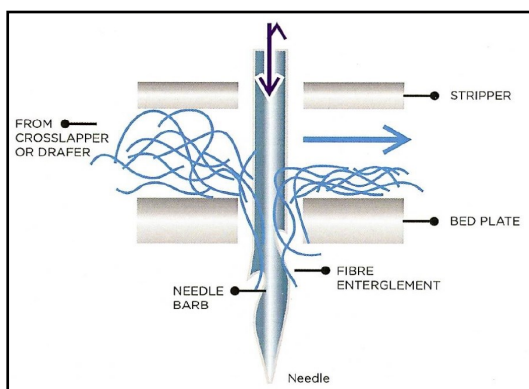
Exhibit 11: WLL Consumer Proximity



Source: WLL Group Q2FY26 PPT, Progressive Research

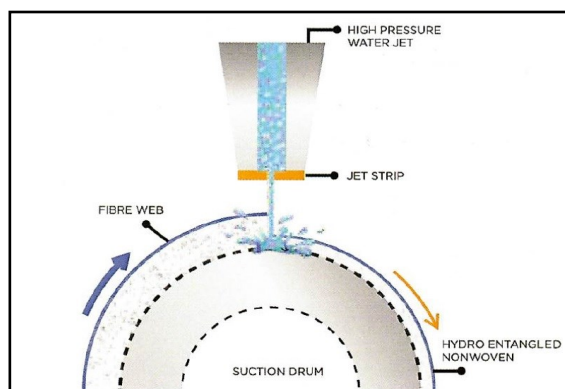
(ii) Advance Textiles: segment at WLL encompasses a wide range of non-woven products, leveraging key technologies such as **Spunlace, Needlepunch, and Thermobond** to develop value-added textile solutions. This segment **caters to multiple industries**, including hygiene, healthcare, filtration, automotive, construction, and industrial applications. WLL's **Spunlace nonwovens** are recognized for their softness, strength, and absorbency, making them ideal for use in personal care, medical, and industrial contexts. The company's **Needlepunch nonwovens** are used across automotive, filtration, and geotextile applications. In the **wet wipes and hygiene solutions** category, WLL offers eco-friendly, antibacterial, and industrial wipes. WLL also develops **technical textiles and smart fabrics**, including **flame-retardant, antimicrobial, and moisture-wicking** materials suited for protective wear, sportswear, and automotive interiors. The company also manufactures **industrial textiles** for use in the **construction, automotive, and aerospace** sectors. Demonstrating its commitment to environmental stewardship. As per Q2FY26 WLL PPT, the company operates with an annual production capacity of ~**27,729 metric tons** for Spunlace, **3,026 metric tons** for Needlepunch, and **100mn packs** of wet wipes which underscores its expanding leadership in **next-generation textile** manufacturing.

Exhibit 12: Needle Punch Process



Source: WLL Product Brochure Sept 2025

Exhibit 13: Hydro Entanglement Process



Source: WLL Product Brochure Sept 2025

Investment Rationale (contd.):

(iii) Flooring Solutions: WLL is one of the leading manufacturer of both hard and soft flooring solutions, operating from a single, state-of-the-art, **LEED-certified** manufacturing facility spread across 300 acres in Hyderabad. This integrated setup underscores WLL's commitment to design and engineering excellence, allowing it to disrupt the flooring market with a wide range of innovative, high-performance products. WLL has built a strong and growing presence across India with a wide network of **63 distributors** and over **1,200 dealers** nationwide. It engages closely with both B-2-B and B-2-C segments, connecting with more than 1,300 firms comprising architects and interior designers. In the domestic market (still underpenetrated in terms of organized flooring), WLL is actively investing in digital-first strategies and direct-to-consumer (D-2-C) initiatives to expand its footprint. In the D-2-C space, WLL provides end-to-end flooring solutions across seven cities, offering customers a seamless and convenient home transformation experience right from the comfort of their living space. The company is also steadily enhancing its global footprint in flooring, offering products designed for quick and easy installation, including carpet tiles, rugs, artificial turf, and sustainable flooring options. Its portfolio features **proprietary innovations** such as Click-N-Lock tiles with Wel-Lock technology, wall-to-wall carpets, area rugs, and tactile carpet technology. Tailored solutions for the hospitality sector include specialized collections like Serene Voyage, Woodland Bay, and The Stone Collection, catering to aesthetic and functional requirements in premium commercial environments. WLL has built strong partnerships with architects, designers, and industry leaders across residential, commercial, and hospitality sectors, reinforcing its position in high-profile segments such as hospitality chains, BFSI institutions, and ITeS companies. The company remains focused on delivering eco-friendly, durable, and performance-oriented flooring products aligned with sustainability goals. With increasing consumer awareness and demand for high-quality flooring, the company is gaining traction in both soft and hard flooring categories. To accelerate growth, WLL is forging strategic partnerships with national home improvement chains, OEMs, and players in the hospitality sector to strengthen its market presence.

Currently, the flooring segment is influenced by the short term de-growth of the housing activities and subdued projects particularly in US. The business related to **soft flooring** is growing gradually while having a growth potential of ~18-20% while the **hard flooring** business has been impacted. The Management is controlling the fixed cost and working on a calibrated approach so that there will be a positive impact on the overall flooring business going forward. In the terms of **soft flooring**, the company has seen good developments in geographies like **Middle East, UK and Australia**. In **India** WLL is seeing prospects owing to commercialization and hospitality sectors. The company is also seeing traction in the area related to rugs with innovation. The markets in **UK and US** currently are not showing immense growth owing the tariffs issues, else the Management sees opportunities in these geographies as well. As per the Management commentary on the current annual utilizations in Q2FY26, the soft flooring business had a decent utilisation of ~60-70% while in terms of hard flooring the company is capping its capacity to the fixed costs to work efficiently and make this segment profitable. Going forward, WLL aims to strengthen its customer relationships and widen its distribution reach across key markets including the US, UK, EU, Middle East, and Australia. With these efforts, it expects the flooring business to sustain strong growth while further enhancing profitability.

Exhibit 14: Corporate Brands

Brand Positioning	Premium and Experiential Brand	Mass Market	Premium Market
Presence	<ul style="list-style-type: none"> Focus on Top 40 cities Presence in 400 towns ~3,400 outlets 	<ul style="list-style-type: none"> Direct presence in 719 towns 22,000+ outlets Brand visibility ~8,800+ stores 	<ul style="list-style-type: none"> Top 40+ cities ~1,200+ dealers
Early Success	<ul style="list-style-type: none"> Top Brand in Specialty Stores Most Engaged Home Textiles Brand Modern Trade Comprehensive Marketing for a Holistic and Impactful Digital Media Reach 56 Mn+ unique reach for SPACES 	<ul style="list-style-type: none"> Quick Commerce - 3 platforms #1 Distributed Brand in Home Linen Category in India Comprehensive Marketing Campaign with Impactful Reach Welspun Digital campaign: 66mn+ unique reach; TV: 52+ channels; OOH: 500+ sites 	<ul style="list-style-type: none"> D2C serves ~750+ customers Adding Cities to Strengthen Local Presence Serves Marquee Clients like Google, LTI Mindtree, ICICI Bank, HDFC, WeWorks, GE Serves Prominent Hospitality chains like Radisson, Marriott, Sarovar, Wyndham GOI Projects Onboarded- NHRSL

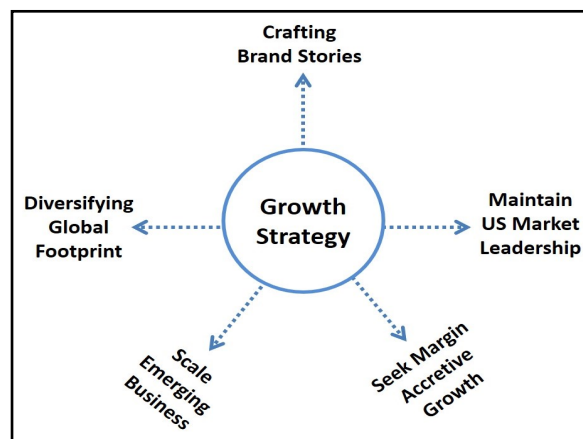
Source: WLL Q2FY26 PPT, Progressive Research

Investment Rationale (contd.):

(B) Pillars to Growth:

(a) Vertically Integrated Manufacturing: WLL has established a robust foundation rooted in **advanced vertically integrated manufacturing** and a steadfast commitment to responsible cotton sourcing which is forming the cornerstone of its global competitiveness and operational excellence. The company operates one of the most sophisticated vertically integrated ecosystems in the global home textiles industry. Its operations spread across the entire **value chain** including every stage from fiber sourcing, spinning, weaving, dyeing, and processing to finishing and cut-and-sew operations (primarily concentrated in India). Its flagship integrated facility in Anjar, Gujarat, delivers end-to-end production for bath linen, bed linen, rugs, and advanced textiles, and is equipped with state-of-the-art spinning, automated dyeing lines, robotic warehousing, and high-speed weaving technologies. Complementary facilities in Vapi and Telangana, along with a cut-and-sew unit in Ohio, USA, expand manufacturing capacity and improve responsiveness, especially for private label and B-2-B clients across North America. In the **advanced textiles** segment, WLL has made significant investments in nonwoven technologies such as Spunlace and Needle-punch, enabling the development of high-performance, sustainable fabrics. This deep vertical integration not only enhances quality control and cost efficiency but also supports **block chain-based traceability** from fibre to shelf which is crucial for ESG compliance and meeting the stringent transparency requirements of international markets. To strengthen its agile supply chain, WLL has developed advanced warehousing infrastructure in key export geographies and deploys efficient distribution models such as direct-to-store and pick-and-pack systems to accelerate order fulfilment and improve delivery precision. On the sourcing front, WLL's responsible cotton strategy embeds sustainability, traceability, and ethical farming practices across its operations, significantly enhancing its brand equity among global retailers. Through active participation in initiatives like the Better Cotton Initiative (BCI), Organic Cotton, Fair Trade, and Regenerative Cotton, WLL supports over ~24,566 farmers including 2,000 women. In order to achieve 100% sustainable cotton sourcing by 2030, WLL is investing in water-efficient and regenerative agricultural practices, including rainwater harvesting and ensure long term raw material security amid rising climate and regulatory risks. Taken together, WLL's integrated manufacturing and sourcing ecosystem equips the company with speed-to-market capabilities, innovation agility, and ESG leadership. This also positions WLL as a preferred partner for eco-conscious global brands, enabling margin expansion and long-term strategic growth in premium export markets.

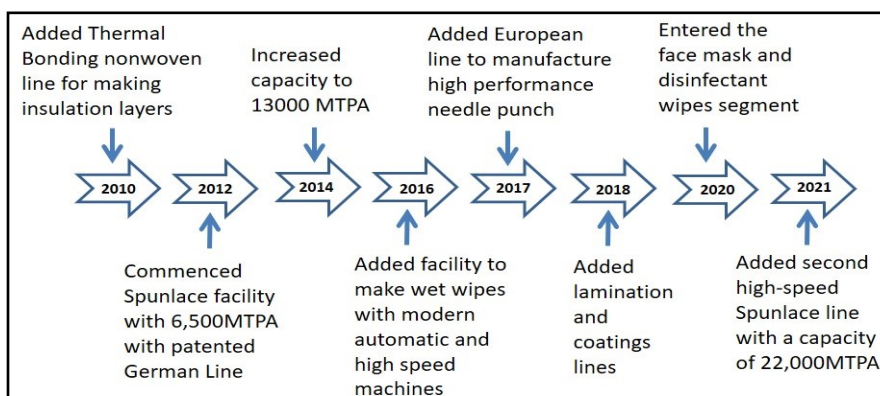
Exhibit 15: Growth Drivers



Source: WLL Q2FY26 PPT, Progressive Research

(b) R&D Capabilities: WLL is strategically leveraging its robust R&D capabilities and expanding omnichannel presence to drive long-term growth, innovation, and market leadership. With over **250 global patent applications** and **47 proprietary technologies**, WLL stands out as the most innovation-driven player in the home textiles industry. Its portfolio features breakthrough products such as HygroCotton, NanoCore anti-allergy fabrics, charcoal-infused textiles, and **Wel-Trak**, a block chain based product traceability solution. Advanced manufacturing technologies like Spunlace and Needle punch enable the production of ~500mn sq. mtrs of fabric annually across its Anjar and Hyderabad facilities. The company's innovation ecosystem anchored by **the White Space Lab** and **WLL Brain Trust** leverages AI and real-time consumer feedback to drive product development, as seen in offerings like the **Gx pillow**. These R&D initiatives are seamlessly integrated with global manufacturing hubs, accelerating the transition from concept to consumer-ready products. Complementing its innovation-led strategy is a comprehensive omnichannel retail model that enhances brand accessibility and customer experience. Its presence is further strengthened by a growing D-2-C distributor-dealer network and a robust online platform, including partnerships with major e-commerce players like Amazon positioning WLL to benefit from digital commerce in India. On the export front, ~60% of revenues are derived from North America, supported by advanced logistics hubs in Ohio, Virginia, and Tacoma. These facilities feature EDI integration and drop-shipping capabilities, enabling fast and reliable delivery. To further enhance supply chain efficiency, WLL is adopting Industry 4.0 practices and AI-powered systems for real-time inventory management and demand forecasting.

Exhibit 16: Evolution Over the Decades



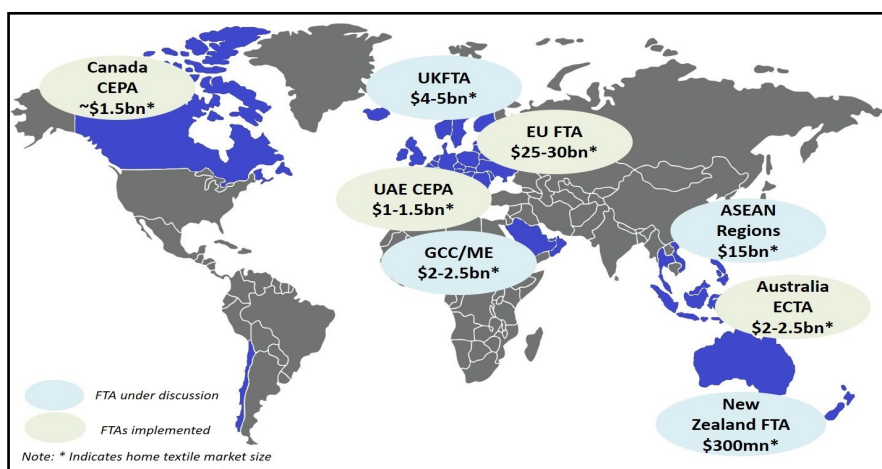
Source: WLL Product Brochure Sept 2025, Progressive Research

Investment Rationale (contd.):

(b) R&D Capabilities (contd.): In-house analytics and design teams mine consumer behaviour data to create differentiated, story-driven product offerings, while strategic partnerships like **upGrad** support workforce upskilling to ensure organizational agility and data-centric decision-making. The company had ~48 Exclusive Brand Outlets (EBO's) in Q1FY26 which underscore WLL's commitment to delivering a seamless, omni-touchpoint retail experience. Together, these initiatives position WLL to gauge market trends, respond with agility, and sustain long-term leadership through continuous innovation, operational excellence, and customer-centricity. **Creative Co/Lab** by WLL is a strategic platform that brings together WLL with leading **global influencers** such as CocoCozy, Jeremiah Brent, and Kate Shand to design and launch exclusive, limited-edition home collections. This infuses the brand with fresh aesthetic perspectives, innovative ideas, and trend-forward designs making each collection unique and aspirational. These partnerships not only strengthen WLL's design credibility but also allow WLL to connect more deeply with diverse consumer segments who follow and admire these influencers.

(c) UK-FTA: is expected to be a major growth driver for WLL as it eliminates ~8-12% tariffs that the UK previously charged on Indian textiles and home furnishings, thereby giving Indian companies duty-free access. With India's home textile exports to the UK currently valued at ~USD1.4bn, the removal of duties will help increase this number substantially. The FTA also puts India **at par with competitors** like Bangladesh, Vietnam, and Pakistan, which earlier enjoyed zero-duty access to the UK and held an advantage over Indian exporters. By removing that disadvantage, WLL and other Indian players are expected to **gain additional 5% market share** in the UK in categories like home textiles and technical textiles where WLL already has strong capabilities. For WLL, ~15% of its revenue comes from the UK, this immediately improves its price competitiveness, allowing it to either reduce prices to

Exhibit 17: Growth Opportunities



Source: WLL Investors PPT 2025, Progressive Research

capture a larger market share or maintain prices and enjoy higher margins. Industry experts anticipate that India's textile exports to the UK could nearly double over the next 5-6 years, growing at ~13% annually, which will open up significant headroom for WLL to expand its exports. Capitalizing on this momentum, WLL is already in **active discussions** with leading UK retailers such as John Lewis to further penetrate the market. The FTA is also expected to bring **logistics simplification**, reduced lead times, and tighter supply chain integration, and WLL can expand its D-2-C and private-label businesses in Western Europe. Over the next few years, the company can leverage this advantage by ramping up production, enhancing sustainability standards, and optimize supply chains with support from government initiatives such as **PM-MITRA parks**. WLL is already strategizing growth opportunities and strategic partnerships with hospitality chains. Overall, the UK-FTA not only strengthens WLL's market position in the UK but also gives it a **long runway for growth** by boosting exports, widening margins, and reinforcing investor confidence in its global strategy.

(d) Ancillarisation Advantage: WLL has adopted a **strategic ancillarisation model** to enhance supply chain efficiency, agility, and cost-effectiveness. This approach involves establishing dedicated ancillary units such as suppliers for spinning, trims, and packaging which are co-located alongside its primary manufacturing facilities. By integrating these support functions within proximity to core operations, WLL significantly reduces lead times, enabling faster production cycles and more responsive supply chain execution. With strategically located distribution centers across the US (East and West Coasts), the UK, Europe, and the Middle East, the company can deliver **rapid order fulfillment** while maintaining optimal inventory levels. Collaboration with retail partners forms the backbone of this system, where consumer research insights and real-time sales data are used to **accurately forecast** demand and co-develop supply plans. This joint planning not only **improves inventory turns** but also reduces **stock outs** and strengthens agility in responding to changing consumer preferences. The model also strengthens quality control through real-time, on-site collaboration and drives cost efficiencies by minimizing inventory holding and transportation expenses. Importantly, this setup aligns with WLL's ESG objectives, contributing to lower carbon emissions by reducing logistics-related movements. Ancillarisation provides the flexibility needed to quickly adapt to evolving customer demands, particularly in dynamic retail and export markets. Additionally, by offloading non-core operational responsibilities, WLL is able to allocate greater resources toward R&D and product innovation. A key aspect of its strategy is **just-in-time** delivery, which minimizes inventory holding costs while ensuring quick replenishment for major global retailers. By maintaining strategically located warehouses and a nearshoring facility in the US, WLL reduces lead times and improves fulfilment efficiency. To further future-proof its operations, the company is actively investing in **Industry 4.0** technologies, including IoT-enabled tracking, predictive analytics, and automation, aimed at driving greater efficiency, enhancing plant productivity, and creating a more resilient and responsive supply chain.

10 Dec, 2025
PICK OF THE MONTH
VOL-11, NO-10
Industry: Other Textile Products
Welspun Living Limited
BUY
CMP: Rs.132
TARGET PRICE: Rs.155
TIME: 12 months
Investment Rationale (contd.):

(e) Recycling Initiative: The company has set ambitious ESG targets, including 100% sustainable cotton sourcing by 2030 and achieving carbon neutrality. WLL replaced its conventional raw material with BCI cotton, organic cotton, recycled cotton and virgin PET and is currently using ~97% of sustainable cotton as raw material. It has recently commissioned a 30MW solar power plant at Anjar and invested in an additional 18MW solar plant near Vapi. In Q2FY26, the **Hyderabad** facility achieved ~93% green energy use while the **Anjar facility** is anticipated to move to round-the-clock RE power, taking the adoption to ~80% by the end of the fiscal year.

(i) Water Management: WLL is dedicated to sustainable water management, implementing innovative strategies to conserve and efficiently utilize water resources across its operations. A cornerstone of this commitment is the 30MLD sewage treatment plant at their Anjar facility, which treats municipal sewage from Gandhidham, Adipur, and Anjar. This initiative enables the recycling of over ~7bn litres of water annually. Additionally, WLL has established extensive rainwater harvesting lagoons at Anjar, enhancing freshwater availability for both the company and surrounding communities.

(ii) Path to Zero Waste: WLL is committed to achieving **zero waste to landfill by 2030**, underpinned by comprehensive waste management practices that include rigorous segregation, recycling, upcycling, and safe disposal of hazardous waste. The company continuously monitors waste generation across facilities, identifies process-level efficiencies, and ensures all waste is handled through **environmentally compliant channels**. A cornerstone of WLL's circularity agenda is its flagship social initiative, **Spun**, which empowers women by **upcycling factory waste** into handcrafted products. This program currently recycles **~2 tonnes of textile waste per month** while tripling participants' incomes, demonstrating the company's dual commitment to social impact and environmental sustainability. WLL has achieved several notable milestones in its waste reduction journey.

Over 80% of hazardous waste is now **recycled in-house** and this helps in significantly reducing landfill contribution. The **Anjar facility** utilizes **100% recycled paper** in its carton packaging. A dedicated **biogas plant** processes horticultural and kitchen waste, generating both **energy and compost** to support a regenerative ecosystem. **Recycled cotton, polyester, and nylon** are increasingly used as raw materials in final product manufacturing. In packaging, WLL adopts **sustainable alternatives**, including **FSC-certified paper** and **LDPE packaging** containing **~30-50% recovered content**. Effluent Treatment Plant (ETP) sludge from the Anjar plant is repurposed as an **alternative fuel source**, lowering fossil fuel dependence and minimizing hazardous waste. The company also demonstrates **innovative circular reuse** of its own textile waste, defective materials, post-industrial leftovers, and fabric scraps which are collected, sorted, and processed to create **recycled polyester fibers, upcycled textile products, and reusable raw materials** for the home textile and flooring segments. Initiatives such as recycling bedsheet and towel waste into pillow stuffing, waterless dyeing technologies, and organic cotton cultivation further reduce WLL's environmental footprint. Having already earned **zero waste to landfill certification** for its Anjar plant, WLL continues to invest in waste-to-energy solutions, efficient material recovery systems, and partnerships with authorized recyclers. These efforts collectively reinforce WLL's position as a **sustainability focused industry leader** while driving circular economy practices at scale.

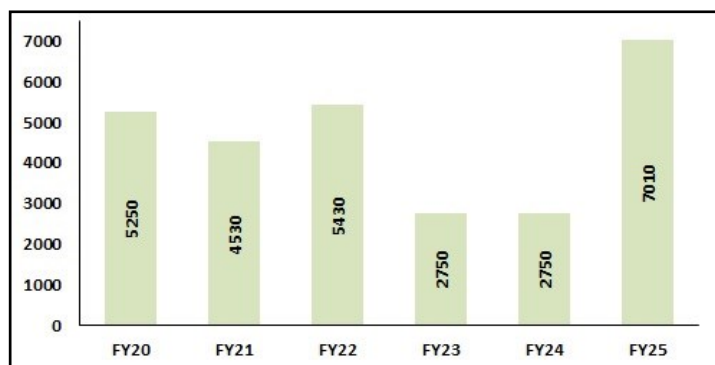
(iii) Biodiversity and Energy Management: WLL proactively seeks opportunities to minimize its environmental footprint and promote ecological balance through afforestation and tree plantation initiatives. Notably, the company has planted over ~360000+ trees across 120 varieties in Anjar. WLL is proactively advancing its sustainability agenda through robust **energy management** initiatives and a strong emphasis on sustainable fabrics. The company has made strong progress in its sustainability journey by significantly increasing the use of renewable energy sources. In FY25, it utilized ~41,704MT of biomass in place of ~31,156MT of coal, resulting in the avoidance of nearly ~56,986MT of CO₂ equivalent emissions. This transition not only reduces dependence on non-renewable energy but also ensures that agricultural and industrial waste is put to productive use and minimize environmental impact.

The company has significantly reduced its environmental footprint by lowering greenhouse gas emissions and decreasing reliance on non-renewable energy sources. This has been achieved through the expanded use of renewable energy and the adoption of energy-efficient technologies. As a result of these measures, WLL has successfully saved over 136,097 gigajoules (GJ) of energy. To further reduce its carbon footprint, WLL is integrating **eco-friendly raw materials**, harnessing **renewable energy sources**, including **wind and solar** and also deploying advanced energy-efficient systems across its operations. In FY25, the company commissioned a 30MW solar power plant in Anjar, marking a key milestone in its clean energy transition. Additionally, WLL entered a joint venture with Clean Max Thanos Private Limited to supply 3MW of renewable power to its Vapi facility. A major development is the proposed **247MW renewable energy project** in Jamnagar, Gujarat, under WLL Renewable Energy Pvt. Ltd, in which WLL will hold a **27.47% equity stake**. This **wind and solar hybrid project** will supply **47MW** of power to the company. With an estimated investment of **~Rs1.1-1.15bn**, WLL expects to meet **85% of its total power requirement** through renewable sources by H2FY26. This transition is anticipated to yield substantial **power cost savings** and enhance **operating margins by 1.5-2% by FY27-28E**. The company is involved in a number of investments like WLL Bhargavi Pvt. Ltd (WBPL), a special purpose vehicle for setting up solar power projects in Telangana, a 2MW solar plant dedicated to flooring facilities and a 2.6MW plant for its wholly-owned subsidiary, WLL Advanced Materials (India) Ltd's manufacturing units. Collectively, these efforts underscore WLL's commitment to achieving **100% renewable energy usage by 2030**, reinforcing its position as a leader in sustainable manufacturing within the textile sector.

Financials:

The current year has seen **drop in volume** impacted by lower realization and the partial impact of tariff and the company continues to face **persistent global tariff headwinds** coupled with a cautious export demand. Despite the short-term challenges which the company is continuously facing, the strategic growth initiatives continue to remain on course. Amidst this volatility, WLL has been focusing on **managing and controlling fundamental parameters** including cost controls to fetch better efficiencies, maintain customer trust, competitive moat as a trusted global partner, sustain market share in the US, try to stay future-ready via portfolio/regional diversification, brand-led growth and operational agility. On the **domestic front**, the macro fundamentals of India are expected to be robust owing to the recent **GST rate rationalization** which is an encouraging structural development for organized players as the disposable income may enhance to make the consumption trends better. The domestic consumer business has seen short-term channel adjustment for GST rate rationalization. **~30% of the portfolio** of WLL benefits from the 5% GST slab. The company continues to focus on energy management through increased use of renewable energy sources. WLL has approved significant **capital investments** to transition its manufacturing sites to 100% renewable energy, reinforcing its commitment to achieving a fully green energy profile. With a sanctioned project cost of ~Rs10.5bn, the company is also undertaking a major expansion of its Anjar facility, which is set to become the world's largest single-site home textiles plant. This expansion will enhance production capacity to 4,00,000 meters of bed linen per day, 1,00,000 tonnes of towels annually, and will include the addition of a 40TPD coarse-count spinning line for stronger backward integration.

Exhibit 18: Capex Trend (Rs in mn)



Source: WLL Investors PPT 2025, Progressive Research

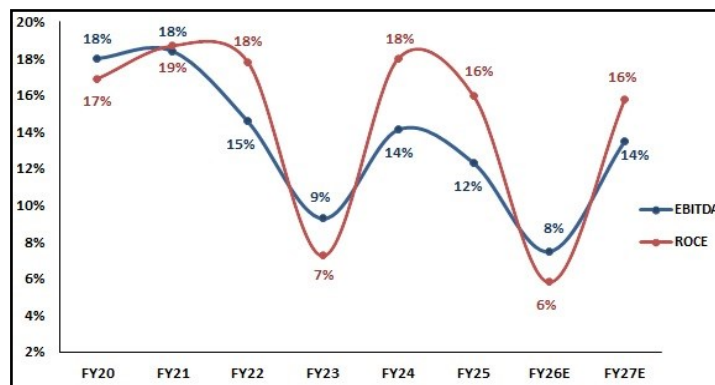
Exhibit 19: Revenue Growth (Rs in bn)



Source: Annual Reports, Progressive Research

Over the past 5-7 years, WLL has successfully **diversified its revenue base**, with emerging businesses like flooring and advanced textiles increasing their contribution from 18% in FY20 to 30% in FY25. Currently, these **emerging businesses** contribute nearly **one-third** of total operations. The **advanced textiles** business recorded revenues of ~Rs1126mn, down by ~14.0% on a y-o-y basis, due to weaker US customer offtake and tariff headwinds. The Management views this as a **temporary setback** and remains confident in the segment's long-term potential, underpinned by strong customer relationships, innovation capabilities, focus on offering value-added and differentiated products. The flooring plant has an installed capacity of ~27mn sq. mtrs, with ~18mn sq. mtrs currently operational. Despite the challenges faced, WLL continues to focus on expanding its **footprint in US home improvement** and OEM channels. On the domestic flooring side, WLL is witnessing significant traction and reported a growth of ~14.3% on a y-o-y basis, driven by strong performance in the residential and hospitality sectors. In May 2025, the Board approved the acquisition of **~84.3% stake in Drape Story** (a company operating in product home furnishings like curtains, clothing, sofa, chairs, etc.) with an investment of ~Rs145.7mn. It is expected to reach a revenue of ~Rs1000mn in next three years. The company is proactively seeking **geographic diversification** to enhance its presence in key regions such as the UK, EU, GCC, ANZ, and Japan. As a result, the revenue generated from markets outside the US has grown by ~40%. The company has been diligently improving its working capital via strict control in terms of inventory levels, debtors or payables. In September 2025, the **cash conversion cycle was ~88 days**, which was the lowest since after FY22. The Management team is ensuring that the **balance sheet remains healthy** with strict controls and improvement in **cash flows** (free cashflow in Sept 2025 stood at ~Rs1520mn). **Net debt** stood Rs15.7bn as against Rs16.03bn as on 31st Mar'25. Capex in Q2FY26 was ~Rs870mn which was primarily directed towards efficiency enhancement and ongoing hybrid wind and solar power transmission line projects.

Exhibit 20: RoCE v/s Ebitda Margins

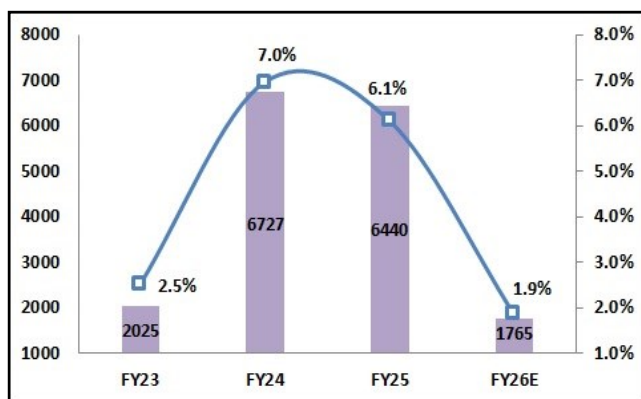


Source: WLL Annual Reports, Progressive Research

Financials (contd.):

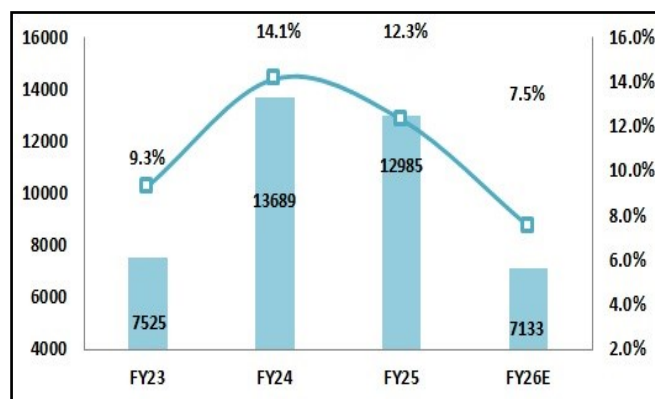
The **geographical sales mix** is composed of ~60% from America, ~20% from UK & Europe, ~13% from India and ~7% from rest of the world. Over the next 6-8 quarters WLL intends to **grow its India business** with focus on Spaces and Welspun. The Management has already **guided for a bleaker Q3FY26** as the **month of December is holiday/festive season** in the US and as per reports from Deloitte, the consumption is anticipated to be bleaker during this period. In addition to this, the 50% tariff is anticipated to normalize post one quarter where the POs have already come and WLL is working to regularize the same and is expecting Q4FY26 to see the benefits of the efforts being put currently. The Management has an ambitious target to achieve a topline of ~Rs150bn by FY28-29E, with blended Ebitda margins of ~15%. To achieve the anticipated topline, the team is anticipating the flooring business to play a crucial role with an ambitious growth rate of ~20-25% over the next 10-12 quarters.

Exhibit 21: PAT (Rs in mn) v/s PAT Margins



Source: Annual Reports, Progressive Research

Exhibit 22: Ebitda (Rs in mn) v/s Ebitda Margins



Source: Annual Reports, Progressive Research

Risks and Concerns:

WLL faces multiple risks that could impact its operations and financial stability like foreign exchange fluctuations, interest rate volatility, security price risks and credit risks arising from trade receivables and cash deposits. **Liquidity risks** remain a major concern due to reliance on borrowings and requires careful cash flow allocation. In addition to this, the plants located at Anjar and Vapi units face **weather and water related risks**; water scarcity in critical regions can threaten long-term manufacturing sustainability. The company is exposed to raw materials risks particularly **cotton price fluctuations** and supply shortages/disruptions which could be due to geopolitical tensions, port congestion, labour shortages, rising transportation costs etc. **Competitive pressures** from the domestic and global players as well as competition in the export market from players from China, Pakistan, Vietnam, and Bangladesh add further pressure. In the domestic market dominance of the **unorganized sector** can limit the pricing power to some extent. A **slowdown in key markets** like the US and Europe can negatively impact demand. Additionally, the shift towards e-commerce and D2C sales poses a risk to traditional retail partnerships with major chains like Walmart, Target, and Costco, requiring WLL to rapidly adapt to digital channels to maintain its competitive edge. Additionally, **consumer preference** shifts towards smart, antimicrobial, and eco-friendly home textiles require **continuous innovation** to stay competitive. Consumer preference for local sourcing in key markets like Europe and North America presents challenges, as governments and retailers encourage domestic manufacturing to reduce carbon footprints. With its growing digital presence, WLL also faces **cybersecurity and data privacy** risks. The risk of intellectual property infringement in international markets, where legal enforcement is weak, could lead to imitation of WLL's patented textile technologies. Moreover, technological disruption in manufacturing, including AI-driven automation and robotic textile production, threatens traditional business models. **Reputational risks** are significant, particularly concerning labour rights, sustainability compliance, and ethical sourcing owing to increasing regulatory scrutiny demands for higher ESG transparency. Furthermore, **tariffs and trade barriers**, including anti-dumping duties, EU carbon border taxes, and global trade conflicts, pose risks to the export oriented business. Regulatory risks related to environmental policies, minimum wage hikes, and stricter compliance laws further increase operational complexities. **Brand reputation** risks arise from the increasing prevalence of counterfeit products, particularly in online marketplaces, where unauthorized sellers could misuse WLL's branding, impacting consumer trust. A significant factor which can affect the profitability of the company is the fluctuating freight costs. Some of the other risks include **unfavourable trade policy** for Indian exporters which can lead to weakening of consumer demand in the US, EU and UK. In the current scenario related to ambiguity of the tariff wars/issues, WLL has an exposure of ~60% of total exports to North America and the recent tariff related uncertainties pose short-term risks to volume as well as profitability. To mitigate this, WLL is actively developing tailored strategies for each retail partner. In addition to this, the company is also leveraging its fully automated Ohio facility to ensure local production, faster delivery, and reduced import exposure. This, combined with its growing presence in margin-accretive markets like Japan, the UK, and Scandinavia, helps offset potential challenges and maintain profitability.

Outlook and Recommendations:

Welspun caters to clients in many **diverse categories** like towels, rugs, bedding, flooring etc. and has some of the largest capacities in the world for the same which many a times does not make it comparable to many of the other players or peers. Despite the **uncertainties in the external environment**, the company has shown resilience in terms of **customer trust catering to the diversified model**. The company and its Management are trying to retain its market share, maintaining long-term partnerships, investing in category expansion with few regional diversifications, focus on cost control, capital efficiency and margin recovery. The company continues its journey as a manufacturer to **FMCG of home textiles** with increasing contribution from a set of trusted brands. **India** continues to enjoy a bright spot as the **fourth largest economy**, with rising consumption and expanding real estate activity, supporting medium-term optimism. The brand investment and **SPACES** remain strong across affordable and aspirational segments for WLL. India's expanding **religious tourism and pilgrim infrastructure** can create incremental demand for **institutional** linens, bath textiles and furnishing and thus providing new **avenues of steady growth** for players involved in this category.

WLL is strategically positioned for sustained long-term growth, underpinned by substantial investments in innovation, sustainability, and global market expansion. The company is continuously enhancing its manufacturing capabilities through key projects such as the installation of a new Jacquard towel line at its Anjar facility, establishment of a pillow manufacturing unit in Ohio, and expanded bed linen processing capacity. The Management anticipates consistent growth in **Christy** on a global level; towels will continue to take the market share globally, along with the upticks in the sleep category, soft flooring or soft flooring textile and some innovations in the advanced textiles category. With a robust R&D pipeline, WLL continues to deliver **next-generation home textile** solutions, including moisture-wicking, anti-microbial, and eco-friendly fabrics, reinforcing its leadership in the global home textiles industry. WLL is actively expanding its footprint across priority geographies including the UK, EU, and India. A major driver of this growth is its **flooring business**, via innovative offerings such as Click-N-Lock tiles, carpet tiles, and hospitality flooring solutions. In parallel, WLL is strengthening its brand portfolio, which includes both owned and licensed brands such as SPACES, Christy, Martha Stewart, Disney etc. The company is also accelerating its **omnichannel strategy**, with a target of reaching over 50,000 retail touchpoints by FY28E. Sustainability remains central to WLL's strategic vision. The company aims to achieve 100% renewable energy usage by 2030 and reach carbon neutrality through continued investments in solar energy, water conservation, and waste recycling initiatives.

The recent conclusion of the **India-UK-FTA** is expected to serve as a significant catalyst for **India's home textile exports**, providing Indian manufacturers with a level playing field against regional competitors like Pakistan and Bangladesh in the UK market. For WLL, this development presents a strategic inflection point to deepen its presence in a key international market. This agreement is likely to **enhance the company's competitiveness**, enabling it to **gain market share** in the UK and **drive incremental growth**. The growth trend will largely depend on the resolution of **tariff issues** with the US and the progress of FTA negotiations with the UK and the EU. During the more or less a **short term blip** related to the **tariff**, the company has been working on reducing costs, strengthening the balance sheet stronger and trying to have strong free cash flow. In addition to this, the company has been working on measures to maintain market share in Americas. In order to partially **mitigate the risks associated to the tariffs** and or cancellation of sales, the company held the finished goods until the customers provide an **approval in writing** for dispatching goods. As a result of which the overall volumes were impacted and the same is expected going forward till the terms of tariff impact continues. WLL has been sharing the burden of increased tariffs by **50%**, **where** the partial absorption of tariffs is weighing on margins. In addition to this, the company is also working on the concept of **first sale with one of the big fours**, which can also help mitigate risks associated of the tariff.

The company's entry into **new categories** while building its brand with calculated risks and expansion in advanced textiles and flooring will help cushion the topline which is otherwise dependent on the textile business which is the core business. WLL is strategically focusing on expanding its presence in key international markets including the UK, EU, GCC countries, Australia-New Zealand (ANZ), and Japan. These regions are expected to drive the next phase of growth. Going forward, the Management believes the dependence on the US will reduce and the same will be compensated to a larger extent by the other geographies. The vision of the Management is to **drive cost realization, improve operational efficiencies through automation and digitalization**, focus on market diversification, premiumisation, develop robust product strategy with a strong retail and export presence. India is anticipated to have good opportunity in terms of the consumption and tweaking in the GST which can lead to an upswing in the Indian consumption patterns. WLL intends to **maintain its market share** as one of the biggest player in the home textile business across the globe which can also be aided by the FTAs that are coming across. As per the Management philosophy, margins if lost can be recovered, but **customers if lost cannot be recovered**. The increasing market dominance in home textiles, focus on flooring, advanced textiles, product diversification, strategic partnerships, and digital innovation pose well for continued success of the company in the global home solutions industry. Knowing that the external environment will remain fluid where near-term pressures are likely to continue in the second half impacting both top line and bottom line. We feel the worst is behind for the company and any new developments on the global tariff will be easily digested. Positive progress on the UK-FTA front will be a booster to the overall business of WLL. We initiate a **BUY** on this **turnaround stock** for a target price of Rs155 with a horizon of 12 months.

10 Dec, 2025

PICK OF THE MONTH

VOL-11, NO-10

Industry: Other Textile Products

Welspun Living Limited

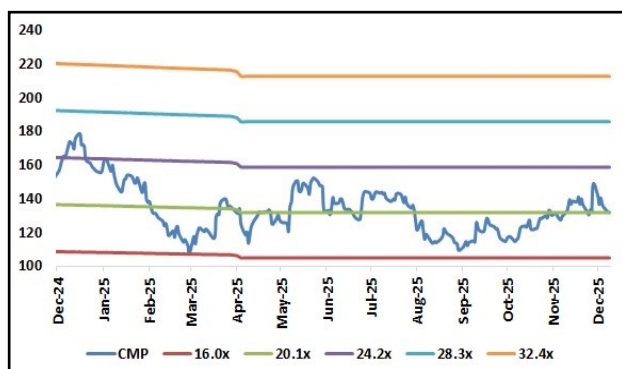
BUY

CMP: Rs.132

TARGET PRICE: Rs.155

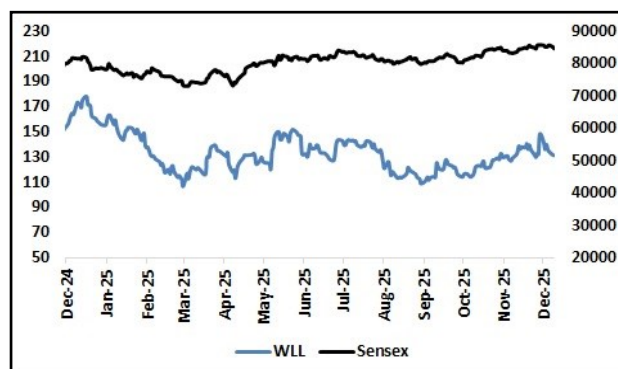
TIME: 12 months

Exhibit 23: One Year Forward P/E



Source: Ace Equity, Progressive Research

Exhibit 24: Price v/s Sensex



Source: Ace Equity, Progressive Research

Exhibit 25: WLL Exhibiting Advanced Textile Products at Techtextil India



Source: WLL at Techtextil India: Credits-Welspun Living Ltd

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Registered Office Address:

Progressive Share Brokers Pvt. Ltd,
122-124, Laxmi Plaza, Laxmi Indl Estate,
New Link Rd, Andheri West,
Mumbai-400053, Maharashtra
www.progressiveshares.com | Contact No.:022-40777500.

Compliance Officer:

Ms. Neha Oza,
Email: compliance@progressiveshares.com,
Contact No.:022-40777500.

Grievance Officer:

Email: grievancecell@progressiveshares.com