

1<sup>st</sup> August 2025

Close\* – ₹126/-

View – **HOLD**

## Q1FY26 Performance

Q1FY26 witnessed a muted start amidst tariff headwinds, leading to market uncertainty and cautious retailer buying patterns. Overall revenue declined by 11% YoY to ₹2,261crs with EBITDA margin at 10%, impacted by operating deleverage.

Domestic business showed resilience with green shoots across categories, growing 9.5% YoY. Welspun continued with strong growth momentum, strengthened brand play, and flooring showing strong traction in residential and hospitality.

EBITDA margin contracted 350bps to 10% due to lower operating leverage as global customers deferred shipments ahead of tariff implementation, and unfavorable product mix. PBT de-grew 51% YoY to ₹124crs. PAT de-grew 52% YoY to ₹89crs with a PAT margin of 3.9%.

Net Debt stood at ₹1401crs vs. ₹1562crs (Jun 24).

## Important Statistics

Nifty	24,768
Sensex	81,186
Close*	126
Mcap (₹ crs)	₹12,084.6
52WeekH/L (₹)	213/105
NSE Code	WELSPUNIND
BSE Code	514162
Bloomberg Code	WLSI:IN

Close\* as on 31<sup>st</sup> July 2025

## Shareholding Pattern (%) Jun'25

Promoter Holding	66.2
FII	4.8
DII	9.2
Public	19.8

## Key Con-Call Highlights

- Home Textile Exports Business declined 11.8% YoY in Q1FY26 with an EBITDA margin of 12.6%. Advance Textile Business declined by 11.6% YoY.
- Domestic Consumer Business grew by 9.5% YoY in Q1FY26, led by – domestic home textile which grew by 2.5% YoY, and domestic flooring grew by a strong 26% YoY. Overall, the flooring business in Q1FY26 recorded revenue of ₹194cr.
- Consolidated EBITDA for Q1FY26 at a margin of 11.1% is ₹ 254crs, led by textile business EBITDA margin of 10.5% is ₹223crs, and the Flooring Business EBITDA for Q1FY26 at a margin of 8.4% is ₹16crs.
- Emerging business (comprises domestic consumer business, global brands, advanced textiles, and flooring): contributing 30% to overall revenue. Innovation sales contributed ~27% of total sales in Q1FY26.
- High-potential segments such as pillows, utility, and fashion bedding remain focus areas. The Ohio pillow plant continues to ramp up efficiently, with capacity utilization reaching 47%, positioning the company strongly to capitalize on emerging growth opportunities within the broader sleep ecosystem.
- Management is actively pursuing geographic diversification and expanding presence in other key regions, including the UK, EU, GCC, ANZ, and Japan. The revenue share from the market outside of the US has gone up to 40%. As global trade is realigned, it remains optimistic about reinforcing core leadership while scaling emerging categories through an integrated portfolio, and scalable manufacturing.
- Brand 'Welspun' continues to strengthen its leadership position, penetrating deeper into households and is the most widely distributed Home Textile brand in India. The Global Brands continued to be robust with a ~12% share of total revenues in Q1FY26.
- Recently, the US data indicated retail sales fell for the second straight month in May, while inflation accelerated to 2.7% in June, the highest level since February, driven partly by tariff-induced cost increases further weighing on consumer demand. India continues to be the leading supplier of terry towels

## Financials

(₹ crs)			
Particulars	FY23	FY24	FY25
Revenues	8094	9679	10545
EBITDA	753	1369	1298
Margin (%)	9%	14%	12.3%
Net Profit	203	673	644
EPS (₹)	1.98	7.01	6.7
RoE (%)	4.9	15.9	13.4
RoCE (%)	6	16	14
P/E (x)	63.6	17.9	18.8

Source: Company, Way2wealth

## Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
<b>Welspun India</b>	<b>-32</b>	<b>70</b>	<b>223</b>
<b>Nifty 50</b>	0	43	124
<b>Sensex</b>	0	40	117

Source: Company, Way2wealth

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and bedsheets to the United States, holding a dominant market share of 45% and 59% respectively as per OTEXA data for the 12 months ending May 2025.

- India's apparel exports face intense competition from countries like Bangladesh and Vietnam. Currently, Bangladesh exports to the US with a 35% tariff, while Vietnam enjoys a more favorable 20% tariff under negotiated trade terms. The newly proposed tariffs on Indian goods could act as a catalyst for renewed trade discussions, with negotiations expected to resume in mid-August.
- India's apparel exports face intense competition from countries like Bangladesh and Vietnam. Currently, Bangladesh exports to the US with a 35% tariff, while Vietnam has comparatively favorable 20% tariff under negotiated trade terms. The newly proposed tariffs on Indian goods could act as a catalyst for renewed trade discussions, with negotiations expected to resume in mid-August.

## Key Risks

- Slower than expected demand recovery in its key markets
- Inability to pass on tariff hikes to customers

## View

Consolidated revenue declined by 11.6% YoY to ₹2,289 crore, with EBITDA margin at 11.1%. The decline was primarily attributed to weakness in the export business, as reciprocal tariff implementations and uncertainty around timelines created an overhang in key markets. This led to a cautious approach from both retailers and suppliers, particularly impacting entry-level volumes, which are now undergoing a gradual correction.

In response, the company is actively pursuing geographic diversification, expanding its presence in key international markets such as the UK, EU, GCC, ANZ, and Japan. As a result, the revenue contribution from markets outside the U.S. has increased to 40%. With global trade patterns undergoing realignment, management remains optimistic about strengthening its core leadership while scaling emerging categories through a unified portfolio strategy and scalable manufacturing capabilities. Additionally, the newly proposed tariffs on Indian goods could serve as a trigger for renewed trade negotiations, which are expected to resume in mid-August.

**At CMP of ₹126, the stock trades at a P/E of ~18.8x to FY25 EPS of ₹6.7. We recommend investors to Hold the stock.**

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 View – **HOLD**
**Consolidated Financial Highlights**

(₹ crs)

Particulars	Q1FY26	Q1FY25	VAR [%]	Q4FY25	VAR [%]	FY25
Sales	2,260.57	2,536.49	<b>-10.9%</b>	2,645.90	<b>-14.6%</b>	10,545.09
Other Income	28.9	51.96	<b>-44.4%</b>	2.26		152.15
<b>Total Income</b>	<b>2,289.5</b>	<b>2,588.5</b>	<b>-11.6%</b>	<b>2,648.2</b>	<b>-13.5%</b>	<b>10,697.2</b>
Total Expenditure	1183.13	1359.79	-13.0%	1401.24	-15.6%	5675.57
Raw Material Consumed	1151.87	1337.59	<b>-13.9%</b>	1278.6	<b>-9.9%</b>	5,295.93
Purchase of stock in trade	82.25	148.85	-44.7%	26.14		411.34
Stock Adjustment	-50.99	-126.65	-59.7%	96.5	-152.8%	-31.70
<i>RMC as a %age of sales</i>	<i>52.34%</i>	<i>53.61%</i>	-2.4%	<i>52.96%</i>	-1.2%	<i>53.82%</i>
Employee Expenses	290	281.86	2.9%	291.88	-0.6%	1,151.53
<i>EPC as a %age of sales</i>	<i>12.83%</i>	<i>11.11%</i>		<i>11.03%</i>		<i>10.92%</i>
Other Expenses	562.02	553.32	1.6%	636.99	-11.8%	2,419.52
<i>Other Expenses as a %age of sales</i>	<i>24.86%</i>	<i>21.81%</i>		<i>24.07%</i>		<i>22.94%</i>
<b>Total Expenditure</b>	<b>2,035.15</b>	<b>2,194.97</b>	-7.3%	<b>2,330.11</b>	-12.7%	<b>9,246.62</b>
<b>EBIDTA</b>	<b>225.42</b>	<b>341.52</b>	-34.0%	<b>315.79</b>	-28.6%	<b>1,298.47</b>
<i>EBIDTA Margins %</i>	<i>9.97%</i>	<i>13.46%</i>	-3.5%	<i>11.94%</i>	-16.4%	<i>12.31%</i>
Interest	42.45	43.37	-2.1%	56.91		217.47
<b>PBDT</b>	<b>211.87</b>	<b>350.11</b>	<b>-39.5%</b>	<b>261.14</b>	<b>-18.9%</b>	<b>1,233.15</b>
Depreciation	87.88	96.77	<b>-9.2%</b>	92.84	<b>-5.3%</b>	373.39
<b>Profit before share of associates</b>	<b>123.99</b>	<b>253.34</b>	<b>-51.1%</b>	<b>168.30</b>		<b>859.76</b>
<b>Share of Associate's Net Profit/(Loss)</b>		<b>0.05</b>				<b>0.63</b>
<b>PBT</b>	<b>123.99</b>	<b>253.39</b>	<b>-51.1%</b>	<b>168.30</b>		<b>860.39</b>
Tax	34.69	67.44	-48.6%	35.29	-1.7%	216.16
<i>Tax Rate</i>	<i>25.50%</i>	<i>25.50%</i>	<b>0.0%</b>	<i>25.50%</i>	<b>0.0%</b>	<i>25.50%</i>
<b>Reported Profit After Tax</b>	<b>89.30</b>	<b>185.90</b>	-52.0%	<b>133.01</b>	-32.9%	<b>643.60</b>
<b>PATM %</b>	<b>3.95%</b>	<b>7.33%</b>	-46.1%	<b>5.03%</b>	-21.4%	<b>6.10%</b>
<b>EPS</b>	<b>0.92</b>	<b>1.93</b>	-52.3%	<b>1.40</b>	6153.6%	<b>6.70</b>
Equity	95.91	95.91	<b>0.0%</b>	95.91	<b>0.0%</b>	97.18
Face Value	1	1	0.0%	1	0.0%	1

Source: Company, Way2wealth

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**Segmental Highlights**

(₹ crs)						
Particulars	Q1FY26	Q1FY25	VAR	Q4FY25	VAR	FY25
<b>REVENUES</b>						
<b>Revenue from Operations</b>	<b>2,317.0</b>	<b>2,615.2</b>	<b>-11.4%</b>	<b>2,648.3</b>	<b>-12.5%</b>	<b>10,723.5</b>
Home Textile	2,123.5	2,387.3	-11.1%	2,452.6	-13.4%	9,834.4
% Mix	91.6%	91.3%		92.6%		91.7%
Flooring	193.5	227.8	-15.1%	195.8	-1.1%	889.0
% Mix	8.4%	8.7%		7.4%		8.3%
Less : Inter Segment Revenues	56.4	78.7	-28.3%	2.4	2230.6%	178.5
<b>Total Segment Revenue</b>	<b>2,260.6</b>	<b>2,536.5</b>	<b>-10.9%</b>	<b>2,645.9</b>		<b>10,545.0</b>
						-
<b>Profit/Loss Before Dep, Interest and Tax</b>	<b>254.3</b>	<b>393.5</b>	<b>-35.4%</b>	<b>318.1</b>	<b>-20.0%</b>	<b>1,450.7</b>
Margin %	11.0%	15.0%		12.0%		13.5%
Home Textile	223.2	348.4	-35.9%	281.3	-20.7%	1,290.3
Margin %	10.5%	14.6%	4.1%	11.5%		13.1%
Flooring	16.2	21.0	-23.0%	13.9	16.7%	73.7
Margin %	8.4%	9.2%		7.1%		8.3%
Add: Un- allocable Income net of Un-allocable Expenses	14.97	24.06	-37.8%	22.90		86.6
Margin %	5.9%	6.1%		7.2%		6.0%
<b>Net Profit/Loss Before Int, Dep &amp; Tax</b>	<b>254.3</b>	<b>393.5</b>	<b>-35.4%</b>	<b>318.1</b>	<b>-20.0%</b>	<b>1,450.7</b>
<b>Profit before Tax</b>	<b>124.0</b>	<b>253.4</b>	<b>-51.1%</b>	<b>168.1</b>	<b>-26.2%</b>	<b>859.7</b>
Margin %	5.4%	9.7%		6.3%		8.0%
Home Textile	115.8	233.5	-50.4%	159.8	-27.6%	812.8
Margin %	5.5%	9.8%		6.5%		8.3%
Flooring	(6.7)	(4.2)	62.2%	(14.7)	-54.1%	(39.7)
Margin %	-3.5%	-1.8%		-7.5%		-4.5%
Add: Un- allocable Income net of Un-allocable Expenses	14.97	24.06	-37.8%	22.90		86.6
Margin %	12.1%	9.5%		13.6%		10.1%
<b>Net Profit/Loss Before Tax</b>	<b>124.0</b>	<b>253.4</b>	<b>-51.1%</b>	<b>168.1</b>	<b>-26.2%</b>	<b>859.7</b>

Source: Company, Way2wealth

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## Disclosure of Interest Statement Welspun Living Ltd. as on August 1<sup>st</sup>, 2025

Name of the Security	Welspun Living Ltd
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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