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Q1FY27 Result Update
14th Aug 2026

Welspun Living Ltd

CMP: INR 160

Rating: BUY

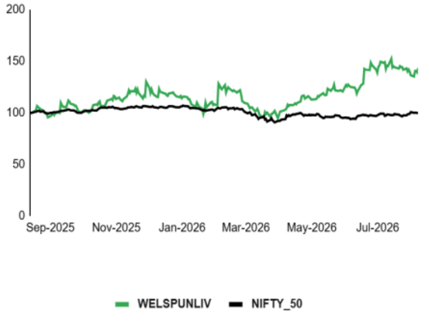
Target Price: INR 212

Stock Info	
BSE	514162
NSE	WELSPUNLIV
Bloomberg	WLSI:IN
Reuters	WLSP.NS
Sector	Other Textile Products
Face Value (INR)	1
Equity Capital (INR cr)	94.47
Mkt Cap (INR Bn)	151
52w H/L (INR)	175/107
Avg Daily Vol (in 000')	3,569

Shareholding Pattern % *(As on June 2026)*	
Promoters	66.36
DII	11.38
FII	5.21
Public & Others	17.05

Stock Performance (%)	1m	6m	12m
WELSPUNLIV	(2.88)	15.5	40.2
NIFTY 50	1.43	(4.2)	(0.9)

WIL vs Nifty 50



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Welspun Living delivered a broad-based beat, with opex leverage more than offsetting gross margin erosion. Consolidated revenue grew 23.7% YoY (+14.8% QoQ) to INR 2,796 Cr, beating estimates by 3.9%, aided by strong volume recovery in Home Textiles (up 26.2% YoY to INR 2,680 Cr, 93.5% of segment revenue), even as Flooring revenue declined 3.1% YoY to INR 188 Cr. Gross margin contracted 248bps YoY to 45.2% on RM cost inflation (+29.5% YoY), but EBITDA (ex-OI) grew a strong 42.2% YoY (+28.7% QoQ) to INR 320 Cr, with margin expanding 149bps YoY to 11.5%, beating estimates by ~15%/106bps. PAT surged 81.5% YoY (+52.7% QoQ) to INR 162 Cr (35% beat), aided by lower finance costs (-19.1% YoY to INR 34 Cr), higher other income (+13.2% YoY to INR 33 Cr), and despite higher depreciation (+14.3% YoY to INR 100 Cr) from capex commissioning. Home Textiles segment PBT jumped 75.1% YoY to INR 203 Cr on 122bps margin expansion. At the same time, Flooring showed a sharp profitability inflection, with segment loss narrowing to INR -2.3 Cr from INR -17.1 Cr QoQ, nearing PBT breakeven against a full-year FY26 loss of INR -64 Cr.

Strategic Geographic Diversification & FTA Upside: The company is aggressively pivoting toward a non-US revenue mix target of 50%, with the UK and Europe segments delivering 20%+ growth this quarter. The India-UK Free Trade Agreement is a significant catalyst, placing India on an equal tariff footing with Pakistan and allowing Welspun to leverage its existing retailer networks and brands like Christy to scale rapidly.

Deepening Intellectual Property Moat: Welspun's competitive advantage as the world's largest textile exporter is increasingly driven by innovation rather than just scale. Its IP portfolio now stands at 50 patents, and innovation-led sales contributed approximately 25% of total revenue this quarter, growing 16% YoY.

Outlook: The company maintains a robust outlook for FY 2027, guiding for double-digit revenue growth and EBITDA margins in the low teens, with a structural trajectory toward 15% margins over the next year. The company anticipates sustaining capacity utilization levels above 80% across all categories for the full year, supported by a planned CapEx of INR 400–500 crore focused on automation, modernization, and debottlenecking. Key growth catalysts include the India-UK FTA, which is expected to drive double-digit growth in the UK market, and the scaling of the US onshore pillow business toward a $60 million revenue target. Despite the temporary disruption caused by flooding at the Vapi facility, the company remains committed to improving ROCE to the low teens and achieving a domestic retail revenue milestone of INR 1,000 crore while maintaining sustainable 10% margins in the flooring segment. We maintain Buy rating at a P/E multiple of 20x based on FY29E EPS of INR 10.6, leading to a TP of INR 212.

KEY FINANCIALS (INR Cr)

Metric	FY25	FY26	FY27E	FY28E	FY29E
Net revenue	10,545	9,399	11,080	12,251	13,305
growth %	8.9%	(10.9%)	17.9%	10.6%	8.6%
EBITDA	1,299	793	1,285	1,593	1,863
EBITDA margin %	12.3%	8.4%	11.6%	13.0%	14.0%
PAT	644	213	619	806	1,004
PAT margin %	6.1%	2.3%	5.6%	6.6%	7.5%
EPS (INR)	6.82	2.25	6.55	8.53	10.63
DPS (INR)	0.20	0.11	0.65	0.85	1.06
ROE %	13.4%	4.3%	11.8%	13.6%	14.7%
ROCE %	12.2%	5.5%	11.7%	14.3%	15.7%
Net debt / (cash)	1,707	722	643	235	(328)
P/E (x)	25.1x	75.8x	26.1x	20.0x	16.1x
EV/EBITDA (x)	13.0x	21.3x	13.1x	10.6x	9.1x

Source: Company Filings & Arihant Capital Research

INR Cr (Consolidated)	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	Y-o-Y
Net Revenue	**2795.45**	**2435.43**	**2260.57**	***14.78%***	***23.66%***
Raw Material Costs	1531.76	1276.99	1183.13	*19.95%*	*29.47%*
Gross Profit	1263.69	1158.44	1077.44	*9.09%*	*17.29%*
Gross Margin	*45.21%*	*47.57%*	*47.66%*	*-236bps*	*-246bps*
Employee costs	277.94	273.02	290.00	*1.80%*	*-4.16%*
Other Expenses	664.67	636.33	562.02	*4.45%*	*18.26%*
EBITDA	**321.08**	**249.09**	**225.42**	***28.90%***	***42.44%***
EBITDA margin	*11.49%*	*10.23%*	*9.97%*	*126bps*	*151bps*
Other Non-Operating Income	32.71	15.77	28.90	*107.42%*	*13.18%*
Depreciation	100.42	103.07	87.88	*-2.57%*	*14.27%*
EBIT	**253.37**	**161.79**	**166.44**	***56.60%***	***52.23%***
Finance costs	34.36	36.59	42.45	*-6.09%*	*-19.06%*
Exceptional Item/ share of associates	1.35	-	-		
PBT	**220.36**	**125.20**	**123.99**	***76.01%***	***77.72%***
Tax Expense	57.45	19.04	34.69	*201.73%*	*65.61%*
Effective tax rate	*25.00%*	*15.21%*	*27.98%*	*979bps*	*-298bps*
PAT	**162.91**	**106.16**	**89.30**	***53.46%***	***82.43%***
PAT margin	*5.83%*	*4.36%*	*3.95%*	*147bps*	*188bps*
EPS (INR)	**1.69**	**1.08**	**0.92**	***56.48%***	***83.70%***

Successful Turnaround of the Flooring Vertical: The flooring business has reached a profitability inflection point, with EBITDA margins hitting a two-year high of 10.4%. This turnaround is attributed to a strategic shift toward soft flooring (area rugs) and qualitative product partnerships in markets like Australia, Canada, and New Zealand, rather than volume-chasing in low-margin categories.

Scaling Sleep Ecosystem and Onshore Manufacturing: The company is successfully scaling its US Onshore pillow business, which grew 2.3x this quarter. With the Ohio facility at 81% utilization and the Nevada facility commencing operations, Welspun is on track to reach $60 million in revenue for this category this year, enhancing supply chain agility and customer proximity in the North American market.

High-Growth Domestic Retail Trajectory: The domestic branded business (Welspun and Spaces) grew 21.3% YoY, benefiting from the structural shift from unorganized to organized markets in India. The company is targeting a revenue milestone of INR 1,000 crore for this segment, which is currently near an EBITDA breakeven point.

Disciplined Capital Allocation and ROCE Improvement: The company maintains a prudent capital allocation strategy, focusing on debottlenecking and automation rather than high-risk Greenfield expansion. With a planned FY27 CapEx of INR 400-500 crore and a target to improve ROCE to the low teens, the company is prioritizing the quality of growth and asset productivity over top-line expansion alone.

Demonstrated Organizational Resilience: The company's ability to partially resume operations within a week of unprecedented flooding at the Vapi facility demonstrates high operational agility and risk management. The company remains confident in meeting its double-digit annual growth guidance despite this temporary Q2 disruption, backed by adequate insurance coverage and contingency planning.

INCOME STATEMENT						
(INR Cr)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue from Operations	**9,679**	**10,545**	**9,399**	**11,080**	**12,251**	**13,305**
YoY growth %	19.6%	8.9%	(10.9%)	17.9%	10.6%	8.6%
COGS	4,840	5,483	5,169	5,872	6,370	6,852
Employee expense	1,161	1,265	1,128	1,274	1,384	1,490
Mfg & Other expenses	2,309	2,497	2,309	2,648	2,903	3,100
EBITDA	**1,369**	**1,299**	**793**	**1,285**	**1,593**	**1,863**
EBITDA margin %	14.1%	12.3%	8.4%	11.6%	13.0%	14.0%
Depreciation	394	373	394	402	408	426
EBIT	**975**	**926**	**399**	**883**	**1,185**	**1,436**
EBIT margin %	10.1%	8.8%	4.2%	8.0%	9.7%	10.8%
Interest / finance cost	153	217	161	134	162	162
Other income	146	152	50	88	67	83
PBT	**968**	**861**	**288**	**836**	**1,089**	**1,357**
Tax	295	217	75	217	283	353
PAT	**673**	**644**	**213**	**619**	**806**	**1,004**
PAT margin %	7.0%	6.1%	2.3%	5.6%	6.6%	7.5%
Shares o/s (Cr)	94.47	94.47	94.47	94.47	94.47	94.47
Adj. EPS (INR)	**7.12**	**6.82**	**2.25**	**6.55**	**8.53**	**10.63**

BALANCE SHEET						
(INR Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Sources of Funds						
Equity share capital	97	96	96	94	94	94
Reserves & surplus	4,419	4,725	4,821	5,127	5,853	6,757
Net worth	4,516	4,821	4,917	5,222	5,947	6,851
Borrowings / leases	2,632	2,762	2,315	2,315	2,315	2,315
Total funds employed	7,148	7,583	7,232	7,537	8,262	9,166
Application of Funds						
Net fixed assets	3,813	4,022	4,471	4,534	4,738	4,977
Capital WIP	49	380	258	258	258	258
Investments	–	–	–	–	–	–
Inventory	2,129	2,320	2,068	2,437	2,695	2,927
Debtors / receivables	1,246	1,647	1,313	1,548	1,711	1,859
Other current assets	774	844	752	886	980	1,064
Cash & bank	1,473	1,055	1,593	1,672	2,080	2,643
Trade payables	1,369	1,630	2,283	2,691	2,976	3,232
Other current liabilities	968	1,055	940	1,108	1,225	1,331
Net working capital	1,813	2,126	910	1,072	1,186	1,288
Total assets	9,485	10,267	10,455	11,336	12,463	13,729
Net debt / (net cash)	1,159	1,707	722	643	235	(328)

CASH FLOW	FY24	FY25	FY26	FY27E	FY28E	FY29E
Cash from operations	533	688	1,175	771	1,034	1,246
Cash from investing	(210)	58	(348)	(378)	(546)	(582)
Cash from financing	(269)	(663)	(975)	(314)	(81)	(100)
Net change in cash	54	83	(148)	79	408	563
Free cash flow	274	(7)	726	306	421	580

KEY RATIOS						
Revenue growth %	19.6%	8.9%	(10.9%)	17.9%	10.6%	8.6%
EBITDA margin %	14.1%	12.3%	8.4%	11.6%	13.0%	14.0%
PAT growth %	231.5%	(4.3%)	(66.9%)	190.5%	30.3%	24.6%
RoE %	14.9%	13.4%	4.3%	11.8%	13.6%	14.7%
RoCE %	13.6%	12.2%	5.5%	11.7%	14.3%	15.7%
RoA %	7.1%	6.3%	2.0%	5.5%	6.5%	7.3%

LIQUIDITY & LEVERAGE						
Current ratio (x)	2.4x	2.2x	1.8x	1.7x	1.8x	1.9x
Net debt / EBITDA (x)	0.8x	1.3x	0.9x	0.5x	0.1x	(0.2x)
Net debt / equity (x)	0.3x	0.4x	0.1x	0.1x	0.0x	(0.0x)
Interest coverage (x)	6.4x	4.3x	2.5x	6.6x	7.3x	8.9x

PER SHARE & VALUATION						
EPS (INR)	7.12	6.82	2.25	6.55	8.53	10.63
Book value / sh (INR)	47.80	51.03	52.05	55.28	62.96	72.53
P / E (x)	24.0x	25.1x	75.8x	26.1x	20.0x	16.1x
EV / EBITDA (x)	12.3x	13.0x	21.3x	13.1x	10.6x	9.1x
P / B (x)	3.6x	3.4x	3.3x	3.1x	2.7x	2.4x
Dividend yield %	0.0%	0.1%	0.1%	0.4%	0.5%	0.6%

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Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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