

CMP: INR 140

Rating: BUY

Target Price: INR 190

Stock Info

BSE	514162
NSE	WELSPUNLIV
Bloomberg	WLSI:IN
Reuters	WLSP.NS
Sector	Other Textile Products
Face Value (INR)	1
Equity Capital (INR cr)	95.91
Mkt Cap (INR Bn)	131
52w H/L (INR)	154/107
Avg Daily Vol (in 000')	4,117

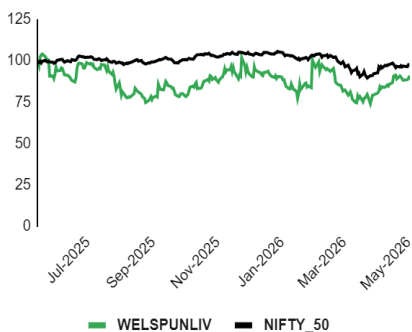
Shareholding Pattern %

(As on March 2026)

Promoters	66.24
DII	11.18
FII	4.99
Public & Others	17.59

Stock Performance (%)	1m	6m	12m
WELSPUNLIV	7.79	(2.9)	(6.5)
NIFTY 50	(3.72)	(9.46)	(5.96)

WIL vs Nifty 50



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Welspun Living demonstrated a sharp recovery in Q4 FY26 net revenue of INR 2,435.43 Cr in Q4FY26, down 7.95% YoY but up 7.66% QoQ. EBITDA stood at INR 249.09 Cr, declining 21.13% YoY, while EBITDA margin contracted 171 bps YoY to 10.23%, though it improved 314 bps sequentially. EBIT came in at INR 161.79 Cr, down 28.17% YoY, impacted by lower gross margins and higher operating costs. PAT declined 20.06% YoY to INR 106.16 Cr; however, it improved sharply on a QoQ basis aided by lower tax expense. EPS for the quarter stood at INR 1.08 versus INR 1.40 in Q4FY25. This inflection was driven by improved product mix, higher capacity utilization, and structural cost rationalisation.

Aggressive De-leveraging and Net-Zero Debt Target: The company achieved significant strengthening of its balance sheet, reducing net debt by 52% YoY to 775 crores. This was underpinned by a massive 8.5x increase in free cash flow to 956 crores. The company intends to become a net-zero debt entity in FY27, barring any major unforeseen capital requirements.

Strategic Expansion in the US Sleep Ecosystem: The company is successfully scaling its local US manufacturing via its Ohio and Nevada pillow facilities. The Ohio plant has reached 60% utilization, and the segment's revenue is projected to double from \$27.5 million in FY26 to approximately \$60 million in FY27. This local presence mitigates logistics risks and deepens partnerships with major US retailers.

Robust Domestic Branded Growth and Profitability: The Indian consumer business is an emerging growth engine, with revenue increasing 29.2% YoY in Q4 and achieving EBITDA break-even for the quarter. The Welspun brand specifically saw 44% growth, reflecting high brand salience and distribution depth in a market.

Outlook: The company enters FY27 with a positive outlook, targeting double-digit top-line growth and EBITDA margins advancing into the teens as it moves past a year of external shock absorption. The company aims to become a net-zero debt entity within the fiscal year, supported by disciplined working capital management and a strategic INR 400–500 crore capex plan focused on automation and modernization. Growth is expected to be spearheaded by the US sleep ecosystem, where local manufacturing revenue is projected to double to \$60 million, and the domestic Indian market, which is forecasted to grow by 26–30%. Furthermore, the company anticipates structural tailwinds from upcoming Free Trade Agreements with the UK and EU, which will enhance market access and competitiveness alongside a targeted capacity utilization of over 86% across core categories. We maintain Buy rating at a P/E multiple of 22x based on FY29E EPS of INR 8.6, leading to a TP of INR 190.

Particulars (INR Cr)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	9,679	10,545	9,399	10,535	11,898	13,509
Growth%	19.59%	8.95%	-10.87%	12.08%	12.94%	13.54%
EBITDA	1366	1295	793	1058	1295	1591
EBITDA Margin	14.1%	12.3%	8.4%	10.0%	10.9%	11.8%
Profit After Tax	673	644	213	431	606	827
PAT Margin	6.95%	6.11%	2.27%	4.09%	5.10%	6.12%
P/E	20.37	20.85	63.07	31.19	22.14	16.24
EPS	6.9	6.7	2.2	4.5	6.3	8.6

Source: Company Filings & Arihant Capital Research

INR Cr (Consolidated)	Q4FY26	Q3FY26	Q4FY25	Q-o-Q	Y-o-Y
Net Revenue	2435.43	2262.20	2645.90	7.66%	-7.95%
Raw Material Costs	1276.99	1226.00	1401.21	4.16%	-8.87%
Gross Profit	1158.44	1036.20	1244.69	11.80%	-6.93%
<i>Gross Margin</i>	<i>47.57%</i>	<i>45.80%</i>	<i>47.04%</i>	<i>176bps</i>	<i>52bps</i>
Employee costs	273.02	283.03	291.88	-3.54%	-6.46%
Other Expenses	636.33	592.86	636.99	7.33%	-0.10%
EBITDA	249.09	160.31	315.82	55.38%	-21.13%
<i>EBITDA margin</i>	<i>10.23%</i>	<i>7.09%</i>	<i>11.94%</i>	<i>314bps</i>	<i>-171bps</i>
Other Non-Operating Income	15.77	14.44	2.26	9.21%	597.79%
Depreciation	103.07	102.23	92.84	0.82%	11.02%
EBIT	161.79	72.52	225.24	123.10%	-28.17%
Finance costs	36.59	39.09	56.91	-6.40%	-35.71%
Exceptional Item/ share of associates	-	18.97	-0.24	-100.00%	-100.00%
PBT	125.20	14.46	168.09	765.84%	-25.52%
Tax Expense	19.04	11.89	35.29	60.13%	-46.05%
<i>Effective tax rate</i>	<i>15.21%</i>	<i>82.23%</i>	<i>20.99%</i>	<i>-6702bps</i>	<i>-579bps</i>
PAT	106.16	2.57	132.80	4030.74%	-20.06%
<i>PAT margin</i>	<i>4.33%</i>	<i>0.11%</i>	<i>5.01%</i>	<i>422bps</i>	<i>-68bps</i>
EPS (INR)	1.08	0.15	1.40	620.00%	-22.86%

Structural Tailwinds from Emerging FTAs: India is positioned as a preferred sourcing destination, with upcoming FTAs with the UK (expected June) and the EU (expected January) set to provide multi-year growth opportunities. These frameworks are expected to structurally enhance India's competitiveness in home textile markets worth over \$30 billion.

Successful Geographic Revenue Diversification: To mitigate regional macroeconomic volatility, the company has successfully expanded its non-US revenue share to 41%. This diversification spans the UK, Europe, India, and the Rest of the world, creating a more resilient global portfolio.

High-Value Pivot in Advanced Textiles: The company is transitioning its Advanced Textiles segment from commoditized products to high-value niche applications such as sustainable hygiene solutions, medtech, and protective apparel. This segment is targeted for a steady-state growth rate of approximately 20%, driven by innovation and patented product development.

Soft Flooring Recovery and Domestic Traction: While the flooring segment faced global logistics disruptions, soft flooring is showing positive margin potential (20%+) driven by US commercial traction and diversification into Australia and New Zealand. The domestic flooring business grew 18% in FY26 and is expected to continue growing at a 30% trajectory.

Innovation-Led Premiumization: Innovation remains a core pillar, with the company's IP portfolio now reaching 50 patents. Innovation-driven products contribute 20% of total revenue, supporting premiumization and increasing stickiness with global retail partners.

Disciplined Capital Allocation and Shareholder Returns: Reflecting confidence in its cash position, the board approved a share buyback of INR 252 crores at INR 175 per share and a 10% dividend. The company is transitioning toward an asset-light growth model, targeting a ROCE exceeding 15% over the next three years.

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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