31 October 2026
2QFY27 Results Update | Sector: Textile

Welspun Living

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	WELSPUNL IN
Equity Shares (m)	945
M.Cap.(INRb)/(USDb)	207 / 2.2
52-Week Range (INR)	246 / 107
1, 6, 12 Rel. Per (%)	-6/74/76
12M Avg Val (INR M)	716
Free float (%)	36.2

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	94.0	109.8	127.4
EBITDA	7.9	13.2	16.8
EBITDA (%)	8.4	12.0	13.2
Adj. PAT	2.2	6.4	9.3
EPS (INR)	2.3	6.6	9.6
EPS Gr.%	(65.0)	184.4	45.7
BV/Sh. (INR)	51.3	56.9	65.1
Ratios			
Net D/E	0.3	0.3	0.2
RoE (%)	4.6	12.2	15.8
RoCE (%)	4.3	9.1	11.5
Payout (%)	4.3	15.1	15.0
Valuations			
P/E (x)	94.1	33.1	22.7
P/B (x)	4.3	3.8	3.4
EV/EBITDA (x)	28.6	17.0	13.1
Div. yield (%)	0.0	0.5	0.7

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	63.8	66.4	66.2
DII	12.1	11.4	8.6
FII	9.5	5.6	5.3
Others	14.7	16.7	19.8

CMP: INR219 **TP: INR260 (+19%)** **Buy**

Double-digit growth across Home Textile and Flooring

Welspun Living's (WELSPUN) revenue grew 16% YoY, with HT and flooring delivering 15.8% and 19.3% YoY growth, respectively. Gross margin expanded 113bp YoY to 45.1%, while EBITDA margin settled at 11.9% (+563bp YoY), led by an improving business mix. We expect WELSPUN to continue delivering double-digit revenue growth, fueled by volume recovery in the home textile segment, followed by a steady growing flooring business. Further, we expect EBITDA margin to expand to 13.2% by FY28, the business mix to improve in the home textile segment, and margins to stabilize at 2H levels in the flooring business.

HT business up 16% YoY; robust growth in flooring

WELSPUN's revenue grew 16.3% YoY to INR28b in 2QFY27, with home textiles growing 15.8% YoY, while flooring business delivered a robust 19.3% YoY, driven by initiatives taken toward right-sizing the portfolio. For 1H, revenue grew 20% YoY, led by 21% growth in home textiles. Bath linen volumes rose 5% YoY, while in bed linen declined 4% YoY. Home textile exports grew 18.3% YoY, supported by improving demand across the US, UK, and EU, despite inflationary pressures in the US. Management expects US to grow in mid-to-high single-digits, while UK is expected to grow at ~20%, benefiting from FTA. US pillow business grew 2.4x YoY in 2Q, with both manufacturing facilities operational and reaching a combined utilization of ~67%. Both the plants at peak utilization are expected to generate USD80-100m by FY29. Management expects the flooring business to reach revenue potential of INR8-10b. Advanced materials remained under pressure, declining 7% YoY due to higher man-made fiber prices. Management expects the business to recover with normalizing costs.

Continued EBITDA margin expansion in the flooring business

In 2Q, gross margin expanded 113bp YoY to 45.1%, but cotton pricing continued to remain firm. EBITDA grew 120% YoY to INR3.3b, with EBITDA margin at 11.9% (+563bp YoY). The margin in the flooring business continue to improve, supported by the right-sizing of the portfolio. Management expects gross margin to remain at similar levels, hit by higher raw material prices, while guiding for a low-teen EBITDA margin. Cash conversion cycle improved sharply to ~44 days in 2QFY27 from ~82 days in FY26, supported by tighter working capital management, although partly attributable to certain business-related changes. Management expects a more sustainable cash conversion cycle of ~55–60 days.

Valuation and view: Reiterate BUY

We expect WELSPUN's core business, home textiles, to expand at a 16% CAGR over FY26-28 and drive a better margin mix. The flooring and advanced textile businesses are expected to grow at 17% and 9%, respectively, over FY26-28. We expect a CAGR of 16%/45%/104% in revenue/EBITDA/PAT over FY26-28, led mainly by growth in the emerging business, followed by the home textile portfolio. We reiterate our BUY rating with a TP of INR260, valuing the stock at 15x FY28E EV/EBITDA. Key risks: customer and geographical concentrations, and commodity price movements (refer to our IC note dated Jun'26).

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Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Consolidated - Quarterly performance (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	2Q FY27E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Sales	**22,606**	**24,409**	**22,622**	**24,354**	**27,955**	**28,381**	**25,789**	**27,659**	**93,991**	**1,09,783**	27,826	2.0
YoY Change (%)	-10.9	-15.0	-9.1	-8.0	23.7	16.3	14.0	13.6	-10.9	16.8	14.0	
Gross Profit	**10,774**	**10,739**	**10,362**	**11,584**	**12,637**	**12,808**	**11,992**	**12,844**	**43,459**	**50,281**	12,661	1.2
Total Expenditure	20,352	22,876	21,019	21,863	24,744	25,001	22,644	24,189	86,059	96,577	24,702	1.2
EBITDA	**2,254**	**1,533**	**1,603**	**2,491**	**3,211**	**3,380**	**3,145**	**3,470**	**7,932**	**13,206**	3,125	8.2
Margin (%)	10.0	6.3	7.1	10.2	11.5	11.9	12.2	12.5	8.4	12.0	11.2	
Depreciation	879	1,009	1,022	1,031	1,004	1,028	1,070	1,146	3,941	4,248	1,050	-2.1
Interest	425	434	391	366	344	339	330	305	1,615	1,317	345	-1.8
Other Income	289	148	144	158	327	318	250	-17	688	878	200	58.9
PBT before EO items	**1,240**	**238**	**334**	**1,252**	**2,190**	**2,331**	**1,995**	**2,002**	**3,064**	**8,519**	1,930	
Extraordinary Loss	0	0	-190	0	0	-72	0	0	-190	0	0	
PBT	**1,240**	**238**	**145**	**1,252**	**2,190**	**2,260**	**1,995**	**2,002**	**2,875**	**8,519**	1,930	17.1
Tax	347	90	119	190	578	562	499	497	746	2,133	482	16.4
Rate (%)	28.0	37.6	82.2	15.2	26.4	24.9	25.0	24.8	25.9	25.0	25.0	
JV and Associates	-18	-19	-24	-25	-32	-4	0	0	-85	-32	0	
Reported PAT	**876**	**130**	**2**	**1,037**	**1,580**	**1,694**	**1,497**	**1,506**	**2,044**	**6,353**	1,447	17.0
Adj PAT	**876**	**130**	**192**	**1,037**	**1,580**	**1,766**	**1,497**	**1,506**	**2,234**	**6,353**	1,447	22.0
YoY Change (%)	-52.8	-93.5	-84.0	-21.6	80.5	1,260.2	680.3	45.2			1,015.1	
Margin (%)	3.9	0.5	0.8	4.3	5.7	6.2	5.8	5.4	2.4	5.8	5.2	

Exhibit 1: Changes to our estimates (INR m)

INR m	Old		New		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	1,11,326	1,25,024	1,09,783	1,27,366	-1.4%	1.9%
EBITDA	13,268	16,539	13,206	16,789	-0.5%	1.5%
EBITDA margin %	11.9	13.2	12.0	13.2		
PAT	6,427	9,051	6,353	9,255	-1.1%	2.3%
EPS	6.7	9.4	6.6	9.6	-1.1%	2.3%

Source: MOFSL, Company



Key takeaways from the management commentary

Demand

- Global environment remains dynamic, with firm cotton prices, higher man-made fiber costs, and elevated freight costs creating cost pressures.
- US demand remains resilient despite inflation, with management expecting mid-to-high single-digit growth; 60–70% of the US business is replenishment-led.
- UK and Europe are witnessing strong traction, currently growing at ~20% for WELSPUN, supported by replacement demand and FTAs.
- UK presents a significant opportunity, with the market estimated at USD5–6b and Pakistan holding ~55% share. WELSPUN sees scope to gain share across towels, bedding/sheets, and rugs.
- India is gaining share globally, supported by FTAs. Management expects further benefits from the UK/EU FTAs and New Zealand FTA, with ~20% growth targeted from New Zealand.

Operations

- Vapi floods impacted spinning and some weaving operations, with the topline impact estimated at INR1-1.5b; Anjar supported production.
- Pillow business grew 2.4x YoY, with Ohio at 83% utilization and Nevada at 52% utilization.
- Bed and bath businesses are growing broadly in line, while WELSPUN continues to maintain its leadership position in towels.
- Management expects 45% gross margins to remain steady or improve, depending on product mix.

Home Textiles/Core Business

- US demand is showing improvement despite inflationary pressures, with management expecting mid-to-high single-digit growth going forward.
- WELSPUN's share in towels has increased despite an overall decline in India's share.
- Cotton prices remain elevated, with the company holding 4–5 months of cotton inventory cover; higher cotton costs are expected to be passed on to customers.

Pillows

- Pillow business delivered 2.4x YoY growth, supported by ramp-up at the Ohio and Nevada facilities.
- Combined pillow operations are expected to generate USD80–100m revenue at maximum utilization expected by FY29, with management targeting low-teen margins.
- Both facilities have significant headroom, with utilization currently at 83% in Ohio and 52% in Nevada.
- Management expects pillows to continue delivering double-digit growth as capacity utilization improves.

Advanced Textiles

- Advanced textiles remained somewhat challenging due to higher man-made fiber prices, although management continues to work on improving cost structures.
- Management targets double-digit growth over the next couple of years and remains focused on achieving a ~20% EBITDA margin.
- FY27 performance has been somewhat disrupted, but management expects the business to recover as input-cost pressures normalize.

Flooring

- Flooring delivered 19% growth, improving this quarter.
- The business has been right-sized through changes in portfolio, customer mix, cost structure, and R&D, supporting sustainable growth.
- Management expects low-double-digit margins to be sustainable, although profitability remains dependent on polymer prices and customer programs.
- Domestic flooring is largely order-led, while international business is driven by customer programs.
- Flooring is being positioned as a significant growth opportunity, with INR8-10b medium-to-long-term revenue potential, including greater focus on the Indian market.

Cost & Pricing

- Cotton prices remain firm, with 4–5 months of inventory cover providing some near-term protection; price increases are expected to be passed on to customers.
- Freight remains elevated, but ~90% of business is FOB, while long-term freight contracts with partners provide some protection.
- Tariff-related risk is considered 100% mitigated, with US tariff rates expected to become broadly comparable with those faced by Pakistan, Bangladesh, China, and Vietnam.
- Management continues to engage with customers to ensure timely pass-through of higher input costs through constant communication and collaboration.

Working Capital & Balance Sheet

- Cash conversion cycle improved sharply to 44 days in 2QFY27 from 82 days in FY26, supported by tighter inventory, receivables, and payables management.
- Management expects a more sustainable cash conversion cycle of ~55–60 days, as the 44-day level was also aided by some business changes.
- Balance sheet has moved to net cash positive, while RoCE improved to 12.7%, achieving management's target of moving into the low teens. Management is targeting 14–15% RoCE over the medium term.

Capex

- Capex stood at INR1.5b in H1FY27, with the annual run-rate expected at ~INR4-5b.
- Near-term capex will primarily be directed toward debottlenecking existing operations, while larger opportunities will be evaluated selectively.
- Management remains open to incremental capex if attractive growth opportunities emerge.

Outlook

- Management remains confident of sustaining double-digit revenue growth, while targeting 15–16% EBITDA margin and 14–15% RoCE over the medium term.
- US growth is expected at mid-to-high single digits, while UK and Europe should see steady growth supported by FTAs and replacement demand.
- UK and EU customers are increasingly looking at long-term partnerships, providing WELSPUN with an opportunity to gain share as FTAs improve India's competitiveness.
- UK growth is expected to remain in double digits, with long-term partnerships being developed with retailers ahead of FTA benefits.
- New Zealand FTA, effective 20th Oct, is another growth catalyst, with management targeting ~20% growth from the region.

Key exhibits

Exhibit 2: Quarterly sales trend

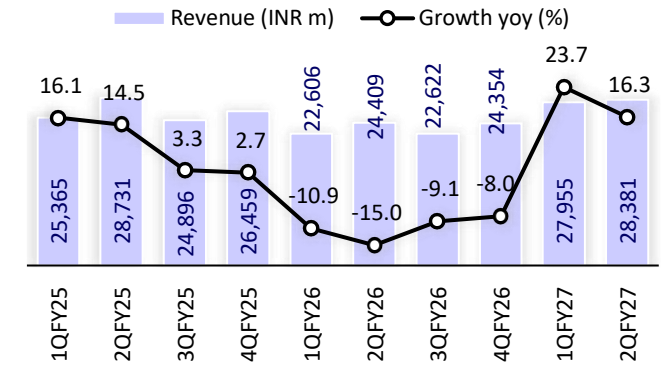


Exhibit 3: Quarterly margin trend

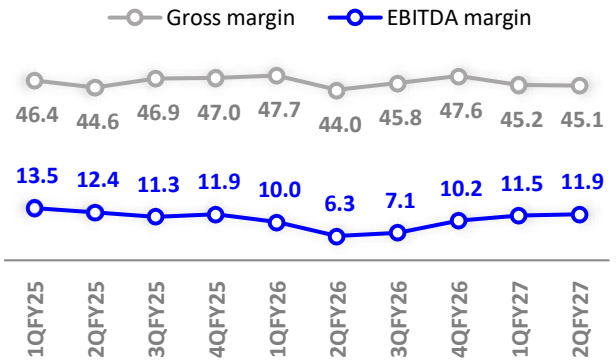


Exhibit 4: Quarterly EBITDA trend

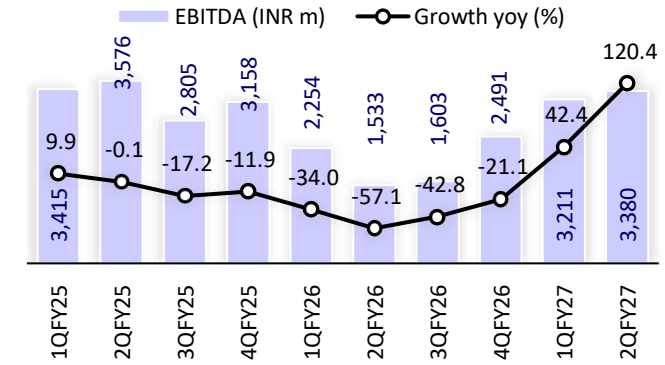


Exhibit 5: Quarterly PAT trend

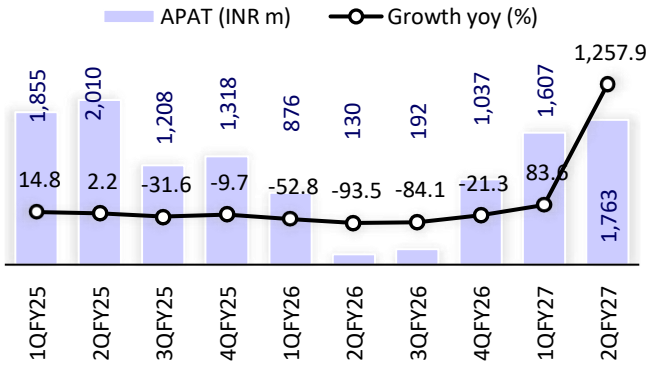


Exhibit 6: Quarterly revenue mix trend

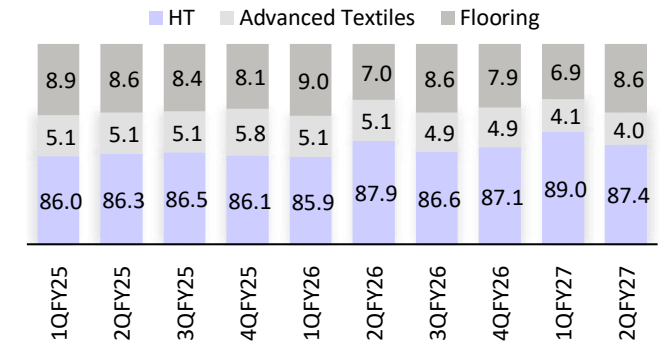


Exhibit 7: Quarterly home textile revenue trend

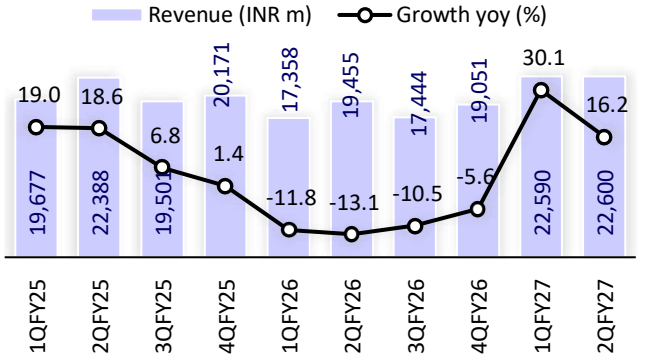


Exhibit 8: Quarterly advanced textile revenue trend

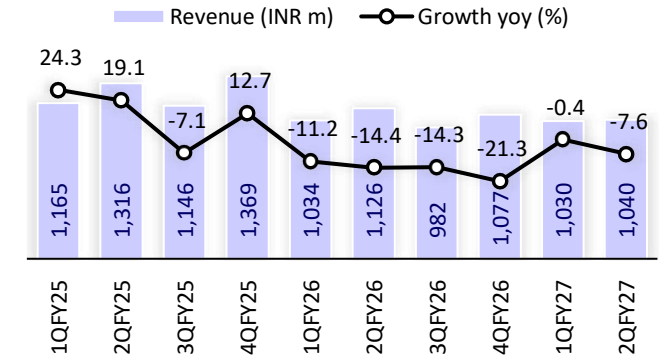


Exhibit 9: Quarterly flooring revenue trend

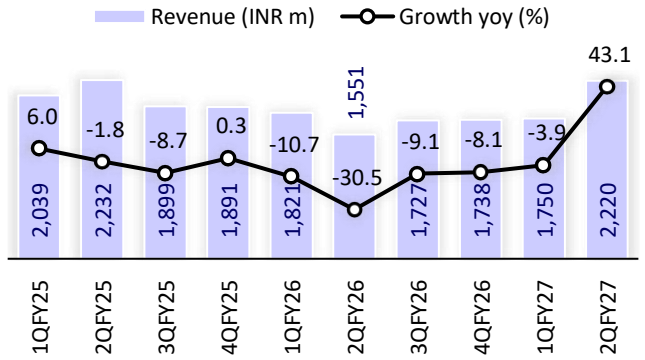


Exhibit 10: Capacity utilization

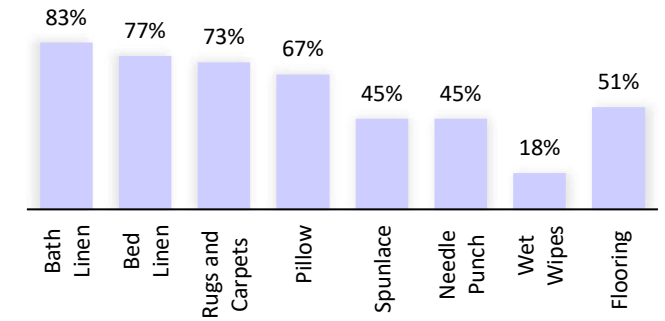


Exhibit 11: Quarterly segment-wise EBITDA margin trend

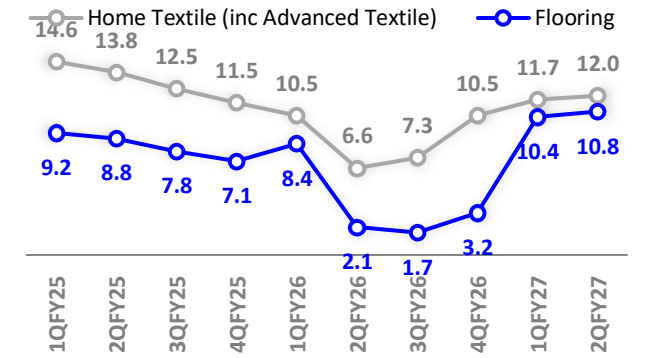
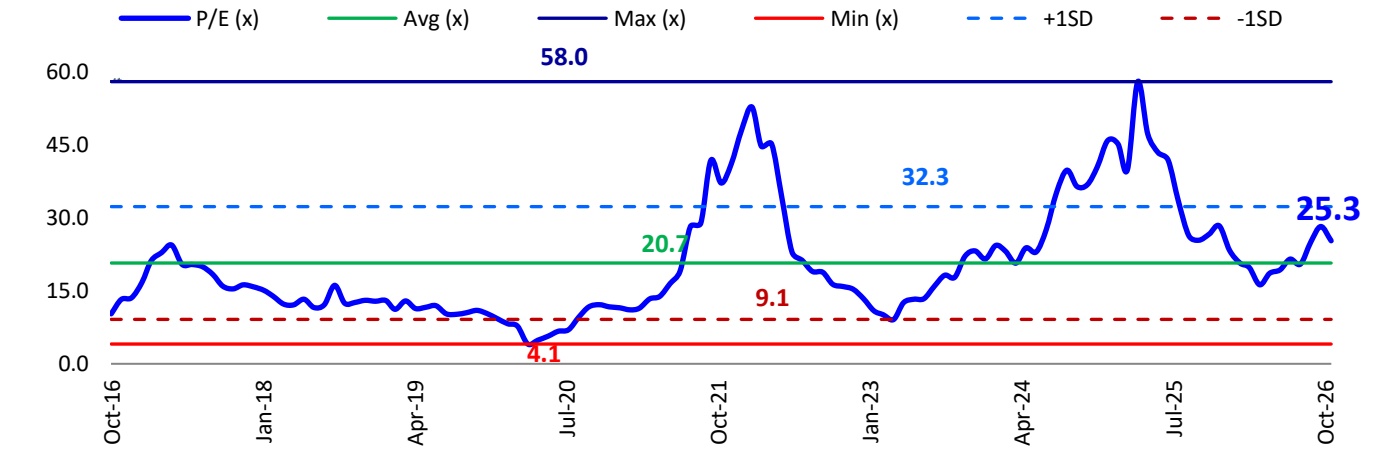


Exhibit 12: One-year forward P/E band and standard deviation



Source: Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	**73,402**	**93,115**	**80,938**	**96,792**	**1,05,451**	**93,991**	**1,09,783**	**1,27,366**
Change (%)	8.9	26.9	-13.1	19.6	8.9	-10.9	16.8	16.0
Gross Profit	37,529	42,174	35,797	45,694	48,696	43,459	50,281	58,970
Total Expenses	59,882	79,528	73,412	83,103	92,466	86,059	96,577	1,10,576
EBITDA	**13,520**	**13,587**	**7,525**	**13,689**	**12,985**	**7,932**	**13,206**	**16,789**
EBITDAM (%)	18.4	14.6	9.3	14.1	12.3	8.4	12.0	13.2
Depn. & Amortization	4,536	4,205	4,421	3,945	3,734	3,941	4,248	4,450
EBIT	**8,984**	**9,383**	**3,104**	**9,744**	**9,251**	**3,991**	**8,958**	**12,340**
Net Interest	1,975	1,313	1,299	1,534	2,175	1,615	1,317	1,019
Other income	678	658	1,213	1,458	1,522	688	878	1,019
PBT Before EO Exp	**7,686**	**8,728**	**3,019**	**9,668**	**8,598**	**3,064**	**8,519**	**12,340**
EO expense	0	0	0	0	0	-190	0	0
PBT after EO	**7,686**	**8,728**	**3,019**	**9,668**	**8,598**	**2,875**	**8,519**	**12,340**
Tax	2,179	2,663	994	2,942	2,162	746	2,133	3,085
Rate (%)	28.3	30.5	32.9	30.4	25.1	25.9	25.0	25.0
Minority and Associates	-112	-57	-37	83	-53	-85	-32	0
Reported PAT	**5,395**	**6,009**	**1,987**	**6,809**	**6,384**	**2,044**	**6,353**	**9,255**
Change (%)	6.3	11.4	-66.9	242.6	-6.2	-68.0	210.8	45.7
Adjusted PAT	**5,395**	**6,009**	**1,987**	**6,809**	**6,384**	**2,234**	**6,353**	**9,255**
Change (%)	16.3	11.4	-66.9	242.6	-6.2	-65.0	184.4	45.7

Consolidated - Balance Sheet (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Share Capital	1,005	988	988	972	959	959	959	959
Reserves	35,442	38,729	39,890	44,186	47,252	48,213	53,636	61,503
Net Worth	**36,447**	**39,717**	**40,878**	**45,158**	**48,211**	**49,172**	**54,595**	**62,462**
Minority Interest	985	1,046	1,082	973	996	608	626	626
Total Loans	28,414	31,884	23,504	25,205	24,686	18,024	17,524	16,524
Deferred Tax Liability	2,494	2,980	3,239	4,355	4,540	4,454	4,454	4,454
Capital Employed	**68,341**	**75,627**	**68,703**	**75,691**	**78,433**	**72,257**	**77,199**	**84,066**
Gross Block	60,561	65,945	68,730	70,612	73,730	79,318	86,318	89,818
Less: Accum. Deprn.	25,443	28,985	32,617	35,492	38,401	41,719	45,431	49,293
Net Fixed Assets	**35,118**	**36,960**	**36,113**	**35,120**	**35,329**	**37,599**	**40,888**	**40,525**
Capital WIP	1,709	1,617	457	468	3,747	2,577	800	500
Investments	1,111	6,978	6,415	9,164	5,700	8,923	8,923	9,800
Other Non-Current Assets	5,960	7,253	5,681	6,668	9,202	12,415	7,993	8,266
Curr. Assets	**42,879**	**41,560**	**37,834**	**44,081**	**49,093**	**43,037**	**52,031**	**61,458**
Inventory	17,731	19,779	19,698	20,718	21,834	21,707	24,664	27,916
Account Receivables	11,817	9,993	9,605	12,547	16,449	13,122	15,039	16,749
Cash and Cash Equivalents	**3,991**	**2,655**	**1,814**	**2,548**	**3,063**	**1,471**	**3,795**	**6,910**
Loans and Advances	6	6	21	17	5	8	8	8
Other Current Assets	9,334	9,127	6,697	8,251	7,742	6,729	8,526	9,875
Curr. Liability & Prov.	**18,437**	**18,742**	**17,798**	**19,809**	**24,638**	**32,294**	**33,436**	**36,483**
Account Payables	10,915	9,305	8,697	9,088	11,229	13,767	15,941	17,447
Provisions & Others	7,522	9,437	9,101	10,721	13,409	18,527	17,495	19,036
Net Curr. Assets	**24,442**	**22,818**	**20,036**	**24,272**	**24,455**	**10,743**	**18,596**	**24,975**
Appl. of Funds	**68,341**	**75,627**	**68,703**	**75,691**	**78,433**	**72,257**	**77,199**	**84,066**

E. MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
Adjusted EPS	5.4	6.1	2.0	7.0	6.7	2.3	6.6	9.6
Growth (%)	**16.3**	**13.2**	**-66.9**	**248.4**	**-5.0**	**-65.0**	**184.4**	**45.7**
Cash EPS	9.9	10.3	6.5	11.1	10.5	6.4	11.1	14.3
BV/Share	36.3	40.2	41.4	46.5	50.3	51.3	56.9	65.1
DPS	0.2	0.1	0.1	0.1	1.7	0.1	1.0	1.4
Payout (%)	2.8	2.5	5.0	1.4	25.7	4.3	15.1	15.0
Dividend yield (%)	0.1	0.1	0.0	0.0	0.8	0.0	0.5	0.7
Valuation (x)								
P/E	40.8	36.0	108.9	31.3	32.9	94.1	33.1	22.7
Cash P/E	22.2	21.2	33.8	19.8	20.8	34.0	19.8	15.3
P/BV	6.0	5.5	5.3	4.7	4.4	4.3	3.8	3.4
EV/EBITDA	18.1	18.1	31.6	17.2	17.8	28.6	17.0	13.1
Return Ratios (%)								
EBITDA Margin (%)	18.4	14.6	9.3	14.1	12.3	8.4	12.0	13.2
Net Profit Margin (%)	7.4	6.5	2.5	7.0	6.1	2.4	5.8	7.3
RoE	16.3	15.8	4.9	15.8	13.7	4.6	12.2	15.8
RoCE (post-tax)	10.3	9.3	2.9	9.4	9.2	4.3	9.1	11.5
RoIC (post-tax)	12.5	11.8	3.8	12.1	12.4	6.2	13.3	16.2
Working Capital Ratios								
Fixed Asset Turnover (x)	2.1	2.5	2.2	2.8	3.0	2.5	2.7	3.1
Asset Turnover (x)	1.3	1.2	1.2	1.1	1.2	1.3	1.3	1.3
Inventory (Days)	88	78	89	78	76	84	82	80
Debtor (Days)	59	39	43	47	57	51	50	48
Payable (Days)	54	36	39	34	39	53	53	50
Cash conversion Cycle (Days)	93	80	93	91	94	82	79	78

Consolidated - Cash flow statement **(INR m)**

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
PBT	**7,687**	**8,730**	**3,019**	**9,670**	**8,602**	**2,875**	**8,532**	**12,340**
WC	-1,047	-3,958	3,409	-5,007	-2,469	6,618	-2,457	-3,264
Others	3,909	2,735	2,026	1,781	2,449	3,215	5,566	5,469
Direct taxes (net)	-1,013	-1,640	-894	-1,115	-1,702	-958	-2,133	-3,085
CF from Op. Activity	9,536	5,867	7,560	5,328	6,880	11,750	9,508	11,460
Capex	-4,498	-5,297	-2,751	-2,754	-7,127	-4,511	-4,410	-4,060
FCFF	**5,037**	**570**	**4,809**	**2,574**	**-247**	**7,239**	**5,098**	**7,400**
Interest income	**282**	**153**	**554**	**472**	**591**	**348**	**0**	**0**
Others	3,233	-857	4,625	190	7,110	683	0	-877
CF from Inv. Activity	**-983**	**-6,002**	**2,428**	**-2,092**	**573**	**-3,479**	**-4,410**	**-4,937**
Share capital	-226	0	0	0	0	0	0	0
Borrowings	-5,864	3,464	-8,508	1,699	-582	-6,671	-500	-1,000
Finance cost	-2,339	-1,577	-1,672	-1,530	-2,187	-1,606	-1,317	-1,019
Dividend	0	-151	-148	-123	-123	-2,085	-957	-1,388
Others	808	-2,283	-532	-2,731	-3,739	609	0	0
CF from Fin. Activity	**-7,621**	**-547**	**-10,860**	**-2,686**	**-6,631**	**-9,752**	**-2,774**	**-3,407**
(Inc)/Dec in Cash	**931**	**-682**	**-872**	**551**	**822**	**-1,481**	**2,324**	**3,115**
Opening balance	2,063	3,000	2,333	1,458	2,014	2,862	1,381	3,705
Closing balance	**2,994**	**2,318**	**1,461**	**2,008**	**2,836**	**1,381**	**3,705**	**6,820**

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Investment Rating	**Expected return (over 12-month)**
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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