Welspun Living Limited

September 04, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term/Short-term bank facilities	RBI	1,196.00	CARE AA; Stable / CARE A1+	Reaffirmed
Long-term bank facilities	RBI	1,634.43	CARE AA; Stable	Reaffirmed
Commercial Paper	RBI	300.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities and instruments of Welspun Living Limited (WLL) continue to derive strength from its established position in the global home-textile industry, vertically integrated operations and long-standing relationships with major global retailers. Ratings also factor in WLL's comfortable financial flexibility, sizeable net worth and healthy liquidity. Strong operating cash generation supported substantial debt reduction in FY26 (FY refers to April 01 to March 31), leading to improved leverage. WLL's operating performance moderated in FY26, with total operating income (TOI) declining by 10.9% y-o-y to ₹9,382 crore from ₹10,532 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin moderating to 8.3% from 12.2% in FY25, primarily due to tariff-related uncertainty in the US market, subdued demand, cautious retailer ordering and lower capacity utilisation. The company demonstrated resilience by diversifying its geographical revenues and undertook significant deleveraging in the year. Following the easing of tariff-related disruptions and improvement in demand conditions, operating performance recovered in Q1FY27 with consolidated revenue growing by 23.5% y-o-y, supported by volume recovery across key product segments, improved capacity utilisation, operating leverage and a favourable business mix. Consequently, PBILDT margin improved to 12.5% in Q1FY27 from 8.3% in FY26. Ratings also benefit from the company's expanding non-US business, which reduces its geographical concentration.

However, ratings remain constrained by working capital intensive operations and exposure to global discretionary demand, particularly in the US market. This exposure makes WLL susceptible to changes in tariffs, trade policies, customer sourcing strategies and consumer demand. WLL remains exposed to raw-material and freight-cost volatility, foreign-exchange fluctuations, high geographical concentration and intense competition from global and domestic home-textile manufacturers. Lower utilisation in certain emerging businesses particularly advanced textiles and flooring, creates a risk of fixed-cost under-absorption. In the near term, improving volumes and capacity utilisation in these businesses are expected to support better fixed-cost absorption and margin recovery.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improved contribution from emerging business-like flooring, advanced textile, branded and domestic business leading to improved operating profitability and business risk profile of the company.
- Improvement in its Net debt/PBILDT to below unity on a sustained basis.

Negative factors

- Deterioration in net debt/PBILDT above 2.00x on a sustained basis.
- Significant decline in sales volumes or realisations, resulting in PBILDT margins falling below 8% on a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated view of WLL and its subsidiaries due to strong management, business and financial linkages among these entities. Entities considered for consolidation are listed in Annexure-5.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectation that WLL will benefit from its established position in the home-textile segment, diversified product portfolio and long-standing relationships with global retailers. These strengths are expected to support a recovery in operating performance in the near term. CareEdge Ratings expects WLL to maintain a comfortable financial risk profile and strong liquidity.

Detailed description of key rating drivers

Key strengths

Resourceful promoters, experienced management

Part of the Welspun Group, WLL benefits from the group's diversified presence across line pipes, home textiles, infrastructure, warehousing, flooring solutions and advanced textiles. The company is promoted by BK Goenka, Chairman, Welspun Group, and RR Mandawewala, Executive Vice Chairman, Welspun Group, and supported by Dipali Goenka, Managing Director and Chief Executive Officer, WLL. Their extensive experience and support strengthen WLL's operational capabilities, customer relationships and strategic decision-making.

Strong global position supported by established customer relationships and diversified business mix

WLL is a major exporter of home textile products from India, operating across over 60 countries and supplying leading global retailers. It has established positions in towels, bath rugs and bed linen. Its diversified portfolio comprises bath and bed linen, rugs and carpets, flooring, pillows and advanced textiles, including spunlace, needle punch and wet wipes. The company has developed long-standing relationships with major global retailers. It supplies products through annual programmes, including cost-plus pricing arrangements, to key customers such as Walmart, Costco, IKEA, Macy's, Tesco, Action and Kohl's. It also caters to domestic customers through its branded and consumer businesses. Home Textile business-to-business (B2B) operations accounted for ~70% of FY26 net sales, while emerging businesses comprising branded, e-commerce, advanced textiles and flooring contributed ~30%, providing diversification beyond the core B2B business. The branded business contributed ~19% of FY26 revenue and is supported by global, domestic and institutional brands. Branded sales grew 25% year-on-year (y-o-y) and contributed ~18% of Q1FY27 net sales, indicating continued traction in consumer and omnichannel channels. The company has a broad domestic distribution network and continues to expand across branded retail, e-commerce and institutional channels. Its flooring business serves institutional customers and is supported by a growing retail network.

Integrated operations and ongoing capacity expansion

WLL is vertically integrated across spinning, weaving, processing, printing, washing, cutting and sewing. Backward integration covers ~70% of its yarn and fabric requirements, providing greater control over input availability, quality and production timelines. In the near term, the company plans consolidated capital expenditure of ~₹500 crore, primarily towards capacity expansion, modernisation & automation of plant, and routine maintenance. This includes a ₹121-crore brownfield modernisation and debottlenecking project at Anjar. The project is expected to improve plant utilisation, operational efficiency and product quality. It is also expected to enable the company to respond more effectively to evolving customer and market requirements.

Strong recovery expected following FY26 moderation

WLL's operating performance moderated in FY26. Total income from operations declined to ₹9,382 crore from ₹10,532 crore in the previous year. PBILDT declined to ₹777 crore from ₹1,286 crore. Consequently, the PBILDT margin moderated to 8.28% from 12.21%. Moderation was primarily due to subdued export demand amid the US tariff-related uncertainty, cautious retailer ordering, lower operating leverage, an unfavourable product mix and continued cost pressures. These factors led to under-absorption of fixed costs. The US remained the key export market, contributing ~58% of revenue in FY26. However, the company continued to diversify through the United Kingdom (UK), Europe, other markets and its emerging businesses.

The company witnessed a strong recovery in Q1FY27. Consolidated revenue increased 23.5% y-o-y to ₹2,828 crore, while the PBILDT margin improved to 12.51%. Improvement was supported by volume recovery, operating leverage and a favourable business mix. Home textile exports grew ~28% y-o-y. The domestic consumer business increased 21.3% y-o-y. These trends indicate improving demand and traction across diversified growth segments. In the near term, sustained volume growth and better capacity utilisation are expected to support operating leverage and margins. However, the recovery remains sensitive to US demand, tariffs and changes in customer sourcing strategies.

Comfortable financial risk profile

WLL's financial risk profile remained comfortable in FY26, supported by lower debt, strong operating cash generation and a decline in working-capital borrowings. Total debt reduced to ₹2,318 crore from ₹2,790 crore in the previous year. Net debt declined to ₹1,299 crore from ₹1,971 crore, while overall gearing improved to 0.49x from 0.59x. Deleveraging provided greater balance-sheet flexibility and reduced refinancing risk and the interest burden. WLL's net debt/PBILDT moderated to 1.67x as on March

31, 2026, from 1.53x as on March 31, 2025, due to lower operating profitability however supported by a significant reduction in net debt to ₹1,299 crore. However, PBILDT interest coverage moderated to 4.81x from 5.92x due to lower operating profitability in FY26. Working-capital borrowings are expected to increase as the US demand and order volumes recover, resulting in higher inventory and receivables funding requirements. However, the impact is expected to remain manageable, considering available bank limits and improving cash generation.

Liquidity: Strong

The company's liquidity position remains strong, supported by cash and liquid investments of ₹1,019 crore. Of this, ₹838 crore was invested in liquid bonds compared to ₹474 crore in the previous year, while ₹39 crore was invested in mutual funds compared to ₹85 crore in the previous year. The bond portfolio is primarily invested in high-credit-quality issuers and government securities. A significant portion comprises AAA-rated bonds, providing a relatively low credit risk investment cushion. Fund-based and non-fund-based working-capital limits are fungible. On a combined basis, average utilisation was ~59% for 12 months ended July 2026. This provides adequate headroom for near-term working-capital and debt-servicing requirements.

Key weaknesses

Susceptibility to fluctuation in raw material prices and forex rates

Cotton and cotton yarn remain key raw materials for WLL, making its profitability sensitive to fluctuations in cotton prices. While most B2B contracts have price-escalation clauses, revising prices typically requires 1-2 quarters. This creates a lag in passing on higher raw-material costs to customers. Accordingly, sustained increases in cotton prices can temporarily pressure operating margins. WLL is exposed to foreign-exchange movements given its predominantly export-oriented revenue profile. However, the impact is partly mitigated through natural hedging and other foreign-exchange risk-management measures. In the near term, a sharp increase in cotton prices or adverse foreign-exchange movements may pressure margins, particularly due to the lag in revising customer prices.

Intense competition in global home textiles

WLL operates in a competitive global home-textile market. The US remains its key demand market, while sourcing competition arises from China, India, Turkey, Pakistan, Vietnam and other Asian suppliers. Indian home-textile exporters benefit from an established manufacturing ecosystem, product variety and quality. However, WLL competes with other large organised Indian players for business from global retail customers. The company's export-oriented business remains exposed to global demand cycles, pricing pressure, customer sourcing shifts and competition from lower-cost manufacturing destinations. These factors may affect order volumes, realisations and operating margins. However, WLL's diversified product portfolio, integrated operations and long-standing relationships with global retailers provide some mitigation.

High exposure to global demand, and working-capital requirements

WLL remains exposed to global demand conditions, with a significant share of its revenue derived from exports. The US is its largest market, making it vulnerable to changes in US tariffs, trade policies, consumer demand and sourcing preferences that can affect order inflows, sales volumes and margins. The recent tariff-related disruptions highlighted sensitivity of operating performance to changes in the US trade environment, with tariff uncertainty contributing to lower order inflows, subdued retailer demand and margin moderation in FY26. While demand has recovered in Q1FY27, evolving nature of US tariff policies and potential changes in trade regulations remain key monitorable and could impact sales volumes, realisations and profitability. WLL's export-oriented operations are working-capital intensive due to inventory requirements and credit extended to large global retailers. The operating cycle increased to 109 days in FY26 from 105 days in the previous year. Risk is partly mitigated by WLL's presence across over 60 countries, the growing contribution from the UK, Europe and other markets, and adequate liquidity and working-capital limits. However, a recovery in the US demand could increase inventory and receivable funding requirements, leading to higher working-capital borrowings. In the near term, working-capital borrowings are expected to increase with the recovery in order volumes. However, adequate liquidity and available working-capital limits are expected to keep funding risk manageable.

Environment, social, and governance (ESG) risks:

Particulars	Risk factors
Environmental	The company increased the share of renewable energy to 27% in Q1FY27 (FY26: 22%) and maintained 94% sustainable cotton sourcing (FY26: 95%), against its 2030 target of 100% for both parameters. In Q1FY27, WLL reused 1,239 tonnes of recycled cotton, saved 59,915 GJ of energy and utilised 1,071 million litres of recycled water, while sustainable cotton farming covered 1,80,965+ acres. The company is also targeting zero hazardous waste by 2030 and continues to work towards becoming net zero by 2040.
Social	WLL has a 24,000+ workforce, with women constituting 28%, and has a certified Woman-Owned status. The company continues to support sustainable agriculture and rural livelihoods, with 23,646 farmers engaged in sustainable farming as of Q1FY27 (FY26: 24,566), against a 2030 target of 50,000 farmers. Its community and social initiatives have cumulatively impacted over 1.06 million lives, while its sustainable cotton programme covered 1,80,965+ acres in Q1FY27.
Governance	WLL's governance framework continues to be supported by structured oversight of sustainability and business risks, with ESG integrated into its strategic priorities. The company adheres to SEBI's corporate governance norms and regularly discloses financials and policies to maintain transparency. The board of directors comprises eight members, including four independent directors.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cotton Textile
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles and apparels	Other textile products

Part of the Welspun Group, WLL was founded by the late GR Goenka and is promoted by BK Goenka, RR Mandawewala and Dipali Goenka. The company is a vertically integrated home textiles manufacturer with operations across over 60 countries. Its diversified product portfolio comprises terry towels, bed linen, bath rugs, flooring products and sleep solutions, and it is ranked as the global leader in towels and bath rugs and among top two players in bed sheets, per the company's disclosures. It operates manufacturing facilities at Anjar, Vapi and Telangana in India, and pillow manufacturing facilities in Ohio and Nevada (US), enabling it to cater to domestic and international customers through an integrated manufacturing and supply chain network.

Brief consolidated financials (₹ crore)	FY25 (A)	FY26 (A)	Q1FY27 (UA)
Total operating income	10,532.37	9,382.07	2,828.16
PBILDT	1,286.47	777.07	353.79
PAT	644.04	212.89	162.61
Overall gearing (times)	0.59	0.49	NA
Interest coverage (times)	5.92	4.81	10.30

A: Audited UA: Unaudited NA: Not available; Note: these are latest financial results available
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)	RBI	Simple	Proposed	-	Proposed	7-365 days	300.00	CARE A1+
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-03-2031	644.43	CARE AA; Stable
Fund-based-Long Term	RBI	Simple	-		-	-	990.00	CARE AA; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-		-	-	1196.00	CARE AA; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Term Loan	LT	644.43	CARE AA; Stable	-	1)CARE AA; Stable (05-Sep-25)	1)CARE AA; Positive (24-Oct-24)	1)CARE AA; Stable (13-Nov-23)
2	Fund-based-Long Term	LT	990.00	CARE AA; Stable	-	1)CARE AA; Stable (05-Sep-25)	1)CARE AA; Positive (24-Oct-24)	1)CARE AA; Stable (13-Nov-23)
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	1196.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (05-Sep-25)	1)CARE A1+ (24-Oct-24)	1)CARE A1+ (13-Nov-23)
4	Commercial Paper-Commercial Paper (Standalone)	ST	300.00	CARE A1+	-	1)CARE A1+ (05-Sep-25)	1)CARE A1+ (24-Oct-24)	1)CARE A1+ (13-Nov-23)
5	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	-	-	-	1)Withdrawn (05-Sep-25)	1)CARE AA; Positive / CARE A1+ (24-Oct-24)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Welspun Anjar SEZ Limited (WASEZ)	Full	Subsidiaries
2	Welspun Global Brands Limited (WGBL)	Full	
3	Welspun USA Inc. (WUSA)	Full	
4	Welspun Holdings Private Limited (WHPL)	Full	
5	Welspun Home Textiles UK Limited (WHTUKL) (Held through WHPL)	Full	
6	CHT Holdings Limited (CHTHL) (Held through WHTUKL)	Full	
7	Christy Home Textiles Limited (CHTL) (Held through CHTHL)	Full	
8	Christy Welspun GmbH (CWG) (Held through WUKL)	Full	
9	Welspun UK Limited (WUKL) (Held through CHTL)	Full	

10	Christy 2004 Limited (Held through WUKL)	Full	
11	Christy UK Limited (CUKL) (Held through CHTL)	Full	
12	ER Kingsley (Textiles) Limited (Held through CHTL)	Full	
13	Welspun Mauritius Enterprises Limited (WMEL)	Full	
14	Novelty Home Textiles S A DE C V (Held through WMEL)	Full	
15	Welspun Home Solutions Limited (Previously known as Welspun Advanced Materials (India) Limited) (WHSL)	Full	
16	Welspun Nexgen Inc. (WNI)	Full	
17	Christy Home Inc. (Held through WUSA)	Full	
18	TMG (Americas) LLC, (Held through WUSA)	Full	
19	Welspun Living Employees Welfare Trust	Full	
20	Welspun Captive Power Generation Limited (WCPGL)*	Full	
21	Welspun Corporate Services Limited	Moderate	Associate

**WLL currently holds a 26% equity stake in Welspun Captive Power Generation Limited (WCPGL). It previously held 77% and transferred 51% to Welspun Corp Limited, following which WCPGL became an associate of WLL.*

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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