Tax Transparency Report

Welspun Living Limited

Home Textile | Advanced Textile | Flooring

FY24-25

NSE: WELSPUNIND
BLOOMBERG: WLSI:IN
Reuters: WLSP.NS

Inside this Presentation

MESSAGE FROM CFO

I am pleased to share Welspun Living's Tax Transparency Report as part of our commitment to the Environment, Social, and Governance (ESG) goals and framework. This Tax Transparency Report is a crucial step in keeping with our ethos of transparency and building on the trust and support of our partners and customers. It is one of the milestone of our long-term value proposition to deliver value to shareholders and society. We know we make an important contribution to the growth of the local, national, and global economy through our operations, investments and taxes. This helps us move one step forward toward achieving the highest level of governance beyond compliance. This report includes relevant financial and other information as well to supplement the understanding of the reader. It outlines our values, commitment to stakeholders and the business value chain for the reader's benefit.

ABOUT OUR COMPANY

With over 30 years of experience, Welspun Living Limited has established itself as a global leader in home textiles, offering comprehensive solutions across bed, bath and flooring. Our vertically integrated operations, spanning from farm to shelf, enable us to deliver high quality, sustainable and innovative products to customers in 60+ countries. Backed by four advanced manufacturing facilities in India and the US, patented technologies, and proprietary innovations like Hygro cotton and Wel-Trak 2.0, we continue to lead through product excellence, smart manufacturing, and supply chain agility.

Welspun 2.0 marks our transformation into a future-ready enterprise - bold, agile, and strong consumer insight led. Building on our transition from a manufacturing-led to a brand-centric organization, this next leap reflects a deeper shift in character: from reacting to market shifts to shaping them. With innovation, digitization, and ESG at our core, we are now driving growth through brand strength, regional expansion, and high-potential emerging businesses.

In FY25, we continued our legacy of exceptional financial performance, surpassing $1 billion revenue for the forth consecutive year. Our fully integrated operations, from farm, to finished goods at shelf, enable us to deliver a superior value proposition. We relentlessly concentrate on delivering world-class products that epitomize quality and durability. We also deploy the best available technologies and processes to drive resource efficiency, and develop materials of the future, which are superior and sustainable.

CORPORATE CULTURE AT WELSPUN

Learning

Learn, unlearn & relearn
- discover something new everyday

Trust & Transparency

Make truth & transparency a virtue

Innovation

Do things differently and do different things

Endurance

Push beyond your limits and aspire for more

Key Highlights

Total Income
₹10,697 Cr
↑ 8.9%

EBIDTA
₹1,451 Cr

RoCE
12.9%

PAT
₹639 Cr

EPS
₹6.70

Plants
4 across the world
Vapi, Anjar, Hyderabad, Ohio

ESG
Score of 83/100
1st in India
4th globally

Key highlights

- Wastewater reused in gardening: 1,31,685 KL
- 44% Recycled polyester
- 410 MT BCI yarn used
- 3,40,738 kWh Electricity saved through energy initiatives
- 42,871 tCO2e Total emission offset
- 7,702 trees Planted at production facilities
- 1,48,045 Shrubs planted at production facilities
- 100% Cartons made from recycled paper
- 8.54 GJ/MT Renewable energy intensity
- 18,458 tCO2e Total emission avoided

Performance Tracking and Reporting

Sustainable cotton

Target: Engage with Farmers to grow organic as well as sustainable cotton. 20,000+ Farmers

FY25 progress 29,528

Status Achieved

Sustainable supply chain

Target: 100% critical and total suppliers by 2025 and 2030 respectively

FY25 progress 100%

Status Achieved

Empowering communities

Target: Impacting 1 million lives by 2030

FY25 progress 11,16,232 (cumulative)

Status Achieved

Long-term Vision and Strategic Alignment

Align roadmap with vision

Ensure cohesive and strategic long-term planning by integrating comprehensive analysis and forecasting.

Plan for scalable

Get ready to adapt and thrive in ever-changing business environments.

Secure buy-in from leadership

Facilitate a unified direction and foster a strong sense of commitment among all team members.

1.3 Consolidated Reconciliation of Tax Expense and Accounting Profit multiplied by India's Tax Rate

(₹ In Cr)

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2024
Profit for the Year Before Income Tax Expense	860.18	966.95
Tax at the Indian tax Rate @ 25.17% (previous year 25.17%)	**216.51**	**243.38**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Donation and Corporate social responsibility expenditure	3.15	4.39
Deduction under section 80IA	(3.67)	0.30
Adjustment of tax related to earlier years	(20.80)	3.61
Reversal of deferred tax related to MAT Credit (Refer Note 6)	15.16	60.00
Previously unrecognised tax losses used to reduce current tax expenses	-	(36.22)
Other Items	3.97	17.85
Other Items	3.97	17.85
Previous year Adjustment	1.02	-
Difference in tax rate	0.82	0.90
Income Tax Expenses	**216.16**	**294.21**

The effective tax rate for the year ended March 31, 2025 is 25.13% and for March 31, 2024 is 30.43%

APPROACH TO TAX

2.1 GOVERNANCE STRUCTURE

2.1.1 Compliance with Financial & Tax Reporting Norms

We use specialized software for effective tax compliance. It provides IT-enabled legal support services relating to tax and regulatory compliances. This enables the management to get a comprehensive view of the organization's compliances and control mechanisms through detailed dashboards. It results in an effective functioning at an operating level by creating a comprehensive matrix of laws and provides necessary information to comply with them.

We observe and adhere to the tax law, the underlying tax policy intent, and the disclosures and reporting requirements in each jurisdiction. All tax returns are prepared and filed in the specified forms within the stipulated timelines, as required by the applicable law.

The records required by tax laws or which will be useful to resolve any queries from the tax auditors are appropriately prepared and retained.

APPROACH TO TAX

2.1 GOVERNANCE STRUCTURE

2.1.2 Compliance with Transfer Pricing

All the transfer pricing arrangements of the group are consistent with local transfer pricing regulations or OECD guidelines, as may be applicable and follow the arm's length principle. All related party transaction are subject to prior approval by audit committee as per Companies Act and SEBI.

Welspun Living has a transfer pricing policy and guidelines for transactions undertaken by the group entity with its related party. The policy is set to ensure that the entities are compensated commensurate with the functions undertaken, assets employed and risk assumed with reference to the transaction. Profits are recognized in territories by reference to the activities performed there and the value they generate. To ensure the profits recognized in jurisdictions are aligned to the activity undertaken there, and in line with current OECD guidelines, we base our transfer pricing policy on the arm's length principle and support our transfer prices with economic & functional analysis and reports.

An underlying principle of transfer pricing is that two companies within the same group must act as if they were independent enterprises, with each appropriately rewarded for the functions they perform, assets they employ and risks they assume when entering into intra-group transactions. An appropriate reward is that which would be obtained in a transaction between unrelated parties. This is known as the 'arm's length' principle.

APPROACH TO TAX

2.2 RISK MANAGEMENT STRATEGIES

We are responsible for determining the tax objectives and ensuring that all applicable regulations as well as internal guidance and governance procedures relating to taxation are observed. For meeting this objective we have below mentioned Risk Management Strategies.

Tax affairs are managed on a global basis by team of appropriately qualified and trained finance and tax professionals with the right level of expertise, who work closely with the business to provide advice and guidance along with support from the Group Tax team to ensure compliance with tax laws and practices.

We have robust internal policies, training, and knowledge management to ensure alignment of tax positions across all the Group's businesses. We have a standard operating procedure in place for evaluating all tax positions and decisions to be adopted. It follows a preparer-reviewer-approver approach for all tax positions.

Internal control procedures and processes are subject to self-assessment reviews and audits including internal audit by external professionals. We outsource various tax compliance activities to professional firms.

Welspun deploys tax technology wherever possible, thereby ensuring that it has a sustainable platform to manage the increasing demands of digitally enabled tax authorities.

APPROACH TO TAX

2.2 RISK MANAGEMENT STRATEGIES

We are responsible for determining the tax objectives and ensuring that all applicable regulations as well as internal guidance and governance procedures relating to taxation are observed. For meeting this objective we have below mentioned Risk Management Strategies.

For material transactions, where there is uncertainty on the treatment of tax and interpretation of legislation, advice from external consultants is sought before any position is taken.

Material tax risks or disputes are reported to the Audit Committee for its consideration. This review includes assessment of probabilities of different outcomes, cash flow and reputational impact. The Audit Committee then updates the Board.

We have an online tool to collect and approve direct tax compliances to ensure effective and timely compliance.

We welcome tax benefits and incentives and organizes tax affairs in such a manner that enables the Group to be eligible for such benefits while ensuring consistency with its business objectives.

We have employed competent, qualified and trained professionals with tax expertise and understanding of our tax principles.

APPROACH TO TAX

2.3 TAX POLICY

2.3.1 Tax Planning

The Group is committed to maximizing value on a sustainable basis for its shareholders and for any commercial transactions of wider business purpose, wherein the commercial rationale is the core for entering the arrangement. We strive to pay the fair amount of tax within the right time, on the profits we generate, and in the countries where we create the value that leads to those profits. This is an outcome of respecting the tax laws applicable in each country, in letter and in spirit. The Group does not engage in artificial tax planning, i.e., without any business or commercial substance. Where uncertainty exists in a transaction, professional advice is sought on a transactional basis from external consultants.

The Group seeks to utilize available tax reliefs, incentives and exemptions where it reasonably believes it meets the conditions for which the legislation is intended to provide a legitimate relief. At all times, the Group seeks to be fully compliant with the applicable tax regulatory and other laws, and in a way which upholds its reputation as a responsible corporate citizen.

APPROACH TO TAX

2.3 TAX POLICY

2.3.2 Attitude towards Risk

The Group has a low tax risk appetite and is focused on compliance. It submits tax returns according to statutory time limits and engages with tax authorities regularly to obtain certainty on its business operations. In exceptional cases, where matters cannot be settled by agreement with tax authorities, the Group may have to resolve disputes through formal appeals or other proceedings.

The Group monitors taxation policies in its key jurisdictions to deal proactively with any potential future changes in tax law. As a Group, along with the Board, it is fully conscious of the tax litigations and advocate prudent tax compliance to better manage the tax risks. Advice is sought from external advisors where uncertainty exists to review tax legislation and the implications of its Group business to support the decisions taken by the Board.

APPROACH TO TAX

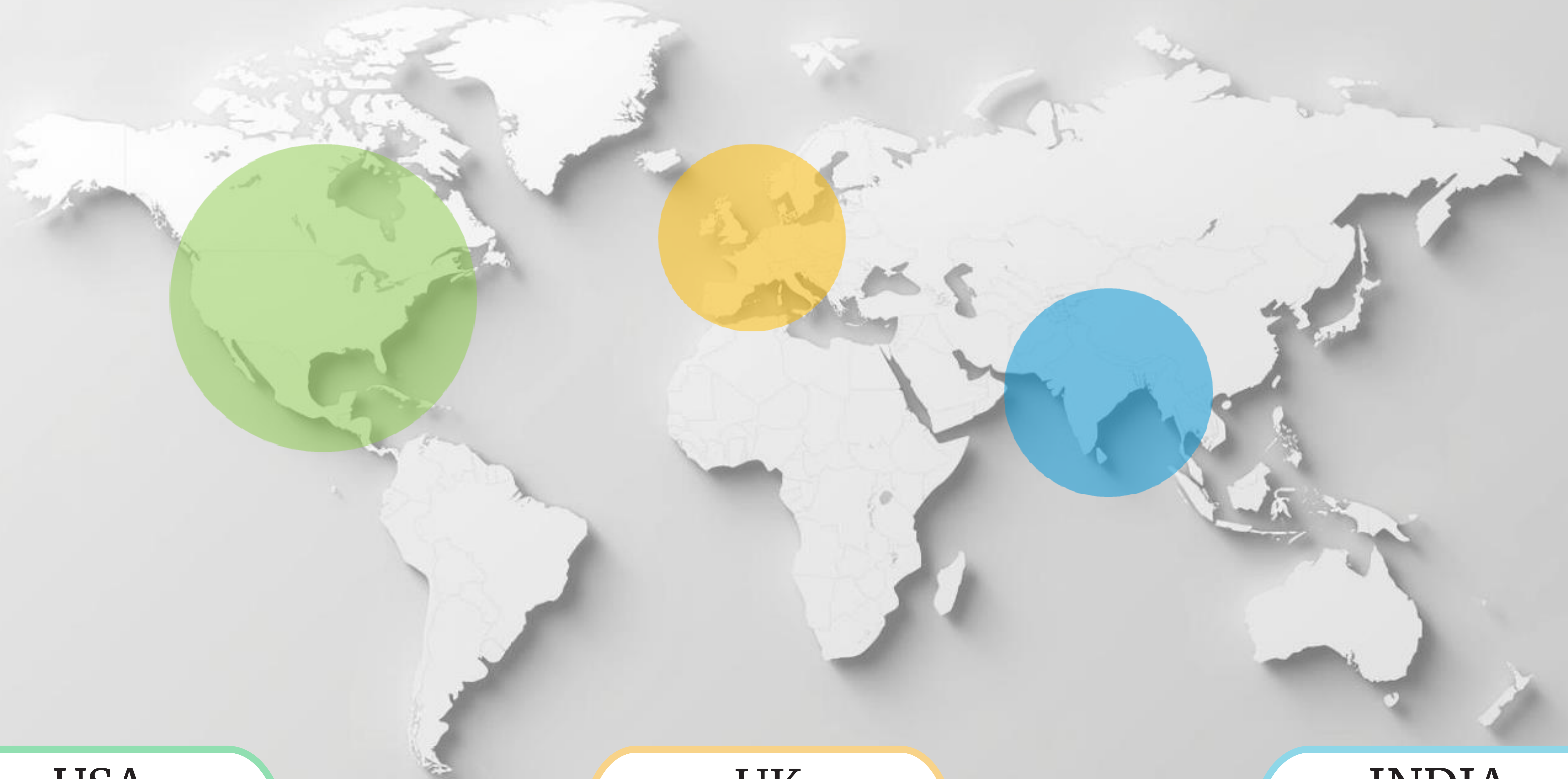
2.3 TAX POLICY

2.3.3 Relationship with Governments and Tax Administration

The Group seeks to maintain open and co-operative relationships with tax authorities by providing appropriate responses to requests made and engage in full, open and dialogue with tax authorities.

It employees the services of professional tax advisors to act as its representatives, and in a number of cases they liaise with tax authorities on the Group's behalf to get the most of its relationship, thereby reducing tax risk. When submitting tax computations and returns, the Group discloses all relevant facts wherever possible.

In case of any disagreement with the tax authorities, we seek to resolve the same in a timely manner through constructive dialogue and wherever necessary, through appeals and other options for resolution provided under the law. In case of matters before. Higher appellate authorities or matters involving high complexity/materiality, we engage/seek guidance from senior counsels.



USA	UK	INDIA
164.78	38.94	1,575.24

Tax Borne

USA		INDIA		UK	
Corporate Tax	9.56	Corporate Tax	144.07	Corporate Tax	3.66
Custom Duty	109.76	TDS	17.99	Custom Duty	8.24
State Tax	3.77	Social Security Contribution	111.67	Social Security Contribution	0.47
Social Security Contribution	4.69				

Tax Collected

	USA		INDIA		UK	
	GST	3.28	GST	1,197.34	Output VAT	21.78
	Tax withheld on behalf of suppliers & Payroll Taxes	33.72	Tax withheld on behalf of suppliers & Payroll Taxes	104.17	Tax withheld on behalf of suppliers & Payroll Taxes	4.79

Other Key Factors

Location	Unrelated Party Revenue	Related Party Revenue	Total Revenue	Profit (Loss) before Income Tax	Income Tax Paid (on Cash Basis)	Income Tax Accrued – Current Year	Stated Capital	Accumulated Earnings	Number of Employees	Tangible Assets other than Cash and Cash Equivalents
INDIA	7,473	10,706	18,179	784	142	163	410	4,875	20,908	5,493
USA	2,943	39	2,983	83	10	5	55	285	112	648
UK	281	50	331	14	–	3	152	39	60	50
Total	**10,697**	**10,795**	**21,493**	**881**	**152**	**171**	**617**	**5,199**	**21,080**	**6,191**

BASIS OF PREPARATION

The amounts reported in the Tax Schedule are for the period 1 April 2024 to 31 March 2025

For the purpose of reporting numbers under the Tax Schedule, we have used the individual audited financial statements of each entity in the corresponding jurisdiction and wherever necessary. If there is more than one group entity in a jurisdiction, the information has been reported on an aggregate basis at country level.

The data is reported in INR and is rounded off to nearest crores. To convert the numbers in respective jurisdictional currency into INR terms, the corresponding exchange rates as on 31 March 2024 were used.

Tax Schedule has been categorized into two parts viz., ‘Taxes Borne’ and ‘Taxes Collected’ while ‘Taxes Borne’ demonstrates the cost of tax borne by us directly, ‘Taxes Collected’ is the amount of tax collected by us on behalf of others and subsequently paid to the governments. We have given below the brief description of taxes included in ‘Taxes Borne’ and ‘Taxes Collected’.

DEFINITION : TAX BORNE

CORPORATE TAX & TDS

Taxes paid by us on the taxable profits of our group operations. This includes the amounts of withholding taxes withheld by third parties while making payment to us. Since these are reported on cash basis, it may also include the amount of corporate tax which was accrued in the earlier years but paid during the year on self-assessment or assessment by the jurisdictional government. Further, wherever the past year(s) tax refund was received during the year, it has been netted off against tax paid to reflect the actual cash tax outflow.

CUSTOM DUTY

Duties paid by us on the import of goods across a border.

SOCIAL SECURITY CONTRIBUTION

Social Security Contributions are compulsory payments to the government that confer entitlement to receive a future social benefit to employees. These are solely for the benefit of employees. However, they are in two forms i.e., contribution by employer and contribution by employees themselves. The Social Security Contributions forming part of 'Taxes Borne' reflect employer's contribution to social security funds for the benefit of individuals employed with us.

STATE TAX

State Income tax levied in USA.

OTHERS

Municipality tax and other local taxes.

DEFINITION :
TAX COLLECTED

GST & VAT

Value Added Tax (VAT)/ Goods and Service Tax (GST) is a consumption tax that is levied on the added value. Output VAT/ GST represents the tax billed by us on customers which was collected by us from customers and eventually, paid to the respective jurisdictional governments. This excludes the VAT/ GST billed by us on our invoices relating to stock transfers. We also incur VAT/ GST when purchasing certain goods and services. In most countries where we operate, the VAT/ GST collected are offset against the VAT/ GST incurred with the net being paid to the government. We have shown only VAT/GST collected amounts in our disclosures. We have not shown the Input VAT/ GST separately since those are largely creditable and used for making the payment of VAT/ GST collected.

TAX WITHHELD ON BEHALF OF SUPPLIERS & PAYROLL TAXES

These represent taxes withheld by us on vendor bill payments and paid to the government & Payroll Taxes represent taxes withheld on salary payments to individuals employed with us and paid to the governments on their behalf.

DEFINITION : OTHERS KEY FACTORS

Revenue

Revenue is split between unrelated and related-party revenues. Unrelated revenue consists of all forms of revenue flowing from entities which are not controlled by us. Related-party revenues include revenue from our group companies.

PBIT

The profit or loss is calculated using the respective jurisdiction accounting policy.

Corporate Income Taxes accrued

The amount of corporate income tax accruing on the operations for the reporting period. It may or may not be the same as corporate income taxes paid or refunded in the period. These exclude the amount of deferred tax in accordance with the guidance provided under GRI 207 and Guidance on Country-by-Country Reporting: BEPS Action 13.

Stated capital & Accumulated Earnings

The amount of capital invested in Welspun Living Limited and its subsidiaries and the earnings accumulated from our operations. The amount of accumulated earnings includes all free reserves as per companies act.

DISCLAIMER

The information in this release has been included in good faith and is for general purposes only. It should not be relied upon for any specific purpose and no representation or warranty is given as regards to its accuracy or completeness. No information in this release shall constitute an invitation to invest in Welspun Living Ltd. or any of its affiliates. Neither Welspun Living Ltd., nor their affiliates' officers, employees or agents shall be liable for any loss, damage or expense arising out of any action taken on the basis of this release, including, without limitation, any loss of profit, indirect, incidental or consequential loss. Welspun Living Ltd. assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.