



“Welspun Living Limited
Q4 FY26 Post Results Earnings Conference Call”
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360
ONE



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MODERATOR **Ms. ARADHANA JAIN – 360 ONE CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Welspun Living 4Q FY26 Post Results Earnings Conference Call hosted by 360 ONE Capital Market. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Aradhana Jain from 360 ONE Capital. Thank you, and over to you, ma'am.

Aradhana Jain: Thank you, Dorwin. Good afternoon, everyone. On behalf of 360 ONE Capital Market, I welcome all participants and the management of Welspun Living to the 4Q FY26 concall. Without much ado, I'll hand over the call to Ms. Bharti Agarwal, Head Investor Relations, Welspun Living to introduce the management. Over to you, Bharti.

Bharti Agarwal: Thank you, Aradhana and good afternoon, everyone. On behalf of Welspun Living Limited, I would like to welcome you all to the full year and fourth quarter FY2026 earnings call. Joining me on the call today are Ms. Dipali Goenka, Managing Director and CEO and Mr. Manish Bansal, Chief Financial Officer.

We hope you've had the opportunity to review the earnings presentation, which has been filed with the exchanges today and is available on our website. During the course of today's discussion, we will make references from this presentation. While there is no change in the disclosure, we have refreshed the presentation this quarter to better reflect the business narrative and strategic progress in a more intuitive manner.

We will now begin with the opening remarks from the management, following which we will open the floor for a Q&A session. Should you have any additional questions after the call, please feel free to reach out to us. With that, I would now like to hand over the call to Ms. Dipali Goenka. Over to you, ma'am.

Dipali Goenka: Thank you, Bharti. Good afternoon, and thank you for joining us for Welspun Living's Q4 and Full Year FY26 Earnings Call. FY26 navigated pronounced external disruptions - tariff volatility, geopolitical tensions, and demand softness, with Q4 marking a decisive sequential inflection driven by sharper execution and strengthening business momentum.

Revenues improved quarter-on-quarter. Margins stepped up meaningfully. Cash flows remained strong and execution momentum is clearly visible entering FY27. Q4 revenue grew 7.7% sequentially. Q4 EBITDA margin improved to 10.8%, up 313 bps quarter-on-quarter. Full year free cash flow generation of INR956 crores. Net debt reduced by 52% year-on-year to INR775 crores.

What changed this quarter is very important. Volume stabilized with ease in U.S. tariff uncertainty and emerging FTA, creating stronger market access. Cost actions taken through the

year began to flow through. Strong growth momentum in our branded business, 44% year-on-year growth in Welspun and 19% year-on-year growth in Spaces.

Management actions through FY26 were deliberate and disciplined. We protected customer relationships and focused on geographic diversification. with our non-U.S. share expanding to 41%. We intensified cost discipline and optimized working capital, delivering structural cost efficiencies. Our investments in innovation, sustainability and nearshore manufacturing continued, and we ended the year on a positive note with the commencement of commercial production at a Nevada Greenfield pillow facility on 31st March 2026.

As we look ahead, our operating guardrails for FY27 are clear, driving profitable growth and margin recovery led by operating leverage and mix improvement. Navigating global market dynamics and macroeconomic volatility with agility and sharp execution continued balance sheet strengthening with strong working capital discipline. Q4 was about stabilization. FY27 will be about scaling profitably and responsibly.

Turning to our performance highlights.

FY26 was marked by sharp external volatility, driven by U.S. trade uncertainty and disruption from the West Asia conflict, which pressured freight, energy and commodity costs across global supply. At the same time, a clear structural shift is underway with India strengthening its position as a preferred sourcing destination following progress on trade framework with the U.S., U.K., Europe, Japan and Australia. The EU and U.K. together represent a home textile market of over USD 30 billion, where FTA structurally enhance India's competitiveness and create multiyear growth opportunities beyond the U.S.

Against this backdrop, our FY26 consolidated revenues stood at INR9,468 crores, down 11.5% year-on-year to a period that I would characterize not as a reversal of a fundamental but as a year of external shock absorption. EBITDA margins for the full year stood at 9.1%, reflected of a deliberate choice to protect customer relationships, capacity and talent, through an exceptionally difficult operating environment.

The fourth quarter showed green shoots. Consolidated quarterly revenue grew 7.7% sequentially. EBITDA margin for the quarter stood at 10.8%, a meaningful sequential step-up of 313 BPS, reflecting both operating discipline and the benefits of sustained cost optimization efforts. Our home textile business remained impacted by cautious retail buying and tariff uncertainty, with FY26 revenues declining 11.2%.

However, India remains a stable sourcing destination with 45% share in cotton terry towels and 60% share in cotton sheets as per OTEXA. At the same time, we continue to focus on geographic diversification beyond the U.S., with expansion in share to 41% in FY26 across Europe, U.K., India and ROW. With emerging FTAs, creating stronger market access and tariff competitiveness, our non-U.S. growth strategy becomes increasingly important in building a more balanced, resilient and future-ready global portfolio.

The pillow utility and fashion bedding remain high potential categories. Our Ohio pillow facility continues to ramp up well with utilization now at 60% and we doubled the business this year to USD 27.5 million from \$15 million in FY25.

We also partially commenced commercial production at our Nevada pillow facility in March 2026, further strengthening our local manufacturing presence and long-term play in U.S. sleep ecosystem.

Another key strategic priority is strengthening our branded and consumer-based portfolio, which contributed 19.3% of FY26 revenues and continues to improve the quality of growth.

Our global brands accounted for 12% of our business and continue to deepen shares presence across key international markets. Christy delivered 15% growth in FY26, driven by strong U.K. performance, improving U.S. e-commerce traction and sharper brand positioning penetration.

A homegrown brand, Welhome, built around elevated comfort design and value also scaled up meaningfully, delivering USD 19.4 million in revenues with strong traction across North America and expansion underway in Japan, the U.K., China and Taiwan. Welhome is well positioned for a double-digit growth.

We've also seen strong momentum in institutional business through our brand Welspun Hospitality with growing presence across marquee hospitality chains globally, including Hyatt, IHG, Wyndham Hotels & Resorts, and Marriott International. This channel strengthens our premium positioning, drive specification led demand and creates a strong bridge between B2B sales and B2C brand visibility.

In India, our consumer brands, Welspun and Spaces delivered strong momentum, growing 44% and 19% Y-o-Y, respectively, in quarter 4, supported by stronger brand salience, premiumization, and sharper channel execution. Taken together, our branded portfolio is becoming a meaningful long-term growth engine, improving margin resilience stronger customer stickiness and a structurally superior business mix.

India continues to be one of the structural growth story for our business. And the domestic consumer business remains a key strategic growth engine. In Q4 FY26, the business delivered an outstanding performance with revenue growing 29.2% Y-on-Y and achieving EBITDA breakeven for the quarter.

For the full year, domestic revenue stood at INR657 crores, up 9% Y-on-Y, reflecting improving scale, stronger execution and a healthier business mix and continued channel diversification. This momentum is being driven by strong performance of our Welspun and Spaces brand.

Domestic Flooring business also continued its strong trajectory, growing 18% Y-on-Y for the full year, with healthy contributions from housing, hospitality and institutional demand. This growth is further supported by our focused engagement with architects, interior designers, and project contractors helping us, strengthened specification, let demand.

The broader India's macros remain supportive, easing retail inflation and rising urban and rural disposable income provides a compelling tailwind for our domestic business. We are investing ahead of this goal, deepening distribution, expanding our product range and strengthening our brand equity.

Our Global Flooring business saw the sharpest impact from West Asia logistics disruption and U.S. tariff headwinds through FY26, resulting in a 25.1% year-on-year revenue decline. While near-term performance has been pressured, the structural fundamentals of business remain intact. Our focus is on regional diversification across ANZ, Canada, and the Middle East, backed by strong customer partnerships with a meaningful recovery, particularly in soft flooring expected over the coming year.

Our Advanced Textiles business operated in a softer global demand environment during FY26 with revenues declining 20% Y-on-Y to INR452 crores. Primarily due to volume pressure and slower export uptake. At the same time, we secured important wins through high-value niche applications, including sustainable hygiene solutions, fem care, specialty wipes, protective apparel and insulation, reinforcing a strategic shift towards value-added and differentiated categories. The medium-term outlook for this business remains constructive. The U.K. and the EU FTAs materially strengthening our access to key European markets for technical textiles, specialty non-wovens and wipes, where quality, compliance and sustainability are critical purchasing prices.

Sustainability and innovation continue to be two of Welspun Living's strongest competitive moat. In FY26, our sustainability leadership achieved strong global recognition with Welspun Living being ranked number one globally in the textile apparel and luxury goods category. In 2025, S&P Global Corporate Sustainability Assessment with a score of 90.

We have also initiated a supplier focused program, Step Zero which aims to build a strong partnership with our suppliers who will play a key role in carbon mitigation in the entire value chain. Now, global retailers increasingly making sourcing decisions based on ESG compliance with traceability and long-term resilience.

Our sustainability leadership becomes increasingly important. We remain firmly on track towards the FY '30 commitments of 100% renewable energy and 100% sustainable cotton. Alongside this, our innovation portfolio, such as HygroCotton, GX Pillow, and Wel-Trak continue to support premiumization and customer stickiness, contributing 22% of our business. During the quarter, we filed two new patents, taking a total IP portfolio to 50 patents, further strengthening our long-term differentiation and value creation.

We enter FY27 with greater clarity and strengthened competitive position supported by structural tailwinds that are steadily coming into play. The benefits from FTAs are multiyear and durable. The U.S. retail environment is stabilizing with some near-term overhang still persist. And India's domestic growth momentum continues to accelerate. Importantly, our operating model has been stress-tested and sharpened through a challenging cycle, leaving us better prepared to capitalize on the next phase of growth.

FY27 will be a year of measured volume recovery and margin progression and we expect to exit the year on a stronger growth trajectory targeting double-digit growth. By a structural tailwind in the form of tariff easing and FTAs are coming into play, the global macro environment remains uncertain with a continuously evolving geopolitical trade landscape.

Against this backdrop, our operating model has been a rigorously stress tested and strengthened positioning us to deliver our sharper growth trajectory with double-digit growth and EBITDA margins advancing into the teens in FY27. With that, I will hand over to Manish to take you through the detailed financial performance. Thank you.

Manish Bansal:

Thank you, Dipali, and good afternoon, everyone. Let me take you through the detailed financial performance for our Q4 FY26 and full year to FY26. The quarter showed clear signs of sequential improvement across both revenue and profitability. Consolidated revenue improved by 7.7% over Q3, which indicate early signs of improving customer demand and better visibility as tariff uncertainties started easing.

Q4 EBITDA margin stood at 10.8% improved by 313 basis points sequentially from 7.7% in Q3. This was supported by better utilization, improved product mix, cost rationalization and favorable forex realization. FY26 consolidated revenue stood at INR9,468 crores, a decline of 11.5% year-on-year, reflecting the impact of U.S. tariff headwind, cautious retailers buying and softer discretionary demand in our key export markets, especially during the first half of the year.

Full year EBITDA margin stood at 9.1% compared to 13.6% last year. The margin dilution is primarily attributable to lower volume and tariff-related realization impact.

As committed, we undertook focus action to strengthen governance and financial discipline. And I'm pleased to share the outcomes. Tighter controls led to a reduction in debtors and inventory by INR345 crores, improved net working capital by INR776 crores, driving a significant improvement in free cash flow to INR956 crores, up 8.5x year-on-year. This enables a sharp reduction in net debt to INR775 crores, down 52% from last year.

Cash conversion cycle at 82 days improved meaningfully versus last few years, demonstrating stronger operating control across businesses. Total capex for FY26 stood at INR472 crores, focused on productivity improvement, sustainability and selective growth opportunity. For FY27, we expect capex in the range of INR400 crores to INR500 crores, largely towards modernization, automation and debottlenecking operations.

We refer to our intimation dated July 30, 2025 of our Board of Directors' approval for a capital expenditure of USD 13 million for setting up pillow manufacturing unit at Nevada. We are pleased to share that our Nevada Pillow facility is in the U.S. partially commenced commercial production of 4.5 million pieces from March 31, 2026.

This strengthens our local manufacturing presence in U.S. and support our long-term growth strategy in the sleep solution category. Reflecting our continued focus on disciplined capital allocation and long-term shareholder value creation, I am pleased to inform that Board has

approved buyback of equity shares of the company at a price of INR175 per share for an aggregated amount not exceeding to INR252 crores/

And dividend recommendation at 10% per equity share for the financial year 2026, subject to shareholders' approval. We remain focused on improving margins, strengthening cash flows and maintaining capital discipline as demand gradually normalize. With that, I will now leave the floor open for question and answers. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question comes from the line of Perna Jhunjhunwala from Elara Securities.

Perna Jhunjhunwala: Thank you and a good improvement on a quarter-on-quarter basis. I wanted to understand that the tariff situation now that there are talks about tariff refund to continue. So what are your hearings on tariff go ahead. How should we assume the utilization levels improving for you for '27 and moving forward?

Dipali Goenka: Perna, thank you for your question. First of all, I think, let me get the clarity on the tariffs, how it actually evolved. It started from March, 10% and then it moved to 25% and then 28th August onwards, it moved to 50%. And then the next February, it came back to 10%. And now this whole thing of the tariff refund that is coming through.

So there's a conversation that's happening, but I want to just give you a scenario here. Our more than 80% of our business is FOB and where we basically have to work with the customers on the tariff refund. And the other -- the rest of it also, there is a conversation that is happening. And so we let you know when the clarity gets better there.

Now when you talk about the utilization, as we spoke about our numbers, that the growth that we're talking about, we definitely are seeing a utilization getting better in towels and sheets and even in bath rugs. The utilization will be above more than 86% across all the three categories as we go forward. So yes, things that may look better because even in the toughest times of that, we didn't lose any customer. The conversations we worked on partnerships and strategy.

Perna Jhunjhunwala: That's very encouraging at 86% reversal to -- 86% in FY26. How do we see margins in light of increasing cotton prices, are we getting price hikes from customers or tariff refunds actually play as a cushion for next year? Just wanted some clarity on that also given cotton prices have increased sharply in the last two months?

Dipali Goenka: So it is not just cotton. I think let me also tell you that cotton prices have gone up by 10%. The man-made fibers have gone up by more than 20% and the crude by 40%. So overall, it was straightly impacts the whole commodity cost that we need. However, we'll work on our -- as we spoke about this year also.

We did a lot of governance cost controls that will play a very big role. And whenever these kind of things happen and even in the tariff situation that we had, we talked about a 50%, 50% sharing. So here are also conversations that are happening with the customers. And wherever it is needed, we will discuss how the prices will have to be passed, Perna.

- Prerna Jhunjhunwala:** So, ma'am, can we assume some -- do you think that there will be some margin pressure continuing at least in the first half, given the pressure on -- given these cost escalations or a regular improvement in margins is doable given tariffs are not there?
- Dipali Goenka:** So as I spoke about a double-digit growth in the top line, it also kind of a teen kind of EBITDA margin. I think that's what will sum up everything, Prerna, at the moment, because that will -- there are a lot of factors and the terms of everything that will contribute to that, right?
- Prerna Jhunjhunwala:** Understood, ma'am. And last question is on Flooring business. How do we see traction over there? And where do we see the segment moving ahead in next 2 years?
- Dipali Goenka:** So here, Prerna, just -- I think the most vulnerable business to the whole Middle East and the other has been Flooring. But I must tell you, there has been -- soft flooring has seen an upside. And it has a positive margin potential 20% plus and a CAGR potential growth. So it is all owing to the commercial segment traction in U.S. co-branded carpet tiles collections and also our diversification in Australia and New Zealand.
- So the soft flooring is something that we definitely see an upside there. And a lot of opportunities are there in terms of innovation and focus on the domestic flooring where the businesses are growing, all the commercial opportunities that you see, the architects and the interior designers.
- So definitely, we'll continue to grow this even better. So the soft flooring and the domestic flooring definitely ceases. And when we talk about the hard flooring, we are rationalizing the portfolio and you're protecting our margins here. A lot of work has been done here, Prerna. And we will look at how we grow prudently in the terms of margins and also the top line.
- Prerna Jhunjhunwala:** On Flooring, what are the kind of opportunities with FTA-driven countries? Because you mentioned about U.S. in this entire response, but it would be great if we could understand what would be the opportunity in U.K., Europe, eventually that could support this or accelerate this growth going forward?
- Dipali Goenka:** Prerna, as I spoke about Australia, New Zealand, Middle East, Europe, these all will open up in a big way. As you also know that a landscape of our hospitality and the commercial in America that we have penetrated, the same way we are penetrating into the commercial and the hospitality space in U.K. and Europe. So that will also add on to our FTA -- FTA will add on to the upside here in the terms of Flooring.
- Moderator:** Our next question is from the line of Shradha Agrawal from Asian Market Securities.
- Shradha Agrawal:** Congratulations, Dipali, on a good quarter. And also appreciate the confidence you are giving for FY27. So just had two questions. One is given the rising inflation in the U.S., how do you see that impacting retail demand in '27? And against that backdrop, what gives us confidence of improvement in utilization levels. Don't you think that increasing inflation will have some impact on consumer demand?
- Dipali Goenka:** Shradha, a very good question. First of all, yes, inflation could be up in America. However, the retail demand is still very robust. So we see that kind of a strong buy in America. But I think in

the conversation that we spoke about, we have actually our non-U.S. markets have also contributed 41% of our top line.

So now with the FTA, as we see U.K. opening up by June end, the U.K. FTA happens by June end. So I think the second quarter will see that happening, that Europe will happen in January. So we will definitely see the upside of these kind of businesses as well, apart from the other rest of the world countries that we're looking at. So to your question, U.S. is the world's biggest consumption economy. And with even where we are looking at the inflation, we will still see the growth there, comparatively even to the last year, Shradha.

Shradha Agrawal:

Right. And the second question is again on macro. So with rupee, USD levels -- of USD, rupees now at INR96. So are clients pressing us to pass on the rupee depreciation benefits or is there any change to our contractual terms with clients? Or is there any change in hedging policy? And what is our current hedge cover? And how should we look at hedging gains or loss, assuming the current spot rate of INR96 to continue into '27?

Dipali Goenka:

So Shradha, we don't work -- our whole policy has remained constant for years and we remain there. Now let me tell you, when you talk about the cost, I will say currency is at 96. But if you look at the others, crude oil is at 40% up. Cotton is at 10%. Yarn terry towel is up 20%, 30%. Yarn bedsheet is up 20%, 30%.

The dyes and chemicals up 20%, the man-made fiber and the polymers are up 20%. So then you are setting up that cost. So customers totally understand that. We completely are talking with them in close conversation around what is the kind of net delta that we are looking at. So there's no net delta gain even with the rupee where it is. So we are working and we'll work on how we can look at sharing the costs as well.

Shradha Agrawal:

Right. And secondly, in terms of utilization for our utility bedding plant in the U.S. So I think the first plant is already operating at 60% utilization. So how should we look at the guidance of utilization improvement for the first part and the partial beginning of ramp-up of the second plant. So how should we look at the ramp-up there?

Dipali Goenka:

So first of all, let me just give you two scenarios. When we talk about both the pillow plants, they are one is in the Midwest, One is in Ohio. The other is on the West Coast. And these are bulky products. So they will need -- they have to be closer to the DCs and the warehousing of our customers.

So they both will have their demands accordingly. But Ohio is at 60%, which will definitely ramp up ahead. And also with Nevada, along with man-made filling that we're going to do, we're also going to do natural fiber. So that will also add on a category and a kind of an upside on our UVR also.

Shradha Agrawal:

Right. But what is the kind of potential revenue expected from the Nevada facility in '27?

Dipali Goenka:

They literally will double. So see, I'll tell you, this year, we did around \$27 million. Next year, we intend to double that, we are talking about \$60 million. So that's the kind of a visibility that we are seeing for the next year.

Moderator: Our next question is from the line of Anand S. from Avendus Spark.

Anand. S: Just wanted to understand a bit on the medium-term revenue aspirations that we had in terms of, let's say, INR15,000 crores kind of a number. I understand while the prospects in between have changed, how are we looking at that number currently? That is one. In terms of which segment we are looking to drive the growth or, let's say, in the next couple of years? That's my second question? And possibly, one other in terms of what's the peak revenue potential that we have in our existing capacities? And what's the capex that we need to achieve that INR15,000 crores kind of a number broadly?

Dipali Goenka: So first of all, when you talked about our INR15,000 crores, owing to the current, we look at next three years that we will achieve these numbers. And in the current optimized capacity that we're looking at, we can move up to around INR11,500 to INR12,000 crores. That's where we are looking at it.

And when we talk about the growth, I think let me tell you, we are the leaders in bath category across and now present in more than 50 countries, we would take this in with the FTA opportunity. We want to see our towels across, and that's a great opportunity of growth that we're looking at.

Our sleep sequential system that we have created for pillows, which actually is as big category as towels, we'll again see kind of an upside there. So these are important categories. Apart from that, the other growth will come in from our brands. And I think India has had an inflection point. I know right now the per capita consumption where it looks like. But I think as we go forward, we definitely will see an upside here.

Our target towards INR1,000 crores is absolutely spot on here. We will see that growth happening here, along with our brand, Welhome, and Christy, which is a premium U.K. brand. which actually is growing and is having a good robust footprint. We'll see a good traction in brands as well. So this is where we are seeing our next footprint happen.

Moderator: Our next question is from the line of Shweta Sharma from Arihant Capital.

Shweta Sharma: Yes. So ma'am, we saw a domestic consumer business and impressive growth in Q4. So the -- while the global remains mixed. So are you seeing any sign of restocking from a major U.S. and Europe retailers for the upcoming holiday season? Or is the current demand still primarily driven by a replacement cycle rather than expansion inventory building?

Dipali Goenka: See, I'll tell you one thing. We are looking at kind of a reasonable growth next year. And as I spoke about in my speech as well, that our top line will grow by a double digit. And that's what we are maintaining across the globe. Indian market will again grow at a rate of around 26% to 30%. So that's what we're also maintaining.

So we will see this kind of a growth coming in from whether it's United States of America or U.K., Europe. And I think the FTAs where you will see most of the FTA is opening up. U.K., as I spoke about, is already right on the corner, Europe by January end. I think -- and more -- and more and more FTAs opening up could be a great opportunity for us as well.

- Shweta Sharma:** Okay. So with the new FTAs in place, what's the strategy for soft flooring in the U.K. and Europe? And do you expect this segment to achieve margin parity with the core home textile business by the end of FY27?
- Dipali Goenka:** So, both businesses are very different. However, we definitely will have an advantage with the FTAs opening up in U.K., Europe. We already are working with Middle East, Australia, New Zealand. So yes, we definitely will have that upside. The margin parity is down about the same.
- Shweta Sharma:** Okay. And some -- like India and U.S. trade agreement reducing tariffs from 50% to 18% in Feb. So how much this benefit has been retained as margin expansion compared to passed on to retailers to regain the market share lost during the high tariff period?
- Dipali Goenka:** So we didn't lose any market share, first of all. We retained each and every customer. So that is something that is there. And I think it moved from 50% to 10%. And now the BTA is having, whether it will be 15% or 18%, that conversation is happening. But always, it is a conversation with the customers as a partnerships. So it's going to be definitely a 50-50, and that's the conversation we've already been having with our customers on.
- Moderator:** Our next question is from the line of Aradhana Jain from 360 ONE Capital.
- Aradhana Jain:** And congratulations on the good set of numbers. Just a couple of questions from my end. One, to continue with the previous participant's question on the U.S. tariff side. We are at 10% today. The Section 122 is applicable, I guess, till June end. After that, you are saying maybe we go to 15% or 18%.
- And there's also Section 301, which has been initiated on a lot of countries, including India. And say, if that also gets concluded, because of all of this uncertainty, have you seen any meaningful change in the ordering behavior from, say, the larger retailers over the last two, three months, and the tariff-related discussions globally? That's my first question?
- Dipali Goenka:** No. So first of all, this year till July 24 is our 10% that we're talking about and the conversation is still happening with the government regarding the BTA that is happening. So one thing is that we had a close conversation with our customers, practically every day in America since our team is already there on the ground. And we are not seeing any kind of a disruption there. So that way, I think we are pretty okay with that. Anything -- in fact, I know -- I mean, as I spoke about the utilization also. Our utilization is around 86% and above. So this also is contributing to that factor of utilization increase.
- Aradhana Jain:** Understood. And second is, there's already a discussion on the cotton and yarn price increase. But ultimately, we as a downstream player, we'll have to either take the hit by ourselves or pass it on. But is the industry currently able to pass on the raw material inflation smoothly? Or does the weak global demand backdrop limit the sort of pricing power?
- Dipali Goenka:** So there are conversations that will happen with customers. And there is definitely that opportunity that we will work together to share the load. And that is something that we are looking at with our customers. That will have to be shared and the conversations are on accordingly.

- Aradhana Jain:** Understood. And lastly, any guidance on the EBITDA margin side, by when do we expect to get closer or back to the 14%, 15% kind of range at the EBITDA level?
- Dipali Goenka:** So despite the macro factors that you are seeing today and you know that how tough these are. We are looking at a double-digit growth and a kind of a teen EBITDA in our next year plan. So that actually speaks it all.
- Moderator:** Our next question is from the line of Shirish Pardeshi from Motilal Oswal.
- Shirish Pardeshi:** On the Slide 10, I'm reading global B2B and others is contributing 52% of the business. And Y-o-Y, it has declined by 12%. So two questions. Have we lost any customer here or it's a linear decline because they are sitting in U.S. and everybody has declined in terms of their ordering?
- Dipali Goenka:** No, there's no loss of any customer. It is the kind of a demand decrease because there was uncertainty, right? Once the tariff was 10%, another 25%, then India becomes a 50%, right? So hence, there was this uncertainty flavor that was there, which actually was -- there was a lot of communication that happened with the customers, and that's where it is. So there's no loss because of any customer losses.
- Shirish Pardeshi:** So when you look at the past 12 months and next 12 months forward, this INR4,400 crores business will see what -- what run speed for FY27?
- Dipali Goenka:** We actually are looking at -- when you're looking at a double-digit growth here, and I spoke about it earlier as well. And we are also not just seeing the America market grow. And as I spoke about U.K., Europe, contributing around 41% this quarter, which will also be an opportunity because the FTAs like U.K. will happen in June end, and Europe will happen in January end. I think that's something that we are seeing as a potential opportunity as well.
- Shirish Pardeshi:** I heard that Dipali, but the question here is that you have Ohio and Nevada coming up and scaling up. So what will be the U.S. growth you are cancelling in?
- Dipali Goenka:** No, U.S. will be primarily contributing to the growth. And pillows is already, as I spoke about, this year, we clocked around \$27 million. We are going to clock double \$60 million actually literally next year on our pillows. So Ohio and Nevada will contribute to that. And U.S.A. definitely is going to be a very big one in the contribution of a growth of a double-digit growth as we see at Welspun Living Limited on B2B Global.
- Shirish Pardeshi:** Given the RM challenges and tariff situation, what is the margin we would be doing? I mean, I don't know whether you share that in '26. But this 52% business, I would assume that would have an EBITDA margin of about 5% and 6%. I don't know whether it's right or wrong, you will correct me?
- Dipali Goenka:** No.
- Shirish Pardeshi:** But how does this pan out in FY27?
- Dipali Goenka:** So see, we don't -- the thing is, as I spoke about, we'll have a double-digit growth and a teen EBITDA. So that at least speaks it all. And we are not 5% to 7%. We should do better, honestly.

Shirish Pardeshi: Okay. And last question on the Flooring business, which is about INR700-odd crores, B2B and branded. Yes. I mean, this business to my best understanding has a lot of momentum, and we also have a capability. But some of this business has not been able to scale up. I don't know what is your expectation, but it has not done well over the last two, three years. So next two, three years, if we build this number, what kind of business we can see that?

Dipali Goenka: Flooring, INR1,000 crores kind of a number we are talking about right now. And we are talking about soft flooring completely growing. And I think that's where we see a great opportunity because there's a potential even with the FTAs that are opening up. Only the hard flooring bit, which we have -- which is a very small part of it will -- which is we are controlling very prudently and also looking at kind of a margin control there as well.

So we are good to go under soft flooring and with the FTAs opening up in U.K., Europe and also in the Middle East and Australia and New Zealand and also the India market, as I spoke about, has grown 30%, and we also are anticipating to grow next year at 30% is a good opportunity here. And you are right. Flooring has seen the biggest impact due to the macroeconomics more than anything else.

Shirish Pardeshi: Okay. And just last question, if I could squeeze in. This INR252 crores buyback, how one should look at the capital allocation because you also have a debt of about INR700-odd crores. So next two, three years, is there any guidance you can give how we should be looking at these numbers?

Dipali Goenka: Sure. Manish?

Manish Bansal: Manish here. So, thank you for the question. So basically, as I mentioned, this is coming out from our cash. So, in this year, we have done well in terms of our cash flow managed working capital management, and we will continue to do that. So, we are looking in ideal world next year, debt free company -- net debt zero company, unless we plan any additional capex or any special requirement, but otherwise, if all goes well, that we will be net debt zero company next year.

Moderator: Our next question is from the line of Ronak Shah with Equirus Securities.

Ronak Shah: So, my question is regarding the Advanced Textile segment. So, though it is a relatively smaller segment in our overall piece, but how you are seeing the growth rates and the opportunity in this business considering there are so much noise into the street regarding this?

Dipali Goenka: Advanced Textile, we are actually moving from the commoditized product to value-added offering. We primarily focus on consumer segment here. And we are going to look at kind of EBITDA steady state of around more than -- around 20% here. And our focus segments will be Hometech, Medtech, and Protech, and Indoortech.

And of course, right now in 2026, we secured strong wins across sustainable diapers, fem care, specialty wipes, protective apparel and jacket insulation. So I can just sum it up by saying that Advanced Textile will be focused on innovation-led positioning. As you know, the company also has 50-plus patents. There's a lot of strong product development happening here as well.

- Ronak Shah:** Understood. And my second question is regarding in case, companies coming up with any sort of M&A opportunity, what will be the space you will be focusing on?
- Dipali Goenka:** So that's something will have to be seen because as you have literally seen that our opportunities also in the brands that we are working in globally, I mean our own brands that we have. We have opportunities for growth in different countries. So let's see, these are all open ended and we are open to those opportunities actually.
- Moderator:** Thank you. Our next question is from the line of Jaysheem Khetani with JFK Finsev.
- Jaysheem Khetani:** A good set of numbers comparing the previous quarters. So one question that I wanted to ask that I think in the last con call, you had talked about entering the GCC region as well. I think you're already operating that?
- Dipali Goenka:** Yes.
- Jaysheem Khetani:** Yes. So due to this war impact, how much of the business impact do we see over there? And in general, due to the Strait of Hormuz closure, so what is the other impact that you are seeing?
- Dipali Goenka:** So, GCC region actually is 2% of our revenue. So -- and most of the businesses are FOB. So here, it actually is something we'll wait and watch until this whole clears up. So the impact on our business is very, very minimal.
- Jaysheem Khetani:** Okay. And so what about the export that we are doing from -- to the other countries? So will that be impacted due to the closure of the Strait?
- Dipali Goenka:** No. If you remember, we also have the Red Sea issue. And the whole -- there's always been that thing of Cape of Good Hope. So it goes around the Cape of Good Hope, it takes 15 to 20 days. And I think the whole trade and commerce has been working accordingly for the long time as well. So I think we're all used to that now. So that's what will continue here.
- Jaysheem Khetani:** Okay, okay. And one more question, what I wanted to ask is, so about the facilities that we have in the U.S. So are we planning to expand aggressively or the guidance that you gave, that is what we are planning as of now?
- Dipali Goenka:** See, right now, the opportunities that we are -- we have these two own organic facilities that we have put up, which are absolutely state-of-the-art. Ohio and now Nevada, which commissioned on 31st March, we are going to look at it, plus we have a lot of partnerships there who we are working with there, not only in U.S. but also in Canada.
- So we are looking at it, and it's not only retail, but also in hospitality. So we are very focused in what we are doing. As I've said, we did \$27.5 million this year. We'll be doing -- we're doubling it to \$60 million next year. So that's where and we'll continue to grow this. Our goal will continue to be adding value-added products and better and best category more than anything else and focus on sleep as a category, which will not only be pillows, but also the utility bedding.
- Moderator:** Our next question is from the line of Hemant Shah with ENAM Asset Management Company.

- Hemant Shah:** Two questions on the domestic business. This quarter saw a robust growth. So what has led to the growth in both the B2B and the branded business? And second is for FY27, on the domestic online business, do you see growth coming from that business as well? Or would it be the offline business that will grow the branded domestic business?
- Dipali Goenka:** So India, actually, it continues to be the bright spot for us in the global economy that we are talking about. Our both brands, like Spaces actually grew 19% in fourth quarter and Welspun grew 44% in the fourth quarter. And so we are absolutely focused. The channels are very, very different here. One is your general trade.
- The other is your modern trade, the other is the regional trade. And the other is your commercial and hospitality chains that we have. And this is all offline. When you talked about e-commerce, I think the focus is on quick commerce and also in e-commerce to that extent. But I think the India is a very mixed market. And finally, the mom-and-pop stores really ruled the roof here. So we'll be focused on the offline and online as the opportunities come in, and we will have our own -- we also have our D2C brand -- branded exposure. So we are working on that as well.
- Hemant Shah:** And on the domestic B2B side?
- Dipali Goenka:** The B2B, all hospitality. We are working on the hospitality chains. And as you know, we are present globally. We have great partnerships in the United States of America, U.K., Europe. And those are the brands also that are coming in here. So that is, again, a very good opportunity for us. The religious tourism which is growing at a rate of 20%, is again a very good opportunity for us. And so the B2B is, again, going to be a very important aspect. And so that's what it will be. It's a brand that's a B2C and our B2B and D2C.
- Moderator:** Our next question is from the line of Perna Jhunjhunwala from Elara Securities.
- Perna Jhunjhunwala:** Wanted to check on cotton inventory, how many months of cotton inventory do we have?
- Dipali Goenka:** So we have an inventory cover until October. And so we are covered primarily until October. And we'll continue to buy yarn, when we require a little bit here and there. So till the next season comes, that's what we have.
- Perna Jhunjhunwala:** Okay. And what is our hedge position today? Are we maintaining that 65/35 ratio?
- Dipali Goenka:** No, Perna. That's what we maintain as a group at Welspun world, and we maintain that across all our companies, group companies.
- Moderator:** Our next question comes from the line of Rohit Ohri with Progressive Shares.
- Rohit Ohri:** Dipali, two questions. First one on this total turnover that we have, how much percentage or what value would you give to premiumization?
- Dipali Goenka:** So if we talk about it, 22% of our contribution comes in from innovation. And as you saw, our brands also grow. That, again, is important. Our branded business was around 19%. So definitely, that's again a good opportunity for us. So these are important aspects of what we are looking at our growth that is coming in.

- Rohit Ohri:** On the ROCE, do you have any guidance to share with us for the next three years or so?
- Dipali Goenka:** So ROCE will continue to improve. This year has been a challenging one, and I know it was. But we'll come back to where we were and in fact, better it as we go forward. And that is something that we are seeing and we are very positive about it.
- Rohit Ohri:** And that growth would be?
- Dipali Goenka:** Say about -- around more than 15%.
- Rohit Ohri:** Okay. But that's going to be asset heavy or asset light?
- Dipali Goenka:** Asset-light right now.
- Moderator:** We have no further questions, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments.
- Dipali Goenka:** So thank you, Robin. FY26 was a year that tested our resilience. We chose to protect what matters most to our people, our customer relationships, our capacity and the brand equity through a difficult cycle. That was the right choice and the early green shoots in Q4 FY26 validate that view.
- While the global macro environment remains fluid and no-term uncertainties persist, the structural outlook is turning more positive. India's evolving FTA architecture creates a strong long-term advantage as the West Asia situation remains uncertain and requires close monitoring. At the same time, India's domestic consumption momentum continues to strengthen.
- At Welspun Living we enter FY27 with the balance sheet strength, operational discipline, brand equity and customer relationships to emerge as a stronger, more valuable business. We are not just managing through this moment, we are positioning to lead the next chapter. Thank you for your continued trust and confidence in Welspun Living. We look forward to a constructive conversation. For any further queries, please feel free to connect with the investor relations team. Thank you.
- Moderator:** Thank you. On behalf of 360 ONE Capital Market, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.