“Welspun Living Limited
Q1 FY27 Earnings Conference Call”
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MODERATOR **MS. ARADHANA JAIN – 360 ONE CAPITAL MARKET**

Moderator: Ladies and gentlemen, good day, and welcome to Welspun Living Q1 FY27 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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Aradhana Jain: Thank you, Yusuf. Good evening everyone. On behalf of 360 ONE Capital, I welcome all participants and the management of Welspun Living to the 1Q FY27 conference call.

Without much ado, I 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 evening everyone. On behalf of Welspun Living Limited, I would like to welcome you all to the first quarter FY 2027 earnings call. On this forum today we have Ms. Dipali Goenka, Managing Director and CEO; Mr. Manish Bansal, Chief Financial Officer; and also Mr. Harsh Rungta, Group Head Investor Relations, Welspun World.

Apologies for the delay in filing the results due to some technical glitches. We hope you have had the opportunity to review the earnings presentation, which has been filed with the exchanges today and is also available on our website.

During the course of today's discussion, we may make references from this presentation. As usual, we will 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 evening everyone, and thank you for joining us for Welspun Living's quarter one FY27 earnings call. We have started FY27 on a strong note, delivering broad-based growth across our businesses, continued margin expansion, and further strengthening of our balance sheet.

We had the strongest quarter in seven quarters, with consolidated revenues growing 23.5% year-on-year and 15.4% sequentially to INR2,828 crores, while EBITDA margins expanded to 12.5%, improving by 140 basis points year-on-year and 170 basis points sequentially, driven by healthy volume recovery, operating leverage, and an improving business mix.

Profit after tax nearly doubled, with PAT margins improving from 3.8% to 5.7%. More importantly, Q1 revenue is 9% above the same quarter of FY25, the pre-tariff baseline. We are not simply returning to where we were, we are ahead of it.

Margin expansion is now in its third consecutive quarter, from 6.8% at the trough to 12.5% today, and it is structural, not circumstantial. Across our manufacturing network, we have been systematically simplifying processes, accelerating automation, and deploying AI tools and Industry 4.0 technologies on our shop floors to drive sustainable efficiencies. These are capabilities that compound. The organization we are building is genuinely different from the one that entered the tariff disruption.

The macro environment is more constructive than it was a year ago. The recently announced U.S. tariff framework has currently preserved India's competitive position. The India-U.S. BTA talks are progressing, and we remain optimistic of a positive outcome.

India's moment in the U.K. market has arrived and presents a significant growth opportunity for Indian manufacturers. The India-U.K. free trade agreement, effective 15th July, puts India on an equal tariff footing with Pakistan, which today holds over 50% of U.K. home textile imports.

We are not starting from scratch here. Christy, our Disney brand relationships, and our established retailer network mean we are already embedded in this market and ready to scale. Our U.K. and Europe businesses delivered 20% plus growth this quarter. The runway ahead is significant and we expect double digit growth in our U.K. businesses over the coming years.

Home textiles exports grew 28.1% year-on-year, our strongest quarter in recent years. Behind that number sits a business that is difficult to replicate. We continue to be the world's largest exporter of terry towels. That position is not just maintained by scale alone, it is built on technology, innovation, and customer trust accumulated over three decades.

Our IP portfolio stands at 50 patents. That is a moat, and it is deepening. Innovation-led sales grew 16% this quarter and contributed approximately 25% of our revenue. Our U.S. onshore pillow businesses grew 2.3x this quarter. The Ohio pillow facility has ramped up to around 81% utilization. Our Nevada facility has commenced operations and is building momentum in the sleep category.

Together, these facilities strengthen our customer proximity, improve speed to market, and enhance supply chain agility. We are on track to double revenue to reach USD60 million this year.

On our branded businesses, Christy delivered 16% growth this quarter, supported by strong U.K. performance and expanding presence in the Middle-East and growing traction in the United States. Welhome is increasing acceptance across North America, Japan, and newer markets.

The recently concluded Wimbledon Championships was watched by millions of fans around the world. Every towel on the center court was a Christy towel, continuing a proud partnership spanning nearly four decades.

The Christy monogram woven into our signature HygroCotton towels, featured in court-side moments, player interviews, and iconic images throughout the tournament, bringing together 175 years of British textile heritage and modern manufacturing excellence.

In India, our domestic businesses grew 21.3% year-on-year, sustaining the trajectory from Q4 with Welspun and Spaces continuing to strengthen their presence across key channels. Our B2B and B2C both grew in strong double digits. The ongoing shift from the unorganized to the organized home textiles market continues to be a structural tailwind for our businesses. A widely distributed brand position as well to capture an increasing share of this opportunity.

In flooring, our turnaround efforts are also beginning to deliver visible results. EBITDA margins materially improved to 10.4%, highest in over two years, reflecting operational discipline and structural actions taken over the past year. Alongside improving profitability, we are diversifying beyond the U.S. into markets such as Australia and Canada through strategic partnerships and strengthening our presence in commercial flooring.

Our continued commitment to exports, innovation, and sustainability was also recognized during the quarter at the TEXPROCIL Export Awards 2026, where Welspun Living received the platinum trophy for the highest global exports and gold trophies for innovation and excellence in ESG. These recognitions reinforce the differentiated position we have built in the global marketplace.

Before I close, I would like to briefly address the unprecedented flooding at our Vapi facility. Post the incident, our immediate priority was the safety of our people. And within a few hours, every person on site was evacuated safely. Operations partially resumed within a week and are expected to be restored in a phased manner.

Our teams responded swiftly by activating contingency plans and rerouting production. We are fully insured and are working closely with our insurance providers to facilitate the claims process. What stays with me from this episode is not just the disruption, but the response. The agility and ownership demonstrated by our teams, reinforcing the resilience of the organization. That is the Welspun spirit.

To conclude, we remain focused on building on this resilience and translating it into sustainable growth and profitability. We remain confident of delivering double-digit revenue growth and EBITDA margins in the low teens for FY27 and remain well-positioned to capitalize on the opportunities ahead.

With that, I will hand over to Manish to take you through the financial performance. Over to you.

Manish Bansal: Thank you, Dipali. And good evening, everyone. I will keep my remarks brief. We have started FY27 with a strong financial performance reflecting broad-based growth across our business and continued improvement in profitability. Consolidated revenue grew 23.5% year-on-year and 15.4% sequentially to approximately INR2,828 crores. While EBITDA margin improved to 12.5%, expanding by 140 basis points year-on-year and 170 basis points sequentially. This marks our third consecutive quarter of margin improvement.

The improvement in profitability was driven by a combination of healthy volume recovery, operating leverage, better business mix, and sustained cost optimization initiatives across the organization. At the same time, our ongoing focus on manufacturing productivity, procurement efficiencies, automation, and process improvements continue to strengthen our underlying cost structure. These structural initiatives are expected to support sustainable margin improvement as volume continues to recover.

Alongside improving profitability, we have continued to strengthen the quality of our balance sheet through disciplined working capital management, healthy cash generation, and prudent capital allocation. Our capital allocation philosophy remains unchanged. We continue to invest selectively behind projects that enhance productivity, improve operational efficiency, and strengthen our long-term competitiveness.

As part of this approach, the board approved INR121 crores debottlenecking and modernization project at our Anjar facility in July, which will replace older technology with more advanced technology, improve plant utilization and enable us to drive evolving market demands. This forms a part of our overall FY27 capital expenditure. Overall, we continue to expect FY27 capital expenditure in the range of INR400 crores to INR500 crores.

In parallel, we have also made significant progress in transitioning the Anjar manufacturing complex towards a greener power ecosystem. With the commissioning of the CTU line, the facility commenced receiving 100% green power supply from mid-July 2026. This marks an important step in advancing our sustainability commitments. With Anjar now fully powered by green energy, 79% of Welspun Living's total power consumption is now green.

On the tariff refunds, the process is progressing in line with the applicable regulatory framework. We have initiated the necessary procedures for eligible claims and wherever applicable have started receiving refunds. The timings and quantums remain subject to completion of the administrative process.

Looking ahead, our priorities remain unchanged. We remain focused on improving not just growth, but the quality of growth, by strengthening cash generation, enhancing assets productivity, maintaining disciplined capital allocation, and delivering sustainable improvements in return ratios. We continue to target an improvement in ROCE to the low teens during FY27 and believe our strengthened financial position provides a solid foundation to support the company's next phase of profitable growth.

With that, we would now be happy to take your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Soham Samanta from Motilal Oswal. Please go ahead.

Soham Samanta: Yes, thanks for the opportunity. So ma'am just wanted to check a couple of points. Why this gross margin declined in this quarter? Any particular reason? I mean, I know that raw material has been an inflationary trend, anything you want to highlight on this particular point?

Dipali Goenka: It's primarily because of the raw materials. And if you look at it even going forward, the raw materials will be something that you'll have to watch out for. And of course the macroeconomic factors are also playing, whether it's your crude that you are seeing, and cotton I mean. So these are the two important ones that you know, we can really talk about.

Soham Samanta: So for next couple of quarters, will it be in the same range? Assuming that raw material is in the similar level as of now?

Dipali Goenka: Yes. Yes. I mean, we will maintain the numbers that we are projecting today as well.

Soham Samanta: Got it. Second thing, within home textile, if I just look our volume numbers in home textile, bed and bath, bath, we have seen, I have seen that 2% volume growth and bed volume was down. So just wanted to check, most of the growth came from realization, right? For this quarter, in home textiles?

Dipali Goenka: No, no. It is a mix of volume and value. And there are a lot of times, there's a lot of GIT factor also that comes into play. So it is everything that is realized in this quarter. And you must appreciate in the textiles, as we dispatch, it takes 50 to 60 days. So definitely there is that kind of a stagger effect in this.

Soham Samanta: Okay. Okay. And one follow-up in that, one of our competitors pointed out that some issue on this container availability and all. So for us, there is no any kind of issues we have faced in this quarter, right?

Dipali Goenka: So let me just tell you a few things here. We have long-term partnerships with all the freight carriers, and that has yielded results. And whatever we will continue to do, it will be in the terms of, a path that we are very comfortable with. And the market rates have increased, but our impacts to the customer dispatches will not be impacted here.

Soham Samanta: Okay. And last question from my side, when we are saying that double-digit revenue growth, so we are indicating mid-teens or mid-to-high-teens? How we are indicating the numbers for next couple of years?

Dipali Goenka: I mean, you have seen the growth this time and we will maintain.

Soham Samanta: Okay, okay. Thank you very much. Thank you.

Dipali Goenka: Thank you.

Moderator: Thank you. Next question is from the line of Prerna Jhunjhunwala from Elara Securities, please go ahead.

Prerna Jhunjhunwala: Hi, thank you for the opportunity. Just wanted to understand the bed linen utilization rates, are we seeing further traction with UK FTA? And can we assume that it will be about 80% for the year as a whole? Or any color on the utilization rates for bed linen that we can expect for this full year?

Dipali Goenka: Prerna, our utilizations will be over 80% across, and that's what you will see, you'll continue to see. And it will be, with our mix that we have, and it, that, with the US, UK, Europe, Rest of The World, we have a very healthy mix of retailers. So that goes without saying that we will continue to grow, expand across all the geographies, and our utilizations in fact across all our verticals will be around 80%.

Prerna Jhunjhunwala: Okay, okay, understood. And what kind of traction are we having with UK and Europe, European clients? Are they, have they started giving orders given the UK FTA has been signed? And...

Dipali Goenka: See…

Prerna Jhunjhunwala: Yes.

Dipali Goenka: Sorry, sorry Prerna, you can continue if you have to.

Prerna Jhunjhunwala: No, I just wanted to check on this, that whether European clients are also looking forward to diversify their sourcing because it is largely sourcing from one particular country, so how are we seeing that geography, these two geographies playing out?

Dipali Goenka: We are actually, I think I can talk about India also here, Prerna, and as the FTAs have opened up for UK, then Europe is right round the corner, and the other countries are also just coming through, we are in a very good position as a country.

And for Welspun as well, as you already know that UK, we actually had a 20% growth. So we already are in this market, but we can also see a big upside as you already know that Pakistan actually controls around 50% of the share in UK.

When you talk about Europe as well, they are the retailers we already are working with, and we see a great upside there as well, to your question, yes, UK and Europe are going to have an upside for us with the FTA as well.

Prerna Jhunjhunwala: And have the order inflows started, ma'am? Just wanted to understand from that perspective or at least UK, because Europe is still around the corner, but UK is already implemented.

Dipali Goenka: Yes. Yes, Prerna. And I mean this already started with the conversations that had begun when the FTA conversations had begun. So the inflows see, it is a process, Prerna, as we approve, the product, then it is kind of a product development, it's a cycle. So the discussions have begun, approvals are happening, confirmations are there, so this will gradually come into our system.

Prerna Jhunjhunwala: Okay, okay, understood. And ma'am, second question is on the flooring part, one of the best margins that you have reported in this quarter at around 10%, 10.4%.

Dipali Goenka: Yes.

Prerna Jhunjhunwala: 10.4%.

Dipali Goenka: Yes.

Prerna Jhunjhunwala: Just wanted to understand the levers that helped to improve the margins and are these sustainable?

Dipali Goenka: So in the flooring, the important thing actually is a strategic shift towards soft flooring, where, our categories, which are in the terms of area rugs and the others, we have actually focused on qualitative products.

So here, so the margins hence definitely have seen an upside, along with that, focusing on different partnerships like with Australia, New Zealand and Canada. So there is a target, there's a certain target of products, there's a certain target of margins, and also we are looking at our cost as well. So overarchingly, it has held us in good stead. And it will continue to do so.

Prerna Jhunjhunwala: So we can assume 10, or present margin for the entire year and going forward, is it doable?

Dipali Goenka: Yes, Prerna. Yes. Yes.

Prerna Jhunjhunwala: Thanks. I will come back to the question queue for any further questions. Thank you, ma'am, and all the best.

Dipali Goenka: Thank you, Prerna.

Moderator: Thank you. Next question is from the line of Roshan Nair from Antique Stock Broking. Please proceed.

Roshan Nair: Yes, thanks for the opportunity and congratulations on a good set of numbers. So your margins have expanded to around 11.5%, so can you help me understand whether this is a bigger structural change that is happening on the demand side or is it because of the company's internal efficiencies? And what is the scope for further improvement and in which areas?

Dipali Goenka: So I think there are three key drivers that you are seeing. The volume recovery and tariff share unwinding converting into operational leverage on the largely fixed cost base. The business mix is improving, that is the second one.

Third is the cost discipline, the structural cost actions that are taken over the last years, reducing energy cost, automation improving, and the throughput, I think have held us in a good stead. So, as we have already spoken, that our full year guidance for EBITDA margins will be targeting around low-teens, and that's what it is going to be.

Roshan Nair: Understood, that's helpful. And also can you quantify the impact that that can come up in this quarter due to the floods, maybe some idea over there?

Dipali Goenka: So with Vapi, if I can say that we are covered with the insurance adequately, and quarter two will be covered, quarter two will be impacted largely because, that, it has been an onslaught right now and it has been very tough.

But however, I can tell you that quarter three, quarter four, we are going to restore it. So annually, if I look at my growth as Welspun Living, it will continue to give the double-digit growth and we will be on the track.

Roshan Nair: Understood, that's helpful. Thank you so much and wish you all the best for the coming quarters.

Dipali Goenka: Thank you so much.

Moderator: Thank you. Next question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

Bhavin Chheda: Yes. Congratulations to the entire team for very strong numbers and a positive outlook also. Ma'am, couple of questions. First, I missed out on the capacity utilization across segment. What you are targeting for the entire fiscal? Because the bed linen, I believe, was 60% in quarter 1. So what's the outlook going forward?

Dipali Goenka: Our utilization annually is going to be 80% across all the categories. Let me just be very clear on that, whether it's our towels, whether it's sheets or rugs. This is just a staggered kind of a lag that you can see where you are seeing these utilizations. But as we go forward, it is definitely going to be 80% across everything.

Bhavin Chheda: Okay. That's a very strong number, if the bed linen crosses 90% utilization. My second question is on…

Dipali Goenka: I said 80%, Bhavin, I said 80% across all the categories.

Bhavin Chheda: Yes, but for the full year, 80%, which means the coming quarters, the bed linen should be crossing 90%, right?

Dipali Goenka: Yes. It will depend on quarter 2, quarter 3, quarter 4, but the average we are talking about an 80%, 85%. Yes.

Bhavin Chheda: Sure. My second question is on advanced textile and domestic retail business, how they are doing, and is domestic retail now EBITDA positive?

Dipali Goenka: So domestic retail this time actually has worked pretty well, and we are actually seeing a double-digit growth around 20%, and we are around near about breakeven. And this will be something where as we grow this business, we are on the target to achieve INR1,000 crores. And we see both our businesses, Welspun and Spaces, both have continued to show a great growth across the country.

Bhavin Chheda: Sure. Third question...

Dipali Goenka: Yes, go ahead.

Bhavin Chheda: On the flooring business, we saw first-time double-digit margins of 10%. So are those margins sustainable, or was there a one-off in that margin?

Dipali Goenka: No, this is going to be sustainable. As I spoke earlier as well, there is a lot of work that is done in the qualitative business that we are taking in terms of soft floorings. There is also the geographic diversification that we are working on in terms of different countries like Australia and New Zealand. And a lot of cost controls have been also taken on here. And hence, you are seeing this number, and which we will continue to maintain. We are very comfortable with it now, at the moment.

Bhavin Chheda: Great. Thank you, and best of luck.

Dipali Goenka: Thank you.

Moderator: Thank you. Next question is from the line of Deepali Kumari from Arihant Capital Markets Limited. Please go ahead.

Deepali Kumari: Thank you for the opportunity. I have couple of questions. Your EBITDA margin stood at 12.5%. Given your normalized target of 15%, what are the key levers required to bridge this 250 basis points gap? Is it purely operating levers or further mix optimization? And does this guidance factor in potential site cost spike due to ongoing West Asia conflict?

Dipali Goenka: So I earlier spoke about it, Deepali. I spoke about it is going to be a mix of the volume recovery that we've had, the tariff share unwinding, that is converting into the operating leverage on a largely fixed cost base. So fundamentally, business is also improving. The mix is also improving. The quality of business is getting better.

And of course, it's also about the cost discipline. And when you talk about the numbers to a question of 15%, it is going to be a gradual process towards 15%, which we have spoken about. So right now it's 12.5%, and as we grow forward in the next one year, we will see that moving towards 15%.

Deepali Kumari: Okay. And with the medium-term aspiration to move your non-EU revenue mix from 41% to 50%, so what specific geographic region you are expecting to contribute for this mix?

Dipali Goenka: See, let me just give you a perspective. And I think I earlier also told you that the U.S. is still the biggest that is there. The U.K. home market is around USD5 billion-USD7 billion, where Pakistan is around 50%. This is the market share we will definitely take. This stands for us to gain, and we will continue to grow this. We are in conversation with a lot of retailers here.

Europe, again, is also right around the corner. Our conversations with the retailers have already begun, and we already are working. We are in the working relationship with these retailers as well. So as we continue to grow, America will be around 50%, 51%, mostly, or 55%, and the rest of the world, which will be U.K., Europe, Japan, and the others will contribute to this portion, including India as well.

Deepali Kumari: Okay. And one more thing, global B2B business, others for this quarter grew more than your global branded business. So are we prioritizing private label partnership over our own branded portfolio in the current environment?

Dipali Goenka: It has always been our B2B business. And if you look at it, if you have seen it, our branded business is around 18%, but our B2B business will be the strong one, which is actually the anchor of all the businesses. You know? And that is what is going to continue to grow far more strongly. Our brands will also. We already are looking at USD100 million in terms of our global brands as well. So that is also holding on very strong with us. So I mean that has also seen a year-on-year growth of 27%. I somehow say that we have done pretty well here, actually.

Deepali Kumari: Okay. Ma'am, on the tariff side, currently, who is absorbing the cost? If you can give the split between Welspun and the retailer and the end consumer.

Manish Bansal: This is Manish here. Thanks for this question. So it has always been a mix of things. So it has never been straightforward. Sometime it is customer, sometime consumer, sometime we are bearing. So it is always based on case to case, customer to customer, and program to program. But that is already baked in all this cost into this margins, what we are seeing. So now it is part of our life. We were at 50%, we have come out from that so now we can see it much better anyway, going forward.

Dipali Goenka: So as you said -- as Manish said, it's going to be a mix of all the three because anyway we partnered with our retailers, and the retailers passed on the price increase to the consumer. And that's the way it was. And now we are behind that. That's all behind us, and it's now 10%, and we are pretty good there.

Deepali Kumari: Okay. Ma'am, also you wanted to be a leadership on the sleep ecosystem. Does this involve a product category expansion beyond sheets and pillow, like smart bedding and mattresses?

Dipali Goenka: Mattresses is not something that we are talking about. We, we speak about pillows here, and we will continue, and as I spoke -- and I said that you know, we are on track, and we are on track to achieve around USD60 million in this year --in our pillow. As you know, Nevada has also commenced operations. Ohio is already at 80% utilization.

Deepali Kumari: Yes. Thank you so much. All the best.

Dipali Goenka: Thank you.

Moderator: Thank you. Next question is from the line of Ronak Shah from Equirus Securities. Please go ahead.

Ronak Shah: Thanks for the opportunity and congratulations on a good set of numbers. My first question is on the USA retail front. So, how the management is seeing the traction over there? How is the overall demand shaping up in terms of order book and near to mid-term visibility you are gauging? Though you are highlighting a double-digit top-line growth, but just from the retailer demand and secondary kind of thing.

Dipali Goenka: So, I can tell you that, you know, consumer spending across the, you know, all the segments is really very, very healthy. The retail sales actually grew 5.2% year-on-year in May, and also if you look at the recent consumer data, it looks pretty, pretty healthy. I mean, your -- I mean, if I can say across Father's Day, Mother's Day and the other occasions like back to college season, were very, very healthy. The footfalls have increased across the key retailers.

So hence, you know, like if you look at it, the demand -- America, all said and done. And Fed has actually held on -- held on their fed rates as well. So overall, America is really very resilient in the terms of what they are doing. And the growth is looking very, very healthy. The momentum is there of consumption as well.

Ronak Shah: Understood. Second, on the freight front, sorry, tariff front. So, when we are seeing a 10% overall tariff right now, and things are uncertain, but by what level of tariff the company is quite confident to see a balance sort of performance? Because one of the players into the textile space has highlighted that up to 18% to 20% they are quite confident to manage the overall performance and the margin.

Dipali Goenka: See it is a matter of what, you know, the other countries get in terms of their tariff rates. And somewhere, we have learned that it is always a partnership and a collaboration with our retail partners. So wherever, when the tariff was even 25% to 50% and to where we are, and as we go forward with the BTA that kicks in, we will work with our customers, and we will take it from there. So it is always going to be, not a one-sided approach, it is always a collaborative approach. And all, already the tariff impact has already been passed on to the consumers, which hasn't been retracted in the United States of America.

Ronak Shah: Understood. On the margin front, ma'am, can you highlight that on a FY27 full base, when we are expecting a mid-teens kind of the margin, though in near term considering the current RM inflation plus certain opex headwinds, how the near-term margin strictly from the second quarter perspective will look like?

Dipali Goenka: We will continue to maintain these numbers. And we'll work through them. And we will maintain our numbers that we have committed on the low teens.

Ronak Shah: Fair point. Fair point. And lastly, ma'am, on the overall profitability. So when we see that the non-USA share is gaining traction, but structurally these geographies are relatively lower margin. So, what are the key levers which management is emphasizing or putting in to sustain the profitability, just a qualitative aspect?

Dipali Goenka: Let me just tell you, with Welspun. We actually work in the mid to better to best categories. So definitely, we will maintain the margins here too. So we are not going to compromise on our margins at all. We don't work in the opening price points. So here as well, the impact is on the opening price points. So wherever that is needed, we are working on a better to best and hence as you go forward, our margins will be pretty okay.

Ronak Shah: Loud and clear, ma'am. That's it from my side. Thank you.

Dipali Goenka: Thank you.

Moderator: Thank you. Next follow-up question is from the line of Soham Samanta from Motilal Oswal. Please go ahead.

Soham Samanta: Thank you, ma'am for the opportunity for the follow-up. Just wanted to check, how do you look at the flooring business for the full year, I mean for FY27, how do you look this business?

Dipali Goenka: So the flooring business will continue to, you know, look at the focus on soft flooring, and we will continue to look at the growth here, in the terms of different categories. So we have different countries here. India again is a very good commercial space that is growing, and there's a lot of investments that are happening in this space. So we will see India in the terms of wall to wall, carpet tiles will grow.

Globally, you know, in the countries like, you know, UK, now as we, we already spoke about UK and Europe FTA, so there is an opportunity in terms of soft flooring there as well, also including area rugs. And there's again the important aspect is the geographic diversification in Australia, New Zealand, Canada, and GCC. So there is going to be a continuous focus there. So we are working on qualitative products and, you know, and hence our margins will not get diluted.

Soham Samanta: Okay. Just wanted to check one thing that is there any spillover from last quarter to this quarter number in top-line?

Dipali Goenka: No. Not at all.

Soham Samanta: Okay, okay. And Manish sir, one capex point, just wanted to check what is our capex for this year and next year? And if you could spell out, what kind of capex you are doing and where we are basically investing?

Manish Bansal: So as we always said that, you know, this year we are targeting roughly around INR400 crores to INR500 crores. And that is mainly for our automation, modernization or debottlenecking. Next year, it is too early to project now, because there are a lot of things going on. So maybe closer to end of this financial year we will come back for next year guidelines.

Soham Samanta: Got it. Thank you, thank you very much and all the best.

Manish Bansal: Thank you.

Moderator: Thank you. Next question is from the line of Aradhana Jain from 360 ONE Capital Market. Please go ahead.

Aradhana Jain: Congratulations on the good set of numbers. Couple of macro-related questions. First, we've already spoken a lot on the US side, but just to understand the, now that India's tariff position in US has normalized have we really seen any tangible change in the sourcing allocation in the first quarter from customers, either a higher wallet share for India or consolidation towards the larger integrated vendors like you. And are we seeing any incremental order wins, or has the revenue essentially come from our existing customers in 1Q?

Dipali Goenka: So let me just tell you that India definitely is in a good position. And kind of America actually needs huge capacities. And the opportunity for India stands very, very strong here, because there's nobody else in our neighbors who have that kind of a capacity. And hence focus and preference is towards India.

As I earlier said that the markets, in the terms of consumption is looking better, so of course there is that incremental businesses that are coming our way, and that will continue to do so as the demand looks very, very robust. So India is in a strong position, the demand looks robust. And so for Welspun as well, we are in a good position at the moment.

Aradhana Jain: During the last one year, had we lost any market share because of the tariff issues, or we didn't lose any market share of any of our customers?

Dipali Goenka: So, you know, Aradhana, for us here, we have these long-term strategic partnerships with all the retailers. These partnerships, as you know, in America, most of the businesses are replenishment businesses. And hence, we continue to work towards that. We actually worked together in the tough times in tariff as well together. We collaborated together. The demands were low, we continue to still work with them. So hence, there's nothing that has been lost at all.

Aradhana Jain: Understood. Secondly, just wanted your thoughts on RoSCTL. RoSCTL is up for termination by September. Any thoughts on whether government is looking at extending it further or how is government thinking of dealing with it? Because if RoSCTL gets eliminated, then for us, the export incentive as a percentage of our EBITDA is quite decent. How are we looking at it, and what are your thoughts on that?

Dipali Goenka: I will just tell you that we will wait till this happens, and we hope for the best. I can tell you that I think we will have good news only, hopefully. That is what we will pray for.

Aradhana Jain: Understood. Thank you and all the best.

Moderator: Thank you. Next follow-up question is from the line of Prerna Jhunjhunwala from Elara Securities. Please go ahead.

Prerna Jhunjhunwala: Thank you for the opportunity. I just wanted to follow-up on the capex plan. With the debottlenecking, what kind of capacity increase that we can see and when will it commission?

Dipali Goenka: So here, the debottlenecking of around INR120 crores that we are seeing will be in the terms of a processing. In the terms of volume, we see a kind of a build up around 10 to 20 tons per month, and that will be a big number. Because I think, everywhere, as we look at it, the dyed category or in a processing category, we tend to get sometimes choked. That will debottleneck that.

And Prerna, let me tell you, we already are also looking at around INR400 crores to INR500 crores in the capex that will all be invested in all these kind of investments, which will actually help us to debottleneck and increase our numbers.

Prerna Jhunjhunwala: Okay. Are you also planning to expand capacity in the bath category since you are already at 80% and we have a large market opening up in Europe, so will we be capacity constrained in a year or two?

Dipali Goenka: So Prerna, one thing is Welspun has a global position of leadership in towels, and we will continue to maintain that, and we are not going to hesitate in investing. So when the time comes in, that kind of an opportunity also, we will be taking. The prudence will be on the ROIC that we will maintain. So yes, the investments will be happening if that opportunity is, which we will be exploring as well. We are not going to let any opportunity pass us here.

Prerna Jhunjhunwala: Understood. The last question on input cost inflation. I know you've been working on cost management and stuff, but cotton price increase has been sharp in the last few months. Even the crude oil derivatives have moved up quite significantly. So are the customers actually compensating you for increment in the cost inflation?

And have you started seeing new orders at newer prices, or how are the negotiations happening? Also, U.S. tariffs. Last year, we bore a good part of the cost there as well. So what are the thoughts for, of retailers on how to compensate on that front as well, to the suppliers?

Dipali Goenka: Prerna, this time it has been very, very clear in the terms of the costs, the raw material cost, it is going to be, passed on to the customers. It is very, very clear. This is something that we have already done and we are in the conversation as well. And as you always know that when the raw material cost indexes go up, and which is going up in the terms of the macros as well, so we are talking to our customers, and we are working to, the prices as well. It's very clear because we'll not be able to bear those costs. When you talked about the tariff, that was, this was done in the terms of true collaboration with our customers where they, we both partnered together to face the tariff onslaught.

Prerna Jhunjhunwala: Okay. So we should not expect any major reversal of that cost that you've borne in future, is what I was trying to understand that is.

Dipali Goenka: Yes, Prerna, yes, Prerna. Yes.

Prerna Jhunjhunwala: Okay. Understood ma'am. Thank you.

Dipali Goenka: Thank you.

Moderator: Thank you. Next question is from the line of Ronak Shah from Equirus Securities. Please go ahead.

Ronak Shah: Thanks for the follow-up. So ma'am, just on the incentive front, into our base case assumption of teams kind of the EBITDA margin, are we factoring a steady state incentive structure or are we expecting some lapse on that?

Secondly, pass-through. So certain players are highlighting that for them, the incentive is partly pass-through, and going forward, they are likely to pass on to the end consumer as well in case of any negative outcome. So how you see whole structure in this front?

Dipali Goenka: This will actually be very obvious. If that's the thing, we will not be able to bear any brunt. So it is going to be the same landscape that will apply to all the retailers the way the entire position comes through. So if there's anything that happens, it's going to be borne by everybody across. So that's the way we are looking at the incentives.

Ronak Shah: Okay. And in base case assumption, we are expecting a likely continuation or a positive outcome only?

Dipali Goenka: Yes, mostly, yes.

Ronak Shah: Understood, understood. That's it from my side. Thank you, ma'am.

Dipali Goenka: Thank you.

Moderator Thank you. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

Dipali Goenka: Thank you, everyone, for joining us today and for your thoughtful questions and continued engagement. As we conclude, I would leave you with one key message. Welspun Living today is a fundamentally stronger company. We have built a more resilient business with stronger customer partnerships, differentiated capabilities, a healthy balance sheet, and multiple engines of growth.

As the external environment continues to evolve favorably, we are well positioned to capture the opportunities ahead and deliver sustainable, profitable growth. We are encouraged by the strong start to FY27 and believe the quarter reinforces the direction in which the business is headed. Our commitment remains unchanged, to grow responsibly, innovate continuously, and create sustainable long-term value for all our stakeholders.

Thank you once again for your continued trust and confidence in Welspun Living. We look forward to speaking with you again next quarter. Should you have any future, further queries, please feel free to connect with our Investor Relations team. Thank you.

Moderator: Thank you, ma'am. On behalf of 360 ONE Capital Market, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.