Aradhna Jain – 361 Capital Markets: Thank you, Darwin. Good evening, everyone. On behalf of 361 Capital Markets, I welcome all participants and the management of Welspun Living Ltd. to the Q2 FY27 conference call.

Without much ado, I will hand over the call to Ms. Bharti Agarwal, Head of Investor Relations, Welspun Living Ltd., to introduce the management. Over to you, Bharti.

Bharti Agarwal: Thank you, Aradhna, and good evening, everyone. On behalf of Welspun Living Ltd., I would like to welcome you all to the Q2 FY27 earnings conference call.

On this forum today, we have with us Ms. Dipali Goenka, Managing Director and CEO; Mr. Manish Bansal, Chief Financial Officer; and Mr. Harish Toshniwal, Group Head of Investor Relations, Welspun Group. 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 to 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 – MD & CEO: Thank you, Bharti. Good evening, everyone, and thank you for joining us for Welspun Living Ltd.'s Q2 FY27 earnings call.

We entered FY27 with strong momentum and have carried this into the second quarter. Consolidated revenue grew 16.9% year-on-year to 2,870 crores, with EBITDA margins at 12.9%, an expansion of 600 bps year-on-year.

It is particularly encouraging to see the progress beyond the headline numbers: growth across our business, improving operating performance, stronger cash conversion, and, importantly, a balance sheet that has moved into a net cash position.

These results reflect the impact of the floods at our Vapi facility, where operations were disrupted for several weeks during the quarter. The plant has since resumed partial operations, and we are working towards restoring full capacity. I would like to thank our team for their efforts and commitment in managing this disruption.

Our core home textiles continued to be a key growth driver, with exports growing 18.3% year-on-year. Our customer relationships, product innovation, and ability to respond to evolving retail trends continue to underpin our performance. This growth was also supported by healthy retailer demand ahead of the holiday season.

Our US onshore pillow business grew 2.4 times year-on-year this quarter. With both Ohio and Nevada facilities operational, we are closer to the customer and more agile in our supply chain. We remain on track to double the business this year, further strengthening our position in the sleep category.

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Our domestic business grew 28.2% year-on-year on the back of strong B2C performance across general trade, e-commerce, and quick commerce. We see significant potential in the gifting and festive opportunity, leveraging improved visibility and product range. We will continue to scale this business through a stronger brand, wider distribution, and products aligned with evolving consumer preferences.

The flooring business continued its recovery, with revenue growing 19.3% year-on-year and EBITDA margins reaching 10.8%, improving both sequentially and year-on-year. The progress reflects the benefits of the strategic actions taken to sharpen the portfolio and prioritise profitable growth. Our focus remains on sustaining these gains and building a structurally stronger business.

We have also achieved an important financial milestone, with the balance sheet moving into a net cash position compared with net debt of 775 crores at the end of March 2026. This progress has been supported by a material improvement in our cash conversion cycle and ROCE moving into the low teens. Together, these milestones reflect our focus on profitable growth, capital efficiency, and sustainable value creation.

The global environment remains dynamic, with commodity cost pressures persisting across the value chain, including firm cotton prices, an uptick in {? May ?} in man-made fibre costs, higher oil-linked inputs, and elevated freight rates amid ongoing tensions in the Middle East. We are actively managing these pressures through disciplined procurement, planning, customer pricing discussions, and continued productivity improvements.

On the demand side, consumers remain value-conscious, but quality, comfort, and design remain important purchase considerations. At the same time, global retailers are prioritising dependable supply chains, sourcing diversification, and integrated manufacturing partners that can deliver scale, innovation, and speed to market. This creates an opportunity for Indian manufacturers to compete on capabilities and reliability alongside cost competitiveness. With India's expanding trade access, we believe Welspun is well positioned to capture a large share of this opportunity.

Our strategy is to translate these structural shifts into profitable growth by strengthening customer partnerships, investing in differentiated products, and building capabilities to improve our competitive advantage.

We are also strengthening the long-term competitiveness of our operations through sustainability initiatives. Anjar is now powered by 100% green electricity, while our Step Zero programme is advancing the transition towards a more sustainable supply chain. These initiatives support our environmental commitments while strengthening our position with global customers, who increasingly value responsible and resilient sourcing.

Looking ahead, our priorities are clear: sustain double-digit revenue growth, maintain EBITDA margins in the low teens, improve returns on capital, and generate strong cash flows. We recognise that the global environment remains challenging, but we enter the second half of FY27 from a position of greater financial and operational strength.

With that, I will hand over to Manish to take us through our financial performance.

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Manish Bansal – CFO: Thank you, Dipali. Good evening, everyone. Q2 FY27 reflects continued progress on growth and financial discipline. Consolidated revenue grew 16.9% year-on-year, with double-digit growth in both segments despite the impact of the disruption at Vapi.

A key milestone this quarter is that we have moved from a net debt position to net cash, representing a significant improvement from net debt of 775 crores in March 2026. This has been supported by a substantial improvement in the cash conversion cycle, along with sustained profitability and disciplined capital management. At the same time, we have achieved our FY27 goal of bringing ROCE into the low teens ahead of schedule.

Let me take you through three key aspects of our financial performance: profitability, cash generation, and return on capital.

First, profitability. We delivered a consolidated EBITDA margin of 12.9%, an expansion of 600 basis points year-on-year and 40 basis points sequentially. This performance reflects our continued focus on operating efficiencies, procurement discipline, product mix, and cost management. In an environment where input costs and consumer demand remain dynamic, our priority is to ensure that growth translates into substantive profitability. Flooring continued to make progress, with EBITDA margins reaching 10.8%, improving both sequentially and year-on-year. The improvement reflects the benefit of portfolio transitions and our sharper focus on profitable business. We remain committed to sustaining this progress through operating efficiencies, disciplined growth, and better returns.

Second, cash generation and balance sheet strength. Our cash conversion cycle improved materially from 82 days in March 2026 to 44 days this quarter. This reflects greater discipline in working capital management and more efficient conversion of our operating performance into cash. The improvement in cash conversion, together with our focus on cash generation and capital discipline, has strengthened our balance sheet to the point where we have moved into a net cash position. This provides us with a stronger financial foundation and greater flexibility to pursue strategic growth opportunities. Going forward, we will remain focused on sustaining this progress through tighter management of inventory, receivables, and payables, ensuring that cash generation remains integral to our growth strategy.

Third, returns on capital. We had set ourselves the goal of improving ROCE to the low teens during FY27, and we have already reached 12.7%. This is an important milestone, reflecting progress not only in business growth and profitability, but also in how efficiently we deploy capital and utilise our assets. Our focus now is to sustain and build on this improvement through better asset utilisation, working capital discipline, productivity, and rigorous evaluation of new investments. Our capital allocation approach remains focused. We will continue to invest selectively in capabilities, technology, productivity, and operational efficiencies, while ensuring that investments are aligned with our strategic priorities and return expectations.

To summarise, we have delivered healthy revenue growth, sustained strong group margins, improved our cash conversion cycle to 44 days, achieved 12.7% ROCE, and transitioned to a net cash position. Together, these developments reflect a business that is growing, generating cash more effectively, deploying capital more productively, and strengthening its financial resilience.

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

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to please use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Our first question comes from the line of Ronak Shah with Equirus Securities. Please go ahead.

Ronak Shah – Equirus Securities: Thanks for the opportunity, and congratulations on the strong profitability recovery. Ma'am, my first question is on the B2B part of home textiles. In the first half, we have seen a growth recovery on a relatively lower base. However, from the fourth quarter, we are overlapping a relatively higher cycle. Structurally, how are we seeing this particular part from a near- to medium-term perspective?

Dipali Goenka – MD & CEO: Thank you, Ronak. I just want to say that the momentum looks intact for us. We are looking at double-digit growth, and that is what we are very confident about. That will be the way forward here, Ronak.

Ronak Shah – Equirus Securities: Is there any qualitative indication you can highlight in terms of customer feedback, response, or how the order book is building up?

Dipali Goenka – MD & CEO: Sure. In America, despite the challenges we are seeing in terms of inflationary costs going up, consumption has not dropped at the moment. That demand remains firm, and we are seeing that demand coming from the United States of America.

The other countries, such as the UK and Europe, are following suit, and that is because of the opportunities created by replacements and FTAs. India is gaining share there, so that is the opportunity we are seeing.

As we go forward, this quarter was a slight blip for us because of Vapi. Because of the Vapi floods, we had a blip. We could not dispatch too much to the UK and Europe, and hence our top line was also impacted by 100 to 150 crores. Otherwise, we would have achieved further growth.

The opportunity we are seeing in the coming quarters will be in the UK, Europe, and the rest of the world. India is also gaining momentum, and, of course, the United States is also there. And we know that [trails off]

Management: ...the holiday season is in progress right now, but the next quarter also looks quite promising.

Ronak Shah – Equirus Securities: Understood. My second question is from a cash flow perspective. In the first half, we saw very robust cash flow generation. We can see that the larger part is funded through incremental trade payables. Is there any material change in the trade terms, or is it simply business as usual?

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Manish: Yes, hi Ronak, Manish here. It is business as usual, but there may be some movement because of various business conditions. Overall, the cash conversion cycle, which is currently 44 days, will probably be more sustainable at around 55-60 days.

Ronak Shah – Equirus Securities: Understood. And lastly, on the capex front, considering the high expected growth and the incremental opportunities we are seeing, are we looking to increase our capex programme, or are we comfortable proceeding with the currently disclosed programme?

Management: Ronak, what do you think we should do?

Ronak Shah – Equirus Securities: Understood, ma'am. Well appreciated, ma'am.

Management: We will be looking at it. We are exploring and evaluating the opportunities, and we will take this forward because these opportunities do not come just once, right? We have to take them and grab them. We will evaluate this as we go forward.

Ronak Shah – Equirus Securities: Understood. That is all from my side, ma'am. Thank you.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Prerna Jhunjhunwala with DAM Capital. Please go ahead.

Prerna Jhunjhunwala – DAM Capital: Thank you for the opportunity, and congratulations on a strong set of numbers. Ma'am, my first question is on the flooring business. This quarter has delivered a good recovery of around 19% in top-line growth, and margins continue to sustain. I wanted to understand what we should look forward to in this business and how we should look at growth and margins for the second half and the next 2 years.

Management: Thank you for your question, Prerna. The current environment, with crude and other man-made fibre costs, has seen costs going up. However, with our flooring business, the important thing we did was to right-size the portfolio. Customer-mix discipline was taken care of, and focusing on the cost structure and profitable businesses was very important. Along with that, focusing on R&D has been a very important aspect and driver for flooring. We are confident that we will maintain the steady-state growth that you are seeing, and the sustainable range will be low double-digit margins. That is what we will look at, because commodities such as PSF and polymer could continue to remain a factor.

Prerna Jhunjhunwala – DAM Capital: In this business, polymer costs and crude oil have been elevated and appear likely to remain elevated going forward. How do we pass on these costs? Is it difficult, meaning that margins could contract slightly, or should we see mid-double-digit growth after a few quarters? I am trying to understand the nature of your business and when these costs will eventually be passed on.

Management: Sure, Prerna. I must tell you that in India, in any business, because these are all project-based, we are taking businesses with price increases. That is something we have already done because we know it is not sustainable to work otherwise. The same approach and the same spirit are maintained globally as well. That is why you are seeing the discipline we are maintaining

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here.

Prerna Jhunjhunwala – DAM Capital: Understood. It is a welcome change that maintaining a double-digit margin is better than what we were doing earlier. My second question is on home textiles. Given that cotton prices continue to remain high and the new season is about to start, we do not know where prices will be. October has seen an increase in prices, whereas in the past there would have been a decline in prices. What is your strategy on cotton procurement, and how are you dealing with this change with customers? Are you getting price hikes, and should margins remain where they are, or should we see some softness in the near to medium term?

Management: Prerna, cotton prices have been rising, and we are seeing them move higher. Today, if I look at it, the price could be 68,000. The important thing is that we are in the season right now, and we have around 4-5 months of inventory covered beyond December. We are going to evaluate this and take our own time to decide when to buy cotton. Secondly, the important aspect is that the prices will be shared. If there is a price increase like this, you cannot conduct business and it is not sustainable. So we are doing this in collaboration with our customers.

Prerna Jhunjhunwala – DAM Capital: Understood. Is there any risk on tariffs that you see in the near term? We had received 1-2 months of relief. Are you receiving any charges from customers relating to increasing tariff costs that could arise, or is there any kind of risk that you can highlight that we should be aware of or monitor?

Management: Prerna, I can tell you that the challenge that was there has been 100% mitigated. You will see that it has been addressed, and the BTA conversations are still going on. If anything happens, India will be at a level playing field with the other countries. That is what we are very clear about.

Prerna Jhunjhunwala – DAM Capital: Understood. My last question is on FTA opportunities. Now that the UK FTA is a few months away, how are we seeing the opportunities there, and what kind of breakthroughs should be seen going forward?

Management: First of all, I think this is India's time, and I am really excited to see these times. In the near future, at least {? 53 53 ?} FTAs will open, where textiles will receive zero tariff. That is the advantage we will see going forward. With the UK, there have been early wins, and we will continue to be in conversation. The important thing happening with customers in the UK and Europe is that people are talking about long-term partnerships. Interactions have started, factory visits are already under way, and a lot of product development is happening here. We are already present, by the way, with marquee retailers. So this is the next step forward. We have our office there, and we also have people on the ground. The target is to double our UK revenues, which are already growing at double digits.

Prerna Jhunjhunwala – DAM Capital: Understood, ma'am. Thank you very much, and best wishes for the next few quarters.

Management: Thank you, Prerna.

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Operator: Thank you. Our next question comes from the line of Dhiraj Mistry with Jefferies. Please go ahead.

Dhiraj Mistry – Jefferies: Good evening, ma'am. Good evening, everyone. Congratulations on a good set of numbers. Continuing with the previous question on the UK-India FTA, I wanted to know, from a 5-6 year perspective, what kind of opportunity you see. What is the market size, and what are the potential markets we are targeting in terms of the premium portfolio versus the mass-market portfolio? What is the strategy going forward?

Management: First of all, with the UK market, I think it is a $5 billion to $7 billion market that is growing, where Pakistan takes around 55% of that market, primarily in bed sheets. India, and Welspun in particular, has an opportunity to grow here and take that market as well, and that is what we see going forward. Right now, we see an opportunity in bath towels, but as we go forward, we will see it in other categories such as bedding, sheets, and rugs. That is the opportunity we are seeing in the UK. Conversations with EU customers have already begun, and the interest is already there. We will grow this market at double digits over the coming years. That is where we will see a complete impetus. By the way, Vapi is a factory that caters to these retailers.

Dhiraj Mistry – Jefferies: Is Vapi completely up and running after the flood issue?

Management: This quarter did see an impact from the disruption at Vapi. However, our cut-and-sew operations and processing at Vapi are already under way. The impact was on spinning and, to a lesser extent, weaving. We outsourced that work, and Anjar also contributed to help and support us. Our volumes are coming back, and we will be normal in terms of the units and tonnage of towels we will be packing in the next quarter.

Dhiraj Mistry – Jefferies: Understood. When you say that you would be targeting double-digit revenue growth in the UK and Europe, what should we expect in the US? Would it be more of a mid- to high-single-digit growth rate, or can we expect double-digit growth there as well, given that we already have a high market share in the US?

Management: You are absolutely right. The US will be in the mid- to high-single-digit range. That is what we will be looking at, and every category will have its own role to play here. We also see an opportunity in the US.

Dhiraj Mistry – Jefferies: My last question is on emerging businesses, especially advanced textiles and the pillow market. The pillow business has seen a significant run-up in revenue. Where are we in terms of profitability, and where do we see that pillow business going over the next 2-3 years? Likewise, what is the outlook for advanced textiles?

Management: With pillows, we are looking at double-digit growth, and our profitability is around break-even. As we go forward, we will be in a good position there as well, because these are still the early days. Ohio is now 83% utilised, and Nevada is at 52%. We are fully on track, and there is a huge opportunity that we see in America. We are very positive on pillows.

Advanced textiles are a little challenging in the current scenario in terms of man-made fibres, and this business has taken a slight hit because of the commodity surge in advanced textiles. However,

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we are working on a lot of things, just as we worked in a very focused manner on flooring. In a couple of quarters, you will see the product portfolio differentiation that will come in, and we will share more when it comes.

Dhiraj Mistry – Jefferies: On pillows, at maximum capacity utilisation, what could be the potential turnover, and what kind of margin would you make on that turnover?

Management: We are looking at around $80 million to $100 million from both plants and the pillow business. We are targeting a low-teen margin in this business.

Dhiraj Mistry – Jefferies: Low-teen margins.

Management: Yes.

Dhiraj Mistry – Jefferies: Thank you very much.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Soham Samanta with Motilal Oswal. Please go ahead.

Soham Samanta – Motilal Oswal: Thank you, ma'am, for the opportunity. I wanted to check a couple of things. In home textiles, excluding advanced textiles, we grew almost 22% in H1 versus H1 last year. At the same time, if we look at bed and bath volumes, there has not been much volume growth. In bed, we declined 4%, and in bath, we grew only 5%. Is it right to assume that, on a half-yearly basis, the growth has mainly come from realisation for now?

Manish: The growth is coming from both sides. In fact, bed linen has grown by 2% in terms of volume. It is a mix of both value and volume, and both are moving in parallel. Bed and bath are growing equally.

Soham Samanta – Motilal Oswal: Going forward, for the next half-year, how should we look at it? Will volumes come back, or will realisation sustain the 15-17% growth we have seen, and will that continue to sustain in H2 as well?

Manish: We are still maintaining the same growth guidance that we gave at the beginning of the year.

Manish: We will continue to maintain the same guidance in terms of the top line and EBITDA margin.

Soham Samanta – Motilal Oswal: The second point is on advanced textiles. As ma'am has already highlighted, there are some challenges in advanced textiles, and we can see that there has been no growth in H1 versus H1. How should we look at the next couple of years? Can we expect low-double-digit growth or high-single-digit growth in this advanced textile business?

Management: In a couple of years, there will be an opportunity there. We have put a 20% EBITDA target on the board, and that is what we are looking at. The growth we are looking at could reasonably be around double digits. That is what we are focusing on. I think this year has been an

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aberration. As we enter the next year, we will see the business come back as well.

Soham Samanta – Motilal Oswal: The pillow business has a potential of $80 million to $100 million, as you mentioned. When can we expect that? FY29?

Management: Yes, we expect that number in FY29.

Soham Samanta – Motilal Oswal: The last point is on the flooring business. You just mentioned that we have taken some price hikes. Is that correct?

Management: Yes. Because of commodities and materials, we have taken price hikes. Any businesses we take in India are project-based. We price them based on the prevailing prices. For exports, we are taking price hikes as well.

Soham Samanta – Motilal Oswal: What is the quantum? Is it mid-single-digit?

Management: It depends on the programmes we have. I cannot share anything else on that, but yes, we are taking these steps so that the business remains sustainable.

Soham Samanta – Motilal Oswal: Understood. That is all from my side. Thank you very much.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Bhavin Chheda with Enam Holdings. Please go ahead.

Bhavin Chheda – Enam Holdings: Good evening. Congratulations to the entire management team on the excellent results despite the Vapi disruption in the quarter. I have a few questions. First, on the India-US trade deal, if I understand correctly, under the earlier trade deal you were looking at 17%-18% tariffs with the US versus Section 301, whereas tariffs are now at 10%. Can you update us on the latest developments and what you are hearing about tariff rates when this trade agreement comes into effect?

Management: Honestly, it is also for us to see what happens here. At the moment, we are at 10%, and the conversations are happening. What we know very clearly is that we will be at par with Pakistan, Bangladesh, China, Vietnam, and the neighbouring countries. We will see how it goes and how it pans out.

Bhavin Chheda – Enam Holdings: My second question is on capacity utilisation. Bath linen was at 83% despite the Vapi contribution probably not being significant in the quarter. Does that mean that, adjusting for Vapi, bath linen operated at almost 100% during the quarter?

Management: We were actually running at 100% for bath during the quarter, literally. Going forward as well, we will be utilising our capacity, and we are around 90%.

Bhavin Chheda – Enam Holdings: Sure.

Manish: Bhavin?

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Bhavin Chheda – Enam Holdings: Yes.

Manish: Bhavin, Manish here.

Bhavin Chheda – Enam Holdings: Yes, hi Manish.

Manish: Please continue. My only point was that, as she was saying, Vapi is at lower capacity, but Anjar and other ancillary units, along with some of the investments we made last year in WHSL that have also become operational, have helped us manage this very good utilisation.

Bhavin Chheda – Enam Holdings: Very good. Third, I want to come back to the earlier guidance. Before all those disruptions occurred, including the US tariff-related issues, we were looking at close to 15,000 crores of top line in FY28. That may have been pushed back by one or two quarters based on the capacities already in place, while utilisation is also increasing. Now that things are normalising and we are probably looking at a 10% duty regime, an FTA signed with the UK and Europe, and the currency at 95, everything is positive for the Indian textile industry. Should we be more confident of reaching that 15,000-crore top-line number based on the current capacities and the earlier plans?

Management: The number is intact, for sure. The opportunity here is immense. We are definitely exploring some investment opportunities here.

Bhavin Chheda – Enam Holdings: That was my next question, because I was considering the 15,000-crore top line to be in the bag. What do we do after that?

Management: There is an opportunity here, Bhavin, and Welspun is not going to let this opportunity pass us by. We are leaders in towels, and we will maintain that leadership globally and across the globe.

Bhavin Chheda – Enam Holdings: Thank you very much, and best of luck.

Management: Thank you.

Operator: Thank you. Our next question comes from the line of Roshan with Antique Stock Broking. Please go ahead.

Roshan – Antique Stock Broking: Thanks for the opportunity, and congratulations on a good set of numbers. I wanted to understand your EBITDA margin, which expanded to approximately 12% this quarter. How much of this improvement reflects structural factors such as operating efficiencies and premiumisation versus temporary factors such as elevated raw material costs, freight, and other factors? That is my first question.

Manish: Hi Roshan, Manish here. There is a mix of factors; it is not just one item. In fact, some costs have also increased, such as commodity and chemical prices. However, a lot of things have happened: cost optimisation, cost efficiency, production efficiencies, and some price increases as well. We have been discussing that we will continue to monitor this, and as we go further, we see an overall favourable situation in which we can maintain our numbers.

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Roshan – Antique Stock Broking: Understood. My next question is on how demand is evolving across the US, UK, and European markets. What is the current visibility on orders in the near term, perhaps over the next 2 quarters? If you could help us understand what your customers are thinking about the upcoming festive season, any broad commentary would be helpful.

Management: The US has been growing and has defied all the effects of inflation coming our way. That story should remain for the next couple of quarters, and we will see growth there. In the UK and Europe, we are also going to see steady growth. That growth will be driven by the FTA opportunity and replacement demand. This is definitely something we will see in the coming quarters. We had a slight blip this quarter, mainly because Vapi services our European and UK orders.

Roshan – Antique Stock Broking: Understood. With cotton costs and freight costs—

Operator: Sorry to interrupt, Roshan, but your line is not very clear. Please check your line and speak closer to the microphone.

Roshan – Antique Stock Broking: Is it better now?

Operator: Yes. Please go ahead.

Roshan – Antique Stock Broking: With cotton costs and freight costs trending higher, what is the time lag expected today for passing on the cost to customers? Typically, what is the time lag [inaudible]?

Management: We continue to discuss prices whenever they are needed, and this is all done through collaboration. Our long-term freight contracts with our partners have also held us in good stead. As we go forward, and with the price impact we are seeing, we will definitely go back to customers for price discussions. Let me also tell you that more than 90% of our business is FOB.

Roshan – Antique Stock Broking: Understood. My final question is regarding the company being in a net cash position. With the strengthened balance sheet, how does management intend to allocate future cash flows? Any step—

Operator: Sorry to interrupt, but your line is not clear. Your audio is not coming through completely.

Roshan – Antique Stock Broking: I will repeat the question. With the company being net cash positive from September onwards and the balance sheet now strengthened, how does management intend to allocate future cash flows going forward?

Manish: As of now, our current capex allocation remains as we have continued to mention, roughly 400-500 crores per annum, which is a steady-state situation. However, as we discuss and see growth in different countries, we are exploring opportunities, and we will come back to you over time.

Roshan – Antique Stock Broking: Understood. That is all from my side. Thank you very much.

Manish: Thank you.

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Operator: Thank you. Ladies and gentlemen, to ask a question, you may press star and one. Our next question comes from the line of Shraddha Agrawal with Asian Market Securities. Please go ahead.

Shraddha Agrawal – Asian Market Securities: Hi, ma'am. Congratulations on a great quarter. I have 2 questions. Can you give me the split of domestic and export sales in our flooring business?

Management: We do not discuss that, but it is always based on the businesses we have. Primarily, they are similar.

Shraddha Agrawal – Asian Market Securities: Is it skewed more towards domestic sales or exports in the flooring division, given that we have seen a sharp improvement in profitability in the last 2 quarters?

Management: Both are actually dependent on the type of orders and how they are structured. Domestic businesses are basically project-led, while the global businesses are programme-led. Both depend on how those orders come in. Regarding margins, we have gone back to our customers for price increases because otherwise it is not sustainable for us.

Shraddha Agrawal – Asian Market Securities: What is the sustainable revenue growth number that we can look at for the flooring division?

Management: It depends on what we are discussing. We are looking at low-double-digit growth. The margin is in the low double digits, while growth is at a steady state.

Shraddha Agrawal – Asian Market Securities: Sorry, what is the growth?

Management: Growth is at the steady state we are seeing right now, with a low-double-digit margin.

Shraddha Agrawal – Asian Market Securities: The other question is that we have done very well, but if I look at OTEXA data, it appears that China and Pakistan have done better than India so far this calendar year. Are you seeing any market-share changes in the US home textile market?

Management: If you look at the OTEXA data, for towels we have seen India's share, and specifically Welspun's share, increase competitively. India's overall share may have declined, but I think Welspun has increased its share in towels. Sheets have remained steady.

Shraddha Agrawal – Asian Market Securities: The data I am looking at shows that India has declined 17% YTD.

Management: India has declined, but Welspun has grown.

Shraddha Agrawal – Asian Market Securities: Okay.

Management: If you have the data, you can reach out to our team to discuss it.

Shraddha Agrawal – Asian Market Securities: Sure. Thank you, ma'am.

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Management: Thank you.

Operator: Thank you. Our next question comes from the line of Aradhna Jain with 361 Capital Market. Please go ahead.

Aradhna Jain – 361 Capital Market: I wanted to check a couple of things. Continuing with where the previous participant left off, with respect to OTEXA data or in general, what we are hearing is that because the West Asia war has not cooled off, there is an inflationary situation building up in both the US and EU markets. From a medium-term perspective, what are you expecting as a result of that inflationary situation in the US or EU? Would that in any way impact our order book? How long are the contracts we have with our clients? Has there been any change? Are they still a little shorter term, or are they returning to longer-term contractual arrangements with them? [cut off]

Prerna Jhunjhunwala – DAM Capital: I believe that the next 2 quarters could already have our order books filled. From the first half or second half of next year, if you could help us understand what we are expecting, that would be useful. From an EU perspective, how much is the share today? What is the share of non-US geographies for us today, and where do we see that over the next 2-year period? That is my first question.

Dipali: Let me address your first question. Your question about America and inflation is absolutely relevant because that is what we all think about and anticipate. In the US, 60% to 70% of our business consists of replenishment businesses that have been continuing for some time. That gives us an opportunity because this is an ongoing business. We do not see any impact there. Inflation has occurred, but we have seen consumption remain at a steady state. We are comfortable there.

Regarding Europe, I would say we can be cautiously optimistic. There will be growth owing to the FTA, and that is the opportunity we see in Europe as well.

Prerna Jhunjhunwala – DAM Capital: Understood. How much would the non-US share be today, and how much should we expect that to be over the next 2-year period?

Dipali: We are growing at a rate of 20% in Europe and the UK, and we will maintain that.

Prerna Jhunjhunwala – DAM Capital: The second thing I wanted to understand is more on the gross-margin side. Last quarter, our gross margins compressed by close to 250 bps because of pressure from raw-material prices. What led to the pressure coming down this quarter, resulting in improved margins? Was the branded business doing particularly well, leading to margin improvement? Was it largely due to a superior product mix? How much can we expect margins to be over the next couple of quarters if raw-material costs remain elevated?

Manish: Hi, this is Manish. It is a combination of customer-programme mix and sales prices along with raw materials. As you know, we normally hold inventory for 6-9 months, and we continue to maintain that. Our average price has always supported us. That is what we will continue to maintain, and that will continue to support this situation.

Prerna Jhunjhunwala – DAM Capital: Should we expect a gross margin of around 45% to be a steady-state level for us, even if raw-material costs remain elevated?

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Manish: It will improve, depending on the entire customer mix, but it is [cut off]

Dipali: It is also a product mix. It is a function of the product mix. It depends on what kind of programmes we are shipping. It will depend on that. However, we are looking at a good, steady-state EBITDA margin.

Manish: Yes.

Prerna Jhunjhunwala – DAM Capital: Understood. The last thing I wanted to understand is capex. You said that annual capex would be around 400-500 crores, of which around 150 crores has been spent in the first half. Could you help us understand where the remaining approximately 350 crores will be utilised? For next year as well, can we expect a similar level of capex, and where would that be deployed?

Dipali: Right now, we can discuss the current year. This is all being used to debottleneck our operations so that we can increase production. That is where the remaining investment for the rest of the year will be focused. We will discuss next year's plans in detail and come back to you on that as well.

Prerna Jhunjhunwala – DAM Capital: Understood. That is all from my side. Thank you, and all the best.

Dipali: Thank you very much.

Operator: Thank you. Our next question comes from the line of Shrish Pardeshi with Motilal Oswal. Please go ahead.

Shrish Pardeshi – Motilal Oswal: Hi, team. Congratulations on a good set of numbers, and thank you for the opportunity. A quick question: for many years, we have been trying to fix the flooring business, and now there are at least early signs that this business is seeing better momentum. In the first half, we have done around 400 crores. Can we look at this business reaching 1,000 crores and next year about 1,500 crores? Given what you have done in the business, I am trying to understand whether we can build steady-state revenue momentum in this business, because we have learned a lot in this area.

Dipali: We are looking at around 800-1,000 crores in the near-term future, but nothing beyond that and nothing more than that. The focus here is on growing the domestic business and achieving steady-state margins and profitability. This will create a healthy mix in terms of our products. That is the focus here, and we will continue to do that.

Shrish Pardeshi – Motilal Oswal: I am not asking for margin guidance. Directionally, whatever changes you have brought to this business have resulted in growth and a margin uptick. This business has been volatile for many quarters, so I am trying to get a clear sense of how it will contribute to the overall business.

Dipali: That is what I am saying. In the mid- to long term, we are looking at around 800-1,000 crores, and we will continue to have steady-state, healthy profitability as well. This is the focus, and we are looking at growing in the Indian market. There are many opportunities in the domestic

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business as well.

Shrish Pardeshi – Motilal Oswal: The second question is on the revenue mix. One-third of our business, comprising the B2B innovation business and domestic B2B business, has grown by more than 40%. Is there any seasonality or one-time ordering backlog that has been cleared? You did mention that this business will grow at double digits, but I am asking about the quantum. Has there been any new customer addition or have we won any new programmes? Can we then build towards this business reaching approximately 4,000-4,500 crores?

Manish: You are right, Shrish. A couple of one-time orders came in as a drop-in, including a promotional order, but overall, this is part of the sales-mix plan and will continue. There is always some seasonality in one or two orders, but otherwise it will continue. If not this, something else will work next quarter. The momentum will continue.

Shrish Pardeshi – Motilal Oswal: What percentage of the global B2B business is programme-led? Is it significantly higher, such as 70%-80%, so that we can build consistency, or is it 50-50, meaning that a lumpy order might come in the future as well?

Manish: You are absolutely right. It is 70%-80% of our total business.

Shrish Pardeshi – Motilal Oswal: I am also curious about B2B Others. This business has been under pressure for some time. What corrections or changes can we expect in the second half or perhaps over the next year? It represented about 47% of the business in this quarter.

Manish: This business will continue to do well. This was simply a change in the sales mix, but it should be the same next year. Some products moved into innovation, and in the next quarter they will return to the normal mix.

Dipali: It will be a mix of brand, innovation, and private labels as well.

Shrish Pardeshi – Motilal Oswal: Is this related to supplies from Vapi and Anjar, or is it beyond that?

Manish: It has nothing to do with Vapi; it is the overall business mix.

Shrish Pardeshi – Motilal Oswal: Okay.

Dipali: And the last thing—

Manish: Basically, it is to ensure the right sales mix, and that is what we are trying to achieve. This is helping us rationalise our costs and improve profitability.

Shrish Pardeshi – Motilal Oswal: The last point is on the overall US momentum. We have spoken about refurbishing or reinventing the entire business mix. At what point will we see full-scale operations in the US?

Dipali: It is already operating at full scale. We have replenishment businesses that are growing and continuing to grow at a steady state. Nothing is happening that will change this. The only discussion was on the duty, and that will continue. We will see how it pans out, and it will also be on a level playing field.

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Shrish Pardeshi – Motilal Oswal: Is it fair to assume that the US is operating at 70%–80% utilisation?

Manish: Are you referring to the pillow business?

Shrish Pardeshi – Motilal Oswal: Yes.

Dipali: Oh.

Manish: It is operating at around 67%–70% or thereabouts. This business continues to grow. We are currently on track to double the business this year, and so far we are at double last year's number.

Shrish Pardeshi – Motilal Oswal: I have a few more questions. I will speak to you offline, Manish. Thank you, and all the best.

Manish: Sure.

Dipali: Thank you.

Operator: Thank you. Our next question comes from the line of Rohit Ohri with Progressive Shares. Please go ahead.

Rohit Ohri – Progressive Shares: Hi Dipali and team. I have 2 questions. The first is on Welvision AI. Do you think this can help improve manufacturing economics going forward?

Dipali: Of course. Leveraging AI will definitely help, and that will be the way forward along with automation technology.

Rohit Ohri – Progressive Shares: What percentage of manufacturing capacity is currently covered by Welvision AI?

Dipali: We are continuing to evolve this. When you talk about AI, there are different forms, including agentic AI and vision AI, as you mentioned. Their needs and requirements are different. Vision AI is required for quality, among other applications. We will continue to identify areas where it is needed, and we will need it across all our operations. We will continue to evolve this. It is critical to keeping us competitive and making us future-ready as well.

Rohit Ohri – Progressive Shares: Can you share any discussion or number regarding the improvement in production output per employee that you anticipate going forward?

Dipali: That will happen as we go forward, and we will come back to you because that is going to be the norm. There are a couple of things involved: throughput, material movement, and employee productivity. These are very important as we go forward because, in an era of inflation and rising manpower costs, we will have to continue to improve efficiency and efficacy.

Rohit Ohri – Progressive Shares: Directionally, over the next 3–4 years, can we conservatively assume 14%–15% top-line growth, a 14%–15% EBITDA margin, and 15% ROCE?

Dipali: We have given our numbers, and I think we are going to maintain them: double-digit growth and 15% EBITDA over the next 2 years. We want to maintain that, and we want to see ROCE of

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around 14%–15%.

Rohit Ohri – Progressive Shares: On the recently agreed India FTA, which came into effect on October 21 and 20, what sort of opportunities do you expect from this geography in terms of rupees billion, and have you been able to sign any new logos recently?

Dipali: These are ongoing processes, and we are in conversation with many retailers. These discussions continue to develop, with many developments and visits taking place. We will see how it evolves. We are geared up for 20% growth in this region.

Rohit Ohri – Progressive Shares: Thank you for answering my questions.

Dipali: Thank you very much.

Operator: Thank you. Our next question is a follow-up from Prerna Jhunjhunwala with DAM Capital. Please go ahead.

Prerna Jhunjhunwala – DAM Capital: Thank you for the opportunity once again. I wanted to check on other expenses. They have not been this high in this quarter; in fact, on a quarter-on-quarter basis, there has been a decline. Is there any tax or import-tariff refund, or any cost rationalisation that you would like to highlight? That would be helpful.

Manish: Hi, Prerna. This has been a constant area of work for us, and this is where we are able to perform and show you the numbers. We have discussed this many times. There are cost-optimisation activities under way, including productivity improvements.

Prerna Jhunjhunwala – DAM Capital: This also suggests that there has been no major escalation in container costs or other increases. Should we assume that this kind of number will continue going forward as well?

Manish: We have been managing and monitoring container costs very closely. Our long-term contracts have supported us and given us an advantage in this area. As we progress and [trails off]

Management: ...see how this market develops. We will continue to monitor it and keep you posted.

Prerna Jhunjhunwala – DAM Capital: Understood. I just wanted to confirm that we did not receive any tariff refund, because a few companies in the last quarter have mentioned that they received tariff refunds, although not in textiles but in other sectors. So, we are not receiving any refund in this quarter?

Management: Prerna, we have received some refunds, but none of them is part of our balance sheet or P&L as of now.

Prerna Jhunjhunwala – DAM Capital: Where would that go? If we continue receiving refunds, where will they be visible?

Management: They are part of some items that are under reconciliation with customs. The amounts are with customs, so they will probably start reflecting sometime in the next quarter or so.

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Prerna Jhunjhunwala – DAM Capital: Understood. Thank you very much. One more thing: you have been highlighting that the US will also grow at 20% going forward, leaving aside the base effect, [cut off]

Management: No, US [cut off]

Management: No, the US will not grow at 20%. The US will grow in the mid- to upper-single-digit range.

Prerna Jhunjhunwala – DAM Capital: Okay. That much only. Understood. Thank you.

Management: The US is huge, actually.

Prerna Jhunjhunwala – DAM Capital: Understood. Thank you.

Management: Thank you, Prerna.

Operator: Thank you. We have no further questions, ladies and gentlemen. I would now like to hand the conference over to the management for closing comments.

Management: Thank you, everyone, for joining us today and for your continued engagement. Q2 reflects our continued progress on growth, profitability, and financial strength. With an improved cash conversion cycle, better ROCE, and a net cash position, we are significantly strengthening our financial foundation.

While the external environment remains dynamic and accelerating our Vapi operations remains a near-term execution priority, we believe the underlying strength of our business and the actions we have taken position us well for the next phase of growth.

India's increasing competitiveness in global sourcing, evolving trade relationships, and the growing importance of reliable supply chains provide meaningful opportunities for the industry. We intend to build on our strengths in scale, innovation, customer partnerships, and operational efficiency to capture these opportunities and create sustainable long-term value for our stakeholders.

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

Operator: Thank you. On behalf of 360 ONE Capital Markets, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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