



“Welspun Living Limited
Q2 FY '26 Earnings Conference Call”
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MODERATOR **MR. ANIRUDH NAGPAL – JM FINANCIAL
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Moderator: Ladies and gentlemen, good day, and welcome to the Welspun Living Limited Q2 FY '26 Earnings Conference Call hosted by JM Financial Institutional Securities Limited. As a reminder, all participants 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 touchtone phone.

I now hand the conference over to Mr. Anirudh Nagpal from JM Financial. Thank you, and over to you, sir.

Anirudh Nagpal: Thanks, operator, and welcome, everyone, to the call. I will first thank Welspun Living for giving JM Financial the opportunity to host today's call.

So without much ado, I'll hand over the call to Mr. Salil Bawa, Head, Investor Relations, Welspun Group, to introduce the management. Over to you, Salil.

Salil Bawa: Thank you, Anirudh. Good afternoon to all of you. On behalf of Welspun Living Limited, I welcome all of you to the company's Q2 FY 2026 Earnings Call. Along with me, I have Ms. Dipali Goenka, Managing Director and CEO; and Mr. Manish Bansal, CFO, Welspun USA. I'm pleased to inform that the Board has approved Mr. Manish Bansal's appointment as CFO of Welspun Living Limited with effect from January 1, 2026.

I hope you have had a chance to review the investor presentation that we filed with the exchanges today. The same is also available on the company's website. During today's discussion, we may be making references to this presentation. We request you to take a moment to review the safe harbor statement in our presentation.

As usual, we'll start the forum with the opening remarks by our leadership team. Post that, we'll open the floor for your Q&A. Once the call gets over, should you have any further queries that remain unanswered, please feel free to reach out to any one of us.

With that, I would now like to hand over the floor to Ms. Dipali Goenka, Managing Director and CEO. Over to you, Ma'am.

Dipali Goenka: Thank you, Salil. Good evening, everyone, and thank you for joining us today for Welspun Living's Quarter 2 FY '26 Earnings Call. This quarter unfolded against a backdrop of persistent global tariff headwinds and a cautious demand environment, particularly in our key export markets.

Amid this volatility, our focus has been clear, manage what's within our control, strengthen fundamentals - cost controls, efficiency and customer trust and stay future-ready through portfolio and regional diversification, brand-led growth and operational agility.

The 50% tariff on Indian exports to the U.S. has disrupted trade flows and retailer buying patterns across the industry, weighing on near-term volumes. Despite these headwinds, our strong customer relationship and competitive moat as a trusted global partner has enabled us to retain customers and sustain market share in the U.S.

As per OTEXA, January to July 2025, while the overall exports to the U.S. have declined by 44% in towels and 8% in sheets. Welspun continues to strengthen its market share, underscoring our structural edge in scale, reliability and quality. Our customers are partnering with us to share the tariff burden, the partial absorption of tariffs is weighing on margins. *Margins can recover, customers once lost, cannot.*

We remain hopeful that progress on the Indian U.S. bilateral trade agreement will bring clarity and gradually restore stability to trade flows. The U.K., India FTA and the other upcoming trade agreements will provide a strong impetus to diversifying our footprint in other regions where we already have a 40% share of business.

On the domestic front, India's macro fundamentals remain resilient. The recent GST rate rationalization and encouraging development is a structural positive for organized players. We expect this to enhance disposable income, thereby laying a ground for stronger consumption trends.

Highlights of the quarter gone by. Amid external turbulence, we delivered consolidated revenue of INR2,456 crores, down 16.4% year-on-year on a high base last year and up 7.3% sequentially. EBITDA margin stood at 6.8%, reflecting the impact of tariff-led volume pressure, adverse mix and other factors. Despite this, our balance sheet remains strong, cost discipline intact and diversification strategy on track. Consumer sentiment in the U.S., our largest market remains muted heading into the holiday season. According to the Deloitte Holiday Retail Survey, spending on Home categories is expected to decline 20% to 25% this season, reflecting softer discretionary spending and measure retailer inventory. In this backdrop of slowdown our core home textile Exports business declined 15.4% Y-o-Y to INR2,043 crores. The recent Federal Reserve rate cut is a welcome development and could gradually have help revive consumption in the coming quarters.

We continue to expand our portfolio with high potential and higher realization categories such as fashion towel, fashion and utility bedding and pillows. With our Jacquard plant commencing operations in July 2025, we are the leading terry towel manufacturer globally. Our strategic onshore investments in the Ohio Pillow facility has reached nearly 50% capacity utilization and will continue to grow with the Nevada expansion underway. We expect our Pillow business to nearly double to ~\$30 million this year.

Finally, we are deepening our footprint and supply chain capabilities across U.K., Europe, GCC ANZ and Japan to drive geographic diversification that will fuel long-term growth. While overall home textile exports to EU has grown between January '25 to July '25, Welspun dispatches grew over 2x the market rate, expanding their shares in both sheets and towels.

Globally, Christy, our luxury heritage brand showed strong growth momentum of over 40% Y-o-Y, led by U.K. and U.S. performance and healthy gross margins of over 50%. Online segment grew by over 30%, complemented by off-line expansion with 12 doors in Bloomingdale's and bed category expansion in 17 John Lewis stores in London.

Our domestic consumer business recorded INR153 crores, down 3.7% Y-on-Y, reflecting short-term channel adjustment for GST rate rationalization. Nearly 30% of our portfolio now benefits from the 5% GST slab, which will enhance affordability and accelerate the shift towards branded and organized players over time.

India continues to be a bright spot globally. Now the fourth largest economy, with rising consumption, world-leading digital payments ecosystem and expanding real estate activity, supporting medium-term optimism. Our brand investment and spaces remain strong across affordable and aspiration segments and are well positioned to lead India's next phase of consumption led and experience-driven growth.

Additionally, India is expanding religious tourism and pilgrim infrastructure growing at a CAGR of 18%. It's creating incremental demand for institutional linens, bath textiles and furnishing, providing a new avenue of steady growth for the category. Our domestic flooring business grew 14.3% Y-o-Y, led by strong traction in hospitality with a 30% growth over last year.

Globally, the scenario was different. Overall, Flooring segment clocked a revenue of INR181 crores, 27% degrowth Y-o-Y in Q2 as housing activities and projects starts remain subdued, particularly in U.S. despite the Fed easing stance.

Our advance textile business declined by 19% to INR120 crores, amidst lower global offtake. However, we remain focused on value-added categories such as hygiene, health care and filtration, building a strong innovation pipeline to serve global customers as markets stabilize.

ESG continues to be a core pillar and key differentiator for Welspun Living. We are progressing towards our 2030 goal by 100% renewable energy and sustainable cotton use. In Q2, our Hyderabad facility achieved 93% green energy use and in the new fiscal year, Anjar facility will be shifting to the round-the-clock RE power, taking it to RE's adoption to 80%. During the quarter, 97% of our cotton was sustainably sourced.

As we move towards the external environment remains fluid, near-term pressures are likely to continue to the second half impacting both top line and bottom line. However, with every challenge comes an opportunity, and we are building a foundation, not just for today but for the next 100 years.

Before I conclude, I'm pleased to share that the Board has appointed Mr. Manish Bansal as the new Chief Financial Officer of Welspun Living, effective 1 January 2026. Manish has been with us for over 15 years and has led leadership roles across our Indian retail, U.K. and U.S. Businesses. His extensive experience across geographies and deep understanding of operations and financial strategy make it exceptionally well-placed to lead our finance function as we continue to focus on disciplined execution and sustainable growth. We extend our best wishes to Manish, as he takes on this new responsibility.

With this, I would like to hand over to Manish to take you through the detailed financial performance for the quarter.

Manish Bansal: Thank you, Dipali. And good evening, everyone. It's a privilege to address all of you today in my first earning call at Welspun Living. I will take you through a brief overview of our financial performance for Q2 FY '26. We reported consolidated quarterly revenue of INR2,456 crores, down 16.4% Y-o-Y, while EBITDA margin stood at 6.8%, contracting 748 bps Y-o-Y.

Our margin compression is primarily driven by tariff-led volume pressure and adverse mix. Despite higher realization from forex at USD 87.14 versus USD 84.29 last year. We continue to tighten overheads, optimize sourcing and improve plant efficiencies to safeguard margins.

Profit after tax after minority interest for the quarter is at INR13 crores, down 93.5% Y-o-Y. We continue to strengthen our balance sheet. Net debt stood INR1,570 crores versus INR1,603 crores as at 31st March 2025, which is lower by INR33 crores.

Our cash convertible cycling improved to 88 days, amidst tightening controls reflecting better working capital management. Free cash flow has been improved to INR158 crores versus March '25 INR212 crores. Capex during this quarter was INR87 crores, primarily towards efficiency enhancement and ongoing hybrid wind and solar power transmission line projects.

These investments are aligned with our long-term strategic priority of operational efficiency and sustainability. As I step into this new role, my focus will be razor-sharp on driving cost realization and improving operational efficiencies through automation and digitalization. We have to focus on market diversification and product strategy along with cost reduction to improve margin. Our goal is to make Welspun Living sharper, more agile and future-ready.

With this, I will now leave the floor open for question and answer. Thank you.

Moderator: Thank you so much sir. Ladies and gentlemen, we'll now begin with the question and answer session. The first question comes from the line of S.J. Rao from Share Trend Research.

S.J. Rao: Investors are slightly disappointed about the disappointing results for the second quarter in succession. Any share buyback to offset the negative results?

Dipali Goenka: No, the Board will decide on this actually.

S.J. Rao: Whether you are thinking of compensating the shareholders by thinking of share buyback, as you have done in the last three instances?

Manish Bansal: So this is Manish Bansal here. So at the right time, Board will decide the situation. And based on that, the same will be communicated. And this is a short-term issue. And over the period, these things will get automatically improve as soon as this tariff situation is sorted. And then we will be able to deliver better numbers.

Dipali Goenka: So I think while you are talking about these disappointing numbers, I hope you also understand the 50% tariff is right there and is the reality, sir. And the thing is that we haven't lost any customer and we are continuing to hold on to our market share, while we continue to diversify and hold on our cost leadership and work on the cost controls.

- Moderator:** Our next question comes from the line of Shradha Agrawal from Asian Market Securities.
- Shradha Agrawal:** Three, four questions from my side. Firstly, is it possible to quantify the impact of...
- Manish Bansal:** Shradha, can you speak a little louder?
- Shradha Agrawal:** Yes, possible to give us the quantum of tariff impact that we saw in the quarter? And adjusted for that, how would have margins been?
- Dipali Goenka:** Sure. I think, Manish, over to you.
- Manish Bansal:** Yes. So it's -- tariff impacts are not in terms of direct numbers, but tariff has actually impacted us in terms of volume and there is very minimal impact in Q2 of tariffs directly.
- Dipali Goenka:** But it is the impact of the volume because we actually held on until the customer gave us approval in writing to dispatch goods as well. So the lot of impact that you are seeing in this quarter is mainly because of the volume impact. And as we go forward, this will continue in the terms of our tariff impact.
- Shradha Agrawal:** Ma'am, but ideally, you would have also shared some tariff burden in terms of pricing with the customers
- Dipali Goenka:** No, that will come in. That is already actually already on the onset, let me just be very clear on it. And this will continue to actually get even sharper in the quarter 3. Quarter 2 has started showing and reflecting. And even in quarter 3, it will reflect.
- But having said that, we've worked with our customers to share a 50% they have shared and we have worked as a partnership there with the customers. We are working on the first sale with one of the big fours, and on the U.S. cotton, that will also mitigate a lot of risk of the tariff.
- Shradha Agrawal:** Ma'am, some of your peers, not necessarily in home textile, but in garmenting those that declared results today, indicated almost a 10% to 15% burden sharing with retailers that impacted the revenue. So apart from the volume impact, I was expecting a similar kind of impact from you. So is that a number that we also saw in terms of impact on realization?
- Dipali Goenka:** Yes. Yes, absolutely. Absolutely. That was the impact on the realizations as well. And we just don't deal in one category. For us, Welspun, we have a diversified portfolio, of bath towels, sheets, bedding, rugs, carpets flooring everything and advanced textiles. So for us, it's a very diversified portfolio. Having said that, as the tariff goes, this will be working to our advantage as we go forward.
- Shradha Agrawal:** Right. And secondly, on the flooring business, this business has been under stress for some time, and the tariff impact has made it even more difficult. So what is our strategy going ahead on this segment? And how -- I mean, I think we are seeing a higher impact on our hard flooring business compared to soft flooring. So what is the strategy that we are undertaking for flooring as a whole and for soft flooring in particular?

- Dipali Goenka:** So I can tell you that soft flooring is going to continue to grow stronger and will have a growth potential of around more than 20%. And hard flooring, you are absolutely right, there has been an impact. Having said that, we are actually controlling our fixed cost, working on a very calibrated approach. And you'll also see an upside here also as we go forward. So I just want to tell you, we capped the cost here. We're capping everything so that there will be minimal impact on this as well. So to your point, you will see kind of a positive impact on flooring as we go forward.
- Shradha Agrawal:** And then last question, by when do we expect the Nevada capacity to get operational and expected potential peak revenue from this business?
- Dipali Goenka:** So our Nevada capacity will start being operational by 1st of February, end of Jan, and that's where we are looking at that to be operational. And if you're looking at Ohio, we are more than 50% utilized. And we'll continue to grow our capacity utilization quarter-on-quarter in Ohio as well and Nevada gets operational end of Jan, 1st February.
- Moderator:** Our next participant is -- come from the line Perna Jhunjhunwala from Elara Securities.
- Perna Jhunjhunwala:** I just wanted to understand the volume impact that could come in going forward as the full impact of tariff comes in. What kind of decline or uptick that we can expect in the second half of this year? Assuming tariff continue?
- Dipali Goenka:** Quarter 3, we are seeing a visibility which is looking near around quarter 2 itself Perna. Quarter 4, we cannot right now have a visibility that clear, because the holiday season is there in the quarter 3. So while I think in the next 1 month, we see a visibility for quarter 4. So quarter 3, we continue to see a clarity, and it is as good as quarter 2.
- But I can also tell you that Perna, while -- and U.S. is your biggest market, while the tariff looms, but as the tariff goes, we'll continue to have that market share, which we are not leaving because of the tariff concerns. And we have also diversified our geography. So when I look at 60% U.S.A, 40% is others in which Europe and UK is ~20%, ~13% is India and ~7% is rest of the world. So we see this kind of a mix continue to grow. And also, along with that, our brand portfolio will also grow. So I think there's a huge opportunity here, Perna. And this is a minor blip that I will say.
- Perna Jhunjhunwala:** Okay. My second question is on this branded business. In your presentation, we see that this branded business is also not done that well. So what could have been the reason behind this brand business in overseas markets not doing well?
- Dipali Goenka:** Overseas market, I think, Perna, I think if you would have seen our own brand, Christy has grown. In fact, it has grown by 40% and our online business of Christy has grown by over 23% with a margin of 50%. And we actually opened doors of Bloomingdale's as stores. We actually store in store in Bloomingdale's in more than 9 stores, not from the online.
- So that footprint has also started along with what we're doing in U.K. And India has been a challenge. Let me also face and tell you that because of GST. Because the GST blip this quarter,

Diwali shopping also, they were holding on until there was a clarity of GST. So that actually got procrastinated till first week of October.

That's where -- and if you are talking about the other brands that we have, that actually happens matter of seasons and placement that you will see a continuous growth happening on the quarter-on-quarter quarter right now. So I'm not worried about that. That you will see, like as the placement happens, and there are few placements, strong placements that will happen and you will see that growth coming in. So just to sum it up, our Christy brand global, our own brand has grown. Spaces and Welspun will grow post this blip of GST. So you will see that upside also. And our Domestic Flooring, our Welspun Flooring has also grown by 14% this year, this quarter.

Prerna Jhunjhunwala: Okay. And whether there was any volume -- whether there wasn't a rush before this relative tariffs were implemented and there has been an incurrence of higher cost, maybe through air or something like that, that has been incurred in this quarter, or is it normalized operations that we see, and there was no rush of volume before the implementation of punitive tariff? Just wanted to get some clarity on this?

Dipali Goenka: No, no. Not at all, Prerna. Because actually, we also didn't want to rush anything. We worked with our customers, with their written approvals were the dispatches done. So there was just very clear clarity from our customers and ourselves mutually that let's have a proper understanding and then only the dispatches were done.

Prerna Jhunjhunwala: Okay. And you see any demand cautiousness going forward as increase impact of tariff-led goods comes into the system in the U.S.?

Dipali Goenka: So, Prerna, if you have seen the Deloitte report, the consumer report of America, we have clearly said that post the holiday and the holiday season also, they are anticipating a little dip. And going forward also, there's the kind of layoffs that have happened and also the concerns that are there, they might see that dip. Having said that, America is an economy that surprises you. So let's wait and watch and be positive about how the tariff goes off and how we look at the positive demand come back.

Prerna Jhunjhunwala: Last question is on U.K. FTA. Now that it's signed but yet to be ratified, what kind of inquiries you are seeing from the U.K.? And what is your expectation that this geography could actually bring in when the ratification is already done?

Dipali Goenka: We are actually very well placed in U.K. and Europe. And in U.K., also, let me tell you that already the conversations with the top retailers is already happening. The business in the terms of growth, business in terms of strategic partnerships like we work in America has already started.

Along with that, let me also tell you how we are working with the hospitality partners in America. One of the biggest chains of hospitality in fact, Europe, which has around 400,000 properties, we already have started our placement.

So I can tell you that already we can see that kind of a positive swing there. I mean, one more thing Prerna, let me just clarify. U.K. might have a blip in terms of the kind of economy. But Europe, if you look at it, have seen that kind of an upside.

So you will see that kind of an opportunity in Europe as well. So having said that, to sum it up for you, U.K., we are continuing to grow. Partnerships are there. Europe, we are continuing to grow. Japan, we will continue to grow along with Australia, which is again showing very, very -- the green shoots in Australia as well.

Prerna Jhunjunwala: And have anything on flooring that is happening in these geographies because that business is continuously seeing some impact of tariff and not seeing any major improvement over there?

Dipali Goenka: So Prerna, very valid point, but I'll tell you, in the terms of soft flooring, we see a very strong upside in the other geographies, where which is like Middle East, U.K. and even in Australia where there are certain JVs that we are working with in Australia, that could be a very positive impact.

And in India also, with the kind of commercialization, hospitality, we are seeing a very positive impact. Along with that, our area rugs with very strong innovation are seeing a strong upside. It is only the U.K., U.S., which is because of the tariff, but despite -- without that, we will be able to have a great opportunity there as well.

Moderator: Our next question comes from the line of Deepali Kumari from Arihant Capital.

Deepali Kumari: I have few questions. Can you put expectations for working capital cycle improvement, especially in inventory and debtor days where volatility is observed?

Manish Bansal: Actually, if you see our current working capital is one of the best ever. We are currently monitoring and controlling in terms of our inventory levels our debtors and payables. As of now, if you see our current cash conversion cycle is 88 days, which is lowest after FY '22.

So we are very cautious, and that's one of our key priorities to ensure our balance sheet is very healthy and strict controls are in place to ensure our cash flow and working capital cycle is managed. If you see -- even our free cash flow has been improved. We are INR152 crores of free cash flow.

Deepali Kumari: Okay. So we can expect like 88 days only. Is there any improvement in by 2026? Can we see that?

Manish Bansal: There is always a scope of improvement, but it is on an ongoing basis. And as we progress, we can always work on that. But as of now this is what looking more positive.

Deepali Kumari: Okay. And also, can you please share some guidance over margin for FY '26?

Dipali Goenka: We all know that as the tariff goes, there are a couple of things let me tell you. This is like a 50% tariff, which is on the largest market in the world, which is United States of America. While we

know this is a short-term blip. And as it goes, -- we will come back to our normal margins that we are going to -- that we have already continued to talk about and forecast. So that's why we will see Deepali, our numbers come back to.

It is an interim blip. We are definitely working on costs and the other measures so that we make our balance sheet stronger, have a strong free cash flow. All that measures will be taken here having -- keeping an eye on all this while we maintain our market share in America.

Deepali Kumari: Okay. Yes. At the current annual utilizations, we've seen buckling in bed linen and flooring. What is the optimal target utilization? Is there any something operational bottleneck to achieving it?

Dipali Goenka: So, Deepali, for flooring, I think we are working on a decent optimization of 60% to 70% in the terms of soft flooring. Hard flooring, we are actually capping our capacity to our fixed costs so that we work it efficiently and also profitably. So this is the way we are taking measures on flooring.

Deepali Kumari: Okay. And for bed and bathroom?

Dipali Goenka: Can you repeat what you are saying?

Deepali Kumari: For bed linen, like is there any more capacity utilization we can expect?

Dipali Goenka: So both our capacities and towels and bed linens are running at a decent utilization of around 75% to 80%. And this is also a measurement of how market pans out. So Deepali, it will just depend. Quarter 3 looks closer to what we are now. And quarter 4, we'll have to see how it pans out.

Moderator: The next question comes from the line of Kunal Shah from Jefferies.

Kunal Shah: Just wanted to clarify my understanding of the quarter. This quarter, actually, this revenue decline you see, the volume decline, which will be much smaller than that? The revenue decline is also on account of lower realization since you absorbed some tariff in that initial 10% to 25%. Is that understanding correct? And this is why you don't see a margin impact?

Dipali Goenka: There are 2 things in it. One is also the volume impact. Volume impact is also there because if you look at the numbers in the terms of a drop of 16% overarchingly. And secondly, yes, partial impact of the tariff also impact has been taken on. So hence, that is where you're seeing that impact. Manish, anything to add?

Manish Bansal: That's right. So there was initial whatever 10% started, then there was again some sharing and then subsequently. So there is some impact of that in this number for Q2.

Kunal Shah: Understood. Understood. And the actual amount of shipments at 50% tariff wouldn't be very large this quarter in that sense, right?

- Manish Bansal:** That's right.
- Dipali Goenka:** That will come in from quarter 3, which you will see that happening, Kunal. And yes.
- Kunal Shah:** Understood. Understood. Understood. That's clear. And second bit is on, let's say, this 50% were to go away and we were to normalize to, let's say, similar to our competing countries. How fast would you be able to, let's say revise again your, let's say, renegotiate with your customers to realign our prices for the new tariff rate. Any sense on that? And how fast we can see -- I mean, how many, let's say, months, quarters does it take for things to normalize after that?
- Dipali Goenka:** Kunal, one quarter, it will take for us to normalize because then it's a long process because the POs have come in at a certain price, we have to work on and to regularize everything. So I think suppose if it comes in quarter 3. So by quarter 4, we would be able to start seeing the benefit.
- Kunal Shah:** Understood. And if you can share some anecdotes or some qualitative insights on. Have you seen any change in, let's say, how competition is there in the market or the, I mean, let's say aggression from their side, given they have this window of opportunity where India is at 50 and probably they are not at 50...
- Dipali Goenka:** Kunal, that's a very important point. The important thing that let me just tell you one thing, India continues to be the biggest cotton home textile exporter because also of the cotton that we have, country like China has a Xinxiang that you can see. And the capacities in Pakistan and Bangladesh are not good enough.
- Vietnam doesn't do anything in the terms of bath towels and sheets. They do fashion bedding only. Turkey's capacity is also very small, Kunal. So just telling you that there are. And China, when you talk out -- between China and us, we can still -- we can actually take on the delta. So I'm not that worried about.
- Kunal Shah:** Very clear. And finally, any change of plans on the India business in the next 2 years in terms of, let's say, resource allocation or any initiatives which you have taken on that front incrementally would be helpful to know?
- Dipali Goenka:** We are going to grow our India business. Spaces and Welspun, you will see that in GST, it was a small blip that you saw. But ongoing, as you see, our intact INR1,000 crores is intact in the next 2 years, and you will start seeing some kind of growth that we have anticipated a 20% growth and a kind of a breakeven EBITDA in the beginning and then gradually taking it to the next level.
- Moderator:** Our next question comes from the line of Bhavin Chheda from Enam Holdings.
- Bhavin Chheda:** Decent result despite challenging environment. A few questions. First, I missed out on the sales mix in the quarter, geographical sales mix, if you can give.

- Dipali Goenka:** So actually, we don't give our sales mix, but I can tell you how do we work. 60% is America. 40% is U.K., Europe and rest of the world. Out of that, 20% is U.K., Europe. 13% is India and 7% is rest of the world.
- Bhavin Chheda:** Okay. This quarter also saw, I think, depreciation going up because of the capitalization of the bath linen capacity. So is this the new quarterly run rate INR100 crore in the quarter, or was there something else in that...
- Manish Bansal:** So this year, we have capitalized around INR300 crores for last quarter and slowly that whatever new capacity we have installed for Jacquard towels.
- Bhavin Chheda:** Okay. And last one, ma'am, you said that quarter 3 would be largely a reflection of quarter 2. So what you meant was the top line numbers because I think margin-wise, it will see a further pressure because of the full 50% tariff impact. So I think your earlier question reply, you said that the quarter 3 largely maintain quarter 2 numbers. What you meant, it was the top-line numbers?
- Dipali Goenka:** Yes, I'll maintain -- we'll maintain more or less the same, more or less the same with the other top line numbers. I mean, here or so in the terms of the top line, but the numbers will be more or less the same.
- Bhavin Chheda:** Historically, December quarter is slightly leaner than the September. So that's the reason I was asking, which means, obviously, the September was much lower, obviously, due to the affiliated impact, but you're saying December will not falls as compared to the September?
- Dipali Goenka:** It will be maybe 10% lesser here or there. That's it.
- Moderator:** Our next question comes from the line of Sani Vishe from Axis Securities.
- Sani Vishe:** As you said, I think we understand that this is a temporary and there are factors which are beyond our control that will decide the future direction in the near term. Let us go beyond FY '26 and rather FY '27. So what are our plans for FY '28 and beyond? So how do you see the growth there if everything normalizes?
- Dipali Goenka:** We will maintain our market share as one of the biggest in the home textile across the globe. In fact, we are now present in more than 65 countries and we'll continue to take that share because of the FTAs that are coming in across. So that's a huge opportunity. India will be that huge opportunity in terms of the consumption and with the kind of -- it has actually with the GST, you would see that kind of an upswing happening even in the Indian consumption.
- Christy will continue to grow globally. And towels will continue to take the market share globally, along with in the sleep category, which is your sheet utility bedding and fashion towel -- fashion bedding, we'll continue to grow that degree across the globe as well. And that is where we will be.

So as we -- and flooring soft textile, soft flooring will continue to grow. Our textiles will grow in a calibrated way as well. Advanced Textiles, we are going to go innovative. So this is where we'll maintain what we have said. Maybe the numbers in the terms of the numbers that we've given could go one year or two here and there because of the challenges that you see this year.

Sani Vishe:

So what I'm trying to gauge is we -- I mean, based on the fact that we are declining this year, there will be a low base that we will have and there will be more growth revenues that will be coming in. So it seems that we can actually exceed the historical growth rate if not in FY '27, then definitely in FY '28.

And similarly, in the margin terms, I think EBITDA margins used to be around 18% level before '23, FY '23, etc. So do you think those kind of margins are achievable in longer terms, I think?

Dipali Goenka:

We will maintain to be our market leader in the globe. I'm very clear on that. Let me just be very clear. When you talk about the EBITDA margins, let me also tell you the cotton prices from INR44,000 have come to INR53,000 and INR55,000. So automatically, there is an upswing that you are seeing in the general trend of cotton prices, right? So yes, that could be the impact that we'll see. Home textile will maintain the 15% to 16% in EBITDA that we are continuing to maintain.

Moderator:

Our next question comes from the line of Shradha Agrawal from Asian Market Securities.

Shradha Agrawal:

In your opening commentary, you indicated that exports to the U.S. have declined by 44% in towels and 8% in sheets, just wanted to check why such a huge variance between towels and sheets demand?

Dipali Goenka:

No, because that is a matter of -- kind of the dispatches that happened from the country wise. So that could change in the next quarter. So let me just tell you that, whereas Welspun continues to grow its market there. So I just wanted to give you that kind of anecdote sharing there that according to the OTEXA data, we actually maintained our market share, while the other -- while actually in generally, the towel and the sheet categories were degrowing.

Shradha Agrawal:

But in general, on the demand side, do you see any divergence in demand for both these categories in a material way? Or is it similar, the kind of sentiment that we are seeing for both these categories?

Dipali Goenka:

So I can just tell you one thing. See, the 50% tariff, it will depend on the -- how the consumption grows because it's a discretionary spend in home textiles. So it will depend on what the consumer buying will be. So we are -- actually, this quarter two was the time where the holiday shipments were happening. Quarter 3 is the holiday season in United States of America.

So we will actually see how that United States pan out in the terms of the holiday season. Deloitte's numbers are not looking that good compared to what they are projecting. They are saying that it might -- there might be a blip in the terms of consumption. So yes, let's wait and see. America is an economy that surprises you.

- Shradha Agrawal:** Right. And I was also referring to this question because if I look at what your other peer has reported, the other big home textile player, though, I mean, the tariff situation is same for both the companies, but their performance seems to be a little more resilient than us.
- Dipali Goenka:** Yes. Can I say something here? I think Welspun does diverse categories. So when you talk about us, our volumes are 2,400 and over, right, the largest capacity in the world and in India as well, if I may say so. And it is not just linen and sheet. It is towels, rugs, bedding, flooring and everything, etc., also. So I hope you understand the relevance of this.
- Shradha Agrawal:** No, that's true, ma'am, but it is coming in the context that towel shipments have seen a high decline compared to bed sheets.
- Dipali Goenka:** Ours hasn't declined. Ours hasn't declined. I'm talking about Americas decline. When I talked about 40% decline, that is the America decline, 8% decline is Americas declined, but Welspun has maintained the market share Shradha, if I may clarify that.
- Shradha Agrawal:** That's right, ma'am. Sure. And just one question, bookkeeping question. So what was the revenue in our Ohio facility this quarter? And are we on track to do the \$30 million number that we had indicated for '26?
- Dipali Goenka:** We are maintaining and on track of \$30 million as we have committed, and that'll happen for sure.
- Shradha Agrawal:** Okay. And any number for this quarter, how much did we clock this quarter from Ohio?
- Dipali Goenka:** We cannot say anything on that. We have actually given an annual number, and that will be achieved.
- Moderator:** Ladies and gentlemen, as there are no further questions from the participants, I hand the conference over to the management for the closing comments. Thank you, and over to you, ma'am.
- Dipali Goenka:** So as we close the first half of FY '26, uncertainty in the external environment persists, but our resilience, customer trust and diversified model continue to anchor us. We are retaining market share, maintaining long-term partnerships, investing in category expansion and regional diversification.
- On the domestic front, for GST stabilization, we expect consumption to pick up, supported by strong macro fundamentals. With Manish at the helm of finance, we will sharpen our focus on cost control, capital efficiency and margin recovery.
- For us, Welspun Living, the current headwinds are not just a test, they are a catalyst. Our strategy is built on 3 pillars: diversify smartly, operate efficiently and lead responsibly. Thank you for your continued confidence in Welspun Living. We look forward to engaging with you again next quarter. Thank you.

Moderator: Thank you so much, ma'am. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.