Management Discussion

Aradhana Jain - Analyst, 360 ONE Capital Market Pvt Ltd.
Thank you, Dorwin. Good evening, everyone. On behalf of 361 Capital Markets, I welcome all participants and the management of Welspun Living to the 2Q FY27 conference call. Without much ado, I'll hand over the call to Ms. Bharti Agarwal, Head Investor Relations, Welspun Living, to introduce the management. Over to you, Bharti.

Bharti Agarwal - Lead Investor Relations, Welspun Living Limited
Thank you, Aradhana, and good evening everyone. On behalf of Welspun Living Limited, I would like to welcome you all to 2nd quarter FY 2027 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. Harsh Rauta, Group Head Investor Relations, Welspun Gold. 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'll begin with the opening remarks from the management, following which we'll 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 it over to the call to Ms. Dipali Goenka. Over to you, ma'am.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Thank you, Bharti. Good evening everyone and thank you for joining us for Welspun Living'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%, expanded 600 BPS year on year. It is particularly encouraging to see the progress beyond the headline numbers growth across the business, improving operating performance, stronger cash conversion, and importantly, a balance sheet that has moved into net cash.

These results reflect impact of the floods at our Wapi 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 teams 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 retailers' demand ahead of the holiday season. Our US onshore pillow business grew 2.4 times year on year this quarter. With both our 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. 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 stronger brands, wider distribution, and products aligned with evolving consumer preferences. Flooring business continued its recovery with revenue growing 19.3% year-on-year. With EBITDA margins reaching 10.8%, improving both sequentially and year-on-year. The progress reflects the benefits of the strategic actions taken to sharpening the portfolio and prioritising profitable growth.

Our focus remains on sustaining these gains and building a structurally stronger business. We have also achieved an important financial milestone. With a balance sheet moving into 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 man-made fiber 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 prioritizing 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 competitive advantage.

We are also strengthening the long-term competitiveness of operations through sustainability initiatives. Anjar is now powered by 100% green electricity while our Step Zero program is advancing transition towards more sustainable supply chains. 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 recognize 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 you through our financial performance.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Thank you, Deepali, and 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 impact from the disruption at Wapi. A key milestone this quarter is that we have moved from net debt position to net cash, representing a strength significant improvement from net debts of 775 crore in March 2026. This has been supported by substantial improvement in cash conversion cycle along with sustainable sustained profitability and disciplined capital management.

At the same time, we have achieved our FY27 goal of bringing ROCE into low teens ahead of schedule. Let me take you through 3 key aspects of our financial performance: profitability, cash generation, and return on capital. First, profitability. We deliver consolidated EBITDA margin at 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 consumer demand remain dynamic,

our priorities is to ensure that growth translates into substantial profitability.

Flooring continued to make progress with EBITDA margin reaching to 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 a point where we have moved into 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, receivable, and payable, ensuring that cash generation remains integral of our growth strategy.

Third, returns on capital. We had set ourselves the goal of improving ROCE to 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 how efficiently we deploy capital and utilize our assets. Our focus now is to sustain and build on improvement through better asset utilization, 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 summarize, we have delivered healthy revenue growth, sustained strong 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.

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

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. [Operator Instructions] Our first question comes from the line of Ronak Shah with Iquiris Securities. Please go ahead.

Ronak Shah - Analyst, Equirus Securities
Yeah, thanks for the opportunity and congratulations on the strong profitability recovery. Ma'am ma'am, my first question is on the B2D part of the home textile. So in the first half we have seen growth recovery on a relatively lower base. However, from the fourth quarter we are overlapping a relatively higher cycle, so structurally how we are seeing this particular part from near-term.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
We I, we I just want to say the momentum looks intact for us, and, uh, we, we are looking at a double-digit growth, um, and that's what, uh, you know, we are very confident about, and, uh, that's what, uh, will be the way forward here.

Ronak Shah - Analyst, Equirus Securities
Any qualitative indication you can highlight in terms of customer feedback response or how the order book is building upon?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Okay, sure. So, um, America, we have seen You know, despite the challenges that we are seeing in terms of inflationary costs going up, the consumption hasn't dropped at the moment. So that demand remains sacrosanct, and we are seeing that demand coming from United States of America. The other countries like UK, Europe follow suit, and that is because of the opportunities that have happened because of the replacements, because of the FTAs. So India is gaining share there. So that is the opportunity that we are seeing.

And as we go forward, this, this quarter was a blip, little bit for us because of Wapi. Because of the Wapi floods, we had a blip, so we couldn't, you know, do too much of dispatch to UK and Europe. And hence our top line also got impacted by 100-150 crores. Otherwise we would have, you know, had another growth. But, uh, the opportunity that we are seeing in the coming quarters will be UK, Europe. Rest of the world. India is also gaining momentum, and of course, uh, United States is also there.

And we know that we are just in the holiday season right now, but, uh, the next quarter also looks quite promising.

Ronak Shah - Analyst, Equirus Securities
Understood. Uh, second question is on the cash flow perspective. So from the first half, very robust cash flow generation. Uh, we can see the larger part is funded through the incremental trade payables. So is there any material change into the trade terms or something, or it is just business as usual?

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, hi Ronak, Manish here. So yes, it is business as usual, but there may be some movement because of various business conditions. Overall cash conversion cycle, which is looking 44 days, probably this will be more sustainable at 55-60 days kind of thing.

Ronak Shah - Analyst, Equirus Securities
Understood, understood. And lastly, on the CAPEX front, considering the higher accelerated growth and the incremental opportunities which we are seeing, are we looking to increase our CAPEX program or are we good to go with the current disclosed stuff?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Ronak, what do you think we should do?

Ronak Shah - Analyst, Equirus Securities
Understood, ma'am. Well Appreciated.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So we will be looking at to your point, we are exploring, we are evaluating, and we will take this forward because these opportunities never come just once, right? We have to take them and grab them. So we will evaluate as we go forward.

Ronak Shah - Analyst, Equirus Securities
Understood. That's it from my segment. Thank you.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Thank you.

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

Prerna Jhunjhunwala - Analyst, DAM Capital
Thank you for the opportunity and congratulations on strong set of numbers, ma'am. Um, first question is on, uh, the flooring business. This quarter there's been a good recovery of around 19% on top line growth and margins continue to sustain. Just wanted to understand what should we look forward to in this business and how should we, uh, look at growth and margins for second half and for the 2 years?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yeah, yeah, yeah, thank you, thank you for your question. I, you know that, you know, the times right now with the crude and the others, the man-made fiber, the costs have gone up. However, with our flooring business, I think the important thing what we did, we right-sized the portfolio, uh, the customer mix discipline was really taken care of, the cost structure Focusing on the profitable businesses was very important. Along with that, you know, actually focusing on R&D, I think, has been a very important aspect and a driver for flooring.

And we are confident that we will maintain the steady-state growth that you are seeing. And so the sustainable range will be low double-digit margin. And, you know, that's where we will look at because commodity is something With the PSF and polymer, uh, could be something that might just, you know, be there. That's what

Prerna Jhunjhunwala - Analyst, DAM Capital
so I mean, this business, um, like low polymer costs and crude oil has been elevated and it remains elevated going forward also if things don't ease. Then, um, what is the how do we get the pass-on on these costs and

Is it, is it very difficult that, you know, margins can even contract later on, or we should see, uh, mid-double-digit growth maybe after a few quarters because eventually it will get passed on? Something like I'm just trying to understand the nature of the business.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Sure, sure, Prerna. And I must tell you that, you know, in India, any business because, you know, these are all based on projects we are taking businesses with price increases. So that is something that we've already taken on because we know, you know, that's not going to be sustainable to work otherwise, right? Even in the same, same way and the same spirit is, you know, maintained globally as well. So that's the reason you are seeing what you're seeing in the terms of discipline, you know, that you're maintaining here.

Prerna Jhunjhunwala - Analyst, DAM Capital
And this is also welcome that low double-digit margins, if it's maintained, it's better than what we

were doing earlier. So that's a welcome change. Um, second question is on home textiles. Um, given the cotton prices are continuing to remain high, uh, now that the new season would start and we don't know where the prices would be because October has seen, uh, an increase in prices against, uh, in the past where we would have seen decline in prices. So what is the strategy on cotton procurement and how are you dealing with this change, uh, with customers?

Are you getting price hikes and, uh, should the margins remain where they are or there should be, uh, some softness that we can see in the near to medium term?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So, Prenna, one thing, uh, cotton has been growing, uh, you know, the prices are going high, you know, up, and we're seeing that, you know. I mean, I mean, the Today if I look at it, it could be 68,000, you know. But the important thing is, yeah, you know, the season right now, and we have around 4 to 5 months of inventory covered beyond December. So we are going to evaluate and take our own time to see when we take this, uh, you know, call to buy cotton. Secondly, the important aspect is the prices will be shared.

If there's a price increase like this you cannot do business and it is not sustainable. So we are doing it in collaboration with our customers.

Prerna Jhunjhunwala - Analyst, DAM Capital
Understood. So ma'am, any, any, uh, risk on tariffs, uh, that you see in the near term? Or, um, because there was 1-2 months relief that we had got, so any charters that you are referring from the customers around any increasing cost on tariff terms that we can That can come up, or any kind of risk that you can highlight. If there you are seeing something that we should be aware of, or we should just monitor.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yeah, Perna, I I can tell you that that hundred percent you know the challenge that was there, it has been mitigated. You see that it's been and the BTA the conversations are still going on, and I and if anything that happens, India will be at a level playing field with the other countries. And that's what, uh, we are very clear about.

Prerna Jhunjhunwala - Analyst, DAM Capital
Understood. And ma'am, last question on FTA opportunities. Now that the UK, uh, FTA is few months, uh, what, what, how are we seeing the opportunities there? And, uh, what kind of breakthroughs should we see going forward?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So I think the important thing, first of all, I think the opportunity this is like, I think, time for India, and I think really excited to see these times. I think in the near future at least 53 FTAs will open where the textile will get zero tariff. You know, that's the advantage we will see going forward. With UK, there have been early wins and we'll continue to be in conversation. And the important thing that is happening interestingly with the customers in UK and also in Europe, people are talking about long-term partnerships.

Interactions have started, the factory visits are already on the go, and lots of product development is happening here. And we already are present, by the way, with the marquee retailers here. So it is again, you know, the next step forward. And we have our office there, we have the feet on the street

too. And the target is to double, you know, double-digit UK revenue growth.

Prerna Jhunjhunwala - Analyst, DAM Capital
Understood, ma'am. Thank you so much and best wishes for, for next few quarters.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Thank you.

Prerna Jhunjhunwala - Analyst, DAM Capital
Thank you. Thank you.

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

Dhiraj Mistry - Analyst, Jefferies
Yeah, hi, good evening, ma'am. Uh, good evening, everyone. Uh, congrats on good set of numbers. Continuing with the previous question on UK-India FTA trade, Uh, I wanted to know from the very, very, let's say, 5 to 6 years perspective, that what is the kind of opportunity you can see? Uh, what is the kind of market size and what are the potential, uh, market we are targeting in terms of premium portfolio versus mass market portfolio? And what are the strategy going ahead for this?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So, uh, first of all, uh, you know, with UK market, I think it is, it's It's a $5 to $7 billion market that's growing, where Pakistan actually, you know, takes on around 55% of that market, primarily in the bed sheets. India, and for us as Welspun, we have an opportunity to grow here and take that market as well. And that's what we see as we go forward. And right now we will see an opportunity in bath towels, but as we go forward we will see it in the other categories like bedding, sheets, rugs.

And that, that is something that is, you know, the opportunity that we are seeing in UK. The same thing, already the conversations with the EU customers has already begun and the interests are already there. And we will grow this market in double digit over the coming years. And so that's where we are going to see a complete impetus. And, uh, by the way, WAPI is the, you know, factory that caters to these retailers.

Dhiraj Mistry - Analyst, Jefferies
Is WAPI completely up and running after this flood issue?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So, um, this quarter did see WAPI's, uh, you know, disruption as an impact where, uh, you know, but WAPI already, you know, with our cut and sew, uh, with our processing, that's already on the go. The impact was on spinning and also slightly on weaving, but that, you know, we did outsource, and Anjar also contributed to help us and support us in that. So we are our volumes are coming back, and we will be normal in terms of what we'll be packing, uh, in the, in the terms of units and tonnage for towels, uh, for the next quarter.

Dhiraj Mistry - Analyst, Jefferies
Got it. So when you say that UK and Europe, you would be targeting double-digit kind of a revenue growth in this, uh, and then what should we expect in US, whether it would be more of a mid to high single-digit kind of a growth, or we can expect double-digit growth there as well, given that we

already have high market share in, uh, in the US?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
You know, you're absolutely right. US will be mid to higher digit, uh, and I think that's what we will be looking at. And every category will have its own role to play here, uh, but, uh, that and we also see an opportunity in US as well.

Dhiraj Mistry - Analyst, Jefferies
Yeah, and, uh, so, uh, ma'am, last question on emerging businesses, especially on advanced textile and pillow market. If I look at, uh, how's the thing, let's say pillow has been seeing good significant run-up in terms of revenue and all, but where are we in terms of profitability and where do we see that pillow business going in next 2 to 3 years period of time? And likewise for advanced textile also.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So with pillows, we are looking at a double-digit growth, and, uh, our profitability is we are, you know, around, uh, we have around breaking even there. And as we go forward, we'll be good to go there as well because these are the early days. Because as Ohio is now 83% utilized, Nevada is 52%. So we are absolutely, uh, you know, on the go on this, and there's a huge opportunity that in America. And so pillows we are very, very positive on. Advanced textile, a little challenging in the scenario in terms of our man-made fiber.

And this has taken a little hit because of the commodity surge in the advanced textiles. But we are working on a lot of things. How we work very focused on flooring. In a couple of, a couple of quarters, you'll see the kind of product portfolio differentiation that will come in, and we will share when it comes in.

Dhiraj Mistry - Analyst, Jefferies
Yeah, thank you. And on pillow, uh, what would be a so at maximum capacity utilization, what can be the potential, uh, turnover, and what would, what kind of margin you would be making on the, uh, on that turnover?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
See, we are looking at around, uh, you know, $100 million from both the perhaps $80 to $100 million from both the plants and the pillow business. So when we, uh, you know, we will, uh, we are targeting a kind of a lower teen kind of a margin in this.

Dhiraj Mistry - Analyst, Jefferies
Low teen margins?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yeah.

Dhiraj Mistry - Analyst, Jefferies
Okay. Thank you very much.

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

Soham Samanta - Analyst, Motilal Oswal
Yeah, thank you, ma'am, for the opportunity. Ma'am, just wanted to check couple of things in home textile. If we excluding the advanced textile, we, we almost grew 22% in H1 versus H1 last year. But at the same time, if we look the bed and bath volume, there is no volume major growth. Like in bed we have declined 4%, bath we have grown only 5%. So majorly, is it my assumption right that majorly the growth come from realization part on half-yearly basis as of long-term extent?

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, so the growth is coming from both sides. In fact, bed linen has grown by 2% in terms of volume. Uh, but it is both of mix of value and volume, and both are parallel. So bed and bath is equally growing.

Soham Samanta - Analyst, Motilal Oswal
So going forward, uh, like for half next half year, uh, half year, how we look going forward? The volume will come back or the realization will sustain in this 15-17% kind of growth we have seen realization that will continue to sustain in H2 as well?

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, so we are still tracking the same growth guidance which we have given in the beginning of the year, and we will continue to maintain the same in terms of top line and even in terms of EBITDA margin.

Soham Samanta - Analyst, Motilal Oswal
Okay, okay. Second thing is Advanced Textile. As ma'am has already highlighted that these there is some challenges in Advanced Textile, and we can see the number like in H1, there is no growth. So how do you look for next couple of years? I mean, can we expect a low double-digit kind of growth or the high single-digit growth in this advanced textile business?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yeah, you know, in a couple of years there'll be the opportunity there. You know, we have put in on our vision board a 20% EBITDA, and that's what we are looking at. And also the growth that we are looking at could be reasonably at around a double-digit growth, and that's what we are focusing on. So I think this year has been an aberration. And as we get into the next year, we will see that coming back as well.

Soham Samanta - Analyst, Motilal Oswal
Okay, okay. And then the pillow business, as you mentioned right now, that 80 to 100 million potential, that when we can expect? FY29?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yeah, yeah, FY29 we will expect that number.

Soham Samanta - Analyst, Motilal Oswal
Okay. And last thing, the flooring business, you have just mentioned we have taken some price hikes, is it right?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yes, because of the commodities and the, uh, you know, the materials, you know, the price hikes. Any businesses in India that we take, they're project-based, so we, we do it on the price actually

which is there. And, uh, and the and for the exports, we are taking the price hikes as well.

Soham Samanta - Analyst, Motilal Oswal
What is the quantum? Is it a mid, mid, uh, single digit?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
It depends on, you know, the programs that we have, and it depends, uh so I, I can't share anything else on that, but yes, we are taking these so that it sustains us.

Soham Samanta - Analyst, Motilal Oswal
Got it, got it. Yeah, that's it from my side. Thank you very much.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Thank you, thank you,

Operator
Thank you. Our next question comes from the line of Bhavan Cheddar with Inam Holdings. Please go ahead.

Bhavin Chheda - Analyst, Enam Holdings
Uh, yeah, good evening. Uh, congratulations to the entire management team and for the excellent results despite disruption in the quarter. A few questions. Uh, first on the, uh, India-US trade deal. If I understand, uh, from what the trade deal earlier was, we were looking at 17-18%, uh, tariff with US versus Section 301 where the tariffs now are at 10%. So can you update Any latest developments of what you are hearing the tariff rates would be whenever this trade agreement gets into picture?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So honestly, for us also, it is for us to see what happens here. At the moment, we are at 10%, and the conversations are happening. The thing that we know here is very, very clearly is that, you know, we'll be at par with Pakistan, Bangladesh, China, and Vietnam and the neighboring countries. So Definitely, that's where you know we will see how it goes and how it pans out.

Bhavin Chheda - Analyst, Enam Holdings
Sure. My second question is on the capacity utilization. If I see the bath linen, you did 83% despite Vapi contribution probably not being much in the quarter. Which means if I adjust for the WAPI, did you operate bath linen almost near 100% in the quarter?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Actually, we are running 100% on, on the quarter for bath. I mean, literally, like, you know, and as we go forward also, we will be, you know, utilizing our capacity and we will be around 90%.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Sure. So yeah,

Bhavin Chheda - Analyst, Enam Holdings
Hi Manisha.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, okay. Yeah, carry on. Yeah, so my only point was, uh, what Diviji was saying, uh, we are running, uh, you know, uh, WAPI is at lower capacity, but because of, uh, uh, Anjar and other

ancillary units and also some of the investment we have done in last year's WHSL, which has also kicked in, so that has actually helped us to manage this kind of revenue utilization.

Bhavin Chheda - Analyst, Enam Holdings
Yeah, really good job. Uh, third is, uh, I just want to come back on the earlier guidance before all those disruptions happen with the US on the tariff front and all that, where we are looking close to 15,000 crores of top line in FY28, which may probably have got pushed to 1 or 2 quarters back. Based on the capacities we have already in place, and the utilization is also increasing. So I would like to come back when now the things are normalized, and probably we are looking at 10% duty regime, FTA signed in UK, Europe, currency being at 95.

Everything, uh, is positive as of now for the Indian textile industry. So we should be more confident of reaching that 15,000 top line number based on the current capacities as per the earlier plans, right?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So we will be actually the, the number is intact for sure, but the opportunity here is immense. So we are definitely exploring some opportunity of investment here.

Bhavin Chheda - Analyst, Enam Holdings
Yeah, ma'am, that was my next question because I was considering 15,000 crore top line is in the bag. So what we do after that?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
There is an opportunity, Abhav, and I think actually for Welspun, we don't want to let these opportunities just go by because we are leaders in towels and we will maintain that globally and we will maintain that complete leadership across the globe.

Bhavin Chheda - Analyst, Enam Holdings
Sure, sure. Thanks a lot and best of luck.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Thank you. Thank you.

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

Roshan Nair - Analyst, Antique Stock Broking
Yeah, thanks for the opportunity and congratulations on good set of numbers. So I just wanted to understand, your EBITDA margin has expanded to approximately 12% this quarter. So how much of this improvement reflect the structural factors like operating efficiencies and premiumization versus the temporary factors like elevated raw material cost, freight, and then other, other? Yeah, that's my question.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, hi Roshan Manisha. So there are mix of, uh, things. It's not one of the item, and in fact there is some cost also been added, like some of the commodity or chemicals prices has gone up. But there are a lot of things happen cost optimization, cost efficiency, production efficiencies, and some of

the price increase also. So that is the thing which we've been talking now, that we will continue to monitor this, and as we go further, we, we see all agreed kind of situation where we can maintain our numbers.

Roshan Nair - Analyst, Antique Stock Broking
Uh, and, uh, the next question is, uh, how is the demand evolving across, uh, US, UK, and European markets? And what is the current visibility on orders for the, you know, maybe in the near term, from next 2 quarters perspective? Uh, maybe you can help with what are your customers thinking about, uh, the upcoming festive season? How are things? Maybe those commentaries would be helpful.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yeah, so US has been growing and it has defied all the norms of even inflation that is coming away. So that story remains for these couple of quarters, um, and, um, so we will see that growth there. Uh, in UK and Europe also, we are going to see a steady growth, and that growth will be owing to the FTA opportunity and the replacement. And definitely that's going to be, uh, something that we will see even in the coming quarters. We had that little blip this quarter because Mainly WAPI does service our European orders and UK orders.

Roshan Nair - Analyst, Antique Stock Broking
And now with the cotton prices and freight costs

Operator
Sorry to interrupt, Roshan, but your line is not very clear. Request you to please check your line and speak closer to the mic, please.

Roshan Nair - Analyst, Antique Stock Broking
Is it better now?

Operator
Yes, please go ahead.

Roshan Nair - Analyst, Antique Stock Broking
Yeah, with the cotton cost and freight cost trending higher, So what is the timeline that is expected between, you know, you passing on the cost to the customers? Typically, what is the timeline?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
You know, we continue to talk through all the conversations for prices when they are needed, and this is all done through collaboration. Freight also, actually, with our long-term contracts that we have with our partners, they held us in good stead. So yes, as we go forward and with the prices impact that we are seeing, we'll definitely, uh, you know, we'll go back to customers for, uh, you know, uh, price, price and conversation. And, uh, and for the freight also, let me also tell you, more than 90% of our businesses FOB.

Roshan Nair - Analyst, Antique Stock Broking
And a final question, uh, now The company being net cash, so with the strengthened balance sheet, how does the management intend to allocate future cash flows? Any tips?

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

Roshan Nair - Analyst, Antique Stock Broking
Yeah, I'll repeat the question. With the company being net cash positive, Uh, from September onwards, uh, what, uh, and with the balance sheet kind of strengthened now, uh, how does the management intend to allocate the future cash flows going forward?

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, so as of now, our current CapEx allocation is same as we continue to mention, which is roughly around 400-500 crore per annum, which is steady-state situation. But as we are talking and seeing some of the growth in different countries, we are exploring our opportunities, and over the period we will come back.

Roshan Nair - Analyst, Antique Stock Broking
That's all from my side. Thank you, thank you so much.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Thank you,

Operator
Thank you. [Operator Instructions] Our next question comes from the line of Shraddha Agrawal with Asian Market Securities. Please go ahead.

Shradha Agrawal - Analyst, Asian Markets Securities
Yeah, hi ma'am, congratulations on a great quarter. Um, 2 questions. Can you give me the split of domestic and export sale in our flooring business?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
That we don't actually talk about, but it is always owing to the businesses that we have. Primarily they are the same.

Shradha Agrawal - Analyst, Asian Markets Securities
So is it, is it, uh, skewing more towards domestic sale or more towards exports in the flooring division, given that we've seen sharp improvement in profitability in the last 2 quarters?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
They both are actually, uh, you know, it depends on the kind of orders and, you know, how it is. And for the domestic businesses, they are basically project-led, and, uh, the, uh, the global ones are, you know, program-led. And, uh, so both are actually it just depends, you know, how, uh, those, you know, orders come in. Uh, so if you're talking about the margins and the others, let me tell you that we've gone back to our customers for the prices, and because for us it is otherwise not sustainable, you know.

Shradha Agrawal - Analyst, Asian Markets Securities
And what is the sustainable revenue growth number that, that we can look at, uh, for the flooring division?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So it will, it will depend on what we are talking about right now. See, we are looking at a low double-digit, uh, you know, kind of a growth. And a mark I mean, I mean, no, no, margin. Margin is at low double digit and the growth is like a state.

Shradha Agrawal - Analyst, Asian Markets Securities
Sorry, low growth is

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
the growth is actually, uh, you know, a steady state that we are seeing right now and, uh, um, low double digit margin.

Shradha Agrawal - Analyst, Asian Markets Securities
Okay. And the other question is, we've done very well, but if I look at Otekna data Um, and it, it looks like China and Pakistan seem to have done better than India in this calendar year so far. So any market share changes that you are seeing in the US home textile market?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
But I think you are the OTEXA data, I think if you look at it, I think for towels we have seen the share of India and specifically for Welspun increase. Competitive. Maybe the share for, uh, the India would have dropped, but I think Welspun has increased in towels and sheets. I think has been a steady state there

Shradha Agrawal - Analyst, Asian Markets Securities
Because the data I'm looking at, ma'am, that shows that India has declined 17% YTD.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
India has declined but grown.

Shradha Agrawal - Analyst, Asian Markets Securities
Okay, okay.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yeah, if you have the data, you can actually reach out to our teams to discuss if you want.

Shradha Agrawal - Analyst, Asian Markets Securities
Sure. Okay, thank you.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Thank you.

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

Aradhana Jain - Analyst, 360 ONE Capital Market Pvt Ltd.
Hi, uh, just wanted to check on a couple of things. One, uh, continuing with where the previous participant left, with respect to OTEXA data or in general what we are hearing is that because of the West Asia war not having cooled off till now, there's a bit of an inflationary situation that's building up in both US and EU market. Uh, so from a little bit of a medium-term perspective, what are you expecting because of that inflationary situation in US or EU? Would that in any way impact our order book?

Uh, how are the tenures with the contracts that we have with our clients. Is there any change there? Is it still a little shorter term, or is it now going back to a little more longer-term contractual

arrangement with them? And I believe that the next 2 quarters could already have our order books filled, but from the next year first half or second half perspective, if you could help us understand that What are we expecting? And also from EU perspective, how much is the share today? Like what would be the share of non-US, you know, geography for us today?

And where do we see that over the next say two-year period? That's my first question.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
I think let me just come to your first question and discuss this. So your question about America and the inflation is absolutely you know on the because actually obviously that's what we. All think and anticipate. And, uh, for US, we actually do most of the businesses 70%, 60 to 70% of our business are replenishment businesses that are going on for some time. That actually gives us an opportunity to actually, uh and this, this is an ongoing business that is going on, so we don't see any impact out there.

And see, now inflation happens or what happens, but we have seen the consumption being steady state. So we are okay there. Europe, I can say we can be cautiously optimistic. So there'll be growth, there'll be growth because of owing to the FDA. So that's the opportunity that we see in Europe as well.

Aradhana Jain - Analyst, 360 ONE Capital Market Pvt Ltd.
Understood. And how much would the non-US share be today and how much should we expect that over the next 2-year period?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So we are growing at a state of 20% in Europe and UK and we'll maintain that.

Aradhana Jain - Analyst, 360 ONE Capital Market Pvt Ltd.
Okay, understood. Uh, the second thing I wanted to understand is a little more on the gross margin side. Last quarter, if I see, our gross margins had, you know, compressed by close to around 250 bps, and that was because of the pressure of raw material prices. What led to the pressure coming down this quarter because of which our margins improved? Had Had there been also a reasoning to the branded business doing so well that led to the margins improving? Like, was it a lot to do with the superior product mix that led to the margins improvement?

And how much can we expect the margins for the next couple of quarters, like, if, if the, if the raw material continues to be at elevated levels?

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, hi, this is Manish here. So it's a, it's a combination of, uh, customer program mix and sales price along with the raw material. So, and as you know that, you know, we are holding inventory for 6 to 9 months normally, and we continue to maintain, and our average price always support us. So that is what we will continue to maintain, and that will continue to have this kind of situation.

Aradhana Jain - Analyst, 360 ONE Capital Market Pvt Ltd.
So we expect the 45% sort of a gross margin to be a steady state level for us even if the costs remain at these elevated levels from raw material perspective.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, it will actually improve and depends on the entire customer mix.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
But also it's a product mix, it's a game of a product mix. Exactly right, it depends on what kind of programs are we shipping out. So it'll, it'll depend, but however, we are looking at a good steady-state EBITDA margin.

Aradhana Jain - Analyst, 360 ONE Capital Market Pvt Ltd.
Yeah, understood. Uh, the last thing I wanted to understand is on CAPEX. Uh, you did say that around 400 to 500 crores is the annual CAPEX that we plan to do. Of that, around 150 is what we've done in the first half. So if you could just help us understand where exactly would the rest of the 350-odd crores be uh, you know, utilized towards? And, uh, for the next year also, can we expect similar sort of CapEx, and where would that be also deployed?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So right now we can talk about the current, and I can tell you that this is all being used to debottleneck, uh, in our operations so that can increase our production, you know. And that's where this investment, the rest that is going in the rest of the year. That's what we are focusing on. Uh, the next year we'll be discussing a lot of things, so we'll come back to you on that as well.

Aradhana Jain - Analyst, 360 ONE Capital Market Pvt Ltd.
Understood. That's also my side. Thank you and all the best.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Thank you. Thank you so much.

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

Shirish Pardeshi - Analyst, Motilal Oswal
Hi team. Congratulations for good set and good set of numbers, and thank you for the opportunity. Just quick question. Last many years we have been trying to fix flooring business, and now at least there are early signs that this business is seeing some better momentum. So just wanted to check, first half we have done around 400 crore. Can we look at this business 1,000 crore and next year about 1,500 crore? Uh, I mean, you know what you have done in the business, so I'm just trying to say that is there any steady state of revenue momentum we can build up, uh, in this business?

Because we have a lot of learning in this business.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
We are actually looking at around 800,000 to 1,000,000 in the, you know, in the near-term, uh, future, but nothing beyond, nothing more than that. And, uh, the focus here is to, uh, grow our domestic businesses grow and have a steady-state margin and profitability, and that's going to be and make our healthy mix, uh, in terms of our products. This is the focus here, and we'll continue to do that.

Shirish Pardeshi - Analyst, Motilal Oswal
No, I'm not asking the margin guidance, but directionally, whatever changes you have brought to this business, the growth is there and the margin uptick is also there. So I think, uh, because this business has been volatile for us for many quarters now But again, this number, to get a clear sense

how the business will contribute to the overall scheme of things, I'm just asking the direction.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So that's what I'm saying. In the long term, in the midterm to long term, we're looking at around 800 to 1,000 crores, and that's what we will continue to have with a steady state healthy profitability as well. This is the focus here. We are looking at India market to grow. That is where we are seeing, because there's a lot of opportunities in the domestic business as well.

Shirish Pardeshi - Analyst, Motilal Oswal
Okay, uh, the second question I have, when you look at the revenue mix number, one-third of our business which contributes B2B innovation business and domestic B2B business, both businesses grown upward of 40%. Is there any seasonality or one-time ordering backlog which has got cleared? Or, uh, we can I mean, you did mention that this business will grow double digit, but I'm just seeing that the quantum is there a new customer addition or have you won any new programs And then you can then build saying that this business can grow to maybe about, uh, close to about, uh, 4,000-4,500 crore.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, so there are, uh, Sirish, you pointed right, there are a couple of one-time orders, uh, has gone been as a drop-in, some promotional one, but overall it is part of the sales mix plan. So this will continue. So there is always a seasonality, sometimes time on 1 or 2 orders, but otherwise it will continue. So if this not this, something else will work next quarter. So this will continue, the momentum will continue.

Shirish Pardeshi - Analyst, Motilal Oswal
Okay, Manish, that is good explanation. But what I'm trying to check with you, global B2B business, what percentage of business is program-led? Is it significantly higher at 70-80% so that we can build in consistency? Or if it is 50-50, then we can say that some lumpy order might come. In future also.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, yeah, you're absolutely right. It is 70-80% of our total business, so that is right.

Shirish Pardeshi - Analyst, Motilal Oswal
Okay, okay. And, and, uh, more curious that the B2B others I, I mean, this business, uh, has been under pressure for some time. What are the corrections or what are the changes we can expect in second half or maybe next one year? Because it's about 47% of the business in this quarter.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, so this is, uh, this will continue to do well. Uh, this was just a change of mix in terms of sales, but it should be same into next. Yeah, so some of the products has moved into innovation, then next quarter it will go back to the normal one.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
And it'll be a mix of brand innovation.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
And, uh, you know, private labels as well.

Shirish Pardeshi - Analyst, Motilal Oswal
Is it something to do with supply from BAPI and Anjar or It is

Manish Bansal - Chief Financial Officer, Welspun Living Limited
nothing to do with WAPI, but it is overall business mix.

Shirish Pardeshi - Analyst, Motilal Oswal
Okay. And, and the last thing, critical,

Manish Bansal - Chief Financial Officer, Welspun Living Limited
critical is to ensure the right sales mix, and that is what we are trying, and which is actually helping us to rationalize our cost and profitability.

Shirish Pardeshi - Analyst, Motilal Oswal
Okay. And the last thing on the US overall momentum, we have spoken a lot, uh, in terms of refurbishing or reinventing, inventing the entire whole business mix. At what point of time we will see the full-scale operation in the US?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
No, it is already working in the full scale only. We have replenishment businesses which are growing, which are continuing to grow in steady state. So there's nothing that is happening which is going to change here. Except the conversation was on the BT and that will continue and we'll see how it pans out, which will also be on the level playing field.

Shirish Pardeshi - Analyst, Motilal Oswal
Okay, so is it safe to assume that, uh, US is running at 70-80% utilization?

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Oh, you are talking of pillow business?

Shirish Pardeshi - Analyst, Motilal Oswal
Yes.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
oh, so that is around yeah, that is running at 67-70%, uh, kind of thing. And this is continue to grow. Currently we are running, um, that doubling this year. So far we have doubled last year's number.

Shirish Pardeshi - Analyst, Motilal Oswal
Okay. All right, I have a few more. I'll talk to you, Manish, offline. Thank you. And all the best.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Thank you.

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

Rohit Ohri - Analyst, Progressive Shares
Hi, Deepali and team. Uh, 2 questions. Uh, the first one on, uh, WellVision AI. Uh, do you think that this can help improve the manufacturing economics going forward?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yeah, of course it is going to. Leveraging AI will definitely, and, uh, you know, that's going to be the way forward along with automation technologies.

Rohit Ohri - Analyst, Progressive Shares
Currently, what percentage of manufacturing capacity is, uh, been covered by WellVision AI?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
So we are continuing to evolve this. So, you know, when you talk about, uh, AI, I mean, you know, there are different forms. It's agent AI, vision AI, as you spoke about. Their needs, their requirements are different. You know, vision AI is required for quality and the others, you know. So they will continue to look at areas where we need, and we, I mean, we will need it across all our operations. So we'll continue to evolve that and And this is we recognize that it is going to be very critical to keep us competitive and keep make us future-ready as well.

Rohit Ohri - Analyst, Progressive Shares
Uh, any, any discussion or any sort of, uh, number that you can share with the improvement in production output per employee that you anticipate going forward?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
That will happen as we go forward, and we'll come back to you because that's going to be the norm. I mean, there are a couple of things the throughput Uh, the material movement and the employee productivity is the very key thing as we go forward, because in the, in the, in the era of inflation and the manpower costs that are going up, we will have to continue to make efficiency and the efficacy on that.

Rohit Ohri - Analyst, Progressive Shares
So, so directionally, over the next, uh, 3 to 4 years, uh, can we conservatively, uh, think that, uh, 14% to 15% on the top line with, uh, 14-15% EBITDA margin and 15% ROC, that, that can be achieved?

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
We have promised, we have given a number, and I think we're going to maintain that a double-digit growth, and in the next, uh, 2 years, a growth 15% EBITDA, and we want to maintain that. Yes, and we will see around 14 to 15%.

Rohit Ohri - Analyst, Progressive Shares
Uh, Deepali Gandhi, uh, recently, uh, agreed, uh, uh, NG FTA which came into effect on 20th of this October. 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 Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
You know, these are constant processes and we are in conversation with a lot of retailers and they continue to fructify, they continue to a lot of development happens, a lot of visits happen. So we will see how it evolves, and we are, we are actually geared up for a 20% growth in this region.

Rohit Ohri - Analyst, Progressive Shares
Okay, thank you for answering the question. Thanks a lot.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Thank you. Thank you so much.

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

Prerna Jhunjhunwala - Analyst, DAM Capital
Thank you for the opportunity once again. Um, wanted to check on other expenses. They've not been this high in quarter. Uh, in fact, on a Q-on-Q basis, it's a decline. Uh, is there any, um, uh, kind of tax import tariff refund or any kind of cost rationalization that you would like to highlight in this? Um, that would be helpful.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah. Hi, Prerna. Uh, so this has been a constant work which we have been working, and this is where we are able to perform. And show you the numbers. So we've been talking this many, many times. So yes, there is a cost optimization activities is going on and including bringing productivity.

Prerna Jhunjhunwala - Analyst, DAM Capital
Okay. And, uh, any, um, you know, this also suggests that there is no major escalation on, you know, container cost increase that has been happening and stuff. So should we assume that this kind of number should continue going forward also?

Manish Bansal - Chief Financial Officer, Welspun Living Limited
So container cost and all has been, uh, we've been managing and monitoring very closely, uh, currently. And because our long-term contract has supported us and given us edge into this area, uh, and as we progress and how this market goes, we will continue to monitor and keep you posted.

Prerna Jhunjhunwala - Analyst, DAM Capital
And, um, just confirming, there is no tariff refund that we would have got? Because few companies in last one quarter have mentioned, not in textiles but in other, um, you know, sectors, have mentioned that they have received some tariff refunds. So we are not receiving any refund, um, is what I just wanted to confirm.

Manish Bansal - Chief Financial Officer, Welspun Living Limited
So, uh, right now we have received some refunds, but there's not none of them is part of our balance P&L as of now.

Prerna Jhunjhunwala - Analyst, DAM Capital
So where would that go? I mean, if we keep getting some refunds, where it will be visible?

Manish Bansal - Chief Financial Officer, Welspun Living Limited
Yeah, part of some of the, uh, we are under reconciliation with customers and it is with customs, so probably we'll start reflecting sometime next quarter onwards.

Prerna Jhunjhunwala - Analyst, DAM Capital
Understood. Thank you so much, sir. And second question, one more thing, ma'am. Uh, you've been highlighting that US will also grow at 20% going forward. Leaving the base. No,

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
No, US will not grow at 20%. US will grow mid to upper single digit.

Prerna Jhunjhunwala - Analyst, DAM Capital
That's my decision.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yeah, yeah, US is UJI. So yeah, yeah,

Prerna Jhunjhunwala - Analyst, DAM Capital
Thanks.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Thank you. Thank you, Brenda.

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.

Dipali Goenka - Managing Director & Chief Executive Officer, Welspun Living Limited
Yes, thank you. 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 have significantly strengthened our financial foundation. While the external environment remains dynamic and restoration of our WAPI operations remains a near-term execution priority, We believe that 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 our 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. We look forward to speaking with you again next quarter.

Should you have any further queries, please, please feel free to connect with the investor relations team. Thank you.

Operator
[Operator Closing Remarks]