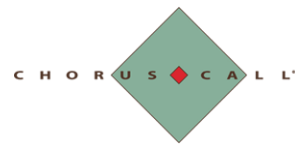




“Welspun India Limited
3Q FY '23 Earnings Conference Call”

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MODERATOR: **MR. BIPLAB DEBBARMA – ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day, and welcome to Welspun India Limited 3Q FY '23 Earnings Conference Call hosted by Antique Stock Broking. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Biplab Debbarma from Antique Stock Broking Thank you and over to you, sir.

Biplab Debbarma: Thank you, Viko, and welcome to Welspun India 3Q FY '23 earnings conference call hosted by Antique Stockbroking. Without further ado, I hand over the call to Mr. Salil Bawa. Over to you, sir.

Salil Bawa: Thanks, Biplab, and good afternoon to all of you. On behalf of Welspun India, I welcome all of you to the company's Q3 FY '23 earnings call. Along with me, we have with us today Ms. Dipali Goenka, Joint Managing Director and CEO, Mr. Altaf Jiwani, Chief Operating Officer; and Mr. Sanjay Gupta, Chief Financial Officer.

We hope you have had a chance to review the investor presentation that we have filed with the exchanges today. It will also be available on our website, www.welspunindia.com. During the discussion, we may be making references to this presentation. Please do take a moment to review the safe harbor statement in our presentation. As usual we will start the forum with opening remarks by our leadership team, and then we will open the floor for your question. Once the call gets over should have any further queries that remain unanswered post the earnings call, please feel free to reach out to us.

With that, I would now like to hand over the floor to our Joint Managing Director and CEO. Over to you, ma'am.

Dipali Goenka: Thank you, Salil. Good evening, everyone, and thank you for taking the time to join us today for our quarter 3 FY '23 analysts call. I would like to share some perspectives on the operating highlights of our performance during the quarter under review, after which Sanjay will share some highlights from our financial metrics.

We're delighted to share some of the great successes we achieved in our domestic consumer business during the quarter and current year. Domestic consumer business achieved yet another milestone of highest quarterly sales during quarter 3 of INR 155 crores. YTD growth of the business is at 39%. Welspun brand has grown 50%. We have 2 power brands, Welspun and Spaces, and Welspun brand is the most widely distributed home textile brand in the country, with presence in 500+ towns and 10,600 outlets, a reach not hitherto achieved by any home textile player in India. We are aiming to reach 50,000 stores nationwide by FY '26.

Consumer business share in the overall revenues of the company has more than doubled from 3.7% in '21 to 8.2% in quarter 3 FY '23. Domestic business has been in investment phase

consistently over the last few years, and we have been investing in marketing, 8.4% marketing spend in quarter 3 to strengthen the leadership position that we have. Despite the continuing large investment, the business has reached a near-breakeven EBITDA in the current year and is expected to be EBITDA positive in the next year. For efficient use of capital deployed in domestic business, we have been continually bringing down our net working capital. Major reductions have been in inventory holding from 123 days in 2019 to 82 days in December, and in debtors from 108 days in 2019 to 60 days in December.

Our 360-degree campaign starring Akshay Kumar, Life Se Maango More, delivered 25 crores-plus reach across TV, outdoor and digital media. The campaign helped in substantially improving recall for brand Welspun. As per the latest brand track, Welspun's total awareness scores have moved up substantially from 31% last year to 40% in FY '22. Brand equity scores have also moved from 4 in 2020 to 8 this year, signifying increasing trust of the consumers in the brand Welspun.

The growth of our global brands is equally very encouraging, as we move towards realizing our vision of a "Har Ghar Welspun" through owned and licensed brand portfolio. Our global branded businesses included Martha and Scott Living in US as well as 'Christy' in UK has demonstrated resilience during the current year, growing to cross \$100 million mark by quarter 3 FY '23. Our domestic brands have grown 28%, and licensed brands, Scott Living and Martha Stewart, continued to grow at 27% YTD basis. This is definitely a positive uptick and contrary to the overall market scenario. The share of overall brand has also increased to 22% of our overall revenues, up from 17% year-on-year.

Our licensed brands of Martha, Scott Living and Creative CO/Lab has given us substantially more shelf space with retailers, deepening our connection with the consumers in the United States of America. We are also happy to announce that we have entered into a licensing agreement with Disney for supplying home textiles products under the brand for the entire EU region and UK. This would not only shore up our EU revenues in the coming quarters, but also open up avenues with newer customers in the region, deepening our reach in these key markets.

Added to this expected FDA with UK and possibly EU will definitely give us an edge. With Martha and Scott Living in US, Christy in UK and Spaces and Welspun in India, addition of Disney in EU and UK would further strengthen our brand portfolio. In the current global environment, we see that the consumers' wallet shares has shifted more towards experienced travel, hospitality, etc. The high inflation in US, the increasing interest rates by FED and consumer changing preferences has led to high inventories with the retailers, which might take a couple of quarters to clear.

In the backdrop of such uncertain global environment, revenues during Q3 '23 stood at INR 1,904 crores, down 22% year-on-year and 11% quarter-on-quarter basis. We are back to double-digit EBITDA margin, convincingly, after a gap of 2 quarters, though the top line growth has been a challenge in Q3 FY '23. Out of 3 Cs, cotton, coal and container, which impacted our

margin in the previous quarters, cotton and container have started correcting meaningfully, while coal prices continued to remain at elevated levels, as is the case with the energy basket.

As the commodity prices are normalizing and as inventory at retailers' levels starts correcting, coupled with revised prices at consumer level, we will see an uptick in demand for home textile. Though due to current downward economic situation, it might take a couple of quarters to revive back to normal levels. We expect the high utilization and high operating efficiency, along with the increased demand and lower input costs, to mitigate the impact of lower price realization.

Emerging businesses. Out of the emerging businesses, share of our Retail, Advanced Textile and Flooring businesses to our overall revenues has been steadily going up over last few years and is currently at 19% in Q3 FY '23 YTD as compared to 14% in FY '22. On YTD December basis, these businesses have grown by 19% during current year.

The Advanced Textiles business witnessed a robust 45% growth Y-on-Y in Q3 FY '23 on the back of increased capacity of spunlace in Telangana commissioned in March this year. Export business improved in Q3 for needle punch, and we also secured some prestigious orders in spunlace. In wet wipes, 4 new variants of sheet masks have been developed for a global MNC for the domestic market. The softening of sea freight provides an opportunity for renegotiation of deals in many markets.

Flooring business continued to witness some headwinds due to demand slowdown in US, mainly due to housing market slump. However, institutional and commercial segment is significantly up in the US. Our foothold in other key markets, UK and ME, is continuing to strengthen with new customers being added every quarter. Australia is another market where we are making an entry.

Flooring clocked a revenue of INR 168 crores, down 12% year-on-year, but up 6% quarter-on-quarter. On domestic market front in flooring, we are continuing to see substantial growth and good demand buildup in commercial and institutional segments. Residential segment also started picking up. Domestic flooring hit its highest quarterly revenue with 79% growth Y-on-Y and 100% growth YTD.

ESG

The new world order is moving towards greater adoption of ESG practices by the companies across the world, and they are being continually evaluated on the same. We at Welspun had become the beacon when it comes to doing business responsibly and sustainably. We have stated our goal on adopting Renewable energy for operations and as a step in that direction, we have set up facility at Anjar for utilizing blast furnace waste gas coming from a group company for power and steam generation to replace coal-based energy. This initiative has helped us reach 29% RE adoption in '23 against the set target of 20% RE by '25. We are also setting up a 30-megawatt solar power plant at our Anjar facility and have entered into a PPA with CleanMax for supplying around 2 megawatts of hybrid power to our Vapi facility. Both of these will be

operational by end of Q1 FY '21 -- 24, which will further enhance our renewable energy portfolio.

We are also glad to share that Welspun has received the platinum award for environment protection at the National Fame Awards 2022 for our efforts towards sustainability and controlling GHG emissions.

With this, I would now like to hand over to Sanjay, who will take you through the financial highlights.

Sanjay Gupta:

Thank you, Dipali, and greetings to everyone. I'll give a brief overview of the financial numbers for the quarter and 9 months of financial year '23 before we open for question-and-answer.

During quarter 3 of '23, we reported revenues of INR 1,904 crores, down 22% Y-o-Y and 11% Q-o-Q. YTD 9-month revenues was at INR 6,020 crores, down 14% on a like-to-like basis. EBITDA margin for the quarter stood at INR 229 crores that is 12% which is up Q-on-Q by 491 basis points, but lower by 155 basis points year-on-year. For year-to-date 9-month financial year '23, we have reported EBITDA of INR 554 crores that is 9.2%, with a contraction of 608 basis points year-on-year on a like-to-like basis.

Cotton prices and freight costs witnessed significant reduction during quarter 3, and the partial impact of same can be seen in our margins in quarter 3. The average cotton cost during quarter 3 was INR 69,000 candy -- per candy as compared to INR 83,000 per candy in quarter 2 of financial year '23. Profit after tax after minority interest for the quarter is at INR 42 crores, vis-à-vis INR 9 crores last quarter. And 9-month financial year '23 PAT is INR 73 crores, vis-a-vis INR 473 crores on a year-on-year on like-to-like basis.

Our consolidated EPS for quarter 3 of financial year '23 stands at INR 0.43 per share, as compared to INR 1.34 per share year-on-year. 9-month financial year '23, it stands at INR 0.74 per share, vis-a-vis INR 4.78 per share on a like-to-like basis. On the forex front, our average exchange realization for the US dollar during quarter 3 was INR 79.80 compared to INR 76.59 in the corresponding quarter last year. To rein in the inflationary conditions, governments world over and in India have been continually increasing interest rates, and we witnessed more of such increase in quarter 3 as well.

Further increases also look eminent. We have, however, continually strive to deleverage and reduce our debt levels to control our finance costs and make our leveraging better. We continue to use free cash flow to reduce our debt. And in quarter 3 of financial year '23, we have prepaid high-interest-cost term loan of amounting to INR 46 crores, which is steadily taking us towards making the core business long-term debt free in a couple of quarters.

At the end of quarter 3 of financial year '23, net debt stood at INR 1,909 crores. This is INR 89 crores lower than INR 1,998 crores a quarter ago and INR 633 crores lower than INR 2,542 crores a year ago. The expansion projects of Flooring, Advanced Textile and Home Textile businesses, which were in different stages of progress, had some balancing capex remaining,

which we plan to complete during financial year '23. In 9 months of financial year '23, we have spent 239 crores towards these and other maintenance capex. With all expansions being over, there would be no new capex, except for investing in renewable energy initiatives through JVs for judicial capital allocation.

Segmental results for quarter 3 of financial year '23, core business of home textile revenue stood at INR 1,758 crores versus INR 2,011 crores in quarter 2 financial year '23, down by 13% Q-on-Q and Y-o-Y down 22% from INR 2,251 crores during the same period last year. YTD 9 months of financial year '23 core business revenue totaled to INR 5,621 crores as compared to INR 6,613 crores on a like-to-like basis, down 15%. Quarter 3 EBITDA of home textile stood at INR 206 crores, at 11.7% as compared to 6.3% Q-on-Q and ph 13.9% year-on-year. 9-month financial year '23 EBITDA of home textile is at INR 505 crores at 9% compared to 16.1% Y-o-Y on a like-to-like basis.

During the quarter, revenues from Flooring business was INR 168 crores, up by 6% Q-o-Q, but down 12% year-on-year. EBITDA was almost at same level at INR 3 crores as compared to INR 4 crores quarter-on-quarter. YTD 9-month financial year '23 Flooring business recorded revenues of INR 497 crores as compared to INR 472 crores year-on-year, growing by 5%. And the 9-month EBITDA of Flooring business was INR 9 crores as compared to a loss of INR 11 crores during the same period previous year.

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

- Moderator:** Our first question is from the line of Roshan with B&K Securities.
- Roshan:** So I have a couple of questions. So the first question is, like, with Bed Bath & Beyond filing -- planning to file for insolvency, does it have any impact on our current quarter or maybe the next quarter? That is my first question.
- Sanjay Gupta:** .Hi Roshan, so we have a very robust credit control policy as given by our Board. And accordingly, we are fully covered as far as credit is concerned, either in terms of LC or in terms of advances or in terms of insurance. We however do not comment on any particular customer, so but we can say that there is no cause of concern.
- Roshan:** Coming to the next question, so can you provide some more color on the deal with Disney or maybe the opportunity size in that line?
- Dipali Goenka:** So the deal with Disney is in UK and Europe. This actually opens more doors for us, I think, and also a different segment. So while when we talk about the home textile segment, this segment opens doors for kids, young adults and babies. So that is, again, one big segment that it opens and the doors for different retailers, which we are not even aware of. So that is the opportunity that it has in UK and Europe.
- Roshan:** And can you provide some colors in terms of like how much energy savings we will be having once both the plants are operational in Anjar and in Vapi plant

Altaf Jiwani: Roshan, see, we will be replacing almost 29% of our energy and the price differential currently at the current cost, it's substantial. And as you know, it keeps changing based on the coal costs. But as we go along, it will be substantially reducing the energy cost over the next 2 years for us.

Moderator: Our next question is from the line of Prerna Jhunjhunwala with Elara Capital.

Prerna Jhunjhunwala: A couple of questions to understand the results better. First, I wanted to understand the improvement in utilization for bath linen this quarter, while bed continues to remain sluggish. So just wanted to understand the demand scenario across products? That will be helpful.

Dipali Goenka: Sure, Prerna. So just let me give you a perspective. So the private label has a very unique thing in the terms of the kind of demand, and we all know that the inventories, there's still a lot of inventories that a few retailers are carrying. So definitely, the offtake in bath is better because the ticket size of bath is lesser.

And also the demand starts to mobilize in few retailers. Bed is slow, and we also see it slow in the next quarter as well. It will actually depend on the businesses that we're doing with these retailers because you must know that 80% of our businesses are replenishment businesses and as the inventory starts aligning there, the demand will also open.

And Prerna, I must tell you one more thing that the private labels right now, with the kind of this whole inventory rationalization will happen, few quarters might see an uptake. The next quarter might see a lull. The stability of this business and the consistency will start coming I think in the latter half of half 1.

Prerna Jhunjhunwala: So ma'am, I couldn't hear. Latter half of...

Dipali Goenka: The half 1 next year, financial year half 1.

Prerna Jhunjhunwala: And how is the demand in the Flooring business?

Dipali Goenka: So flooring has also taken its toll in USA right now because of the whole housing market, as you all know, has been impacted. The whole recessionary impact that you are seeing there. However, I must also say that the Indian market has been a bright spot for us. So Indian market has grown 100% year-on-year. And also we see a great demand here in these institutions and hospitality.

In America and Europe as well, we have opened up doors with few mega distributors and also with institutions and a few more organizations like that and also big box retailers. However, flooring might take a couple of quarters to get back in US and UK. But Middle East, Southeast Asia continue to be our brightest spots there as well. So definitely, in quarter 1, quarter 2, we'll see an uptake there, too.

Prerna Jhunjhunwala: Yes, understood. Ma'am, I wanted to understand the competition from international markets now that we're hearing that Pakistan is facing problems with respect to cotton availability or funding or cash issues and etcetera. Are we seeing some business shifting to India or thereby to Welspun

or better inquiries from Europe or US because of the products and -- I mean, you can gauge from the product profile, whether it is diversion of products from Pakistan to India.

And thereby, we -- that helps us in the near-term scenario where we are disadvantaged at this point in time in terms of demand?

Dipali Goenka:

. That's a very good question, Last quarter, we lost our share of 4% in towels and 7% in sheets to Pakistan and China. And definitely, the currency has put an advantage to them, more so that cotton was cheaper than our cotton. As we move forward towards the quarters, you know that the cotton crop is coming in, the prices are coming down.

Right now, we are seeing the cotton prices around INR 62,000. So definitely, India cotton prices are better. But somewhere, though these challenges remain, Prerna, but they continue to be and participate very, very aggressively. But yes, India stands to gain in the terms of stability and the democracy that we have.

Moderator:

Our next question is from the line of Kaustubh Pawaskar with Sharekhan by BNP Paribas.

Kaustubh Pawaskar:

My question is on the domestic consumer business. As you said that you are planning to reach around 50,000 stores by 2026. So what kind of revenue opportunity do you see from the domestic market? Because we hear from our internal analysis or whatever study, what we could see that Welspun as a brand is penetrating deeply into the retail shops. So considering that, what is the opportunity you see? And what is the organized and unorganized play in this space where you see a bigger opportunity?

Dipali Goenka:

So first of all, I must tell you that we have 2 brands, Spaces and Welspun. The addressable market for Spaces is around INR 2,000 crores to INR 3,000 crores. But if I talk about the market and the addressable market that Welspun has, that is far bigger, which is around 48,000 crores, as India grows in FY '26.

And when I look at Welspun's reach, we are not only looking at metros. Our reaches are going to go to Tier 2, Tier 3 and Tier 4. And we see our categories, when we are talking about addressable market, the categories that we're talking about, the towels, sheets, rugs and carpets, we see our revenues to go up to our target is around INR 1,700 crores by 2026. And this is something done at the back of a lot of studies.

So when we talk about that today, we are at around say, over 10,500 stores. 1,000 stores have been added this quarter. We are going to continue to keep on adding this because we absolutely have the clarity about which cities and towns are we going to be targeting.

Kaustubh Pawaskar:

So ma'am, is it fair to assume that the domestic consumer business, plus the emerging business would be the some of the key drivers for you, along with the stability you are saying you will be able to see after 2 to 3 quarters in your core home textiles business for FY '24 and '25?

Dipali Goenka: Yes,. Absolutely. so if I look at Welspun's portfolio, so we have a core business that is the home textile business, which is our exports. That will continue to be there, and it will continue to grow. And not only the back of towel and sheets, we are also doing rugs, carpets and utility bedding and licensed brands will get that shelf space. licensed brands got 175% extra shelf space with Martha and Scott in United States and now as we spoke about Disney license in UK and Europe, that will also give us additional kind of a door in this part of the world.

We will definitely have a focus of a retail brand in India, which definitely is going to be the way forward for us. and we all know that the India is going to be a big growth story. So that is where we want to participate in this with Har Ghar Welspun, along with that, our opportunity in flooring, so while flooring has been a little slow globally, but as the markets open up, the housing market also opens up, that will also grow. and I think the GCC countries, Southeast Asia and India will be the brightest spots there. and also Welspun Advanced Textile, which also has the a wet wipe there also we'll see a great opportunity as well. So this quarter, our emerging business has contributed around 19%, and it'll continue to grow stronger as well.

Kaustubh Pawaskar: And two bookkeeping questions, if I can. One, what was the average cost of freight for this quarter? And what is the overall capex we are looking for FY 2023 or FY 2024?

Sanjay Gupta: Yes. So average freight has been coming down, so quarter 3 average freight was about \$5,300 as against \$9,000 in quarter 2, and this is continually coming down. We are now seeing freights of about \$3,500. Your second question was on capex. So we have spent about INR 239 crores in this financial year. YTD 9 months. we'll spend another INR 20-odd crores or so., So INR 250 crores to INR 260 crores will be capex this year with all expansion will be over. Next year, our capex will be about INR 200 crores in the power plant that we are putting up, the renewable energy, and additional INR 150 crores of maintenance capex. So about total INR 350 crores next year.

Kaustubh Pawaskar: And what was the average cost of debt for this quarter?

Sanjay Gupta: The average cost of debt for us is about 5.5%.

Moderator: Our next question line of Vivek Gandhi with Discovery Capital.

Vivek Gandhi: So we've obviously had a combination of a hit in terms of our clients having excess inventory. And on the flip side, some amount of the conservative ordering, even expectations around slowdown. But just to understand, is this kind of the numbers we saw over the last few quarters, as in the Q1, Q2 of FY '23? Are those actually aberrations because of the COVID actually excesses which was there? Or are these the numbers we can aspire to reach again in a few years? And how should we think about that?

Dipali Goenka: So I think, definitely, I'll tell you the spike that we saw in '21, '22 have been the COVID aberration. And I think now, as we see the things, where they are in the terms of recession and

where the impact is, we will see it coming to the pre-COVID levels. I mean, we never see the COVID levels coming back, but the pre-COVID levels should be coming back in the latter half of half 1 and half 2. That's where we will see that. and I must also share right now that if you talk about the consumer's wallet shares, the home and kitchen has dropped by literally 20%. and the wallet share is going to experience, travel and that's where people are spending their money right now. But yes, –last 2 year was an aberration, but we will definitely come back to pre-COVID levels, and that will happen in the latter half of half 1 and half 2 as well.

Vivek Gandhi: Just a specific question on your rugs specifically, I know India share in rugs is quite low. So is that an area where we expect to continue to see growth, which is higher than the industry growth?

Dipali Goenka: Yes, definitely. So I would say that the next quarter, we will see our rugs capacity at an optimum level, and that is something we are seeing, where the impact of China is playing. And we have been able to get one of the largest programs globally in rugs in United States of America.

Vivek Gandhi: And just a last question is that is there anything you guys are picking up with regards to the FDA with the UK?

Dipali Goenka: So we are waiting. We are waiting, and I think that definitely is something we will see happening soon. Hopefully soon, I guess so. But definitely, there is a lot of positivity towards India, the stability of businesses, because we have heard from a lot of retailers as well that India however, Pakistan may be more competitive, but the stability comes in from India in the terms of the supply chain as well.

Moderator: Our next question from the line of Prathamesh Sawant with Axis Security Limited. Mr Sawant your line has been unmuted Our next question from the line of Mr. Abhineet Anand with Emkay Global Financial Service.

Abhineet Anand: First to Sanjay in terms of both cotton from 69,000 candy you said an average for 3Q is corrected to around INR 60,000 now and same as a case worth freight that's also corrected even if you assume same demand scenario which implies the same revenue numbers our margin is still improve going into Q4. Right?

Sanjay Gupta: We are not giving any direction but as of now it looks like that it will be more or less the same

Abhineet Anand: And why do you said that I mean given that RM of 2 the large things?

Dipali Goenka: So I'll just like to pitch in here it is also owing to the demand that will coming in the quarter as well so I think fundamentally, when we talk about commodities and the others it also overs to the top line as well. So as the top line comes in the margins will comes in so we defiantly feel that they are going to be at par or maybe better then what you are talking about today

Abhineet Anand: Second is you know while at the start Dipali ma'am did mentioned in your inventory position at high position, you have been you know lot of calls on this for the last 3, 4 quarter this happening ,directionally I want to understand if you take let assume in last 3 quarters are those numbers reducing or we are going to better position or it is still something like the inventory was too high and now we will have to wait another few quarters more?

Dipali Goenka: So I have just give you a prospective here there are few retailers like the clubs and discounters they might take an off-take because these discounters have there you know OTB's is opening up every quarter and every month. But for some big mass retailer it is been there is glut t of inventory and it might take one more quarter or so to mobilize, whereas the clubs, the bigger clubs have opened up considerably.and we see that there will be an uptake there. But however, I must also add on here the departmental stores are still running very, very slow and tepid. We've already -- so I can only, and I will again reinstate, that the businesses and private label, we'll see that there might be 1 quarter there'll be a spike in demand of certain retailers. Hence, you'll see a peak. the next time, there'll be a trough. The stability and the consistency will come in when the retail get a stable footfall, and that we are seeing happening in the latter half of half 1.

Abhineet Anand: Secondly, you know UK, I just wanted to understand how big is this market with Disney partnership that we have done. I just want to understand, in terms of HT, how big is this market and what can Indian players like Welspun look for in the next 4, 5 years, keep and considering that FDA talks are on?

Dipali Goenka: So I'll tell you, UK is not just made up of the big retailers that you have heard about, but there are other retailers who have chains of 400 stores, 1,000 stores, and that is not just UK, I think Europe, again, is a very big opportunity. With the kind of countries that you have in Europe that make up Europe Union, I think the opportunity is also in Europe, where there are stores which have the chain stores, which have around 3,000 stores, 2,000 stores, and that's where we see a great opportunity here. and it is a different category segment you are talking about. You are talking about babies, kids and young adults. And where the discretionary spend is something that we see that people don't look at their wallet here.

Abhineet Anand: So that will be a new segment for us as well. This is more like garmenting, right?

Dipali Goenka: Yes. And it could be like fast fashion because there are trends, there are designs, there's movement. So definitely, that is where we are seeing the opening happening, and more doors, newer doors in UK and Europe.

Abhineet Anand: So we need to also strengthen our team accordingly, right, because we don't have a portfolio presently of that sort?

Dipali Goenka: We do have, if I must say, that I must share with you that we have design studios in US, UK and India, and we have our teams. Like if you look at Martha and Scott, which are continuing to grow stronger and gaining for told in countries like Canada, and along with USA, we already have a team in USA working towards that. And UK, we already have our offices in Manchester and design studios there. So our teams are working in India as well. So it's a great teamwork that works through here. So we are very, very confident to build this up.

Moderator: Our next question is from the line of Vineet Anchalia with Wise investments.

Vineet Anchalia: I have a couple of questions. I would request the management to cooperate a bit. So first question is on the term on flooring. China dumping, how would you see that going ahead?

Dipali Goenka: So we have seen kind of in India the -- where China dumping is something that now the government has taken measures here. So that will be something, in the hard flooring, we are going to see an advantage in India. And moving forward, I think the made in India will stay strong, here and we will see a great opportunity in India coming through.

When we talk about USA and the other countries, Europe and the others, as the slowdown is behind us, definitely, the residential will also open up. However, hospitality and institutions are growing. We also see a demand in GCC countries and Southeast Asia.

Vineet Anchalia: I would like the management I mean, you also give us more update on spunlace and all these because we are not exactly understanding what all the products are. And I have a small confusion regarding the mattresses business. Are we doing it in-house or else how it is? And what are the other related products we are into?

Dipali Goenka: So can we give you a complete detailed thing? I mean, Salil will reach out to you, along with Sanjay. We can give you complete detailed insight into the whole spunlace and what we do here because it will take some time, but we can explain to you. So what we are doing here, that could be something that can be taken offline.

You spoke about mattresses as well. Mattresses is something that we are doing in a brand Spaces. So we are working as a job work there where we are working towards creating our own brand label there. And however, any detailed thing on products you need, our teams can reach out to you.

Vineet Anchalia: Yes, I'm looking forward with that. I have a few more questions. I'm basically a third-generation businessman into textiles. I'm a dealer for Raymond and Arvind from Visakhapatnam, though I manage my own portfolio and all these things. So I have done my research, and want some clarity. As you said, in terms of retail franchisees or else, shop in shop or exclusive stores, whatever way you're going to expand, over 50,000, 60,000 outlets by next 3 years, so what is the expertise do you have that you've been so bullish opening such huge stores going forward?

Dipali Goenka: So I must tell you that I've been working since my journey began with retail in 2003. And from that time onwards, I actually began my journey with Spaces. And now I can tell you that I have

a team that comes in from the FMCG background. The CEO of the company comes in from FMCG Mondelez, Amazon. And we have a great team working towards that. So we are very, very confident. And whatever we've said is not just done overnight.

It is done with the study, with every the demographics, the city, the towns and the kind of potential with these stores, the amount of stores in one area. So this is not something that has just blossomed overnight. Also I mean, we also as we spoke about, we also have a software, which we are working, so that we can actually see what are these stores our sales people have attended to every day, what are the turnarounds that we are having. So all that has been taken care of here. So this time, this is not just done by just committing these numbers. So these 11,000 stores are also done by the journey plan and the plan that we have, and that is all done sacrosanct quarter-on-quarter.

Moderator: Thank you. I would now like to hand the conference over to the management for closing comments.

Dipali Goenka: Thank you. So while we continue to grow our business globally in home textile, flooring and advanced textile and expand the portfolio brands, we are very upbeat about our domestic consumer business, which we aspire to grow at a CAGR of 30% to 35% over next 3 to 4 years to realize our vision of Har Ghar Se Har Dil Tak Welspun. India is the brightest spot in the global economy, being the fifth largest economy in the world, moving towards becoming the third.

India market will remain a very important market for our future growth in the entire home solution space, not only in towels, bedsheets and rugs, but also in flooring and advanced textiles. Thank you for your continued interest in Welspun India. For any further queries, please feel free to connect with Salil and Sanjay.

Moderator: On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us, and you may now disconnect your lines

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