"Welspun Corp Limited Q3 FY16 Earnings Conference Call"

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Moderator: Ladies and gentlemen good day and welcome to the Welspun Corp Limited Earnings Q3 FY16 Conference Call. 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 this call please signal an operator by pressing "*" then "0" on your Touchtone phone. Please note, that this conference is being recorded. I now hand the conference over to Mr. Braja Mishra, -- Managing Director, Welspun Corp Limited. Thank you and over to Mr. Mishra.

Braja K. Mishra: Good afternoon and welcome to the earnings call for our third quarter of FY16. I would start with giving you the financial numbers and subsequently I would also give you a little market outlook and then I would be happy to take your questions along with my team.

Just to give you a little introduction, I am Braja Mishra, Managing Director and CEO of Welspun Corp and I am joined here with Akhil Jindal who is our Director of Corporate Finance and also our CFO Mr. Krishnan is with me, along with Deepak and Harish from our Investor Relations team.

The Q3 production and sales numbers were 259,000 metric tonnes and 251,000 metric tonnes respectively which was actually down by 13% and 18% respectively on year-on-year basis. The order books stand at approx., 1 million tonne which was more or less the same level when we started the year in other words, in the nine months that we have actually maintained our order book positioned right at the beginning of the year which stood then. Fresh orders booked since Q2 result was announced is close to 420,000 metric tonnes which includes an order of about 210,000 metric tonnes from America, part of which is to be executed from India and part of which is to executed from U.S..

Q3 revenue was down 10% to Rs.2,032 crores and reported EBITDA of course was up by 22% year-on-year basis to Rs.2,096 crores. The better EBITDA is primarily because of improvement in quality of orders and of course we have also enjoyed some benefit of some orders for which raw material was open and we got some benefit of raw material prices down. Our reported PAT after minorities stood at Rs.87 crores versus Rs.18 crores in Q3 FY15.

For nine months also EBITDA and PAT are significantly up. EBITDA is Rs.853 crores versus Rs.537 crores year-on-year and PAT is at Rs.204 crores versus loss of Rs.75 crores on year-on-year basis. I would like to highlight that the nine months' data is not apple to apple comparison as our as our US plant was actually shutdown last year for a good amount of time during almost like the whole of Q1 FY15.

For Q3, we recorded operating EBITDA of more than Rs.9,400 per tonne in pipe business and for nine months this number is close to Rs.9,000.

As we had guided on our last earnings call, receivables and inventory levels are back to normal. This has led to reduction in net working capital from 56 days in Q2 to 49 days on last 12 month basis. Consequently, quarter-on-quarter basis we have reduced the gross debt by Rs.475 crores to Rs.3,005 crores and net debt by Rs.325 crores to Rs.1,780 crores. Year-to-date we have reduced net debt by Rs.129 crores and as we also did mention in our last earnings call that we would continue to conserve cash and aim for leaner balance sheet. We do not have any envisioned CAPEX program and the cash flow generated would largely be used to cut down debt wherever it is feasible.

On the business outlook front, I would say that last quarter our bid book stood at about 3.8 million tonnes as against that currently we still have a bid book of about 3.8 million tonnes. We also have tried to make some kind of an assessment as to in next three years what kind of business we can foresee where Welspun is potentially capable of booking orders which almost stands at around the same level so in other words what I am trying to say is that potentially Welspun could have the similar level of bid book in 2016-2017, 2017-2018 and 2018-2019 that is the kind of visibility that we have right now. However, whether this business especially for 2016-2017… whether the projects are going to be decided or not that is to be seen really because the oil prices at $26 had some psychological impact on many project which we did not see even at $35 oil prices. Not that these projects are really dependent on oil prices even then I suppose you know like it is in general slowness in the international business. The projects in Canada like Prince Rupert Pipeline Project, Coastal Gas Pipeline Project, Trans Mountain Project all this project seem to have been delayed at least by a quarter or two quarters. So, these would probably also have some impact on the business.

Having said that, I must also reiterate that Welspun Corp still enjoy a healthy order book position of slightly more than 1 million tonne even at this juncture and just to give you an idea as to how these orders are distributed region wise it is I have to segmentize this 1 million tonne approximately 560,000 will find its way to America, about 205,000 tonnes to MENA and 262,000 will be India and Asia-Pacific. From mill booking standpoint India is actually going to supply almost 670,000 tonnes out of this. Little Rock is 240,000 tonnes and Saudi is 120,000 tonnes.

In terms of large diameter and small diameter the 670,000 tonnes that I mentioned for India 25,000 tonnes is actually ERW and the balance are all large diameters. Likewise, in case of Little Rock only 14,000 tonnes is actually ERW and the balance is large diameter and of course KSA all is large diameter.

There are still projects which are on track. 936,000 tonnes of projects that we are seeing is Southeast Asia; in Middle East about 1.2 million tonnes and in South America about 1 million tonnes. We still see India water business at around 1.2 million tonnes; oil & gas about 1.8

million tonnes; Europe 1 million tonnes and Africa about 3.5 million tonnes totaling to 11.5 million tonne which I talked about.

At this point I would like to let the house open and we will be able to take your questions and try and to answer to best of your understanding.

Moderator: Sure. Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. First question is from the line of Dhruv Muchal from Motilal Oswal Securities. Please go ahead.

Dhruv Muchal: Sir, just wanted to understand you mentioned that some part of the margin benefit we got was because of the steel price decline so do we see similar benefits still coming in from remaining order book because the order books which we have got now would be at the new steel prices or how will it change?

Braja K. Mishra: I think clearly that small portion of the order I say, see generally when policy is that whenever we book an order we would have had some kind of steel mill. So we generally do not take risk on the steel price. Therefore, if the steel price goes down we do not really get a benefit but if smaller orders they are totaling to probably 30,000-40,000 we might get some benefit that is what I was telling. As far as future orders are concerned we could get some benefit. I must say a sizeable portion of water orders are actually figuring out of this 1 million tonne and generally for water service in India we do not have a back to back sort of thing and considering that like the slab prices are quite down in the international market we might get some benefit which may not be significant really.

Dhruv Muchal: And sir, secondly, just wanted to understand you said that some orders are getting delayed because of the oil price decline. I believe my personal view is that most of the decline most of the delay in orders will eventually come because in North America you need those pipeline whatever the price be, because demand is still growing. But in the interim during these phasing of your oil prices so they might be lower for say the next one year or two years so, because of the decline in order book or decline in bidding do you see the competitive intensity in new orders which are coming will increase significantly or how the situation looks to you?

Braja K. Mishra: See first and foremost I have said that some projects are getting delayed no order has been delayed….

Dhruv Muchal: Sorry, projects, yes. I mean projects, yes.

Braja K. Mishra: Fair enough, okay, fine. So 1 million tonne of order booking that we have like none of these orders are either getting delayed or at least has not come to us to re-neg**,** to hold nothing of that sort has happened as of now and to be honest I do not foresee that happening and I am only giving you my own personal judgment. I do not foresee that happening because if it were to happen it would have happened before. Coming back to projects which are getting deferred you are absolutely right, and I said that, these projects have just been delayed and move to probably second quarter or third quarter and not that like these projects got struck from the list because when the oil prices had reached sub-30, the steel prices worldwide is down and like some of the data points also have psychological impacts a lot of decision marking for example I would have nothing to do with the retail business down by 1% last month but at the same time that is also sort of psychological impacting people just to probably like reassess projects, let us take little time. In North America last week when the oil price actually went to $26 what people were feeling and the feeling may not be exactly the same when it is bounced back to 36 now.

Management: 35 around, yes.

Moderator: Mr. Mishra, are we connected?

Braja K. Mishra: Yes. Dhruv, have I been able to answer?

Dhruv Muchal: Sir, just the last point I did not get, you said $35 after that I missed.

Braja K. Mishra: No, I said that like you are right that the projects are going to come it is probably matter of time, it is getting delayed it is not getting…

Dhruv Muchal: Sir, just wanted to get further into this, do you see because we delay because other pipeline bidders also would be looking out for these orders because now if the order the projects are delays only few orders are available or only projects are available for bidders to bid so will it increase the competitive intensity because your margins are good that indicates with the intensity not that high but because of this change how does it look? How does it change now?

Braja K. Mishra: See I think it is very-very difficult to predict. But I must also tell you like some of the bigger projects which are getting executed or getting implemented or likely to be implemented without getting impacted by oil price, are very-very large projects and are being executed by very-very discerning buyers, they have a vendor list if their vendor list is already frozen, few rounds of bidding have happened, I doubt that any competition would really be forth coming or will be actually invited to participate in this.

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

Bhavin Chedha: Sir, few questions if you can give the sales volume break-up of 251, I missed out if you gave it earlier between LSAW Spiral and between different markets also.

Braja K. Mishra: Yes, this LSAW is 4,000 tonnes; HSAW is 189,000 tonnes; ERW 59,000 tonnes.

Bhavin Chedha: And market wise?

Braja K. Mishra: Market wise India 70,000 tonnes; US 119,000 tonnes; and this also excludes the plate and coil quantity of 33,000 tonnes.

Bhavin Chedha: So plate and coil was 33,000 of sale?

Braja K. Mishra: Yes.

Bhavin Chedha: This is merchant sale or includes internal?

Braja K. Mishra: Includes internal.

Bhavin Chedha: Okay. So how much is normally the merchant sale?

Braja K. Mishra: Sorry, Bhavin, yes, I could not understand, can you repeat?

Bhavin Chedha: Say these plate and coil how much is outside merchant sales and how much is internally consumed?

Braja K. Mishra: 6 is external

Bhavin Chedha: Okay. And what has been the CAPEX for first nine months?

Braja K. Mishra: Bhavin, go ahead please we are having little technical difficulty, can you please repeat?

Bhavin Chedha: Yes, how much is the capital expenditure in the first nine months?

Braja K. Mishra: CAPEX is about Rs.106 crores.

Bhavin Chedha: Rs.106 crores, okay. And what would be the volume outlook for next year particularly I was looking at I think your presentation mention that you have participated in bids close to 3.8 million tonne, so how many of this actually are you seeing basically getting converted into final orders and in next six months or so because we will normally need 9 months to 12 months before the execution of these orders to be in hand, right?

Braja K. Mishra: See in any case our order book is as on today it is about 1 million tonne.

Bhavin Chedha: Right. So I think if you execute 3 lakh in this quarter so we will stand at opening 7 lakh odd and how do we go forward from there?

Braja K. Mishra: I would not give outlook as to what would be the volume. We have done 1 million tonne order book, we have been doing in excess of 1 million tonne in the last three years we have been doing that. 700,000 tonnes it is your guess because we would have almost any order that we book until October this year, still can be serviced in this year and that always been the trend in the company.

Bhavin Chedha: Okay. So we still have say another seven months - eight months where we can…so next year probably we can have volume growth I think this year there would not be a volume growth but next year possibility is still that we can have volume growth depending on what new orders we book in next six months to seven months, right?

Braja K. Mishra: Yes, Bhavin I am listening to you because I do not want to give a guidance.

Bhavin Chedha: Okay. So another thing just on the regulatory part so two things worry me one is the minimum import price which would come on steel so, how would that play out for all the pipe companies and particularly Welspun in the short-term and over longer-term one it that question. And the second is what would be your expectation from the upcoming budget, would you have any wish list which you would be seeing going through in the budget or what would that be?

Braja K. Mishra: Yes, our first and foremost our expectation would that like good amount of allocation on infrastructure for sure there is no doubt about that and as far as MIP is concerned considering that Welspun a geographically well diversified company. When we do 1 million tonne, out of this 1 million tonne as I explained about 600,000 tonnes is going to Americas and 200,000 tonnes to Saudi Arabia so that means these are export orders, export orders in any case would not come under the purview of MIP, at least I can import at any price and I can export at any price, that is one thing. Second part is that suppose India business of course, let us not forget that we have a plate mill. If there is an increase in steel price of MIP and we have to sell it in domestic market, we have to like utilize our plate mill better. So in both the counts probably like we are not really looking at so much of impact accept that of course like we would like to see that the MIP for slab at a reasonable level.

Bhavin Chedha: And you think slab is there is there in the recommended list in…

Braja K. Mishra: I do not think I would really be speculating on government affairs as of now because it is not public anything but I do not think we would speculate at this point of time.

Bhavin Chedha: Okay. Because for plate mill to make profitability slab should be out of MIP then we make a big delta, right?

Braja K. Mishra: That is what, Bhavin I think it is not fair for me to like…

Bhavin Chedha: Right. And apart from that so 2 lakh tonnes is the domestic steel business so, as of now what component steel if I ask would be imported and what would be domestic like that will keep on changing but what has been average like?

Braja K. Mishra: Can you repeat that question again, out of the 200,000 tonnes…

Bhavin Chedha: No, I am saying for the full volumes 1 million tonne right now what would the import component of steel and what would be the local component of steel in that?

Braja K. Mishra: The data whatever I give you quite be misleading because let say I am doing 300,000 tonnes of domestic but I might be importing slabs for that. Therefore, it could be misleading but like almost all our export orders they are primarily imported material.

Bhavin Chedha: Primarily imported material, okay. So export orders will always, almost be like imported material and domestic orders would depend and wherever you get a better price?

Braja K. Mishra: I think I would refrain from making a statement there but most of the time it would not happen like that way. And generally, the orders that we are executing are probably to some extent niche product and generally the raw material for those orders are not really sort of Made in India.

Bhavin Chedha: Yes, sure. So last question for Mr. Krishnan, what would be the debt repayment schedule for next year?

S. Krishnan: The covenant and the contract schedule would be in the region of around 200 crores on a global basis.

Moderator: Thank you. We have next question from the line of Shobit Singhal from B&K Securities. Please go ahead.

Vikas Singh: Sir, this is Vikas Singh from B&K Securities. Sir, if you could update us on the JV with Wasco Energy Limited that the coating plant which we are planning to put up.

Braja K. Mishra: Absolutely. As you know Wasco is one of the leading manufacturers in the world and with tremendous amount of core competency, experience and also track record and also acceptability among a lot of marquee customers and that is how we sort of form this JV with them to set-up….. The concrete weight coating plant obviously as expected going by Welspun's way of doing business is expected to not only serve the domestic customers but also expected to export the concrete weight coating price. The project is very much on course by March 2016 we would have commissioned the project and I would think that we would be surprise if we start offering pipes by April 2016.

Vikas Singh: Sir, how much we have already spent on this plant?

Braja K. Mishra: Krishnan, will you take that?

S. Krishnan: The total CAPEX that we had estimated for this project was about 100 crores and our share as of 51 stakeholders would be equivalent to that. At this point of time, the project is at an advance stage of implementation, we will know the final figures once the project implementation is completed.

Braja K. Mishra: We are almost there, it is about four weeks - six weeks' time by which time we would…so the major element of the cost is actually already spent.

Vikas Singh: Okay, sir. And sir, secondly this quarter our sales volume including as well as the product volume has seen a significant dip. So it was as per the customer schedules or something else like some delays in this batch? Because if I remember, last con-call we were supposed to do some round 5,50,000 kind of in second-half.

Braja K. Mishra: No, good that you asked that question. Yes, it did get impacted by way of some delay to an extent of 25,000 - 30,000.Some of the letter of credit did not come in time for us to complete it in the third quarter, you are right.

Moderator: Thank you. Next question is from the line of Nirav Shah from Geecee Investments. Please go ahead.

Nirav Shah: Sir, just one question on the CAPEX again, I mean any outlook for FY17 CAPEX?

Braja K. Mishra: FY17 CAPEX?

Nirav Shah: Yes, I mean whatever the maintenance CAPEX is?

Braja K. Mishra: To be honest like FY17 our business plan is not yet frozen but in any case the current market circumstances we are not looking at any CAPEX and even OPEX will be like sort of more or less consistent with other years but as much as shrinkable.

Nirav Shah: Sir, any just number you would like to put for the maintenance CAPEX?

Braja K. Mishra: Anywhere in the region of around $18 million to $20 million roughly overall globally.

Nirav Shah: No, for us the maintenance CAPEX.

Braja K. Mishra: Yes, that is what we are saying, like it will be more or less consistent let us say around 85 crores to 100 crores I mean whatever figure but as of now in any case we have not finished our budgeting exercised which generally gets done by February.

Moderator: Thank you. Next question is from the line of Nidhi Agarwal from Sharekhan. Please go ahead.

Nidhi Agarwal: Sir, have we reversed any sales in Saudi Arabia this quarter because if I deduct nine months and half yearly sales number, I am getting a negative sales for Saudi Arabia.

Braja K. Mishra: Nidhi, I am sure, we might have made some error, just hang on for a second, there is no reversal of order.

Nidhi Agarwal: Okay. Sir, can we have the numbers…

Management: Nidhi, just to clarify, the first six months we have done about 123,000 tonnes in the Saudi part of the business. In this quarter, we have done about 62,000 tonnes that is how the total volume is about 185,000 tonnes.

Management: What are the basis of your assumptions?

Nidhi Agarwal: See half yearly number was 188 and nine-month was coming 220 and 182, 220 for half-yearly and 182 for nine months because nine months you have given as a percentage of sales, 829.

Braja K. Mishra: I think Deepak will give you a call and clarify you on that, I am sure there is printing error or something somewhere, there is no cancellation of order, no reversal of order, in this quarter we have done 62,000 tonnes and in the half year we have 123 totaling to 185,000 tonnes.

Nidhi Agarwal: For nine months, right?

Braja K. Mishra: Yes.

Nidhi Agarwal: So half yearly it is coming 220? Okay, I will check later on. And why the other income has jumped this quarter?

Braja K. Mishra: Other income?

Nidhi Agarwal: Yes.

Braja K. Mishra: Other income is up or down, what are you asking?

Nidhi Agarwal: It is up, Rs.57 crores

Braja K. Mishra: In this quarter, the other income is up because we have redeemed some of our investments in the subsidiaries which we have done and those investments came back and at the relatively higher dollar level now compare to what was the dollar at the time when investments were done so that is income which is upwards of around Rs.25 crores.

Nidhi Agarwal: Okay. And I have another question is that, there is your subsidiary known as Welspun Trading so, what does it do? How it has recognized revenue from there?

Braja K. Mishra: First and foremost, Welspun Trading is a subsidiary of Welspun Corp primarily to market the products produced by Welspun Corp globally, this is our trading arm. All our marketing activities is undertaken through this company so, that means any order whatever is being executed by Welspun Corp unless there is a sort of insistence by the customer somewhere that no, we want to deal only with Welspun Corp majority of the orders are booked through Welspun Trading and Welspun Trading in turn sort of gets it executed through Welspun Corp. All our marketing offices, in US and in Dubai, are all under the banner of Welspun Trading. So that is the mechanism which is consistent with the industry practice globally. Generally, if you would see manufacturers do not come and sell directly, it is always a sort of like room created between the manufacturer and the buyer. So we have followed the same policy of course with the intention that at some point of time we would like to probably also plan to convert Welspun Tradings to a real trading organization.

Moderator: Thank you. Next question is from the line of Manish Ostwal from Nirmal Bang. Please go ahead.

Manish Ostwal: My question on first the sequential margin drop at EBITDA level so, what are the reasons? And how do you see the margin going ahead?

Braja K. Mishra: You said the margin is down?

Manish Ostwal: On a sequential basis, sir, on a quarter-to-quarter basis last quarter the September to December quarter the margins have fallen.

Braja K. Mishra: It is marginal drop there is no doubt about that and you are also aware we maintain and reiterate the same statement that not all our orders follow the same pattern. So there is every possibility that in one quarter when like probably it is more skewed towards the excellent orders that quarter the EBITDA could be higher as compare to quarter when some like low margin orders are probably being executed because you really do not book orders everything at 14% or 15% some might be getting booked at 10% and some might be getting booked at 19% so that kind of… So if you see the quantity also we did 325,000 tonnes last quarter, quarter we have done 251,000.

Manish Ostwal: Secondly, sir since oil prices is coming down and few oil economies are also under pressure in terms of higher fiscal deficit in low investment in that sector so how do you see the impact of oil price on pipe demand per se and secondly at what ideal level there should be a pick-up in the pipe demand if the oil price to recover?

Braja K. Mishra: See it is a very difficult to answer but I will try and give you some factual information. Fact is that even when the oil price was at 35, if you see the last quarter our bid book outstanding was 3.8 million tonnes and now also it is probably standing at 3.8 million tonnes and these are real tenders, these are real opportunities that we are talking of, that way there has been a drop of 1 million tonne of bid book there is no doubt about that. And at 36 level we did not see any projects getting deferred, even at this level we are not seeing any stoppage of progress on projects in Middle East whatever has been announced they are going ahead but for sure in North America leaving aside Mexico I think people are having a re-look at the project that does not mean that they are striking of the project but the project team is being asked that okay, fine, let us take a pause. See this kind of reaction you have seen when it went to 26 but mind you that like so quickly from 26 it is already up to 32 and as far as gas pipeline are concerned to be honest even at $26 oil price or $2 of gas price in North America they have to evacuate gas and generally there is quite a bit of optimism for gas pipeline. As far as oil pipeline is concerned it is also a fact that at low oil price they need probably pipeline more than probably they needed ever because that is the only way they can deliver oil at the final destination at cheaper price because if they have to transport it by rail or by truck the difference is significant. So, even though there is a little pause, I feel that even at $35-$37 you would see oil project coming up as a matter we just completed executing a 1,600 kilometer pipeline project and we were supplying almost 50%-60% of that which is oil pipeline. We have just bided for a project which is going to transport oil from Cushing to Arkansas which is again about 700 kilometer - 800 kilometer of oil pipeline project. Mind you this project went for bidding incidentally exactly on the day when the oil hit 26. So it is very difficult question and honestly, I will not be in a position to tell you that whether at 45 all the projects will come up and 35 all the projects will be stalled no, because we have seen projects getting announced, projects being awarded at $35 levels so for sure, anything going upwards from here, I think the projects will go through but rest is anybody's guessing.

Manish Ostwal: Thank you for insightful answer. Last question is of your total business mix, could you break this top-line number into three categories, oil, water and gas?

Braja K. Mishra: See oil & gas business is one generally for us, generally it is one for us, we do not really re-categories. We can only tell you how much is water pipe business. So 19% of the pipes that we have to supply out of the order book is water and balance all is oil & gas.

Manish Ostwal: And lastly, we are setting up pipe coating facility so what is the update on that?

Braja K. Mishra: I just give the update the project is very much on course it will be completed by March and we should start production in April and we are looking for our made in order for concrete weight coat.

Moderator: Thank you. Next question is from the line of Rohit Balkrishnan from Rare Enterprises. Please go ahead.

Rohit Balkrishnan: I am new to your business so some maybe very elementary. You talked about your margins being different in different projects so, is it related to the projects being in oil & gas and water and those margins are different, if yes, can you broadly give the margin ranges for these two segments?

Braja K. Mishra: See first and foremost, yes, you are right. The margin for different segment of business is obviously different so water pipe would be lower as compared to oil & gas because it is all project bidding and like I will have to tell you that there is every possibility like few water orders might be probably more profitable than even oil & gas orders. So I cannot even make a statement like that. As far as segregation of EBITDA is concerned we generally refrain from giving a segregation. We always try to give you blended EBITDA because this is a tendering business and we would sort of refrain from giving specific EBITDA numbers for a particular segment above.

Rohit Balkrishnan: Fair enough. So just if I could further take a clue from what you said, you said that water could also be more profitable, is it because the capital employed is much lesser than some cases?

Braja K. Mishra: No, because now the water pipe business what it is today and what it used to be few years back are very different. For example, in Gujarat we supply practically the same kind of pipes with the same kind of coating in water pipe business, the way we do it for oil & gas. So that is the reason I was saying that some time even water pipe business can be more profitable. It all depends on a particular project, it all depends on what kind of competition you are facing for a particular project all those things matter here.

Rohit Balkrishnan: Got it. Just on the competition, who would you typically compete with like who are the players globally, as you are largely a global player and also in India who do you typically compete with?

Braja K. Mishra: Let us say because we are like located in three different geographical area competition is for all the three are different. For example, if I am supplying pipe for a top offshore pipeline project in Europe it could be that we would be competing with the European manufacturers, Japanese manufacturers and us. If it is a project in the US and it is a gas pipeline project where spiral welded pipes are acceptable, we would be competing with the domestic manufacturers of US. For example, in Saudi, Saudi generally the policy has become that as far as possible buy domestic so in Saudi also we would be competing with the domestic manufacturer of Saudi Arabia unless Saudi Aramco Management decides that one particular business they would like it to be global as well. So that is the kind of competition that we face. In India of course you know all the competition like Jindal Saw, Ratnamani, these are the different companies that we compete in India. But you must have heard what we say that our order booking for US is 560,000 tonnes and Saudi is 200,000 and 260,000 in Asia, other words about 800,000 tonnes or 80% of our business we actually compete with the global players.

Rohit Balkrishnan: Any one you can name in the global players who would you typically compete?

Braja K. Mishra: I do not want them to feel bad that I did not take somebody else's name that I do not say.

Moderator: We have next question from the line of Rishabh Vasa from Almondz Global Securities. Please go ahead.

Rishabh Vasa: I just wanted to know about the prospects of order booking from this last month's announcement of this TAPI pipeline project by the government for the companies like Welspun.

Braja K. Mishra: I think because it is generally all these political projects and I think each Indian manufacturer would probably get an opportunity to participate for sure Rishabh.

Rishabh Vasa: And according to our current capacities and all these things, what will be the order book size and expected timeline for these project any idea on this because it is a politically involved project.

Braja K. Mishra: I think it is quite premature I would say, I think a lot of detailing has to be done before probably I can give you an insight on this.

Moderator: Thank you. Next question is from the line of Nirav Shah from Geecee Investments. Please go ahead.

Nirav Shah: Sir, just one question on concrete weight coating plant, what is the revenue potential that can be done say in the second year or third year and typical margins that can be in this particular business?

Braja K. Mishra: See the margin is because as of now in India there is only few concrete weight coating manufacturer, I think the margin is good I must tell you because the competition is less but as of now I think like let us book some order and I will happy to what kind of margin with which we have booked the order.

Nirav Shah: But typically what is the potential for this capacity to do in terms of revenues?

Braja K. Mishra: It all depends because it can do sizeable quantity of order but generally like concrete weight coating you probably operate six months to eight months in a year and sometime you work probably one full year so potentially it can be as high as probably $100 million, it could be $60, somewhere I would say like $60 to $100.

Nirav Shah: That is the share of the company as a whole?

Braja K. Mishra: This is the coating order. I am talking of coating.

Moderator: Thank you. That was the last question from the participants. Sir, I will pass it on to you for closing comments. Over to you, sir.

Braja K. Mishra: Thank you very much for participating in the call. If anybody has not got an opportunity to probably ask questions, I think I would be very happy to advise them Mr. Deepak; Mr. Krishnan; Mr. Jindal; myself we are all available to take your questions and address it to your satisfaction and we look forward to see and talk to you in the next quarter. Thank you very much.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Welspun Corp Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.