



Welspun Corp Limited
Q3FY'25 Earnings Conference Call

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MODERATOR: **MR. ANIRUDH NAGPAL – JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good morning and welcome to the Welspun Corp Limited Q3 FY25 Earnings Conference Call hosted by JM Financial Institutional Securities Limited.

As a reminder, all participant lines will remain 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 the operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anirudh Nagpal from JM Financial Institutional Securities Limited. Thank you. And over to you.

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

So, without much ado, I will hand over the call to Mr. Salil Bawa – Head, Investor Relations, Welspun Group to introduce the Management. Over to you, Salil.

Salil Bawa: Thank you, Anirudh and good morning to all of you. I welcome all of you to the Q3 FY25 Earnings Call of Welspun Corp.

Present along with me today is the Senior Team of Welspun Corp, which includes Mr. Vipul Mathur, Managing Director, I have Percy Birdy, Chief Financial Officer and Ashish Prasad, CEO of Sintex BAPL, I also have Goutam Chakraborty, who heads Investor Relations for Welspun Corp.

You must have received the “Results” and “Investor Presentation” which are available on the stock exchanges as well as on the company's website.

As usual, we will start the forum with “Some Opening Remarks by the Leadership Team,” post that, we will open the floor for your “Questions.”

During the discussion, we may be making references to the presentation.

I would request you to take a moment to review the Safe Harbor statement in our presentation. Should you have any queries that remain unanswered post the earnings call, please feel free to reach out to anyone of us.

With that, let me hand the floor over to Mr. Vipul Mathur, M.D. & CEO, Welspun Corp. Over to you.

Vipul Mathur: Thank you, Salil, and good morning, everyone.

Let me welcome you all for our Q3 FY'25 Earnings Conference Call. Thanks for attending today's discussion. I wish you all a very Happy and Prosperous 2025.

Let me start the discussion with "Some Key Operational and financial Highlights of the Q3 FY'25" followed by "Business Update" and then we can have an "Interactive Session."

The "Key Highlights" of this quarter were:

We showed a very resilient performance with improved profitability on a sequential basis. The nine month performance run scale indicates that we are on track to beat the full year guidance comfortably consecutively for the second year in row, we have a robust order book in excess of Rs.15,000 crores, strong focus on core geographies and core products improve visibility in all core geographies including India, US and KSA, all the projects which have been announced are on track and are progressing well, our annualized ROC run rate maintained at more than 20%, leverage ratios at very comfortable levels.

Let me give you "Some Operational and Financial Deep Highlights of the Quarter":

The line pipe sales volume in India and US rose 16% on quarter-on-quarter basis to 235,000 tons. The total order book for the line pipes in India and US is at a robust 866,000 tons.

Our DI Pipe order book also continues to remain very strong at approximately 350,000 tons, providing visibility for the next four quarters.

Our Stainless-Steel business volume rose by 28% on quarter-on-quarter to 5,000 tons on YoY basis, while pipes volume falls 16% on quarter-on-quarter basis to 1,000 tons. But the order book remains stable at 4,400 tons worth Rs.185 crores.

In the building materials, our TMT sales grew by 51% on a quarter-on-quarter basis to 62,000 tons for this particular quarter.

Our Sintex revenue remains stable despite all the markets volatility on a quarter-on-quarter basis and currently stand at Rs.143 crores.

As far as our consolidated performance is concerned, in Q3 FY'25, our EBITDA sits at Rs.478 crores, which shows a consistent improvement on a quarter-on-quarter basis for the last three quarters.

I would also like to highlight here that for the nine months, our consolidated EBITDA stood at Rs.1,356 crores against our FY'25 full year guidance of Rs.1,700 crores. This is clearly indicating that we will surely surpass our guidance for the second consecutive year and against all the global challenges and concerns.

EBITDA margins remain fairly stable at around 13%, which is also in line with our overall performance roadmap.

Our consolidated adjusted PAT stood at 297 crores for the quarter.

The ROCE for the nine-month period stood at 15% against our full year guidance of 20%.

The net debt was reduced to Rs.104 crores at the end of December quarter and the net debt-to-EBITDA stood at an extremely comfortable level of just 0.06X.

Now, before giving you an “Overview” of our business:

Let me touch upon the “Macro Scenario Briefly”:

According to the latest World Economic Outlook by the IMF, the global GDP growth is projected at 3.35% both for FY'25 and FY'26. This is primarily unchanged as higher projection for the US has offset the downward revision in some major European economies. Forecast for India growth remains unchanged at 6.5% both for FY'25 and FY'26.

Also, let me point out here that the recent upward movement in USD/Rupee is not detrimental to our business.

Now, let me give you an “Overview of our Business”:

Let me first start with the “Pipe Solution Vertical”:

As I said in the line pipes, our total order book for India and USA stands at almost 866,000 tons, valued at around Rs.12,000 crores plus.

As regards the “Business Outlook”:

In case of India, in the next two years, we see a potential of 2.5 million tons of line pipe demand coming primarily from large PSUs like GAIL, IOCL, ONGC, HPCL and BPCL, including green hydrogen and carbon capture pipelines.

The petroleum industry recently set a target of 183 BCM gas for 2030, which is 2.8X the 2023-24 actual and will yield about a 12% gas share by 2030.

Indian natural gas pipeline network is expected to increase by 10,000 kilometers, adding to the current operational network of almost 25,000 kilometers as per PNGRB's latest announcement.

On the “Export Front”:

We are seeing a very significant demand coming up for L-SAW pipes for critical applications for deep offshore, sewers service, where Welspun has an impeccable track record and has a market leadership position.

We are also seeing a market potential building up for carbon capture and hydrogen pipeline, especially in Europe and Australia in which also we are much ahead in the competitive landscape.

We have secured qualifications for Australia hydrogen pipeline project after successful completion of our testing program.

We have been emphasizing a lot on our development for the new energy, which is carbon capture and hydrogen, and as I mentioned earlier, we are in a significantly better position in the competitive landscape.

As regards the “Water Sector”:

We see a huge opportunity in India for large diameter pipes being used in the water sector. These opportunities are likely to come up from the interlinking of rivers, where the push from center and the states is significant. We are seeing projects in MP like Ken-Betwa and PKC, in Rajasthan project like ERCP, and in Maharashtra Wainganga to Nalganga. These will kick start pipe demands from the next financial year. States like Gujarat, MP, Rajasthan, Tamil Nadu and Karnataka are exponentially increasing the water pipeline network for irrigation, industrialization and urbanization. For the next one, two, three years are going to be extremely, extremely high demand-driven in a market for the water sector.

After India, let me talk about the USA. Our announcement in Q3 with respect to the new orders what we have secured has significantly improved our order book position in the US. Further, the visibility in US has also significantly improved after the new administration which has come in which is completely focusing on deregulating the oil and gas sector.

Our large order wins of Q3 FY'25 reinforce our credibility and demonstrate our pole position in USA and currently our mill is only booked for six to seven quarters.

We are seeing a traction on many other projects at this point in time and we stand to benefit out of the few projects which are likely to come our way.

As regards our Saudi Arabian entity, in the water sector, we are seeing a very robust demand which is persistent, and a very strong visibility is likely to continue for the next four to five years' time. Consistent focus on improving water structure has been there with an expected rise in population

over a period of time and infrastructure being built, need for the water transportation and distribution is going to significantly improve further.

On the “Oil and Gas” side:

Saudi Aramco oil production capacity expansion is backed by strong military allocation of spending almost \$10 billion per year for the next year. This gives us the belief of a very strong demand of line pipe in the oil and gas sector to continue.

Master Gas Phase-III is also driving demand for the spiral pipe, and we anticipate that very shortly the Master Gas Phase-IV program is also likely to be announced.

Our associate company, EPIC, which is the largest and which is in the pole position in the Saudi Arabian market having a market share of more than 30%, have confirmed order book of more than 2.5 years at this point in time.

As regards Saudi, you must be aware that we have announced of setting up also longitudinal plant in the Saudi. This is a Greenfield project of 350,000 tons which is being set up by Welspun on the wholly-owned subsidiary and it is backed by a very strong domestic demand and export opportunity.

You would have also noticed that we have recently signed an MoU with Saudi Aramco for this L-SAW pipeline. We are hoping that this plant to be operational in the fourth quarter of FY'26.

Coming to the “Update on our DI Pipe Division.” The demand continues to remain strong for the DI Pipe segment. We have a strong order backlog of almost 350,000 tons, valued around Rs.2,700 crores.

The projects under JJM, Irrigation, Industrial, Sewage Sector and various Augmentation Scheme are the key demand drivers. The latest Union budget has enhanced the total Jal Jeevan Mission outlay to Rs.67,000 crores for the next financial year and the mission also has been extended till 2028. There were little concerns about the fund availability in the past few quarters and I think so with this announcement and with this outlay, this issue stands addressed and stand behind us now.

The Amrut 2.0 projects and the Smart City projects across India continue to support demand. The Swachh Bharat Mission Gramin, aims to provide solid and waste management across all the villages. Even the national river linking projects are also likely to help demand for DI Pipes.

All put together, we continue to see a very robust demand for the DI pipes for the next three to five years. Our order book remains strong and keep us busy for the next four quarters.

You would have also noticed that we announced setting up a Greenfield plant of DIP Greenfield plant in Saudi. The genesis is that we see a very strong demand scenario in the water distribution sector in the market of Saudi Arabia. A US\$80 billion has been allocated for development of water infrastructure under the vision 2030 umbrella.

Today, the market is being significantly serviced by imports. By putting up this DIP Greenfield project in Saudi Arabia, we intend to immediately capitalize upon the opportunity of import substitution. We will be ready with this Greenfield facility in the very first quarter of FY'27.

As regards our SS Bar and Pipes business, our order book stand at 4,200 MT, valued at more than Rs.185 crores. We remain sharply focused on buoyant domestic Indian market which is steadily growing and offering significant opportunities especially in the value-added segments like clean energy, defense, outer space, power gen, shipbuilding, public infrastructure and nuclear. I am sure you would have seen in the recent budget announcement, the emphasis being laid for the development of nuclear power plants.

In line with that, these core sectors will require very, very high quality, specialized pipes. Welspun Specialty Steel has been on a journey in terms of augmenting their R&D capability and have recently developed some very special grade like Super 304L and T91SS Boiler Tube for supercritical power plants.

We are the first Indian company to receive the order from BHEL to be produced and supplied in a fully integrated manner under one roof which means we made our own steel, we rolled the steel into bar and from those bar we made our own pipes and those pipes are now being supplied to BHEL for supercritical power plant. For this development and for this achievement, we were also recently felicitated by BHEL.

Let me now move on to our next growth story, "Sintex":

As you know, we have been consistently working on strengthening our distribution channel through constant focus on improvising composition of distributors, retailers and plumbers.

We have also launched various campaigns for brand building, campaign, "Saaf, Safe, Sahi" has landed extremely well with the customers.

We have launched 4P advantage campaign to boost visibility in select markets.

Our strategy is to remain on the premium segment, and I am happy to share that the premium play has been very well accepted and our premium portfolio has been showing a growth rate of mid-teens in Q3.

Our new distribution management system and Salesforce application implemented toward achieving the one app per stakeholder vision.

I am also pleased to inform you that we are going to launch our Plastic Pipes in Q1 of FY'2026. We are foraying into plastic pipes in a big way. We are seeing that as a big market, and we are seeing the demand for these pipes is going to be huge in years to come.

We are also launching our O-PVC Pipes from our Bhopal manufacturing plant along with the pipes and fittings, and also we have started our factory for pipes and fittings for buildings in Chhattisgarh as well. So, right now our O-PVC pipes will come out from Bhopal plant but all other pipes, the polymer pipes will come out from our plant in Chhattisgarh. So, these are the two locations through which we are now currently going to foray into the plastic pipe market.

I also would like to cover about our "Rebar Segment." We achieved the highest quarterly sale of 60,000 tons in Q3 of FY'25. We are to supply customized solution for modern construction in form of cut and bend rebar and adding other value-added products like fusion bonded epoxy to increase the life of construction in multi-fold times. This is the development which we have already started and we intend to supply. This is what will significantly reduce the construction time when we are talking of large infrastructure development happening in the country.

There's a robust demand in the infrastructure segment and being a local and a branded player with an impactful quality, we see multi-fold growth over the next three to five years in our TMT bars.

Before ending my discussion and moving on to the Q&A session, I would like you to update you about the projects that we have announced earlier, I am happy to inform you that all the projects including USA, Saudi and India are absolutely on track and progressing well. We have done the ground-breaking in the US for our HFW pipes, we have already signed an MoU with Aramco for our upcoming L-SAW pipe plant, we are about to do the ground-breaking for our DIP plant later this month, our DI Pipe expansion project in India is going on before schedule and we would be coming up with expanded capacity of our DI Pipes in March itself, further, we are launching our plastic pipes in Q1 of FY'26.

We keep our focus intact on our core geographies and our core products as we have demonstrated earlier. I would like to reiterate with confidence that our present investment strategy is also very much aligned and aims at significant value creation for all of our stakeholders in days and months and years to come.

Last but not the least, our sustainability journey has been progressing well as we have been taking necessary steps towards it and have got international recognitions from DJSI and CRISIL is a testimony for the same. We have also been increasing our RE share in our overall energy consumption.

With this, let me ask the moderator to open the floor for the question-and-answer session. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press “*” and “1” on their touchtone telephone. If you wish to remove yourself from the question queue, you may press “*” and “2”. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Aditya Vilekar from Axis Securities. Please go ahead.

Aditya Vilekar: Yes, thank you for this opportunity. My question is with respect to Saudi plant where we are putting up the DI and L-SAW capacity. So, if you can throw some light on how the volume should shape up from '27 onwards?

Vipul Mathur: So, as you know, Aditya, that the market has a very robust demand both for L-SAW pipes, which is primarily going to be used in the oil and gas sector by Saudi Aramco as well as exist a potential for exports from there. As regards DIP, mostly it is going to service the localized demand because there's a huge water distribution development which is taking place in Saudi. We are expecting this our L-SAW plant to be operational by, let's say, sometimes by March of 2026 and our DIP plant by June of 2026. If I have to see the demand, I think looking at almost in the very first year of operations, we are aiming of close to, let's say, 150,000 tons to 200,000 tons of pipes, both in the L-SAW and the DIP sector. This is what we are currently guesstimating. But looking at the demand and the market potential which is offered, this looks feasible to me.

Aditya Vilekar: Yes, thanks for that. Similarly for the US, given the uh strong order book and the capacity expansion that HFW plant, so how should we look at the volume shaping up in '27-28? Definitely, it will pick up from the current rate. So, any directional guidance that will be helpful?

Vipul Mathur: Aditya, when this new administration has just come in, we already have a robust and confirmed order book of almost next six to seven quarters. And what we are seeing at this point in time is a huge traction coming up in the oil and gas space. I am sure this momentum will create further opportunities for us. As we speak, at any point in time we would have participated in multiple opportunities and so is the case at this point in time as well. And in those opportunities, we would be standing and we are standing good on few of the projects. So, I am sure that in weeks to come, we would have some more information coming up and some more crystallization happening about the projects, and as they will happen, we will come back and inform all the stakeholders.

Aditya Vilekar: Okay. Thank you. I will get back in the queue.

Vipul Mathur: Thank you.

Moderator: Thank you. The next question comes from the line of Lokesh Maru from Nippon India Mutual Fund. Please go ahead.

Lokesh Maru: Hi. Thanks. Just one question on top of what Aditya already asked the same thing. In US, you see the old numbers, old peak, can we achieve 4 lakh tons there in FY'27? And again, if that is possible, again, are we looking at 20,000 per ton of EBITDA there?

Vipul Mathur: Lokesh, I think you would have noticed that we have the confirmed order book, now it is all about executing it, we have a past track record of executing it. Typically, the good part in US is that the size of the order and the dimensions of the orders are fairly stable. We have a demonstrated track record in terms of producing X-ton per month basis or X-tons per on a year basis and we are hoping that our team will repeat that performance out there. So, I am very, very confident around that, and I am sure we will watch and monitor this progress on a quarter-on-quarter basis.

Lokesh Maru: Understood sir. when you say that six to seven quarters, so does that mean that the four quarters if they are full uh, that in itself is able to deliver 4 lakh tons for the four quarters?

Vipul Mathur: So, right now, whatever is our order book and right now what is our contractual obligation and right now what is our production capability, that gives us a clear visibility of six to seven quarters. So, it consists of a product mix, and looking at the product mix, looking at the customer, looking at the delivery, looking at the capability at what we produce, I think it is giving us a clear visibility of six to seven quarters looking at this point of time.

Lokesh Maru: Okay. Sure. Thank you. One last question. We have also mentioned on river linking project in India. So, if you could show some light on are these projects already in the tendering stage or are they still in discussions and drawing board, any color would help?

Vipul Mathur: I think so they are much beyond the drawing stage. At this point in time they are probably at a NIT stage, which is a tender stage, we understand that tenders are being prepared, this is going to be a reality and as Welspun we are going to play a major role in this project for a simple reason that a large project like Ken-Betwa and PKC are going to happen in the state of Madhya Pradesh and we have a ground presence on the Madhya Pradesh, then we are seeing ERCP happening in Rajasthan, which is neighboring, both from Gujarat and Madhya Pradesh, we are in a better position to service that. So, this river-linking projects are now going to be a reality, and we would have a significant role to play in terms of supplying pipes for these particular projects locations.

Lokesh Maru: Just a follow up. Any internal calculation on just what the size, these are massive projects, what the size could be for the industry per se or for these projects per se per project?

Vipul Mathur: These are large projects, large diameter pipelines, we are assimilating all those details at this point in time, but the initial feedback suggests that these are mega projects, large diameter of pipes required,

huge volume of pipes which is required, difficult to put a number at this point in time, but this is going to be a big.

Lokesh Maru:

Thanks a lot, sir.

Moderator:

Thank you. The next question comes from the line of Amit Lahoti from Emkay Global Financial Services Limited. Please go ahead.

Amit Lahoti:

Thanks for the opportunity. Two questions on the demand side. First, on India Line Pipe segment, the government CAPEX and FY'25 slowed down and there is not much of a pickup projected in the recent budget for FY'26 either. So, how are we positioned to grab more market share relatively? And then within this, if you could indicate how much of the increase in our order book has come from the government projects recently?

Vipul Mathur:

So, good morning, Amit. I think the Indian line pipe market, you are right, was a little slow in this year, but now we are hearing and we are seeing that the government is very clear in terms of putting again in investing into the infrastructure pipelines. As I said earlier, almost 10,000-odd kilometers of pipeline is in their program to be belayed further over and above the 25,000 kilometers pipelines which are there. At this point in time, we are seeing demands coming up from BPCL, HPCL and IOCL, and they seem to be coming out with projects in the next financial year for laying out those pipelines. So, I am very confident that there will be uptick in the demand in the next financial year in comparison to what we have seen in this financial year.

Amit Lahoti:

Sure. And maybe in terms of timing wise, if you could highlight sectors where there is better pickup visibility, whether it is water or oil and gas?

Vipul Mathur:

In my sense is that by Q1 this project should be out and we would be securing the portion of those, we are hopeful to grab a share of that pipeline and should be executing in the in the next financial year itself, it is just around the corner.

Amit Lahoti:

So, can we say on a relative basis from competitors, we are definitely looking to gain more market share, is that understanding correct?

Vipul Mathur:

We will get our market share more or less I can't say, but we have our market share, we will protect and defend our market share, we will try to increase it, but let's see how does it pan out.

Amit Lahoti:

Thank you.

Moderator:

Thank you. The next question comes from the line of Vikash Singh from PhillipCapital. Please go ahead.

Vikash Singh: Yes. Good morning, sir. Sir, just wanted to understand that in case of duties in Canada and Mexico, how should we look at it because the sizeable portion of pipes gets imported into US from these two countries. So, just your take on that in case if that duty comes true?

Vipul Mathur: Good morning, Vikash. First and foremost, I think so there is a little bit of a misnomer at this point in time that there is a large import of pipes happening from Mexico and Canada. In earlier days, yes, there were plants in Canada which used to be supplying to US, but in the last three or four years their portions have significantly gone down. With these duties coming in, I think it will be almost next to impossible. So, they were not moving the needle out there. So, I don't think so that is going to make any impact. The market in the US is very well protected, it is meant for the US producers, we are one of them and I think so it will continue to be the way we are seeing for the next four to five years' time, Vikash.

Vikash Singh: Understood. Sir, we had a history that whatever start order book we have at any given point of time, next 12 months is usually 1.2 to 1.5X minimum in terms of top line, so how should we look at your current bid book and the next 12 months execution at this point of time, also, considering my capacities are also increasing?

Vipul Mathur: Right. I think, Vikash, the bid books look fairly robust, I think so we are still seeing a very robust bid book of around Rs.12,000 to Rs.14,000 crores in any case and it is very, very equally spread over. So, if you look at it at this point in time, I think so the next two years is all about execution, execution and execution. If you look at our US plant, it is only booked for let's say 1.5 to two years' time. And I am sure by the time we will get into the first and the second quarter, we will have further visibility as well. If you look at our Saudi plant, it is already booked for two, two and a half years' time. If you look at our DIP plant, it is already booked for one year's time. If you look at our Indian line pipe business, right, the L-SAW plant, we have a complete order booking for next one year time. So, I think so order book, what we have at this point in time, is giving us the space on two fronts. #1, cherry picking up the right order where we can absolutely optimize and improve upon our margin profile and #2, it is also giving us the space to look at and get into the new territories part of it. So, I think the next two years probably, Vikash, we need to see from an execution perspective rather than being worried about booking the order part of it.

Vikash Singh: Understood, sir. Just one more question regarding our debt. We have managed to reduce our debt despite good CAPEX increases in the order book, which obviously would have resulted in higher working capital. So, how should we look at the peak debt levels from here on, and by which year you expect we have to hit the peak debt level?

Vipul Mathur: Vikash, you know Welspun is very focused on its debt management. We Our continuous endeavor has always been to reduce the debt. We always like to be a net cash company rather than a net debt company. I think so it is in that pursuit. Currently, I think so at the end of this quarter, our debt was

very inconsequential like Rs.100-odd crores. With all the CAPEX which we are doing at this point in time, see, the spend is going to happen gradually, #1. #2, there are sufficient free cash flows which are going to be available because of the confirmed order book what we have. And if you currently look at our net debt-to-EBITDA is around 0.06X, which is nothing. Even if the debt slightly goes up, these ratios are not going to change. But internally we are keeping a target that our net debt-to-EBITDA at any point in time should not exceed 0.5X.

Vikash Singh: Understood, sir. And sir, just one last clarification. In our line pipe order, what is the spread between US and India?

Vipul Mathur: See, at this point in time we have almost close to let's say as I said almost 860,000 tons, and out of which it is almost like 450,000 tons in US and the balance happens to be like half and half here in India and US.

Vikash Singh: Understood, sir. That's all for myself and all the best for future.

Vipul Mathur: Thank you, Vikash.

Moderator: Thank you. The next question comes from the line of Muskan Rastogi from B&K Securities. Please go ahead.

Muskan Rastogi: Hi, sir. Congratulations on the new job again from USA. So, my question is that we have 7,000 crores order in USA. In case there is a delay in any project in the next two years, if any customer thinks that they want to defer the projects, or if oil prices comes down, what is the cancellation policy and deferral policy, it would be helpful if you could explain in detail, sir.

Vipul Mathur: Good morning, Muskan and thank you very much. You are the only one who congratulated on this result, so I must give special compliments to you for that, the earlier people on the call did not do that. So, anyway, coming back to this US part of it, I think so this order book is a strong order book. And contractually, Muskan, I think the question is contractually, it is very well secured, very well covered. All the US contracts are with appropriate cancellation clause and at no point in time, if at all in a scenario in a very hypothetical and unimaginable scenario at this point in time, any cancellations happen, which I don't believe is the case going to be, we are adequately protected and secured. Looking the way the market is looking at this point in time, people are looking for booking capacities rather than cancellation. So, in the next four to five years' time, Muskan, that is a very, very unlikely scenario to happen. But projects have inherent risk, and to that inherent risk contractually we are adequately prepared, so we will never be out of it.

Muskan Rastogi: Okay, sir. When you say you are adequately prepared, so on what basis in that?

- Vipul Mathur:** So, there are cancellation clauses, so that that's one part of it. #2, whatever exposure on the steel we take, they are completely funded by the buying entity. So, at no point in time that we will have an exposure where if any unfortunate event of cancellation happens, we will be out of pocket.
- Muskan Rastogi:** Okay. So, any of one of the cancellation policy then if you could explain in little details, sir?
- Vipul Mathur:** I am sorry.
- Muskan Rastogi:** If any cancellation policy you can explain in detail?
- Vipul Mathur:** I think that we can discuss that offline, but just to give you a very high level that the contracts are absolutely water-tight with no risk at all to the company please.
- Muskan Rastogi:** Okay, okay. Sir, my next question is in second quarter the total order book of 7 lakh MT, has increased to 8.6 lakh MT now, that is like India plus US. So, if you do back calculation as per the notifications in stock exchange, you are getting 5 lakh MT in order in USA. So, India is only 3.6 lakh MT. Last quarter it was much higher. What has led to this drop in India order book, sir?
- Vipul Mathur:** There was a little slowdown in the Indian order. In the last quarter we have seen a little bit of a dip, but because in anticipation for the budget and there were also certain cash crunch which were prevailing. So, it is known fact that there was a little bit of a slowdown in the last quarter, but I think so that has now been corrected. And whatever was there, I think so it will get recouped very soon. The way we are seeing the visibility both on the water side, oil and gas side, city gas distribution side, and on the export side, all the four pillars are looking very, very strong and robust at this point in time to us.
- Muskan Rastogi:** Oh, okay. So, my last question is the iron prices are stable and like since you mentioned in your presentation, the iron price and coking coal, iron prices are stable and coking coal prices have come down significantly. Have we got this benefit of this cooking coal prices in this quarter, sir?
- Vipul Mathur:** So, there will be a benefit, but this benefit do not translate as the prices go down. I think the benefits do accrue over the subsequent quarters because there's a lag effect to that, but we have been able to capitalize upon this decline or the lowering of the prices which has happened on the coking coal side of it. I am sure it will get reflected in our earnings in the subsequent quarters.
- Muskan Rastogi:** Okay, sir. Thank you so much and all the best.
- Vipul Mathur:** Thank you, Muskan.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask a question, please press “*” and “1”. The next question comes from the line of Abhishek from BSP AMC. Please go ahead. Abhishek, if you can please unmute your line and proceed with your question.

Abhishek: Hello. Sir thanks for the opportunity. Just in terms of the India line pipe business, now next year, we are going to see as you called out that healthy orders coming in from the water linking projects as well, plus exports is doing well. So, in that light, how should one look at the volume growth, usually, which used to be in the region of 7% to 8%, can it move to something like a 12% to 14% of volume growth for the domestic line pipe business including exports, traction in river linking projects, how should one look at that from the next two years perspective, just your thoughts there?

Vipul Mathur: So, first, the way you have to look at it, Abhishek, is that a) the cake size is going to be bigger in comparison to last year, right, when the interlinking projects comes up, they are almost to the tune of 1.5 to 2 million tons, right? So, such projects when they come up on the table, you will get your own share around it. So, the wallet size is going to increase and your piece of the cake out of that wallet size is also going to increase. These are all competitive bidding, nothing is on the platter, these are all competitive biddings, you have to participate, you have to secure. But knowing our strength and knowing our appetite, we will definitely have a share of this wallet size and we are very hopeful that we will be able to improve than in comparison to the last two years what we have done.

Abhishek: Sir, the river linking projects, it is largely the H-SAW pipes which is utilized sir,?

Vipul Mathur: That's correct.

Abhishek: Okay, okay. So, overall, industry will see a improvement in utilizations and that should also improve the margin profile for the H-SAW business overall, because such large projects coming in?

Vipul Mathur: You are absolutely right.

Abhishek: Okay, okay. Sir, in the DI Pipe segment of it, last year we were seeing some amount of softness. Is that segment also likely to pick up given that now things are back in place, budgets are in place, any thoughts on the DI Pipe as far as the demand is concerned? While you do have some amount of order backlog, I was more trying to understand from the competitive landscape if there is enough demand into the system?

Vipul Mathur: There is enough demand into the system, Abhishek. Only the last quarter there was a little bit of a slowdown because of the cash flows issues. In this budgetary allocation, they have been appropriately addressed. You will see this DIP business will reignite and refire at the same pivot as it was earlier. So, there is a lot of ground yet to be covered. You still have almost 40%, 45% of JJ missionary to complete, you still have Amrut, you still have waste water, you still have sewage. I think there is still a lot of upside into this particular business at this point in time. I think so from a visibility point of

view, next four to five years are going to be very critical and I think so the government commitment is completely reinforcing that they are absolutely clear that all these project will go ahead. You see that they already announced JJM will get extended till 2028, they are investing money into river linking, they are already making allocations for Amrut. So, the intent of the government is extremely, extremely clear that they want all these projects to go. And if they have to go, we are at least seeing a shelf life of three to five years' time.

Abhishek: Great Sir. Thank you so much for answering my questions and wishing you all the best.

Vipul Mathur: Thank you.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask a question, please press "*" and "1". The next question comes from the line of Gargi from Value Investments. Please go ahead.

Gargi: Hi, sir, thank you for the opportunity. My first question was that in Saudi, we are investing around 1,700 crores. So, wanted to understand what are the government incentives that we will be getting, and what is the payback that we are expecting from this CAPEX?

Vipul Mathur: Good morning, Gargi. You are right, our investment of the Rs.1,700 crores is spread over between both the DIP as well as for the L-SAW plant of it. There is no incentive in Saudi. The biggest incentive in Saudi Arabia is the market. And if you are there as a domestic local player and you have a market to yourself, a market to support that, I think so that is the biggest incentive. So, if you are talking of any special physical incentive, there is none. As regards to your second question with respect to payback, I think we take very judicious calls in terms of making all our investments. This is also a very strategic investment which we are doing in Saudi Arabia, both by DIP and L-SAW. We are seeing a very decent return ratios around it. We are looking at a payback not exceeding three to four years' time in any case.

Gargi: Sir, you mentioned in your opening remarks that the L-SAW plant India is fully utilized. So, with respect to that, I wanted to understand, after your commissioning, how long do you think it will take to get the customer approvals both from the L-SAW and DI point of view, and by when do you expect to achieve full utilization for the Saudi plant?

Vipul Mathur: Right. It is a process. I think as I said, we are targeting to commission our L-SAW plant let's say by March of 2026 and in parallel we will also be working in terms of its approval and accreditations. Now, the major approval and accreditations will happen locally, which is Saudi Aramco, and we are, and we will continuously try to be engaged with them, and we are hoping that should not take too much of a time beyond the plant comes up on stream. So, it might be a quarter or so, but pretty much we should be completely up and running by let's say from June of 2026.

Gargi: Alright, sir. Secondly, with respect to the O-PVC in Bhopal, since this is a new product line for the company, how long do you think it will take to get the product approvals and there also if you could mention by when are you expecting full utilization?

Vipul Mathur: Gargi, O-PVC is a revolutionary product which will be come, and which will be here in India. I am not saying that it has not been there, it has been there at a much lower scale, but now with Welspun, its technology, I think it is going to be a very revolutionary product. We are hoping that in the very first quarter of next financial year, that's between April and June, we should be launching this particular product. It requires certain approval. There is a process. It might take a couple of weeks or months, let's say the maybe the first quarter could be consumed in taking the basic statutory approval and then the product would be into the market. So, it is going to take time. Nothing is going to happen overnight. But as I think so from the very first quarter onward when we will start seeding this product into the market and people will start having the experience of this particular product, we are expecting a very sharp pick up of this particular product line in the domestic market.

Gargi: Okay, sir. The last question was with respect to ABG. So, we have I think 165 acres of land in ABG. When do you plan to monetize it and how much are you expecting to get out of the sale?

Vipul Mathur: I think the relevant question, Gargi, that are we doing anything in ABG? I think so we are very clearly on record that we are not doing any capital expenditure on ABG. At some point in time at an appropriate opportunity, we will monetize it. At this point in time we are in no hurry. We continue to evaluate options but in terms of any expenditure we are going to do, the answer is no, in terms of appropriate opportunity and time and in terms of monetization, we will see what it comes in our way.

Gargi: Okay. Thank you and all the best to you.

Vipul Mathur: Thank you.

Moderator: Thank you. The next question comes from the line of Mihir Dhami from Sharekhan. Please go ahead.

Mihir Dhami: Sir, continuing on a last question, how would we expect the launch of O-PVC Pipe? Similarly, what would be the outlook beyond the plastic pipe business in the next year? Do you expect it to ramp up? Anything on that?

Vipul Mathur: Right. I have my colleague here and I will request him to address this part, please.

Ashish Prasad: Yes, thank you, Vipul and Mihir, thank you for asking this question. So, on the plastic pipe business, we have an aspiration to target over the next three to five years a 5% market share and that's what we are trying to do and we will work around on that. So, we are making a start in Q1 in Chhattisgarh, and slowly, as we build around and learn from that, we will keep scaling it up.

Mihir Dhani: Any target markets inside as in you're starting with Chhattisgarh, and any area where you would expand?

Ashish Prasad: Our aspiration is to have a pan India presence. So, over a phase of time and depending on how we are able to sequence it out, we will build it up. But you would recall that we had announced an investment of 2,355 crores, but we will be gradual and prudent in spending CAPEX as it keeps developing.

Mihir Dhani: Okay. Thanks. That's all.

Moderator: Thank you. We take the next question from the line of Shaurya Punyani from Arjav Partners. Please go ahead.

Shaurya Punyani: Hi, sir, just one small question. So, would we maintain a quarterly run rate for revenue for FY'25 like would we close around 14,000 crores top line?

Vipul Mittal: I am sure we would be, but honestly speaking, top line has no relevance for us for a simple reason, you understand. Top-line is also synonymous of what is the prevailing steel prices. If the steel prices goes down by Rs.10,000, Rs.15,000 that gets reflected into top line. I think so our main focus is all about EBITDA and the PBT level and that's what our continued focus would be in the next quarter as well as the subsequent quarters to come.

Shaurya Punyani: Okay, sir. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question and we conclude the question-answer session. I now hand the conference over to Mr. Salil Bawa, Group Head of Investor Relations. Please go ahead.

Salil Bawa: Thank you very much for joining us. I will request Mr. Mathur for his closing remarks.

Vipul Mathur: Thank you, Salil. Thank you, friends for joining this call today. I greatly appreciate you all taking time out today and asking all those very prudent questions. I hope I have answered to most of your questions. If you still feel that you require certain clarifications or certain confirmations, you can absolutely feel free to reach out to Salil as well as to Goutam or to Mr. Percy and I am sure my team would be more than happy to assist you in answering to your complete satisfaction.

But if I have to summarize, as I reflect, I think this year is pretty much done for us as you know. We are now setting our eyes for the next two years and we have started well. All the core geographies which is India, Saudi and US, we already have a very robust order book which we are going to execute. And on top of it, the markets are also looking very, very promising at this point in time, which will give us further visibility. Friends, I think so the next two to three years are going to be

very interesting, very exciting and very profitable, and I appreciate the trust and the faith you have maintained in the company and that will continue to be there. Thank you very much. Thanks and a good day.

Moderator:

Thank you. On behalf of JM Financial Institutional Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.