Maharashtra Seamless

Operator: Good morning, everyone. This is the second day of the Bharat Connect Conference 2026 September edition. I welcome you all to the call of Maharashtra Seamless Limited. Today, from the management, we have Kaushal Bangani, Deputy General Manager, Investor Relations and Finance. Before I hand over the call to the management, I will lay out the flow of the event. We will start with opening remarks by the management and then move on to the Q&A round. Any participant who would like to ask questions can raise their hand or put them in the chat box. First, we will take questions from participants who have raised their hands and then move on to the chat box. If time permits, we will take the questions that I have received from clients who were unable to participate. Please note that we will take the last question 5 minutes before the end of the session. Over to you, sir.

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: Good morning, participants. Thank you for joining. Since we only have an hour, I will go straight to the Q&A session so that we can address as many queries as possible in the limited time available.

Operator: Hello, sir. Do we have to start with the Q&A first?

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: Yes.

Operator: Yes, sure. Okay, fine. Our first question is from Saket Kapoor. Saket, you can unmute yourself and go ahead with your question.

Saket Kapoor: Good morning, Kaushal. I hope I am audible.

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: Yes.

Saket Kapoor: Sir, firstly, could you outline the current operating environment for the organization? When we last connected after our Q1 results, we had some hiccups because of gas issues and labor issues, which led to an outage in production.

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: No, one second. There were no labor issues. The gas issue that I had pointed out was resolved in April itself. That was also pointed out in the June call.

Saket Kapoor: Right. So the ensuing quarter would be a very normal quarter, and as you alluded to earlier, we would be in the vicinity of 105–110, which is a normal quarter for us. Is that understanding correct, sir?

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: Yes.

Saket Kapoor: Secondly, during the call, you highlighted that this was the first quarter after a long lag in which we were able to close our order book at a significantly higher number, at approximately 1,700 crore, and that the contribution from high-margin orders was 64%. Taking that as the base, have we seen a follow-up in order accretion along similar lines? Could you give us some indication of how things are shaping up for the company and for the sector as a whole?

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Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: The order book remains on track. We have received the necessary replenishment, as guided earlier. I do not have the latest order book number with me right now, but we have received orders as anticipated.

Saket Kapoor: Regarding the number you gave for higher-margin orders, 64%-65%, is the intake also along similar lines? Just to give us some color, what kind of traction can you indicate in the bid pipeline from both your customers, Oil India and ONGC?

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: We are not giving customer-wise order details, but the current order book is sufficient for the next quarter. Specific customer-wise details will not be provided.

Saket Kapoor: No, sir, I am not looking for customer-wise details. As you specifically informed us, the high-margin orders and the bid pipeline were stronger from the major oil companies. That was my question. Are we on the same track, sir?

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: We would like to wait for the quarter to end and for the call that will take place after the second quarter.

Saket Kapoor: Okay. One more point was about the finishing line. I believe we have incurred some capex or made some payments for ordering machines. Could you give us more color on the timeline for the finishing line in Telangana, provide a ballpark figure, and indicate when we would start production from it?

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: It is on track. Nothing has changed in the past month and a half. It remains on track, and we expect to commence the finishing line toward the end of this financial year.

Saket Kapoor: So, we will commission it on March 31. Is that the anticipated date?

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: Correct. Some portion of the finishing line will start in the December quarter, and the entire finishing line will be fully commissioned in the March quarter.

Saket Kapoor: Just to add to that, does the 425-430 lakh metric figure that was discussed in Q1 also factor in the commissioning of the Telangana finishing line?

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: Yes.

Saket Kapoor: Lastly, sir, you had also spoken about the export market and mentioned that we had seen considerable strength there. I think 20%-25%, or 20%-22%—it was 20%, rather—was the export share in the first quarter. Taking into account the geopolitical environment, Venezuela oil, and other factors, could you provide any further update on the export traction that we had seen?

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: Exports remain on track. We have not seen a dip in exports.

Saket Kapoor: Alright, sir. We will wait for the same. One thing that I, as an investor, would also like to understand is the treasury book. When we look at our investments, a significant part of them was

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in ETFs related to gold and silver. Please correct me if I am wrong. Given the volatility in the gold and silver portfolio, when we look at our mark-to-market number, we are unable to determine how much has been booked or what percentage is still invested in the silver and gold portfolio. After Q2 and the first half, could you tell us what kind of exposure we currently have to gold and silver, if possible? It is a very fluctuating and volatile portfolio. I want to get some sense of this because the first quarter had a very high positive mark-to-market number. We do not know how much is actually booked as profit and how much is mark-to-market. That was my suggestion going forward: if possible, we should be apprised of this.

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: Investment-wise, realized and unrealized gains or losses will not be disclosed. Also, on a quarterly basis, the composition of our treasury will not be disclosed beyond what is already disclosed in the earnings presentation. However, if you still want some data point, you can refer to the annual report, where item-wise details of all investments made by the company are displayed.

Saket Kapoor: That is correct, sir. I have made my point. Thank you for the answer.

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: If you look at page 91 of the standalone financial statements in the annual report, you will get the details of all the schemes in which the company has invested, and then you can identify the funds that are relevant to gold and silver.

Saket Kapoor: Sir, I have referred to that page, and that was why I wanted further understanding. Since volatility in the space has increased significantly, I wanted to understand how the treasury team has operated on those points. If that information is available only after the year-end, then that is not an issue. However, I thought I had worked through page 91 and reviewed our portfolio of gold and silver ETFs and other aspects. That was the reason I had a query in my mind. That was why I raised this with you. That is all from my side. Thank you, Kaushal.

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: Okay.

Saket Kapoor: I am done with my questions for the first round. I would now like to hear from others. Thank you.

Operator: Thank you. Nandan, you can go ahead and ask your question.

Nandan: Sir, I have one question. We had started a demerger scheme, and it has now been withdrawn. Could you clarify the reason it was withdrawn? That would be helpful. Thank you.

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: We realized that we needed to develop a deeper understanding of the operational aspects. Once that is completed, if there is any update, you will receive it.

Nandan: Okay. But, suffice it to say, it would not be in the short term and perhaps would be in the medium term, correct?

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: I cannot say.

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Nandan: Okay. Thank you.

Operator: There are a few questions in the chat box, which I will read out for you. The first question is from an anonymous attendee: "A few quarters ago, the company announced a demerger scheme and subsequently withdrew it. Sir, was there a specific reason for the announcement and subsequent withdrawal of the demerger scheme?"

Kaushal Bangani – Deputy General Manager, Investor Relation and Finance: I have already answered this.

Operator: Aditya has raised his hand. Aditya, you can go ahead and ask your question.

Aditya: Hi. Good morning. Am I audible?

Operator: Yes.

Aditya: Thank you for the opportunity, sir. I wanted to understand: I believe 60%–70% of our revenue comes from the oil and gas sector. Out of this, how much would be coming from the upstream sector?

Management: A fair portion is from the upstream sector because our pipes are used primarily for drilling activities.

Aditya: Understood. Would the remaining 30%–40% be going mainly to refineries, or are the pipes also used for the transportation of oil and gas?

Management: The 70% includes the entire oil and gas sector, which also comprises refineries. In addition, these pipes are used in the power and boiler sector and for general engineering applications.

Aditya: Understood. We had entered into a collaboration with GFE for a premium threading unit. Where are we in terms of getting this started?

Management: It started in the previous quarter.

Aditya: What is the capacity, and what kind of revenue potential would it have at maximum utilization?

Management: This is a value-added product, so by definition, the requirement for value-added products will be lower than that for regular products. The capacity we are indicating is around 10,000 tons per annum, and the entire mill is booked until May or June of next year.

Aditya: Understood. Lastly, on exports, the last 2 years were not very good for us, but in the call you mentioned that we have seen a pickup in export activity. Could you give us some color on what is happening in the export markets and what is leading to this increase in the order book? Some indication would be helpful.

Management: Increased oil and gas activity in foreign markets is driving demand for seamless pipes. If you look at the rig counts, they have increased by 10% from January of this year to

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August-September of this year. The increased drilling activity is causing increased demand for seamless pipes, which is benefiting our exports segment.

Aditya: In terms of tariffs, where are we positioned compared with Chinese players and local players in those markets?

Management: In the US and Canada, there is an anti-dumping duty on China, and the US and Canada are our key export markets.

Aditya: But we do not have any duty?

Management: India does not have... We have the regular {? Section 232 ?} duty. Despite that duty, we are able to export, and we do not bear any component of the duty or freight. It is all borne by the customer.

Aditya: Understood. How are we positioned in the Middle East?

Management: We are not focusing on the Middle East because China is a large participant there.

Aditya: Understood. Lastly, if I compare our product profile with global peers such as Tenaris and Vallourec, do we provide all the types of pipes that they provide? They also provide pipes for deep-sea applications, where the pressure is very high. Do we also cater to that segment, or do we mainly provide pipes for shallow-bed applications?

Management: Seamless pipes are used in high-pressure, high-temperature environments, so all deep-sea applications will also require seamless pipes for drilling, which we manufacture.

Aditya: Got it. Thank you, sir, for answering my questions.

Operator: Saket, if you have any questions, you can unmute yourself and ask.

Saket Kapoor: Sir, I have one small point that I feel you could comment on: the EBITDA-per-ton trajectory. I do not think Q1 should be the right comparable, taking into account the existing structure of the closing order book and the strong traction in exports. For us, {? 15,660 ?}, the number that we posted, should be considered the base, since Q1 was not an optimum quarter in terms of production and dispatch. Is this understanding correct, sir?

Management: That is correct. That is what I said in the call for the first quarter. The margin for the second quarter will be better than the margin in the first quarter.

Saket Kapoor: Earlier, in your teleconference presentations, you have always spoken about a band in which EBITDA per ton would fall. For this year as a whole, are we in a position to give any band, taking into account the order accretion, the profile of the order book, and the business environment?

Management: We cannot give full-year guidance.

Saket Kapoor: Lastly, on casing: as we are operating in the pipe segment, how does casing fit in as a portfolio or as a percentage? Do we have any integration possibility or product-profile addition in

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terms of casing in our seamless pipes?

Management: We already manufacture casing pipes. We manufacture large quantities of casing pipes.

Saket Kapoor: When I was looking at the profiles of companies such as United Drilling and others, they mentioned purchasing pipes from MSL and carrying out the casing work. That was the reason the question came to mind. I may be incorrect.

Management: Casing is a type of seamless pipe that we manufacture. I am not sure what they...

Saket Kapoor: Okay, then I am wrong on that, sir. I will take it offline to understand. So, it is correct that we manufacture casing pipes. You also mentioned cylinder pipes and sour pipes. Just for the sake of repetition, the entire portfolio for the seamless pipe segment has gained traction because of the geopolitical vagaries we have faced in the oil market. This should be the substance of the current environment. That is what you mentioned, and I wanted to clarify it.

Management: Correct. Because it is essentially an oil and gas sector product.

Saket Kapoor: Right, sir. We will get back to you again. Thank you for answering the questions.

Management: Okay.

Operator: The next question is from the line of Navid Virani. Navid, you can ask your question.

Navid Virani: Hi. Am I audible?

Operator: Yes, sir.

Navid Virani: Thank you for the opportunity. I apologize for joining slightly late, so my question might be repetitive. There are many macro updates that we are receiving. There is the energy-independence theme that we are hearing about, and there have also been a few discoveries in the news recently. We are the largest company in the seamless pipe space, and seamless pipes, as we all know, are used extensively in drilling. In light of all these macro developments, I want to understand what kind of progress we are seeing on the ground. Is it translating into discussions, RFQs, order books, or something similar? A qualitative sense on that would be helpful.

Management: Qualitatively, we remain circumspect because unless oil and gas sector expenditure crystallizes at the ground level, none of the participants will benefit. Talk does not benefit, presentations do not benefit, and media shows do not benefit. Only ground-level exploration activity and the consequent expenditure benefit participants in the oil and gas sector. The feedback you are talking about has been reaching us for the past 3 years, and it was only in the previous quarter that we saw a direct impact on our order book, which was immediately reflected in the margins. We are adequately positioned to supply the oil and gas sector, and I would only urge you to look at the actual order books of oil and gas sector companies rather than being swayed by the media narrative. I do not have anything else to say on this.

Navid Virani: No problem. Thank you, Kaushal. That was helpful. I also want to understand at what stage demand for seamless pipe companies such as ours is generated. If finding an oil reserve is the

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starting point and extracting the oil is the final point, you can correct me, but at what point is demand for seamless pipes generated and translated into an order book for us? Could you give outsiders such as us a view of the stage at which demand for our products arises?

Management: Drilling activities are the main cause of demand for seamless pipes because our pipes are used to drill oil wells. Any oil well being drilled anywhere will require seamless pipes if it is in a high-pressure, high-temperature environment. Therefore, the requirement is higher in the offshore segment and lower in the onshore segment. That is the area from which maximum demand comes, and that is drilling activity.

Navid Virani: Understood. Lastly, where are we on the finishing line? In the last conference call, you said that we had fast-tracked the process and were progressing quickly. Where do we stand on the finishing line, and could you provide an update?

Management: The finishing line will be fully completed by March 31 of this financial year. Some portion of it will start in the December quarter, and the balance will start in the March quarter.

Operator: Thank you. The next question is from the line of Nandan. Nandan, you can ask your question.

Nandan: I have already asked my question. I have no further questions.

Operator: Okay. There are a few questions in the chat box. One question is from Gaurav Khanna: "Given the stronger oil and gas order book, can EBITDA margins sustainably move back to the upper end of the historical range?"

Management: I am not sure how to respond because we are not giving full-year guidance. The guidance that we gave in the earnings call for the previous quarter, as well as in this call, remains.

Operator: The next question is from the line of Kushagra. You can unmute yourself and ask your question.

Kushagra: Good morning, Kaushal. First, I wanted to ask about the AGM, where Mr. Raghav Jindal had alluded to the fact that you are conducting R&D in the green hydrogen space. Could you give me some color on where we stand, whether that will change the order book going forward, and what the realizations would be?

Management: It is in the research and development phase. We cannot give you details right now. The only question I can answer is that it will not change the order book in a material manner because it is another value-added product. Value-added products, by definition, have lower demand than regular products and higher margins than regular products.

Kushagra: Understood. My second question is that everybody is talking about Samudra Manthan going forward and the large amount of reserves that we currently have and are looking to explore. Is there any possibility of aggressively undertaking capex in the near term? We have sufficient funds on our books to undertake additional capex, so could you provide any color on that?

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Management: There is no issue with undertaking capex, but the point to be noted is that we cannot increase capacities if the requirement of the industry does not increase. By that I mean that unless the industry grows, we will not add more capacity. If the industry is growing at a 1%, 2%, or 3% CAGR, then what is the point of adding capacity?

Kushagra: Do you see any change going forward? I apologize for pressing you on this, but I wanted some clarity.

Management: I think that would be a more appropriate question for ONGC or Oil India. They are both listed entities. You should ask them this question.

Kushagra: Certainly, I will do that. Thank you. That is all from my side.

Operator: One question from Hardik Gandhi in the chat box: "Is there any indication from the government regarding an expected extension of the anti-dumping duty on seamless pipes?"

Management: There is no indication. The duty remains valid until January 2027. We do not have any update.

Operator: In comparison with 6 months ago, has dumping from China into India increased or decreased?

Management: It remains at the same level.

Operator: Thank you. Due to time constraints, we will have to close the call. I would like to thank the management and the participants on behalf of Arihant Capital for sparing their time and sharing insights about the company. If participants have any further questions, they can get in touch with the team at Arihant Capital. Thank you.

Management: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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