Welspun Corp

Operator: Ladies and gentlemen, good day and welcome to the Welspun Corp Ltd. Q2 and H1 FY27 earnings conference call.

As a reminder, all participant lines will be in 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 phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Shailesh Raja from 360 ONE Capital Markets Private Limited. Thank you, and over to you, sir.

Shailesh Raja: Thank you, Steve, and welcome, everyone. We thank the Welspun Corp Ltd. team for giving 360 ONE Capital the opportunity to host this interaction today. I would now like to invite Mr. Gautam, Head of Investor Relations at Welspun Corp Ltd., to introduce the management team. Over to you, Gautam.

Gautam: Thank you, Shailesh, and good afternoon to everyone. Welcome to our Q2 and H1 FY27 earnings call.

On this forum today, we have Mr. Vipul Mathur, Managing Director and CEO; Mr. Percy Birdy, Chief Financial Officer; Mr. Yashovardhan Agarwal, Director, Sintex; and Mr. Harsh Rungta, Head, Group Investor Relations.

Before starting the call, you all must have gone through the results and the investor presentation of the company, which are also available on the stock exchanges and on our website. During the discussion, we may be making some references to this presentation. Therefore, I request you to please refer to the safe harbor statement in our presentation.

Before the opening remarks, let me inform you that Mr. Mathur is a little under the weather and is not having a good throat. Therefore, we will start the forum with the opening remarks by Mr. Birdy, and after that, we will open the floor for the Q&A.

With that, let me hand over the floor to Mr. Birdy. Over to you, sir.

Percy Birdy - CFO: Thank you, Gautam. Good afternoon, everyone. Let me first welcome you all to this forum to discuss our Q2 and H1 FY27 performance.

As Gautam mentioned, I am sure you all had a chance to go through our results and the detailed investor deck that we published on the exchanges and also on our website.

Therefore, I would like to highlight only some of the key aspects in my opening remarks, and after that, we can have more time for an interactive session.

We delivered yet another robust quarter. Our Q2 FY25 EBITDA stood at a record all-time high of rupees 782 crore, registering 25% year-on-year growth.

Our half-yearly EBITDA rose 30% year-on-year to rupees 1,538 crore, again an all-time high.

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This compares favorably with our annual guidance of rupees 2,850 crore EBITDA.

Our annualized ROCE, or return on capital employed, for H1 FY25 stood at 22.7%, well above our guidance of more than 20% for FY25.

Our net debt-cash position also improved further to a net cash of rupees 3,887 crore. This is after having incurred capex of approximately 1,500 crores for H1 of FY25.

As you know, our order book stands at an all-time record high of approximately rupees 15,000 crores, or roughly US$5.2 billion. This provides strong growth visibility and underscores our expanding footprint in the global pipeline market.

Before touching upon the business environment, I am pleased to inform you that the board has approved three key investment projects.

The first is debottlenecking and capacity augmentation of our spiral pipe capacity in the US by 225,000 metric tons per annum at a capex of up to US$115 million. This is expected to be ready by March 2028.

The second is setting up a greenfield spiral pipe plant along with a coating facility in Jordan under a 50-50 JV with Perma-Pipe, at a total project capex of up to US$125 million to be shared with the partner. We are going ahead with this investment on the basis of a firm MoU with the developers of Jordan's National Water Carrier Project and the government of the Hashemite Kingdom of Jordan to advance the development of pipe manufacturing and advanced coating facilities in Jordan. The proposed facilities will be capable of serving major water, oil and gas, energy, and infrastructure projects in the kingdom and also across surrounding regional markets due to Jordan's strategic location.

The third is setting up a joint venture in India for internal FBE, or fusion bonded epoxy, coating capability in an equal partnership with Perma-Pipe. This will give us the complete bouquet of pipe coating services, which will enable us to go after large pipe export orders where IFBE coating is mandatory.

Now, let me discuss the business environment.

As far as the US market is concerned, demand continues to remain robust. The medium- to long-term outlook continues to be supported by growth in LNG exports, rising electricity requirements from AI data centers triggering the demand for new gas pipelines for captive gas turbine power plants, and investment across onshore and offshore oil pipeline infrastructure. We are currently booked through FY29 in the US.

In the KSA market, ongoing investments in oil and gas and water infrastructure are expected to support pipeline demand. The region's evolving energy security and infrastructure priorities may also create opportunities. There is also potential for reconstruction in the Middle East region once the geopolitical situation stabilizes. In the short term, the supply chain, logistics, and freight costs in the region have been adversely impacted.

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Coming to India, domestic demand continues to remain muted. The domestic water market remains under stress. Though there has been some optimism around river interlinking projects and interstate water-sharing agreements, the central government's budgetary constraints need to be lifted for orders to get awarded.

On the domestic oil and gas segment, we see a lot of potential going ahead in Samudramanthan, in deepwater exploration, in PNG connections, and refinery projects. However, we are yet to see the order inflow.

Exports from India, of course, continue to be the bright spot, and we continue to focus there, where we see good demand coming from the Middle East, Southeast Asia, and LATAM.

In this context, let me reiterate that our diversified global presence spread across the USA, Saudi Arabia, India, and, in the future, Jordan as well, helps us in mitigating challenges in a particular geography.

Moving ahead to Welspun Specialty Solutions Limited, WSSL. While higher freight costs and tariff regulations impacted exports to Europe adversely in this quarter, WSSL continues to focus on domestic power generation, thermal, nuclear, defense, aerospace, oil and gas, and petrochemical sectors, which are the high-value-added segments for stainless steel bars and seamless pipes.

Coming to Sintex, we continue to focus on channel expansion. In water storage tanks, we focus on premiumization alongside sustained momentum [trails off] economy segment growth led by urbanization in the tiered [cut off]

Management: to cities. In plastic pipes, we have extended our footprint to 15 states and continue to focus on product portfolio expansion and brand visibility. We remain focused on our core products and geographies, prudent capital allocation, maintaining strong supplier-customer relationships, innovation, and building capabilities across our organization. Our people remain integral to our growth strategy, while our sustainability agenda continues to guide responsible manufacturing and long-term value creation. With that, let me ask the moderator to open the floor for the question-and-answer session.

Operator: Thank you, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use a handset 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 Shaurya Shah with Equirus Securities. Please go ahead.

Shaurya Shah – Equirus Securities: Thank you for taking my question. The first thing that I want to ask about is the US. Of course, on the oil and gas front, a large part of the order booking have been [trails off]

Operator: Shaurya Shah, your line has been unmuted. Please go ahead with your question.

Shaurya Shah – Equirus Securities: Hello. Am I audible? Hello?

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Operator: As there is no response, we will move on to the next question. It is from the line of Vikas Singh with ICICI Bank. Please go ahead.

Vikas Singh – ICICI Bank: Good afternoon, everyone. Congratulations, sir, on a very good set of numbers. My first question pertains to the US business. As we said, we are booked till FY29, while the narrative on the data center and required pipelines still stays strong. I just wanted to understand whether we are still in a position, or whether the customers are looking beyond FY29 to give you more orders. How should we look at the order buildup in that particular geography?

Management: Vikas, good morning.

Vikas Singh – ICICI Bank: Good morning, sir. Thank you for that.

Management: The pipeline of orders or the pipeline of projects still looks fairly robust at this point in time. However, everyone now understands that ordering has to be slightly calibrated, because of the capacities and all the orders which have recently been awarded. We are seeing a lot more calibration happening. That does not mean that the robustness of the pipeline is compromised, but it is a very good, intelligent approach that is now coming in, with the calibration taking place.

As we speak, there are a couple of projects which are still under discussion and which will still get finalized in the next couple of quarters, but [coughs] the intensity at which they were all getting finalized till now will come down slightly, and very rightfully so, it should happen that way. We continue to stay very optimistic and positive about the robustness of the US business. I have a strong feeling that this demand is going to sustain for the next 3 to 5 years more, over and above 2029, or FY29. That is the sort of visibility we are getting at this point in time, but it will now come in a little more calibrated.

Vikas Singh – ICICI Bank: Noted, sir. The second question pertains to our Saudi mill as well as Jordan, which we are going to set up. In terms of fungibility, if US demand remains extraordinarily high for longer than expected, would these capacities, especially the Saudi capacity, which would come earlier, have fungibility to the US, or should we not think about that at this point in time?

Management: Technically speaking, that fungibility does exist; there is no doubt about it. But the fact of the matter remains that the Saudi market itself would be very buoyant. We are very optimistic about the robustness of that particular market, and I think our first priority would be to cater to the Saudi market.

I am not discounting the possibility of addressing the North American market. I am not saying only the US market; I am not discounting the possibility of addressing the North American market out of Saudi, which is a possibility. But I have a strong reason to believe that Saudi itself is going to keep us busy. That is one point.

Coming back to the Jordan part of it, Jordan is a very strategic decision we have taken. This was similar to the question that arose when we took preemptive calls in America or in Saudi. Keeping that spirit in mind, we have taken a call in Jordan because we have strong reasons to believe that, in times to come, there is going to be massive reconstruction activity that will be kick-started in that particular region.

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Jordan is at the epicenter of all the reconstruction activity that is taking place in Syria, Iraq, Lebanon, and Jordan itself. There are massive projects that are going to happen in Jordan itself. We have a strong view that this strategic investment is going to pay a huge dividend to us in times to come.

Vikas Singh – ICICI Bank: Noted, sir. I agree with you on the reconstruction opportunity. Sir, just one last question. We are flooded with cash. [laughs] Even if I add up all these capexes, we will still be adding cash over and above this capex. I just wanted to understand how the management views this cash utilization, because this will weigh on your ROE guidance.

Management: We have been very careful about our capital allocation policy. I have clearly articulated our positioning and the directives from the board regarding how capital allocation has to happen. First and foremost, I want to make it clear and reassure you once again that we will have a very disciplined capital allocation policy.

Second, it is also a fact that the current businesses are generating sufficient operating cash flow at this point in time, and we would be absolutely in a positive cash position. The deployment of cash would primarily be for two reasons: first, for growth, and second, to offer returns to our shareholders. Those are the directions we have from the board.

At this point in time, what percentage and what exactly is going to happen, and how it is going to happen, is a little premature, because first and foremost, let that cash come to the bank. Right now, it is only on paper; it has to come to the bank. But I am reassuring you that the capital allocation will be extremely judicious, and it will be focused only on growth and on our shareholders.

Hello?

Operator: Hello? Yes, sir. The current participant has been disconnected. We will move on to the next question. It is from the line of Bhavya Gandhi with Bajaj Alternate. Please go ahead.

Bhavya Gandhi – Bajaj Alternate: Hi. Thank you for the opportunity. I hope I am audible. Hello?

Operator: Bhavya Gandhi, your line has been unmuted. Please go ahead with your question.

Bhavya Gandhi – Bajaj Alternate: Can you hear me? Is it audible? Hello? Hello? Can you hear me?

Management: Yes. Yes, sir.

Bhavya Gandhi – Bajaj Alternate: I wanted to understand what the bid pipeline looks like and what the usual conversion ratio is. If you can highlight that. You said that you are completely booked till FY29, which I understand. Post that, based on your high-level experience, what is usually the cycle period when it comes to oil and gas and water infrastructure? Is it a long-gestation cycle or a short cycle? If you can elaborate on that as well.

Management: Bhavya, the bid pipeline in the US looks extremely strong at this point in time. The robustness of demand is unabated, and very strong demand is still appearing. We are still seeing a lot of traction with respect to data centers and demand, and, of course, LNG exports.

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The bid pipeline for the Indian domestic business is looking slightly weak at this point in time. I am sure that things will improve from here because the water sector has not been doing well here. We are seeing a little bit of a resurgence in the oil and gas sector. However, the India export bid pipeline is still looking robust. The India export bid pipeline is looking good, but the India domestic bid pipeline could have been better. It is a matter of some concern.

Coming back to the Middle East, Saudi domestic demand is looking extremely buoyant. As soon as this geopolitical situation gets addressed and becomes somewhat stable, I think we will see a massive resurgence in Saudi. From a bid pipeline perspective, other than the India part of it, we are fairly robust, comfortable, and confident.

Bhavya Gandhi – Bajaj Alternate: Would you like to quantify the bid pipeline amount and explain what the conversion ratio is like?

Management: It is changing, Bhavya, and it is very difficult to quantify. Typically, we see that 3 to 4 million tons of pipeline are always in contention. However, things are changing so rapidly and there are so many variables impacting them that it is very difficult to pinpoint the figure. Still, we are in the vicinity of almost 2 to 3 million tons of pipeline at any point in time that we are contemplating and competing for.

Bhavya Gandhi – Bajaj Alternate: Got it, sir. Just a high-level question on the cycle: how long does the cycle last? We are adding capacity, and although we have visibility for the next few years, I wanted to understand whether growth will taper off after 2030. I know you said you have a strong {? vibe in ?} pipeline as well, but I wanted to understand how long the cycle lasts. Is it a 5-7-year cycle, or more like a 3-4-year cycle, based on your experience? That would be really helpful.

Management: Bhavya, as I have said in my earlier calls as well, this is a structural change happening in the industry. It is not a cyclical paradigm shift that we are seeing here. What we are seeing is a very structural shift happening in the industry at this point in time.

This means that demand is going to be for the long haul. In both the US and the Middle East market, I think it is going to be long-term, sustained demand. We have visibility of the next 5 to 7 years at this point in time. We have a crystal-clear visibility of 3 to 5 years and visibility of 5 to 7 years, and if it goes beyond that, I think it will be extremely good for all of us.

Bhavya Gandhi – Bajaj Alternate: That is really helpful, sir. Very encouraging. Thank you so much. That is it from my end. Wishing you all the best.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Parth with Investec. Please go ahead.

Parth – Investec: Hi, sir. Am I audible?

Management: Yes, Parth.

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Parth – Investec: Hello. Yes. Thank you for the opportunity, sir. First, I wanted to check on the Jordan expansion. What capacity should we work with in Jordan?

Management: We are in the process of finalizing all the capacities and everything, but it is going to be a fairly sizeable capacity that we will create in Jordan at this point in time, for the simple reason that the requirement in Jordan itself is going to be huge, both with respect to water and oil and gas pipelines.

The Jordanian government has already announced that, and as Mr. {? Pershad ?} mentioned in the opening remarks, we are going ahead against the backdrop of an order in any case. It is not that we are putting up a plant and then scouting for business. We will already have a business before the plant starts.

It is going to be a sizeable capacity. These capacities are not standardized because they depend on what size and thicknesses you are producing. However, I have a sense that we could be looking at anything between 350,000 tons and 500,000 tons of capacity, because the plant we are looking at will have the capability to do that.

Parth – Investec: Perfect. And, sir, just to check on the KSA timelines, we had mentioned December 2026. Is there a delay because of the geopolitical situation?

Management: No. From a commissioning point of view, we are absolutely on track at this point in time, Parth. We are in the final phases of commissioning, both for our LSAW plant and for the DI pipe plant. In Q3, we will be done with that.

However, order materialization and business materialization may take some time because of the current conditions. Today, we also have to understand and acknowledge [trails off]

Management: that the entire Middle East market and region is under a massive supply chain disruption. [coughs] Sorry. It is under a supply chain disruption. This disruption has to ease out a little. The raw material has to start coming in. We need to have the ability for finished goods to be exported or to move out.

That disruption is currently in play. It is not impacting us; it is impacting the region at large. Therefore, we have to see it in two parts. In terms of our readiness, yes, we will be up and running and ready by the end of this particular year. However, in order to capitalize on the opportunities and to start transacting the business, I think we are also equally watching with caution, as everyone is, how the situation is evolving and how quickly it is settling down in the Middle East.

Parth – Investec: Got it. And, sir, there is this announcement by the Saudi {? Aramco ?} government that they are expanding the East–West pipeline capacity. Would that materialize anytime soon, or would it also depend on the supply chain?

Management: That is the only thing you are hearing outside. But when we are on the ground, we are hearing multiple things. A lot of action is happening there. I think the Saudi government is very clear as to what it intends to do, and it is completely accelerating the whole process.

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Let me assure you that there is no dearth of business opportunities, both in oil and gas with Aramco and in the water sector within Saudi. Be absolutely rest assured. It is only the supply chain disruption that is currently bothering us and everyone at large. Once that is taken care of, I think there will be no dearth of opportunity.

Parth – Investec: Perfect, sir. That answers my question. Thank you so much.

Management: Thank you, Parth.

Operator: Thank you. Ladies and gentlemen, you are requested to limit your questions to two per participant. Thank you. The next question comes from the line of Shaurya Shah with Equirus Securities. Please go ahead.

Shaurya Shah – Equirus Securities: Hello, sir. Am I audible now?

Management: Yes, we can hear you.

Shaurya Shah – Equirus Securities: Yes. On the US business again, there was some issue with my line earlier, so apologies if I repeat the same question. On the oil and gas front, a large part of the order booking has played out. Obviously, the outlook still remains positive. But on the data center story, is there further fuel left given the massive build-out still happening? Of course, 5,500 crores of orders have been booked, but what is your view on further visibility specifically on the data center front?

Management: You are right. There is a lot of action happening because of the data centers. Obviously, they need captive power plants, and they need gas pipelines for them. One of the recent large orders that we won there was actually for a data center pipeline.

However, there is also a little bit of moderation that we have been witnessing over the last month or so. This actually fits in very well with our business plans as well. If everything materializes simultaneously, we would not have the capacity to convert it into business orders. I think there is still a lot of scope for more orders for gas pipelines for data centers, but we have seen a little bit of caution emerging there, which is actually good for us.

Management: If I can add to that, Shaurya, on your specific question about data centers, I think this demand has now started building up. There were discussions taking place, but this demand has now started trickling in, and it is now building up.

If you look at it, in the next 5 to 7 years, the volume of data center demand could outpace the demand for LNG exports. That is the sense we are getting at this point in time.

As Mr. Percy said, while there is a natural calibration happening, and which has to happen, and which is good, the data center story has started. Earlier, it was only on the books, then it moved onto the drawing board, and now it is coming to execution. This is a stream that is opening up very well, and that is where we see that the demand is going to be there. Long-term, sustained demand is going to be there.

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Shaurya Shah – Equirus Securities: Understood. That is great to hear, sir. On the Saudi front, I believe there was also an implementation of anti-dumping duty that was finalized on DI pipe imports in Saudi. What is your view on the positive sentiment building further across the DI pipe industry in Saudi and the surrounding regions across the MENA region? The desalination story is, I believe, playing out across the MENA region. What is your outlook on this front?

Management: We are very optimistic. Today, if you look at the DI side, only two-thirds of Saudi's captive DI requirement was being serviced through imports. We are now going to be a fairly large and dominant player. It is going to be a sort of import substitution. We will definitely have the first right of refusal for local demand, which will in any case come to Welspun.

We are very optimistic about DI pipe demand. You are absolutely right that the water and desalination story across the Middle East is gaining traction. Our expansion into the Jordan territory is also logical in that direction. That is the play happening in Jordan, it is a play that is already happening in Saudi, and it is a play that will also happen in the other Middle East regions.

Shaurya Shah – Equirus Securities: Understood. Those are the questions from my side. Thank you, and good luck for the future.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Sneha with Nuvama. Please go ahead.

Sneha – Nuvama: Hi, sir. Thank you for the opportunity. I have a couple of questions. The first is on the Saudi front. You said that everything is on track and demand is very good. It is just that you are waiting for the line to start operating. In that case, what could be the utilization levels, and how can they increase for FY28 and FY29? Some color there would be helpful.

Management: As I said, demand for both oil and gas and water is extremely strong. In the very first year of operations, if everything evens out and the entire supply chain and region get stabilized, we are looking at a very high percentage of capacity utilization.

We are not going to touch 100% in the very first year. It is not that you press a button and start operating at that level. However, our ramp-up would be very fast, and our stabilization would be very fast, for two simple reasons. First, the demand is there. Second, we are on the ground. Third, these are products that are our bread and butter, which we produce every day globally. Therefore, we are absolutely on top of things.

As to how much utilization and what sort of capacity utilization will happen, I can say that it will be a fairly high percentage of capacity utilization across both plants in the next financial year.

Sneha – Nuvama: Sir, just to put a number to it, can we assume 50-60% utilization at least in the first year of operation?

Management: We should at least be aiming for that, if not more.

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Sneha – Nuvama: Understood. Secondly, while a lot has been spoken about the US and the demand front, how do we see India? India would consequently face 2 years of decline in volumes. There are two issues: there is no capex happening in India, and currently even exports are being hit due to geopolitical issues. How do we see the scenario changing, and how do we track whether spending is returning?

Management: As I said, India's domestic demand has been fairly sluggish. To be frank, I do not want to give a very rosy picture. Based on how things are appearing, it could remain sluggish for the next few quarters as well, especially in the water sector. There are reasons behind it.

However, on the oil and gas side, as I said, we are seeing a little bit of an uptick. We are seeing an uptick in city gas distribution, which is a very welcome sign. We want to see how these developments pan out over the next couple of quarters.

Overall, domestic demand is going to remain under severe stress. Having said that, the export demand from India is good and will continue to be good. There are supply chain issues in only a few markets, but most markets do not have them.

Therefore, our focus will continue to be on exports from India. We have an impressive record of exports throughout the year, and we should be able to maintain that momentum.

Sneha – Nuvama: Got that, sir. All the best to the team, and thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Netra Deshpande with Mirae Asset Sharekhan. Please go ahead.

Netra Deshpande – Mirae Asset Sharekhan: Thank you for the opportunity, and congratulations on the great set of numbers, sir. My first question pertains to the line pipe volumes, which have fallen by more than 22%, 20%, and DI pipes. What is the volume guidance for FY27? This is my first question.

Management: Netra, the domestic DI pipe market, as we all know, is facing headwinds. All the players are being impacted. There is a slowdown, and we all know the stories around the Jal Jeevan Mission and budgetary allocations.

Welspun's strategy is slightly unique. We are focusing more on DI exports, and we have done a lot of work there. In particular, a lot of work has been done in markets such as Europe and even in the Middle East. Accreditations have been obtained, and we will see a lot of our production start going toward exports.

In the meantime, pig iron has been doing well for us, and that is why we are not as adversely impacted by all these factors. Things could have been better, no doubt, but I think we are reasonably well placed in this particular segment.

Netra Deshpande – Mirae Asset Sharekhan: Can we categorize the volume line similarly for FY27?

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Management: Domestic DI volumes will obviously be substantially lower; there is no doubt about it. But our focus is now moving toward exports of DI pipes.

Netra Deshpande – Mirae Asset Sharekhan: Got it. My second question is about the new India JV with Perma-Pipe for pipes. That was a coating facility. What could be the overall product mix and structure, margins, and incremental margins or realizations that you are expecting?

Management: The India JV with Perma-Pipe is a very niche JV. It is for internal FBE coating. [coughs] The investment we are talking about is not very large. The total project is about 110 crores, and both partners will fund it.

We are talking about a small investment, but it will give us a bouquet of coating service capabilities. That means we can do any type of coating that a potential customer may require, including concrete weight coating, for example, which we already have.

This opens up opportunities for large export orders, where even the bare pipe manufacturing will come to us, because sometimes IFBE coating is mandatory in these orders. Therefore, while this JV gives us only the niche capability of IFBE coating, the benefits to us will be much greater than that.

Netra Deshpande – Mirae Asset Sharekhan: Where is the plant located, around Anjar or somewhere else?

Management: Anjar.

Netra Deshpande – Mirae Asset Sharekhan: Anjar. And what is the timeline for commissioning? When will it start contributing revenue?

Management: I think it should be up and running in the next financial year.

Netra Deshpande – Mirae Asset Sharekhan: And, sir, the last question is about the capex commitment for FY27 for this new plant and the Jordan JV coating facility. How will this be debt-funded? What would net debt to EBITDA be? Would it still be below one, or how would it be? Can you provide some insight, sir?

Management: Netra, you already know our numbers. The consolidated net cash that we have is close to 3,800 crores. While we do have some capex remaining in Saudi Arabia and the USA, and we have also announced these three new investments, we are reasonably sure that we will continue to remain in a net cash position even after completion of all this capex.

Netra Deshpande – Mirae Asset Sharekhan: All the best, sir. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Ritesh Shah with Investec India. Please go ahead.

Ritesh Shah – Investec India: Hi, sir. Thank you for the opportunity, and congratulations on the wonderful results. I wanted to understand why the supply curve is not reacting to

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Ritesh Shah – Investec India: the demand that we are seeing in the marketplace. We do understand that there are genuine entry barriers and that approvals take time. However, there are several companies operating in North America as well as the Middle East. Are you hearing of any incremental announcements from a supply curve standpoint?

Management: I think your question is more focused on North America, Ritesh. We compete with 2–3 players there, and Welspun in the USA is, of course, the largest player in terms of market share.

The other players are also doing some debottlenecking and capacity augmentation. I think our market share is likely to increase as we go forward. With the capacity expansions that we have announced, we really stand to gain. The competitors are also doing some work, but nothing comparable to us. Therefore, I think we are on a stronger footing.

There are specific advantages that we have. Our complex in the USA, in Little Rock, is spread over almost 800 acres of land, and that gives us a lot of advantages. The storage facilities, infrastructure, proximity to the port, transportation, logistics, and railway lines are some of the things that are not really available with the competitors.

Even if they were to develop all these things, it would take them longer and probably require a larger investment. That is probably the reason Welspun is able to move fast because of the infrastructure setup that we already have there.

Ritesh Shah – Investec India: This is helpful. My second question is about one of the earlier comments in which I think Mr. Mathur used the word “calibrated.” I wanted to understand this. I think the question was with respect to visibility for FY29 and FY30. Why was the word “calibrated” used?

Management: When I say calibrated, the intent was that the intensity of the projects that were being discussed and announced in the last 6 to 9 months is being calibrated. Everyone has clearly understood that in a space like this, beyond a point there will be a supply constraint. Therefore, it is better to calibrate their requirements and their plans.

That is what I mean. It is not that demand is going to be calibrated. It is the timing that is going to be calibrated. That is what I meant.

Ritesh Shah – Investec India: As a follow-up, given that most of the capacities will probably be booked or sold out, how are we taking a call on value versus volume, or how are we looking to maximize profitability? Can US orders, for example, generate more than $400 per ton in 2028, 2029, and 2030? Is that a scenario that you would not rule out?

Management: There is no scenario that cannot be ruled out. We are not ruling out any scenario at this point in time. There is an opportunity available. We have the capacity and capability to accommodate more orders.

If you see, we are making all these strategic calls. Even yesterday, we announced that we would be augmenting some of our capacity. This has all been done with a very strategic purpose. The whole objective behind that is to maximize profitability. It is about both volume growth and profitability.

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Ritesh Shah – Investec India: Sir, let me be a little direct. Given that we already have visibility on volumes, is it possible to maximize gross profit or EBITDA per ton by choosing more profitable orders? Are we looking to swap something that is more profitable for something that is already on the order book? Is there some probability of that happening?

Management: There is no question of a swap. We are not looking for a swap. What we are aiming for and preparing ourselves for is more orders and more profitable orders. That is what the capacity augmentation is for at this point in time.

Ritesh Shah – Investec India: Is it possible to have visibility into 2030 and 2031? Are we ready for it, or is it like [cut off]

Operator: Sorry to interrupt, Mr. Ritesh. I would request you to come back in the queue for further questions.

Thank you. The next question comes from the line of {? Abhijay ?} with {? AJ Capital ?}. Please go ahead.

{? Abhijay ?} – {? AJ Capital ?}: Hi, good afternoon. I hope I am audible.

Management: Yes, you are.

{? Abhijay ?} – {? AJ Capital ?}: First of all, congratulations on the tremendous opportunity that Welspun has seized, even though you have gone through some tough times with respect to building the operation.

My first question is about our pipe volumes, which are down year-on-year this year. We have already completed H1 at about {? 11,200 and some type crore ?}. To achieve the next 20,000 crores, you would need to be almost 20-25% above the H1 level. Given that pipe volumes are down and volatility, including geopolitical volatility, still persists, there is obviously a great opportunity developing in Saudi Arabia. However, given the Houthi attack and the {? sea occupation ?} attack, could this shift from FY27 or from H2 to H1 of next year? Do you see variability in the environment in which you are currently operating?

Management: If I understand correctly, you have two questions. The first is with respect to performance in this financial year. Despite everything that is happening and all the variability with which we are dealing, I think we would still be well within, if not better than, our guidance. We are very clear about that.

If you look at H1, we have been able to deliver what we committed. Based on the visibility we have for H2, I think we should, in any case, be able to achieve, if not exceed, our guidance. That is one part of it.

The second part is what is going to happen in the next financial year. That is when our new capacities will come on stream. The new capacity in the US will come on stream, and the new capacities in Saudi Arabia will come on stream. In any case, the incremental impact from these new capacities will start coming in during the next financial year.

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The only vulnerability could be Saudi Arabia. If, in the next month or in a few months, these supply chain conditions improve, then we will have the full impact of profitability coming from there. If the disruption is prolonged, there could be a slight lag. That is the only difference that could arise.

Other than that, we would definitely see incremental earnings and profitability coming from all the investments we have made. They are all backed by orders in any case. In the US, in any case, everything is already backed by orders. Therefore, there is no doubt whatsoever that H1 of next year is going to be different from H1 of this year.

{? Abhijay ?} – {? AJ Capital ?}: We understand that, given the political environment and where we are, we are in good shape, which is appreciated. My second and final question is that, in your presentation, you have called out US EBITDA per ton as exceptional against a sustainable figure of around $300 per ton. Could you give us some idea about the EBITDA per ton at which the three mega orders in Little Rock are priced?

I want to understand whether the margins on the US orders that we have to execute through FY29 are locked in, or whether they can shift given the volatility, even in the US. We do not know what will happen in the midterms, we do not know how the political scenario will change, and we do not know whether “drill, baby, drill” will take an exit. Are the margins on the US orders locked in through FY29?

Management: Yes, they are. The short, simple answer is that they are.

{? Abhijay ?} – {? AJ Capital ?}: Perfect. Thank you from my side. I hope the volatility subsides so that you can go ahead with the excellent results that you expect. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Pranav Mehta with Equirus. Please go ahead.

Pranav Mehta – Equirus: Thank you for taking my question. Am I audible?

Management: Yes.

Pranav Mehta – Equirus: Yes, sir. I wanted to understand the order pipeline that we are seeing across the Middle East and America. How are things panning out in Australia, LATAM, and Southeast Asia? If you can shed some light on that, because those opportunities can be serviced from our export business.

Management: That is correct, and that is a good question, Pranav. As I said, all these regions are serviced out of India through India exports. As I said earlier, we were seeing a strong pipeline, and we are continuously seeing a strong pipeline of projects around these particular regions.

There is no doubt whatsoever in our minds with respect to exports from India. The pipeline of projects is looking extremely good [clears throat] in the regions you mentioned.

Pranav Mehta – Equirus: Sure, sir. My next question is about something currently developing globally. I wanted your thoughts on how the hydrogen pipeline opportunity can help us if we see

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improved traction over the next 2-3 years in this category as well. Europe is seeing a lot of hydrogen-related pipeline activity.

Management: Pranav, there is still activity taking place, but it has definitely slowed down or taken a bit of a back seat compared with 2 years ago. While it is still present in Europe, in India and other markets it has taken somewhat of a back seat.

Having said that, is it a business opportunity? Yes, it is a large business opportunity. However, in terms of prioritizing it, I think the focus is now more on energy security, with every country ring-fencing itself in that regard.

Therefore, hydrogen has taken a slight back seat. However, it cannot be discounted. It is going to be a massive opportunity that will emerge in the future. It is just a slight calibration of timing that seems to be happening.

Pranav Mehta - Equirus: Correct. Those are all my questions. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Darshil Jhaveri with Crown Capital. Please go ahead.

Darshil Jhaveri - Crown Capital: Hello. Thank you for taking my question, sir. Firstly, congratulations on a really great set of numbers. I wanted to double-click on our guidance. I think we have given guidance of around 2,850 crores, but based on the run rate we are achieving, I think we should easily surpass it. H2 is seasonally better. Do you think we can outperform the guidance that we have given?

Management: I would love to say yes, but the fact remains that, as I have been saying on this call, there are many variables over which we have no control. We see strong traction in H2, but given all the variability surrounding us, we would still like to remain cautiously optimistic.

We would love to stay around the guidance we have given, but we will be extremely pleased if we exceed it. In the preceding couple of years, you have seen that whatever we have committed, we have always exceeded. That will continue to be our endeavor.

However, I would like to be a little cautious about overcommitting, because there are many things that are not in our control, and I hope you understand that.

Darshil Jhaveri - Crown Capital: That is fair, sir. I also wanted to know, in terms of the Saudi reconstruction, whether it is relevant to us. If the attacks continue, is there a chance of industrial areas or the area where our plant is located being targeted? Has anything like that happened so far, or is there anything you would like to comment on?

Management: It would not be correct for us to comment on that, to be honest. However, based on my assessment, I think this seems to be more of a positioning exercise rather than a full-scale war, such as what is happening between the two European nations.

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I do not think that is the situation we are seeing, observing, or even expecting in this part of the world. While there is disruption, that disruption is more about positioning rather than going after the infrastructure facilities of both countries.

We are not seeing that, nor are we hearing that. Therefore, we are fairly confident that it is not moving in that direction.

Darshil Jhaveri – Crown Capital: Fair enough. That is it from my side. Thank you, and all the best.

Operator: Thank you. Ladies and gentlemen, you are requested to limit questions to one question per participant. Thank you.

The next question comes from the line of Bhavin Chheda with Enam Holdings. Please go ahead.

Bhavin Chheda – Enam Holdings: Good afternoon, sir. Is there any traction in the stainless steel bars and pipes business? Are there any orders or new segments? How is that business, although it is very small, over a 2–3-year view?

Management: Bhavin, on the [cut off]

Management: on the stainless steel side, I think we are seeing a shift. We are seeing much more traction domestically rather than on the export side because of everything happening in the European market at this point in time and the disruptions taking place.

The good part is that the domestic market is looking strong and volumes seem to be picking up. They were slightly muted in the last quarter, there is no doubt about it, but I think the next two quarters are looking much more promising compared with Q2.

Bhavin Chheda – Enam Holdings: Thank you, sir.

Management: Thank you.

Operator: The next question comes from the line of Meet Bhuva with Integrity Ventures and Partnerships. Please go ahead.

Meet Bhuva – Integrity Ventures and Partnerships: Hi. Congratulations on the good set of numbers. Am I audible?

Management: Yes, please.

Meet Bhuva – Integrity Ventures and Partnerships: All of my major questions have been answered. I just want to ask about the Sintex business. Our loss has almost doubled in this quarter. I wanted to understand how we are planning to take this business to breakeven in the coming year.

Management: Mr. Bhuva, that is a good question. We have Yasho here, and it would be helpful to hear directly from him about what exactly they have been doing and what their plans are for the next couple of quarters. Yasho, please.

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Yasho: Just to reframe the question, are you asking how we are improving EBITDA or how we are improving margins? Was that the [cut off]

Meet Bhuva – Integrity Ventures and Partnerships: No, I [cut off] Yes, how will we reach breakeven?

Yasho: Right now, we are focusing on premiumization of our products, and our premium portfolio is growing strongly. That is one element.

The second element is that we have been very aggressive in investing in our R&D, technology, and digital capabilities. As part of that, if I am able to take out the cost of my marketing and R&D, we will break even; we are very close to breakeven, if not already there.

There are certain investments that we are making because we really want to play aggressively. These are the building blocks of tomorrow, not today. I do not want to hurt the future of the company for today's breakeven, and that is the call I am taking.

Meet Bhuva – Integrity Ventures and Partnerships: So, basically, premiumization will be the major growth driver that will take us to breakeven?

Yasho: We are also seeing a strong impact on volumes for our products in the economy segment. Sintex as a whole was never present in the economy segment, so we entered that segment. Therefore, volume growth, along with a focus on premiumization, will be important.

Meet Bhuva – Integrity Ventures and Partnerships: Got it. Thank you very much.

Operator: Thank you. The next question comes from the line of Ashray Sheth with Ventura Securities. Please go ahead.

Ashray Sheth – Ventura Securities: Hi, sir. Thank you for the opportunity, and congratulations on a wonderful set of numbers. Firstly, I wanted to ask about the competitive intensity that might be playing out in Saudi Arabia. We have seen several of our peers announce capacities in Saudi Arabia. Given the current geopolitical situation, there might be some delay in order intake.

Our capacities are expected to be commissioned much ahead of our competition. However, given that the demand cycle may be pushed out, do we see any risk of competitive intensity catching up? What gives you confidence that Welspun can still lock in sufficient volumes and maintain attractive margins on those volumes?

Management: The Saudi market was always a competitive market. Competitive intensity was always present. It is not that we were the only line pipe player in that country.

Our assets are completely ready as we speak today. They will be ready in this quarter itself, and as and when we have the opportunity to serve the market, we will start serving it. Some competitors would still have a lot of work to do in that regard.

Having said that, there is a competitive landscape. It existed earlier and is only increasing. At the end of the day, Welspun is all about niche segments. The plants we have set up are intended to cater to the niche segment of that particular market. We know what those segments are, we have positioned ourselves accordingly, and I do not think we will be adversely impacted by that.

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Ashray Sheth – Ventura Securities: Got it, sir. On the Welspun Specialty business, over the last few years we have consistently built our capabilities in terms of qualification. We have obtained qualifications from NTPC, BHEL, and NPCIL. Could you help us understand how the order book is shaping up for that business? How would the split look across nuclear, specialty chemicals, oil and gas, and defense? Which of these verticals do you expect to drive specialty business growth?

Management: This business has very tough entry barriers. The USP of Welspun Specialty is that it is the only integrated player with its own steel and its own pipes.

Over the last 2–3 years, we have gradually been building the blocks, and we have been absolutely in the black. Earlier, this company used to be in the red. Directionally, we are moving in the right direction.

Let us not forget that this is the only integrated company. The key demand driver going forward will be power generation. There is a massive power generation requirement, with capacity being built in India. This is where we will see Welspun Specialty Steel playing a major role in the quarters and years to come.

This is a long-haul demand. It is not a quarter-on-quarter demand or a one- or two-year demand. It is another structural change taking place, and it represents an 8–10-year demand opportunity in the power generation sector, which will also be complemented by nuclear demand in the years to come.

This is what we are preparing for. This is what we are ready for. This is where we see the {? story of ?} WCL WSSSL coming from.

Ashray Sheth – Ventura Securities: Thank you, sir.

Operator: Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to the management for closing comments.

Management: Thank you for attending today's call, and I hope we have answered all your questions. If any of you have further queries, please feel free to contact our investor relations team, and we will be happy to assist you in this regard.

We wish you all a great year ahead and a Happy Diwali.

Operator: Thank you, sir. On behalf of 360 ONE Capital Market Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. 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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