Welspun Corp Limited

Q1 FY27 Earnings Conference Call

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MODERATOR	**MR. SAILESH RAJA – 360 ONE CAPITAL MARKET RESEARCH**

Moderator: Ladies and gentlemen, good day, and welcome to the Welspun Corp Limited Q1 FY27 Earnings Conference Call, hosted by 360 ONE Capital Market Research. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Sailesh Raja from 360 ONE Capital Market Research. Thank you, and over to you, sir.

Sailesh Raja: Yes. Thank you, Manav, and welcome, everyone, to the call. We would like to thank Welspun Corp team for giving 360 ONE Capital the opportunity to host this interaction today. Without taking much time, I would now like to invite Mr. Goutam to introduce the management. Over to you, Goutam.

Goutam Chakraborty: Thank you, Sailesh, and good afternoon, everyone. Welcome to Q1 FY27 Earnings Call of Welspun Corp Limited. 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 also Mr. Harsh Rungta, Group Head, Investor Relations, Welspun World. You all must have gone through the results and the investor presentation of the company, which are available on the stock exchanges and also on our website.

During the discussion, we may be making references to this presentation. So I request you all to please refer to the safe harbor statement, which is there in our presentation. We'll start the forum with the opening remarks by Mr. Mathur. And post that, we'll open the floor for the Q&A.

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

Vipul Mathur: Thank you, Goutam. And good afternoon to everyone. I welcome you all to our Q1 FY27 Earnings Conference Call. As Goutam mentioned, we have already published a detailed investor deck along with our results, which were released on Friday afternoon, which I'm sure you would have got a chance to go through.

So I would like to -- today, I would like to keep my opening remarks very brief so as to leave more time to your questions and discussions. Just would like to highlight some of the key aspects to set the tone of this conversation.

First, financial. Our financial performance remained robust. We have delivered the highest ever quarterly EBITDA of INR756 crores, a 35% growth on a Y-on-Y basis. ROCE has remained well above 20% on an annualized basis.

Our net cash position also has further improved to INR2,336 crores, and our order book is approximately INR25,750 crores, almost $2.7 billion, the strongest in the company's history, and it provides a robust growth visibility and underscores our exceeding footprint in the global pipeline infrastructure market.

On the demand side of it, I would like to briefly touch upon the geographies in which we operate in. First, I would like to brief you upon U.S.A., then Saudi and then India. So as far as the U.S. market is concerned, the demand remains very, very buoyant. As you know, we have booked well through FY28, and we are already seeing clarity emerging on FY29 as well. As we speak, there are multiple projects which are being pursued and followed and are under discussion. If we are successful, this could take us to FY29 as well.

So the U.S. market with its demand drivers remains the pivot for the growth for the company, and it is looking extremely nice. As regards KSA market, the Saudi market, the visibility in the Saudi market is very encouraging. We see -- we foresee a very strong demand building up in the region.

On the back of the oil and gas and the water infrastructure investments and the reconstruction opportunities, which are likely to come up in the Middle East. Also, the recent events which have happened geopolitically are further reinforcing this demand, and we are seeing a very small -- a very large traction coming up for the line pipe demand in weeks, months or years to come.

As regards to India, the demand -- the domestic demand in India has comparatively been muted this quarter. We see that fundamentally, the things under Jal Jeevan Mission are slow owing to the fund constraint and industry overcapacity. We expect these challenges to continue and persist over a longer period of time.

We are not seeing any great movement happening into the industry where we are seeing that the funds flow will happen and the demand is going to catapult back. So we have recalibrated our approach in line with the current market conditions, and we have completely shifted our focus mostly to export.

Even if you would see that on the ductile iron side, where we have a large capacity in place and there is a large capacity or an overcapacity in India, we have slightly scaled it down, and we are now recalibrating it with respect to the pig iron, and we are probably one of the largest exporters of pig in this quarter and probably in the subsequent quarters.

Our strategy has been very clear that where we would like to move, where there is money, where there is profit, we are not thinking in terms of recalibrating our positions. And accordingly, this is a change which we did in the last quarter.

But given that we have a diversified portfolio, a global footprint, this continues to be our strong -- this continues to be our key strength. It insulates us from one geography or segment-specific headwinds and make our earnings profile far more resilient. This is what it distinguished between us and the other players.

Our geographical expansion of our multi-geography presence is -- comes to help in such times. As regards WSSL, the Welspun Specialty Steel Limited, the company remains on track and progressing as planned.

The Thermal and Nuclear Energy, Defense, Aerospace, Oil & Gas, Petrochemicals continue to stimulate the demand for stainless steel bar and seamless pipe. In addition, a strong emphasis on domestic manufacturing, the Make in India initiative is also driving demand.

As you know, we are the only integrated player in the field, having our own steelmaking capacity, our own rolling capacity and our own pipe making capacity. I think so this puts us into a much favorable position in days to come when we would be talking about when the India would be progressing towards more value-added products like applications in the nuclear area also.

We are seeing a strong traction coming up in that particular direction, the nuclear and the power sector. And we are absolutely prepared to cater to that demand. So from structurally, from the availability point of view and from the research and development and developments of some very, very niche grade, I think that the company has done exceedingly well and is preparing itself for a long haul of growth in days to come.

Coming to the Sintex, it is -- as we see that the Indian domestic market is muted. It is because of that. The Sintex is also impacted because of that because the trickle of the fund is not happening to the ground, and that is where they are also impacted.

But we are using this time. We are preparing ourselves for the long haul. This time is going to change. We are preparing -- at this point in time, we are expanding our customer base, our dealer network, our distribution network, our influencer network on a quarter-on-quarter basis is expanding.

We are investing heavily in that particular fundamental base. We are going ahead with all that our announced capex so that we are absolutely prepared when the market rebounds back. We believe that it will be a matter of time that the market is going to rebound. And at that point in time, with our Sintex portfolio, which is an iconic portfolio in our growth, is going to have the maximum benefits coming out of that.

At that point in time, when the market rebounds, we do not want to be caught into a cycle that we do not have this or we do not have that. So basically, we are preparing ourselves for the tanks. We are preparing ourselves for all type of pipe. We are preparing for all type of fittings. We are preparing ourselves for the OPVC.

And all that work structurally and fundamentally what is required and is the need of the hour, which will gravitate to a future growth of this company is being done at this point in time. So it's a time well being used at this point in time, and I am very sure that this is going to be one of -- we would see one of the stellar performances coming up from Sintex in subsequent months or quarters or years to come as the market improves.

In terms of our ongoing capex in KSA and Little Rock, I just wanted to update that both the projects with Saudi and in America, where we have invested heavily for our growth. They are going absolutely fine. There have been some minor disturbances because of this issue, the geopolitical issues, but we were very lucky that none of our capital equipments got impacted because of that.

We are looking -- we are absolutely on track, and we are -- for both the locations, let's say, for our project in Saudi as well as in Little Rock, we are more than confident that both the projects will be absolutely on track, up and running by the end of this year.

We would see the full impact of their performance coming up in FY 2028. The markets are looking very buoyant in both the economies, both the geographies. We would be ready by the end of this year. We would be able to capitalize upon the emerging demand in both these markets, and that will get reflected in our FY 2028 projections, earnings and profitability.

Last but not the least, our ESG performance continues to strengthen the foundation for resilient growth and sustained value creation. We are -- as a responsible conglomerate, we are clearly focused on our ESG goals. On a year-on-year basis, our DJSI rating, ESG ratings have only been going up. We have taken multiple steps, multiple steps in terms of further improving our ratings.

And we believe that this is the core fundamental, which also has to be focused along with your operations and the market, which is going to create a sustainable value for all the stakeholders and the shareholders in time to come.

With this, I would like to -- I would like the moderator to open the floor for the question. As I said, I would like to keep my opening today very, very brief so that we could spend a lot more time in terms of answering all your questions-and-answers what you might have.

So back to the moderator, please, for opening the floor for any question and answer, please. Thank you.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have a first question from the line of Shaurya Shah from Equirus Securities.

Shaurya Shah: So first of all, just wanted to ask on the Saudi region. So some other Indian players, larger guys, organized players are also putting up capacities in the Saudi region. So I wanted to know whether are we seeing an increase in competitive intensity in this region given that demand scenario for both line pipes and DI pipes seems to be very strong there. That's my first question?

Vipul Mathur: Shaurya, good morning. I think so that's a fair question you're asking. Number 1, we also see that the competitive landscape is increasing in Saudi. I have reasons to believe that it is going to take some time before these will really start coming on -- their capacities would start coming on to the ground or impacting.

But having said that, I don't think so that there is a cause of any undue concern for a simple reason that the market size and the cake itself is so very big enough that I'm sure that everyone would have a reasonable amount of bookings or reasonable amount of market size to themselves.

Let's not forget that, a, we have been on the ground for more than 15 years. I think so that gives us a fairly distinct advantage in comparison to the others. Number 1. In terms of our understanding of the market, in terms of our customer relationship to the market, I think so we are much -- we are better placed in comparison to the others. I'm not saying that others will not gain any momentum or they will not gain market share.

But I think so the market size is big enough to accommodate every one of them. Of course, with us being in a leading position, it will have -- we will definitely have our share. And I'm sure that others who are also investing in due course of time as and when their capacities will come up on the table, I'm sure that they will also get benefited out of that.

Shaurya Shah: Great. Understood, sir. And any update regarding the anti-dumping investigation that was going on for DI pipes in Saudi? So any further progress there?

Vipul Mathur: No, there is a significant progress, which is happening. Of course, we are -- I mean, it is absolutely happening in the right direction. And it is statute by law that once we have the domestic capacities coming up, the import -- the cheaper imports have to stop. I think so this is what the Saudi law is.

And I think so things are moving in that particular direction. And I am sure that by the time our capacities will come in, by that time, this investigation and other administrative procedures, which are also going on in parallel should also get over, which means that it will purely be a domestic play in times to come when we are ready.

Shaurya Shah: Okay. Great. Just one last question. So despite the aggressive capex, the leverage profile continues to remain very strong for Welspun. So just wanted to know where do we expect to land in terms of, let's say, the peak net debt by FY27 and FY28, if you could just give some brief numbers there?

Vipul Mathur: Shaurya, we have very clearly stipulated and maintained our position consistently that we operate under particular guardrails. If you see my investor presentation, we have very clearly said our guardrails would be that in terms of ROCE, we will maintain a ROCE of more than 20%.

And the second guardrail, which we are very, very particular about is our debt to EBITDA and which is going to be less than 1. So at no point in time, we are going to exceed that. The good part is that all these capex is, what we are doing, they are -- despite that, we are still in a very strong cash -- net cash position.

I think so this is what is the situation going to be moving forward as well. There is a sufficient free cash flow that all the businesses are throwing. So I don't see our profile getting changed, and we don't see our balance sheet getting leveraged. Rather, it will only be becoming more healthier in days to come.

Shaurya Shah: And just -- yes, sir, just if I could question one last question. So could you provide the breakup of the India and U.S. business volumes, if possible?

Vipul Mathur: We would -- that you please kindly take offline. As a process, we don't disclose that on the call. But if you have something specific, I think so you can reach out to Goutam and Percy. I think so they could be happy to share that, please. I hope you understood.

Moderator: We have our next question from the line of Nitin Arora from Axis Mutual Fund.

Nitin Arora: Sir, just one question on this...

Moderator: Sorry to interrupt you, Nitin. Can you please use your handset?

Nitin Arora: Yes, I'm on my handset. Am I audible now?

Moderator: Yes.

Nitin Arora: Okay. Sir, just one question on this associate company for what you have proposed of taking a 26% stake for manufacturing and dealing in GGBS, which is the Blast Furnace Slag. Can you tell us what is the rationale behind it and why we are entering into this business, if you can throw some light?

Vipul Mathur: Nitin, I think so that's a very fair point you are raising. See, at the end of the day, we are very clear that we have to create wealth out of the waste. We have been generating slag. We have been selling the slag. -- to various people. All what we are not trying to do is to slightly structure it. We are not doing any capital investment for that.

The capital investment is being done by some third party in our premises. We have only taken a sort of a small equity stake into that, mandatory equity stake into that particular company. It's at a very notional value just so as to have a full proper control on that. The whole objective is that we were generating slag earlier. We will continue to generate slag.

We were selling the slab -- slag earlier. We will continue to sell the slag. But now that slag will be converted from waste to wealth in our premises through a third party in which we have an equity stake. That will help environmentally to us, number 1. And number 2, it will also bring in additional revenue to us with no capex being done.

Nitin Arora: So the total capital allocation would not increase from here to -- from this?

Vipul Mathur: No, no. It is just a notional stakeholding we have in that. We are not doing any capital investment into that.

Nitin Arora: Great. Great to hear that. Second, on your opening remarks, the way you articulated demand that you are even seeing visibility for FY29. Any thought process of where you're thinking now on capex for FY29? Because I'm sure the way I'm able to read your opening comment, it looks like rather you are expecting more capex from the Saudi and other areas.

So can you -- we don't want an exact number, but if that can articulate to what kind of a capex you are envisaging going into FY29? Is there a need to upsize the capex from here is I wanted to know? And second, given the very strong cash generation, which I think the management has been guiding over the last 3 years, any inorganic opportunity you see in your business? So just these 2 questions, sir.

Vipul Mathur: Nitin, in terms of capex, I think so we have disclosed that what are the capex which we are doing in our Saudi business and in our U.S. business. That capex cycle started almost 1 year back. Almost we are done with almost 60% -- 60%, 65% of our capex. The balance capex will get exhausted in this particular year. All that numbers are in public disclosure, number 1.

Number 2, beyond that, we have -- we are not committing for any other capex at this point in time. It is not time to use -- to have the maximum mileage and the benefit out of the capex, what are being done. So to your question, is there any incremental capex over and above what we have announced? The answer is no, number 1.

Number 2, to your question about the cash generation and inorganic, I think so these are good questions to have. These -- first, as I have always said, we would first like the money to come in our bank.

And then these are good problems to have, let the money be in the bank. I think so we have a very, very fair independent and a very incredible Board, and I'm sure that we will -- they will be in a position to guide as to what needs to be done. At this point in time, there is nothing on the table just to report.

Moderator: We have our next question from the line of Parth Bhavsar from Investec.

Parth Bhavsar: Congratulations on a good set of numbers. Sir, I have a few questions. The first one related to demand. So there are a couple of projects that were announced and which are announced new. One is like India, Saudi subsea gas pipeline and the other one is Keystone XL project. So wanted to get a sense if the tendering has started for these projects?

Vipul Mathur: Parth, I honest -- I'm not aware of anything called India Saudi pipeline project, to be honest. Pardon me for ignorance on that. I have not seen anything like that or it might have missed my attention. Generally, it does not, but must have missed out. Maybe you might be referring to India Oman pipeline or something.

That would be -- that we have seen was being a point of discussion. I think so this is -- if that is what the question is, I think so it's in the early stages. This pipeline has been in discussion for a fairly long time.

There are challenges. It is not an easy project to do. But I'm sure given the geopolitical situation, what right now we are facing, I'm sure that this -- it might see some light at the end of the tunnel, but it is still far off, number 1. Number 2, you are talking about the KXL. I hope you're referring to the North American pipeline.

I think so in North America, there are a couple of things which are being discussed. Nothing in particular called KXL, but there are a lot of different pipelines in different avatars are being discussed. And that is what I said in the opening remarks that such discussions are giving us a sort of a visibility that the FY29 demand also could be robust.

Parth Bhavsar: Sir, would it be possible to name a few big projects?

Vipul Mathur: Those -- see, the projects generally do not have name in America, if you know. Generally, they are -- those projects are being discussed with the midstream companies. They are discussed in strict confidence. Generally, these projects only get a name when they are FID-ed. That -- we also come to know the name of the projects at that point in time that what all we have been discussing and the name of the project is XYZ.

Honestly speaking, I do not have a visibility on the name of the projects what we are discussing. All what we are discussing with various midstream companies, multiple projects and which is giving us a sort of a traction and a comfort that FY29 demand looks fairly robust in the U.S. market as well.

Parth Bhavsar: Got it. Got it. Sir, a few bookkeeping questions. In terms of our order book, INR25,750 crores, would it be possible to give a U.S.- India split?

Vipul Mathur: We can do that. I think so offline, you can take up with Percy and Goutam, they should be in a position to give that split. I would not have readily available with me. But definitely, Parth, you can definitely have respond that, please.

Parth Bhavsar: Got it. And sir, in terms of our KSA capacities, so just to like get the time lines right, KSA was supposed to come up in Q2, right? Is it being pushed to end of Q4 or is the time line still Q2 FY27?

Vipul Mathur: No, I think what we mentioned earlier was Q2. Look, given this geopolitical situation, there had been some minor hiccups here and there, but that it has not slipped out. Nothing much have slipped. I think so we should still be seeing progress -- we are talking about two facilities and these two facilities should progressively be coming up in the -- by the quarter 3 in any case.

Parth Bhavsar: Okay. And then similarly, sir, ERW and LSAW in U.S.A. would be in Q4?

Vipul Mathur: ERW in U.S.A. is up and running. It has already come on stream. It is up and running. We are -- we have commissioned it. We have successfully done all the trials. Right now, we -- the mill has completely stabilized. And now at this point in time, we have orders and we are about to start execution of certain orders out of that particular mill.

That is with respect to HFIW. With respect to our LSAW plant, we said that in any case, it will be coming by the end of the year. In FY27, it will be there. We are more than confident that by the end of the year, that capacity will also be up and running. So pretty much on track. Pretty much on schedule.

Parth Bhavsar: Got it. And sir, just last question to get a sense on KSA. Sir, how are the order inflows or inquiries for our facilities in KSA?

Vipul Mathur: There's a lot of discussions, which we have seen, which have started. Earlier, we were all talking that this market will exponentially grow because of the recent situations which have emerged. Now those discussions are moving into the next phase where the engagements are happening. Then it will move on to the next phase where the tenders would happen, and then it will get to the fourth phase where award will happen.

So that is the process. That is the life cycle under which it happens. I think so it has moved from Phase 1 to Phase 2, which is a very, very encouraging situation. And it is also reinforcing the fact that what we have been saying that there is going to be an exponential demand buoyancy, which is going to come up in that particular market. These discussions are clearly reflecting that.

Parth Bhavsar: Got it. And sir, just if I can squeeze in one more…

Moderator: Sorry to interrupt you Parth. May I please request you to rejoin the queue?

Parth Bhavsar: Yes. Thank you.

Moderator: We have our next question from the line of Sneha from Nuvama.

Sneha: Congratulations on super strong set of results. Just a couple of questions from my end. Firstly, on your margins, this particular quarter, we have seen phenomenal jump in margins. How sustainable these margins are? And the order book, which you already have in place, what is the kind of EBITDA per tons on the U.S. side are we certain of for both '27 and '28?

Vipul Mathur: So, Sneha good afternoon to you. Let's say, to your first question with respect to margin, I think the way we track, we are not tracking to margins. See, margin is a factor of raw material pricing versus the profitability of what you do and typically the product mix in that particular quarter.

We stand by to the absolute EBITDA numbers for which we give the guidance, number 1. Margins are various -- it has many variable factors around that. So I would rather not like to comment on the margin side of it, but I stand committed to the EBITDA absolute numbers, what we have committed to that, number 1.

Number 2, with respect to the order book, I think it's almost like close to INR26,000, $2.7 billion in order book. And which is a very, very strong order book. As I said, that we will be in a position to give you the split between India and the U.S. I think that's what your question is. I think so offline, our earlier participant also asked for that.

Mr. Percy and Goutam will be in a much better position to give you in absolute detail about that, that what is that split looking like. But it is heavily loaded towards U.S. at this point in time, to be fair.

Sneha: But what I meant was on that particular order book, what sort of EBITDA per ton visibility do we have? We understand that you have a healthy order book from the U.S. part. So what sort of margins are we making EBITDA per ton on those businesses? And also in terms of order book split, could you give us that what portion of this order book is driven by the data center theme that even we are participating in?

Vipul Mathur: Right. So EBITDA per ton is in U.S., we historically have given a clear guidance that EBITDA per ton in the U.S. are close to $300 per ton. Today, it's slightly -- it's an exceptional scenario we are into. So the EBITDA per ton definitely are much higher than what we have given a guidance.

But you need to -- on a sustainable basis, what you need to consider is that the guidance for U.S. is almost $300 per ton. Today, it's slightly more, number 1. Number 2, coming to the split part of it about the data center. Right now, the split between the data centers and the LNG going to the Gulf Coast for export.

I think so the ratios are close to 80% or 20%. 80% is still going towards -- or 75% is still going to the Gulf Coast for export, 25% is the split, which might be going to the data center. I might be slightly vary here and there by a few percentage points, but the shift now in the subsequent bookings, what will happen, we would see that this shift increasing more towards data centers and reducing towards the export side of it.

So this is a shift we are seeing out there. And -- but for us, what really matters is that now earlier we were completely -- or the market was completely dependent on LNG export. Now there's an alternate consumption pattern or consumption center, which has emerged, which is data center and which is growing on a quarter-on-quarter basis. So that's a very healthy and a very welcoming sign in an economy which is growing and opening up new avenues for us and our investments there.

Sneha: Understood. And lastly, on the order book side, how much of this order book would be pertaining to FY29? Do we have something coming up even there now?

Vipul Mathur: Right now, no. Right now, what we have is mostly till FY28, we would be done pretty much of that. What I mentioned earlier to the earlier call -- in the earlier questions, we are seeing a good traction for FY29. We are seeing a lot of projects being discussed. Our teams are engaged with multiple midstream companies out there, and they are evaluating multiple options.

It's a long way out, to be honest. FY29 is a long way out, but the engagements have already started. And that gives us the confidence that it might be sooner rather than later, we may have a visibility -- clear visibility emerging for FY29 as well.

Moderator: We have our next question from the line of Dhananjai from Alchemy Capital.

Dhananjai: Sir, most of my questions are answered. Just one question…

Moderator: Sorry to interrupt you, Dhananjai. Can you please use your handset?

Dhananjai: I am on my handset. Is it better?

Vipul Mathur: Dhananjai is a very soft-spoken person. So we could see that. -- can you hear me now?

Dhananjai: Sir, can you hear me now?

Vipul Mathur: Yes, yes.

Dhananjai: So sir, most of my questions are answered. Just one question. Sir, in Saudi Arabia, there's so much demand. There was an asset available. Did we look at that, which was available to be sold?

Moderator: Dhananjai, I don't know which asset are you referring to, please?

Dhananjai: The one which another Indian company had also acquired.

Vipul Mathur: Okay, okay. No, we -- see, we continuously scout around for asset. See, you have to understand Welspun is a high-quality standard mill, right? For us, our reputation is paramount. And that comes through a very, very high-quality product what we give to our customers worldwide.

We -- I'm sure our technical team would have evaluated that. And I'm sure that they did not found it very encouraging in terms of to support that. So to your point, at some point in time, we did have a look at it. But in our framework of a quality framework, it probably was not fitting in. So that's the reason we did not wanted to go ahead on that.

Dhananjai: And but wasn't it attractively priced also then like early payback also on the acquisition?

Vipul Mathur: We are talking here of a very, very heavy engineering product used for very precision sector. You please understand that these pipes are carrying oil, these pipes are carrying gas and every pipe is very, very critical. You have to have a 100% comfort and confidence on every piece of pipe what you produce, right?

So it is not -- we are not talking commodity here. We have a reputation to live up to. We are a global scale company. We have built this reputation on quality and impeccable quality over a period of time.

We would not have felt comfortable with the asset class or with the quality. I'm not saying it would have been bad or it is not good. I'm not saying that. Don't get me wrong, but it would not be fitting into Welspun standards. So probably we would have overlooked that.

So we are not driving through that it is attractive valuations and all that stuff. That's not the way we look at the companies. We look at from -- purely from a qualitative point of view and our global positioning and our leadership positioning.

Dhananjai: Congrats again for good set of numbers.

Vipul Mathur: Thank you Dhananjai.

Moderator: We have a next question from the line of Rakesh from Nine Rivers Capital.

Rakesh: Thank you very much for the detailed annual report that has come out for the industry across the globe. Majority of my questions are answered. Sir, just 2 questions. First, with respect to the on the profitability in this quarter, when we look at the volume growth volume growth versus the EBIT growth for the business has come very strongly, north of 30% growth. Can we -- is that understanding correct in this quarter, the project of a higher margin. That's why the growth is high and in the coming quarter, the growth will normalize?

Vipul Mathur: Rakesh, I think so if you see, I have always been a propagant that -- see, we are a project-based company, right? It is -- and we are geographically positioned at 2 or 3 locations. the product mix, the requirement, the deliveries, they keep on changing. I have always been a propagant that this company need not to be looked on a quarter-on-quarter basis.

I think so this is a company to be looked on a year-on-year basis. You have to have -- that believes that whatever is the guidance given, whatever is the -- have we been able to deliver as what we have promised.

I think so it is very difficult to track this company on a quarter-on-quarter basis because you really do not know what is going to be the product mix, what is the steel arrival schedule, what is your production, what is your dispatch, what is your invoicing, what is this and that. So it becomes extremely difficult to track it on a quarter -- and please understand, these are -- all these projects, what we execute are large-scale projects.

They go over multiple quarters. So to qualify it on a quarter-on-quarter basis, I find it extremely difficult. However, I wish I may try to do that. I am unable to do justice. So please understand my position and kindly look at this company on a year-on-year basis. And if you have any questions, any doubt or any point around that, I will be more than happy to address that, please.

Moderator: We have our next question from the line of Vikash Singh from ICICI Securities.

Vikash Singh: First of all, congratulations on a very good set of numbers. Sir, my question is slightly on a long-term perspective. As we have seen that nowadays, the major oil-producing countries like Middle East or U.S. prefer the localized production, and that's why we are putting plants in Saudi as well.

Going forward, Indian capacities has always been more towards in the export segment. So just wanted to understand going in the next 3 or 4 years forward, do we see further Indian capacities getting shifted to other geographies? And if not, then what are the other pockets where we can actually utilize these capacities as the Saudi will get more capacities and more demand would shift in-house versus the imports?

Vipul Mathur: Vikash, very good afternoon and good to hear from you. It's always good to have so deep thought-rooted questions. Greatly appreciated. See, I will not be in a position to comment on as to what others or what other Indian conglomerates will do. But one thing you have to keep in mind, see, putting up a greenfield project into unknown territories is not an easy cake walk, please. It is very difficult.

The local laws, the local regulations, the local culture, the local dynamics, I think so it takes its own time. It has its own. Why we have been slightly ahead of successful, if I may say so, because we were present in both the geographies, let us say, in America as well in Saudi for the last 15, 16 years. We have been on the ground. It is not that we had a supplier relationship, but we were only producing in India and supplying there.

We were physically present on the ground. We understand the nuances much better than others would have it. Not that others will not be able to do it, but they will find it very, very difficult. So setting up greenfield or brownfield projects in such economies is not an easy thing, number 1. Number 2, India is -- has a very high concentration.

That's a fair point you are making. Now whether with this concentration and most of the facility or capacities which are there in India were more inward looking. They were more servicing the domestic requirement.

Now the domestic requirement definitely is receding at this point in time. At least there is a little lack of visibility and the spend which is going to happen there. So India market is slightly muted. I'm sure that everyone would be trying for export at this point in time, I believe that.

But you also have to understand that as it is difficult to set up a greenfield or a brownfield capacity, also you have to understand that getting approvals and accreditations is also a challenge. If you really have to work with the Tier 1 producers of the world, there is a process of approvals and accreditations.

There is a very high quality standards, which are required, absolutely to a scale, which are very, very difficult to achieve. So that is also -- so there are deterrents to get into that. It is a time-consuming process.

So -- and this is where Welspun is slightly blessed because with all our approvals and accreditions, which are global in nature and with the Tier 1s we already have, that is giving us a sort of a head start over the others and our geographical presence into the other markets is giving a head start. I'm sure others will also be trying to do that. I wish them all the success, but it is not as easy as what we contemplate at this point in time.

Vikash Singh: Noted, sir. Sir, my second question pertains to our cash utilization. As we like to maintain our ROCE at 20% or above, cash is becoming a problem because we already have a pretty high cash position, and I believe that it is going to increase only further. So deployment of this cash, any thought process on that, if you could share with us would be really helpful?

Vipul Mathur: Vikash, first and foremost, today, we all recognize cash is king. I think so there is nothing called -- there is no ambiguity around that. So it is a good problem to have, first and foremost. But I completely understand that in a way, it is also counterproductive. We are very clear that its deployment has to be figured out.

Now whether it is by virtue of dividend, buyback, investment, all things -- all those things are very well understood at our end, number 1. But we strongly believe that right now, we still have -- we have a decent amount of cash, but we are still into the capex cycle.

But we also believe that in the subsequent quarters, there will be a more cash flow which will be coming in. We will be sitting by the end of the year at a substantial amount of cash. And I'm sure that at that -- by that point in time, we will have figured out an answer. There are multiple things which are being discussed. And I only want to assure one thing. See, at the end of the day, what the capital allocation is going to be extremely, extremely judicious.

We are very, very clear. And if you see for the last 2 years, we have very clearly given our guardrails. Our guardrails are that we will go into our proven geographies, core geographies and core products only. Number two, we will only invest where the ROCEs are more than 20%.

Number 3, that at no point in time, we would see our net debt to EBITDA going up beyond -- it has to be under 1%. So these are the guardrails which our Board has set for us. Under that only, and we will do any capital allocation. And trust you me, believe me that it will be very, very judicious. You will not -- no investor will feel ever disappointed because of that.

Moderator: The next question is from the line of Nishant Vass from 360 ONE Asset Management.

Nishant Vass: Just one question digging into the U.S. North American data center potential. I think there is a lot of discussion even in the U.S. that they are going to fall short of the natural gas generation capacity for the data center side, like close to 100 gigawatts has been kind of under development, but approved list is much smaller.

I think you're obviously talking to a lot of midstream guys and they are doing what they can like the likes of Bridge Atmos Energy, they're trying to do whatever they can. The fact that you have capacity coming on stream, you're in the unique position.

Is it possible for you to kind of be nominated directly from some of these customers for some of the larger programs coming up? Because I think the window for some of these programs to get initiated is probably less than 12 months.

If that is the case, you mentioned you have no new plans of capex, but I'm just trying to think from your management advantage, if your capacity gets completely booked for, say, potentially '29 as well, what's the lead time for a new plan? Like I'm just trying to think that from your vantage point.

Vipul Mathur: Nishant thank you. Nishant, I think that's a very great question. See, first and foremost, to set up any plant in America is for someone like us who is present there, who is already on the ground, it's at least an 18- to 24-month process, first and foremost. If someone intends to even do a greenfield part of it, I do not know what time it will take because everything is on fire in America.

So is there a threat of any new capacities coming up? And if someone would like to explore, good luck to them. But I don't think so that it is something which someone need to even venture about because things are not as what we see from here. Number 2, we also believe that there is a tipping point.

You could -- we could see a demand -- we are seeing a very structural demand for the next 5 to 7 years' time, right? Out of which we have only booked for 2 years' time and maybe potentially we can -- as the things will progress, we can book in a year or so. Even if we start thinking beyond adding our more capacity, which we don't want to do that, I think it is beyond a tipping point because overcapacity is also detrimental to into a market which is growing.

So we do not believe -- I think right now, we believe in the U.S., the type of capacities what we have and the type of capacities our competitive landscape is having. I think so with that, it has reached to a point that there probably is no need to add any capacity.

Because if we really want to see the momentum, if we really want to see the margins being maintained, I think so the best way would be to maintain the capacity levels at this level itself. And we believe that, I think so this is a sort of a general sense I'm getting. And in any case, any newcomer putting up a plant is next to impossible, it is not possible.

And even if somebody venture, he's going to bleed that. So I think -- so from a capacity point of view, everyone seems to have reached to a certain optimization level. Let's not forget that we are also a project business. This is also a cyclical business. All what we are seeing is a 5, 7 years of a sustained growth. But then if you have an overcapacity, then that also comes and bites you back when the sun is not shining that -- the sun is not as shiner as it is now.

So we are very clear that at this point in time, we have done what we would need to do. We have positioned ourselves. We want to maintain our leadership position, which we have. We want to have a particular market share, which we have. We will continue to maintain our market share. That's what we have invested for. Beyond that, we are not looking at anything at this point in time.

Nishant Vass: So can we then assess the fact that I'm not comparing it like-to-like, but there was obviously a similar shortage on the data center build-out from memory. And I think if gas becomes, let's say, a roadblock for growth in memory, could you -- is there a pricing lever which you can extract from the customers that you talked about margins?

I think then there is a much larger headroom for margin expansion in the U.S. if some of the things that we talked about data center build-out happens for you guys. Is that understanding correct?

Vipul Mathur: That's a fair understanding. I think so the margin profile has been increasing. It has been what it was 2 years back and what is it for now and what is it going to be in future. I think so the margin profile incrementally has been better. And please understand on the other side of the table are intelligent buyers. They completely understand that.

I think so the name of the game is all about how quickly they can -- how quickly they can be into the particular market and how quickly they can be served. And that is one of the USP what Welspun bring up on the table.

And that has helped them to be quicker into the market. And at the same time, they have rewarded us with a margin expansion. So it's a 2-way process. It is very, very open, transparent, and that is the strength of that particular market.

Moderator: We have our next question from the line of Netra Deshpande from Mirae Asset Sharekhan.

Netra Deshpande: Congratulations on the great set of numbers and the new record level of global order book. My first question is pertaining with the DI pipes. As you have flagged about the funding constraints under this Jal Jeevan mission impacting the domestic marketing demand. So which is like the strategic pivot shifting towards pig iron exports more this time. So can you quantify the current exports against and what would be the sustainability about this strategy as a margin level?

Vipul Mathur: So Ms. Deshpande, you are right. I think so the domestic demand for DI, which was under Jal Jeevan mission is under severe pressure. And we see that it is going to be there for a significant longer period of time. We were expecting that things in H2 should improve. But the way I think so the priorities are changing for various reasons, I mean, I completely respect that, looks like that this is going to be a sort of a sustainable pain for a sustainable period of time.

So all what we are trying to do is recalibrating our complete strategy. While we will continue to focus on our DIP business, there is still a market. We are still a large player of DI player in the DI market. We will continue to focus the domestic market. We will -- we have an advantageous position on servicing the export market.

But both the domestic and export market, apart from that, it will also give us an opportunity to do some big exports, and that's what we have opted for. At the end of the day, the bottom line remains that we remain -- despite the challenges which are there into the domestic market, we still need to be very profitable.

So that's the strategy which we have calibrated our change to. I think so this is the right strategy, a domestic presence, export focus and a blend of pig iron coming into play. And I think so these 3 things put together will continue to give us the margin profile what we are looking at.

Netra Deshpande: Okay. Okay. Noted, sir. And sir, my last question is about the one-off deal that is of EPIC. So I just would like to ask about this post partial Epic stake sale, what would be the residual shareholding in EPIC as any other monetization which is planned as this is a one-off deal. So that has shown a good amount of exceptional gain this time in this quarter?

Vipul Mathur: So Ms. Deshpande, our EPIC is a strategic asset for us, right? While we have been slightly diluting our positions here and there, recently being 4%, 4.5%. But after that also, we have more than 22% of the share, 22% shareholding out there. We are still the largest shareholder, and we will continue to be the largest shareholder, number one.

It is a very strategic fit for us because it offers EPIC and our 100% sub, which is coming up in Saudi. I think so these 2 companies put together brings a sort of a very unique portfolio on the table, which is unparalleled.

So our -- we will continue to invest in EPIC. We have no further intentions of diluting it. This 3% or 4% dilution, what we have done was done with a very specific purpose, with a very strategic intention and throwing that money. Bringing it out from the Saudi market and employing it in the Saudi market only.

So it is not that we are bringing that money home or we are taking it anywhere else. We are only divesting and investing into the Saudi market so that our portfolio, the comprehensive portfolio between EPIC and the Welspun becomes such a formidable portfolio, and that becomes the key driver for our growth in years to come.

Moderator: The next question is from the line of Ritesh Shah from Investec.

Ritesh Shah: Sir, first question is, why is it we are not increasing our full year guidance? Because specifically, when we look at midstream owner operators, I think all of them are actually doing well. They have also increased their guidance for the full year. Any specific reason to be conservative?

Vipul Mathur: Ritesh very good afternoon to you. I think so -- I mean, that's our philosophy. A what we don't want to revise our guidance is. We have given at the start of the year. We are into a project-based business. Will you -- anyone anticipated this war will continue like this? Nobody, right? Will it sustain to this particular period? Nobody. I think so there are events which keeps on changing over a period of time on which you have no visibility to.

So I think so it's not prudent on our part to keep on changing the guidance. What is important is to give a realistic guidance number 1. And work hard in terms of achieving that or exceeding that. If you see the track record in the last 4 years, whatever guidances we have given, we have always met them, if not exceeded them, right? And in those period of 12 months, so many things geopolitically keeps on changing, which we have no control on.

So I think as a philosophy, we believe in giving a realistic guidance, not creating a disappointment, rather bringing truthful thing on the table and keep our investors happy saying that this is what the bare minimum they are going to see. If we are able to do better, nobody is going to mind that. So I think that's a part of our philosophy, operating philosophy, which we operate in, Ritesh.

Ritesh Shah: Yes. Sir, if I just flip the question around, saying like probably you are not changing the guidance because you already have the order book, which is fixed -- we know the volumes. We know the profitability, probably that might be a reason we are not changing it. But sir, if I have to just ask you a question, you did point upon FY29, some visibility incrementally emerging. Given the situation that we are in, it is quite strong, what is the thresholds when you are seeing no to orders right now?

Because I think in one of the prior questions, you did indicate for U.S., we are making more than $300, $300 was a normalized average historically. So is it that we are seeing no to orders, have our thresholds on ROCE moved up? So you did give a number of 20%, but is 20% number higher at this conjuncture?

Vipul Mathur: See, this was relevant when we were talking of FY28. Right now, when we are talking of FY29, their discussions are at a very early stage. Because see, you also have to understand that for me, -- we also have to have a very clear-cut substrate strategy, which is the steel strategy. So it is not an easy answer to commit immediately for FY29. For any steel suppliers to also commit for FY29 assured delivery at a fixed pricing also becomes equally challenging. So it is not a one data point discussion.

It is a multiple data point discussion. We, our capacity availability; number 2, the steel guys, what are they thinking about it and the total demand into the market. I think so these 3 points, we triangulate that. Basis that what is the right fit for all 3 -- right fit for Welspun is basis that we take a decision.

We have -- basis that we have taken decisions till FY28. Right now, as we speak, we are triangulating these points coming to a broad consensus for FY29. And the good part is that what I've been saying that the good part is that at least the discussions for FY29 has started.

But whether -- have we triangulated the strategy, have we reached to a broad consensus, I think so it will evolve over a period of time. We are in no rush. We are in no hurry. But we have a very clear objective that how can we improve our margin profile as what we have over FY28. So that it is with that objective. We are working around that. We have -- have we reached to any conclusion? The answer is no. But I'm sure that we will get there sooner rather than later.

Ritesh Shah: Sir, just one follow-up. When we say INR24,750 crores of order book, is it possible to put a value on tonnages over here?

Vipul Mathur: Value of -- sorry, I didn't get your question?

Ritesh Shah: On tons, tons. So the reason -- so INR24,750 looks beautiful because of Section 232, steel pricing, obviously, is very high in U.S. So if we have to look at it from a -- how should we look at it?

Vipul Mathur: Look at it from an absolute value, this is what is going to happen over the next 2 years' time. Why should you go?

Ritesh Shah: Volume. I'm looking at it from a utilization level standpoint as well. So is it possible to quantify it on a volumetric basis?

Vipul Mathur: Is difficult because it also has other businesses embedded into that also, right? The India business is also embedded into that. The futuristic, there's some WSL. So it is difficult. I'm not saying that it cannot be -- it is not quantifiable, but it is difficult. But you have to understand where do we stand?

We stand that we gave a guidance that, okay, guys, this year, our turnover is going to be like this and our EBITDA margin -- EBITDA is going to be like this. I think so that is what we are focused on rather than volumes or the percentage because the more variables you like to bring into the play, the more confusion we create.

So we want to be very clear, very straight, very upfront so that I and very transparent that this is what we are committing. This is what we are delivering. If we can do better, trust to me, you will not leave any stone unturned to do things better. I hope you -- that comfort and that confidence you will be having on this team and on this management.

Ritesh Shah: Sure, sir. And sir, just last question quickly. You indicated...

Moderator: Sorry to interrupt you, sir. Request you to rejoin the queue. We have our next question from the line of Yash Sedani from Integrity Ventures.

Yash Sedani: Congrats on great set of numbers, sir. On volumes, I understand you said you shall not look at volumes on a quarterly basis. But if I compare this on a quarter-on-quarter basis, we are seeing a volume degrowth. So is there any reason for that or the orders are getting executed in next quarter that is the reason for this?

Vipul Mathur: As I said, Yash, this volume degrowth -- see, volume degrowth or growth is a factor of what you are producing in that particular quarter, right? I really do not know that whether it is a degrowth. I don't think so it will be a degrowth. But assuming for a minute, it is a degrowth. That's specifically validating my point that I do not want to discuss on a quarter-on-quarter basis.

We really want to discuss it on a year-on-year basis for a simple reason that you really do not know what product mix you are running, what type of sales you are booking. That sort of a visibility, that sort of a granular visibility is so very difficult to predict on a quarter-on-quarter basis.

On a yearly basis, we know that, okay, this is the volume we are able to do. This is the top line revenue we are able to do. And with the steel completely hedged and the margin profile what we have, we are able to give a clear cut guidance on the EBITDA number. I think so we would like to keep it that way. We would not like to comment on quarter-on-quarter growth or degrowth basis, please.

Yash Sedani: Okay. Got it. The second question would be on basically the domestic business. So since you mentioned domestic business has seen muted demand, but we have seen that Sintex's negative margins and margins are increasing negatively. So how are you looking at that number specifically?

Vipul Mathur: No, no, no. See, please do not see Sintex margins as negative. We are -- this is an iconic brand, number 1, Yash. Number 2, and this is a B2C play, right? If I'm heavily invested into branding and marketing, whether the market is good, bad or ugly, it doesn't matter. There are 3 things fundamentally we will do.

Number 1, we will continue to expand our base, which is the distributor, the retailers and the influencers. Come what may, number 1. Number 2, we will continue to invest into the capex what we have already announced so that we are able to capture on the growth when the growth comes in.

And number 3, this is a B2C business. You understand that unless until you do not have the branding and the marketing expense completely embedded into that, this B2C business don't grow. So we don't see this as a seasonal business. We see this as a long-haul business.

We are preparing ourselves for the long haul. This is a crown in our jewel. We are more than confident about this company. And don't be surprised that when the market conditions improve, it would be one of the most successful turnaround story in the country.

Moderator: We have a next question from the line of Sohan Joshi from ASC Consultants.

Sohan Joshi: Sir, my first question is with regard to the expansion of East-West pipeline by the Saudi Arabia to the Red Sea, so that you can transport the oil surpassing the Strait of Hormuz. Is this discussion gaining any momentum? I mean, are you aware of these discussions?

Vipul Mathur: Sohan, we are, number 1. And what we are hearing and what we are seeing on the ground are 2 different realities. What we are hearing is much less than what is happening on the ground. Definitely, East West is a very active project, which is under discussion.

And I think a lot of steps the government of Saudi Arabia and especially Saudi Aramco is taking with respect to that. But do not -- we should not look East West only in isolation. East-West is only one part of the strategy of what they have been talking.

I think so there are multiple lines which they are talking at this point in time, multiple augmentation of capacities is what they are talking. And as I said earlier in the call, earlier, there was an internal discussion. Now they have moved to an engagement stage. So there's an engagement which is happening with the stakeholders.

So that is reinforcing that what is being discussed internally within government and Saudi Aramco is now coming up on the table and being discussed with the various suppliers and various stakeholders on the table, and that is reinforcing the trust. So it is East-West for sure. And apart from East West also, there are multiple things being talked about or engaged about.

Sohan Joshi: Okay. My second question is, there are some reports, and of course, it was even highlighted by President Trump that some of the data centers in U.S. are getting shifted from the city area to the rural area because there were some protests from the citizens and even President Trump twitted about it. How are we seeing this affecting our demand? Is it going to increase since the location of the data centers itself has changed?

Vipul Mathur: See, a data centers typically, to the best of my understanding, they were never coming into the cities for the simple reason that the large cities cannot accommodate this type of data centers.

So these data centers were typically moving towards more on the rural side of it always. They were always -- that was always the case.

Now there could be 1 or 2 which would have further moved for which this noise would have been coming. I'm not privy to that. But at least all the data centers are coming in Midwest and in the Arizona region and because what you need there, you require a huge land parcel, number 1. Number 2, a lot of water; and number 3, a power connection.

Now the cities have all the 3 challenges. They don't have too much of a land space. They cannot give you that type of water, which is required. And in any case, all the cities are on the grid. And the grid infrastructure in America is so fragmented that if they start giving power from the grid to the data center, the grid could collapse.

So all these 3 factors are deterrent. Everyone in the data centers are aware of it, and that is the reason they are all moving to Midwest, Arizona regions and all that stuff. And I think so that growth with what we have been talking, what we have been hearing is the growth is much more than what we have been hearing about.

I think so the way they are coming up on the table, the way their demands are going up. I think so what also needs to be seen, Sohan is you -- another data point to track is the turbines, the gas turbines. Just to give you an example, 2 years back, the gas turbines, there were hardly -- hardly 5 or 7 or 10 gas turbines, which were sold in America, right?

This year, if you look at it, the order book is for more than 300 gas turbines. And this is the demand for the next 4 or 5 years. So if you look at that data point also, it is very clearly giving an indication that this business of data centers is going to exponentially grow.

And where these turbines fit because these data centers will have their own power plant, each power plant would require those turbines. And this number of turbines, incremental exponential growth in turbines is also giving a very clear indicator that this journey is a very, very -- it is going to happen.

And once you have that gas power plant out there, you would need a pipeline to connect to that. And that is where we come into play. So today, if you look at it, we have become a sort of an integrated part of a data center value chain. That's the way things are panning and shaping out in America. I hope that answers and addresses your question, Sohan.

Moderator: We have a next question from the line of Deep Gandhi from ithoughtPMS.

Deep Gandhi: Sir, first question is around again on the data center side. So I think one of the previous participants, you had mentioned that in terms of the new order inflow, the share of data center orders is increasing. So can you quantify that, I mean, in the pipeline or for the incremental orders, what share of the orders you are getting is towards data center? And similarly, I mean, also on the margins. So are the margins higher in the data center order? Or are they broadly similar to the oil business?

Vipul Mathur: Deep, I think so I have answered both the questions. I'm sure you are listening to this call since it start. Both these questions I have already answered. I don't think so there is point repeating those answers, please.

Deep Gandhi: I think you haven't shared in terms of incrementally what percentage of orders you are getting from data center. You've given a sense that the share is increasing?

Vipul Mathur: No, I did say that currently, our portfolio would have something like 75-25. But I think so in times to come, we are seeing more traction and this portfolio might change. That's what I answered.

Deep Gandhi: Okay. Actually, I was looking for a number, if you can share what can be the numbers 2, 3 years down the line in terms of future order inflow from data center. That is what I'm trying to understand?

Vipul Mathur: Difficult to predict for us at this point in time because see, at the end of the day, it is also about timing. Now on a given time frame, there is a demand coming for data center and on the same time frame, there's a demand coming for an LNG export. I am not the one choosing for that. Right? I am the one choosing for my -- what is the right mix for me to produce at that point in time with the right margin. I would love to do data centers as much as possible.

Why I'm saying data centers need to be seen, they need to be seen as an opportunity, as an alternate opportunity, which is coming up on the table. So which is giving us sort of a very long visibility about horizon about this line pipe demand for the next 5 to 7 years' time. I was -- I'm talking data centers from that context.

Deep Gandhi: Sure, sir. And sir, second question is, I think a few weeks back, we had INR1,600 crores orders for export from India. So can you give us some more sense around which geography are we going to export this order to? And I mean, usually, the understanding was India plant was meant mostly for domestic use. So I mean, are we seeing any new opportunities where the India plant could be used more towards export also? Are we seeing any more such orders in the pipeline?

Vipul Mathur: India has 3 types of plants. Number 1 is our LSWA plant number 2 is our Spiral plant. Number 3 is our HFIW plant or the ERW plants and number 4 is the DI plant. What I am talking here is the India domestic demand being weak, which means it will impact my DIP, it might impact my Spiral. But our LSAW was always export.

So the export demand out of India is always going to be robust. It was, it is and it will be. So if you see on a year-on-year basis, we export almost 150,000 to 200,000 tons of pipe, which we export, which are primarily LSAW, not primarily, which are all 100% of them are.

That demand is very strong, that will continue to be strong. We have a large -- see this -- we are servicing the export market here in Middle East. We are servicing in the Southeast Asian market. And now we are extending our footprint into the Caspian region.

So these are the 3 markets in which our India has been supplying the pipes in the past 5 years, and it will continue to do so in the next 5 years for a simple reason that the oil and gas investment is happening all over. It is not only happening in America or it is not only happening in Saudi Arabia. It is happening all over. So from our India, we are servicing the demand in the Caspian and the Middle East and the Southeast Asia region. So that demand is there and will be there.

Moderator: We have our next question from the line of Parth from Investec.

Parth: Sir, just one question, which is on approval. So once our new capacity is commissioned in KSA and U.S.A., typically, how long does it take to get the approvals from Tier 1 developers, owners? Do these projects go through a full fresh technical approval cycle for the new product or facility or does our existing track record and company credibility with clients helps to fast track these approvals?

Vipul Mathur: I think so the latter statement is the most appropriate statement part. I think so Welspun, typically, the quality management systems, what is one bothered about? They are bothered -- everyone is concerned about the quality, right? So the quality management system, we have a global quality management system. We have one quality policy, policy, wherever in the world we operate, it's the same one.

So nothing is going to change. Number 2, our relationship with the customer, our past supply track record. I think so these are all factors which only completely accelerate. So for us, getting -- once we are absolutely installed, erected and commissioned, getting approval is a matter of weeks, not months.

Parth: And that won't be the case for competition, right?

Vipul Mathur: I don't know. It should not be the case.

Moderator: We have our next question from the line of Arun Chulani from Freshwater Capital.

Arun Chulani: Just one quick question. I think I missed it, but which particular pipe is going into these data centers, which is the type of pipe?

Vipul Mathur: Sorry, Arun, can you repeat the question, please?

Arun Chulani: Sorry. Which type of pipe? Is it stainless steel? Is it HSAW? Is it LSAW, which is the pipe, the specific pipe that's being used in these data centers?

Vipul Mathur: Both, both Spiral as well as LSAW. Two things you have to take care -- Arun, you have to take note of. See, data centers are now coming in hinterlands, right? Now they have to cross multiple urban areas. And there, the code requirement, the safety code requirements are very different than when you are taking it to the -- from the Permian to the Gulf Coast because that particular corridor is not that habitated, right?

So depending on what area it is, how much is the habitation in between, what is the safety code, which is in application, that is determining spiral versus LSW. So we are seeing a strong demand coming up in the data centers because they pass through -- the pipeline passes through a much thicker habitation area. So that's the impression we are getting. But to your question, whether both the pipes are acceptable, the answer is yes.

Arun Chulani: Got it. And I mean, this is for the U.S., but there was also a large data center announcements in India. So I don't think they've fruition as yet, but one would suspect that this would also create demand.

Vipul Mathur: It should. It should. But the good part here is, Arun, that there is already a gas grid, which is in place, number one. Now I think so to the best of my understanding, these data centers will be hooked to this gas grid, the national gas grid. Right? Instead of developing an independent line to their data centers, which is the case in the U.S., I don't think so that will be the case here in India. There will be a requirement.

They will like to go through the national gas grid and which is where the companies like GAIL and they participate. And we are seeing that in their forecast, they are indicating that they want to add additional 10,000 kilometers of pipeline to complete the gas grid. So this demand, I'm sure, will come at an appropriate time.

Moderator: We have a next question from the line of Ritesh Shah from Investec.

Ritesh Shah: Sir, I'll just start where we left. Sir, you indicated securing a substrate is something which is a challenge, say, for FY29 order book. Sir, how are we going about it then? That's first. And secondly, are there any regulatory policy challenges that you foresee, which could actually derail the train where everything is going right at this juncture?

Vipul Mathur: So Ritesh, with respect to substrate sourcing, I think so it is a sort of a joint approach we follow. When we work with the local steel suppliers, we enjoy a credible relationship with them. And there's nothing called speculative. They have their skin in the game. So I don't -- I never said that it is going to be a challenge. I'm saying that it needs to be strategized. All -- as we are discussing requirements for -- we just concluded for FY28.

Now when we are getting into FY29, we are putting -- jointly putting together a strategy, what should be our strategy for FY29, and that means along with the steel guys as well. So I don't think so it is a challenge, but there's a work to be done, number 1.

Number 2, regulatory policy and challenges. Yes, there are challenges, but those challenges will be to the imports. See, one thing is we are very, very clear that in America, there has been -- we have seen certain imports still coming in, small diameter or someone had ventured and small quantities of large diameters also trickled in.

I think so that will stop. So we are absolutely plugged with to the government to all the regulatory authorities and the bodies out there. Earlier, there was no capacity, no capabilities available there. But now when in America, all the capacity, the full capabilities are available.

So it is only a matter of reinforcing that things has to come to a standstill and for which we are gaining a very favorable traction. So I think so the regulatory challenge is more for the importers rather than domestic producers.

Ritesh Shah: Sir, last question. I'll just put a hypothetical scenario of Section 232 and 301 is completely rolled back hypothetically tomorrow. How does the nature of operations -- how does the economics change for us?

Vipul Mathur: Two things. Number 1, both 232 is by statute of law. It is not that by statute of precedent. It is by statute of law. So it cannot be rolled back, first and foremost. It has survived 2 terms of 2 different parties. So I see no reason whatsoever that this is going to roll back. For a simple understanding that in U.S., they completely understand there are 3 or 4 pillars of U.S. economy, automobiles, oil and gas, steel, tech. These are 3 or 4 pillars they completely understand. They are -- there is a bipartisan support around all these 4 things.

I think so they are formulating and they have formulated an ecosystem that anything and everything has to be around that. So with the bipartisan support, which they have in the Senate and the Congress and through legislation, it is impossible to roll back something like this. Things which can be -- things which have an impact are the stack up duties here and there.

So they are marginal in nature. So they are not going to move the needle. But if that 232, which is the cornerstone, which is 50%, that is not going to go away anywhere for sure. Do we have any questions left?

Moderator: No, sir. This was the last question. Ladies and gentlemen, that was the last question of the day, and I now hand the conference over to the management for closing comments. Over to you, sir.

Vipul Mathur: Yes. Thank you, gentlemen. Thank you all for participating in this call. I think so we tried to answer most of your questions. I still feel that if there are any further clarity which are required, you can definitely reach out to Mr. Percy and Mr. Goutam to get those answers.

But fundamentally, what I'm trying to tell you, gentlemen, that, a, the company -- your company is on a very, very strong wicket. I think so this -- our performance is a testimony to that. Our future order book is also -- gives you a clear visibility as to what is going to happen over next 10 to 12 quarters' time and maybe even more.

The market -- we are seeing the tailwinds in the market. We are present into those markets where the tailwinds are there. It is definitely going to offset some setbacks what we might have in the Indian domestic market, but they are going to be largely offsetted by miles into the geographies what we are present.

And I'm sure that the best of the company is yet to come. So continue to have your trust, continue to have your faith, and we look forward for all your support what you have given us till date. Thank you very much for joining us and all the very best. Good day to you.

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

Vipul Mathur: Thank you.