Welspun Specialty Solutions Limited

Q1 FY27 Earnings Conference Call

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

Moderator: Ladies and gentlemen, good day and welcome to Welspun Specialty Solutions Limited Earnings Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand over the call to Mr. Sailesh Raja from 360 ONE Capital Market Limited. Thank you and over to you, Mr. Sailesh.

Sailesh Raja: Yes, thank you, Sumit, and welcome everyone to the call. We would like to thank Welspun Specialty Solutions 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 team. Yes, over to you, Goutam.

Goutam Chakraborty: Yes, thank you, Sailesh, and good evening everyone. On behalf of Welspun Specialty Solutions Limited, I welcome all of you to the company's Q1 FY27 results call. Along with me, we have Mr. Anuj Burakia, Chief Executive Officer and Whole-Time Director; Mr. Naveen Agarwal, Chief Financial Officer of WSSL; and Mr. Harsh Rungta, Group Head Investor Relations, Welspun World.

I hope you have had a chance to review the investor presentation that was filed with the exchanges. The presentation is also available on the company's website. And during today's discussion, we may be making references to this presentation. Request all of you to please refer to the safe harbor statement mentioned in our presentation.

We will start the forum with the opening remarks by Mr. Burakia, and then we will open the floor for the Q&A. So let me hand over the floor to Mr. Burakia now. Over to you, sir.

Anuj Burakia: Thank you, Goutam. Good evening everyone. Let me extend a warm welcome to all of you to the Quarter 1 Financial Year '27 Earnings Conference Call of Welspun Specialty Solutions Limited. Thank you for joining us today.

I will begin with a brief overview of the global macroeconomic environment followed by insights into the industry landscape and our company's performance for the quarter. After that, we will open the floor for an interactive question-and-answer session. According to International Monetary Fund's latest World Economic Outlook report, global economic growth is projected at 3% for 2026 and 3.4% for 2027 compared with 3.5% recorded in 2025.

The report highlights that the global economic outlook is currently being shaped by two powerful forces moving in opposite directions. On one hand, the conflict in the Middle East has created a negative supply shock, adding to uncertainty and disrupting global trade flows.

On the other hand, the rapid acceleration of global technology cycle driven primarily by large-scale investments in artificial intelligence is providing a meaningful boost to economic activity. Overall, the global environment continues to be characterized by heightened uncertainty and cautious business sentiment.

For India, the Reserve Bank of India has projected GDP growth of 6.6% for current financial year, supported by robust monetary and fiscal policies. Against this backdrop, the operating environment in international markets remained challenging during the quarter.

Export volumes declined primarily due to ongoing geopolitical conflicts, supply chain disruptions, tariff-related measures, all of which continue to weigh on demand and customer sentiment across key overseas markets. In addition, the reduction in the European Union's tariff rate quota for certain categories of steel products including stainless steel posed an additional headwind for exports.

The domestic market, however, continued to provide a strong growth runway. As India's only integrated manufacturer of extruded stainless steel pipes and tubes, we are well-positioned to address the growing demand for complex, value-added products across industries such as oil and gas, petrochemicals, fertilizers, thermal and nuclear power, defense, and infrastructure.

With the government's continued emphasis on infrastructure building, energy transition, and the Make in India, the import substitution initiatives, we believe this opportunity will continue to expand over the coming years and remain central to our growth strategy alongside our export business.

Coming to the performance for the quarter, our total income for quarter 1 financial year '27 stood at INR197.5 crores with total product sales volume of approximately 6,300 metric tons. While stainless steel bar sales were impacted by the factors discussed earlier, tubes and pipes registered healthy growth driven by strong domestic demand.

The operating EBITDA of INR10.5 crores increased by nearly two and a half times compared to same quarter last year. The improvement in EBITDA per ton reflects the benefit of operating leverage as capacity utilization continues to improve and also the product mix. Cash profit after tax of INR9.1 crores increased nearly threefold over the corresponding quarter of the previous year.

We continue to focus on new product development and expanding our customer base. During the quarter, we added 13 new customers across our business. We have also intensified our focus on Middle East and are actively pursuing key customer approvals. The SIRIM certification process is progressing well, which will enable us to commence business in the Malaysian market.

I am pleased to share that the company has successfully secured approval from NTPC for Grade T91 super critical boiler tubes. We have also received the Indian Boiler Regulation, IBR approval for the same product, further strengthening our position in this critical application segment. In addition, we have received our first trial order for City Gas Distribution, CGD instrumentation tubing. Successful execution of this is expected to open up opportunities in this high value-added segment.

I am also pleased to inform you that the installation of our Bright Bar Project has been successfully completed and the facility is currently undergoing stabilization and ramp-up. Looking ahead, while near-term macroeconomic uncertainties are likely to persist, we remain confident about our long-term growth prospects. Our priorities will continue to be improving capacity utilization, increasing the share of value-added products, strengthening customer relationships, and creating sustainable value for all our stakeholders.

At the same time, we remain focused on expanding our customer base across both domestic and international markets. The growing emphasis on supply chain diversification and India's emergence as a preferred global manufacturing destination present significant long-term opportunities for specialty steel producers with strong technical capabilities. We believe Welspun Specialty is well-positioned to capitalize on these structural growth drivers.

Our disciplined execution, focus on cost optimization, prudent risk management and continuous improvement in asset utilization have enabled us to deliver a resilient performance despite a challenging operating environment. We remain committed to executing our strategy with agility and operational excellence. Sustainability continues to be one of our key business priorities. We remain committed to improving our environmental performance and building on progress achieved over the previous financial year.

Going forward, we aim to further increase the share of renewable electricity in our operations while improving our emission intensity through enhanced operational efficiency and higher production levels. With that, I would now like to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Parth Bhavsar from Investec. Please go ahead.

Parth Bhavsar: Hello. And congratulations on a good set of numbers.

Moderator: Hello Parth? Sorry to interrupt your voice is not audible.

Parth Bhavsar: Am I audible now? Hello?

Moderator: Can you please speak?

Parth Bhavsar: Hello.

Moderator: Yes, you are audible.

Parth Bhavsar: Sir, thank you for the opportunity and congratulations on a good set of numbers. Sir, I have a couple of questions regarding exports. So what was our export share this quarter and what was it last quarter and even in the previous, sir?

Anuj Burakia: Hello, Parth. Thanks for the question. You see, as I was mentioning in my opening remarks, the export has definitely got hit out of the situation, that's existing at present. So you can say the exports have now reduced to approximately 20% to 25% of our total steel sales and which had been the case in last 3, 4 quarters.

Whereas in case of pipes and tubes, I think the exports are hardly any now. I mean, we are very focused on the Indian strategic requirements. So only very few close customers who still, let's say, like to buy from us, other than that, I mean, pipe is all you can say domestic and high value-add now.

Parth Bhavsar: And sir, what was the share maybe last year? Was it 25%?

Anuj Burakia: You mean on the export front?

Parth Bhavsar: Last year -- yes, exports, yes.

Anuj Burakia: In Financial Year 2026, our total pipe export was I think about 8% in volume, 8% to 10%.

Parth Bhavsar: Okay.

Anuj Burakia: And steel was nearly 20%. So it's similar now.

Parth Bhavsar: Got it. Sir, I wanted to understand like what is our order book outstanding for both the businesses put together?

Anuj Burakia: We have been consistently maintaining, let's say, though the healthy order book I would say, would be about 3 months of steel and 5 to 6 months of pipes and tubes. But given the situation, I think currently what we are working with is about 3 months of pipes and tubes and a couple of months for steel. And as the markets improve and the situation improves, I think we'll be back to our normal operating level of 3 months of steel and 6 plus months of pipes and tubes.

Parth Bhavsar: Got it. And sir, just to understand for the bar sales specifically, what would be the share of captive volumes?

Anuj Burakia: So whatever bar sales that we are talking about is all to the third parties. Whatever goes -- captive is not considered as sale in first place, right? So that is over and above, Yes, Yes.

Parth Bhavsar: Got it. That's very clear. And sir, just one last question on power and fuel cost. How do you see this number faring over coming quarters?

Anuj Burakia: See, we really cannot predict as to how the oil marketing or gas marketing companies are going to price, though we try to get their inputs. One thing is very clear that this quarter, Quarter 1, got an impact, a significant impact due to the increase in gas price and which was almost like 40% to 45% increase of the price. Now, they have now settled the price at a certain level which is also high compared to what it used to be in pre-Hormuz, let's say, problems.

So here on, I think the fuel prices will be determined by what happens there in the Strait of Hormuz. At this point in time, we are neither seeing a reduction coming so easy on the gas, but nor we are anticipating that they will further increase the prices. So this quarter might see the same price level as it was in the last quarter.

Parth Bhavsar: And sir, are we able to pass this on the existing orders?

Anuj Burakia: No, that is not the trend, Parth, in this business. But what happens is, as the cost goes up, obviously everyone starts to build this cost in their cost of production and...

Parth Bhavsar: Incremental orders.

Anuj Burakia: Yes. And so it gets passed on for future, but obviously when the cost increase, the margins get squeezed. So that's the usual way things happen.

Parth Bhavsar: Right. And sir, just a last question if I can squeeze in. You've received the trial order for CGD instrumentation tubing this quarter. So wanted to understand how big is the opportunity over here?

Anuj Burakia: So independently, it is -- I mean, difficult for us to really size this, but I can only say that this is a very regular product, considered as value-add, because instrumentation tubing means very small in size and very precision. And it fits well into our strategy because the extrusion is a preferred route. And so for us, it is important to add such segments in our offerings. So this will be yet another category of products that we'll start offering hereon.

Parth Bhavsar: Perfect. So those were my questions. Thank you for answering them.

Anuj Burakia: Thank you. Thank you, Parth. Thank you so much.

Moderator: Thank you. The next question comes from the line of Rahil Dasani from MAPL. Please go ahead.

Rahil Dasani: Yes. I am audible?

Anuj Burakia: Yes, you're audible, Mr. Rahil. Thank you.

Rahil Dasani: Yes. Good afternoon and thank you for this opportunity. My questions are primarily around the tubes and pipes segment. To start off with, if you can maybe give me an understanding as to the demand situation overall in India. Our tubes and pipes volumes grew 60%. If you can share what led to this growth and how will this continue going ahead, if you can expand on this?

Anuj Burakia: Yes, sure, Mr. Rahil. So, one is the factual number which is a growth. At the same time, I must also say that the Quarter 1 of last year, we also had one planned maintenance, so our volume was low in that particular quarter. Having said that, now you see, we are -- what has happened in last 4, 5, 6 quarters if you really see, the exports have continued to decline for the reasons which are beyond our control.

But at the same time, we kept on focusing on getting more and more approvals, making newer products, and get into newer segments. And while we were losing on the export front, we were adding these segments and these new sectors to our portfolio, thereby keeping our volumes consistent. So I think India currently I am very confident for the next foreseeable 5, 6 years, there is huge opportunity within India.

And ours being an integrated setup, I think we are fully positioned and very strongly positioned to grab the opportunities that are going to come our way. And therefore on the tube side, I think while we are keeping, let's say, eyes open and looking for opportunities in export as well, but then I think domestic market presents a very strong opportunity for the Indian companies.

Rahil Dasani: Got it. And which sectors or segments would be leading this growth for us? Where are we seeing so much demand coming in from whereby they are not only absorbing our export supplies but also helping us grow so much?

Anuj Burakia: So you see there are wide spectrum applications, but if I have to pick up like 3, 4 important ones is the critical grade tubing, let's say, within oil and gas, especially the refineries and the LNG setups. As you see this whatever happened in the past in the Middle East has again started to build a lot of thrust on investments into oil and gas assets. So that is one segment which is bringing a lot of business.

At the same time for India, the story of energy security is very strong. So we are seeing huge investments coming in thermal already. And at the same time, you would have -- if you would have followed these large-size nuclear power plants which have been announced by not just government, also the private players.

So we have been talking about this in our past calls also and we were kind of following the sector. But now I think it's very, very clear and announced in public and this is now here on the ground. So we will see huge activity in nuclear power in next 4 to 6 quarters, I believe.

Rahil Dasani: Got it. Just before going to my formal list of questions, a bit more understanding on the export part. If you can give me more data around the Europe quota situation, what sort of volumes are getting cut? I believe there are 7 to 10 exporters from India who will get cut. And do you think that we are losing on exports because we are more extrusion focused and the piercing players are being preferred since they are 20% to 30% cheaper? If you can give me some understanding on this.

Anuj Burakia: Yes, Yes, sure. So see, Rahil, we need to understand that there are applications where both products could be acceptable. But when it comes to I would say plain vanilla line pipes, so the line pipe is I would say in the graph of criticality mostly in general you can say are considered the lowest.

Now that market not now, for last two, three years is already gone into piercing. So what you see all the exports happening is that low-end line pipe in larger quantities. I'm not saying the other things are not going, but then that comprises a very big portion. And the situation in that market was very different three, four years back when we were also exporting the same products from extrusion.

So a sea change has come in last two years and that's a reality. So for extrusion, as and this is not new, I mean for last two years we have been saying that we are only focused on high value, only focused on value-add because that is what will keep us going and -- keep us going and growing because there are so many applications where let's say for the criticality, design, or the grade complexity, extrusion is either must or preferred.

So the two businesses of course are overlapped let's say a piercing player or an extrusion player. I'm not saying that they are completely delinked, but at the same time, I think being integrated and being into extrusion, we are very strongly positioned. And we have our strategy in place as to what we are supposed to do if not six, seven years, at least for next two years.

Rahil Dasani: Fair enough. So if I were to just conclude, would it be right to say that Europe has -- the bigger requirement in Europe was for the line pipes which is more commoditized, lower value where we got competition from piercing as well as we as a company didn't want to focus on lower value products and hence exports have taken a back seat for us, especially in Europe?

Anuj Burakia: Yes, and see our exports to Europe have anyway reduced in last two years, not now this quarter. But at the same time, yes, it would not be wrong to say that quite a large portion is line pipe and general tubes and quite a large portion of it goes into the stock holders because that's how business happens in Europe, okay?

Now that doesn't mean that none of the high value tubes are going, but I mean it's very you can say as a proportion very less. And as you rightly said, now the quota has been reduced significantly, reduction has happened and overshooting the quota will mean double the duty, which was earlier 25% is now become 50%.

Now earlier when it was 25, obviously there used to be always some quantity which used to exceed the quota. But the rules are such that they would apply some duty on total import by applying some formula. So the average duty in the pre-reduction era used to be anything between 6% to 10% which was applied to all the imports into Europe, which now if I go by the same criteria or same formula might become 30% or 35%, which I think is very prohibitive.

Rahil Dasani: Got it, got it. Okay. And now sir my last line of question around the thermal part of it. If you can share more as to the opportunity that we are seeing from the thermal segment, especially BHEL, I believe a new tranche of orders is to be announced in this upcoming few months, if you can share more on that. And secondly, as of date, how many approved players are there for this particular grade of pipe on BHEL? Yes, if you can share on two of these, then.

Anuj Burakia: You see, first of all, we need to understand the thermal power sector from the country standpoint. So a total of approximately 80 GW is what is planned to be built over next eight years. This we are talking of the central plan with almost all the plants in super critical category. Now in addition to this, obviously there would be other projects coming from the state governments and the private sector and things like that.

Now all these all along we have seen that BHEL had been a key player -- as a boiler manufacturer which is like relevant portion for us. And but now when you look at this sustained story of building so many plants, I think other players are also now becoming active. For example, L&T-MHI is already doing some projects. And I believe that Thermax is also now entering the fray.

So obviously when the business is sustained, new players will come in because for this kind of execution, it is difficult to just depend on one company. So these requirements what we are seeing in the market according to us will further increase. Now as far as who can supply is concerned, there is no one answer because there are different grades and categories of tubes.

For some categories, some many -- some manufacturers are approved or can supply. For others, there are others who can supply -- other set of manufacturers who can supply. So in some cases for the same grade, same category of tubes for different owners, like for example if the owner is NTPC or if the owner is Adani Power or if the owner is Reliance.

They also have their say and their own list of approved suppliers. So I think it's a -- it's no one rule, but project to project it differs. As far as we are concerned, I mean we are approved with almost all of the projects, so we don't have the limitation.

Rahil Dasani: Got it, got it. Any reason that we haven't won a thermal project for quite some time now while our competitors have? Is it the same extrusion versus piercing reason that we are seeing an issue with them being much more competitive than us?

Anuj Burakia: See two things. One is probably it will not be right to say that we have not been able to win, but we also need to see what kind of grade, what kind of project, and what are the timelines to be delivered and things like that. So we also need to note that the execution part which had been a challenge and that is why as I was sharing that now L&T is coming in and Thermax is coming in and others are coming in because this sector in last one year we have seen has become limited by the rate of execution because there was only one player, I mean the one large player.

So the supplies were getting choked, the acceptance of supply was getting choked. And therefore we didn't we wanted to have a steady flow; we just don't want to be dependent only on one particular customer business. So we are pretty spread out and we have the healthy and the right mix of business so that it doesn't get choked.

Rahil Dasani: Got it. And if I were to ask this, which particular kind of piping is where extrusion players are needed and preferred compared to piercing players?

Anuj Burakia: Generally, I would say given an opportunity at the same price, everybody would want extrusion. As simple as that.

Rahil Dasani: Of course. And that's why I was asking which particular set of piping in a boiler or in a thermal plant is where the customer would have no option but to go for an extrusion player?

Anuj Burakia: See, technically speaking, in stainless steel, I don't see any categories now left. That is number one. But owner to owner, it is still differing. Some owners are still not accepting, but others are accepting.

Rahil Dasani: Got it, got it. Fair enough. Yes, sir, that would be all from my side. Thank you for answering all my questions patiently. This was very helpful. I'll get back in the queue. Thank you.

Moderator: Thank you. The next question comes from the line of Parikshit Gujrati from Niveshaay. Please go ahead.

Parikshit Gujrati: Hello. Am I audible?

Moderator: You're audible. Yes.

Parikshit Gujrati: Yes, so thank you for this opportunity, sir. So just as you mentioned that as new and new sectors are opening up, for example...

Anuj Burakia: I'm sorry, I missed the last. Can you could you please repeat your question, Parikshit?

Parikshit Gujarati: Yes, yes. So I was just asking that as you mentioned that new sectors are opening up in the industry such as oil and gas, data centers, power. So my question was can you break up a little bit on the unit economics side that what amount per ton of pipes and tubes are required per gigawatt of thermal or say per gigawatt of data center or per gigawatt of nuclear power like that I was asking.

Anuj Burakia: So Parikshit ji, first of all, some of these segments are emerging, right? So, they are yet to get matured and for us to really be very sure of the quantities. But what we only know is that they are huge. Number two is, it will not be simple to answer as to for example per gigawatt or per megawatt of plant, how much pipe is used, because you know I think there are a lot of pipes in a power plant.

Starting from carbon steel to alloy steel to stainless steel and then also a mix of seamless and welded and likewise. So if I have to answer your question very, very generally, one project of about 800 MW which is called one super critical project would consume nearly 4,000 to 5,000 tons of tubes which are subject matter of interest for us.

Parikshit Gujarati: No, so sir, I was basically just asking for stainless steel seamless only, not carbon steel and not alloy steel.

Anuj Burakia: Right. So as I said that 4,000 to 5,000 tons of tubes and pipes which are of interest to us. So that actually means that.

Parikshit Gujarati: Okay. 4,000 to 5,000 tons per 800 MW?

Anuj Burakia: Per project of 800 MW.

Parikshit Gujarati: And sir, this is for thermal power, right?

Anuj Burakia: Yes, yes.

Parikshit Gujarati: And any idea on the other sectors like nuclear or data centers?

Anuj Burakia: See, nuclear is a very, very complex design. The nuclear, they are very distinct and different from thermal because thermal what we are talking is a major consumption in boiler tubing whereas that's not the case with nuclear. It's an altogether different design. There are a lot of different heat exchangers which require not just stainless steel but also very high nickel alloys and things like that. So it will be very difficult to really explain this on this call as to what kind of volumes goes in what category in case of nuclear power.

Parikshit Gujarati: Okay. Got it, got it. Thank you so much, sir. All the best.

Anuj Burakia: Yes, thank you.

Moderator: Thank you. The next question comes from the line of Shaurya Shah from Equirus Securities Private Limited. Please go ahead.

Shaurya Shah: Yes, thank you so much for taking up my question. So you mentioned increased focus on the Middle East region in the presentation with key approvals being pursued. So could you just let us know which end-use sectors are you targeting here like oil and gas, desalination, power? Like what product categories and sizes are these approvals for? And lastly, how do margins on these orders compare with your existing export and domestic business?

Anuj Burakia: Thank you, Shaurya. So I think our focus is obviously oil and gas which is the biggest segment in Middle East. The rest can come in as we progress more into that market. Number one. Number two, you see there is no one product. So, margins it will be very general to say margins. What we are focused or why we are focused is we want to expand our customer base on the tubing side.

And a little before I also mentioned that where we see the major volumes coming in are from oil and gas, also from power generation which is both thermal as well as nuclear. Plus obviously there are other segments like aerospace and things like that, but volumes are not so large. Now when we say increasing our foothold or let's say our presence in Middle East does not necessarily mean that we must sell directly into Middle East, right?

All these players in Middle East also place a lot of orders to the Indian fabricators who then buy tubes for using into the fabrication or fabricated equipment and then it is exported back into the refinery or a setup there in Middle East. At the same time, there is a lot of opportunity to sell directly also into that market. So, I think we are approaching it as an overall presence with the Middle Eastern oil and gas companies.

Shaurya Shah: Okay. Understood. And another thing on the share of renewable energy, right? So the share has increased considerably in the FY26 year as well to around I think almost 60%. So what are our targets on this front, and could you quantify, whether what kind of cost savings or benefit in terms of margins we are receiving on this end, if any?

Anuj Burakia: See, I think renewable energy anyway is competitive. So in this particular year, we believe that we may hit something like 70%, which is further increase to our last year let's say proportion of renewable energy. So that is I can see -- because see at the end of the day the supply is fixed, right? The setup is fixed. So we are seeing it from the standpoint of what kind of efficiency we can bring in the system, how much more business we will do this year. And so we feel that we'll be around 70% in this particular year.

Shaurya Shah: Okay. Understood. Okay, sir. Just a last question. So I joined the call a little bit late, so I'm not sure whether this was answered or not. So, from our results, the materials cost have declined considerably in this first quarter. So was this primarily driven by lower sort of input cost, is it change in product mix, inventory consumption? So, if you could just clarify on this front?

Anuj Burakia: So, on the input side, I can say and I've been mentioning this before also that we have a very strong, very, very robust internal systems, whereby we don't expose ourselves beyond a certain legitimate level on the raw material side. So what you see here is a mix of two things. One is the ferroalloy efficiency, and the second is better value product mix.

So, I think the raw material would be as priced in a going market. There is no time difference on that one, I mean not significant. But on the sales side, yes, I mean, we have had a you know a better product mix and value-added products.

Shaurya Shah: Okay. Understood. Okay, that's it from my side. Thank you so much for taking up my questions.

Anuj Burakia: Thank you.

Moderator: Thank you. The next question comes from the line of Jignesh from Jeeva Capital. Please go ahead.

Jignesh: Yes, thanks for the opportunity. And now, sir, want to understand as you mentioned that BHEL and L&T in terms of the thermal sector, they are the major players and Thermax is also entering. So going forward, how do you see this evolving because you would also be planning to tender participate in the tender in BHEL and L&T in coming years or how would it work for the thermal business?

Anuj Burakia: Thank you, Jignesh ji. Just to clarify, see we are not into EPC business or we are not going to participate in the tenders for power plants. What we are interested in is whoever builds the plant would obviously buy seamless tubes. And we are in the business of seamless tubes. And these I mean since we are on the topic, these projects require a lot of steel also for forging and other applications.

So there also we are present in the market to sell that kind of steels or ingots from our steel plant. So I think in short, I mean we are interested in these projects because we get to supply our products into these in these projects.

Jignesh: Fine. So sir, just to understand in next two to three years, there is a huge opportunity. So out of our total revenues, what can we expect from this thermal segment going forward since there will be a lot of demand from the players who participate in these tenders?

Anuj Burakia: I think difficult to really predict how much revenue will come only from thermal segment, but I can only say that this is one of the important segment for us. So obviously we will have a material share of revenue coming from this segment. That is for sure. But difficult to say as to whether it will be 20% or 30% or 40%. I mean it's really difficult for me to say.

Jignesh: Fine. And sir, suppose we are at 5% to 10%, so we can think of reaching 25% to 30% in two to three years. This is the sense that we can make?

Anuj Burakia: You mean the portion of thermal tubing?

Jignesh: Yes, your supply to thermal projects.

Anuj Burakia: We can reach to even 50%, 60%, 80% also, but the point is we need to bring business while maximizing our value addition, right? So we would obviously pick and choose the businesses which offer us the most good value. So we would be present into other segments as well and from time-to-time the opportunities that are available we like to pick and choose.

So I would not say that a situation where we would have done 40% thermal business is not going to come, it may come, right? But that's not by design, right? We are not specifically thinking of loading our tube plant with 40%, 50% thermal. That's not the case.

Jignesh: Understood. Thank you.

Anuj Burakia: Thank you, Jignesh.

Moderator: Thank you. The next question comes from the line of Srusti from Adikkal Ventures LLP. Please go ahead.

Srusti: Hello. Am I audible?

Anuj Burakia: Yes, Ms. Srishti. Please tell me.

Srusti: Yes, hi. First of all, congratulations on a great set of numbers. I have a few questions regarding the utilization and how are we projecting our FY27? Because I guess in the last con-call you had mentioned that we are expected to grow by volumes of 25%. So are we expecting the same range in for FY27?

Anuj Burakia: You are absolutely right, Srishti. In last call, last to last call also, or let's say even before that for last financial year, we had guided that, we aspire to grow 20% to 30% and we actually end up growing more than what we had expected. At the same time, as far as our internal plans and strategy and, our concrete actions are concerned, I mean we are absolutely on the path of what we had projected in our last call. So that plan stays.

Now quarter-on-quarter we all understand and appreciate that the situations may emerge which may bring some headwind or a knee-jerk, which can affect the business in short term, right? So I would say that we are in a way very focused, very sharply focused on two things. One is value addition. We will not choose businesses which are just volume without value, even if that means our volume has dropped a bit, right?

And at the same time, we will be focused on increasing our capacity utilization by way of bringing meaningful businesses. So I think we are on the path and, we see that strategy yielding results for us. So, I would still be very confident that we will deliver what we thought and what we guided in our last call.

Srusti: Also sir if possible, can we quantify what our current utilizations are? And you have also mentioned that our Bright Bar facility is also commercialized and it's currently under stabilization phase. So how will our capacity will be we should look going forward and the expected utilization levels?

Anuj Burakia: So, answering your second question first, see bright bar is a value addition on the I mean bright bar has its own capacity, but it is first a value addition. And we need obviously bright bar for a lot of customers who use this bright steel and but at the same time, I must say that whatever used to get exported or even now when we are exporting about 20%, 25% is nearly all bright. So, in that sense, we are in a way now prepared with our bright bar project to handle any kind of volume when we get there or when we reach there.

The second is the qualitative improvements that we are clearly seeing with this new technology bright bar setup. Now as far as the utilization of the overall installed capacity is concerned, I mean current run rate is what -- where we were last year, which is approximately you can say 40%, 40% to 45% on the steel side of it. So, we have headroom to grow.

And on the pipe and tube side is again about you can say 60%, 60% to 65%. So in both the cases, we have we have the headroom to grow. And we are taking all the needed steps to see that we ramp up ASAP but again in a meaningful manner.

Srusti: Okay, sir. And the last question from my side is, how are we expecting our realizations to go forward because in the current quarter we are seeing that since the pipes and tubes has a larger share, our realization has improved, average realizations has improved a lot. So do we expect that it should be in the similar range, and how are you seeing the realizations on an FY27 basis?

Anuj Burakia: See, we are not so focused on the realization because we are selling 500 different products. I mean I'm exaggerating, but let's say just to make a point that, there are so many different grades and combinations of sizes and things like that. So, what is more important for us is how much margins we are able to yield, how much value addition we are able to bring in.

So, I think realization is only a function of -- as you rightly said the mix of steel and pipe, and also within pipe the mix of grades and sizes, and also in steel the mix of grade and sizes. Right? So more important is our material margins and more important is our overall value addition. So I think our decisions are guided by that.

Srusti: Okay. Thank you so much, sir. That's it from my side.

Anuj Burakia: Thank you.

Moderator: The next question comes from the line of Anant Darshan, an Investor. Please go ahead.

Anant Darshan: Good evening, sir. Thanks for the opportunity. So my first question is last year we added multiple customers around 43 and this quarter we have added another 13 customers. So on a lower base, still our growth seems to be lower due to macro reasons as you mentioned in the presentation. So if now things get normalized, what kind of growth or utilization levels are we expecting in both seamless pipes and bars? Say if there is no war situation in FY28, can we do around 8,000 metric tons of volumes in SS pipes and 40,000 metric tons in bars?

Anuj Burakia: I think somewhere your voice was not clear, but let me try to see. First of all, we are adding I mean this is one of our main let's say focus to add more and more customer in every geography. And incidentally this quarter that you are seeing a majority of these are from the domestic market within India, which is incidentally our main market at this point in time. And we are very bullish on the Indian market.

Now on the utilization side, Mr. Anant, we have already said that we aspire to grow 20%, 25% like last year also in this year. See, it is very easy to sell the capacity but not make any margin. There are low-end products which from day one we are not focused, and we are not interested into getting into those segments. We want to load our capacities absolutely meaningfully. And that is why maybe our ramp-up seems a bit moderated.

And I think in that a large role has also been played by the degrowth in the export markets, otherwise perhaps by now we would have hypothetically reached what we are projecting for this current year. So important is that we are addressing the external adversities with the right kind of planning, with the right kind of strategy. And it is working out for us very well. So yes, I mean, we'll certainly ramp up to 80%, 90%...

Anant Darshan: Can we expect around 8,000 metric tons of volume in SS pipes and 40,000 tons of SS bars by FY28?

Anuj Burakia: By FY28, I would expect even better than that.

Anant Darshan: Oh, sure. Great. Thanks. And sir, you had mentioned on focusing on the Middle East and targeting the Malaysian market in your PPT. So how big is the Malaysian and Middle East market for us?

Anuj Burakia: See, it needs to be seen in as an additional market. So, one Malaysian market may not be like a huge one, but then you see if one market provides us, I mean, I'm not saying Malaysian market is of this size, but even if a market gives additional 3,000 tons that gets added to your existing 35,000 tons.

Stainless steel is something, first of all is compared to carbon steel is a much lower, smaller market, number one. And now within that market, we are very focused on certain category of products. So for us, it becomes even more focused. So, I think every market that we are adding will give some meaningful business to our overall volume.

Anant Darshan: That's great. Right, sir. Sir, and within the pipe space, how much is the standardized pipe and how much is the more customized value-added pipes? What is the value-added mix here, sir, for us?

Anuj Burakia: So, with the given situation, I mean, on the lighter side, the extrusion players are now not allowed to do standard things because all the standards have gone into the other route. So I think what we are doing is in most cases only high value.

Anant Darshan: So, do we have any value-added mix, sir, in percentage?

Anuj Burakia: So in tube as I said, I mean we being on extrusion, obviously we have almost all of it value-added. Now one can have a different definition of value-add, but I mean for now I'm taking it like let's say upper tweens margins. So I think we are doing on the tube side, everything which is value-add at this point in time.

Anant Darshan: Oh, sure. Okay, sir. Sir, and in the bright bars, we have around 50,000 tons of capacity. So by when will it start contributing to the expected volumes in the normalized scenario?

Anuj Burakia: Well, I think the utilization of bright bar also would go in similar proportion as we grow our overall utilization of steelmaking. And at the same time, you see the capacity is 50,000, but what happens is, if you need the rate of production in bright bar which is 50,000, for example in a particular 15 days period you need to churn out 2,000 tons of bright bars.

So, then that is the capacity that you need. So, the capacity is designed in such a manner that as we grow, I mean we don't fall short of or the bright bar doesn't become a bottleneck for us into furthering our volumes.

Anant Darshan: But do we have any expected volumes in FY28, sir, any targeted volumes for that?

Anuj Burakia: I think you mentioned the volumes already. So that is something that will definitely exceed.

Anant Darshan: Right, right, sir. Sir, and the last question is we see a surplus capacity available in the market just for stainless steel pipes. So regarding the price pass-through, how much are we able to pass on the cost inflation, sir? How difficult was it to pass on the cost inflation?

Anuj Burakia: See, as a trend in this industry, like what happened few months back is the gas prices went up. Now that kind of increase cannot be passed on in the existing orders that are already on the on the book. But obviously when the gas price went up, the cost went up and so all the new projects are quoted at higher price.

And then obviously it takes some time for the market to absorb and sink with that. So, this is a normal phenomenon. But if I say that my cost has gone up and now in the confirmed order I want to increase the price, I mean that doesn't happen.

Anant Darshan: Right, sir. Yes, that's it, sir. That's all. Thank you.

Anuj Burakia: Thank you.

Moderator: Thank you. The next question comes from the line of Jigar Shah from Financial Research. Please go ahead.

Jigar Shah: Thank you for taking the question, sir, and congratulations on very good results. Sir, I just had a question on the medium term. In the next three to five years, can the company reach a turnover about INR2,000 crores, sir?

Anuj Burakia: I think if we don't do that, we have no right to be in business. So, I mean in three to five years is not a medium term for us, it's a very long time. And we are absolutely focused that in three to five years, yes, we have to -- I think more appropriate to say would be whether we can hit 80%, 90% of utilization of capacity.

So that is what our prime focus would be because turnover is a matter of market pricing which can swing 20%, 30% here and there. We have seen that happening. So important is utilization, and I think in three to five years' time we'll definitely hit those numbers.

Jigar Shah: And would we look at any other major capex or something, sir, maybe in the next one or two?

Anuj Burakia: So, we are very cautious when we approach any capex proposal. There is no limit, I mean there is so much that can be done. We also get enticed at times. But I think our capital allocation is very, very disciplined. Whatever we did until now was to debottleneck our existing capacity or upgrade the technology within the existing capacity. So, I don't see any capex at least for next three years into increasing capacity.

But we would definitely be adding capabilities if that would add two more products into our portfolio. So those will not be significant for sure. Those could be let's say high maintenance capex or some machine here and there to debottleneck or to add some new product that a customer requires. Other than that, no.

Jigar Shah: Okay, sir. Thank you, sir, and all the best.

Anuj Burakia: Thank you. Thank you, Jigar.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I will now like to hand over the conference over to the management for closing comments.

Anuj Burakia: Thank you. Our strategic priorities remain firmly focused on enhancing operational excellence, improving efficiency, strengthening our customer value proposition, and sustaining our leadership through early participation in emerging opportunities. At the same time, we remain committed to expanding our customer base across both existing as well as new markets to drive sustainable long-term growth.

We hope we have addressed your questions satisfactorily. Should you have any further queries, please feel free to reach out to our investor relations team who would be happy to assist you. Thank you once again for joining us today and for your continued interest in Welspun Specialty Solutions Limited. We appreciate your time and support and we look forward to speaking with you again next quarter.

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