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E-Communication

MSL/SEC/SE/2024-25 **03 Februrary 2025**

BSE Limited
25th Floor, P.J. Towers,
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National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G,
Bandra - Kurla Complex
Bandra (E), Mumbai-400051

Stock Code: 500265

Scrip Code: MAHSEAMLES

Sub.: Transcript of earnings conference call held on 28 January 2025

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the link of transcript of earnings conference call held on 28 January 2025.

Link to access above transcript is as under:

https://www.jindal.com/msl/pdf/Transcript-of-Conference-Call-Q3-FY25-Earnings-Call.pdf

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,
For Maharashtra Seamless Limited
Ram Ji Nigam Digitally signed by Ram Ji Nigam Date: 2025.02.03 17:20:38 +05'30'

Ram Ji Nigam
Company Secretary

Maharashtra Seamless Limited

Q3 FY25 Earnings Conference Call

28 January 2025

MANAGEMENT: **MR. KAUSHAL BENGANI – DEPUTY GENERAL MANAGER, INVESTOR RELATIONS & FINANCE – MAHARASHTRA SEAMLESS LIMITED**

MODERATOR: **MR. VIKASH SINGH – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, welcome to the Maharashtra Seamless Limited Q3 FY '25 Earnings Conference Call, hosted by PhillipCapital (India) Private Limited.

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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Vikash Singh from PhillipCapital Private Limited. Thank you, and over to you, sir.

Vikash Singh: Good afternoon, everyone. Welcome to the Maharashtra Seamless Q3 FY '25 Results Con-call. From the management side, we have with us Mr. Kaushal Bengani – Deputy General Manager, Investor Relations & Finance. Without taking any time, I will hand over to Kaushal for his opening remarks.

Kaushal Bengani: Good afternoon, and thank you for joining our Earnings Call.

During Q3 FY '25, dispatches of seamless pipes improved meaningfully in addition to improvement in product mix. This was in continuation of the trend seen in Q2 FY '25 and had a direct impact on earnings which revived as was communicated in the previous two earnings calls.

Two key points responsible for our performance are the continuation of reversal in Q3 of the impact of inventory markdown taken in Q1 as more orders have been executed and dispatches have improved in Q3. During the earnings call in July 2024, the reversal in margin in next two quarters was communicated with certainty as also was the fact that financial performance during Q1 was an outlier.

Secondly, dispatches of seamless pipes improved by 16% on a quarter-on-quarter basis in addition to higher dispatches of value addition orders which improved margin profiles.

I will briefly summarize "Key Financial" indicators:

On reviewing our Q3 FY '25 performance versus Q2 FY '25, revenue improved by 2% to Rs. 1,410 crores. EBITDA increased 21% to Rs. 280 crores. However, PAT declined to Rs. 190 crores from Rs. 224 crores and EPS declined to Rs. 14.19 from Rs. 16.73 per share respectively.

Despite massive improvement in operational performance, decline in PAT and EPS is solely attributable to lower returns on our treasury. The impact appears to be more pronounced in Q3 because of outsized returns in Q2.

On comparison of other income in 9 months FY '25 with 9 months FY '24, we have earned Rs. 157 crores against Rs. 97 crores, which is an increase in other income by 60%. Therefore, against an average of 32 crores per quarter in 9 months ending FY '24, we have earned an average of 52 crores per quarter in 9 months ending FY '25.

Apart from these financial indicators, there are five key points which I would like to draw attention to.

The first is the credit rating. In December 2024, we have been upgraded by ICRA from AA to AA+. This has been the highest credit rating which the company has received in the last 10 years and sends a strong message to all stakeholders about our strengths and expertise.

The second point is regarding our treasury, which is at Rs. 2,417 crores as on 31st December 2024. It is being judicially managed with engagement and input at highest levels.

Thirdly, our order book remains in the range of 1,500 to 2,000 crores and is at 1,674 crores as on 20th January 2025. The fluctuation within the band of 1,500 to 2,000 crores is primarily on account of timing mismatch rather than anything else. The order book remains good as demand environment is conducive for manufacturing industry and oil and gas sector. There is no slow down.

In line with the commitment made to shareholders 3 years ago, there are no ICDs to unrelated entities of corporate guarantees outstanding. We have come a long way from the time when this used to be the main cause of concern and that has now been fully and completely resolved.

Finally, I wish to reiterate that capital goods and infrastructure in general, and oil and gas specifically, continue to witness strong demand for medium term. This directly impacts the seamless pipes market. Demand for seamless pipes remains buoyant, driven by capital expenditure and spending in oil and gas sector. As we have seen, our order book is being replenished and maintained at good levels.

I would now request Vikash to kindly open for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: My question is regarding the volume guidance for FY for the current year and 26. Can you please share what is the outlook and what guidance would you like to give on the volume front?

Kaushal Bengani: On the seamless front, we have dispatched. 3,24,000 tons in the 9 months ending December '24. The guidance that we can give right now is that we will reach close to 4,30,000 to 4,35,000 tons for the entire year for the seamless segment.

Moderator: The current participant has disconnected. May we continue with the next participant?

Kaushal Bengani: Yes, please.

Moderator: The next question is from the line of Shubham Kadhi from 3A Financial Services. Please go ahead.

Shubham Kadhi: So, I had a question regarding the impairment of investments in the subsidiaries. So, it was to the extent of 800 crores. So, right now our capital employed in the big business is around 650 crores. So, do we plan to distribute the proceeds or sale to shareholders or what?

Kaushal Bengani: This is an old point. You can refer to our earlier earnings calls for further clarity. We have spoken about this at length. But it's not relevant right now.

Shubham Kadhi: And any revenue guidance that you can give for FY '26?

Kaushal Bengani: In FY '26, we are expecting the finishing line facility that we are installing at Telangana to be commissioned. Once that happens, then we can see growth in revenue. But that is only after December 2025.

Shubham Kadhi: Is it possible to quantify any number right now?

Kaushal Bengani: Our tonnage and revenue in current financial year as is disclosed can be used as benchmark for what we can do in the next financial year.

Moderator: Thank you very much. Next question is from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: So, what is the, you mentioned about the guidance for the ERW for the current year. So, in ERW, we have done around 64,000 tons.

Kaushal Bengani: For seamless, I said 4,30,000 to 4,35,000 tons can be done. And it is a conservative guidance we want to give for the year. For ERW, I think we will end up close to 90,000 tons.

Dhaval Shah: 90,000, okay. And how does the ramp up happen once the 1 lakh ton factory, facility starts in December 25?

Kaushal Bengani: The ramp up will start from January 26, because once it is commissioned in December 25, then we will immediately be able to utilize the inactive production capacity that we have right now.

Dhaval Shah: Yes, so as for the utilization of out of 1 lakh ton, so in '26, if the orders are at hand, how much can we utilize out of 1 lakh ton, additional 1 lakh ton?

Kaushal Bengani: I think, reasonably speaking, since it will be immediately after commissioning, you can model 15,000 tons for the quarter of December, oh, sorry, of March '26.

Dhaval Shah: Okay, March 26. 15,000 for the one quarter. Okay.

Kaushal Bengani: 15

Dhaval Shah: Yes, Q4 '26, yes. And for the entire year, can the ramp-up happen? How would the ramp-up be, like then would be around 50,000 60,000?

Kaushal Bengani: I have already told you, 15,000 per quarter.

Dhaval Shah: So, that should be the run rate you are saying for the first year of operation.

Kaushal Bengani: As of now, yes, but we will update you closer to December 25.

Dhaval Shah: And the margins will be better in the new facility?

Kaushal Bengani: If production will increase, then generally operational margin will improve, but then it is also a function of what the raw material prices and what the sales realization are. So, if everything remains constant, and only production increases, then yes, margin improves.

Dhaval Shah: And last question. Now, we have been hearing about the U.S. we want to increase the production. So, what would be the indicators and the parameters we should be seeing out where the actual activity happens and we start getting orders?

Kaushal Bengani: If there is more drilling activity in U.S. and Canada, then it will benefit all oil and gas sector players. The indicator that you can track, because apart from that indicator, I don't think there is another definitive indicator available. There is a website called aogr.com, American Oil & Gas Reporter. On that website, you are able to track weekly rig counts. That is a good indicator to assess what is happening on the drilling front in the oil and gas sector.

Dhaval Shah: And just one more on this Treasury front, so 2,400 crore was as of January. And now, so are we shifting money from equity to debt funds? Have we done anything of that sort given the sharp correction what we have seen in the markets?

Kaushal Bengani: We have a strategy in place and we are working according to that strategy which we don't want to disclose in public. The intent is very clear that we want to make money for shareholders and for the company, and there is a team in place which is looking at this. It's a dedicated team, and as I said earlier during the opening statement, instead of Rs. 32 crore per quarter, which was the performance in the comparable period of last financial year, we have done Rs. 52 crore per quarter.

Dhaval Shah: So, yes, I just wanted to understand, what is the sharp swing? Yes, so that 90 crore has come to 1 crore. So, what is the sharp swing in this other?

Kaushal Bengani: No, the 32 crores has also gone up to 52 crores. If you add up the other income in FY '24, 9 months FY '24, then you will get a figure of 97 crores for 9 months. which is 32 crores per quarter. And if you add up the other income for 9 months in FY '25, then you will get 157 crores, which is Rs. 52 crore per quarter.

Dhaval Shah: Yes, yes, yes.

Kaushal Bengani: Therefore, instead of doing a quarter-on-quarter comparison, I think if you do a longer period comparison, you will come to the realization that we have done better than what we have done last year on this. It is only that in one quarter we have done exceptionally well and in the next quarter we have not done well. Hence, the comparison is not appropriate because it's a sharp dip.

Dhaval Shah: So, this 90 crore would mean your incremental increase in your NAV, investments NAV, is it that 90 crore it means that, so how do you arrive at the 90 crore and this 1.86 crore?

Kaushal Bengani: Fair valuation of the investments which have been undertaken.

Dhaval Shah: So, your investment fair valuation compared to the September quarter, December quarter, there is an increase of 1.86 crore is what it means.

Kaushal Bengani: Mostly yes.

Moderator: Thank you very much. Next question is from the line of Mohammed Farooq Umar from Paul Capital. Please go ahead.

Mohammed Farooq Umar: With the India's seamless pipe demand currently at 900,000 tons annually and the Maharashtra Seamless holding over 50% market share, where do we see the annual demand growing over the next three years and at what CAGR? Additionally, we believe the government has implemented sufficient mechanisms to protect domestic seamless pipe manufacturers from anti-dumping practices by Chinese players, especially in the light of U.S. imposing tariffs on Chinese products.

Kaushal Bengani: On the market size of 900,000 tons per annum, we expect the market to grow by 4% I think per year. And that is the average rate of growth because what happens is during periods of good orders, a lot of capacity comes in to play because orders are received and then generally there is a dip because it's a cyclical industry.

So, year-on-year the market doesn't definitely grow, and average rate of growth would be around 4% for the industry. This has been driven by the improvement of capital expenditure in the oil and gas sector and we expect this rate of growth to be sustainable. We are also activating the production capacity which is inactive right now basis this assessment and one of our peers has also announced expansion in the capacity.

On the issue of domestic industry being protected from Chinese dumping, the level of protection that should be there is currently not in place, and we are petitioning the government to assist in protecting domestic industry from restrictive trade practices which are being engaged in.

That has also had a negative impact on margins, whilst Rs. 20,000 per ton would appear to be good margins, but that's not the full potential of the industry. Once suitable measures are in place, then we can expect to see even higher margins, but that will only happen once these measures are in place.

Mohammed Farooq Umar: So, second question is, with the cash reserve approximately 2,400 crores and only 800 crores allocated for CAPEX, what are the plans for the remaining 1,600 crores? Specifically, are there any consideration to reward the shareholders through initiatives such as shares buy back or higher dividends? Additionally, despite the company's strong profitability and cash generation, the stock continues to trade relatively at a low PE. What steps are being considered to address this valuation gap and enhance the shareholder value?

Kaushal Bengani: On the point of utilization of the treasury, the first response would be dividend. We have quadrupled the amount of dividends that we paid in FY '22 to FY '24. In that three-year period, we have quadrupled the amount of dividend that we paid.

Secondly, we have announced a capital expenditure plan of 852 crores which we have commenced.

And thirdly, the plant and machinery that we are using, we want to ensure that in future if we have to buy new plant and machinery or if we find an inorganic growth opportunity, then we have sufficient cash to address this requirement. That is why we are conserving cash.

Regarding the fluctuations in the equity market, I think we have done a lot in the past 2.5 years to enhance shareholder value. In September quarter of 2021, we were at 2,000 crores market cap. Currently we are at 8,000 crores market cap and our market cap had gone up to 14,700 crores approximately. We are working with an intention of enhancing value for all stakeholders, and we have done good things within the company so that that is achieved. We continue to walk that journey.

Moderator: Thank you very much. Next question is from the line of Rishi Solanki from GreenCurve Securities. Please go ahead.

Rishi Solanki: My question would be, can we see the premium thread segment product becoming a part of our manufacturing capability in the next three months as we had anticipated, as you had said in the previous con call? And where are we in the agreement with Tenaris? And my second question would be, what about the solar plant approval in Telangana? Where are we with the negotiations with the government because it's been almost a year since you had those discussions with the Government of Telangana?

Kaushal Bengani: On the premium connection, we are not in discussion with Tenaris. We are in discussion with another foreign player. Those discussions are continuing. I cannot talk about it much, but we are in constant touch with them, and we expect to conclude shortly.

Regarding the solar power plant, we have written to the government. We followed up. Unfortunately, we have not received approval. None of the industry players in Telangana have received approval. We continue to follow up.

Rishi Solanki: Do you have any plans of setting up a solar plant, if not in Telangana, then some other state?

Kaushal Bengani: As of now we have only announced Telangana. We can look at more solar plants in Maharashtra for captive consumption, but it is dependent on a couple of factors which we are working on. Should clarity be received, then we will let you know if an assessment of that project is required.

Moderator: Thank you. Next question is from the line of Gargi from Value Investment. Please go ahead.

Gargi: Sir, my question was that out of the 9 lakh tons of seamless pipe demand, currently how much is being imported in India?

Kaushal Bengani: Anywhere between 10 to 20% is being imported into India. It depends as the figure varies throughout the year.

Gargi: In the previous calls, there was an indication regarding the BIS implementation, et cetera. So, is there any respite from this situation, or do you expect the same going forward?

Kaushal Bengani: Could you repeat your question, please? I couldn't hear you properly.

Gargi: Sir, in the previous call, there were some indications regarding BIS implementation on the pipes, for the pipes that have been imported. So, is there any respite from this situation or any indication that the dumping from Chinese players is expected to reduce in the near future?

Kaushal Bengani: We have not given any indication on the BIS trend on pipes, but we are trying to address the issue of Chinese dumping. That effort continues.

Gargi: So, how much is exports in the order book? And is there a delta between domestic and exports margin in the United States?

Kaushal Bengani: As of now, exports is less than 10% of the total order book, and there is definitely a delta because if there is no delta on the exports front, then the risk we are carrying is the risk of anti-dumping duties being imposed upon us on petition by the domestic manufacturers of the country in which we are exporting because then they would petition their government that we are selling our product at lower margins in the export market.

Gargi: And sir, this 10%, if we compare it to historically, two years back, what was this number at two years back?

Kaushal Bengani: Two years back in March 2023, 30% of total dispatches were towards exports. But the fall in exports did not impact our profitability because domestic orders were very good. Domestic demand was very good.

Gargi: Sir, in this quarter, we have seen an improvement in the order book in ERW. So, what is leading to this?

Kaushal Bengani: Oil and gas expenditure.

Gargi: Sir, previously it had reduced because of lower dispatches in widening the CGD segment.

Kaushal Bengani: In which quarter?

Gargi: So, last quarter itself, if we compare the order book in the ERW, current quarter versus last quarter, there is a significant increase.

Kaushal Bengani: The fluctuation is on account of lumpiness in order inflow. So, suddenly we get an order of 40 crores in one week and prior to that receipt if you report the order book, then the order book appears to be lower than it actually is. So, the impact of lumpiness in order inflow remains.

Gargi: Sir, last question is that, is there a lot of oil discovery work being done by private players in the Eastern Coast of India? Is this a correct understanding? And if it is done by the private players, then do we have approval from those players in order to get orders from the same?

Kaushal Bengani: I am not sure about private players, but definitely from PSUs, there are activities taking place on the Eastern Coast and we expect good demand going forward.

Moderator: Thank you very much. The next question is from the line of Vikas Kasturi from Focus Capital. Please go ahead.

Vikas Kasturi: The presentation is fantastic in terms of disclosure and updates that you put in into that. So, I had two questions, sir, and pardon me if I am repeating a question which has already been asked. So, the first one is that when you have back-to-back arrangements with both your suppliers and customers, why is there so much of a swing in the EBITDA per ton?

And my second question would be that in terms of the CAPEX projects that you have outlined, in the previous call, you had mentioned that we want to do the finishing line first. So, my question is like why are the other projects waiting for the finishing line? These are my two questions.

Kaushal Bengani: Thank you for your kind words, firstly. On the point regarding the fluctuation in EBITDA per ton, there was an amalgamation of two or three factors in the first quarter of FY '25 which led to a significant decline in EBITDA per ton in the first quarter.

In the earnings call for the first quarter, I had spelled out that EBITDA per ton has been disproportionately impacted because of the two or three factors which you can read about in the transcript of that earnings call. Those factors are mostly temporary and will reverse in the second and third quarter. That is exactly what has happened.

However, optically, it appears that EBITDA per ton has moved from Rs. 9,000 per ton to Rs. 20,000 per ton, which is a huge fluctuation. But if you consider a blended EBITDA for 9 months period, then the figure is closer to Rs. 16,500. And at the start of the year, I had given a guidance of Rs. 15,000 per ton for FY '25. So, I think that should throw some light on why the sharp movement in EBITDA per ton has taken place in this financial year.

But overall on a 9-month basis or in other years on a 6-month basis, you will see that EBITDA per ton is generally at the level where we expect it to stay. Orders are being received. Every day orders are being dispatched. EBITDA per ton also varies quarter-on-quarter depending on the product mix that is being manufactured and dispatched. However, our profitability per order always remains at what we envisage it to be before taking that order. And that is our core strength.

The second point you raised was regarding capital expenditure. The other aspects of capital expenditure will start shortly. However, for the moment, we have only started upon the finishing line at Telangana because similar teams are involved in these types of capital expenditure projects and that team is currently involved with the Telangana unit. Once the Telangana finishing line is activated, very soon after that, we will start on the cold drawn pipes facility which we have mentioned in the earnings presentation.

Vikas Kasturi: If I may just ask one more question, sir, it's on the rig. So, I think by the time we speak the next time, I think it would be sometime in May or June, and that rig would, I believe our contract would be over, the three-year contract for the rig. And the return on capital as far as that investment has gone, the rig is I don't think it is subpar as compared to the overall company average. So, any indications on what you plan to do with the rig, sir? And Yes, that is my question.

Kaushal Bengani: We don't know when the rig will be de-hired. It will either be in May or it will be post monsoon. Once we have clarity on that, then we will be able to tell you specifically what we will do because there is one more Board meeting prior to the earliest date of de-hire which is in May. The answer which you are looking for, I can probably best give you in May.

Vikas Kasturi: And sir, in terms of corporate governance, you have done a fantastic job in terms of all the activities that you have done over the last two, three years in terms of reducing inter-corporate deposits and in general, sir, even the promoter increasing stake and so on. Sir, except for this rig part where you have given it to another group company, which has then given it to another, I think Oil India or ONGC, I forget which one. So, optically it just doesn't look in line with all your activities that you have done, sir. So, if you could just correct that part of it, it would look fantastic, sir. That is just my humble two cents to you, sir.

Kaushal Bengani: You are right, and I personally agree with you, but once suitable decisions and Board approvals are received, we will send communication on this.

Moderator: Thank you very much. Ladies and gentlemen, we will now take a last question from the line of Saket Kapoor from Kapoor Co. Please go ahead.

Saket Kapoor: Sir, firstly, just to conclude with what you said to the last participant in terms of the future of the rig business from MSL, sir, in principle, we have already articulated to the fact that we would be staying to our core business. So, whatever will be the next course of action, that would be in aligned to what we have communicated earlier. So, that understanding is correct. The Board will meet and all other stuff is definitely a time apart. But in principle, we have been communicated that since it is not the line of business for us, we will stay on course with our core business. So, that understanding is correct, sir?

Kaushal Bengani: That is correct, but I can only confirm once Board approvals are received. But you are right, that has been communicated earlier. It is still the position which I hold right now. But 100% confirmation can only be communicated once Board approvals are received.

Saket Kapoor: Sir as you have informed us like in Telengana the extra output from the finishing line that would come in 1st Quarter of FY26 so till now what is the amount have we spent on that line? What amount of total expenditure has been spent on that line?

Kaushal Bengani: We have issued purchase order for the expenditure of around Rs. 72 crores out of that around Rs. 30 crores we have already spent.

Saket Kapoor: Sir as you have told us that the average of our component other income of this year is higher compare to other quarters so would we be able to maintain the same average of other income going forward because a major portion of our treasury you have invested in mutual funds. What is the nature of these mutual funds in which we have invested Rs. 1500 crores?

Kaushal Bengani: We have debt and equity mutual funds. We have perpetual bonds, tax-free bonds, corporate bonds, corporate fixed deposits, and fixed deposits. Our moneys are invested in these treasury instruments. The projection of other income on the basis of per quarter, I would not want to do that because variation happens like in 2nd quarter and 3rd quarter such a big fluctuation happened. But it is something which we are focusing on with a dedicated team.

Saket Kapoor: Last bookkeeping question I was seeing that nature of other expenses line item if you could explain that on what factors it is dependent upon because we have improved our tonnage quarter-on-quarter from Q2 to Q3 but other expenses are lower so if I compare to the last year then the other expenses are looking significantly higher like Rs 180 crores from the last versus Rs. 227 crores this year?

Kaushal Bengani: Other expenses are mainly administration expenses, selling and distribution expenses or other manufacturing expenses expenses. These are three broad heads and then below this it distributes further.

Saket Kapoor: And on the depreciation front we have seen if we compare with the last 9 months then it is lower than Rs. 10 crores what is the reason behind this?

Kaushal Bengani: In June 2023 our depreciation per quarter was approximately Rs. 34 crores. In quarters after that, our depreciation is Rs. 25 crores. This fall in depreciation from June 2023 to September 2023 is because some of the fixed assets of the company became so old according to books of accounts, that they were fully depreciated and no further depreciation could be charged on that.

Saket Kapoor: And lastly, sir, when we have merged the United Seamless in our Company at that time we were receiving some tax incidence advantages of carry forward losses and all so have we got all the benefits of tax outgo of that and if we could share the number of how much the advance tax has paid of the last nine months?

Kaushal Bengani: That number I cannot share right now immediately but whatever tax benefits we had everything has been utilized by March 2024. After that whatever tax provision we have almost that amount of advance tax has been paid.

Saket Kapoor: So, whatever number of advance tax is showing we can keep that number as a base?

Kaushal Bengani: Yes, whatever tax benefit is there that has been completely absorbed before March 2024..

Saket Kapoor: Thank you sir for answering all the question and after next meeting there will be one clear message by the Board of how they want to reward their shareholders whenever they take the decision. Sir on the dividend policy, the budget is due after two days so what tax incidence they announce after that whatever cash you share with the investors, you have definitely increased it and you mentioned it at length but despite that if we bring a specific policy so that the investors can get a sense what portion of the cash you would share and it would not be at ad-hoc basis. Thank you sir for the great presentation and explaining everything in such great detail.

Moderator: Thank you very much. The next question is from the line of Tiasa from Nayan M Vala Securities. Please go ahead.

Tiasa: Firstly, congratulations for the good set of numbers. So, my question is on the capacity utilization only, like after the expansion of the Telangana plant, are we expecting the seamless capacity utilization to maintain at the above 85% levels as well?

Kaushal Bengani: Yes, whatever will happen in the Telangana facility will be common because it is the same furnace which will be used for the production line. Currently we are only running one shift. Then we will start two shifts.

Tiasa: So, capacity utilization might go above 90% as well.

Kaushal Bengani: It cannot be measured right now. It will stay at the average level that it has maintained for the past three years.

Tiasa: And in ERW segment, we have seen the capacity utilizations to drastically fall to 32% levels. What are we expecting for the upcoming quarters?

Kaushal Bengani: Capacity utilization is not a simple calculation of numerator divided by denominator into 100 in the pipe segment. The reason why it is not so is because of the nuance of product mix. In a production period if you have manufacturing of large diameter pipes versus another production period where you have manufacturing of small diameter pipes, the tonnages that you end up with is materially different. In the case of large diameter pipe, you will end up with higher tonnage. In the case of low diameter pipe, you will end up with lower tonnage. And capacities are measured in tonnage.

Therefore, despite operating your production facility for 24 hours a day only on account of the different types of products which are being manufactured, you will end up with different tonnages which are produced. Hence, when capacity utilization is being considered, then it is better to look at it from a medium-term perspective rather than a quarter-on-quarter perspective.

It will also be better if companies are able to give capacities in meters of pipes which are manufactured because then the impact of the size of pipes is not relevant. But that is not the standard that is commonly practiced. And therefore, we continue with tonnages.

Moderator: Thank you very much. The next question is from the line of Tushar Raghatate from KamayaKya Wealth Management. Please go ahead.

Tushar Raghatate: Sir, just wanted to know, like recently said about the increased focus on the oil. So, considering the world scenario of jackup rigs, how do you see the upcoming demand going forward? That would be my first question, sir.

Kaushal Bengani: There is no problem in demand. Our order book is good. We are getting good orders and we are dispatching appropriately. I reiterate that there is no slowdown of any kind. Results of one of our competitors have also been announced in the previous week and even they have shown no signs of slowdown. There is no slowdown in the seamless pipes segment. As and when oil and gas expenditure increases, drilling activities increase, there will be higher demand for seamless pipes, and we are well positioned to capitalize on this development.

Tushar Raghatate: Sir, in your rig business, any plan to sell that business or we are going forward with that business, rig?

Kaushal Bengani: We will let you know in the month of May when suitable Board approvals are received.

Moderator: Thank you very much. Ladies and gentlemen, that was the last question for today's call. I now hand the conference over to Vikash Singh for closing comments.

Kaushal Bengani: I think maybe Vikash got disconnected. I will just submit my closing comments. Thank you shareholders for participating in the earnings call. We remain committed to improving shareholder value and maintaining our market leadership position. Temporary fluctuations will not have any impact on the long-term prospects of the company. We are in a good demand cycle. Oil and gas expenditure is good and we are well positioned to capitalize on it. Thank you for your support, and I look forward to interacting with you in future.

Vikash Singh: Thank you, Kaushal.

Kaushal Bengani: Thank you.

Moderator: On behalf of Maharashtra Seamless Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.