Management Discussion

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

Goutam Chakraborty - Head of Investor Relations, Welspun Corp Limited
Thank you, Sailesh, and good afternoon to everyone. Welcome to our Q2 and H1 FY '27 earnings call. On this forum today, we have Mr. Vipul Mathur, Managing Director and CEO; Mr. Percy Birdy, Chief Financial Officer; Mr. Yashovardhan Agarwal, Director, Sintex; and Mr. Harsh Rungta, Head Group Investor Relations. Before starting the call, you all must have gone through these results and the investor presentation of the company, which are also available on the stock exchanges and on our website as well. And during the discussion, we may be making some references to this presentation. So I request you to please refer to the safe harbor statement, which is there in our presentation.

Before the opening remarks, let me just inform you that Mr. Mathur is a little under the weather and is not having a good throat. So we will start the forum with the opening remarks by Mr. Birdy, and post that we will open the floor for the Q&A. With that, let me hand over the floor to Mr. Birdy. Over to you, sir.

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
Thank you, Goutam. Good afternoon, everyone. Let me first welcome you all on this forum to discuss our Q2 and H1 FY '27 performance. As Goutam mentioned, I'm sure you all had a chance to go through our results and the detailed investor deck that we published on the exchanges and also on our website. Therefore, I would like to highlight only some of the key aspects in my opening remarks, and after that we can have more time for an interactive session. We delivered yet another robust quarter. Our Q2 FY '27 EBITDA stood at a record all-time high of INR 782 crore, registering 25% year-on-year growth. Our half-yearly EBITDA rose 30% Y-o-Y to INR 1,538 crore. Again, an all-time high. This compares favorably with our annual guidance of INR 2,850 crore EBITDA. Our annualized ROCE, return on capital employed, for H1 FY '27 stood at 22.7 percentage, well above our guidance of more than 20 percentage for FY '27. Our net debt cash position also improved further to a net cash of INR 3,887 crore. This is after having incurred capex of approximately INR 1,500 crores for H1 of FY '27. As you know, our order book stands at an all-time record high of approximately INR50,000 crores, roughly $5.2 billion. This provides strong growth visibility and underscores our exceeding footprint in the global pipeline market.

Before touching upon the business environment, I'm pleased to inform you that the board has approved three key investment projects, debottlenecking and capacity augmentation of our spiral pipe capacity in the U.S. by 225,000 metric tons per annum at a capex of up to $ 115 million. This is expected to be ready by March 2028. Setting up of a greenfield spiral pipe plant along with a coating facility in Jordan under a 50-50 JV with Perma-Pipe at a total project capex of up to $125 million to be shared with the partner. We are going ahead with this investment on the basis of firm MOU with the developers of Jordan's National Water Carrier Project and the Government of the Hashemite Kingdom of Jordan to advance the development of pipe manufacturing and advanced coating facilities in Jordan. The proposed facilities will be capable of serving major water, oil and

gas, energy and infrastructure projects in the kingdom, a nd also across surrounding regional markets due to Jordan's strategic location. We are also setting up a joint venture in India for Internal FBE, Fusion Bonded Epoxy, coating capability in an equal partnership with Perma-Pipe. This will give us the complete bouquet of pipe coating services, which will enable us to go after large pipe export orders where IFBE coating is mandatory.

Now let me discuss the business environment. As far as U.S. market is concerned, demand continues to remain robust. The medium to long-term outlook continues to be supported by growth in LNG exports, rising electricity requirements from AI data centers triggering the demand for new gas pipelines for captive gas turbine power plants, and investment across onshore and offshore oil pipeline infrastructure. We are currently booked through FY '29 in the U.S. KSA market, ongoing investments in oil and gas and water infrastructure are expected to support pipeline demand. The region's evolving energy security and infrastructure priorities may also create opportunities. Also, the potential for reconstruction in the Middle East region once the geopolitical situation stabilizes. In the short term, the supply chain logistics and freight costs in the region have been adversely impacted.

Coming to India, the domestic demand continues to remain muted. The domestic water market remains under stress. Though there have been some optimism around river interlinking projects and interstate water sharing agreements, however, the central government budgetary constraints need to get lifted for orders to get awarded. On the domestic oil and gas segment, we see a lot of potential going ahead in Samudra Manthan, in deepwater exploration, in PNG connections, and refinery projects. However, we are yet to see the orders inflow. Exports from India, of course, continues to be the bright spot, and we continue to focus there where we see good demand coming from the Middle East, Southeast Asia, and LatAm. In this context, let me reiterate that our diversified global presence spread across USA, Saudi, India, and in future Jordan as well, this helps us in mitigating challenges in a particular geography.

Moving ahead to Welspun Specialty Solutions Limited, WSSL. While higher freight costs and the tariff regulations impacted exports to Europe adversely in this quarter, WSSL continues to focus on domestic power gen, thermal, nuclear, defense, aerospace, oil and gas, and petrochemical sectors, which are the high value-added segments for stainless steel bars and seamless pipes. Coming to Sintex, we continue to focus on channel expansion. In water storage tanks, we focus on premiumization alongside sustained momentum -- economy segment growth led by urbanization in the Tier 2 cities. In plastic pipes, we have extended footprint to 15 states and continue to focus on product portfolio expansion and brand visibility. We remain focused on our core products and geographies, prudent capital allocation, maintaining strong supplier-customer relationships, innovation, and building capabilities across our organization. Our people remain integral to our growth strategy, while our sustainability agenda continues to guide responsible manufacturing and long-term value creation. With that, let me ask the moderator to open the floor for the question -and -answer session.

Questions & Answers

Operator
Thank you, sir. We will now begin with the question -and -answer session. [Operator Instructions] Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Shaurya Shah with Equirius Securities. Please go ahead.

Shaurya Shah - Analyst, Equirus Securities
Yeah. Thank you for taking my question. So the first thing that I want to ask about is on the U.S. So of course, the oil and gas front, a large part of order booking has been...

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

Shaurya Shah - Analyst, Equirus Securities
Yeah. Hello, am I audible? Hello?

Operator
As there's no response, we'll move on to the next question. It's the line of Vikash Singh with ICICI Bank. Please go ahead.

Vikash Singh - Analyst, ICICI Securities
Good afternoon, everyone. Congratulations, sir, on a very good set of numbers.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Thank you, sir.

Vikash Singh - Analyst, ICICI Securities
My first question pertains to U.S. business that, like we said, that we have booked till FY '29. While the narrative on the data center and required pipelines still stays strong. So just wanted to understand, do we are still in a position or the customers are looking beyond FY '29 to give you more orders? How should we look at the order buildup in that particular geography?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Vikash, good morning.

Vikash Singh - Analyst, ICICI Securities
Good morning, sir.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
See, A, the pipeline of the orders or the pipeline of the projects still looks fairly robust at this point in time. However, everyone now understands that ordering has to be slightly calibrated because looking at the capacities, looking at all the orders which have recently been awarded, so we are seeing a little -- a lot more calibration happening. That does not mean that the pipeline robustness of the pipeline is standing compromised, but it is a very good intelligent thinking which is now coming in slightly where the calibration is happening.

So we will see that as as we speak there are couple of projects which are still under discussion which will still get finalized in the next couple of quarters. But the intensity at which they were all getting finalized till now, I think so that intensity will slightly come down, and very rightfully so, it should happen that way. So we are -- we continue to stay very optimistic, positive about the robustness of the U.S. business. I have a strong feeling that this demand is going to sustain for next 3 to 5 years more, over and above 2029, FY 2029. That's the sort of a guide, that's all the sort of a visibility we are getting at this point in time. And -- but it will now come in a little calibrated.

Vikash Singh - Analyst, ICICI Securities
Okay, sir. Sir my second question pertains to our Saudi mill as well as Jordan, which we are going to

set up. In terms of fungibility, if U.S. demand remains extraordinarily high for a longer than expected term, is this capacity, especially the Saudi which would come earlier, would have a fungibility to U.S. or that should -- we should not think at this point of time?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
See, technically speaking, that fungibility do exist, there's no doubt about it. But the fact of the matter remains that the Saudi market itself would be so very buoyant. We are so very optimistic around and about the robustness of that particular market that I think so our first priority would be to cater to the Saudi market. I am not discounting the possibility of addressing the North American market. I'm just -- I'm giving -- I'm not saying this is just the U.S. market. I am not discounting the possibility of addressing the North American market out of Saudi, which is a possibility. But I have a strong reason to believe that Saudi itself is going to keep us busy, one.

Coming back to your Jordan part of it, Jordan is a very, very strategic decision we have taken. Again, a call we have taken. And you know this was a similar question when we have taken preemptive calls in America or in Saudi, right? I think so keeping that spirit in mind, we have taken a call in Jordan because we have strong reasons to believe that in times to come, there is going to be a massive reconstruction activity which is going to get kickstarted in that particular region, and Jordan being at the epicenter of all the reconstruction activity, which happens to be in Syria, which happens to be in Iraq, which happens to be in Lebanon, which also happens to be -- and Jordan itself, there are massive projects which are going to happen in Jordan itself. I think so we have a strong view that this is going to be -- this strategic investment is going to pay a huge dividend to us in times to come.

Vikash Singh - Analyst, ICICI Securities
Noted, sir. I resonate with you on the reconstruction opportunity. So just one last question. We are flooded with cash. Even if I add up all these capexes, we will still be adding cash over and above this capex. So just wanted to understand how the management looks for this cash utilization, because this will weigh on your ROE guidance.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Right. So Vikash, as we have been very careful about our capital allocation policy, so we are as -- and I have clearly articulated our positioning that what is our directive from the board that how the capital allocation has to happen. So first and foremost, I want to clear, make you once again, I want to reassure you that we will have a very, very disciplined capital allocation policy, number one. Number two, it is also a fact that the current businesses are generating sufficient operations, sufficient operating cash flow at this point in time and we would be in -- we would be absolutely in positive of cash. The cash will -- the deployment of cash, A, primarily would be for two reasons. A, for growth and B, to offer our shareholders That is what our -- the directions what we have from the board. As at this point in time, what percentage, what is going to happen, how it is going to happen, it's a little premature because first and foremost, let the cash come to the bank. Right now it is only on the paper, it has to come to the bank. But I am only reassuring that, A, the capital allocation part of it is going to be extremely judicious, and B, it will only be focused towards growth and it will be for our shareholders. Hello?

Vikash Singh - Analyst, ICICI Securities
Hello.

Operator
Yes, sir. The current participant has been disconnected. We'll move on to the next question. It's from the line of Bhavya Gandhi with Bajaj Alternate. Please go ahead.

Bhavya Gandhi - Analyst, Bajaj Alternate
Yeah, hi. Thanks for the opportunity. Hope I'm audible. Hello?

Operator
Your line has been unmuted. Please go ahead with your question.

Bhavya Gandhi - Analyst, Bajaj Alternate
Yeah. Can you hear me? Is it audible? Hello? Hello? Can you hear me?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Yes.

Bhavya Gandhi - Analyst, Bajaj Alternate
Yeah, hi. So just wanted to understand what is the bid pipeline looking like and what is the usual conversion ratio, if you can highlight on that. You said till FY '20, then you are completely booked. I understand. Post that, in your very high-level experience, usually what is the cycle period when it comes to this oil and gas and water infra? Is it like a long gestation cycle or is it like a short cycle? If you can just elaborate on that as well.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
So Bhavya, the bid pipeline in U.S. looks extremely strong at this point in time. I don't -- we are -- this -- the demand robustness is unabated, very strong demand still appearing. We are still seeing a lot of traction with respect to data centers and demand and offers for the LNG exports, number one. And the bid pipeline for the India domestic business is slightly looking weak at this point in time. I am sure that things will improve from here on because the water sector has not been doing good here. We are seeing a little bit of a resurgence in the oil and gas sector. But India export bid pipeline is still looking robust. So India export bid pipeline looking good but India domestic bid pipeline could have been better. It is a little bit of a matter of a concern. So coming back to the Middle East, where the Saudi -- the Saudi domestic demand is looking extremely, extremely buoyant. I think so the -- no sooner this geopolitical situation gets addressed and is -- becomes a little stable, a little stable a bit, I think so we will see a massive resurgence coming up in the Saudi side of it. So from a bid pipeline perspective, other than the India part of it, we are fairly robust, we are fairly comfortable and confident.

Bhavya Gandhi - Analyst, Bajaj Alternate
Sir, would you like to quantify the bid pipeline amount and what is the conversion ratio like?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
It is changing. Bhavya, it is very difficult to quantify. Typically we see that, in any case, 3 million to 4 million tons of pipelines in any case are always there in contention. But today, the things are changing so very rapidly and so very fast , there are so many variables which are impacting it, so it is very difficult to pinpoint it. But it is -- they still are in the vicinity of almost 2 million to 3 million tons of pipeline at any point in time we are contemplating and contesting for.

Bhavya Gandhi - Analyst, Bajaj Alternate
Got it, sir. And just a high-level question, sir, on the cycle. How long does the cycle last? Because we are adding capacity, although we have visibility for next few years. Post that, just wanted to understand, will the growth taper off post '30? I know you said you have strong bid pipeline as well. But just wanted to understand how long does the cycle last? Is it like a 5, 7 year cycle, or is it like more like a 3, 4 year cycle from your experience? Yeah, that will be really helpful.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Okay. As I have earlier said in my earlier calls as well, see, this is a structural change which is happening in the industry. It is not a sort of a cyclical paradigm shift we are seeing here. What we are seeing is a very structural shift happening in the industry at this point in time. I think so -- which means that the demand is going to be for the long haul, both in U.S., both in the Middle East market. I think it is going to be a long-term sustained demand. I mean, what we have a visibility of next 5 to 7 years , at this point in time, crystal clear, crystal ball, 3 to 5 years visibility of 5 to 7 years. And if it is beyond that, I think so it is going to be extremely good for all of us.

Bhavya Gandhi - Analyst, Bajaj Alternate
That's really helpful, sir. Encouraging. Thank you so much. That's it from my end. Wishing you all the best.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Thank you.

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

Parth Bhavsar - Analyst, Investec
Hi, sir. Am I audible?

Goutam Chakraborty - Head of Investor Relations, Welspun Corp Limited
Yeah, Parth.

Parth Bhavsar - Analyst, Investec
Hello. Yes. So t hank you for the opportunity, sir. First, I wanted to check on Jordan expansion. So sir, what is the capacity we should work with over here in Jordan?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
See, we are in the process of finalizing all the capacities and everything, but it is going to be a fairly sizable capacity we will create in Jordan at this point in time for a simple reason that the requirement in Jordan itself is going to be huge, both with respect to water and oil gas pipeline. So the Jordanian government has already announced that. And as Mr. Percy did mention in the opening remark that we are going against the backdrop of an order in any case. So it is not that we are putting up a plant and then scouting for the business. We already -- we will have a business before the plant is going to start. And so it is going to be a sizable capacity, number one. Also, these capacities are mostly because depend on what size and what thicknesses you are doing. But I have a sense that we could be anything between 350,000 tons to half a million ton capacity range w e will be looking at it because the plant what we have, we are looking at, will have the capability to do that.

Parth Bhavsar - Analyst, Investec
Perfect. And sir, just to check on the KSA timelines, we had mentioned December 20 26. Is there a delay because of the geopolitical reason?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
No. So from a commissioning point of view, we are absolutely on track at this point in time, Parth. We should be -- we are in the final phases of our commissioning, both for our LSAW as well as for the DIP plant. And in this quarter 3, we will be done with that. Now, there the order materialization, the business materialization may take some time because of this condition. So today we have to also understand and acknowledge that the whole, this Middle East market, the whole Middle East region is under a massive supply chain disruption. Sorry. It's under a massive supply chain disruption. This disruption has to ease out a little bit. There has to be the raw material which has to start coming in.

You have to have the ability to -- of the finished good being exported or finished good to move out. I think so that disruption is currently in place. It is not impacting us, it is impacting the region at large. So we have to see it in two parts. In terms of our readiness, yes, we will be up and running, ready by the end of this particular year. But in order to capitalize upon the opportunities and to start really transacting the business, I think so we are also equally watching with caution, as everyone is, that how is the situation evolving and how quickly is this settling down in the Middle East.

Parth Bhavsar - Analyst, Investec
Got it. And sir, there is this one announcement by Saudi Arabia government that there is -- they are expanding the east-west pipeline capacity. So would that materialize anytime soon or would even that would depend on the supply chain?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
That is the only -- that is the one which you guys are hearing outside. But when we are there on the ground, we are hearing multiple things. There are a lot of action which is happening there, a lot of action which is happening there. I think, so the Saudi government is very, very clear as to what they intend to do, and you know, they are completely accelerating the whole processes, right? I think so there is no -- let be assured that there is no dearth of a business opportunity, both for the oil and gas with Aramco or in the water sector within Southeast. Be absolutely rest assured, it is just the supply chain disruption which is currently bothering us and everyone at large. Once that is being taken care of, I think so there is no dearth of opportunities.

Parth Bhavsar - Analyst, Investec
Perfect, sir. That answers my question. Thank you so much.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Thank you, Parth.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Shourya Shah with Equirius Securities. Please go ahead.

Shaurya Shah - Analyst, Equirus Securities
Hello sir, am I audible now?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Yeah, we can hear.

Shaurya Shah - Analyst, Equirus Securities
Yeah. So just on the U.S. business again, there was some issue with my line earlier, so apologies if I repeat the same. So of course, the oil and gas front, a large part of order booking has played out. Obviously, the outlook still remains positive. But on the data center story front, so is there further fuel left given the massive buildout still happening? So of course, INR5,500 crores order has been booked. But what is your view on kind of further visibility happening on the data centers front specifically?

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
Sure. So Shourya, you are right. There's lot of action happening there because of the data centers and obviously, they need to have these captive power plants and you need the gas pipelines for them. And one of the recent orders that we won, a large one there, was actually for a data center pipeline. However, there is also a little bit of a moderation that we are witnessing in the last month or so, and which is actually -- it fits in very well with our business plans as well. So because if everything materializes simultaneously then really we also wouldn't have the capacity to convert that into business orders. So I think there is still a lot of scope for more and more orders for gas pipelines, for data centers. But we have seen a little bit of caution emerging there and which is actually good in our favor.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
If I can add -- if I can just add -- sorry -- on the data, your -- to your specific requirement of data center, I think so. This demand has now started building up. There was discussions which were happening, but this demand has now started trickling in, right? And it is now building up. If you look at it, in the next 5 to 7 years' time, the volume of data center demand could outpace the demand for LNG exports. And that is the sense we are getting at this point in time. So as what Mr. Percy said, that while there is a natural calibration which is happening and which has to happen and which is good, but data center story has started. Earlier it was only on the books, then on to the drawing board, now it is coming to the execution. So this is a stream which is opening up beautifully well, and that is where we see that the demand is going to be there, a long-term sustained demand is going to be there, please.

Shaurya Shah - Analyst, Equirus Securities
Understood. That is great to hear, sir. And on the Saudi front, so I believe there was some implementation of anti-dumping duty as well, which has been finalized on the DI pipe imports in Saudi. So like, what is your view on the positive sentiment now building up further across the DI pipe industry in Saudi as well as surrounding regions across the MENA region? Because the desalination stories, I believe, playing out across the MENA region. So what is your outlook on this front?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
No, we are very optimistic. I mean, we -- today if you look at it, on the DI side of it, only 2/3 of the DI requirement of the Saudi , captive requirement of Saudi, was being serviced through imports, right? We are -- now we are going to be a fairly -- we are going to be the largest dominant player. So it is going to be a sort of an import substitution. We will definitely be, first and foremost, the first right of refusal in any case for the local demand will definitely come to Welspun. So we are very -- we are

optimistic about this DIP demand. And you are absolutely right, the debottle and the desalination story across Middle East is gaining traction. And you see, our expansion into the Jordan territory is also logical in that direction. That is also the play which is happening in Jordan. That is the play which is going to happen in -- which is already happening in Saudi, and that is the play which will also happen in other Middle East regions as well.

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

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Thank you.

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

Sneha Talreja - Analyst, Nuvama Research
Hi, sir. Thanks a lot for the opportunity. Just a couple of questions from my end. One is on the Saudi front. You said, everything is on track, the demand is pretty good. It's just that we are waiting for the line to start operating. In that case, what could be the utilization levels and how they can inch up for '28 and '29? Some color there would be helpful.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
See, as I said, that demand both for oil and gas and water is extremely strong. I am in the very first year of operations. We have everything is -- evens out and the whole supply chain and the region gets stabilized. We are looking at a very high percentage of our capacity utilization. And so we are not going to touch 100% in the very first year. These -- it is not that you press a button and you start doing that, but our ramp-up would be very, very fast. Our stabilization would be very, very fast for two simple reasons. Number one, that A, the demand is already -- demand is there. B, you are on the ground. And C, these are the products which is our bread and butter, which we produce every day in day out globally. So we are absolutely on top of things. Now how much -- what sort of a capacity utilization will happen? I can say it will be a fairly higher percentage of capacity utilization across both the plants what we are anticipating in the next financial year.

Sneha Talreja - Analyst, Nuvama Research
So just to put a number here, can we put 50%-60% utilization at least in the first year of operation?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
We should at least be aiming for that, if not more.

Sneha Talreja - Analyst, Nuvama Wealth Management Limited
Understood. Secondly, while a lot has been spoken on the U.S. and the demand front, how do we see India? India would consequently face 2 years of fall in volumes. Of course, there are two troubles that there's no capex happening in India apart from that, currently even the export is hit due to geopolitical issues. How do we see the scenario changing and how do we track that whether the spending and all is coming back?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
As I said, the India domestic demand has been fairly sluggish. And I mean, to be first -- I mean, I don't want to give a very rosy picture. I think so the way things are appearing, it could be sluggish

for the next few quarters as well, especially on the water sector, and for the reasons, there are reasons behind it. However, on the oil and gas side of it, I think so, as I said, we are seeing a little bit of an uptick. We are seeing an uptick in the city gas distribution, so which are very welcoming signs. And we want to see that how they pan out over the next couple of quarters.

But overall demand will -- the domestic demand is going to be under severe stress. Having said that, the export demand out of India, what we are exporting out of India, I think, so that demand was good, is good and will continue to be good, right? It is only in few of the markets do you have supply chain issues, but in most of the markets you don't have it. So I think so, our focus will continue to be on exports out of India, right, till -- and I am sure that, we have a very impressive record around exports all through these years, and we should be able to maintain that momentum.

Sneha Talreja - Analyst, Nuvama Wealth Management Limited
All the best, sir. All the best, team, and thanks a lot.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Thank you.

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

Netra Deshpande - Analyst, Mirae Asset Sharekhan
Thank you for the opportunity, and congratulations for the great set of numbers, sir.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Thank you, Neha [Phonetic].

Netra Deshpande - Analyst, Mirae Asset Sharekhan
My first -- yeah, my first question is pertaining with the line pipes, the volume which has sailed around 22 -- more than 22%, 20%, and DI pipes. So what is the volume guidance for FY '27? And again -- I'll sum up, this is my first question.

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
So Netra, the domestic DI pipes market we all know is facing, what should I say, headwinds, a nd it's all the players are getting impacted. So there is a slowdown, Jal Jeevan Mission, budgetary allocation. We all know these stories, okay? Welspun strategy is slightly unique. So we are focusing more now on the DI exports and we have done a lot of work there. So especially to markets like Europe, even in the Middle East, a lot of work has been done, accreditations have been obtained, and we will see that a lot of our production will start going towards exports. And also in the meantime, PIG has been doing well for us, and that's where we are not so adversely impacted by all these things. Things could have been better, no doubt. But I think we are reasonably okay in terms of this particular segment.

Netra Deshpande - Analyst, Mirae Asset Sharekhan
Okay. So volume trend, which we can capture as the same for the FY '27, it could be this that -- this way...

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
Domestic DI volumes will be obviously substantially lower. No doubt about it. But our focus is now moving to exports of DI pipes.

Netra Deshpande - Analyst, Mirae Asset Sharekhan
Okay, got it. Okay. And second question is about the new India JV, which is about the Perma-Pipe. So that is a coated [Phonetic] metal, and what would be this product mix overall structure and the margins and the realization, or incremental margins or realizations that you are expecting for?

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
So the India JV with Perma-Pipe is a very niche JV. It's for internal FBE coating. The investments that we are talking about is not anything that great. So I mean, it's total project we are talking is about INR110 crores, and both the partners will fund it. So we are talking about the small investment, but it will give us the bouquet of coating services capabilities. So that means we can do any type of coating which a potential customer may be requiring, including concrete wet coating, for example, which we already have. And this opens up opportunities for export orders, large export orders, where even the bare pipe manufacturing will come to us, because sometimes in these orders there is IFBE coating is mandatory. So while this JV gives only the niche capability of IFBE coating, but the benefits to us will be much more than that.

Netra Deshpande - Analyst, Mirae Asset Sharekhan
Okay. And where the plant is located, around like Anjar or any other location?

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
Yes, Anjar. Yes.

Netra Deshpande - Analyst, Mirae Asset Sharekhan
Anjar, okay. And what is the timeline for this commissioning? I mean, when it will start contributing the revenue as well?

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
I think next financial year it should be up and running.

Netra Deshpande - Analyst, Mirae Asset Sharekhan
Okay. And sir, the last question about the capex commitment for the FY '27, about this new plant and Jordan JV equity. So what will be the debt funded? So what would be the net debt to EBITDA? It's still below 1, or how it would be? Can you give some insights?

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
So Netra, you already know our numbers. The consolidated net cash that we have is close to INR3,800 crores. Okay. While we do have some capex remaining in Saudi and in USA, and we have also announced these are three new investments, but we are reasonably sure that we'll continue to remain in net cash position even after completion of all these capex.

Netra Deshpande - Analyst, Mirae Asset Sharekhan
Okay, all the best, sir. Thank you. That's it.

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

ahead.

Ritesh Shah - Analyst, Investec India
Hi, sir. Thank you for the opportunity and congratulations for wonderful results. So just wanted to understand why is the supply curve not reacting to the demand that we are looking in the marketplace? So we do understand that there are entry barriers which are very genuine, approvals take time. But you have several companies operating in North America as well as Middle East. Are there any incremental announcements that you are hearing from a supply curve standpoint?

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
So I think your question is more focused on North America, Ritesh.

Ritesh Shah - Analyst, Investec India
Yeah.

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
So we compete with two, three players there, and Welspun in U.S. is of course the largest market share over there. The other players are also a little bit of doing debottlenecking and a little bit of capacity augmentation. Okay. So I think we will -- our market share is likely to increase as we go forward. So with our capacity expansions that we have announced, we really stand to gain. And the competitors are also doing a little bit, but nothing comparable to us. So I think we are on a stronger wicket, and there are specific advantages that we have. So our complex in USA, in Little Rock, is spread over almost 800 acres of land, and that gives us a lot of advantages. The storage facilities and the infrastructure that is there, the proximity to the port, transportation, logistics, railway lines. Some of these things are not really available with the competitors. So even if they were to do all these things, it will take them longer time, p robably larger investment. And that's probably the reason that Welspun is able to move fast because of this infrastructure setup which we already have there.

Ritesh Shah - Analyst, Investec India
Sure. This is helpful. My second question is, I think in one of the earlier comments, I think Mathur ji used the word calibrated. Just wanted to understand, and I think this question was with respect to visibility of FY '29, FY '30. Just wanted to understand why the use of this word calibrated.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
When I say calibrated, the intent was that, A , the intensity of the projects which were being discussed, announced, well, in the last 6 months, 9 months, that's what I'm trying to say it is calibrated, because everyone has clearly understood that in a space like this, when beyond the point, there will be a supply constraint , it is better to calibrate the requirements and put -- and calibrate their plans. So that is what, not that the demand is going to get calibrated, it is the timing of that part is going to get calibrated. That's what I meant.

Ritesh Shah - Analyst, Investec India
Sure. So just as a follow-up over here, given I think most of the capacities will be probably booked or sold out. Then how are we taking a call on value versus volume, or how are we looking to maximize profitability? Or can U.S. orders, say, reap us more than $400, say, into '28, '29, '30? Is it a scenario that you probably won't rule out?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
There is nothing -- there is no scenario which cannot be ruled out. We are not ruling out any scenario at this point in time. I think so there is an opportunity which is there. We are -- we have the capacity and the capability to accommodate more orders. If you see we are making all that strategic calls, e ven yesterday we announced that we will be doing some augmentation of our capacity. That's all being done with a very strategic purpose. And it is the whole objective behind that seems to be only one to maximize the profitability around it, the volume growth and the profitability both.

Ritesh Shah - Analyst, Investec India
So my question, let me be a little direct. Given we already have visibility on volumes, is it possible to maximize the gross profit or EBITDA per ton by choosing more profitable orders, or are we looking to swap something which is more profitable versus something which is already on the order book? Is there some probability for that to happen?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
No. There's nothing called -- there's no probability for a swap. We are not looking for a swap. We are -- what we are aiming and what we are preparing ourselves for -- more orders and more profitable orders. That's what capacity augmentation we are doing at this point in time.

Ritesh Shah - Analyst, Investec India
Okay. Sir, then is it possible to have visibility into '30 and '31? Like, are we ready for it or is it like...

Operator
Sorry to interrupt, Mr. Ritesh. I would please request you to come back in the queue for further questions. Thank you. The next question comes from the line of Abhi J with A.J. Capital. Please go ahead.

Abhi Jain - Analyst, A.J. Capital
Hi, good afternoon. Hope I'm audible.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Yes, you are.

Abhi Jain - Analyst, A.J. Capital
First of all, sir, congratulations on the path that Welspun has been, it has been a tremendous opportunity which has been sized by you , even though you've gone through some tough times with respect to the India operations. So congratulations on that.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Thanks.

Abhi Jain - Analyst, A.J. Capital
So my first question is, I just wanted to understand that since our pipe volumes are down this year year -on -year, we have already done H1 of about INR11,235 crore, and to do the next INR20,000 crore, you would need to be about almost 20%-25% over and above the H1 that you have done. So just want to understand that given that the pipes volume are down, the volatility and the geopolitical volatility still persists. Obviously, Saudi Arabia, there is a great opportunity that is brewing, but given the Houthis attacks and given their preoccupation with that, just want to understand that can this shift from FY '27 or from H2 to next year H1? Do you see that there is some variability in the

environment right now that you're operating in?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
So if I understand, you have two questions. Number one, with respect to the performance in this financial year.

Abhi Jain - Analyst, A.J. Capital
Yeah.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
I think so, despite all that what is happening around, all that variability which is -- what is impacted a bit, I think so we would still be well within if not better than our guidance. So we are very, very clear about it . And if you see in the H1, we have been able to deliver what we have committed a nd I think so the H2, the way the visibility looks to us, I think so we should be in any case be able to achieve, if not exceed, our guidance. That's one part of it.

The second part of it, that A, what is it going to happen for the -- in the next financial year, then subsequent, the next financial year. I think so that is the time where our new capacities will come up on stream. A, the new capacity in U.S. will come on stream, and B, the new capacities of Saudi will come on stream. In any case, that incremental impacts will start coming in from these new capacities in the new -- in the next financial year. The only vulnerability could be a little bit of Saudi. For us, if in the next one or in a few months or a couple of months, if this supply chains and conditions improve, then you will have the full impact of profitability coming from there. If it gets prolonged then there could be a slight lag around it. That's the only difference which can be there. But other than that, we will see definitely an incremental earnings and profitability coming up against all net investments what we have done. And they are all backed by orders in any case. In U.S., in any case, that is all already backed by an order. So there is no doubt whatsoever that the H1 of the next year is going to be different than the H1 of this year.

Abhi Jain - Analyst, A.J. Capital
Yeah. No, we understand. Obviously, given the political environment and given where we are, things could shift by a quarter or so . So that is appreciated. Sir my second and final question was that in your presentation that I've gone through, you have called out the U.S. EBITDA per ton exceptional against a sustainable $300 per ton kind of a number. Could you just give us some idea about how these three mega orders that we have in Little Rock, right, at what EBITDA per ton are they priced at? I just want to understand whether through FY '29 that the orders that we have to execute in U.S., are the margins long-term? Or can they shift? Given the volatility, I would say even in U.S. itself, I mean, we don't know what will happen in midterms, we don't know how the political scenarios change, right? The drill baby drill, whether it takes a backseat or not. So just want to understand whether the margins are locked in for till FY '29 also on the U.S. orders.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Yes, they are. The simple -- the short simple answer to that is they are.

Abhi Jain - Analyst, A.J. Capital
Perfect. Thank you from my side. And yeah, hope the volatility subsides so that you can go ahead with your blazing results that we all expect. Thank you.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Thank you.

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

Pranav Mehta - Analyst, Equirus Securities Private Limited
Yeah. Thank you for taking my question. Am I audible?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Yeah.

Pranav Mehta - Analyst, Equirus Securities Private Limited
Yes, sir. Sir, so I just wanted to understand on the order pipeline that we are seeing facts of, let's say, in Middle East and America. So how are the things panning out in Australia, then your LatAm and then your Southeast Asia? If you can throw some light on that because that's -- those opportunities we can service from on export business.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
That's correct. I mean, that's a good question, Pranav. I think so. As I said, all these regions are serviced out of India and India exports. And as I said earlier as well, we were seeing a strong pipeline, and we are continuously seeing a strong pipeline of projects around this particular region. And that's the reason we have no doubt whatsoever with respect to, in our mind, with respect to exports out of India. So this pipeline of the projects is looking extremely good in these regions what you mentioned.

Pranav Mehta - Analyst, Equirus Securities Private Limited
Sure, sir. Sure. And sir my next question was on something which is currently developing globally, but I wanted your thoughts on how the hydrogen pipeline play can help us, if we can see some improved traction over next 2, 3 years in this category as well, because Europe is seeing a lot of hydrogen-related -- hydrogen pipeline-related activities.

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Pranav, A, there is still an activity which is happening, but it has definitely slowed down, or it has taken a little back seat in comparison to as what it was like 2 years back, right? While in Europe it is still there, but let's say in India or in other markets it has taken a little bit of a backseat. Having said that, I think so, is it -- is that a business opportunity? Yes, it is a big, a large business opportunity which is there. But it will -- in terms of prioritizing it, I think so, now the focus is more on energy security and ring-fence -- every country ring-fencing themselves with respect to that. So I think hydrogen has slightly taken a backseat, but it cannot be discounted. It is going to be a massive opportunity which will come up in future. It is just a slight time calibration which seems to be happening.

Pranav Mehta - Analyst, Equirus Securities Private Limited
Yeah. Sure, sir. Those are my questions. Yeah, thank you very much.

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

Darshil Jhaveri - Analyst, Crown Capital
Hello, thank you so much for taking my question, sir. Firstly, congratulations on a really great set of numbers, sir. So I just wanted to double-click on our guidance. I think we've given our guidance of around INR2,850 crores, but the run rate that we are going at, I think we should easily surpass it, right? So H2 is seasonally better. So would you think that our current -- we can outperform guidance that we've given, sir?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
I mean, I would love to say yes. But the fact remains that, as I've been talking on this call for some time, there are so many variables on which you have no control on. I mean, we see a strong traction in H2. But given all that variability which we are surrounded with, I think so it is -- we would still like to be cautiously optimistic around that. We have -- we would love to stay around the guidance what we have given, but we will be extremely pleased that we exceed that. In the past preceding couple of years, you have seen that whatever we have committed, we have always exceeded that. That will still be our endeavor. But I just like to be a little cautious in terms of overcommitting, depending, because there are a lot of things which are not in our control. And I hope you understand that.

Darshil Jhaveri - Analyst, Crown Capital
No, that's fair to say, sir. And so just wanted to know, in terms of the Saudi reconstruction, I don't know if it's relevant to us or not. But if the attacks are going on, are they -- is there a chance of them trying to attack industrial areas or somewhere where our plant is? Or is that like something that's happened till now or something that you would like to comment on, sir?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
We -- see, it is something not correct on our part to comment on, to be honest. But what I can make a sort of an assessment, I think so this is more of a -- this seems to be more of a positioning rather than a full-scale war in terms of that , as what is happening between -- in the European -- between the two European nations. I don't think so that is the situation we are seeing or watching or even expecting on that, in this part of the world. It is -- while there is a disruption, but that disruption is more of positioning rather than going out of all and about the infrastructure facilities of both the countries. I don't think so. We are not seeing that, nor we are hearing that. So I'm -- we're pretty confident around that, that it is not going in that direction.

Darshil Jhaveri - Analyst, Crown Capital
Okay, fair enough. Yeah, that's it from my side. Thank you so much. All the best.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Bhavin Chheda with Enam Holdings. Please go ahead.

Bhavin Chheda - Analyst, Enam Holdings
Yeah, good afternoon, sir. Sir, any traction seen in stainless steel bar and pipes business? Any orders new segment? How is that business? Though it's very small, but maybe 2 to 3-year view there?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Bhavin, on the stainless steel side of it, I think what we are seeing, there is a shift which is happening. We are seeing a lot more traction domestically rather than happening on export side of it,

because of all that what is happening in the European market at this point in time and the disruptions which is happening. But the good part is that the domestic market is looking strong. The volumes seems to be picking up. There has -- they have been slightly muted in the last quarter, there is no doubt about it. But I think so the next 2 quarters looks -- are looking much more promising in comparison to quarter 2.

Bhavin Chheda - Analyst, Enam Holdings
Okay. Thank you, sir.

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

Meet Bhuva - Analyst, Entigrity Ventures Partnerships
Yeah. Hi, congratulations on good set of numbers. Am I audible?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
Yes, please.

Meet Bhuva - Analyst, Entigrity Ventures Partnerships
Yeah. Hi. So all of my major questions have been answered. I just want to ask on the fintech side. So like our loss is kind of doubled in this quarter. So just wanted to understand how we are planning to take this business to the breakeven in the coming years?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
So I think so that's a good question, and I -- we have Yasho here, and you directly hear from him as to what exactly they have been -- what they are doing and what exactly their plans are going to be in the next couple of quarters. It will be very helpful to hear from him, please. Yasho, please.

Yashovardhan Agarwal - Managing Director of Welspun BAPL and Director of Sintex BAPL
Yeah. So just reframing, you're saying how are we improving EBITDA or how we're improving margins? Was that the..

Meet Bhuva - Analyst, Entigrity Ventures Partnerships
No. Yeah, how we will be coming to the breakeven?

Yashovardhan Agarwal - Managing Director of Welspun BAPL and Director of Sintex BAPL
Yeah. So right now we're focusing on premiumization of our products and our premium portfolio is growing strongly. So that is one element. The second element is, see, we've been very aggressive in investing in our R&D and our technology, the digital front. So barring that, we -- if I'm able to take out the cost of my marketing, my R&D, we'll break -- we are very close to breakeven, if not already. So it's just certain investments that we're taking call where we really want to aggressively play. And these, let's say, are the building blocks of tomorrow, not today. So I don't want to hurt the future of the company for today's breakeven, and that's the call I'm going to take here.

Meet Bhuva - Analyst, Entigrity Ventures Partnerships
Okay. So basically premiumization will be the one major growth driver that will take us to the breakeven?

Yashovardhan Agarwal - Managing Director of Welspun BAPL and Director of Sintex BAPL
Premiumization seen a strong impact in volume also of our products with economy. So Sintex as a whole was never there in economy. So we've seen that as a volume driver. So focusing on premiumization [Phonetic] hence forth.

Meet Bhuva - Analyst, Entigrity Ventures Partnerships
Okay, got it. Thank you very much.

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

Ashray Sheth - Analyst, Ventura Securities
Hi, sir. Thank you for the opportunity, and sir, congratulations for a wonderful set of numbers. So firstly, I wanted to ask about the Saudi competitive intensity that might be playing out. So sir, we've seen that several of our peers have also announced capacities in Saudi. So -- and with the current geopolitical situation, there might be some delay in order intake. So our capacities have been expected to come up much ahead of our competition. But given the demand cycle may be pushed out, do we see any risk of competitive intensity catching up? And what gives you confidence that Welspun can still lock in sufficient volumes and maintain attractive margins with those volumes?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
So in terms of comp -- see, Saudi market was always a competitive market. The competitive intensity was always there. It is not that we were the only line pipe player in that country, number one. Number two, we, as we speak today, our assets are completely ready but they will be ready in this quarter itself. And then as and when the -- we would have the opportunity to serve the market, we'll start serving that. I think so few of the competitors would still have a lot of work to do around that. But having said that, it is a -- there is a competitive landscape, n umber one. It was pre-existing, it is only increasing. But at the end of the day, the Welspun is all about niche. We are -- the plants what we have set up is to cater to the niche segment of that particular market. We know what our -- we know what the segments are. We have positioned ourselves accordingly. And I don't think so that we are going to get any impacted around that.

Ashray Sheth - Analyst, Ventura Securities
Okay. Got it, sir. Sir and on Welspun Specialty Business, over the last few years we have consistently built our capabilities in terms of qualifications , we have got qualifications from NTPC, BHEL, and NPCIL. So could you help us understand how is the order book shaping up for that business, and how is -- how would the split look like across nuclear, specialty chemicals, oil and gas, and defense? So -- a nd which of these verticals are you expecting could drive the specialty business growth?

Vipul Mathur - Managing Director and Chief Executive Officer, Welspun Corp Limited
See, we have been, as you know, it -- this business is with a very tough entry barriers, number one. Number two, the USP of Welspun Specialty is that they are the only integrated player. They're having their own steel, having their own pipes, right? Number three, all through this we have been , in the last 2 or 3 years, we have been gradually building the blocks and we have been absolutely in black, and earlier this company used to be in red. So we are -- directionally, we are moving in the right direction. And let's not forget, this is the only integrated company.

What is the key demand driver now going to be is the power gen. There is a massive power gen requirement, which is the capacity which is being built up in India, right? And I think so this is where we will see that Welspun Specialty is still playing a major, major role in quarters and years to come. And this is a long-haul demand. It is not going to be a sort of a quarter-on-quarter demand or a 1 or 2 year demand. It is a structural change again which is happening and it is an 8 to 10 year demand in the power gen sector, which will then be followed -- which will also be compounded with the nuclear in days to come. So this is what we are getting prepared for. This is what we are ready for. And this is where we see that the next growth story of WSSL is going to come in from.

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

Percy Birdy - Chief Financial Officer, Welspun Corp Limited
Thank you for attending this today's call. And I hope we have answered all your questions. If any of you have any further queries, please feel free to contact our Investor Relations team, and we'll be happy to assist you in this regard. So wish you all a great year ahead, and wish you all a happy Diwali.

Operator
[Operator Closing Remarks]