Management Discussion

Vikas Singh - Analyst, ICICI Securities
Good morning everyone, welcome to Maharashtra Seamless Ltd Q1 FY27 conference call. A very warm welcome to all. Oh, sorry

Operator
to interrupt you because your voice is breaking.

Vikas Singh - Analyst, ICICI Securities
Is it better?

Operator
Yes, this is quite better.

Vikas Singh - Analyst, ICICI Securities
Yeah, so from the management, we have with us Mr. Kaushal Bengani, Deputy General Manager, Investor Relations and Finance. Without taking any much time, I'll hand it over to Kaushal for his opening remarks.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Thank you, Vikash. Good morning, shareholders, and thank you for joining our earnings call. At the outset, I would like to inform that one of our independent directors unfortunately passed away a few days ago. Mr. Ashok Bhandari was a man with a stellar reputation, and his contributions are immensely appreciated by the company. And the company believes that He would have contributed much more, but due to the sudden and sad demise, we are no longer able to benefit from his knowledge and experience.

Um, just wanted to place that on record before commencing this call. The results for the first quarter of FY27 have been good, and in this quarter we have dispatched 96,000 tons of seamless pipes. Dispatches in this quarter were impacted by disruption in gas supply in April. Otherwise, we would have been able to dispatch around 1 lakh 5,000 or 1 lakh 10,000, which is the usual run rate. However, despite lower production, margins were not impacted. The encouraging sign in the current environment is that our order book has improved materially from when it was last reported.

The order book currently is at INR1,709 crores, which is an improvement by 31% from when it was last reported. After many quarters, I am pleased to inform that 42% of the total order book are orders from the oil sector, and 20% of the total order book are export orders, primarily to the US and Canada. These two segments specifically are higher margin segments, and we should see the benefits of this order book in the coming quarter. On the treasury front, there is an improvement in other income on a quarterly basis with an amount of INR175 crores.

The previous year average per quarter was around INR97 crores per quarter, and this improvement in other income is primarily, primarily driven by the improvement in the equity markets which has been recently seen. On reviewing our Q1 FY27 performance versus Q4 FY26, revenue improved by 3% to INR1,266 crores. EBITDA declined by 23% to INR184 crores on account of lower production. However, PAT improved by 150% to INR271 crores on account of better other income. EPS in this quarter was INR20 per share. A point to note here would be that the immediate performance in the first quarter is not so reflective of the way we'll perform in the next quarter or the quarter after that,

because the revival in the order book and the kind of orders that we've been able to accumulate in the past few months has pleasantly surprised us due to the lower expenditure in the oil and gas sector in the previous few years, we were waiting for a revival, and we believe that the revival is just around the corner, as is indicated by the data which is coming in.

I would now request Vikash to kindly open for questions.

Questions & Answers

Operator
Thank you very much, sir. We will now begin the question Question and Answer session. [Operator Instructions] We have our first question from the line of Saket Kapoor from Krapoor Co. Please go ahead.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Namaskar, Kaushal bhai. I hope I'm audible.

Operator
Yes, we can hear you.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Yeah, yeah. Thank you first of all for the opportunity, and thank you for hosting, uh, Vikas via, for hosting the call today also. And thanks to the management. It is after a gap, and we hope for the continuity of call, and I hope all good at your end also. Firstly, if you could just dwell further on the, on the optimism, uh, on your, on your opening remarks in terms of, uh, how, how is likelihood the EBITDA margin trajectory or the EBITDA pattern going to shape up, uh, on the basis of the closing order book?

And also, the, since you have, as a mix, we have articulated here that is mix is also skewed better. So if you could just give us some more color, that would suffice.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
On slide 15, the order book is detailed. In that slide, I've mentioned that 714 crores worth of orders are from ONGC and Oil India, which is the oil sector, which is generally a higher margin segment. In addition to that, 20% of the total order book is from the export segment, which is again a higher margin segment. Further, these special orders of INR100 crores of cylinder pipes, which has also been mentioned is also there. These all of these dispatches are likely to take place in the second quarter, with a little amount being spilled over onto the third quarter.

So, uh, the, uh, point which I was making was that almost 63-64% of the total order book comprises higher margin orders. Which is a pleasant surprise for everyone because this has not been the case in the past few years.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Just to get some bit on the color on the number part, when we look at our Q1 number with the type of outages because of the gas issues, and I think the labor was also a factor, we did an EBITDA per tonne of in our guided range of INR15,600. And now taking into account the mix, the export, the high value added segment, uh, what should be the likelihood of the EBITDA pattern for, for the coming quarter with the confirmed order book in execution? Now if you could just give us some more color,

and how is volume likely to shape up for the year, or if for, for the ensuing 2-3 quarters, if you could give us some more color.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Specifically on the number, I would not like to comment because it varies on the kind of product that we dispatch in a particular quarter. But what I can say with reasonable confidence is that margin should be maintained if not improved in the coming quarters. On the dispatch front, dispatches in the first quarter were impacted due to disruption in gas supplies in our Telangana plant in the month of April. That has been resolved and we should see dispatches in current quarter of around 1 lakh 5,000, 1 lakh 10,000, which would mean that a yearly average of around 4 lakh 10,000 to 4 lakh 30,000 would be reasonably possible.

Saket Kapoor - Analyst, Saket Kapoor & Co.
4 lakh 10,000 tons

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
to 4 lakh 30,000 tons would be reasonably possible.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Okay, so we did 420 or 419 rather for FY26, so that number may inch up to the 430 branches. Yes, it's just in continuation to that, and what is the update on the finishing line for the southern, southern unit and whether we will garner any benefits, uh, of the same for the current year?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
On the finishing line, we have placed orders of INR107 crores and made payments of INR89 crores. We are still waiting for the finishing line to be completed, but, uh, maybe next quarter I'll be in a better position to give you a specific update.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Okay, so can you explain to us that, uh, why is it the geopolitical setup or the long-time delivery of, uh, machineries that are related? Because these are inordinate delays in our, uh, commissioning of finishing line. And I stand corrected, if I may add. So if you could just explain to us

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
in the past, uh year and a half. We were not pushing this aggressively because the market was not so buoyant, but the revival in the order book in the current situation will push the company to complete the finishing line sooner rather than later.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Okay, sir. In continuation to the same, can you give some more color on the bid pipeline now, and also how is the tendering process are currently looking both from the state, or I mean, our oil PSUs, and also from the export market, which you have, which you have just mentioned that have revived, and the contribution would be higher, I think, so far for the ensuing year. And then some more points.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
I would refrain from commenting on the bid pipeline, but I will give you some data points which will which will probably give you a better sense. In financial year 2023, exports were 25% of total dispatches. In financial year '24, exports were less than 5% of total dispatches. In financial year '25, exports were again less than 5% of total dispatches. In financial year '26, exports were less than 10% of total dispatches, and in the first quarter of FY27, exports were around 22% of total dispatches.

I think you should be able to make a reasonable assessment on how things are. Positioned for the future.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Okay, sir. And since we do not have the closing order book for the March 26th closing order book, can you give some color of that exact number of what, uh, the order book was in the month of May or March? Any, any number which you have which is comparable to this INR1,700 crore number?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
The number which I was referring to earlier was INR1,303 crores, which was the number which was reported in the call for Q3. The number for Q4 would be around INR1,300 crores only, so not much change.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Okay, that's then that is a very significant aspect in on a quarterly basis which you have just explained to us also. Sir, I would also like to have a word on the update on the scheme. I think so some If you could just like to mention about what are we exactly trying or planning to do. I think so some revision is also there which was expected to be submitted. I'm referring to the 3 companies or the 3 portfolios for Maharashtra Seamless Ltd. If you could just explain to your shareholders what exactly it is, what are the rationale and your and the thought process behind it.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
There is no update. The scheme has been withdrawn.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Okay, okay, sir. Lastly, sir, on the change in inventory, so that is also attributed to the lower dispatches only, and that will get corrected in the ensuing quarter. There's nothing more to read into it, correct? Okay, and last point on the Premium Connection, sir. When, when we look at your presentation slides, uh, give me a second, slide number 10, we have seen that for the June quarter under the Jindal Premium Connection, the ICT value has moved up from the closing balance of INR10 crore to INR14 crore.

So firstly, With respect to the premium connection part, where are we in terms of, uh, uh, of, uh, on the JV which we expected on some, some collaboration? And what does this minor increment in the ICD signify?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless

The joint venture agreement with JFE was done through our wholly owned subsidiary Jindal Premium Connections Private Limited, and we have commenced operations on manufacturing of premium connections, and we have successfully dispatched few orders. The increase in ICD exposure to our wholly owned subsidiary is because the wholly owned subsidiary has started manufacturing and It requires few equipments and initial funds to, to start and improve production levels. The capacity of this plant is around 8,000 to 10,000 tons per year.

It is a value addition product, and we have mentioned in our earlier calls that The company is focusing on developing and improving its basket of value addition products, and Premium Connections is one of those products which we wanted to develop, and we have successfully done that. We also have orders of Premium Connections, and the mill for Premium Connections is booked till April of next year.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Okay, so can you give some more color on what would be its contribution? I think so it is being clubbed under share of profit in associate and joint venture. That is where the where its profitability would appear when we will execute the order.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
No, it is a wholly owned subsidiary, so there would be a line-wise consolidation.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Okay, so for this first quarter there is no contribution as of now. There is contribution

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
of Jindal Premium Connections. So the financial performance of the wholly owned subsidiary will be consolidated with that of the standalone entity.

Saket Kapoor - Analyst, Saket Kapoor & Co.
When I look at the standalone number, it is INR1,091 crore sales from operation, and consolidated also is the same number. So where have where we will find this, uh, this number, sir?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
You will not find it separately. It is consolidated in

Saket Kapoor - Analyst, Saket Kapoor & Co.
the standalone or can you specify for the

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
consolidated financials? The subsidiary is consolidated with the standalone financials. The financials of the subsidiary is consolidated with the standalone financials.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Yes, sir. So that will not appear in the revenue proper? It will not flow through the P&L in the revenue and then the PBT? But I just wanted to understand.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
For subsidiaries, line-wise consolidation is undertaken. So sales of standalone will see an addition of the sales of the subsidiary

Saket Kapoor - Analyst, Saket Kapoor & Co.
as well,

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
and so on for every line item. For this is applicable on all subsidiaries,

Saket Kapoor - Analyst, Saket Kapoor & Co.
correct? Correct. So this 1091 is having the Jindal Premium Connection embedded in it. Yes. Okay, can you quantify, sir, what have been the contributions? This is a value-added aspect. If some more color would have been given, and what should be the annual contribution then?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
I have already spoken enough about it. As I said, it is a market of 8,000 to 10,000 tons, so overall it will not make a material difference, but it will lead to a situation where decline in profitability is limited on account of value addition products. That's why all companies want to develop value addition products, because they are small in the capacity and high in profitability.

Saket Kapoor - Analyst, Saket Kapoor & Co.
And lastly, sir, as investors have been requesting for the cash utilization So since the scheme has been withdrawn and now the first I think the first thought process would be a late so what should investors be looking now for the cash utilization and any more color, or when what should be the near-term timeline that we should be waiting to hear from, uh, from the promoters and the board on the utilization and the new effective scheme, if any? Any, any thought process you would like to share now?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
There is no update. Whatever I said earlier remains as of now.

Saket Kapoor - Analyst, Saket Kapoor & Co.
I'll join the queue. And my best wishes to the entire team and my condolence on the demise of Bandari Ji, sir. A real gem from Kolkata. Thank you.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Thank you, sir.

Operator
Thank you, Saket. [Operator Instructions] We have our next question from the line of Ankur Saveria, an individual investor. Please go ahead.

Ankur Savaria - Analyst, Individual Investor
Good morning, everyone. My question, first question is, any clarity on why did not we have a con call last quarter, sir? Any particular reason?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
I'm not sure how that is relevant to the financial performance or the growth prospects of the company. It was not done, it was not done.

Ankur Savaria - Analyst, Individual Investor
Okay, sir. And after a long time, why have

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
you not participated in all of our earlier calls?

Ankur Savaria - Analyst, Individual Investor
Fine, taken, sir. Not an issue. It is good that now the commentary from the management after a long time is very positive on the order book. My question is, after this Samudra Manthan by the government, do you think that will also contribute in our order book in near future?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
I was not able to hear you very well. Can you please repeat?

Ankur Savaria - Analyst, Individual Investor
Sure. So the government has announced which they want to explore oil in deep sea. So will this also positively affect our company? Will we be a part of it?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
On the face of the announcement, it should positively impact the company because we are an oil and gas sector supplier. Any development in the oil and gas sector prospects will benefit all oil and gas sector participants. The advantage that we have in particular is that we have the maximum size range the maximum basket of value-added products and the maximum capacity to supply to the oil and gas sector in India. As and when there is an improvement in expenditure, we will see a direct benefit to Maharashtra Seamless

Ankur Savaria - Analyst, Individual Investor
Ltd. What is our capacity utilization as of now, sir?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Capacity utilization is around 70-75%. We have an active capacity of 5 lakh 50,000 tons and we manufacture and dispatch anywhere between 4 lakh 10,000 to 4 lakh 30,000 tons per year.

Ankur Savaria - Analyst, Individual Investor
Maharashtra Seamless Ltd. Right, sir. And now we have seen that you have given a capital allocation and it is approximately same for last 3-4 years. Now once you're saying that you are going to go

ahead with the capital allocation from now on, so do you foresee a good demand coming in the sector after a long time, sir?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
We expect revival in demand. We also have started the capital expenditure couple of years ago. It is not that we have not done anything for the past 2 years. We have put in a cold-drawn line at our facility in Mangal. These capital expenditure work for the finishing line at Telangana was also started in 2024, but we were not pursuing it aggressively because the market was not supporting us. But now that we have seen a revival in demand, and hopefully this should continue for the coming quarters, we also want to complete the capital expenditure work as early as we can. The project on which we are focusing right now is the finishing line at Telangana, for which we have placed orders of INR107 crores and made payments of INR89 crores.

Ankur Savaria - Analyst, Individual Investor
So my last question is regarding the EBITDA per ton for the ERW, and it has come down by a long margin. So any particular reason regarding that, sir?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
The ERW segment generally is a very small segment of the entire company. It accounts for less than 7% of total EBITDA. Secondly, the ERW segment comprises of two sub-segments. First, the ERW pipes which are used in the oil sector which are API certified, and secondly, the ERW pipes which are used in the water sector, which are IS certified. The margins in the API certified ERW pipes which are used in the oil sector are much higher than the margins which are there in the IS certified ERW pipes. Which are used in the water sector. The variation in margin on a quarterly basis in the ERW segment as a whole is reflective of the kind of products that we dispatch in that particular quarter.

Ankur Savaria - Analyst, Individual Investor
Got it, sir. If I may have, at one point of time, our EBITDA per ton had reached somewhere about 21,000 to 22,000, and you said that it was just because there was the change in the rate of inventory that had increased our EBITDA per ton, and then it came down to somewhere about 12,000, 11,000, but slowly it is again increasing, uh, to 15,000, 16,000. Percent. So is it again the reverse effect of the raw material, or are we able to increase our EBITDA per ton due to our order book?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
In Q1 FY27, the improvement in margins was on account of the product mix. And that improvement is likely to continue because of the order book regarding which I had spoken at length a little while ago. The change in inventory which you are talking about, which happens on account of mark-to-market, uh, of the inventory that we are carrying with the current price That, uh, that adjustment was not so much of a factor in the first quarter. It was more applicable in the fourth quarter of FY26 and is usually seen in an environment where prices rise rapidly or prices fall rapidly.

By prices, I mean prices of raw material, which is steel billets for us. In the Seamless Ltd

Ankur Savaria - Analyst, Individual Investor
segment. That's great to hear, sir. All the best from my side, and thanks for answering the question, sir.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Thank you.

Operator
Thank you. [Operator Instructions] We have our next question from the line of Gaurav Khanna from CapGuru Capital. Please go ahead.

Gaurav Khanna - Analyst, CapGrow Capital
Good morning.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Good morning.

Gaurav Khanna - Analyst, CapGrow Capital
Yeah, so my question is, uh, where do we stand on the demerger right now?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
That scheme has been withdrawn. We had already intimated the exchanges.

Gaurav Khanna - Analyst, CapGrow Capital
Oh, okay, sir.

Operator
Thank you. [Operator Instructions] Next question is from the line of Jyoti Singh from ICICI Securities. Please go ahead.

Unidentified Participant - Analyst
Hello. Hello. Hello.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Yes, you can.

Unidentified Participant - Analyst
Hello. Yeah, good morning, sir. Thank you for the opportunity. Good morning. So my first question is regarding the order book. So with ONGC stepping up its screening program, Maharashtra Seamless Ltd, including a significant number of new developments. Well, how are you seeing this translate into the incremental demand for seamless pipes? Have you seen any meaningful improvement in the inquiry levels yet, or order inflows in terms of visibility? Yes. Is it possible to quantify that?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
I would not want to comment on the upcoming orders, but if you look at our order book composition,

which has been very transparently displayed and is available in public domain, you will be able to make an assessment as to why the order book which has been reported yesterday to shareholders is different from what it was in the past couple of years.

Unidentified Participant - Analyst
Okay. Besides, there are several reports around the increased exploration and drilling activity across the Indian Eastern basins and offshore regions. So how meaningful is this opportunity for Maharashtra Seamless Ltd? Are we seeing any customer inquiries or any orders linked to this project?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
The reports that you are talking about, these reports were in circulation for the past few years, but nothing was happening on the ground in a commensurate level with the, with the reports that were being circulated. However, in the past few months, we have seen an improvement in our order book, which again has been very transparently displayed in the presentation. And I have also spoken about it towards the start of the call. Around 64-65% of the entire order book comprises high-margin orders.

Unidentified Participant - Analyst
Okay, so my third question is regards to the US imposing duties, uh, the tariff on steel imports. Are we still cost competitive enough to win and execute orders in the US market? Basically, given the current US regime.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
just one second, Madam. 20% of the entire order book, so that is approximately INR340 crores worth of orders, are to North America, which comprises US and Canada. And despite the disruption in the Middle East, we have been able to obtain orders and dispatch to the export market.

Unidentified Participant - Analyst
So from this order book, how much of the tariff burden is being absorbed by the customer versus the Maharashtra Seamless Ltd?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Entirely. We will not absorb any cost incidence.

Unidentified Participant - Analyst
Okay, that's it from my side. Thank you, sir.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Thank you.

Operator
Thank you. We have our next question from the line of Shriram, an individual investor. Please go ahead.

Shriram - Analyst, Individual Investor
Yeah, thank you for the opportunity. I just have one question. Uh, you know, uh, are we seeing any benefits of the anti-dumping duty? And given that the existing duty will expire next year in Jan, uh, do we expect the duty to be continued beyond that? And what is the company's action plan to ensure its continuation?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
I am not in a position to give you the kind of answer that you want from me because implementing or renewing a duty on which product and at what level is not within my control or the company's control. We can only petition the government individually as a company or together as an industry to make necessary adjustments to the duty level. An encouraging sign is that the duty has been extended on an interim basis from October to January, which means that they are looking into the data and they found reasonable cause to make an extension.

I will not be able to give you a specific response or a definitive response that duty will be renewed or at what level. But since we are continuing our capital expenditure, we are positive on the prospects of the industry and the future of the company.

Shriram - Analyst, Individual Investor
But sir, is it benefiting us now? I mean, what is your sense now? Because

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
it is, it is benefiting us. It was sorry, it has become less prohibitive than it was before, but it is still better than no duty.

Shriram - Analyst, Individual Investor
Okay, fine, sir. Thank you. Got it.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Thank you.

Operator
Thank you. [Operator Instructions] We have our next question from the line of Saket Kapoor from Kapoor Co. Please go ahead.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Yes, yes, sir. Just in continuation to what the earlier speaker, and you replied about the extension of the anti-dumping duty, uh, timeline, sir. So that was 2027, uh, and then now for 4 months to '28. And if you could just give the timeline in year-wise also, till what was the duty was,

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
uh, from 2016 to 2021, then from 2021 to October 2026. And last month it was temporarily extended from October 26 to January 27, pending completion of review of the extension of the tenure of the duty.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Correct me here, earlier we have also introduced some new products which were not covered under the anti-dumping regime at that time because they were not produced in the country and MSL was, I think so, what we're doing there. So You have earlier explained that China was there were import from products which were not covered in the anti-dumping, hence they were benefiting from, from the same. So now if there will be an overall review of the entire things in entirety, then this product will also be included?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Correct.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Maybe included. Yes. Right, sir. If we take now the optimistic scenario because of the closing order book and your commentary, then what should now be the new timeline of execution of the CapExes in terms of the Nagothani part of the story, which is a large CapEx of hot mill upgrade? I would like to understand the sequence now for For, for NSE Seamless Ltd, you have clarified that we are now, uh, pushing forward for the completion so that we can participate, uh, in the improved, uh, order execution. So when will the bigger CapEx of the hot mill upgrade at Nagotane will follow suit?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
We have not started that project at all. We are focusing on completing the Telangana project first, and then we will get back to you.

Saket Kapoor - Analyst, Saket Kapoor & Co.
Okay, so, uh, to put into the factors that will lead, uh, for, uh, for upgrading and all are not still in place. So we will, we will first, uh, capitalize on I don't understand

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
why you keep repeating the same thing. I have already clarified that we have not started that project, and we are focusing on the Telangana project. Specifically on the Telangana project, I also informed you that I will give you a definitive update in the next call. What more do you want from me?

Saket Kapoor - Analyst, Saket Kapoor & Co.
No, sir, I was only trying to make myself understand. You are absolutely correct on your thoughts, on your thought process. And last point is on this wage revision part, on the, on the employee aspect and the availability of labor. So, uh, if you could just give us some color. How is our mills and our, uh, our work being insulated, or how is the employee availability and the cost inflation in terms of the employee expenses likely to be, or what have been factored with the new, uh, code and all? If you could just give us.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
there was an incidence of INR3 crore which was captured in the fourth quarter of the previous financial year. Apart from that, the regular increments of employees have already been undertaken. There is nothing else to add on this point.

Saket Kapoor - Analyst, Saket Kapoor & Co.
And availability of labor is also not an issue for concern for our mills. Correct. Right, sir. Thank you once again, Kaushik ji, Vikas ji, for the call and for giving all the elaborated and pointed answers. My best wishes to the team. Thank you. Thank you.

Operator
Thank you. [Operator Instructions] Next question is from the line of Amit from Determined Investments. Please go ahead.

Amit Guruh Sachdeva - Analyst, Determined Investments
Yeah, thank you so much for the opportunity. Can you hear me?

Operator
Yes,

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
we can hear you.

Amit Guruh Sachdeva - Analyst, Determined Investments
Thank you. So just one question on the, you know, exports business. So, you know, thanks for the explanation, detailed explanation, you know, of the past 10 so fiscal '23 about 20% and then, you know, down to 5% and about 10%, whatever, 5 to 10% last year, and, you know, then things are picking up this year. So I just wanted to, you know, two points. I mean, one is that so fiscal '27, you know, given your order book and what you have already executed in one Q, you know, the trend sort of seemed to be very clear, you know, it's going to be between 15-20% of, you know, your sales for this year seemingly.

But I mean, how should we look at, you know, this, you know, going forward, which is basically Beyond fiscal, you know, '27, going into fiscal '28-'29, how do you sort of see the, you know, export market, uh, in general, and, you know, with respect to, uh, you know, specifically, uh, you know, your own exports? Because in the past, you, you know, as I sort of recall, you have sort of given a commentary that, you know, the focus of the company, you know, will continue to be primarily the domestic market.

And the second point was, you know, on the margin side also, I was a little bit surprised because, you know, best to my understanding, you know, as far as the US market is concerned, you know, the duties on steel products sort of still continues to be, you know, very high because they are not part of that, you know, the changes in US import duties which have sort of happened this year, the Supreme Court judgment. So to the best of my understanding, steel products are, you know, steel product duties in the US are under a separate, you know, section which remain unchanged, you know, from last year.

So what is sort of driving, you know, this kind of, you know, traction in US exports given the high level of duties and, you know, especially, you know, the point on margins because you're not going to indicate that the margins will be higher on these products given, you know, the high level of duties, you know, which I presume that these products would be under. So if you can just sort of provide some clarification on these on this point.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
regarding forecasts, let's say 6 months, 1 year, 2 years into the future, it is not something that we can provide. Because unlike other companies, we operate on a short-cycle order book. That is not something which is, which is a norm in the industry, but it is something which we actively practice because we want to maintain a 3 to 4 month order book at all times. Not more than that, not less than that. The reason why that is the case is because the duration of the order book should match with the holding period of inventory.

Every time we receive an order, we immediately book raw material against the said order so that we are not impacted by fluctuations fluctuating steel prices, and profitability per order is maintained at all times. That is a golden principle for our company, and we have diligently followed that for the past 35 years. Therefore, for us to give a guidance 6 months from now or 1 year from now would be something which is not data-driven. And if it is not data-driven, it is not something which I would want to comment because it is not a philosophy of the company to overcommit and underdeliver.

We have always been very conservative in whatever we communicate to the general public. Regarding exports to the US, It is on account of improvement in drilling activities in that location. We have always exported to US and Canada. It is not something which is new. It was impacted due to the tariff tantrum, and before that due to a slowdown in oil and gas expenditure. Immediately after the boom in oil and gas expenditure caused by the Russia-Ukraine war. We have seen a revival and we are able to dispatch to that geography despite the war going on in the Middle East.

Amit Guruh Sachdeva - Analyst, Determined Investments
Okay, so just a clarification, how are you sort of, you know, able to generate, you know, given the fact that, you know, U.S. Tariffs specifically on steel products and, you know, pipes are principally, you know, that it still sort of continues to remain high. So, you know, how do you sort of explain, you know, a very high level of margins, you know, from these, you know, orders, basically, and definitely higher than, you know, the company average, basically given so, you know, high duties also, high margins also, you know, doesn't sort of seem to gel together. That's why I'm just.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
the only logical explanation would be that the selling price is even higher.

Amit Guruh Sachdeva - Analyst, Determined Investments
Okay, okay, things sort of seem to be quite buoyant on that aspect. All right, understood. That's it from my end. Thank you.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Thank you.

Operator
Thank you. [Operator Instructions] We have our next question from the line of Vikas Singh from ICICI Securities. Please go ahead.

Vikas Singh - Analyst, ICICI Securities
Thank you. Kaushal, just one question regarding currently the competitive intensity. I believe that

last quarter, one of your larger competitors, uh, was not in the race for the orders because of the API certification cancellation. So going forward, what's your view in terms of competitive intensity, uh, and, uh, in including the imported part of it? Does the INR depreciation have made you guys a little more competitive at this point of time? Uh, your views on these things.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
You're absolutely right, the INR depreciation has made us more competitive. Uh, further, we've also benefited from the disruption in the API license of our competitor, and we've been able to capture orders. Therefore, we believe that we are in a better position right now, and we'll be able to maintain that. Going forward. Based on the feedback that I've received from the sales and marketing team, I think we'll be able to maintain a good order book immediately going forward.

Vikas Singh - Analyst, ICICI Securities
Thank you.

Operator
As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless
Thank you, shareholders, for participating in the call on a Saturday. We appreciate your inputs and guidance, and we'll ensure that all necessary updates regarding the company are made available to you. Thank you.

Operator
[Operator Closing Remarks]