Management Discussion

Vikash Singh - Analyst, ICICI Securities
Thank you, Shiv. Good morning, everyone. Welcome to Maharashtra Seamless Q2 FY27 and first half FY27 conference call. Thank you. Uh, before starting the call, I would just read the disclaimer that today's call can have a forward-looking statement about the company's business and financial performance, and the statements should not be taken as a guarantee of performance for today. Without taking any more time, I'll introduce the management. We have with us Kaushal Bengani, Deputy General Manager, Investor Relations and Finance.

From Maharashtra Seamless side. Over to you, Kaushal, for your opening remarks.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Thank you, Vikash. Good afternoon, shareholders. Thank you for participating in our call. We will discuss the second quarter FY27 results. I believe most of you have gone through our results, so it is better if we just start with the Q&A session. Vikash, I will request you to kindly open for questions.

Questions & Answers

Operator
Thank you, sir. We will now begin the question and answer session. [Operator Instructions] Our first question comes from the line of Muhammad Farooq Umer with Pearl Capital. Please go ahead.

Muhammad Farooq Umer - Analyst, Pearl Capital
Good morning, sir. Can you hear me? Hello?

Operator
Yes, sir,

We can hear you.

Muhammad Farooq Umer - Analyst, Pearl Capital
Okay. So good morning. And despite having a strong balance sheet and substantial surplus funds, invested in bonds and mutual funds for several years. The company has not created meaningful shareholder wealth for the last three years, and its valuation remains low. What concrete steps is management considering to deploy this capital more effectively, including a possible buyback to improve shareholder returns?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Generally speaking, Nifty has not created any meaningful wealth for the past two years. Nifty Small Cap has also not created any meaningful wealth for the past two years. We are not beyond the economic environment of the country or of, uh, or immune to the vagaries of domestic and international developments. Having said that, the company has continued to generate cash even in difficult operating environments. And it will not be out of place to mention that, uh, in the period prior to the previous two years, shareholder wealth increased seven times in a span of two to three years.

So the period from end 2021 to mid-2024, and thereafter equity markets themselves did not give any returns. So, to isolate the company as the lone non-performer in such an environment would not

be appropriate.

Yeah. On the

Treasury front, we continue to show an increase in the amount of cash that we have on a year-on-year basis, and we are on the lookout for opportunities. Should one arise, we will be able to capitalize. But if one does not arise, then we should not be held, uh, held accountable for not doing something which cannot be done, because It is a function of oil and gas sector expenditure in India, which has just recently started to improve after more than two to three years of stagnation.

Muhammad Farooq Umer - Analyst, Pearl Capital
Okay, sir, thank you. Yeah, I agree.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
This improvement is now visible in our order book. Which has increased from INR1,700 crores to INR2,200 crores.

Muhammad Farooq Umer - Analyst, Pearl Capital
Yeah, so I agreed, sir. So now on the order book that you have, INR2,200 crores plus, so this is really good. So the margins in this are, high-end margins, or, uh, last time also you mentioned about in the call that you have some of the orders which are high margin, I think in the presentation. What about this order, sir?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Margins are good, and unfortunately they have not been reflected in this quarter because of the impact in inventory valuation, which is entirely notional. We will see good margins coming in the December quarter.

Muhammad Farooq Umer - Analyst, Pearl Capital
Okay, sir. Thank you. Thank you.

Operator
Thank you. The next question comes from the line of Saket Kapoor with Kapoor & Co. Please go ahead.

Saket Kapoor - Analyst, Kapoor & Co.
Yeah, hope I'm audible.

Sandip Bharat Solanki - Analyst, Individual Investor
Yes,

Saket Kapoor - Analyst, Kapoor & Co.
Sir. So just to take forward your last comment, if you could just dwell more on, uh, the impact of, uh, this inventory, uh, inventory rejig or the reason for the same. And for this quarter, the EBITDA pattern, uh, reported is INR9,220 for the investment segment and ERW at INR1,830.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
So firstly, uh, a color and a comment on the same, sir. Our total revenue has increased, the sales

realization has increased, none of the cost parameters have increased despite an increase in revenue. Our seamless and ERW pipe dispatch have also increased.

Our order book has increased by more than 30% from an elevated level that it was in the previous quarter's level. Having said all of this, There is still a decline in EBITDA per tonne, which is of concern to all shareholders. However, I would like to assure them that the impact is on account of inventory valuation, which is done as per India's requirements. It is entirely notional, and there is no impact on actual profitability of the company or the orders that it is receiving. We will see better margins once this impact of inventory is reversed in the next quarter.

This reversal will happen when the inventory that we have gets converted into pipes and is dispatched. Once the dispatch takes place, the profit is realized and it will be reflected in the numbers for the next quarter. Just to have some fair understanding, Q1 on, uh, we reported EBITDA per ton for seamless at INR15,660, and therein during the call we were also informed that we have a higher mix of a high-value high-margin orders. So factoring in the, uh, the inventory write-down profit, or as per India, what the trajectory for EBITDA per ton was similar to the Q1 reported number or slightly higher than that?

It is better than the Q1 reported number, which I had also said in the Previous call. However, what also happened in the previous quarter was that our order book also increased. So from INR1,700 crores, we moved to INR2,200 crores. So INR500 crores worth of inventory, actually more than that, we had to purchase, which meant that inventory levels did not decline. They actually increased on quarter- on quarter-to-quarter basis. This has an impact on the operational profitability on a notional basis. There is no impact on our actual profitability on per-order basis, and we will see better margins once this inventory is converted into pipes and dispatched.

This usually happens in an environment of increasing raw material prices. So, uh, just to add further, in the first quarter Prices of steel billets increased rapidly. The increase in the second quarter was not so much. However, we got more orders in the second quarter than we did in the first quarter. The cumulative effect of all of this development was impacted because of the accounting adjustment and The accounting adjustment was done on a higher level of inventory, which was reflected- which, is being reflected in the financials.

Again, I will say, once this inventory is converted into pipes and dispatched, then the disproportionate impact which is visible in the second quarter will get reversed in the subsequent quarter.

Saket Kapoor - Analyst, Kapoor & Co.
Just to have only small understanding, and then it comes to my second question, uh, then the inventory at September end quarter ending on 30th September, the prices were lower than, our procurement prices. That is what the understanding is. That is the reason why we have to take the knockdown effect on the notional part??

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Yes. Okay, because when we look at steel prices and all, they have been inching up and traded at a higher price. So maybe there's some disconnect on my part to understand, uh, the same. But a small point, uh, and you're at that- a small suggestion from my side, sir. When we are- we are- when we are giving an investor presentation there, a very small asterisk note, uh, could have been provided to us at the time of submission to the exchanges, that would have sufficed a lot of understanding at

that time only.

Just understanding if that could be made a part of your releases or the whatever is submitted to the exchanges to us also, that would have sufficed the same. Coming, uh, coming to then, uh, the, uh, the tenages part for, uh, H2, sir, uh, when we look at, uh, the dispatches for the first half They are moderately at the same level for what we have done, or slightly lower than what H1 of FY26 was. And if I, if I'm correct there, when we, when we last discussed, uh, the, probability, it was in the vicinity of 430, uh, uh, that is 4,30,000 for the seamless.

So are we in line, uh, for H2, uh, for the same, since now we have much stronger Uh, order book, part number 1. Part number two is, sir, how is the finishing line at Telangana progressing? And, uh, order booking for the same, when will we start, uh, entering the market to build, uh, or fill up that more capacity? Finishing line is under implementation. It will be activated in this the financial year. We have not started taking orders for the increased capacity yet because once we take an order, we will have to buy raw material.

And till the line is fully commissioned, we don't want to do that. Regarding the 4,30,000 tons guidance, I think we are on track because we have done around two lakh, two lakh tons this,

In the first half year. So we will be able to do additional two lakh 30,000 tons in the, in the

remaining part

Of the year. Yes, uh, thanks guys for putting forward the, uh, the significant demerger process that we have underwent, and I think so some, data were submitted to the exchanges, and there was also, uh, a shift in the registered office of the company. So what should investors read into this entire, uh, timeline, entire understanding of the process, shifting of the registered office, and what, is the management trying to convey us? Because when we look at what has been outlined We are creating, uh, uh, three, distinct pipe companies, uh, having, uh, almost the same, product profile for, uh, Seamless and ERW.

And even, uh, the rig business, which we, which we investors have, uh, expected earlier would be carved out or monetized, whatever the best option was, is still being retained in the entity post the uh, demerger process also. So if you could just throw some, uh, some light on the same and would request that going ahead, if, it is found feasible, a mention of the same in the presentation, uh, would also basically give us- so giving us a timeline of how we are progressing with the same.

Saket Kapoor - Analyst, Kapoor & Co.
So if you could just articulate and give us some, more color on the things.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
On the registered office front, Most of the decision-making is undertaken in our office in Gurgaon, so that is why we have moved it from Maharashtra to Gurgaon. Regarding demerger, we are making three companies with, uh, within the seamless pipe segment, in which these three companies will have different products because each of our mills have different capacities and different size ranges. So for the proposed demerger, the Nagothane unit, which will remain in Maharashtra Seamless, will have a size range from half inch to 20-inch.

The Mangaon unit will have a size range from half-inch to 6-inch, and it will be- let me just get through the size ranges and I will talk about the specialization. So, and the Mangaon unit will have a size range from half-inch to 6-inch, and the Telangana unit will have a size range up to 14 inches.

The specialization in terms of products for these three companies post-demergers would be more in the oil and gas sector for the, for the Nagothane division. For the Mangaon division, it will be more in the smaller size segment and the cold-rolled pipes and drill pipe segment.

And for the Telangana division, it will be more in the cylinder pipes segment, which is a product which was initially developed by that unit itself. It is based on the size ranges, the geographical locations, and the product mix. That the segregation of the three entities has been revised. Going forward, we will include this in our presentation. Right.

Saket Kapoor - Analyst, Kapoor & Co.
And with the premium credit part, where will that product be, uh, the revenues and, uh,

Operator
I'm sorry to interrupt, uh,

Mr. Saket. I would request you to please come back. Allow

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Me to- yeah, just allow me to put this. Moderator, I'll answer this question. The premium connections will be, uh, part of the Nagothane division. It is physically located right next to the manufacturing operations of the Nagothane

Operator
[Mr. Saket, does that answer your question? Hello. Okay, we'll move on to the next question. It's from the line of Kirtan Mehta with Baroda BNP Paribas. Please go ahead.

Kirtan Mehta - Analyst, Baroda BNP Paribas
Thank you, sir, for the opportunity. In terms of the order book, we have booked INR500 crore of order in Q1 and another 30% increase we have seen in the order book in Q2. Could you give us more color in terms of the order book in terms of the seamless pipes as well as the

ERW pipe? How is it split? What kind of increase we have seen in each of the segments? And what are the key orders? That is detailed

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
On the earnings presentation, slide 15.

Kirtan Mehta - Analyst, Baroda BNP Paribas
Sure, sir.

And would it be possible to also give a color in terms of which are the key projects that are sort of under these orders, and how would the execution timeline be for these orders?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
We cannot provide details of the projects of our customers. We can tell you the execution timeline. The execution timeline generally for order book at any given point in time is between two to four months. Sure. And this is applicable for both Seamless as well as ERW, right?

Kirtan Mehta - Analyst, Baroda BNP Paribas
Yes. Would you be able to also see how do you see the sort of order pipeline evolving for the next few quarters for the industry as a whole?

Is there an uptick in a particular segment?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Order pipeline is good. There is uptake in the upstream segment and in the export segment. Right now we are focusing on Execution of the orders which we currently have. The reason for that is because of the level of inventory and debtors that are there as on 30th September, which we want to reduce. And the way to reduce that is to execute the orders as quickly as possible.

Kirtan Mehta - Analyst, Baroda BNP Paribas
Right. And is it possible to also sort of give a tonnage for the order book? We do not do that.

Right. So the second part of the questions were around the demerger units. You have explained basically how we will sort of separate, separate out the unit and the logic for same. I just want to understand the broader logic for this What is the rationale why we are splitting this across three companies, and what is the benefit that we intend to derive by splitting it across three companies?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
We've already detailed all of this in the submissions that we've made to the stock exchange. It is available in public domain and is also uploaded on our website.

The scheme and the rationale for the scheme. Sure, I'll have a look at the scheme. Thank you.

Operator
Thank you. The next question comes from the line of Sunil Jain with Nirmal Bang Securities. Please go ahead.

Sunil Jain - Analyst, Nirmal Bang Securities
Yeah, thanks for taking my question. My question relates to more of an execution timeline. You said that for this order is around two to four months. So the tonnage-wise, will be- is it possible to share how much tonnage this order book could be approximately? So, and whether we have sufficient capacity to execute that?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
We do not share tonnages, but since it's a repeat question from a previous individual as well, I will give you an idea. If we report annual tonnages in our presentation and annual revenue is also reported, I think that should give you a fair

Sunil Jain - Analyst, Nirmal Bang Securities
idea.

Okay, and, uh, earlier we used to face a lot of competition from import. So how is the situation? Seems a lot of improvement happening and, uh, we are getting good orders now.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Competition is there from the import segment as well, for which we are, for which we are hoping for reimplementation of the anti-dumping duty. We will know more in January 2027. Okay, so the extension, uh, which has been granted, uh, the process is on whether that will be extended or not?

Sunil Jain - Analyst, Nirmal Bang Securities
Yes, sir. Okay, fine. Thank you very much.

Operator
Thank you. The next question comes from the line of Vijay Kumar with TrustLine India. Please go ahead.

Vijay Kumar - Analyst, TrustLine India
Thank you. Uh, my question is again regarding the demerger. Uh, will there be any sales synergy between the three companies And will there be any non-compete clause so that, one won't compete with the other? Or how long this non-compete will be there, three years, five years? Or is there a cannibalization of business between these three companies? Another one which I also want to add is, uh, you have a large treasury portfolio. How that will be split among these three companies? Uh, these are my two questions. And also one more question will be on the- some outlook on the US data center captive footprint opportunity, as well as on the, uh, will you be benefited out of the Middle Eastern cross-country pipeline?

Thank you.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Regarding demerger, we have put in as much detail as we are required to. The scheme is subject to approval of both stock exchanges. Once that approval is received, we will provide more details than what is available in public domain. We have submitted the schemes for approval of the stock exchanges and are hopeful of getting an approval by January or February 2027. Regarding cross-country applications, We do sell pipes to projects in which cross-country transportation of fluids or gas is required, and we will get more orders in that segment going forward.

It is a function of when the tender for the said project is released rather than, uh, function of whether we have that capability or not.

Vijay Kumar - Analyst, TrustLine India
Okay, sir. Can you explain on the US opportunity a little more? Do you have- other than exploration, do you also benefit out of the captive power plant for data center? Will there be an opportunity there?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
I think, uh, in the data center setup,

There is no requirement for pipes in high temperature, high pressure zones. In my opinion, for the seamless segment there is not a data center opportunity because pipes are mainly used for drilling purpose and not so much for transportation. On the US export market and the Canadian export market, we have seen an increase in rig counts from what it was in the earlier part of the year, which

is why we are getting more orders from the export segment as well.

Vijay Kumar - Analyst, TrustLine India
Because what we heard is this, there's a lot of captive power plants coming in and you are good in the boiler tubes and pipes.

So the data center have a lot of captive power plants and there will be usage of your pipes over there, seamless pipes. Is that correct or is it maybe we are wrong?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
In the export segment, the pipes that we dispatch are exclusively in the oil and gas sector. We have not seen orders coming in specifically for the boiler segment from the export market in a meaningful manner.

Vijay Kumar - Analyst, TrustLine India
Okay, thank you, sir. One last question is that recently we saw news saying that bidding for deepwater oil and gas blocks is happening almost every month.

And government is releasing tenders or exploration details, will it convert into meaningful opportunity in the coming years? Because your presentation says it may not be because the tenders are not coming out. What is the outlook for this area?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Tenders have started coming in and awarding under those tenders have also started taking place, which is reflected in our order book as well. We should see an improvement going forward in the tendering activity because there is also an expectation of an increase in rig counts in India.

This was not the position, let's say, up until four or five months ago before the Middle East disruption. So it's directly linked to the crude price and availability of, that indigenization of our own reserves.

Vijay Kumar - Analyst, TrustLine India
Okay, thank you, sir. Thank you, answered all the question. Thank you very much.

Operator
[Operator Instructions] The next question comes from the line of Rajesh Agarwal with Moneyore. Please go ahead.

Rajesh Agarwal - Analyst, Moneyore
So my question is, uh, the government's scheme of Samudra Manthan, that doesn't mean, uh, Frontloading of orders for us?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Once ground-level activity starts taking place, only then we will see orders from that project. It is not very difficult for media reports to, say that a new project or a new activity has been device,

Rajesh Agarwal - Analyst, Moneyore
And it will- whatever we read in media, there are a lot of, uh, drilling activities, uh, will be going on

because the government is giving upfront subsidy for drilling. So that is what I wanted to check with you.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
And it will revolutionize the dependency that we have on foreign oil and foreign gas, and somehow we will become completely energy independent. So, okay, releasing such reports is not a difficult task. However, to implement this at ground level takes a lot of effort and preparation. So an announcement may take many years to actually show an impact at ground level.

Rajesh Agarwal - Analyst, Moneyore
Okay, understood, sir. Thank you. That was fine.

Operator
Thank you. The next question comes from the line of Muhammad Farooq Umer with Pearl Capital. Please go ahead.

Muhammad Farooq Umer - Analyst, Pearl Capital
Uh, thank you again. Just a question on the last July 31st order book was INR1,709 crores. And we were able to execute only INR1,200 crores. So there's INR500 crore gap. Usually you have an order book for four months. So can you please let us know, what happened? And, uh, and is that, the INR2,200 crore order book, is it the spillover from the last time order book?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
I mentioned in my call that order book is normally for a period of three to four months with an execution period of two to four months. So at any given point in time, four months is the upper limit for any level of order book that we have. So assuming that when we reported INR1,700 crores, the order book was three to four months. Then in three months we have done execution of around INR1,300 crores. So where is the gap in the understanding?

Muhammad Farooq Umer - Analyst, Pearl Capital
The revenues are INR1,200 crores, yeah, for the- for

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
three months. And if order book is for four months, then the revenue would be INR1,700 crores. Where is the gap?

Muhammad Farooq Umer - Analyst, Pearl Capital
I see this in the P&L, the, uh, July, August, September, second quarter, INR1,200 crores plus, yeah, INR1,300 crores is the revenue.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
INR1,300 crores for a period of three months.

If it was four

Months, then it would have been, let us say, INR1,700 crores or INR1,750 crores. I have already

mentioned order book is for three to four months.

Muhammad Farooq Umer - Analyst, Pearl Capital
Thank you.

Operator
Thank you. The next question comes from the line of Ankur Sawariya, an individual investor. Please go ahead.

Ankur Sawariya - Analyst, Individual Investor
Uh, good afternoon, sir. My question is regarding the recommendation of the DGTR but of a flat rate of $268 per ton. So as a company, are we happy with the recommendation, and what impetus does this give us for our future, uh, orders regarding- as against the anti-dumping from China?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
As the matter is still under consideration with relevant authorities, I don't think it would be appropriate to

Ankur Sawariya - Analyst, Individual Investor
Okay, and, uh, sir, regarding, uh, the demerger, one of the issues that I feel is that in case we break our company into three parts and we already are on a market cap of about INR7,000 crores, would not the resulting company become of a very minute market cap as against what we are today.

And a lot of mutual funds will be forced to sell the shares because the market cap would be under this threshold. So within that, uh, since we are already in a part of Nifty 500, uh, would not that lead to a lot of pressure on the shares?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
I don't know how to respond to this question. I cannot comment on how someone else will react.

Ankur Sawariya - Analyst, Individual Investor
Okay, so these were my questions. Uh, thanks for your response.

Operator
Thank you, sir. The next question comes from the line of Saket Kapoor with Kapoor & Co. Please go ahead.

Saket Kapoor - Analyst, Kapoor & Co.
Yes, sir. Thank you for the opportunity. Uh, earlier during Q1 call, you did mention about the total order book mix having a higher percentage of a high-value order also. So what, should be this- the high-value order in the current existing mix should look like? And, uh, how do we extrapolate the word high-value order in terms of, uh, the margins part or EBITDA per ton trajectory? What should one read into it? I think the cylinder pipes and drill pipes, uh, are those categories, or if you could just give some more color.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
High-value orders are normally from particular segments. So generally, upstream segment has

historically provided us good orders. Exports in some situations have provided good orders. Value-added products- drill pipes, cylinder pipes, tower service, subsea seamless pipes. Cold-drawn pipes, premium connections- these value-added products also provide good margins because of the technically complex nature of production and the different kind of composition of the raw material, plus the availability of these pipes in India, which is limited, we are able to secure fairly good margins.

The composition in the previously reported order book remains for the newly reported order book as well. And it will definitely be reflected in the next quarter. The impact, I will reiterate again, is on account of inventory valuation, which is entirely notional. It will get reversed when this inventory gets converted into pipes and is dispatched.

Saket Kapoor - Analyst, Kapoor & Co.
Okay, sir, in your presentation, when we look at the order book part, you have mentioned cylinder pipes order at INR144 crore. So these will- these are what you are alluding to, a part of the high margin, uh, order as you just mentioned?

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

Saket Kapoor - Analyst, Kapoor & Co.
Okay. And sir, as a percentage of sales, how has export behaved? When- and in a continuation to the same, when we look at our H1 numbers on the other expenses part that has grown up, that have gone up from INR445 crore to INR474 crore, whereas the tenancies have been flat. So first, if you could just explain what was the export mix for the last year H1 and how is the current export mix, and also the constituent of the order book inclined towards export. If you could just give again color how export will behave, sir.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Sir, the increase that you are referring to is for H1 FY26 versus H1 FY27.

Saket Kapoor - Analyst, Kapoor & Co.
Uh, yes, yes, September '25 versus September '26. Yes,

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
That is not comparable because of the rapid increase in crude oil and gas prices that we have seen from March 2026 onwards. On a quarter-on-quarter basis, the other expenses reported in the first quarter is INR238 crores. The other expenses reported in the second quarter is INR236 crores. This is after considering an increase in dispatches of 7,000 tons approximately in the seamless segment and 9,000 tons in the ERW segment. There is no increase in other expenses.

Saket Kapoor - Analyst, Kapoor & Co.
Okay, sir. And on the export mix, sir?

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

Export mix in Q1 and Q2 of current financial year is the same. Export mix of this year versus previous year is materially better. It has primarily been driven on account of increase in rig counts in the North American market.

Saket Kapoor - Analyst, Kapoor & Co.
Okay, any percentage you can share, sir?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
No.

Saket Kapoor - Analyst, Kapoor & Co.
Okay. And sir, in the investor presentation, you have alluded to our treasury investment in gold, silver, ETF, liquid funds, and small cap and mid cap in ETFs and all. So with the with the current dredgeries in the gold and silver prices, and they coming to year low or declining from the higher levels, have we have been able to reposition ourselves, our treasury portfolio, and on or are we still in the same vicinity?

I think so. We have been reporting M to M gains, and this is probably the first quarter. Quarter over a larger period of time when we have nil income on the other income side. So that really clearly reflects the, uh, the, notional, uh, loss on those fronts and the underlying assets declining. So, uh, if, uh, if- can you give some more color? Do we still continue with the exposure, or, uh, if going ahead you can give an understanding of what percentage of the further breakup can be provided or not?

That, was my major question.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
We cannot provide quarter-wise breakup of the treasury that we have. What we can provide, we have disclosed in the presentation. The impact on other income is on account of our exposure to the equity market. Which declined from what it was at 30th June. And again, the impact is notional, and it is captured here. It is captured here in a notional manner, again due to accounting requirements. It does not reflect actual realized loss at all. We are very conservative in the way we make our investments, and we will ensure that, uh, the treasury returns are protected.

We have also done the same in the past. However, we are not beyond the financial markets of the economy, and our investments will, have and impact based on the international developments and the domestic developments.

Saket Kapoor - Analyst, Kapoor & Co.
Correct. And if time permits, can I add one small point? And if the moderator allows

me. Yeah, sir. Uh, just to get into what the things have- realm of things have changed over the last two quarters in terms of the business environment, our order booking reaching to a higher trajectory, more visibility better margins. [Foreign Speech] the seamless dispatches and our EBITDA reported EBITDA, that was to the tune of say INR720 crore as mentioned in the investor presentation. I'm just putting the seamless part of the story only and taking into account the first half. That is we have done by barring the notion part, say above the 310 number for first half and taking into account the existing order book, is that a very good indication that we may be closer or surpassing the FY25 number only in terms of the EBITDA since the proportionate of higher margin

orders, better order mix and good visibility we have?

We are speaking on November 14th and we have order book for 10th November. Which is to be dispatched over four months. So is this underlying understanding, uh, barring the unforeseen circumstances, correct?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Understanding is correct, sir. However, I have to caveat this understanding that the notional adjustments on account of inventory that are made every quarter are more pronounced in environments of rapidly increasing steel prices and rapidly declining steel prices. So in those two particular environments, the notional adjustment effect is more pronounced.

But operationally- If that impact is not there, then we will see good earnings because the larger business environment is conducive for oil and gas sector suppliers, which we are.

Saket Kapoor - Analyst, Kapoor & Co.
Correct, sir. And sir, earlier participant has mentioned some $268 part of the question. I could not follow the question, rather your- not your answer to it. Can you explain it once again? What was the understanding given and which is subdued, and you, referred not to, uh, give any, uh, thought to it?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
I said I cannot comment on it publicly because the matter is still subject to consideration of the authority.

Saket Kapoor - Analyst, Kapoor & Co.
What is the- what is the subject, sir? Can you explain? I could not follow the question itself.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
You should reach out to the other investor directly. Maybe moderator will help you to do that.

Saket Kapoor - Analyst, Kapoor & Co.
Okay, okay. Thank you once again, sir, and thank you for hosting the call. Uh, just, just post the numbers and, all the best. Hope our suggestions would be definitely deliberated on and would be implemented if they deserve the merit. Uh, my best wishes to the team, sir. Namaskar, sir. Namaste.

Operator
Thank you. The next question comes from the line of Sandip Bharat Solanki, an individual investor. Please go ahead.

Sandip Bharat Solanki - Analyst, Individual Investor
Uh, hello, uh, my question is on this capital allocation slide where, uh, two line items show some good, uh, estimated annual turnover increase, like, uh, on line number one and five, which says INR800 crores and INR1,000 crores respectively. So when are these facilities be live and start contributing to top line? If you can comment on that.

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

We have taken two line items of capital expenditure to execute. The first is the cold-drawn pipes project, which has been completed, and the second is the Telangana finishing line. Once the Telangana finishing line project is completed, then we will take up other projects.

Sandip Bharat Solanki - Analyst, Individual Investor
So, uh, that INR350 crore, uh, capital allocation what we have on this hot mill upgrade, uh, which can contribute to around INR1,000 crore to the estimated annual turnover. So in that, uh, I did not understood the timeline basically. If you can help,

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
We can only give you a timeline after the Telangana finishing line is completed.

Sandip Bharat Solanki - Analyst, Individual Investor
Okay, yeah, thanks, for that detail.

Operator
Thank you, ladies and gentlemen. That was the last question for today. I now hand the conference over to the management for closing comments.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Maharashtra Seamless Ltd
Thank you. Thank you, shareholders, for participating in our call on a Saturday. We reassure you that profitability of the company is not impacted. The impact that you are seeing in the quarterly results are largely notional, and we will see better performance reflected in numbers in the coming quarters. Thank you.

Operator
[Operator Closing Remarks]