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### Welspun Corp trading firm; total order book at Rs 9500 Cr

[Welspun Corp](#) was trading firm after the company announced its quarterly results.

Welspun Corp reported consolidated net profit of Rs 71.08 crore as compared to Rs 177.8 crore, YoY. The company witnessed a decline of 60% in net profit.

Total consolidated income stood at Rs 2035 crore versus Rs 1852 crore.

Akhil Jindal, director of Welspun Group says, "Despite poor economic conditions, we have a pretty good order book, so the business looks secure for the next two-three quarters."

Welspun currently has an order book of Rs 4,500 crore on the pipe side and Rs 5,000 crore on the infra side.

Going forward, once commodity prices stabilize, Jindal expects to see pent-up demand coming into the market.

Below is an edited transcript of his interview.

Q: The top line growth seems to be decent but particularly on the margin front is there any kind of pricing pressure and also I think commodities would be weighing on the margins a bit?

A: There is a truth that the world is going through a different time and rightly so. Our customers also are in a little bit of a wait and watch mode because they don't want to lock themselves with a higher commodity price to find that the pipe could be cheaper tomorrow. But nevertheless, we have been getting good orders. We have an order book of almost Rs 4,500 crore on the pipe side which is as significant as it could be. On the infra side we have an order book of almost Rs 5,000 crore. So I think the business looks secure to us at least for the next 2-3 quarters.

Going forward, once commodity prices stabilize, there will be a lot of pent-up demand. All those pipes that are to be laid all over the world are just waiting for some correction and once it achieved there would be huge demand.

Q: So what's your sense as a key player? Do you think commodity prices are likely to be largely stable here or do you think there is going to be a correction?

A: I think it's all about expectations. With negative news coming one after another, the expectation of the market tends to be in a little adverse way. See as I mentioned to you the pipe demand is something which is in the downstream, so it is inevitable. People who have spent trillions of dollars in finding oil and gas all over the world need to transport this oil and gas to monetize. So the pipe demand is inevitable. Now whether it is done in the next quarter or it is done in the next year is something that one has to wait and watch.

Q: What you are doing in terms of a current order book? What are you executing and what could we expect in incremental order flows?

A: As I mentioned we have an order book of over almost Rs 4,500 crore and that is largely into the pipelines. We have bided for order worth almost 2 million tones all over the world and many of them are on hold, many of them are being reviewed, but we have significant chances of getting many. So as we go along as I mentioned once we have stabilization on the commodity price, many of these orders will start coming in.

As a business our US plant is doing exceptionally well. It is booked for almost 9 months. Our Saudi plant is also doing well, so all in all the business prospects are good. The order cycle has also come down phenomenally from 12-15 months; now the customers are looking for a shorter order. So in that sense there has been a correction.

Q: How is the integration at Maxsteel progressing and what's the outlook for the rest of the year? Do you think you'll be able to maintain your margins at current levels despite all this volatility or could there be a downward pressure?

A: As far as Maxsteel is concerned we are facing a major setback there for the reason that there is a shortage in the gas supplied from Reliance and from GAIL. This has adversely affected us and to that extent obviously our margins are severely under pressure. If that gas had continued the way it was in the first quarter or let's say even in April, we would have been making plus Rs 200 crore of EBITDA.

So in that sense the gas situation has adversely affected us, but as I mentioned to you that plant is one of the finest plants and producing the best of the quality. At the end of the day it is almost at a cash breakeven point.

It touched an intraday high of Rs 108.50 and an intraday low of Rs 104.50. At 10:18 hrs the share was quoting at Rs

107.45, up Rs 2.95, or 2.82%.

It was trading with volumes of 127,456 shares. In the previous trading session, the share closed up 1.26% or Rs 1.30 at Rs 104.50.