



MAHARASHTRA SEAMLESS LIMITED

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E-mail : contact@mahaseam.com Website : www.jindal.com
CIN No: L99999MH1988PLC080545
CORPORATE OFFICE : Plot No. 30, Institutional Sector-44, Gurgaon-122 002 Haryana (India)

E-Communication

MSL/SEC/SE/2022-23

25 July 2022

BSE Limited
25th Floor, P.J. Towers,
Dalal Street, Mumbai-400001

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G,
Bandra - Kurla Complex
Bandra (E), Mumbai-400051

Stock Code: 500265

Scrip Code: MAHSEAMLES

Sub: Earnings Presentation

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, please find enclosed Earnings Presentation for the quarter ended 30th June 2022 issued by the Company.

You are requested to kindly take the same on record.

Thanking you,
For Maharashtra Seamless Limited

Ram Ji Nigam
Company Secretary

Encl: As above



**MAHARASHTRA
SEAMLESS LIMITED**

Earnings Presentation

Quarter ending 30 June 2022

25 July 2022





This document contains “forward-looking statements” about our business, financial performance, skills and prospects. Statements about our plans, intentions, expectation, beliefs, estimates, prediction or similar expression for the future are forward-looking statements.

Forward looking statements are based on management’s current views and assumptions and involve known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied by those statements. These risks include but are not limited to risks arising from uncertainties as to future oil and gas prices and their impact on investment programs by oil & gas companies, steel prices worldwide and domestic, economic & political conditions. We can not assure that outcome of these forward-looking statements will be realised.

The Company disclaims any duty to update the information presented here. The material presented can not be used for any other purpose in any form without our express written consent.





Seamless Pipes	ERW Pipes	Renewable Energy	Rig
• <u>MSL</u> • 450,000 mt/annum • <u>USTPL</u> • 100% subsidiary • 200,000 mt/annum • <u>Total</u> • 650,000 mt/annum	• API certified • High frequency • PSL 2 • 125,000 mt/annum	• <u>Wind</u> • 7 MW at Maharashtra • <u>Solar</u> • 52.50 MW AC at Maharashtra & Rajasthan	• New generation offshore jack up rig • Operating with 98% efficiency on 3 year contract with ONGC at day rate of USD 38,656 from May 2022

- Market share of 55% in seamless pipes segment with manufacturing facilities at Nagothane & Mangaon in Maharashtra and Narketpally in Telangana.
- Market share of 25% in the API certified, high frequency ERW pipes segment with manufacturing facility at Nagothane in Maharashtra.
- Capacity utilisation of pipe segments will improve in FY 2022-23 due to improved efficiency and strong demand.



1. Strategy – Realignment by Management to:

- Increase focus on pipes and renewable energy segments
- Reduce exposure to other segments

2. Internal accruals – Currently being utilised for working capital requirements. Going forward, Rs. 530 crore of internal accruals will also be earmarked for:

- Prepayment of term loan taken for acquisition of USTPL – Rs. 300 crore
- Capacity enhancement at USTPL by installing heat treatment facilities – Rs. 150 crore
- Setting up a solar power plant for captive consumption – Rs. 80 crore

3. New product launches – Recently bagged its first order for subsea sour service seamless pipes which commands good margins. These pipes, an import substitution, will be supplied for the first time in India. They are high value addition products and have been developed by the Company's in-house product development team. This team has also successfully developed other import substitution products such as cylinder pipes, drill pipes, cold-drawn pipes and premium connections. All these shall be high margin opportunities both for domestic as well as export markets.

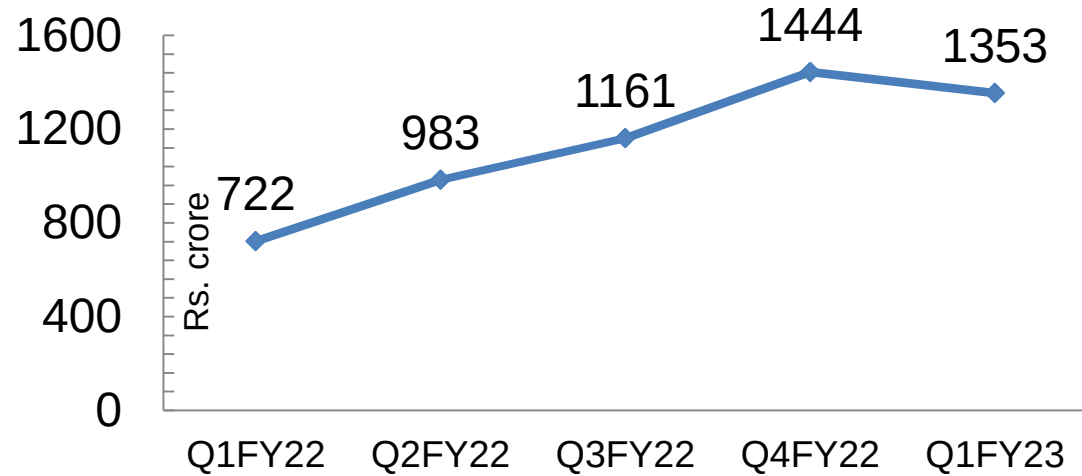
4. Efficiency - Improving efficiencies both in production processes and in product mix along with addition of new customers has been given high priority.



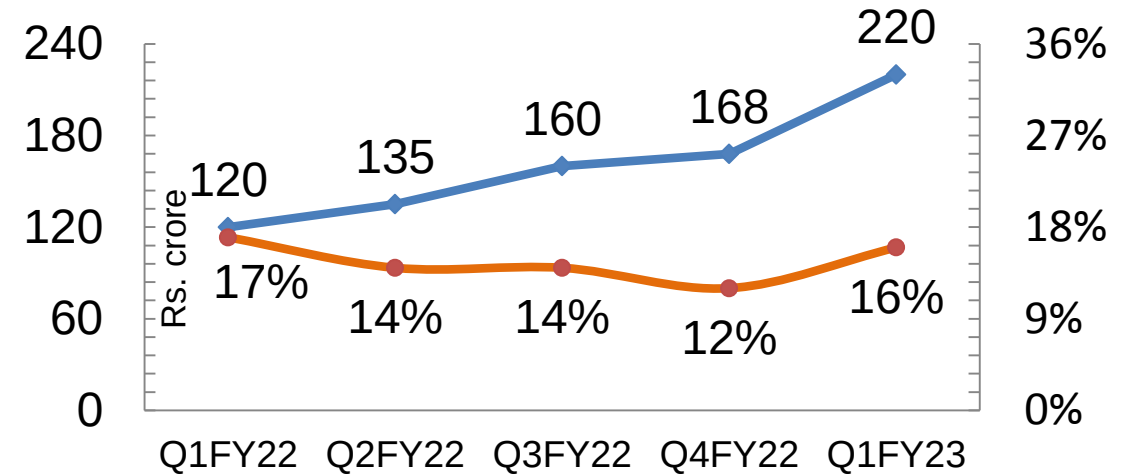
Industries Served	Seamless Pipes		ERW Pipes	Others (Coated & Premium Connections, Pipe Fittings)	
Agriculture			✓		
Automotive	✓				
Bearing	✓				
Chemical	✓	✓			
Drinking Water			✓		
Engineering	✓				
Fertilizers			✓		
Housing			✓		
Irrigation			✓		
Mechanical	✓				
Oil and Gas	✓	✓		✓	
Petrochemical	✓	✓			
Power	✓	✓			
Types	• Hot Finished Pipes & Tubes • Cold Pilgered / Cold Drawn Tubes • Boiler Tubes • API Line Pipes • OCTG Drill Pipes	• OCTG Casing and Tubing • Cylinder Pipes • Subsea Sour Service Seamless Pipes	• MS & GI Pipes • API Line Pipes • OCTG Pipes and Casing • Tubing	• 3LPE,3LPP and FBE Coated Pipes • Internal Coating Pipes	• Pipe Fittings • Premium Connection Pipes



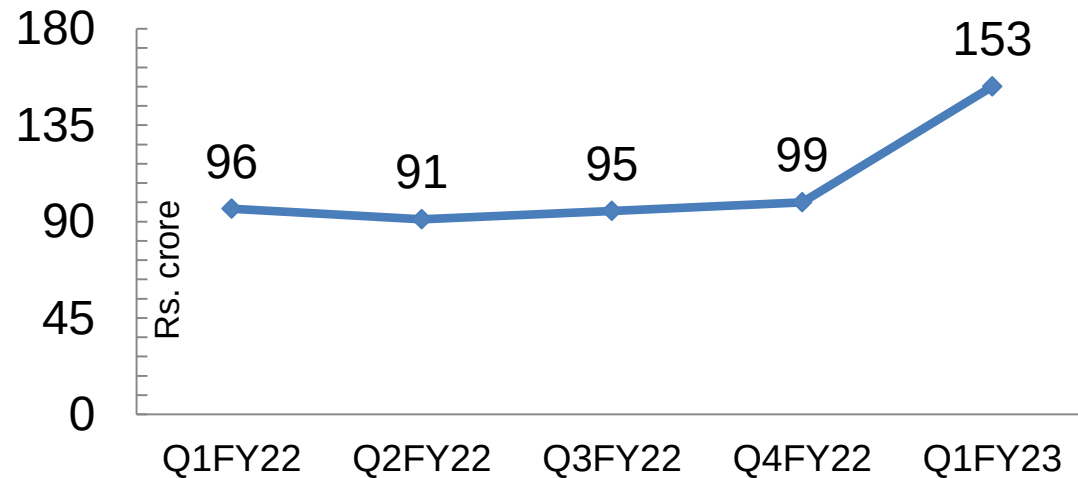
Total revenue



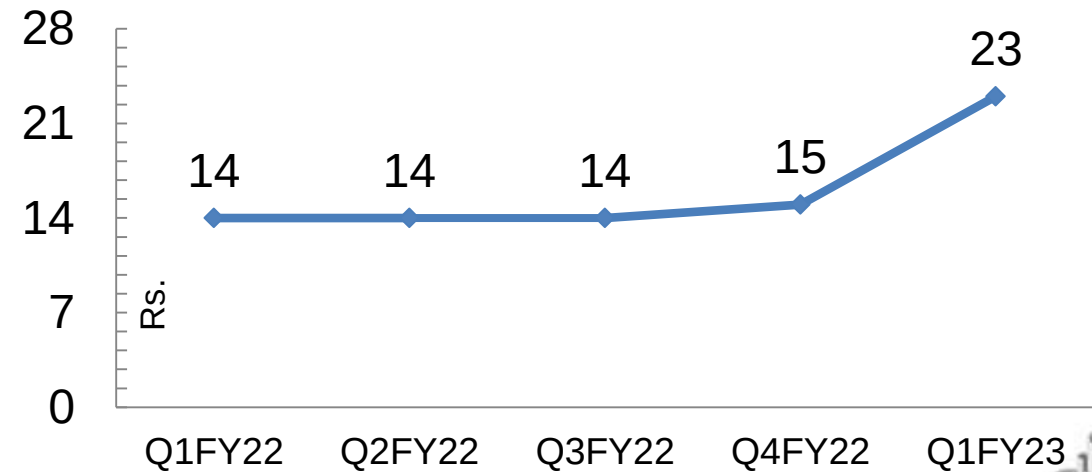
EBIDTA & EBIDTA margin



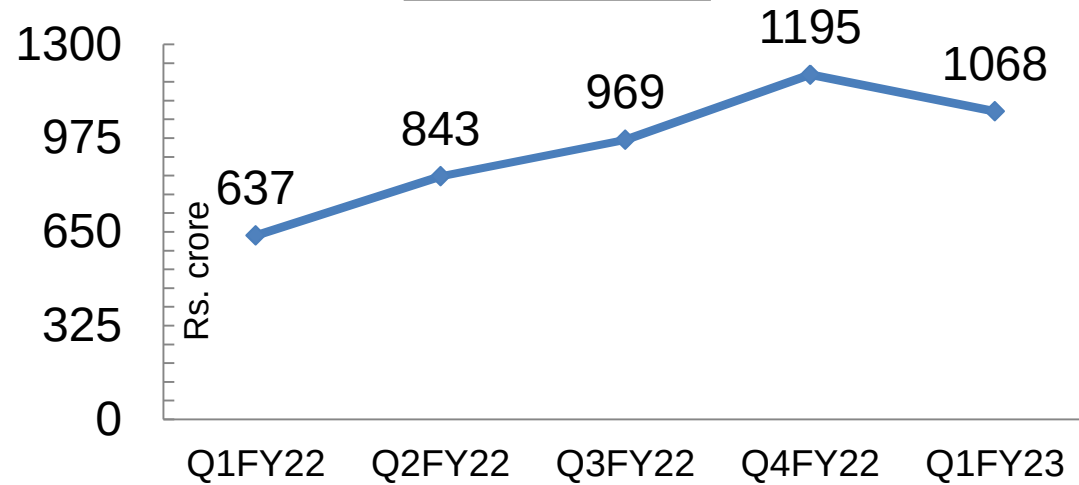
Profit after tax



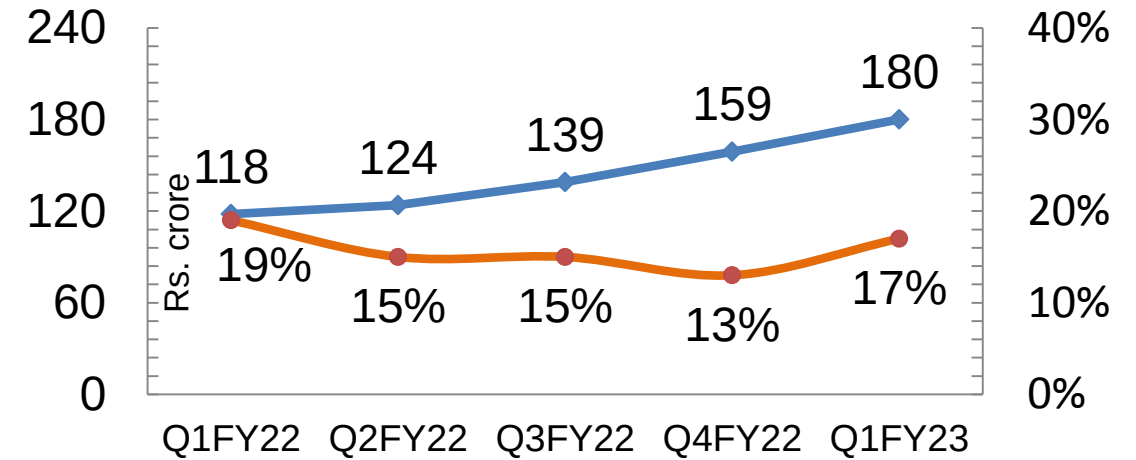
Earnings per share



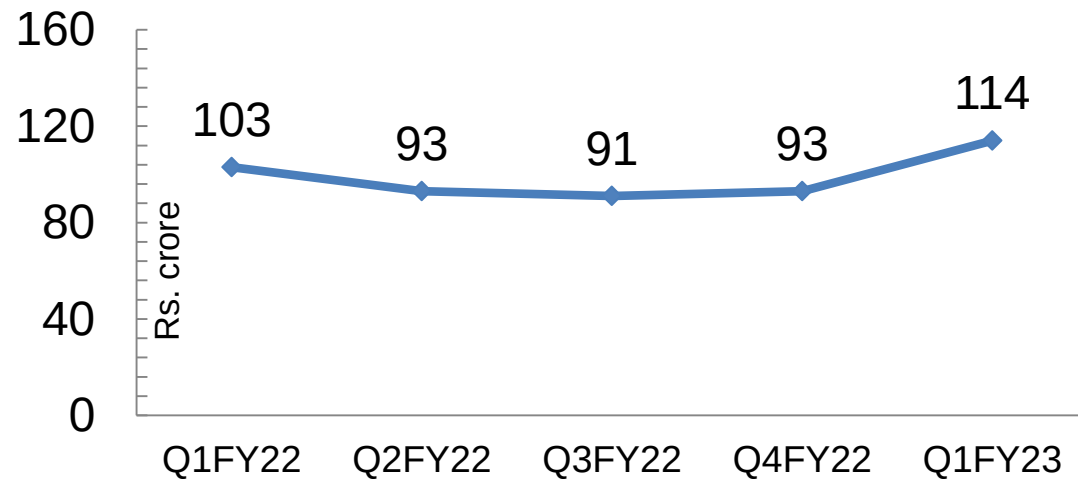
Total revenue



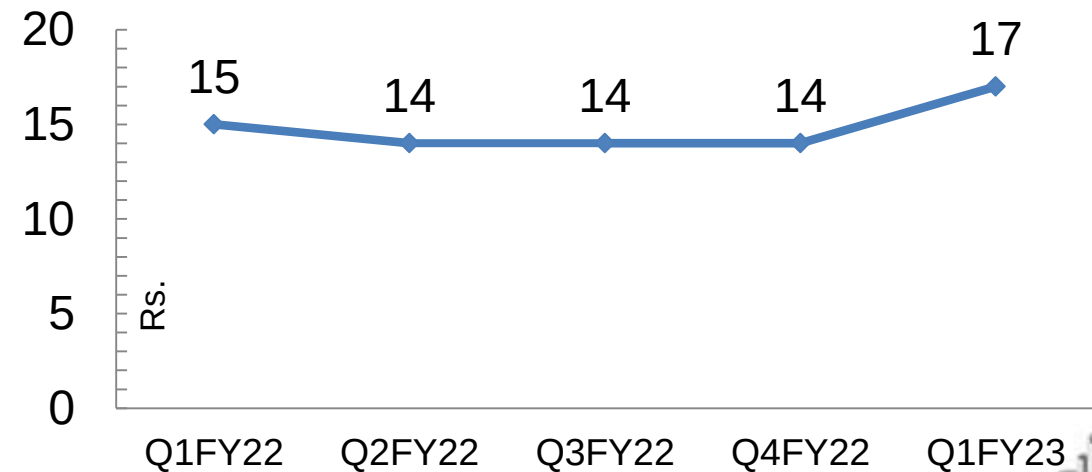
EBIDTA & EBIDTA margin



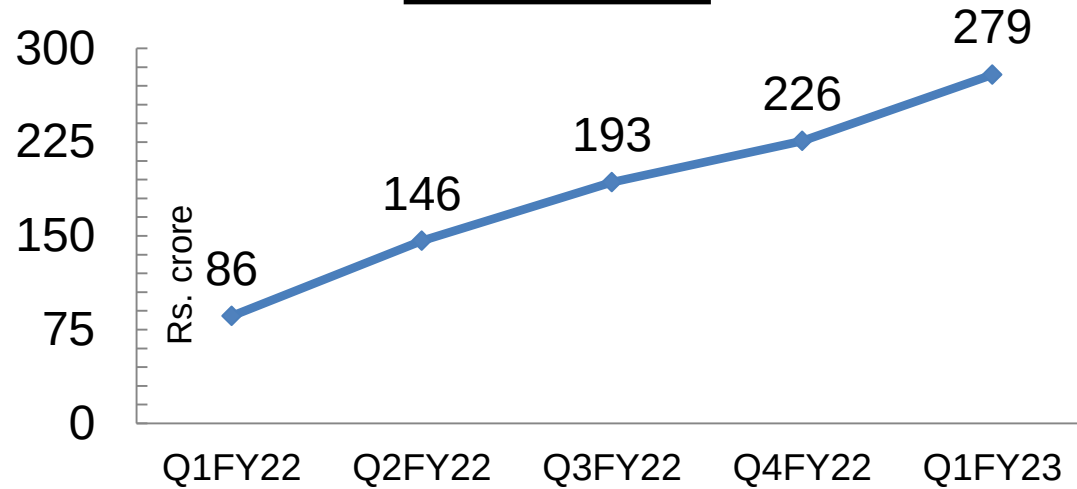
Profit after tax



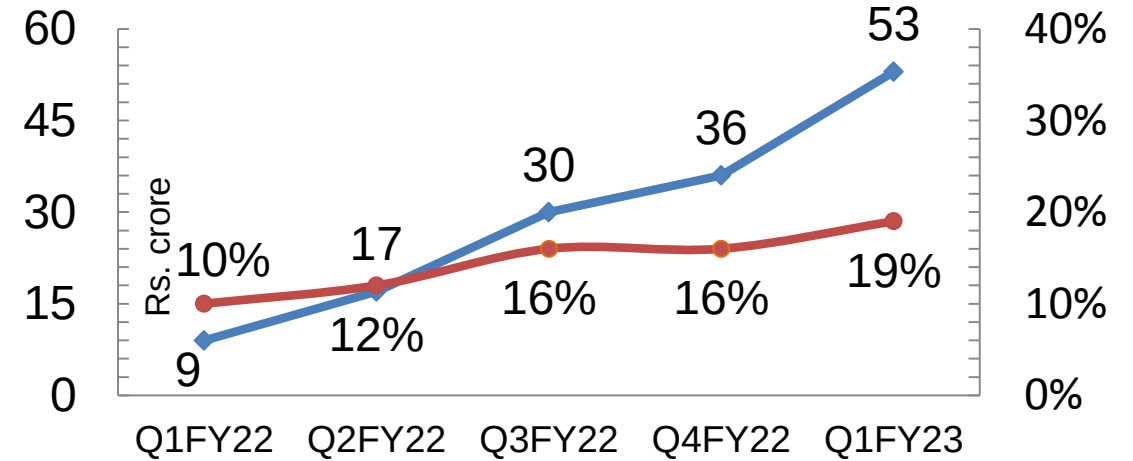
Earnings per share



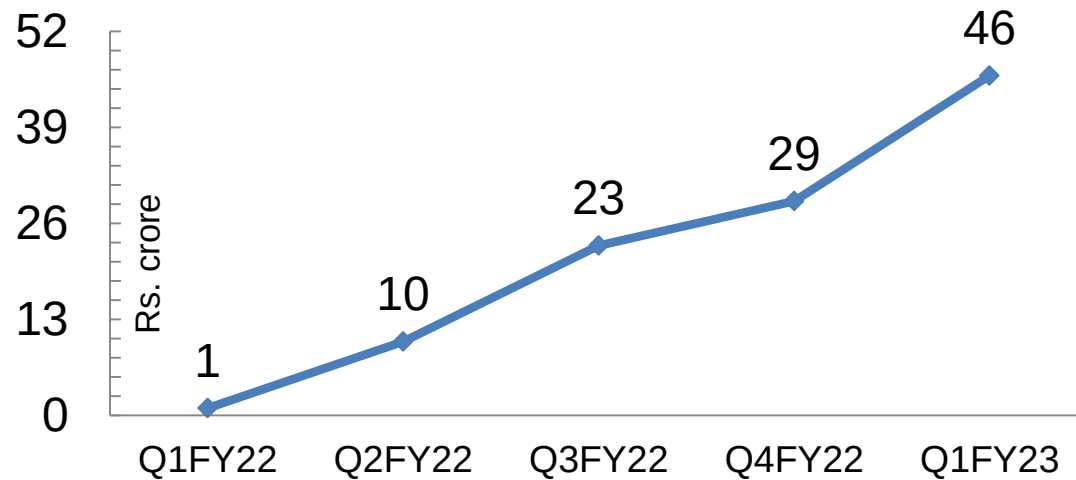
Total revenue



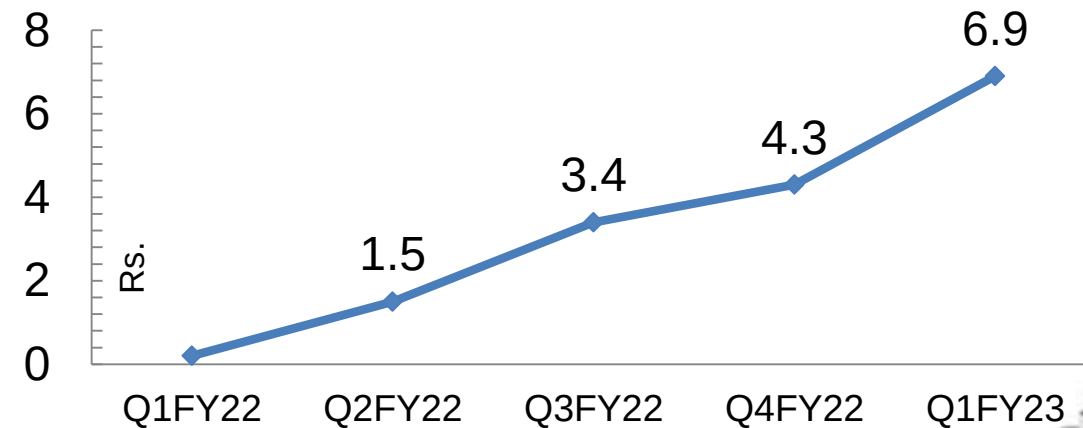
EBIDTA & EBIDTA margin



Profit after tax



Earnings per share (assuming 100% addition to MSL's EPS)



Standalone Profit & Loss for Q1 FY23 v/s Q4 FY22

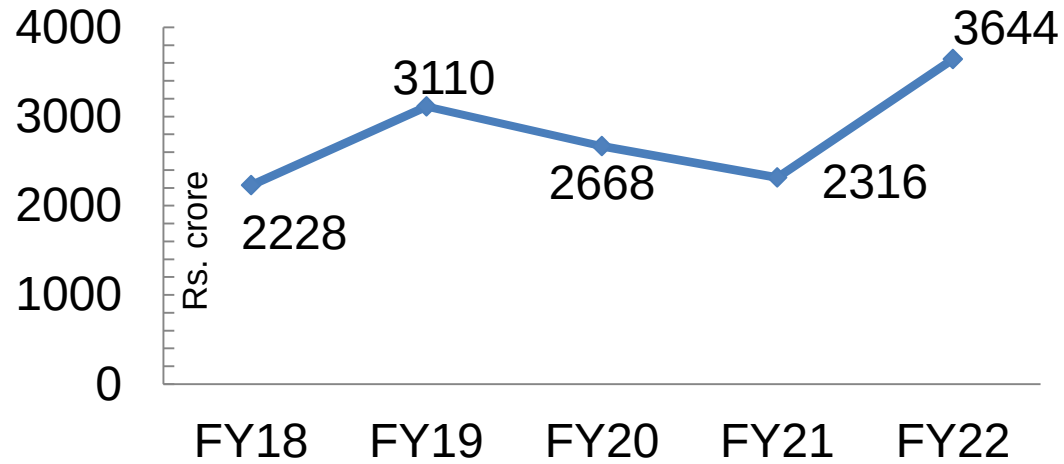
Particulars	MSL		USTPL	
	Q1 FY23	Q4 FY22	Q1 FY23	Q4 FY22
Revenue from operations	1058	1192	278	225
<u>Add:</u> Other income	10	3	1	1
Total revenue	1068	1195	279	226
<u>Less:</u> Expenses				
Cost of materials consumed	(672)	(774)	(176)	(143)
Change of inventories (FG + WIP)	(31)	(79)	3	(12)
Employees benefit expenses	(18)	(16)	(3)	(3)
Finance cost	(10)	(10)	(1)	(1)
Depreciation	(27)	(27)	(7)	(7)
Other expenses	(157)	(163)	(49)	(31)
Total expenses	(915)	(1070)	(233)	(197)
Profit before tax	153	125	46	29
<u>Less:</u> Tax	(39)	(32)	-	-
Profit after tax	114	93	46	29

Rs. crore

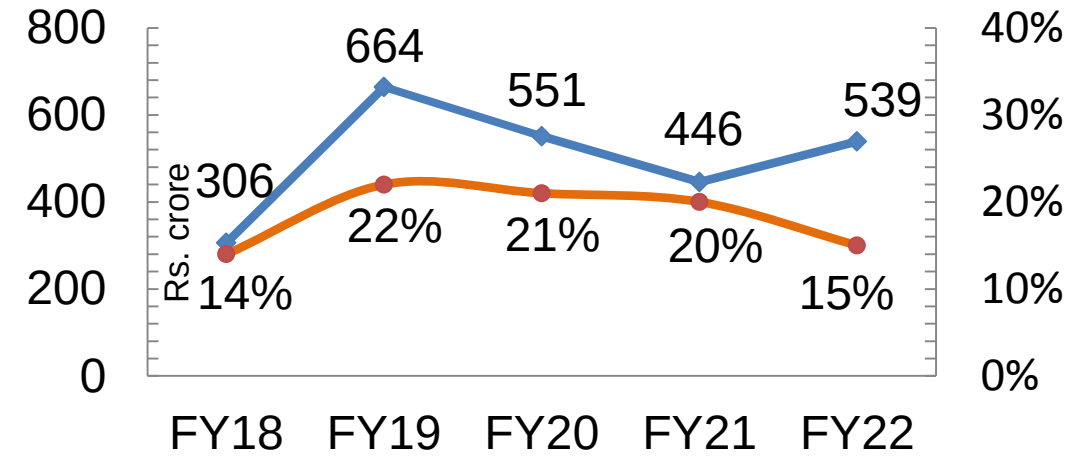
- USTPL is a wholly owned subsidiary of MSL.
- Scheme of amalgamation has been filed on 06 July 2022 with National Company Law Tribunal, Mumbai (NCLT) for amalgamation of USTPL with MSL.
- Price Waterhouse & Co. LLP is advising MSL in this regard and the amalgamation is expected to be concluded within FY 23.



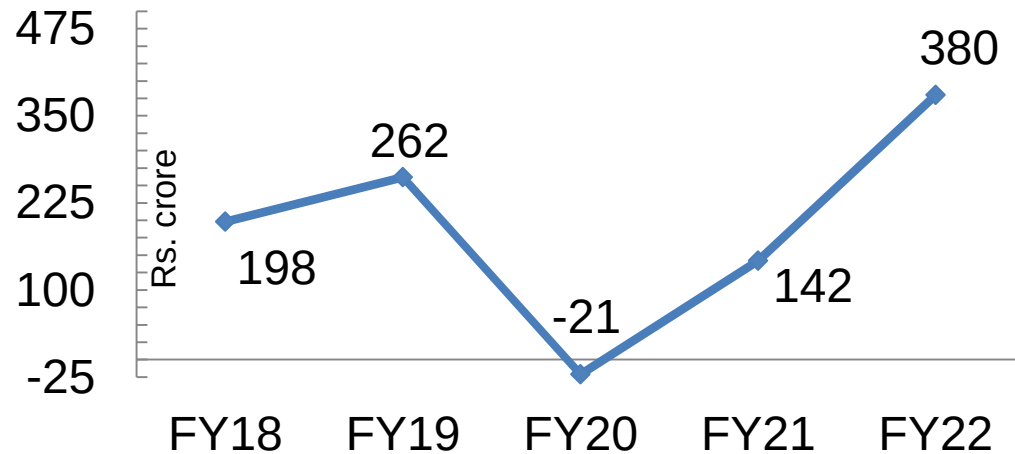
Total revenue



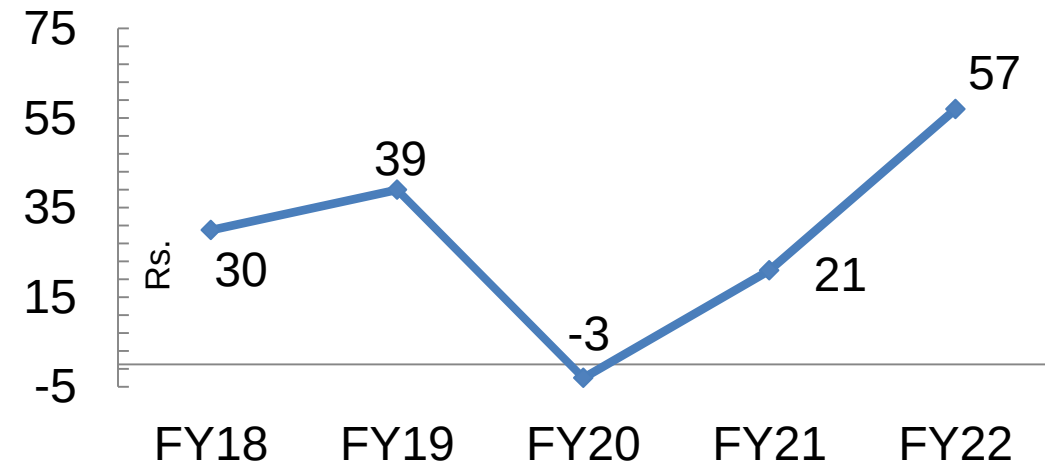
EBIDTA & EBIDTA margin



Profit after tax



Earnings per share





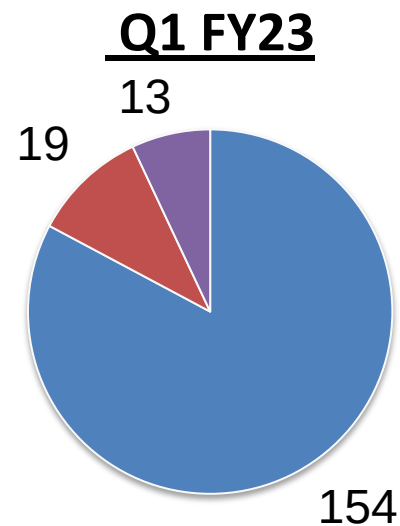
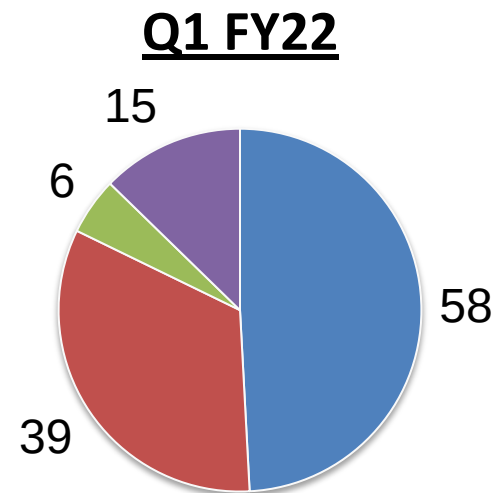
Maharashtra Seamless Limited (MSL)

Particulars	Q1 FY23		Q4 FY22		Q1 FY22		FY22		FY21	
	Seamless	ERW	Seamless	ERW	Seamless	ERW	Seamless	ERW	Seamless	ERW
Production (kMT)	84	18	98	19	54	16	315	74	244	64
Sales (kMT)	85	17	100	24	57	17	315	80	235	63
EBITDA (Rs. Cr)	154	19	133	11	58	39	392	73	287	84
EBITDA/tonne (Rs.)	18,128	11,447	13,382	4,788	10,084	23,042	12,424	9,098	12,186	13,425

United Seamless Tubulaar Private Limited (USTPL)

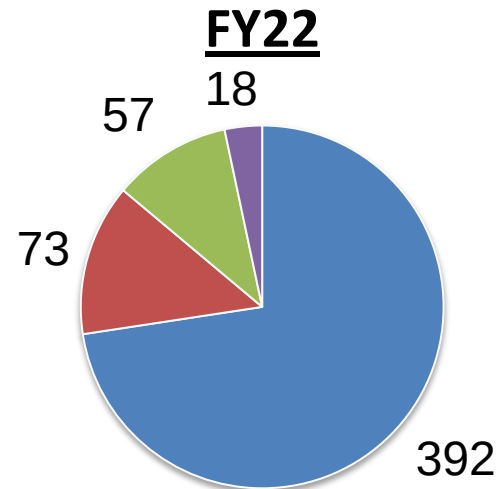
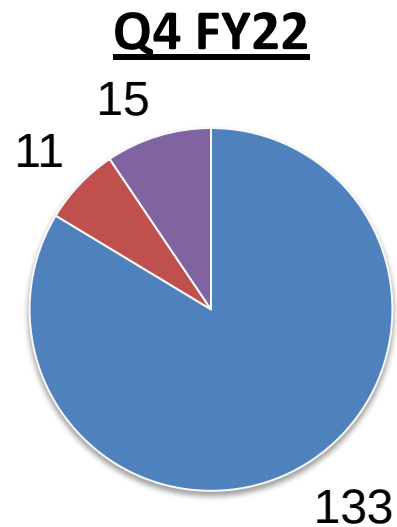
Particulars	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22	FY22
Production (kMT)	23	22	21	18	11	72
Sales (kMT)	22	24	21	17	11	73
EBITDA (Rs. Cr)	53	36	30	17	9	93
EBITDA/tonne (Rs.)	23,635	15,171	14,348	10,398	7,702	12,674





Rs. crore

- Seamless
- ERW
- Rig
- Renewable Energy



Unquoted Equity/Preference Share investments & ICDs given

Rs. crore

Particulars	June 22		March 22		March 21	
	Equity	Preference / ICD	Equity	Preference / ICD	Equity	Preference / ICD
<u>Indian Entities</u>						
Jindal Premium Connections	4	3	4	3	4	3
MSL Finance	3	-	3	-	3	-
<u>Overseas Entities</u>						
Maharashtra Seamless (Singapore)	17	130	17	130	17	371
Jindal Pipes (Singapore)	22	-	22	-	22	-
<u>Others (ICDs @ 7% p.a.)</u>						
Unrelated Parties	-	124	-	144	-	232
Total	46	257	46	277	46	606

- Preference shares of Rs. 500 crore, ICD of Rs. 50.51 crore & equity shares of Rs. 6.96 crore in USTPL not considered as application for amalgamation of USTPL with MSL has been filed with NCLT, Mumbai.
- All ICDs of Rs. 124 crore will be realised by March 2024.
- In FY 2022-23, Rs. 80 crore will be used to reduce outstanding SBLC.



Liquid investments – Long term & short term

Rs. crore

Particulars	June 22	March 22	March 21
<u>Long term</u>			
Bonds (PSU) & Debentures	307	307	283
Listed Equity Investments	13	16	14
(A)	320	323	297
<u>Short term</u>			
Mutual Funds (Liquid schemes)	35	47	168
Fixed Deposits (SBI & HDFC)	66	126	118
Cash & Bank Balances	47	37	48
(B)	148	210	334
Total liquid investments (A) + (B)	468	533	631

- Investments in bonds are sub-divided into tax free bonds (40%) and perpetual bonds (60%).

- The investment in bonds because of inherent risk and yield advantage was made to be held to maturity.

- Investments in liquid schemes of mutual funds and in fixed deposits are undertaken to maintain liquidity whilst keeping risk to a minimum.



Borrowings – Gross & Net Debt

Rs. crore

Particulars	June 22	March 22	March 21
Loan for USTPL acquisition @ 7.30% p.a.	323	336	375
Loan for rig acquisition @ 3.30% p.a.	292	304	352
Gross Debt (A)	615	640	727
<u>Less:</u>			
Liquid investments (refer slide 14)	(468)	(533)	(631)
ICDs given (refer slide 13)	(124)	(144)	(232)
Liquidity available (B)	(592)	(677)	(863)
Net Debt (A) + (B)	23	(37)	(136)

- USTPL acquisition loan of Rs. 323 crores has skewed repayment schedule with annual repayment of Rs. 42 crore till March 2025 and thereafter, annual repayment of Rs. 52.50 crore till February 2029.
- Management is actively considering pre-payment of entire USTPL acquisition loan within FY 23, subject to necessary approvals.
- ECB for rig acquisition is in USD and has annual repayment obligation of USD 10 mn till March 2026. The net of tax cash flow from the rig contract is adequate to meet ECB obligations.
- Rental income of rig is also in USD. Accordingly, no cash loss is envisaged due to adverse foreign exchange fluctuation.
- No additional long term borrowing is required in FY 23. Short term loan for working capital is Rs. 24 crore as on 30 June 2022.



Corporate Guarantee & SBLC reduction schedule

Rs. crore

Particulars	Actual			Projected		
	March 21	March 22	June 22	March 23	March 24	September 24
Discovery Drilling	257	218	215	175	113	-
Maharashtra Seamless (Singapore)	147	76	79	-	-	-
Total	404	294	294	175	113	-

- Corporate guarantee outstanding of Rs. 215 crore (~ USD 27.225 mn) is for bank loan availed by Discovery Drilling against rig Jindal Pioneer. There will be no cash outflow from MSL on account of this corporate guarantee as cash flows from long term contract of Discovery Drilling are more than sufficient to service bank obligations timely. This corporate guarantee will gradually reduce on monthly basis and will fall off on 30 September 2024.
- SBLC outstanding of Rs. 79 crore (~ USD 10 mn) is for bank loan availed by subsidiary, Maharashtra Seamless (Singapore). In FY 2023, SBLC will reduce by USD 5 mn in each of September 2022 & March 2023. Maharashtra Seamless (Singapore) does not have any other debt & therefore, further support is not required from MSL.
- As rig prices have increased on account of rise in crude oil prices, value of equity investments made by MSL in Maharashtra Seamless (Singapore) has increased and opened new vistas of monetising the same.



Order book details as on 20 July 2022



MAHARASHTRA
SEAMLESS LIMITED

Order book of MSL

Rs. crore

Segment	Seamless	ERW	Total	%
Domestic	672	22	694	39%
Export	571	-	571	32%
Downstream	65	229	294	16%
ONGC & OIL	238	-	238	13%
Total	1546	251	1797	100%

Order book of USTPL

Rs. crore

Segment	Seamless	%
Export	119	70%
Cylinder Pipes	29	17%
Domestic	22	13%
Total	170	100%

- Total combined order book of MSL + USTPL is Rs. 1967 crore.
- Execution timeline of order book of MSL is 4 months and of USTPL is 1.5 months.
- Order book position has been breaching all-time highs for past 5 quarters and will translate in improvement of capacity utilisation by 5% in FY 23.
- Strong demand position is expected to continue in entire FY 23 as there is good visibility of orders.





MSL

Segment	FY22 Actual kMT	Q1 FY23 Actual kMT	FY23 Target kMT	% achieved in Q1 FY23
Seamless	315	85	350	24%
ERW	80	17	88	19%

USTPL

Segment	FY22 Actual kMT	Q1 FY23 Actual kMT	FY23 Target kMT	% achieved in Q1 FY23
Seamless	73	22	120	18%

- During a financial year, dispatches increase progressively in each quarter and therefore, we are confident of achieving our stated targets for FY23.
- We expect margins of exports segment of both MSL & USTPL to improve going forward based on buoyant seamless pipes prices. As exports segment will have greater share in total dispatches, it will also lead to enhancement of overall profitability.



Export Duty:

- Recent imposition of export duty on iron-ore & certain steel products excludes seamless & ERW pipes.
- This has improved domestic raw material availability and lead to reactivation of projects.

Anti-Dumping Duty:

- The Ministry of Finance, on recommendation of Directorate General of Trade Remedies (DGTR), has extended anti-dumping duty by way of a minimum import price for a further period of 5 years from 28 October 2021 on various types of seamless pipes from China.

Atma Nirbhar Bharat Policy Implementation:

- Domestic manufacturers are encouraged and preferred for development of import substitution products.
- The seamless & ERW pipes sector is getting a major boost from Make in India and Atma Nirbhar Bharat policy. Under this policy, for any purchases made by PSUs, there must be a minimum 35% local value addition in supply of pipes which benefits domestic manufacturers.
- For requirements of upto Rs. 200 crores, only domestic tenders are floated which excludes foreign players.

Export Policy:

- There has been removal of rebate of 13% by China to its domestic industry.



Enquiries and confirmed orders are at all time highs on account of Russia – Ukraine War. USA remains our largest export market where we have developed brand loyalty for 'MAHA' brand. Keeping in view the market dynamics in USA, we have now started catering to buyers who also have heat treatment & threading facilities. Therefore, we can sell more pipes and leverage prevailing situation further to our advantage.

Good demand is continuously being generated for heat recovery boilers in mainly steel, cement and other process industries due to which we are getting orders through boiler suppliers such as ISGEC Heavy Engineering, Thermax and Thyssenkrup India.

Order inflow mainly from power segment and refineries have resumed as domestic prices are stabilising. Refineries are floating enquiries for large quantities to make up for their backlog. Further, Rail Vikas Nigam Limited (RVNL) has significant tunneling projects in North-East India where pipes are required for reinforcement.

As per the Development Order Policy 2020, we have been declared as a developed source for drill pipes by ONGC. This certification has been achieved on successful completion of Field Trial Test and will ensure that we are qualified to participate in all tenders for drill pipes issued by ONGC & Oil India.

Due to the change in government policy on ethanol, demand from sugar manufacturers are expected to increase. Additionally, as per recent change in Indian Boiler Regulations (IBR), sugar manufacturers are moving to seamless pipes for their high pressure application requirements.

In the domestic segment, our pipes have been used for key projects such as Mundra Port Project, Maitri Super Thermal Power Project, Foxconn's Chennai project, Shorapur drinking water supply project etc.

Mill has been certified by American Petroleum Institute with API 5CT for Casings & Coupling Stock, API 5L for Line Pipes and API Q1 (Quality Management System) licenses. USTPL has been certified for Indian Boiler Regulations (IBR) and has also been certified by TUV Nord for Pressure Equipment Devices (PED) & CE Marking which enhances product profile for customers.

TUV Nord has successfully completed its surveillance audit for PED & CE Marking in April 2022. These certifications are essential for high pressure pipes in boiler and structural segment respectively in the European market. Multiple new customers are therefore, in advanced stages of discussion with USTPL for catering to their requirements.

USTPL recently participated in Wire & Tube trade fair in Dusseldorf, Germany. The response received from customers was overwhelming. Customers from USA, Canada, Italy, Germany, Kuwait etc. interacted with senior management regarding their pipe requirements and thereafter, sent enquiries for bulk quantities.

Casing pipes of USTPL have received remarkable feedback regarding quality, tolerance and surface finishing from export customers who are also our largest customers. These pipes are as per API 5CT and are used in rigs of exploration companies such as Coterra Energy, Aera Energy & Chesapeake Energy Corporation.

Recently supplied a trial order quantity to Jay Fe Cylinders, one of the largest CNG cylinder manufacturer in India. They are currently importing cylinder pipes from Italy & Japan and we are engaging with Jay Fe to provide a domestic alternative in line with Make in India initiative.

Vendor registration with refineries such as IOCL, HPCL, BPCL, gas distributors such as MNGL, MGL and ONGC & Oil India are expected to be completed after amalgamation of USTPL with MSL.

Market Trends – Huge Potential

Recent sanctions on Russia have led to revocation of API license from Russian mills by American Petroleum Institute. Additionally, the absence of Ukrainian suppliers in the market has left a huge vacuum in the seamless OCTG market. American & European customers are now turning to Indian manufacturers to fill the gap.

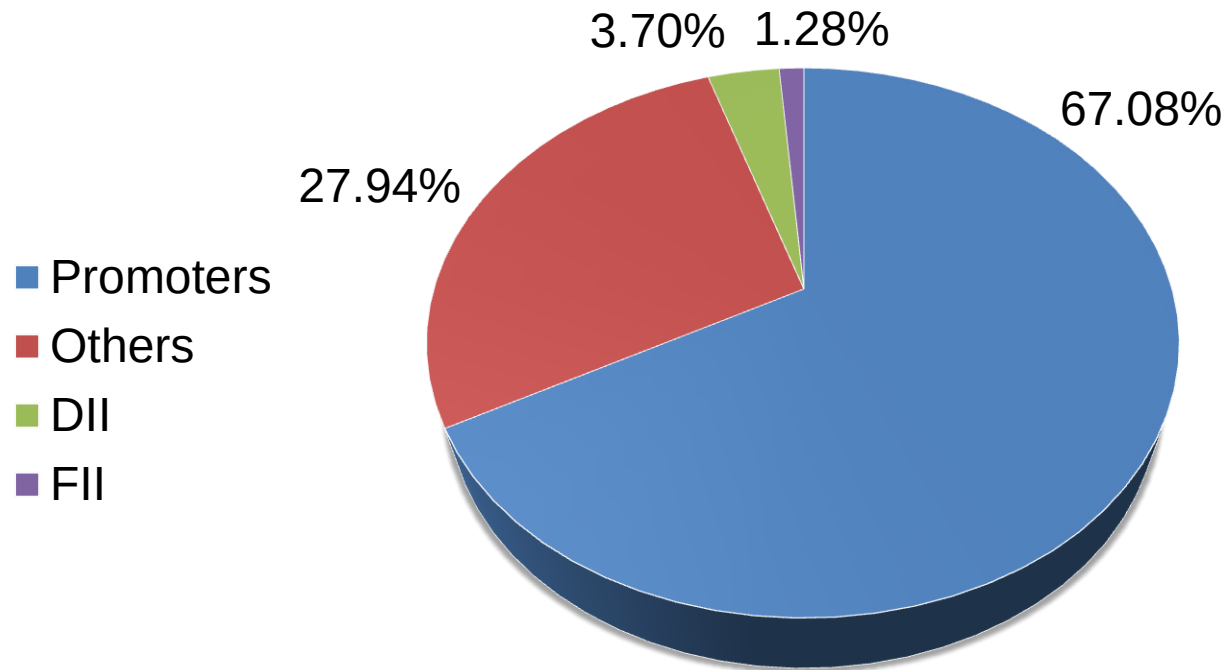
Steady increase in crude oil prices has led to increase in exploration & production activities in USA / Canada / Middle-East. As a result, rig counts have gone up by 30% in calendar year 2022 and by 55% in the past 12 months. This has resulted in sharp increase in demand for casing and tubing pipes in the export segment.

On account of the turbulent geo-political situation and low water level in river Rhine making it difficult to transport coal in Germany, energy costs in Europe have increased substantially. This has led to certain European pipe mills reducing production or shutting down their European operations.

In India, there is a sustained demand from ONGC & Oil India. Market sources indicate that around 500 new onshore and offshore wells are drilled every year. Taking a conservative estimate of seamless pipes requirement of 200 mt per well, we estimate fresh requirement of 100,000 mt per year. This is in addition to the regular requirement generated from development and work over wells.

Further, ONGC has also placed an order to purchase 27 new land rigs which will replace ONGC's ageing fleet all over India thereby indicating increase in drilling operations by ONGC.

Continuing demand generation for ERW pipes from City Gas Distribution Projects, Smart City Projects, State Government Water & Sewerage Projects and Housing Projects. In the 1st stage of the "Smart Cities Mission", the Government has selected 20 cities for implementation. These cities will have assured water, electricity supply, waste management etc. which will increase demand for pipes.



Key points – Q1 FY 2023

- Promoters have increased holding from 67.00% to 67.08%.
- DII have increased holding from 3.41% to 3.70%. This also includes mutual funds who have increased holding from 2.89% to 2.93%.
- FII have increased holding from 1.15% to 1.28%.
- Number of DII & FII have increased from previous quarter.

Institutional Investors

L & T Mutual Fund

ITI Mutual Fund

Taurus Mutual Fund

Aequitas Equity Scheme, Aequitas Investment

Green Lantern Capital

IIFL Turnaround Opportunities Fund

Barclays Wealth Trustees India

DFA Investment Dimensions Group

Dimensional Emerging Markets Value Fund

City of New York Group Trust

American Century ETF Trust

Societe Generale - ODI

BNP Paribas Arbitrage - ODI

Prescient Wealth Management



Oil and Gas



Infrastructure





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