



May 5, 2026

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Mumbai - 400 001  
Stock code: 500378

National Stock Exchange of India Limited,  
Listing Department,  
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Bandra Kurla Complex  
Bandra (East)  
Mumbai – 400 051  
Stock code: JINDALSAW

**SUB.: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Investor conference call on the quarterly Financial Earnings of the Company**

Dear Sirs,

This is with reference to the captioned subject and further to our letters dated April 22, 2026 and April 28, 2026, please find attached the transcript of the conference call organized by the ICICI Securities Limited for analyst and investors on the Audited (Standalone & Consolidated) financial results (Q4FY26) of the Company for the quarter ended March 31, 2026 on Tuesday, April 28, 2026 at 15:30 Hrs. (IST). The same has already been uploaded on the website of the Company.

This is for your information and record please.

Thanking you,  
Yours faithfully,  
**For JINDAL SAW LTD.,**

**Sunil K. Jain**  
**Company Secretary**  
**FCS- 3056**



“Jindal Saw Limited  
Q4 FY '26 Earnings Conference Call”  
April 28, 2026



**MANAGEMENT:** **MR. NARENDRA MANTRI – CHIEF OPERATING AND FINANCIAL OFFICER – JINDAL SAW LIMITED**  
**MR. VINAY KUMAR – PRESIDENT AND HEAD TREASURY – JINDAL SAW LIMITED**  
**MR. RAJEEV GOYAL – SENIOR VICE PRESIDENT, CORPORATE FINANCE – JINDAL SAW LIMITED**

**MODERATOR:** **MR. VIKASH SINGH – ICICI SECURITIES LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Jindal Saw Limited Q4 FY '26 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikash Singh from ICICI Securities Limited. Thank you, and over to you.

**Vikash Singh:** Good afternoon, everyone. A warm welcome to Q4 FY '26 Jindal Saw conference call. From the management side, we have with us Mr. Narendra Mantri, Chief Operating and Financial Officer; Mr. Vinay Kumar, President and Head Treasury; and Mr. Rajeev Goyal, Senior Vice President, Corporate Finance.

Without taking any much time, I'll hand it over to Mr. Mantri for his opening remarks. Over to you, sir.

**Vinay Kumar Gupta:** Yes. Hi. This is -- Mr. Mantri would take up the question. So, I'm Vinay Gupta. So let me give the preface and Rajeev, Mr. Mantri all speaking together, we would be addressing the questions of the participants. So, if it is okay, can I start?

**Vikash Singh:** Yes, sir.

**Vinay Kumar Gupta:** Okay. Fine. So good afternoon, everyone, and welcome to the Jindal Saw's FY '26 earnings call. I'm Vinay Gupta from Jindal Saw. We'd like to extend our thanks to the ICICI Direct team for organizing this session and facilitating their discussions. The Board of Directors approved the audited financial results for 2026 on April 27, 2026, which has since been filed with the Stock Exchanges. We trust you have reviewed these documents. Now let me present the highlights of the financials and some brief about that.

So first of all, performance in Q3 improved relative to the immediate previous quarter of FY '26. And we expected and we mentioned in last call that Q4 is expected to be better than Q3. This is what we mentioned on the call for Q3. On the contrary, the performance of Q4 of FY '26 dropped across if compared with the previous quarter, which is Q3. Performance of FY '26 also dropped as compared to FY '25.

Now before we go to prognosis and what is happening, let me very quickly cover the numbers, the highlight numbers of stand-alone consolidated quarter and full year. So, for the financial year on a stand-alone basis, the company registered a total income of INR3,852 crores, representing a decline over Q3 FY '26 by approximately 7%. EBITDA for Q4 FY '26 stood at INR413 crores, showcasing a decline over Q3 FY '26, which was INR527 crores, representing a decline of INR22 crores.

PAT for Q4 is reported at INR114 crores, showing a decline over Q3 FY '26, which was INR227 crores, represents a decline of 50%. On consolidated basis, for the quarter 4, the total income

stood at INR4,657 crores as compared to INR4,963 crores in Q4 FY '26, representing decline 6%. EBITDA for -- stood at INR504 crores, showcasing a decline over Q3 which was INR632 crores was a decline of 20%. PAT for Q4 FY '26 is reported INR124 crores, showing a decline over Q3 '26, which are INR248 crores, representing a decline of 50%.

Now let's talk about the full year FY '26 and FY '25. On a stand-alone basis, the company registered total income of approximately INR14,745 crores, representing a decline of approximately 19% as compared to FY '25 where the total income was INR18,178 crores. EBITDA for FY '26 is INR1,835 crores as compared to INR3,456 crores for the previous year, representing a decline of 47%. PAT for FY '26 is reported at INR784 crores against INR1,874 crores, decline -- representing a decline of 58%.

On consolidated basis, the total -- company registered a total income of approximately INR17,987 crores as compared to INR20,948 crores, representing approximately 14% decline. EBITDA for '26 is INR2,306 crores as compared to INR3,548 crores of the previous year, showing a decline of 35%. PAT for FY '26 reported INR925 crores against INR1,458 crores representing a decline of 37%.

In terms of our indebtedness, as on 31st March 2026, company stand-alone net debt reduced to INR2,453 crores as compared to INR3,154 crores on the previous year. And this includes long-term debt of INR529 crores only. Net institutional debt on a consol basis has reduced to INR2,528 crores as compared to INR3,346 crores, which was on 31st December '25. Long-term debt on 31st March was INR692 crores only.

So, debt profile of the company remains robust despite the business volatility. Now the prognosis for the results are number one, Q4 and FY '26 saw a decline in overall sales, primarily driven by weakness in the ductile iron pipe segment amid ongoing water infrastructure sector challenges. Despite positive policy announcements under the Jal Jeevan Mission, project execution on ground remains sluggish, impacting our total water pipe business during FY '26.

Despite a robust export order book, including 6 lakh metric tons of job contract from Saudi Arabia, all export shipments have been suspended since March '26. This is due to the activation of the force majeure clauses following the outbreak of the military conflict in the MENA region. So, no shipment has gone from 1st of March 2026. Export business typically yields higher margin as compared to domestic.

The deferment of all the planned export shipments to MENA region of all kinds of pipes in March '26 resulted in lower Q4 profitability as compared to Q3, missing our original expectation. This will get reflected in '26, '27 once the shipments will start. So, this is basically a deferment or postponement on the time scale.

Company also reported a INR48 crores foreign exchange cost during this quarter following the revaluation of U.S. dollar-denominated exposures. This was driven by the rupee's sharp decline over the quarter. It fell from INR88.88 per dollar to INR94.84 per dollar. So this is perhaps one of the quarters in the last so many years reflecting a depreciation of more than INR5.

Now some update on our carbon seamless pipe segment. On February '26 -- 15 February '26, we reported to Stock Exchanges about developments in our carbon seamless product. It was reported following an API audit, nonconformances were identified. A suspension letter was issued prohibiting the use of the API monogram on our seamless pipes. All requested data has since been presented to API authorities within the specified time frame. All NCs have been firmly addressed and closed as per the requirements of API authorities. Auditors appointed by API authorities are scheduled to revisit our factory in Nashik in May 2026 for verification.

Following this, the final approval to use the API monogram on seamless pipe is expected in due course. Given this, providing a specific time line for approval at this stage would be very speculative. And due to this regulatory time line, we anticipate a temporary impact on our sale of API seamless pipes. But to mitigate the impact, the company is leveraging flexible manufacturing capability -- flexible manufacturing capabilities to relocate production towards alternative seamless pipe products to minimize the loss on account of the overall volumes and the business.

Profitability in API business typically is comparatively better than the non-API business. Now the MENA region has impacted all the businesses who are catering to MENA region or any inflow or outflow to that region. And we would like to address that point also. You know like following the escalation of conflict in the MENA region starting 28 February 2026, we are experiencing severe logistic disruption, including nonavailability of vessels.

Consequently, all shipments from India and Abu Dhabi facilities in Middle East are suspended until further notice and further -- until safety conditions allow for safe passage. Abu Dhabi plant sales are restricted to customers in the countries, which are within the trucking range. So we are continuing the business, but wherever the trucks can go. But where the ships have to go, that business is temporarily suspended. This has impacted Q4 and FY '25, '26 sale and profitability at stand-alone and consol level and where the revenue recognition is deferred to '26, '27.

Now this ongoing crisis in MENA region has necessitated a strategic shift towards securing energy infrastructure, generating new opportunities for pipeline expansion, repair and replacement, particularly for projects designed to bypass volatile maritime choke points. This transition is accelerating investments in infrastructure that bypasses high-risk areas, offering substantial opportunities for pipe manufacturing and EPC providers. We expect the countries in MENA region to invest significantly in the replacement and new pipeline infrastructure for oil, gas and water.

Similarly, India will also need to invest significantly to work on energy security. We may expect new pipeline requirements in the next couple of months. In March '26, the government has issued a landmark order to fast-track pipe gas rollout across the country. Bureaucratic delays, excessive charges and local bottlenecks that were shown or projects are now being swept aside and time-bound approvals and decisive central backing.

Apart from this, ONGC has also announced in March '26 deepwater exploration projects of approximately \$20 billion. Now what is there for us in front of this? While conflict in MENA region presents significant challenges, the resulting shifts are creating new avenues for growth.

Jindal Saw is actively capitalizing on these emerging opportunities through strategic expansions and local manufacturing in the region itself.

As you know, company has already announced its investment plan to set up a carbon seamless pipe plant in Abu Dhabi through our subsidiary. There are good developments in the project, a developed piece of land with fuel infrastructure has already been secured. Ordering for equipment with advanced payments and opening of LCs has started. Project company has signed long-term lease agreement with AD ports for land parcel.

In Saudi Arabia, company established a joint venture company with its investments of 51% and balance 49% is by Buhur Group in KSA. This JV will set up a LSAW and HSAW facility. Land for one of the projects has already been secured. LC has been established for a few of the equipment. Our endeavor will now be to set up all these plants in Abu Dhabi and KSA on fast-track basis.

Now let us discuss a couple of other matters, including subsidies and joint ventures. In UAE, the regional conflicts in MENA regions have disrupted the operations of the Abu Dhabi facilities also. The facility remains in a highly impacted area in this region. Due to these circumstances and with employee safety as our top priority, operations have been reduced to meet essential demand.

The sale from Abu Dhabi plant are restricted to customers which could be served from the trust. In this backdrop, in Q4 of FY '26, Abu Dhabi company delivered approximately 48,000 tons pipes as compared to 52,000 tons in Q3. And as of March 31, 2026, the subsidiary holds an order book of approximately \$180 million, which is close to 171,000 metric tons, giving a visibility of approximately 9 months of operations.

And this is independent of the order book of Jindal Saw Limited. In Jindal Hunting joint ventures, joint venture where Jindal has 51% and Hunting has 49%, we generated a revenue of approximately INR149 crores with INR43.2 crores of PAT. This is a bit lower as compared to previous year where the top line was INR177 crores and INR51.5 crores was the PAT in FY '25. In case of our ongoing litigation with NTPC, the matter is moving. The matter is moving with NTPC in Delhi High Court at double bench.

Majority of the argument by both the parties are completed. There may be 1 or 2 more dates before the court reserves its order. So now with this backdrop, before I conclude this presentation, let me summarize. The Q4 FY '26 performance did not meet our expectation of exceeding Q3 results, primarily due to the mentioned reasons we mentioned above.

Factors contributing to Q4 muted performance persist and we expect its impact on Q1 results of the current year also. If situation improve, we are -- we have capability to ramp up the business very quickly. But as of now, as we speak, this quarter, at least a few more weeks or a few couple of -- some time looks to be getting impacted.

Improved conditions in MENA region will enable the company to rapidly accelerate export shipments because our order book comprised of roughly 29% to 30% export to MENA region. A lot of shipments are on hold. We would try to push as much as possible immediately the

shipments to come. There is an announcement by the government relating to Jal Jeevan Mission with allocation, cabinet approval and funds getting released by the center to state gradually. This will revive the water pipe business where ductile pipe business would take the lead. And this will be helpful for the operations of the company and the industry as a whole.

Complete new initiatives in Abu Dhabi for seamless project and in Saudi for saw pipe projects are expected to yield good results, once these plants are set up and become operational. In today's volatile time, our high liquidity provides a critical buffer. With a deleveraged balance sheet and a strong working capital lines available with the banking system, we are well positioned to fund future growth.

We have made capital expenditures across our Indian facilities to drive growth. These expenditures focuses on debottlenecking, enhancing operational efficiencies and providing infrastructure to our staff at the plants.

Now to end this presentation, we would still like to add one more line that we are witnessing unprecedented time. We are projecting the business for future is very unpredictable. The management is taking all possible steps to safeguard its interest and see how best we can ramp up the operations and business in domestic market, pending the export market opens up.

With this note, let me request if there is a question, we can open the floor for the question and answer.

**Vikash Singh:**

Moderator, please start the Q&A.

**Moderator:**

The first question is from the line of Dhananjai Bagrodia from Alchemy.

**Dhananjai Bagrodia:**

Sir, firstly, congratulations on a good set of numbers in a tough environment. I just wanted to ask you, how are we getting feelers from the other regions? Are we -- or demand? Are we seeing much more volume uptick, let's say, in FY '27? Any numbers we can think of?

**Vinay Kumar Gupta:**

This is Vinay Gupta. So Dhananjai, at this point of time, the interaction with -- if you're talking about the export business, like if you're talking about the MENA region, the interaction with a lot of customers is not happening on face-to-face basis. What we are trying to accumulate the information and intelligence is from the public, let's say, public platforms and public media.

We, of course, since we now have presence in Saudi and Abu Dhabi, we -- our people are trying to get some sense from various stakeholders, including the oil and gas companies there that how they are proceeding, how they want to go forward. But having said all this, there are -- if you're tracking there are a lot of media news where the projects which were in the cold storages, the projects which were stuck for whatever reasons, there is the urgency to push those projects.

So I'm not saying they will come overnight, but they would cut short the time lines and there will be urgency in doing this. So that like if this stalemate converts into the stalemate of Ukraine, Russia, then what is going to happen. So eventually, there would be some urgency now in the region and that would be helpful and that would be beneficial for the industry as such.

**Dhananjai Bagrodia:**

And what about India? How is the India demand? How are we seeing that coming on?

- Vinay Kumar Gupta:** So, India, water demand remains. The only thing was the water business --
- Dhananjai Bagrodia:** Jal Jeevan.
- Vinay Kumar Gupta:** Jal Jeevan Mission. So, Jal Jeevan Mission gave rise to another kind of, let's say, business opportunity where the state governments are arranging the funds and state governments are giving the orders. So this is independent of Jal Jeevan. So whatever business has happened in the sense of fund release from the Jal Jeevan was on account of state. That is a bit competitive.
- But we expect that -- the macro level demand has not died down. Macro level demand remains the same. It is only deferment. Hopefully, this year, the business should pick up and the industry should respond very quickly. So everybody has the capacity. Everybody has order book, we are gearing up. We -- in fact, our fourth quarter sale is comparatively better than the Q3 sales for water business.
- Dhananjai Bagrodia:** Sure. And sir, with steel prices going up as they are, do we think we'll have a hit by inflation or will we be able to pass it on on margins?
- Vinay Kumar Gupta:** See, we don't accumulate or hold steel in anticipation of getting the order. So it is basically like it's a very narrow -- within a very narrow time line, we book the steel the moment we get the order for the pipe. So eventually, the volatility in the raw material prices is to the account of the manufacturer.
- So for us, let's say, in this case. So that is why, number one, like for example, if these are the steel pipes, then we don't know like what kind of, let's say, diameter, thickness, metallurgy, the new order will have and that is where the order is placed only once we received a firm order for steel pipes. So this situation normally does not arise that the steel price going up and down is impacting the pipe player very significantly.
- Dhananjai Bagrodia:** Okay. And so margins henceforth, we've bottomed out in '26 and margins should now just be onwards and upwards?
- Vinay Kumar Gupta:** Can you repeat your question, sorry?
- Dhananjai Bagrodia:** I'm saying, sir, margins, would it be fair to say margins have bottomed out and now margins would just be higher from here going ahead?
- Vinay Kumar Gupta:** So that's what we thought for -- at the call of Q3, we said that perhaps we have -- it has bottomed out, okay? And it's a function of all the things. Margins is not a function of only like raw material and steel price because if my capacity is underutilized, the fixed overheads start hitting you. Now a lot of contracts what industry is today serving, they are delivered products. They are -- in case of international, they are duty deliver products.
- Now nobody knows like how after 5th of May, what the crude prices will be in India also, right? So you people are analysts, so you would know like whether the crude price goes up or the diesel price goes up, right? So the freight cost will go up. So there are a few things which are beyond the control. The assumptions for the profitability normally are made in the, let's say, a stable condition.

So as we mentioned in the very last line in the presentation that these are very unpredictable, unprecedented times. Everything is looking [inaudible 0:25:08]. So if you say that this has bottomed out, maybe, may not be.

**Dhananjai Bagrodia:** Okay. Got you. And sir, any other risk we can think of in terms of, obviously, one macro risk, any other risk we are seeing at the moment? Because I'm just trying to understand just from the business perspective.

**Vinay Kumar Gupta:** See, we -- our -- this commentary actually is full of risk, what we said. We have not given you high expectation except that like we are doing -- we are projecting -- we are doing setting up the projects in MENA region. But our perspective was to highlight to the stakeholders, to all of you like we are living into the risky environment.

We highlighted -- each and every risk we highlight, Jal Jeevan Mission, we highlight the international shipping issue. We highlighted our API business issue in carbon and steel. We highlighted the water business in Jal Jeevan. So I mean, there could be still issues which are very difficult to project at this point of time, as I mentioned, like if there is a spike in the diesel prices, every -- all costs will become inflationary.

So there are certain measures which the management can take in terms of, let's say, controlling those risks. There still would be a few risk which we may not be able to control. But given the like, good liquidity, good, let's say, position of the company and the balance sheet, some of the risk we can still handle.

**Dhananjai Bagrodia:** Okay, sure. And sir, last question for me, what capex number are we expecting for the next couple of years?

**Vinay Kumar Gupta:** For the capex?

**Dhananjai Bagrodia:** For the next couple of years, how much...

**Vinay Kumar Gupta:** Yes. Okay. So a few of the capex, what we are doing, what we have done in last 1 or 2, 3 years time, maybe we are at the last portion of those schemes, maybe, let's say, INR500 crores to INR700 crores all across India in this year. And 3 projects what we have announced in Saudi and Middle East, they are, of course -- sorry, Abu Dhabi.

Abu Dhabi at this point of time, like for a seamless pipe project, we are 100%. So we are still trying to work out like what would be the debt equity, what is going to be the revised project cost. We are trying to bring some more efficiency in that project in terms of the cost. In Saudi, it is a joint venture where we have 51%.

So, our cost -- net impact of the cost on our balance sheet will be lower. Otherwise, then we are not expecting -- we are not putting very significant, let's say, brownfield or greenfield projects in India. So we are trying to -- let's say, we will try to work with the available capacity within India, but just trying to see like how best we can derisk our business model.

For example, if ductile pipes had taken a backseat, we are working out like the facility should not stop and let's try to work out different options for that also. The different sizes, export, domestic shift and all those things.

**Dhananjai Bagrodia:** Okay. Sure, sir. So any number we have, only INR500 crores to INR600 crores, is that -- or will be more than that?

**Vinay Kumar Gupta:** The capex number?

**Dhananjai Bagrodia:** Yes, total.

**Vinay Kumar Gupta:** Yes. For this year, we expect INR500 crores to INR600 crores.

**Dhananjai Bagrodia:** And for next year, I'm just talking to get a broad base, '27, '28. So INR500 crores for '27 and for...

**Vinay Kumar Gupta:** Okay. Let's put it this way. We have roughly 10 locations in the country, right? Earlier somehow we used to say INR250 crores, INR300 crores. But every time it works out to not less than INR400 crores, INR500 crores sometime and 1 or 2 more schemes are going on, some replacement, all these things. So maybe like this year, we have done INR700 crores to INR800 crores, next -- so '25, '26, we did INR800 crores. Maybe you can consider INR500 crores to INR600 crores this year, INR400 crores, INR500 crores next year, something like this.

**Moderator:** The next question is from the line of Digant Haria from GreenEdge Wealth.

**Digant Haria:** Sir, I had one question. See, the macros are very uncertain and we may not want to guide, that's perfectly fine. Sir, but just wanted to know that in all the products that we have, basically saw pipes, seamless pipes, ductile iron, stainless steel and HDPE, do you see any overcapacity in the system?

Like if the demand bounces back say water in the next 12 months and oil and gas after, say, another 6, 9 months, will we again go back to the old levels of profitability? Or is the capacity in the system high that we may need a higher level of demand to go there? If you can just segment-wise explain, how do you see the overcapacity or in each of these segments where we operate?

**Vinay Kumar Gupta:** Yes, Rajeev, would you explain this?

**Rajeev Goyal:** So, as you mentioned that overcapacity position, if there is a demand which is coming back. So, what we feel that in ductile iron pipes, there may be some oversupply in terms of capacities. But apart from this, other segments are well placed like longitudinal, helical as well as seamless. So, if in future demand is there, the capacities are available to cater the demand. There will not be any overcapacity, but the ductile iron pipe is something which we feel that overcapacity position is there.

**Digant Haria:** Okay. Okay. And in these ductile iron pipes, can we do something else in those lines or no, we'll have to live with the lower utilization for some time?

- Rajeev Goyal:** So honestly speaking, yes, there will be -- we have to live with this condition because major capacity expansions in DI pipe was in the estimation or in anticipation of demand from Jal Jeevan Mission and multiple projects at the state levels. But as of now, because Jal Jeevan Mission scheme is not kicking off very well, so this position seems to be remaining as it is for quite some time.
- Digant Haria:** Got it. Got it. And one data point is how much sales did we lose because of the Middle East war, like not getting ships, not delivering products? How much would -- we did like 13.76 lakh tons of volume this year. Like how much would we have lost -- just in this quarter, how much would you have lost in terms of crores of rupees like what would be the revenue loss?
- Rajeev Goyal:** Basically, there is no loss per se, it is a deferment because shipments are going to go once the situation is improved in this region. So approximately 30,000 to 40,000 material was ready for shipment, which was deferred. So apart from this, there is no loss as such.
- Digant Haria:** This deferment would be worth, say, INR30 crores to INR40 crores, right?
- Rajeev Goyal:** So, in terms of value, it would be more than that. But as of now, we have the quantities available, which got deferred.
- Moderator:** The next question is from the line of Gaurav Nigam from Tunga Investments.
- Gaurav Nigam:** Yes, sir. Sir, I have two questions on the stainless-steel pipes business. The first one is on the stainless-steel seamless pipes business, sir. We are hearing a lot of [PSC 0:33:13] players adding capacity and they are receiving approval in the critical piping segment as well. So wanted to get a sense from you on it impact on our overall business, both in terms of capacity -- overall industry capacity and on the margins in this business?
- That's question number one on stainless steel pipes. And second one is on the welded stainless-steel pipes. I wanted to get a sense from you because I think there has been some decline in the overall margins in this business. So how are the things shaping up? And how do you think about that business going forward?
- Rajeev Goyal:** Okay. In stainless steel pipe business, we are trying to capture the upper -- and/or upper end segment or the customer who requires more stringent quality. So impact of that will come, I think in this year, the second half. So -- but otherwise, I must say that complete business of stainless steel will face the margin challenge.
- Gaurav Nigam:** Okay. Sorry, sir, are you talking about the seamless business or welded or both?
- Rajeev Goyal:** Both. I'm talking both. So we have to capture the value-added product and for that as you mentioned that we are trying to get the approvals from the customer end for our facility and for our products.
- Gaurav Nigam:** But, sir, on the welded side, is there upper segment as well? I thought that that would be true for the seamless business. Is there upper segment within the welded as well?
- Rajeev Goyal:** Welded also.

- Gaurav Nigam:** Okay. Okay. We are trying to move up the ladder in terms of quality.
- Rajeev Goyal:** Yes. Yes. Yes. That is the only way to capture the high-end or high-margin business.
- Gaurav Nigam:** And that margin expansion will happen from the second half of FY '27. Is that the expectation, sir?
- Rajeev Goyal:** Yes. Yes. Actually, say, as already mentioned by Mr. Vinay Gupta, at this point of time, everybody is a little slow in investments and slow in giving the orders.
- Moderator:** The next question is from the line of Vanshika Jain from Aequitas Investments.
- Vinay Kumar Gupta:** Hello. We lost you.
- Moderator:** Sir, the line dropped. The next question is from the line of Sailesh Raja from B&K Securities.
- Sailesh Raja:** Yes. Congrats, sir, for reporting strong past year CFO of INR1,800 crores even in these challenging times. So given the lower order intake expected from the Middle East due to ongoing challenges, I'm talking about the new order intake. So how are you approaching our selection in the near term?
- Is this -- this is specific to our helical saw capacity. Do we wait for a recovery in MENA region to secure high-margin orders? Or are we open taking up the lower margin orders in the domestic helical saw segment to support utilization level? So what is our near-term strategy?
- Vinay Kumar Gupta:** So Sailesh, should presume this situation would start working out once the region is fully operational. As of now, let's say, a couple of regions are there where people are flying for the safety. For example, UAE, right? The life is still not back to track. Saudi is still working, operational. But I mean, the business has taken a bit backseat for everybody. Our stronghold in MENA region are like Saudi, of course, Qatar, Oman, Iraq. Iraq is equally disturbed at this point of time. So people are not thinking of giving the order immediately.
- The discussions which perhaps are happening that how they have to create the energy security mechanism in near term. It might take a year, 2 years, 3 years, whatever. Coming to your second question that -- let's assume that there is a normalcy in the region. Everything has been sorted out, shipment is not an issue.
- Ships are available, insurance premiums have come down, insurance is available, and all those things are there, then, of course, we would like to, let's say, we would like to have the order book, which should give a reasonable amount of visibility in terms of time and high utilization. We are still booked -- our facilities are still booked provided that we are allowed to produce and sell.
- So it's not that we don't -- we have a slot available to take the order for immediate next 2 months, 3 months. We actually -- we are fully booked for a couple of quarters. So if we have to -- given the option to take order, we might not be able to take order for next 2 or 3 or 4 quarters time. So to my understanding, the industry is reasonably booked for export as well as domestic.

The only thing is the challenge is that you don't have means to transport and dispatch. Just to give an example, for the job-work order what we have, we are -- it's a 6 lakh tons order and we are sitting off roughly 2 lakh tons of steel, which is supplied by the buyer. We are holding on the steel and you can't supply the pipes. We are not making the pipes. I mean, storing the pipe will be a larger problem than storing the steel.

**Sailesh Raja:** Okay. Okay. Okay. Sir, both Indian and local players, including ourselves, are adding capacity. So do you believe that there is a sufficient demand to support attractive returns like 3, 4 years payback on this investment? And also, could you please talk about the opportunities in the GCC region for helical saw, LSAW and DI pipe?

**Vinay Kumar Gupta:** So okay, let's talk about the seamless and which is ductile. We are not adding additional capacity in ductile. It is basically like we are trying to set up a complementary facility of our Abu Dhabi plant. What we are trying to do for our Abu Dhabi plant that we should be able to have the access to the entire MENA region.

Wherever there is some bottleneck, we are trying to, let's say, set up a complementary facility for that. It's not a full-fledged plant of, let's say, starting from the -- from blast furnace going up to the finishing and everything. But in case of seamless and saw pipes, they are greenfield projects completely integrated with coating, all kind of coating and everything.

And in terms of, let's say, the demand, we are fully conscious that there are -- the competition is already there. They have acquired or they are setting up and we are considering, yes, the competition is always good for a healthy market. But we believe that there is enough demand and the demand has -- demand is likely to increase exponentially because of this new crisis, which has emerged in the MENA region. This is giving additional -- this is top-up on that plain pizza. So, I mean, we won't like to discuss too much on the call, but we understand that there is enough on the plate.

**Sailesh Raja:** Okay. Okay. Sir, one last question. Sir, as we plan to undertake significant capex over the next 2, 3 years, with current net debt at INR3,400 crores. So what do you expect the peak debt level during this capex phase? And additionally, what is the peak net debt to EBITDA that we are comfortable operating at?

**Vinay Kumar Gupta:** See, we try to communicate to everyone that let's differentiate between the working capital debt and the long-term debt. So out of the current debt, stand-alone INR2,500 crores, consol INR3,200 crores, whatever, the long-term debt is hardly at stand-alone is INR525 crores. At consol, it is INR650 crores. So, there is a good amount of appetite of the lenders to lend the long-term debt to the company for setting up the projects.

And since, it says, we have demonstrated in the UAE in the last couple of years. So there is a good amount of traction amongst the lender, they want to lend to us. Now as you know, like because Indian lenders are also geared up through the GIFT City or direct presence into the MENA region, they are equally interested to lend this. So appetite-wise or can the balance sheet handle increase in the debt?

Yes, balance sheet can handle increase in the debt. Secondly, as you mentioned that in Saudi, we are not -- it's not 100% subsidy. We are -- we would be 51%. So, a proportionate -- at the best proportionate, let's say, impact would come. In terms of debt to EBITDA, again, if you have to include the working capital debt into the overall indebtedness and then to test it, this, of course, will be on a bit elevated level.

It depends like what we are talking when we are talking because in '24, '25, we had EBITDA of INR3,500 crores. And then we thought that in 2 years' time, we would have significantly higher EBITDA. So, if we go back to that, similar levels in some time, then we would still be in the range of, let's say, 2, 2.5 debt to EBITDA, all including working capital, everything.

**Moderator:** The next question is from the line of Vanshika Jain from Aequitas.

**Vanshika Jain:** Sir, my first question is in terms of, we have started our business in Saudi and you mentioned in your opening remarks about how things are not moving there. Considering things is normal in war as to be a better state, how do you think the demand panning out over there? Also, a lot of our competitors also have their factories based out of Saudi. So how do you see the competitive intensity there?

**Vinay Kumar Gupta:** So, Vanshika, so first of all, like once that normalcy is there in the system, our domestic facility in India, that will be fully functional and we will start executing the export order. We have pipes in store and we'll start producing the pipe out of the steel given free of cost by the buyer to us. That's one. Secondly, perhaps you want to mention like how the domestic -- how the demand in Saudi or neighboring countries would be taken care of.

So in my view, in next 1 year, the majority of the requirement would still be serviced from the imports in Saudi because like the -- whatever let's say other people are doing, they will still take some time to set up, take approvals and then meet the criteria and do it. So till that time, if a major requirement comes, that hopefully, that could be serviced out of India. And in next 2 years' time, I think we would also be operational, others will also be operational.

Then it would be like how much demand is coming and how this is being serviced from the, let's say, the local units in the MENA region. And it is not only Saudi. We are trying to, let's say, gauge the sense. There is likely demand from neighboring countries of Saudi also, which would be serviced from Saudi and then by India.

**Vanshika Jain:** Okay. My second question is in terms of coal cost increase, which we are seeing. I think the coal cost has increased by almost 10% to 15%. So how is this -- how has the cost escalation being impacted? Are we -- how much is the spot and like how is it in our order booking?

**Vinay Kumar Gupta:** Can you come back, which cost you said will increase?

**Vanshika Jain:** Coal. Coal, coal.

**Vinay Kumar Gupta:** No. So we never mentioned the coal. We said -- we gave an example is that how the inflationary trends can impact the profitability. And then I give the example that if, let's say, the fuel cost increase or diesel cost increase or anything which is pushing the shipments increase, it has an

overall impact on the profitability because in case of sale, majority of the sale happens on a delivered basis.

So whatever orders are sitting in the order book for the last couple of months or every year, then some cost -- there will be some impact on the profitability on account of the increased cost. Of course, we would try our level best to pass on some of the cost, but there is no guarantee that this cost would eventually be passed on to the buyer.

**Vanshika Jain:** So earlier I remember, we used to say that the variable contracts where the total pass on was around 30% to 35%. Has this percentage increased for us in terms of a few contracts?

**Vinay Kumar Gupta:** No. So when we say like there is a mechanism, that mechanism is restricted to, let's say, the tie projects. And that was based on the, I think, pig iron prices indexation. So, it is not for each and every component of the product. It is the pig iron-based prices. So that -- because pig iron has its index pig iron pricing is fairly, let's say, transparent. So that was where, let's say, a lot of volatility was there in the iron ore and coal prices. And then some of the contracts had this...

**Narendra Mantri:** Escalation clause.

**Vinay Kumar Gupta:** Escalation clause.

**Narendra Mantri:** Vanshika, as you mentioned that 30%, 33% or the strategy was like that in ductile iron pipe to pass on the cost or to protect the company from the volatility in raw material prices, especially for ductile, it was like that we do have the stocks with us also, coal stocks. We are getting the coal shipped every quarter. So that is something which is already in-built in the pricing mechanism.

Apart from this, certain states came out with the escalation clause as Vinayji mentioned, through which that if the prices are moving beyond certain limit, then escalation metrics were there and we could pass on certain escalated costs. So that is the strategy which we are already following.

**Vinay Kumar Gupta:** But that is predominantly for the local market.

**Narendra Mantri:** Ductile case.

**Vinay Kumar Gupta:** Yes. Domestic. Local market. Domestic market.

**Vanshika Jain:** Got it. Got it. And in terms of DI pipes, I think you mentioned in your investor report that you have a 1-year order. However, we are seeing that some state finances were not getting the amount, etcetera. So how is the execution pace right now? And what do you think of newer avenues like Jal Jeevan Mission 2 and PNG -- incremental adoption of PNG, how will this help?

**Vinay Kumar Gupta:** PNG. Yes, Vanshika, PNG, so we are mixing PNG with ductile.

**Vanshika Jain:** No, no.

**Vinay Kumar Gupta:** Yes. Okay.

**Vanshika Jain:** The first question is for ductile. Let me just break my question.

- Vinay Kumar Gupta:** Okay.
- Vanshika Jain:** First question is for ductile. Yes.
- Vinay Kumar Gupta:** Okay. So ductile...
- Vanshika Jain:** In ductile how are the scenarios, right?
- Vinay Kumar Gupta:** Okay. So, let's first discuss about ductile. So on, let's say, very high level, ductile, if 6 to 9 months ago, people were focusing to Jal Jeevan Mission primarily. And then there were some setbacks on liquidity issues in the Jal Jeevan Mission. Then the states also moved to issue the orders based on their arrangement of financing. And that's where the new contracts which were coming, they were coming backed by the state funding.
- So state was arranging the funds to the multilateral agencies, domestic, international, whatever. So they were not depending on the Jal Jeevan Mission funding, whatever it is. And those orders executions had also started and the pricing and profitability on those orders are different as compared to the pricing of the old orders. Now we understand that the Jal Jeevan Mission, like, there is some momentum in that.
- And there is a paper news also like in the open public platform that center has released funds to some of the states, which has gone to the state government. State has to, let's say, induct their own funds, whatever percentage it is and then they will start moving the funds to the EPC and all. So that system is still getting formalized. We understand that there will be a new mechanism monitoring system.
- Now the motto of the Jal Jeevan Mission is also shifting from putting infrastructure to ensuring the service at the end level. So there might be some initial hiccups in terms of fresh implementation. But once it is set up, then there will be -- like it will be business as usual. There will be more monitoring from the center also, but it will be business as usual.
- Pending that, the execution has a higher mix of state funds backed by state funding and those executions are happening currently, that is also reflected out of our fourth quarter sale, where majority of the sale is for the state-backed funding. Of course, we are supplying to EPC. And then second question is the PNG.
- Vanshika Jain:** No, the second question is for the Jal Jeevan 2, the second 2.0, which has come. So when is the execution going to start? Because if the current execution has not been completed and the money has not been received, so how do we see the Jal Jeevan Mission 2.0?
- Vinay Kumar Gupta:** Because the system takes less time to collapse and more time to rebuild. So as of now, the system -- the whole system because people like us or any pipe producer is in the value chain. We are in the supply chain only. We don't interface directly with the state or the center. We are -- that interfaces by the EPC. We supply pipe to almost every EPC who is buying pipe from anybody and everybody.
- The challenges with the EPC for the liquidity, you would be keeping -- you would be talking to those also. There is issues with the EPC, they are small, large, medium-sized funds would be

released to them, they would settle their initial issues and then they will start buying it. We still feel that it might still take a month or 2 before the execution starts in a reasonable pace.

- Vanshika Jain:** Okay. You think -- so maybe post monsoon then?
- Vinay Kumar Gupta:** Yes, you're right. It could be. But it does not mean that we are not producing. We have a mix of business or orders state-backed as well as Jal Jeevan.
- Vanshika Jain:** Okay. So state-backed is happening, Jal Jeevan is not happening, right?
- Vinay Kumar Gupta:** Jal Jeevan is not happening in the full thrust. And if this MENA region logjam is cleared, we have export consignment which are on hold, even those will go.
- Vanshika Jain:** Okay. Okay. And for city gas distribution, I was talking about...
- Moderator:** Sorry to interrupt, Ms. Vanshika Jain, please rejoin the question queue for more questions.
- Vanshika Jain:** Sure. Sure. Sure.
- Moderator:** The next question is from the line of Sunil Kothari from Unique PMS. Mr. Sunil...
- Vinay Kumar Gupta:** I think he is not connected.
- Moderator:** The next question is from the line of Falguni Dutta from Mansarovar Financials.
- Falguni Dutta:** Yes. I just have one question. Can you just give us an idea about the current demand for the seamless pipe industry? I mean, industry as a whole, also the margins there?
- Rajeev Goyal:** So, demand in seamless segment domestically, it is more or less 1.5 million approximately and there are multiple players. So as the government or the PSUs have announced certain projects in deepwater exploration, we can see some opportunities -- big opportunities to come when these projects are executed. So, announcement is there, intent is there, government is focusing on it. So, there will be a demand and there will be a matching capacity to cater this demand.
- Falguni Dutta:** Okay. You said it's 1.5 million tons, am I right, the demand?
- Rajeev Goyal:** Yes, yes, in domestic.
- Falguni Dutta:** Okay. And sir, how are the margins there as of now? I mean, if you were to compare it to last year?
- Rajeev Goyal:** So, margin product-wise, we are not discussing because we have multiple products. So, you can get some sense from the...
- Falguni Dutta:** No, this is I'm asking you directionally that how would be the margins in that segment as of now versus last year directionally, not in terms of absolute per ton being better, flat, lower?
- Rajeev Goyal:** So, there will be improvement -- yes, there will be improvement in margins in seamless segment because we envisage that demand should remain robust and that will actually result into the little bit better margins.

- Falguni Dutta:** Okay. And sir, broadly, if somebody were to be buying steel from outside and making steel pipes, then in a rising steel price scenario should we be in a better off situation or it's not like that?
- Rajeev Goyal:** No, it's not like that.
- Moderator:** We take this as the last question. I now hand the conference over to the management for closing comments.
- Vinay Kumar Gupta:** We thank you very much to all the participants on this call as well as to ICICI Direct for hosting this call. And we hope that the issues what we discussed gets overcome ASAP, so that we have a good call next time. Thank you very much.
- Moderator:** On behalf of ICICI Securities and Jindal Saw, that concludes this conference. Thank you for joining us. You may now disconnect your lines.