



August 11, 2025

BSE Limited
Corporate Relation Department
1st Floor, New Trading Ring
Rotunga Building Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001
Stock code: 500378

National Stock Exchange of India Limited,
Listing Department,
Exchange Plaza,
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 financial results of the Company

Dear Sirs,

This is with reference to the captioned subject and our letters dated August 01, 2025 and August 06, 2025. Please find attached the transcript of the conference call organized by the ICICI Securities Limited for analyst and investors on the Un-audited (Standalone & Consolidated) financial results (Q1FY26) of the Company for the quarter ended June 30, 2025 on Wednesday, August 06, 2025 at 15:00 Hrs (IST) and the same has also 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
Q1 FY '26 Earnings Conference Call”
August 06, 2025**



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

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

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '26 Earnings Conference Call of Jindal Saw 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, sir.

Vikash Singh: Good afternoon, everyone. Welcome to Q1 FY '26 Earning Conference Call of Jindal Saw. From the management side, we have with us Mr. Vinay Kumar, President, Head and Treasury; Mr. Narendra Mantri, basically he is the Chief Operating and Financial Officer; and Mr. Rajeev Goyal, Senior Vice President, Head Corporate Finance.

Without taking any much time, I'll give the -- to Mr. Vinay Kumar for his opening remarks. Over to you, sir.

Vinay Kumar: Thank you very much, Vikash, and good afternoon, friends. I welcome all of you to the Investors Call of Jindal Saw Limited for Q1 of FY '26. We also place on record our appreciation to ICICI Securities for hosting this call and providing this platform.

As you know, like in the Board meeting held on 5th August, which was yesterday, the Board reviewed, discussed and approved the unaudited results of the company and the same were also communicated to the stock exchanges and to investors. Thus, I presume that the results would have been received and reviewed by all of you so that we can have a meaningful interaction.

Now to provide a broad overview on various aspects about the operations of the company, subsidiaries and other updates. First, about the results. Q1 of this quarter, the Q1 for FY '26, by far, we have demonstrated softer results as compared to previous year and a couple of previous quarters.

Despite the demand of almost all the products remains robust, which is reflected from our order book also. But due to various reasons, the production, sale and profitability in Q1 remained a bit softer.

Couple of reasons includes like -- and you would have seen it in our peer group companies also. There remains cash flow issue with the customers, primarily with the EPC contractors who are normally funded by the multilateral agencies or the authority's award. And this impacted the offtake and the sales, specifically in the water sector. And like 60% of the business of the company is on the water sector.

So this sector is significantly dependent on the funding and support from the various authorities. So there remains a gap in the requirement funds and disbursements, which has impacted the entire value and supply chain, especially for the water sector, which includes ductile and helical pipes.

Secondly, in the last several months, we witnessed military conflicts and other geopolitical issues in MENA regions, Red Sea, Persian Gulf and other nearby area. And India also saw a limited military contracts with its neighbour. These further aggravated the matter where some of the export shipment was forced to defer to Q2 from Q1. So we were basically about to ship some material for export, but it had to be deferred.

And good to know like this has already been shipped in July. And so it is deferment of the sale from Q1 to Q2 practically. Thirdly, the company took scheduled maintenance in one of the 2 blast furnaces in Mundra. So you know like we have got 2 blast furnaces for ductile iron pipes in Mundra, Gujarat and 1 blast furnace is in South India, which was Sathavahana erstwhile.

So one of the blast furnaces, these are regular revamps and the maintenance. So one of the blast furnace was under the scheduled maintenance. So it remains there for 2 months in Q1. It still continues till now. We expect that it can be put to operation in August, if not beyond that.

And of course, to that extent, some of the production loss has happened, which is a normal feature. It's not like it is first time. It's a normal feature every year. One of the blast furnace takes some scheduled maintenance. And broadly, anything around 40,000 to 50,000 tons of production got impacted for that on for the ductile pipe and pig iron.

Similarly, our pellet plant, which is in Bhilwara, Rajasthan, which has a capacity of close to 1.65 million tons. So this plant was also under scheduled maintenance for more than a month, let's say, a month in Q1. Broadly, you can say, let's say, we would have lost close to 120,000 to 130,000 tons of pellet for that.

But these are the scheduled things, of course, and this happens every year, maybe once in 2 years. These are the major factors which resulted in comparatively lower production and to some extent, lower sale also. Due to all these reasons, our working capital borrowings have also inched up in this quarter.

If you compare it with the previous quarter, the working capital borrowings have gone up, whereas the term loans have gone down. We have repaid the term loan, which we took for acquisition of Sathavahana facility. So in the first quarter, the entire term loan has been prepaid.

Now we are carrying a long-term debt of less than INR600 crores in our books, which includes INR500 crores of the LIC bonds, which are payable in 2028, '29 and '30. So broadly, other than that, there is hardly any long-term debt. And we place on record our sincere appreciation to our banks to reinforce their faith in the company and business model.

We have sufficient working capital lines to manage our operations efficiently and even we can cater to a higher turnover with the existing working capital facilities. However, you may notice that we -- despite a lower profitability, we have still recorded EBITDA of approximately 16% plus, which is still better than what we were reporting 2 or 3 years ago.

Eventually, we were used to be in the bracket of 12%, 13%. Of course, last 2 years were very good. But we are still -- it's not like -- despite all these things and despite lower raw material, lower realization, we still reported 16% plus EBITDA.

So the geopolitical situation and the release of funds by authorities still remain challenging. We expect the situation to improve. The interactions are happening with -- by the industry, with the authorities, if the situation can improve, we expect that it should improve. And thus -- but yes, pending that, it is difficult to predict and provide a very clear outlook that what is likely to happen in the short to medium to long-term time.

But we believe that we have robust order book. We have one of the best order books in the last couple of quarters. We are geared up after the ductile -- the blast furnace would become operational. We believe we can ramp up very quickly. But yes, it will depend on how the funding support is provided. But the outlook, we believe that the outlook maybe in very, very short term could continue what it was in Q1.

But beyond that, the outlook looks much better, considering that government can come and start disbursing the funds. We have provided details of our order book in our notes, and we have orders in hand plus the LOIs what we have received. We have order book of approximately \$1.5 billion and above. And in terms of tonnage, we have 16 lakh tons of confirmed order and close to 2,65,000 metric tons of the LOIs, which are for ductile domestic market. In case of ductile, we normally don't export from India.

We primarily do exports from -- or we primarily sell in the international market to our Abu Dhabi facility. The overall long-term debt position, as we mentioned, remain very, very comfortable as we have repaid the long-term debt and the only debt remain in the books is of -- primarily remains with the LIC bonds.

Working capital utilization is subject to working capital cycle business environment. We hope to see improvement there as well. We believe that once the inventories are getting out of the books, there will be collections and there'll be -- there are receivables which are yet to be collected.

We believe that in a couple of months, the working capital utilization level will come to more acceptable level and it could -- overall debt will come down. We also consider that these events as exception and thus they are being dealt exceptionally without impacting the relationship at any level with the customers, with the authorities, with the inventors and all.

Further, now let's move to UAE operations, where we have ductile iron pipe operations. We have done well in UAE as compared to previous periods. We have recorded sale of approximately \$60 million with comparatively better profitability. Now since the corporate taxes have been implemented and introduced UAE, these operations and consolidated results reflect the same well. But you would have seen that the impact of the taxation in UAE.

In UAE, we have order book of close to \$270 million, which is also higher as compared to the previous couple of quarters. So we are practically booked for next 1 year in UAE, and we still

are receiving more orders in that market. Our company also has marginal operations in U.S. It's not a big facility. They are doing quoting, double jointing and a few job work. But the Q1 for U.S. was also comparatively better than compared to previous years. It reported better profitability as well.

Now moving to Jindal ITF, the legal conflict what we have with NTPC. There is nothing much to report as compared to what we reported earlier. The matter come to the double bench in Delhi High Court twice, but the court has deferred the same to another date, which is now scheduled on 25th of September.

We will see like -- we want that the argument should start at least. And once the argument start, it should not take much time because the matter has already been heard by the single bench court, but we are waiting for the arguments to commence.

In June 2025, the Board approved 3 new projects in GCC and MENA region. You are aware that majority of India pipes are exported to GCC, MENA region and Persian Gulf region, including UAE, Saudi, Iraq and other countries. These nations are now looking for economic diversification to reduce their dependence on oil on the long-term basis.

Thus, in long term, they want to see the manufacturing sector growing locally. And to remain competitive and be present on these markets, one has to work proactively and align as per their vision statements of these countries.

As Jindal Saw is already a meaningful supplier to these regions and also local DI pipe manufacturer in Abu Dhabi, we thought it fit to expand our operations in these horizons suitably. Hence, the announcement to set up a seamless pipe manufacturing plant in Abu Dhabi, a helical pipe plant and a DI facility in Saudi was made. And we also had a follow-up conference call to provide overview of these facilities.

We mentioned that these projects would take 2 to 3 years' time. Seamless might take 3 years' time, helical might take 2 years' time, ductile maybe take another 1.5 years' time. So this will take -- gradually, these will come in operations. And as and when these will come in operation, they will get consolidated and the financials would get reflected. And we would -- as and when there is any meaningful progress, we'll keep updating to the investors on subsequent conference calls.

But as of now, we are in the process of doing the basic work, groundwork, incorporating the company. So nothing much concrete has been done, but we are in the process of setting up the company. We are in the process of, let's say, doing the basic corporate processes. So we provided brief about these projects in the last call and really happy to, let's say, answer all these things.

Now I'm not discussing the results very specifically because results are already communicated. We want that to, let's say, make it more interactive to attend more of questions. So I'll leave the floor open for the questions and answers.

My colleague, Mr. Narendra Mantri and Rajeev Goyal are also here. Happy to address any of the questions for all. Thank you very much.

Moderator:

The first question is from the line of Sailesh Raja from B&K Securities.

Sailesh Raja:

Sir, despite the product mix, geography exposure and recent plant shutdowns, we have managed to deliver a stronger EBITDA per ton in the pipe division during first quarter. So operationally, it is commendable, congratulations to the team. So I have 2, 3 questions to ask. First question, over the past 2 years, we have achieved over 1.8 million tons in pipe volumes, which helped us realize significant scale benefit and also the favourable product mix.

Especially driven by the soft pipe exports and strong DI market also contributed meaningfully to our improved profitability and return ratios. So given the near-term challenges such as the lower government spends and weakness in the overseas market, so how do we see volume growth in the current year?

What kind of growth that you see in the current year? If there is a growth, what are the key levers that will drive the growth within the pipe segment?

Vinay Kumar:

Okay. So thanks, Sailesh, for asking this question. I think this question will set the tone for the rest of the next 45, 50 minutes. So eventually, you have already answered half of the question for me. So we don't see -- if you have seen the order book of the company, and as we mentioned, we have very -- I mean, robust order book at this point of time, which reflects like if the scenario remains supportive, that what we can do.

So effectively, we have close to, let's say, in June 25, we have announced 15,60,000 tons of orders, which includes an order -- a single order, this is from MENA region for job work, that is close to 4 lakh tons. I don't know if it's good or bad, but the revenue would be limited to the extent of the job work thing. But the percent of profit will be higher because we don't have the raw material to our account.

So I don't think that we have -- and on the top of that, we have said 2,65,000 tons of LOI for ductile. Now why we don't include this into the regular order book, it's a process of the company. It's not like we don't have the order. It's basically this was received at the back end. And as per the systems of the company, unless these orders are, let's say, converted into sale order and enter into, we don't consider the sale order.

But if you include this 2,65,000 tons, we have order book in excess of 18 lakh tons or maybe close to, let's say, 19 lakh tons, including job work and all put together, okay? Now -- so one part of your question is that what is the visibility in terms of volume. The visibility is very strong in terms of volume. We have -- I mean, 1 quarter has become history. We have 9 months or, let's say, 3 quarters to perform.

So in the normal environment, we should perform better than what we have done in the last quarters. There are 2 things. The performance of the company is benchmarked with the numbers. Numbers start from the turnover. The turnover is a function of the volume and the value.

Now volume, we are -- we don't have any issue. In terms of the value, you would have seen the moderation in the raw material prices in last, I think, 3 to 4 quarters. The prices of the coal, the prices of the steel, the prices of iron ore, all raw material prices have moderated to a reasonable level, which is a good sign.

But eventually, that leads to lower -- in time to come, that will lead to the lower top line also. So if we consider whether the company can perform and deliver better than what we have done in the first quarter or maybe in the last quarter, I think, yes, in the quarter -- in the 9 months or 3 quarters proportionately. Value is likely to be lower, backed by the lower realization, profitability...

Sailesh Raja:

For volume growth only.

Vinay Kumar:

Yes, volume growth is there, but the caveat is, as you started your question, the caveat is because we don't want to sell if you don't collect. So right now, if, let's say, the situation of the cash flow starts -- it becomes smooth, we have some inventory. We have the production capability, we can roll out very fast. And in fact, EPC contractors are also holding back the rollout in across the country can happen very fast.

Having said that, it is purely the water sector, which is getting impacted because of this. But if you'll talk about exports, if you'll talk about, let's say, to some extent, the seamless, that doesn't get impacted because of the, let's say, the funding by the multilateral or the government agencies. That remains broadly on course, and we believe that we can do better than what we had done earlier in those segments.

Sailesh Raja:

Okay. Okay. Great, sir. Sir, my second question, if you see stand-alone seamless and DI pipe companies, they have reported subdued performance in 1Q. Yet we have posted healthy EBITDA of INR671 crores despite your 2 months of shutdown in DI plant and 1 month shutdown at the pellet facility.

So what were the key drivers of this robust performance? Was it largely led by power segment? And also, I wanted to know, last year, we reported scrap and export incentive value of around INR700 crores. So how much we have reported in 1Q?

Vinay Kumar:

No, I have not heard -- I've not understood your question properly. Can you please repeat the question?

Sailesh Raja:

Yes. So stand-alone seamless and DI pipe companies, they have reported weak set of numbers in 1Q...

Vinay Kumar:

Okay. But we have posted -- of the company...

Sailesh Raja:

Yes, yes, yes. So we have posted INR671 crores, including 2 months of shutdown in DI and 1 month of shutdown in pellet. So what was driving this INR671 crores of EBITDA? Was it largely led by SAW segment?

- Vinay Kumar:** Okay. So -- okay, eventually, yes. So this would be -- look because in our case, it is a combination of all the products. It is very difficult to say like whether it is because of SAW or it is because of one or other. Of course, ductile, as we have given the information, ductile we did -- in the first quarter, we did close to 1,33,000 tons and seamless, we have done close to 55,000 tons.
- But overall, the tonnage is lower. So one second -- so overall, the tonnage is lower, but as compared to the Q1 of last year or you can say Q4 in the last year, the tonnage in all the segments are lower, except that the seamless is, let's say, against 60, we are 65, which is broadly okay.
- Sailesh Raja:** Sir, my question is how -- what was driving the INR671 crores of EBITDA? If you do say whatever the industry reported EBITDA in seamless and DI pipe, seamless is around INR12, INR13...
- Vinay Kumar:** No, one second -- so Sailesh the EBITDA for stand-alone is INR560 crores. Okay. And EBITDA for console is INR688 crores. So INR671 crores, that's why I was getting a bit confused.
- Sailesh Raja:** Which was other income?
- Vinay Kumar:** We got other income -- don't see much other income and we don't have much of other income, which is included in this. But in the stand-alone for 30th June '25, our EBITDA is INR560 crores, and -- but consol, we have INR688 crores.
- Sailesh Raja:** Yes, yes. Sir if I do the calculation, sir, it is coming and getting very high EBITDA per ton in soft pipe. Do you think it will be sustainable?
- Vinay Kumar:** No, no, we don't calculate that way. Okay. I appreciate what you're asking. See, internally, we know, but we don't calculate for the others that way that what is the EBITDA per ton for each of the individual product. So we consider pipe as a pipe all put together. Of course, I appreciate what you're saying, you're trying to benchmark my seamless with the Maharashtra Seamless, my ductile with Electrosteel's ductile also let's say Man or Welspun.
- So somehow this is a practice of the company which we adopted for accounts and for, let's say, for everybody that we do not distinguish between the products and we consider pipe as a pipe. So you have to do that benchmarking separately on a memorandum basis.
- Sailesh Raja:** Sir, what was the scrap export incentive value for this quarter?
- Vinay Kumar:** I don't have this number right now, but I don't think that we have anything -- any major amount in this.
- Sailesh Raja:** Okay. Okay. So sir, last year it was INR700 crores full year. Sir, one last question.
- Vinay Kumar:** Yes. Go ahead.

- Sailesh Raja:** Yes. So there is no doubt our valuations remains highly attractive. However, we see the major overseas project is expected to contribute meaningfully only after 2, 3 years. So what are the internal drivers that will support EBITDA growth in interim period that is my last question sir?
- Vinay Kumar:** Okay. So basically, you're asking what is on the outlook of less the profitability and the performance of the company?
- Sailesh Raja:** Yes.
- Vinay Kumar:** Okay. This is a question. So number one, like we can give a very helicopter level kind of outlook because we normally don't give the guidance. That's what we follow very consistently. And -- but in terms of outlook, our outlook, whether it is us or any of the pipe company, the outlook of any pipe company is judged from the order book. That's number one.
- Number two, we mentioned in our note that we are consistently doing efforts in terms of value addition, in terms of cost optimization. We have taken initiatives in the past 1 or 2 years' time, and we are doing additional initiatives, which is a continuous process, which is likely to reduce the cost and reduction in the cost will -- where the profitability will inch up.
- For example, we have implemented and we have replaced one of our coke oven battery in Mundra, where we are installing the wasted-based power plant. Now that would contribute to, let's say, the lower cost of the coke and lower power cost. So these are the initiatives which will help in terms of improvement in the profitability.
- Right now, we are not working on changing or increasing the capacity by organic or inorganic. Whatever inorganic we had to do, we have done by way of acquisition. We are not in the process as of now for any additional capacity, specifically in the pipes.
- Sailesh Raja:** In India?
- Vinay Kumar:** In India, of course, offshore, we have already made formal announcement. So if the environment reports remain supportive, you would see growth.
- Moderator:** The next question is from the line of Darshil Jhaveri from Crown Capital.
- Darshil Jhaveri:** Firstly, congratulations on delivering a good set of profitability, sir. So just wanted to ask about the shutdown, sir. So I think when we mentioned that our blast furnace is in a shutdown for the last -- for 2 months and I think even 2 months in Q2, was it similarly shut down in FY '25, sir?
- Vinay Kumar:** FY, sorry?
- Darshil Jhaveri:** Last year, was it shut down?
- Vinay Kumar:** Okay. Okay. So I tried to cover that portion in my preface. See, we have got 3 blast furnace across country in India, 2 blast furnace in Gujarat, 1 blast furnace in Andhra. So it's a regular process. This time, the normal maintenance and normal shutdowns always remain on rotation

basis in one or other in other blast furnace. But there are major shutdowns because you have to do complete overhauling.

So this time, it is a bit longer, which took 2 months in the Q1, and it is continuing in Q2 also and which might, at any point of time, they can start firing, they can test that it works. But to answer your question, some of the blast furnace would have remained under shutdown in last year also, may not be for 3 or 3.5 months. But these are normal things in these kind of businesses.

Darshil Jhaveri: Yes. So I was coming to that point only, like if it's normal, so the production volume would have impacted last year also. So in the current year, like when we say we've lost around 40,000 tons of production, and we might lose a similar amount in this quarter. So how much of that would be incremental as compared to previous years? And could you quantify in terms of rupee value, how much loss would that be, sir?

Vinay Kumar: Okay. So there is a loss, number one. It's a loss of production because the...

Darshil Jhaveri: Missed opportunity?

Vinay Kumar: Yes, yes. Correct. So one that it is -- and when you make the plan, you count those things because they are not suddenly -- it doesn't happen suddenly. So eventually last year, we sold close to 6,80,000 tons of ductile pipe, okay? When we talk about our capacities, theoretically, we have capacity of close to 7 lakh to 7.5 lakh tons in India. But it doesn't mean that by doing fine-tuning, by doing improvements, you cannot produce more. That is number one.

Number two, we sold 6,80,000 tons of ductile pipe last year. But on the top of that, we sold pig iron of close to 22,000 tons. So from that perspective, you can see that we actually sold hot metal of more than 7 lakh tons in last year, which is -- theoretically, it is more than 100%.

So effectually, if we are not able to produce 40,000 tons in Q1 or we are not producing 20,000, 25,000 in Q2, these -- the overall, let's say, projected numbers for the year normally consider all those things. And secondly, you always have certain quantities in your inventory.

So can we -- to answer -- let's say, I can answer your question in a different way. If the environment remains supportive in all respects, can we match or improvise our performance of ductile pipe as we did last year? I think yes.

So last year, we sold 6,80,000. Despite that we have done only 1,33,000 tons in Q1, we can still reach to that level. We remain optimistic for that. For that, we need to be supportive by way of the environment.

Darshil Jhaveri: Okay. Okay. Fair enough. That helps me a lot, sir. And sir, when you were saying that some -- because of the prices in iron and iron ore, our realizations have come down a bit. So -- any kind of color like how do you see that going forward in the year? Do we think it will remain stable? Or how do we see that portion happening, sir?

Vinay Kumar: Difficult to predict because the way the global markets are reacting, I mean, even the raw material suppliers are unable to predict those scenarios. The best case scenario could be, let's

presume what is happening remains additive. So instead of, let's say, taking a call that it will go down, it will go up, we can presume that if what happens if the raw material prices remain where it is today.

See, we are not very big buyer or buyer for any of these commodities. I mean, in totality, we don't sell more than 2 million tons. So -- and which includes iron ore, coal, steel and everything, which includes import, which includes domestic also. But as you know, your day would have been started every day that what Trump has said yesterday. Okay.

So the best case scenario is presume that what is the price today remains as it is and how to, let's say, make your strategy around that. And you have to counter what you have to make strategy with the changing environment.

Darshil Jhaveri: Correct. Correct. Correct. Fair enough, sir. And sir, just wanted to know in terms of our new capex that we've announced, we were, I think, going to budget our payback period and our peak revenues. So any kind of comment on that, sir? What could we expect from those 3 new capacities, sir?

Vinay Kumar: See, the new -- this is the rationale why we are setting up the new capacities in foreign soil at the foreign soil. As I mentioned in my preface that it is important to diversify your geographical profile and what India is doing, India first, what America is doing, America first, MAGA. So eventually, all these oil-producing companies, countries are also trying to reduce their dependence on the oil in the long term.

Now whether you have those markets or you want to lose those markets, we are the first in country -- amongst the first, if I am not the first, who are already present in Middle East, the MENA region, by way of a manufacturing facility as well as doing majority of our export from India to the Middle East, MENA region and Persian Gulf.

Now while it's a very important thing that whenever you are projecting any new capital expenditure or capacity or any business that you consider like what is the payback, what is the IRR and all, the profitability on current basis are likely to be better than the profitability what we are having in India. So they are -- they would be very, very -- if everything remains supportive, they are likely to be very -- they are likely to be much better as we have in India in all the 3 products.

Darshil Jhaveri: Okay. Okay. But any kind of like peak revenue or payback could be you know just meaning internal change or I know...

Vinay Kumar: We have not broken the ground. We don't -- we have just started working. It's too early to say because to project that what the revenue would be 3 years down the line, we don't know what the raw material price and other things will be there in that point of time. It's too early. We are difficult to predict what going to -- raw material prices are going to happen next year in India.

Darshil Jhaveri: Okay. Fair enough, sir. And just if I can, just last question from my end, sir. So like what I get the source is that Indian because of the water segment, it is a bit slowing right now. So our

current units can maybe export more. But once our export-oriented -- like our units in the new geographies start come up, what is the thing that we are thinking of cannibalization?

Or how do we see that process? Because if our current facilities have enough capacity, even though we are getting up with new major capacity. So do we see that we might be in a situation where we have a lot of supply in hand, but the demand constraints can come up in the market? How do we look at that, sir...

Vinay Kumar: [inaudible 0:35:08]...

Darshil Jhaveri: Okay, okay. Thank you so much sir. Yes. So just wanted to ask like because of so much capacity that we are getting -- setting up in the UAE and Saudi Arabia and our existing domestic, we also export to those countries. So what do you feel about cannibalization? I just -- I'm concerned that we should not be in a situation where there is oversupply available to us and that there is demand constraints. So what would you like to...?

Vinay Kumar: It's a valid question. So eventually, from India, we are supplying primarily to, let's say, Middle East and Persian Gulf. In the Persian Gulf, we are supplying to Iraq. And we are not setting any capacity in Iraq at this point of time, and we have no intention to do something in Iraq at this point of time.

So as you know, like as we explained, we are setting up seamless pipe plant in UAE, Abu Dhabi. Majority of that capacity when it will come into production will be for the UAE and nearby markets. As of now, there is no seamless pipe production, which takes place in UAE. At best, there is this one pipe -- one plant in Saudi, but which caters to primarily Saudi and Saudi can absorb more. Otherwise, they are imports. So they are fully import substitution.

Secondly, from India, we do not export meaningfully -- we don't export seamless pipe meaningfully to Middle East, right? So we don't see -- we don't foresee a glut in the UAE market or nearby markets because of seamless. That's one. Number two, about the, let's say, helical pipe plant. Helical pipe plant would be able to cater to the oil, gas and water sector in Saudi primarily to start with.

Good thing is that we are -- our local joint venture partner is a significant EPC contractor. And there is a huge amount of demand in and around Saudi. Eventually, as of now, Saudi is producing locally and importing. Saudi's government is focused that imports should be allowed only when domestic capacities are fully utilized.

So it is important that if somebody wants to have a leg in Saudi, it should be present in Saudi. And the Saudi investment is not a very significant -- it's not a very big investment. By having this facility in Saudi, which could be set up in, let's say, 1.5 to 2 years' time broadly, one can catch up the growing Saudi economy very efficiently.

So we don't think that this will impact our Indian operations. We believe that this diversification will help us in terms of improving our consolidated financials in a meaningful way.

- Moderator:** The next question is from the line of Gaurav Shah from Harshad Gandhi Securities.
- Gaurav Shah:** I have a couple of questions. Firstly, on the business outlook. Sir, can you just provide some more color on the Jal Jeevan Mission currently? First question is that.
- Vinay Kumar:** Jal Jeevan Mission has -- yes, okay. So as you know, Jal Jeevan Mission has already been extended by the government to 2028 in this phase, I believe that they would keep extending it beyond that as well because the targets have yet not been met. So -- and secondly, because of construction happening, colonization happening, this will happen. And this is only Jal Jeevan Mission, which is Nal Se Jal.
- There could be a second phase, which is, let's say, connecting the industrial water or river water and all. So leaving aside that, number two, the allocation on account of Jal Jeevan Mission, which is already there. AMRUT 2.0 scheme is also there.
- So there is enough as far as the water sector in India is concerned. These are the issues what we are discussing -- what we have discussed today or what you would have heard from the other calls of the pipe company in India. I believe that they are short-term issues. They would be taken care of in some time.
- Gaurav Shah:** Okay. So do you expect this quarter also, there should be a slowdown in the order from next quarter onwards, we should see some tractions.
- Vinay Kumar:** Okay. Orders is not a -- you could see that we have a huge amount of order book, which is -- means like it is an order book which is better than the last 2, 3 quarters. So order book is not an issue. There are plenty of orders which are there, which somebody wants, they can take. The third important thing is, as I mentioned, that the execution on the ground has slowed down because we are not EPC contractors.
- We supply to EPC. We don't supply directly to the government. That's the model globally. So EPC contractors, when their payments are -- have been slowed down, they are not doing full job on the ground. So presume that the cash flow becomes normal. You will see significant uptick on the physical activities on ground.
- And similarly, the value chain -- the supply chain, let's say, the pipe suppliers, they would start supplying the pipes to them. So today, we do not want to expose ourselves to the open credits, and that is where the situation is. But we understand that the chambers and the industry is meeting and representing to the government for doing the needful.
- Gaurav Shah:** Okay. Okay. And sir, my second question is on the debt management. It seems that in this particular quarter, we have reduced the long-term debt and increased the working capital loan. So how much interest saving is expected from this particular exercise?
- Vinay Kumar:** Saving means?
- Gaurav Shah:** Saving on interest because we've reduced the long-term debt and increase the working capital.

- Vinay Kumar:** So there are 2 different, let's say, buckets. Long-term debt reduction is like we had the cash and we want to prepay the cash so that the long-term debt, we have the space for -- in the long-term debt. So we now have except a small -- less than INR100 crores of small, small long-term debt where the cost will be higher for prepayment. We only have an NCD of INR500 crores from the LIC, which is repayable in '28, '29, '30.
- Now in the working capital, the working capital intensity has gone up a bit. primarily on account of slow collections, slow realization. And we are -- we expect the situation to improve. But on the top of that, the interest -- our weighted average interest cost has gone down. My weighted average interest cost has gone down by almost 50 basis points in this quarter.
- So -- and despite that, even if, let's say, there is no cut by RBI, we expect the interest cost to remain in a normal average control level. And this quarter, my finance cost is in the vicinity of INR80 crores plus/minus. We expect that it will be the same or we can improvise it further.
- Gaurav Shah:** Okay. And sir, my last question is on oil and gas sector. So do we -- by any chance, do we supply to ONGC in Oil India? Are we active in the oil sector?
- Vinay Kumar:** So they are our customers.
- Gaurav Shah:** Okay. So do you see any increased allocation to oil and gas sector from the government? Because we are -- from other players, we are seeing -- there are lots of demand from the oil and gas sector right now. So what's our...
- Vinay Kumar:** In the seamless, we are not the largest in seamless, but we are a meaningful player and the demand -- whatever the orders come, they get allocated almost to everybody. So we would get our pro rata share. We already have all these people in our order book.
- Moderator:** The next question is from the line of Deepak Lalwani from Unifi Capital.
- Deepak Lalwani:** So first question, how much is the impact of the export order in this quarter? How much got deferred in terms of volumes?
- Vinay Kumar:** You're asking what is the volume for export in this quarter?
- Deepak Lalwani:** Yes, the volume that was deferred. You mentioned about the...
- Vinay Kumar:** Deferred -- sorry, my mistake, Deepak. So it is approximately 20,000 tons, 1 shipment.
- Deepak Lalwani:** Understood. Sir, second question is on the environment in general. You mentioned that the funding issue still continues, but you expect it to get better. So any color on that as to what gives you the confidence that it is going to get better and by when? But if it's not, if it doesn't get better -- yes, I'll just complete my question...
- Vinay Kumar:** See basically -- okay. To answer this question, then we can take another question. Sorry to interrupt you. So basically, you know like this issue for cash support, let's say, allocation is going

on for last 3 to 4 quarters. Initially, it was the general elections, which is code of conduct continued by the elections in the states.

Then after that, the -- I mean, we also read the Google, the -- let's say, the audits and all those things. But there is a huge backlog and the industry is now talking to the respective governments and government representatives about the implementation of these projects where government has a specific focus.

So we understand that there are discussions at the -- within the government circle at serious level. How much it will mature, nobody knows. But there is a -- government understands that a lot of support is required at this point of time.

Deepak Lalwani:

Understood. Understood. But sir, if the situation -- my second question was that if the situation stays in the same run rate, then what this quarterly volumes of 3.4 lakh tons, I'm including the export order which got deferred. So the quarterly run rate of 3.4 lakh tons, should it be maintained? Or is there any risk on this execution as well?

Vinay Kumar:

Okay. So Deepak, if you see the quarter 4, 2025, like last year Q4, the problem was still there. We did 4,35,000 tons in pipes and 4 lakh tons of pellet. So this year -- this quarter, we can attribute, let's say, 60,000 tons on account of deferment of shipment of export and 2 months of ductile operations.

So let's say, 60,000 tons. So if I add 60,000 tons to 3,25,000 tons and some of the -- we expect that some of my sales should improve in case of LSAW, HSAW and seamless. I think we can go back to easily to the Q4, which is 4,35,000 tons. So that would be a normal, let's say, quarter despite the teething issues what the water sector is facing today.

Deepak Lalwani:

Okay. Perfect. Understood, sir. Sir, second -- the next question is that in the falling raw material scenario, coking coal and iron prices, do we expect to pass on this benefit because the environment is on the lower side today? Do we expect to pass on this benefit in terms of pricing -- lower pricing orders for the new orders in the ductile iron segment?

Vinay Kumar:

Okay. So typically, how the business is done that whatever new bidding will be done, that will be based on the current raw material prices. and it's a competitive market. There are half a dozen DI producers, okay? So if you -- if I -- let's say, if I believe that I will consider, let's say, \$250 of coking coal, I will be outbid.

But what happens that we have orders in our order book, which are -- which were perhaps bid when the prices were higher. So this is -- this becomes an average pricing scenario, average profitability scenario on a year basis. And this happens every year.

It is difficult to say that the raw material prices will remain the same for 12 months. We have seen volatility in 2022, '23 when the coking coal was \$500, iron ore was \$250, all these things we have seen. And despite that, the prices were going up and down. So new orders will be based on current raw material prices.

But similarly, in case of helical or, let's say, steel pipes, in case of steel pipe on the existing orders, there will be no change in pipe price. There will be no change in the steel price. So the existing order books will not get impacted because of the raw material prices, whether the raw material prices go up or go down. But in case of new orders, it will be based on the current prices.

Deepak Lalwani: What I meant to ask was that are we discounting more than required to get new orders because we are having a raw material benefit.

Vinay Kumar: Not necessarily, because we are booked for -- not necessarily, if you signal if you'll see my order book, we are practically booked for the next 3 quarters. And in case of ductile, now we are booked for almost 1 year. So I would rather do -- I would -- I mean, eventually, nobody wants to lose order. We have to see that we should have the production capability also at the time when the customer need. But typically, we would like to pick and choose.

Deepak Lalwani: Understood. Sir, on the...

Vinay Kumar: We lost, Deepak.

Moderator: Yes sir I get it.

Moderator: The next question is from the line of Gargi Singh from Value Invest

Gargi Singh: Sir, my first question is that we understand that most of our orders are backed by letter of credits and bank guarantees. So despite this delay in payment releases seems to be impacting our execution time lines. So for secured orders, how exactly does the delay in payment translate into lower execution level?

Vinay Kumar: So Gargi, it doesn't happen that you get the LC or bank guarantee for the entire value of the order at the time of signing the order. So what happens, for example, if you have received an order, hypothetically, as an example, let's say, of INR100 crores, okay, so there will be a schedule of delivery and the schedule of dispatches. So there would be a gradual cover of LC or bank guarantee, which will be given by the customer. And accordingly, we plan the production and accordingly, we sell. So at the time of dispatch, we should have the credit instrument.

And based on the track record of the customer and our relationship in the last 10, 15 years, whatever, -- sometimes we go beyond that also, but not like -- we'll not keep doing everything. So to answer your question precisely, if we have order book of, let's say, 16 lakh tons or 18 lakh tons or \$1.5 billion.

We don't have LC bank guarantee for \$1.5 billion. We might have even for export, we would have coverage by way of the LCs for domestic market, we would have coverage by way of LC or bank guarantee, but for the near-time production.

So as and when LC and bank guarantee come, we include that portion into the production planning. And this is how it is done. So if we, let's say, tomorrow, if the customer is out of LC and bank guarantee lines, especially for the water sector, and that's where the production -- we

would reduce the production, and we would only produce for those who are providing us the LC, bank guarantee or the advanced cash.

Gargi Singh: Okay. So currently on the basis of current order book, is it fair to assume that you have LC, BG for 3 months of -- at least for the next 1 quarter?

Vinay Kumar: No, this is -- see, the business is done on the going concern basis. It's not -- it may or may not be possible that I would have the LC, bank guarantee for the next 3 months also. So that is a role of the -- that is the role of the business development and the marketing department to, let's say, arrange the LC, bank guarantees and then we produce.

We or let's say, company make the production plan based on the feedback of the marketing that this much of dispatch will happen, and they will bring the LC or bank guarantees before the dispatch. So this is an ongoing process. This is -- despite in this scenario -- testing scenario, we still keep getting the LC, bank guarantees all the different kind of comfort.

So we are -- when I was replying to Deepak that we can come back to the normalized quarter of, let's say, 4 lakh-plus tons, what we did Q4, we know like this much of rotation of the LC, bank guarantees remain in the system, and we should be able to do that.

Moderator: Thank you. Due to time constraints, that was the last question. I now hand the conference over to the management for the closing comments. Over to you, sir.

Vinay Kumar: Yes. So I place on record our appreciation to all the participants to the call, ICICI Securities and Chorus and hope to see you in the next conference call. Thank you very much from me, my colleague, Mr. Narendra Mantri and Rajeev Goyal. Thank you very much.

Narendra Mantri: Thank you.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.