January 23, 2026

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 quarterly Financial Earnings of the Company

Dear Sirs,

This is with reference to the captioned subject and further to our letters dated January 13, 2026 and January 19, 2026, please find attached the transcript of the conference call organized by the ICICI Securities Limited for analyst and investors on the Unaudited (Standalone & Consolidated) financial results (Q3FY26) of the Company for the quarter ended December 31, 2025 on Monday, January 19, 2026 at 17:00 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 KUMAR JAIN
Digitally signed by SUNIL KUMAR JAIN
Date: 2026.01.23 12:39:08 +05'30'

Sunil K. Jain
Company Secretary
FCS- 3056

“Jindal Saw Limited
Q3 FY '26 Earnings Conference Call”
January 19, 2026

MANAGEMENT: **MR. VINAY KUMAR – PRESIDENT AND HEAD TREASURY – JINDAL SAW LIMITED**
MR. NARENDRA MANTRI – CHIEF OPERATING & FINANCIAL OFFICER – 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 Jindal Saw Q3 FY '26 Earnings 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, sir.

Vikash Singh: Good evening, everyone. On behalf of ICICI Securities, I welcome you all. I would like to thank the Jindal Saw management for giving us the opportunity to host their call. On 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 and Corporate Finance. Without taking any much time, I'll hand it over to Vinay sir, for his opening remarks. Over to you, sir.

Vinay Kumar: Thank you, Vikash, and let me start the call. Good afternoon, everyone, and welcome to Jindal Saw's Q3 FY '26 Earnings Call. We wish everyone a very happy and prosperous New Year. I, on behalf of Jindal Saw management, would like to extend our sincere appreciation to ICICI Direct for their support in coordinating today's call.

The unaudited financial results for quarter 3 of fiscal year '26 were approved by the Board of Directors at its meeting on January 16, 2026. And in compliance with regulatory requirements, these results have been released to the stock exchanges. We trust you have had an opportunity to review the results.

We now provide an update on the operations of the company, the subsidiaries and the joint ventures. As you can see, the performance in quarter 3 improved relative to the previous quarter of the current year, but still lagged behind the comparable quarter of the previous year. The improvement is primarily on account of higher volumes and improved productivity.

The pipe sector continued to see strong demand signals across both domestic and international markets. The company sustained a healthy order backlog, including significant projects for the water sector, which provides strong visibility for growth potential. The Pipes business reported a rise in its total order book volume, reaching 19.64 lakh metric tons in December '25 as compared to 19.25 lakh metric tons in September '25.

In Q2, we announced for securing an export contract to provide approximately 6,22,000 metric tons of HSAW pipes via [Inaudible 03:00:0] for Saudi Arabia. Production of this contract commenced in quarter 3. Q3 of FY '26 saw the start of production for our new seamless plant piercing mill. We are now stabilizing the production on this line. This enables a capacity increase to approximately 4 lakh tons per annum, strengthening our ability to provide fast, reliable services and for most of the product sizes.

The water pipe business, primarily ductile, continued to face challenges in Q3 despite a strong order backlog of over a year. Out of the total order backlog -- total order book of pipes aggregating to approximately 19.64 lakh metric tons, DI pipe order book is approximately 40%, which includes exports and supplies under Jal Jeevan Mission as well. Importantly, our overdue receivables from EPC customers working under Jal Jeevan Mission are approximately INR350 crores only, and majority of these are backed by adequate security.

While market demand remains strong, business related to water pipes has been impacted significantly by protracted payment time lines in the Indian water sector. The lengthy receivables days associated with public infrastructure projects continue to pose a major challenge for supply chain stability. The company is navigating complex volatile geopolitical and economic conditions including unanticipated tariffs and challenging water sector project implementations primarily in India by way of proactively strengthening our business resilience.

We are taking decisive strategic actions such as optimizing our Indian product portfolio, rebalancing our sales mix to optimize export and domestic opportunities. Q3 demonstrated an improvement over Q2 of FY '26. With green shoots emerging in both domestic and export markets, it appears Q2 marked the bottom of the cycle. We maintain a positive outlook on government initiatives, particularly the upcoming union budget, where we anticipate continued support for the Jal Jeevan Mission, laying a strong foundation for future business growth.

We view current market conditions as transient, supported by our robust order book, backlog, strong liquidity position and effective debt management. The company's ample working capital lines from banking system further ensures we can meet all operational requirements efficiently.

Now let me address the financials highlights of Q3 and for 9 months period of FY '26. On a stand-alone basis, the company registered a total income of INR4,157 crores, representing a sequential increase over Q2 of FY '26, which was INR3,409 crores, but a decline against Q3 of FY '26, which was INR45,503 crores.

EBITDA for Q3 FY '26 stood at INR527 crores, showcasing a significant recovery from Q2 of FY '26, which was INR335 crores, though remaining lower than Q2 of FY '25, which was INR882 crores. PAT for Q3 for this year was reported at INR227 crores, significantly higher than Q2 of this year, which was INR79 crores, but it was still lower than the Q3 of FY '25, which was INR477 crores.

On a consolidated basis, total income stood at INR4,963 crores for the quarter which is for the current Q3, up from INR4,264 crores sequentially, which is quarter-on-quarter, but still down from INR5,293 crores year-on-year basis. EBITDA improved sequentially to INR632 crores in Q3 FY '26 from INR482 crores in Q2 FY '26, though it remained below INR961 crores reported in Q3 of FY '25. Q3 FY '26 PAT was INR248 crores, up from INR139 crores in Q2 FY '26, but still down from INR479 crores in Q3 of FY '25.

And on debt side, as on 31st December 2025, the stand-alone net debt narrowed to INR3,154 crores versus INR3,310 crores as on 30 September 2025, which includes the long-term debt of INR534 crores only. The balance is working capital debt.

On the consolidation side, the net institutional debt has reduced to INR3,346 crores as compared to INR3,856 crores as at 30th September 2025. The long-term institutional debt is only INR690 crores. So after having discussed the financials and the prognosis for quarter 3, let's also talk about the operations of our subsidiaries and joint ventures.

In UAE entity, which is Abu Dhabi ductile pipe production plant, the entity maintained steady operations in Q3 of FY '26, delivering approximately 52,000 metric tons of corrosion-resistant ductile iron pipes compared to 58,000 metric tons in the previous quarter. As of 31st December '25, the subsidiary holds a robust order book valued at approximately $235 million, which is for 215,000 tons.

This ensures operational stability for next 9 to 12 months' time. The backlog is independent of the parent company's stand-alone order book, which stands at approximately USD 1.48 billion. So if you add, it would be somewhere around $1.7 billion.

Now you would note that Abu Dhabi entity is a premium supplier of ductile iron pipes to almost all the countries in MENA region. This is the only entity which produce highest -- the largest size pipes going up to 2.2 meters, which no other entity in MENA region, even India produces.

Now coming to Jindal Hunting, it's a joint venture with Hunting Energy Services Private Limited Singapore, in which Jindal Saw holds controlling interest of 51%. This entity generated INR137.9 crores revenue and INR44 crores of PAT in 9 months period ended FY '25, which is an increase from INR130.7 crores of revenue and INR38 crores PAT in the previous year.

Now a snapshot about the Jindal ITF versus NTPC case. The initial arguments by Jindal ITF took place in January '26. in front of the double bench of Delhi High Court. The hearing has now been fixed for 2nd February, where NTPC will make the arguments.

Now the updates on our new projects in GCC region. As you know, that Jindal Saw maintains a dominant position as a leading supplier of pipes to MENA region. With the majority of our export volumes dedicated to this market, to ensure timely delivery and superior quality, we established the first ductile iron pipe facility in Abu Dhabi, UAE, which is now in operations for over a decade.

In response to MENA region countries incentivizing local manufacturing as part of their respective vision statement, the Board of the company in prior meetings approved strategic investments to safeguard the market share.

Key initiatives include establishing a wholly owned seamless pipe plant in Abu Dhabi alongside announcement of joint ventures for HSAW pipe unit and the duct iron pipe facility in Kingdom of Saudi Arabia with 51% ownership in both the projects. All these projects are expected to be commissioned in next 24 months approximately, that is by February 28. And we can expect the impact on the financials from FY '29.

Now let us appraise you about the developments in these entities. With respect to seamless pipe plant in Abu Dhabi, the company -- Jindal Saw is expanding its Middle East footprint with a new seamless facility in Abu Dhabi, KEZAD Zone, establishing through a step-down subsidiary named Jindal Seamless Pipe Manufacturing LLC with initial USD 20 million equity infusion.

The land has been secured near the existing ductile iron pipe plant. And the long lead equipments are being identified, order placements have been initiated and the lease deal has been signed, executed for the leasehold land. Discussions are going on with banks for financial closure to serve the region's requirement. And it's being noted this leasehold land is a developed land. There was already an existing unit. So we might save some time in terms of implementation of the seamless pipe project.

Now the saw pipe plant in Saudi, Jindal Saw Limited has established a joint venture with Buhur in the Kingdom of Saudi Arabia to develop a state-of-the-art saw pipe manufacturing facility. It is a 51% step-down subsidiary, and this entity makes a key strategic expansion. Development is underway with lease agreements for the site being identified and finalized. JV partners have infused initial equity. For ductile pipe facility in KSA, JV agreement has been signed by the partner. Other corporate actions are in process.

Now before concluding the presentation, let me summarize. Having experienced a dip in the first 2 quarters, the business has gained momentum in quarter 3 and is poised for continued growth. To drive global market penetration, the company is intensifying export efforts, building foundational demand for its upcoming expansion into the MENA region.

Our sales funnel is expanding, resulting in a strong and growing order book with significant interest from global and local markets. Our long-term debt structure remains highly sustainable, featuring a stand-alone exposure of approximately INR533 crores only notably, INR500 crores is attributable to the LIC-backed entity with a well-staggered redemption schedule between 2028 and 2030.

Trade finance and working capital are crucial for our day-to-day operations, driven by production levels and market conditions. We are dedicated to reducing debt costs and optimizing cash flow. We are committing capital expenditures across the majority of our Indian operations. This strategic spending is designed to enhance operational efficiencies, modernize assets, reinforce regulatory compliances and ensure our readiness for dynamic market conditions.

Now before I conclude, I would say our efforts are focused on ensuring long-term viability and transforming our structure to withstand challenges. Thank you very much. I now leave the floor open for interactive discussion. My colleagues, Mr. Narendra Mantri and Mr. Rajeev Goyal are with me to address any of the questions. Thank you very much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sailesh Raja from B&K Securities.

Sailesh Raja: Congrats for the good set of numbers. Sir, in the last earnings call, you indicated that seamless pipe production will ramp up to 90,000 tons per quarter in 4Q from current run rate of 40,000 tons, driven by the new piercing line. So given that macro condition in seamless pipe that is very weak, so could you explain the demand visibility and the order book that is giving you confidence in ramping up the capacity?

And how the second piercing line changes your ability to simultaneously cater both lower and higher dia segments? So how the product mix will change? And also, can you please talk about the exports opportunity here in the seamless which will help in increasing the utilization level?

Vinay Kumar: Okay. So let me address the question in such a fashion so that it becomes sequential. First, let's talk about the commissioning of the piercing line. The piercing line offers the -- let's say, it improves the production capacity in the larger sizes. Now we are capable to almost all the sizes, which improves our productivity as well as capability to deliver the product in time.

Now in terms of, let's say, the orders, the visibility and all those things, this is -- specifically for India, it depends like how much tender the ONGC and other people are floating. As of now, we have visibility, but we have visibility and there are a few tenders which are likely to come. But the current order book is comparatively lower than the previous order book -- previous quarter's order book.

But we are expecting a few tenders to come, which will help us to increase our production and sale of seamless pipe in, let's say, next year. And now as I mentioned that we have improved our capability for providing the production time, full range of products, this will help us in terms of increasing our market share as well as the overall productivity.

Sailesh Raja: So what kind of growth that you expect in FY '27?

Vinay Kumar: What kind of?

Sailesh Raja: Growth.

Vinay Kumar: Okay. So growth -- okay, I would say this way that subject to the business coming in the market. We believe even if the business is stable or improvement, but somehow previously, we were restrained for taking or participating in the business where we had capability restriction in terms of the finance. So to that extent, the growth will surely come. We -- I mean, how much growth, it will really depend on the orders to win. But surely, we will -- now we have capability to, let's say, service the market with full production range.

Sailesh Raja: Okay. Okay, sir. Sir, also, can you provide the volume breakup we reported in 3Q? We have reported around 3.7 lakh tons. So can you give the breakup? LSAW, HSAW, DI, seamless? Also given that DI demand remains challenging as you highlighted in your opening remarks, could you share the current -- I missed it.

Could you please share the current DI order backlog, both domestic and exports mix? And also what are the steps that we are taking to derisk dependence on domestic demand through exports or any other opportunities there to improve the DI pipes volumes?

Vinay Kumar: Okay. So as we mentioned that we have a total order book of -- in the pipe, we have a total order book of 19.64 lakh tons. This is the total order book. In this total order book, we also mentioned that ductile comprised of 40% of this, which is -- which works out to roughly -- roughly 700,000 to 750,000 tons, and which is -- in this, the total -- I would just -- because ductile remains important for all, the total order book in terms of value for ductile is around $560 million, $570 million, in which roughly $45 million is export, okay?

So eventually if I say, let's say, a year ago, we were not focusing so much on the export market for ductile from India. Primarily, we used to service it only from Abu Dhabi. Now we have started looking for any export potential, which we were earlier ignoring because the domestic market was very vibrant, okay? And what we tried to cover in our preface that we want to now, let's say -- strategically, we want to see that if the domestic market continues or struggles, we should have export potential in the ductile over and above the Abu Dhabi facility also.

So this gives you some indication that today, we have roughly $45 million export order. And we are creating capability -- because in ductile, for export, you need to, let's say, do extra effort in terms of, let's say, creating your production line and also for, let's say, the logistics. All those things are being done. And hopefully, maybe in next 1 to 2 quarters' time, we would increase our export share from India irrespective of the domestic market.

Sailesh Raja: Okay. Okay. That is great, sir. Sir, one last question. In the stand-alone last year, we reported around 17 lakhs. With the seamless capacity addition, what could be our peak achievable volume number in pipes only in India, I'm asking. Also, our gross profit to EBITDA conversion last quarter, it was 25%. You said there will be an improvement. It has increased to 30% in 3Q, as you guided. So our peak conversion rate, gross profit to EBITDA, it was around 40% we reported in FY '25. So how do you see the trend in the coming quarters?

Because whatever the efforts that we have taken in DI coke oven facility to reduce the conversion cost, that is not fully reflecting because of lower scale in DI. So is there any other -- so now you are saying volume will improve in DI. Is there any other measures that we are taking to reduce the conversion cost and fixed cost to improve our EBITDA margin? By when do you see our EBITDA margin crossing 15 percentage plus without other income, I'm asking? Last quarter, it was 12.4...

Vinay Kumar: Yes, I appreciate your question. See, this is a period when the things got distorted, okay? We were doing very well. If I can see, our EBITDA was in the vicinity of 19% to 20% in December 2024, which came down to 12.7% in December '25. Now there are a lot of factors which had actually contributed to this negative growth -- negative number by almost 6% to 7%. So the correction is happening.

And let me give you a high-level pointers instead of going into, let's say, which process will contribute more or what cost cutting can happen. Number one, that the company has -- as you know, like if you're tracking the company, company has the capability to produce at various locations. We have done, I think, 1.7 million, 1.8 million tons in previous year.

We can -- without increasing additional capacity. So I'm not saying debottlenecking. Let's say, I'm not -- let's say, if I'm not putting any new plant of any of the product, we can easily go to, let's say, 2.2 million tons, okay?

Sailesh Raja: This is including new seamless capacity or excluding.

Vinay Kumar: Now, this 2.2 million seamless -- no, I mean everything. We are talking about now -- well by sitting in January, we are including everything. So what we are saying is that it might not happen next year because the situation will change. Yes, okay. So in terms of, let's say, can we produce -- can we demonstrate that we can go up to whatever we can go? We believe that we can go to 2.2 million tons without adding additional -- any additional production line or whatever.

And if you are producing at level, the productivity improves, the cost already comes down and whatever measures we have taken in last so many time and we are doing in terms of debottlenecking, cost cutting, efficiency improvement, modernization, all that contributes. The whole problem comes when you are not using your facility in an optimum way because of whatever reason.

So in summarized form, we dropped from 19.5% to, let's say, 10% in September '25. And there is an uptick of almost 300 basis points in the current quarter. This will be a slow journey because we are in a business where we are -- even though we are not supplying directly to government, but we are in the business of supplying -- its a business to government through the EPC and all.

There will be a transient period, but we are hopeful and let's wait for 1st of February. If everything works well, the situation will start improving from and then we can also tell you like how much improvement has come on account of production -- productivity, cost improvement, all those things.

Moderator: The next question is from the line of Shweta Dikshit from Systematix Group.

Shweta Dikshit: Sir, first question, just to get your qualitative view on what's happening in the Jal Jeevan Mission, what are the expectations here on? Because recent news indicates that there had been some monitoring of on-ground developments that have been there to basically understand where the gaps have been. So from here, what's your view on revival of government spend for this -- for the project?

And what are the expectations from the budget as well? Do we see -- are we likely to see a sharp decline in budget allocation for the scheme? And secondly, what is the run rate that we are targeting from the seamless pipe unit on a quarterly basis from 4Q onwards?

Vinay Kumar: So to answer the first question, Shweta, I think whatever you are reading, we are also reading the same. The same newspaper we read what you read. That's number one. Number two, I think let's not hazard in guessing what the government is likely to announce in the budget. It's now additional another 10 days' time or 12 days' time, whatever. It is the 1st February.

Let's wait for that because once the budget announcement is done -- because the industry or the chambers, they represent to the government, they make their noises and all. What -- it's very difficult to, let's say, project what they are thinking, what they want to do. But at least the good thing is that they started budgeting.

They have -- even though they have done INR67,000 crores to INR17,000 crores, but at least INR17,000 crores is likely to be disbursed in some time, a couple of months. And it is important to see that what they want to -- what they would announce on 1st of February in terms of whether the scheme period is getting extended, what is the amount?

I would say -- let's say, I'm speculating. Out of INR67,000 crores, INR17,000 crores, they have now said like they will disburse. Even if they would confirm INR50,000 crores allocation for the next year, that's a very welcoming statement means now even if -- a lot of monitoring and control and all those things, they would -- but still they would release the money. And the circulation, the whole supply chain, which has virtually stopped for the Jal Jeevan Mission will start.

So that is my response to the question number one. In terms of seamless, see seamless, basically, we are not creator of demand. We respond to demand. So we always try to see that what are the business potential in domestic market and export market as far as the seamless is concerned since we are talking seamless.

One of the market for Indian seamless producers -- export market for Indian seamless producers is U.S., along with that is Canada. We don't service the Middle East from here -- from India. And we are still supplying to U.S. despite the tariffs, means that India is competitive, and we are still exporting to U.S.

Now it has to be seen that how much U.S. will budge -- and our people are now trying to, let's say, explore other export markets as well. We are also -- because we are setting up the seamless pipe mill in MENA region, we are trying to, let's say, explore opportunities for supplying there also so that by the time we are in production, we are already present there.

Because so far, the market was good in India and U.S., we were focusing on that. But the only thing what I can say, I don't know how much we'll produce because it will be, as I said, that we respond to demand instead of creating demand, but we are capable to produce. We are capable to supply. Putting a number to this is a guess.

Shweta Dikshit: Understood, sir. Next question from my side would be when you had mentioned something in your opening remarks that the implementation of seamless pipe unit in Abu Dhabi could take lower-than-expected time. I missed your full remark on that. Could you just explain that?

Vinay Kumar: Yes, yes. So basically, as you know, like in any part of the world, if you are setting up a greenfield project, the first important thing is, let's say, land. And at a lot of places, the lands are not developed, and it takes considerable amount of time and cost to develop that land. For example, there are, let's say, you have to fill the land or whatever you have to do.

Eventually, fortunately, the leasehold land, what we have signed with KEZAD, which is a local authority, land authority and all, this -- on this plot of land, there was already a manufacturing facility, which manufacturing facility further moved out. They perhaps went into bankruptcy or whatever.

And there are some sort of structure is also built in. And we could get this land through auction and -- along with the structure. This saves some time. We need not to do the development on this land in terms of filling the land or doing whatever. There is a boundary is already available.

There's some -- not 100% shed is available, but even a good amount of quantity of shed is available, this gives -- this will reduce some of the implementation time. We are already -- because we are already a seamless pipe producer, we know like what equipment will have to go, who will supply and all.

Our teams are already in constant discussion and negotiations for those. We have inducted $20 million equity in the company for payment of the land and also for making some advances payment to the equipment. So we believe that we are in advanced stage of initiation of the project, which gives us confidence that we can complete this project, let's say, within 2 years' time.

Shweta Dikshit: Understood, sir. Sir, my last question. Of the 370,000 tons that we've done in India this quarter, what would be the proportion of DI pipes? I'm just trying to understand when you say that the order backlog is more than 1 year, what could be the oldest order that has been lying in the order book, but still not meeting execution?

Vinay Kumar: I would -- because we don't give the product-wise, let's say, the site-wise breakup, but I would say that ductile sale in this quarter is comparatively higher than the Q2. That's one. Secondly, in terms of the backlog, we have already sounded that we have backlog of almost 1 year, which is 40% of the total order book. And you can calculate it's roughly 750,000 tons of orders we still have, which has roughly $45 million of orders on the export side. And this has a reasonable amount of the products -- the orders from the EPC contractors, which are backed by JJM.

And now the good -- I mean, if you are tracking the sector, there are state governments which are -- the center has asked states to start working, initiating -- initiate their own funds arrangement and start giving the orders. So now couple of business opportunities are coming or a couple of businesses are coming, which are not backed by JJM, where the funding is being organized by state and will be given by them without going to the central government.

So all those things are coming, and we expect to get our proportionate share from the new business opportunities, which are not backed by JJM. And on the top of that, if the JJM issues got sorted out, this order book execution will be much faster.

Moderator: The next question is from the line of Abhishek Maheshwari from SkyRidge Funds Manager LLP.

Abhishek Maheshwari: Many congratulations for good numbers. Sir, I was pleased to see that the debtors turnover has improved this quarter compared to the previous quarter. So are we starting to see receivable days come down again? And was this primarily due to SAW pipes and the job work order? Or are we seeing improvement in DI pipes also? I'll get to my second question after your first answer.

Vinay Kumar: Okay. So Abhishek, thanks for the question. Eventually, this is a routine thing. Eventually -- see, we do export, we do import. Our exports are 30%. Sometimes the retention monies and some money gets stuck because of retention or contractual event, and that's where it gets reflected in receivables. We have received the retention monies or money which was stuck as a usual process.

So that is -- and if you remember -- if you see that we have said in our preface that trade finance is an integral part of the pipe business. The only thing what we can do is optimize, improvise the system, reduce the cost. It can -- I don't think this can come down to almost 0 unless we are doing the business only against advances. But it's a process. We constantly keep doing efforts in terms of collections, in terms of securitization and all those things. But yes, there is improvement.

And unfortunately, the ductile business is not being done in the way it should have been done. We have capability, capacity. So if we are selling lesser pipe, the old realization is coming and the new realization we are trying to secure so that it is not going into the overdue bucket. So that's what it is.

Abhishek Maheshwari: Second question is regarding the follow-up of first only. So you have a very healthy DI order book backlog. And now we are dependent on the EPC players to kind of do the call for the pipes and then the EPC is dependent on government to release payment. So is it that your machinery in DI is now stuck because of your order backlog? Or can you take new export orders or new -- because I just wanted to understand if you'll be able to take new orders and execute them or you are stuck with these backlogs?

Vinay Kumar: So okay. So let's put it this way. This is how the business is done globally. The ductile business globally is done through EPC contractors. If I'm exporting, I'm also exporting only to that EPC contractor. This is how -- it's not unique to India, it's global. That's one. Number two, India was doing very well for the last 15, 20 years in terms of the, let's say, the water business, whether this administration or even the previous administration, the focus on the urbanization and the water was very prominent.

It somehow, like it goes jammed because of x, y, z reason, which is known to everyone, that's getting delayed. If you ask with the perspective, we don't think that there is a dead end. We think it was a pause, and it was -- it may be good for future. It may be good for governance and everything. And once it is reset, the things might be done in a much faster way.

Now coming to your second question that primarily you are saying, do we have alternate markets in terms of whether we can do domestic -- more domestic, more exports, which export market and all? Now we are the only supplier as of now from India who has manufacturing facility in India and Middle East. Of course, now our peer group company is also going global. They are setting up the plant in KSA.

So effectively, the whole process -- we mentioned also that whole process of setting up a ductile iron pipe plant in Abu Dhabi way back in 2012, '13, '14, it will cater to the MENA region growing market from the backyard of MENA region, which is like supply anywhere in the

MENA region from UAE or Abu Dhabi. Now having said that, Indian market was growing very rapidly.

And a testimony to that is that India, which had only 2 or 3 producers of ductile pipe, now they have more than half a dozen ductile players. The capacity is more than 4 million tons, which used to be 1 million tons. So the capacity of -- so much of captive will come when there is a demand.

So it's question. The things we'll correct. We have to give some time. And hopefully, every player will do better. And till that time, you have to be adaptable to the changes and make the change in strategy. And the change in the strategy is while we were not looking at the export market vigorously because the domestic market, we were not able to service domestic market efficiently because of the high demand. Now we are looking to the exports also. So we don't want this to be a permanent issue.

For that, we have suffered for some time. For example, if we have capacity of, let's say, close to 7 lakh tons, which -- so we can do, let's say, close to 160,000, 170,000, 180,000 tons per quarter, we are reduced to roughly, let's say, 1,00,000, 125,000 tons per quarter. But do we want to stay here? No. We have 3 blast furnaces. So we are working overtime. We are adapting to the changes. We are working on the strategy that how to take it forward from here; how to, let's say, run all the machines; how to, let's say, increase the production and productivity.

Moderator: The next question is from the line of Deepak Poddar from Sapphire Capital.

Deepak Poddar: Many congratulations for a good set of numbers. Sir, just wanted to understand, first upon the interest cost. I mean, we have been seeing a decline in our interest cost since last 2 quarters. So how should one look at going forward? And what was the reason of the decline?

Vinay Kumar: So basically -- so hybrid interest cost remains the same. The absolute amount is marginally low primarily because of -- can you hear me? I think there's some disruption.

Deepak Poddar: No, I can hear you, sir.

Vinay Kumar: Okay. So the utilization has come down. The overall business as compared to last year is a bit low. So if you can hear me, sir, let me continue because I can hear my -- echo of my voice. So it is the interest cost. Besides the rate of interest, hybrid rate of interest remains the same. But the absolute number has come down for 2 reasons. Number one, lesser utilization.

And number two is some negotiation of the cost on account of, let's say, the instrument which is letter of credit, bank guarantee and that. But otherwise, broadly, the interest rate absolute -- I mean, the average percentage of my interest cost is broadly the same. Long-term debt has come down. It is now in the vicinity of only [Inaudible 00:42:24]

Deepak Poddar: Okay. Okay. I understood. How should one see it going forward?

Vinay Kumar: So I think if the volume increases, let's put it this way. As I said that it is a working -- it is a trade finance dependent business. If the volume increase -- and hopefully, the volume should increase.

Let's say, if you go from here to 2.2 million tons in the next 2 years' time, the working capital intensity would increase a bit. The cost would also increase. So this has to be seen in relation to the top line as well.

Deepak Poddar: Okay. Okay. So ideally, when your top line increases, your interest cost will also kind of see a jump?

Vinay Kumar: Yes. But percentage-wise, it will come down. Percent interest finance cost to top line will come down.

Deepak Poddar: Understood. Understood. Fair enough. And my second question is on your -- I mean, in the previous call as well, I think you did mention that third quarter, you expect to be better than second quarter. And by fourth quarter, you expect things to normalize. Now we have seen the, I mean, improvement in third quarter. So I mean, normalization in fourth quarter is what we are looking at?

Vinay Kumar: No, no. So normalization doesn't mean that what we did in the last year, which is '24, '25, because normalization means the situation will start improving. So we don't see and we don't expect that we will reach to 20% in next quarter. What we expect in fourth quarter, in any case, is always better than the third quarter, but fourth quarter is likely to be comparatively better than the third quarter.

Deepak Poddar: Okay. So fourth quarter, we expect to be better than the third quarter, right?

Vinay Kumar: Correct.

Deepak Poddar: Okay. And in terms of margins also, you did mention -- I think one of the participants did ask about whether we can have a 15% EBITDA margin. Is there any time line? When we can come back to our previous high margins in terms of 15% to 17%. How should one look at that going forward?

Vinay Kumar: We would love to do 25% margin.

Deepak Poddar: I'm saying 15% to 17%, yes.

Vinay Kumar: Yes, I said we would love to do 25% margin. The only challenge is because, as we said that we don't create demand, we respond to demand, we respond to the situation. For example -- and you would have seen this across the industries and across the players in the pipe sector also, we are one of those players who have multiple products, multiple locations, multiple markets. We are still surviving. We are doing better than a couple of others. But yes, effort always remain to do better than the previous.

But these kind of scenarios, which you also know like the global geopolitical issues and the domestic issues, specifically related to Jal Jeevan Mission, this will derail the whole thing. If this would not have happened, presume, that the water business continued as it was doing, perhaps we would not have gone down to this level. We would be continuing from our -- what we were doing last year.

So eventually, the cycle has somehow -- it has taken a pause. From here to take the momentum, it will take some time. And as the previous question was there that we have to see that how the government responds, how the government opens up, what they say in the budget? If they don't address this issue, we have a challenge. We have to then look for other options. We are basically talking optimism. We are talking everything optimistically that everything will work well.

The government will also do positive, that they will start sending the checks to the EPC contractors and all. But I think 2 February will be very important for all of us, especially the pipe sector companies doing ductile pipe.

Deepak Poddar: And what is our export revenue share?

Vinay Kumar: In totality, it is 30%.

Deepak Poddar: 30%.

Moderator: The next question is from the line of Rajesh Agarwal from Moneyore.

Rajesh Agarwal: Sir, my question is on volume growth. Suppose -- last quarter, whatever order we had, we had the same order, and we have executed around INR5,000 crores. This means this quarter, we got an order for INR5,000 crores?

Management: Yes. So this time also, if you see the order book is a little bit on an upside basis, like we had earlier $1.45 billion. Now this is $1.48 billion. So in terms of this number, it is on higher side and also the execution is on the higher side. So if you combine both the numbers, the orders are much higher than the previous quarters.

Rajesh Agarwal: Okay. So this run rate and the momentum will be maintained, your outlook on that?

Management: Yes, we expect that because the sales funnel is strong. So there is large inquiries from overseas as well as domestic. So this momentum seems to be continuing.

Rajesh Agarwal: So next year, we can expect a volume growth, 15%, 20% volume growth?

Management: So we can't comment on the percentage, but yes, definitely, the volume growth we are expecting. Continuing -- given the circumstances, the conditions are improving.

Rajesh Agarwal: Okay. And then there's a scope of operating leverage margin improvement can also happen next year?

Management: That should be again our expectation that, that should happen.

Rajesh Agarwal: Okay. And sir, the job work order is at good margin, no?

Management: So Job work order is, as we earlier mentioned that we always protect our per ton margins based on the production capacity. So that is very much in line of that.

Rajesh Agarwal: Okay. And sir, any feedback from government about the Jal Jeevan money, which has got struck any?

Management: So that is something which we earlier mentioned in the call that whatever there is in the news about the JJM and Jal Jeevan Mission schemes, we are also hearing the same thing. We expect that there will be some positive news in the upcoming budget and this should be normalized in the coming years.

Rajesh Agarwal: Budget has not been an issue. See, government had provided last year there is an increase, but there's some corruption CBI, then it went to the PMO. So not update on that because -- it is not because of the budget. It is because of the correction at the state level. And I think I read an article the matter is pending at the PMO. So the PMO has to take a decision on releasing money or whatever. So...

Management: No, you're right that there was certain news about the leakages and all. What we are envisaging that the budget allocation is they keep the budget allocation at the same level what they did in the last year. Make sure it is positive about the JJM scheme per se. And there is no negativity at the moment after all the institutes and all the news coming in the public domain.

Rajesh Agarwal: Okay. And the ground report is what? There is still a requirement 70%, 80% work is done. So the requirement is there still for the DI pipes?

Management: Yes, demand -- so that way you can actually very well expect that our order book remains same. There is no cancellation orders in the JJM scheme bag orders. So that is continued. There is no cancellation per se. Apart from this, the new demand, which Vinay ji has mentioned that is coming from the state government side. They are not depending on the central government aid under this scheme. So there are multiple schemes which are opening up. And if the things are going well with JJM scheme, it will be an add-on business as far as the industry is concerned.

Rajesh Agarwal: So going forward, what will be our export component then? Export component, we are focusing more on export now because of the local issue. So export component will also increase?

Management: Yes. That is our strategy that we should increase the export component in DI sector. Earlier, it was very minimal, less than 5%. Now it is increasing. And our focus would be to maintain that export portfolio a little bit large so that we are not depending on domestic market.

Rajesh Agarwal: Okay. So all DI pipes, export orders are from Middle East?

Management: Yes, largely.

Moderator: The next question is from the line of Darshan Gangar from First Water Capital.

Darshan Gangar: So with respect to the DI segment, just wanted some sense on the EBITDA per ton. So the broad understanding was that they have corrected from a high of INR18,000 to INR20,000 per ton to INR8,000 to INR10,000 in 2Q. So what would be the range for third quarter or the current situation?

Vinay Kumar: So Darshan, generally, we don't discuss product-wise margins in our call because that is a policy company is adopting. But you are right, there is a compression on the margins because now the market is different. Earlier, it was supplier market where the supplies were short and demand was high.

Now because of the stoppage in the JJM scheme fund release, situation is reversed. Now the supplies are higher and the demand is low. So there is a compression on the margin in DI sector. But product-wise margins, we are not discussing.

Darshan Gangar: Okay. My second question is like given the moderation in crude price and the benign outlook on crude going forward, so is there any impact on visibility of the oil and gas capex happening in the -- region, like which might impact our future capex?

Vinay Kumar: So in oil and gas sector, generally, what we have seen that the volatility in the oil prices on a short-term basis, it is not impacting the demand where the projects are based on the multiple year projections. So generally, the demand is -- and again, the oil and gas sector is for transportation more. Until and unless there is a reduction in the consumption of oil and gas, we don't foresee any issues in terms of consistent demand in this sector world over. So short-term price volatility in the oil sector, generally, it is not hampering the demand.

Moderator: Ladies and gentlemen, due to time constraint, that was the last question for today. I now hand the conference over to the management for closing comments. Thank you, and over to the management.

Vinay Kumar: Yes. Thank you very much. And on behalf of my colleagues and the management of Jindal Saw Limited, we place our appreciation to ICICI Direct and all the participants of this call. And we hope that things will look better. We hope the budget would be positive, and we would have lesser questions on ductile iron pipe next time. Look forward to meet you again in the next call. Thank you very much.

Moderator: Thank you. On behalf of Jindal Saw Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.