



MAHARASHTRA SEAMLESS LIMITED

INTERIM CORPORATE OFFICE : Plot No.106, Institutional Sector-44, Gurgaon-122 002 Haryana (India)
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E-mail : contact@mahaseam.com Website : www.jindal.com
CIN No: L99999MH1888PLC080545
CORPORATE OFFICE : Plot No. 30, Institutional Sector-44, Gurgaon-122 002 Haryana (India)

E-Communication

MSL/SEC/SE/2021-22

February 2, 2022

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

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

Stock Code: 500265

Scrip Code: MAHSEAMLES

Sub: Earnings Presentation

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Earnings Presentation for the quarter ended 31st December, 2021 issued by the Company.

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,
For Maharashtra Seamless Limited

Ram Ji Nigam
Company Secretary

Encl. as above

JINDAL
D.P. JINDAL GROUP

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Phone : 02194-238511, 238512, 238567, 238569 • Fax : 02194-238513
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**MAHARASHTRA
SEAMLESS LIMITED**

Earnings Presentation

Quarter ending 31 December 2021

02 February 2022



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

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

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



Maharashtra Seamless Limited (MSL) - Standalone

9 months ending 31 December 2021:

- Total pipes production – 272k MT Seamless pipes – 217k MT ERW Pipes – 55k MT
- PBT – Rs. 357 crores PAT – Rs. 287 crores

3 months ending 31 December 2021

- Total pipes production – 98k MT Seamless pipes – 79k MT ERW Pipes – 19k MT
- PBT – Rs. 123 crores PAT – Rs. 91 crores

United Seamless Tubular Pvt. Ltd. (USTPL)

3 months ending 31 December 2021

- Total pipes production – 21k MT
- PBT – Rs. 23 crores PAT – Rs. 23 crores





Company Profile

- Incorporated in 1988, Maharashtra Seamless Limited (MSL) is part of the reputed DP Jindal Group.
- It is the largest manufacturer of seamless pipes & tubes in India.
- MSL operates in 4 business segments – A) Seamless pipes B) API certified high frequency ERW pipes C) Rigs and D) Renewable energy (solar & wind).

Promoter Details

- Mr. D.P. Jindal is Chairman of Maharashtra Seamless Limited.
- Mr. Saket Jindal is Managing Director of Maharashtra Seamless Limited.
- Their achievements include indigenous development of tube welder and establishing first state-of-art seamless manufacturing facility in India.
- They are also responsible for having generated largest tube manufacturing capacity in the country.
- Closely associated with the representative bodies of trade and industry, Mr. D. P. Jindal was President of Federation of Engineering Industries of India, and Chairman of International Tube Association, India Chapter.





Actual Capacities - Business Segments:

| Seamless Pipes | ERW Pipes | Rig | Renewable Energy |
|--|--|---|--|
| <p>MSL has seamless pipes manufacturing capacity of 450,000 mt per annum</p> <p>USTPL (subsidiary) has seamless pipes manufacturing capacity of 200,000 mt per annum</p> <p>Total seamless pipes manufacturing capacity: 6,50,000 mt per annum</p> | <p>High frequency ERW pipes manufacturing capacity of 125,000 mt per annum</p> | <p>Acquired rig Jindal Explorer operating at more than 98% efficiency for Rs. 740 crores in March 2020.</p> <p>This rig has recently completed its ONGC contract and will be redeployed on its new 3 year ONGC contract in April 2022 at 84% higher day rate.</p> | <p>MSL has developed a renewable energy portfolio of 59.5MW AC/73.15 MWp DC capacity across Maharashtra & Rajasthan.</p> <p>In addition to above, company has received approval for installation of 10MW Solar Power Plant at Ayodhya.</p> |

- Current capacity utilisation is around 70% which is expected to increase in coming years

Market Share

- **MSL has a market share of 55% in the seamless pipes segment and around 25% in the API certified, high frequency ERW pipes segment.**



Mission & Vision Statement

- Promoters of D P Jindal Group have been in the pipes industry for more than 50 years. They are long-term participants in this sector with an established reputation.
- **The promoters aspire to provide industry participants with best quality seamless and ERW pipes and thus capture an even larger share of the global seamless & ERW pipes market in next 4-5 years.**
- The eagerness to grow is evident from their recent acquisition of United Seamless Tubular Pvt. Ltd.
- MSL is constantly engaging with Ministry of Steel to supply required pipes domestically thereby reducing India's dependence on imports. This was recently done through successful domestic development of manufacturing capacities of cylinder pipes in its subsidiary, USTPL.
- Approval has also been received by USTPL from PESO, Ministry of Commerce & Industry for its cylinder pipes. These pipes have a higher profit margin and enhance product profile of the company.
- MSL is developing new products like subsea pipes and premium connection pipes domestically and engaging stockists in freight friendly markets overseas to capture larger share of export market.

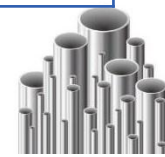


| Industries Served | Seamless Pipes | | ERW Pipes | Others (Coated and Premium Connection Pipes and Pipe Fittings) | |
|-------------------|--|--|--|--|---|
| Agriculture | | | ✓ | | |
| Automotive | ✓ | | | | |
| Bearing | ✓ | | | | |
| Chemical | ✓ | | ✓ | | |
| Engineering | ✓ | | | | |
| Fertilizers | | | ✓ | | |
| Housing | | | ✓ | | |
| Irrigation | | | ✓ | | |
| Mechanical | ✓ | | | | |
| Oil and Gas | ✓ | | ✓ | | ✓ |
| Petrochemical | ✓ | | ✓ | | |
| Power | ✓ | | ✓ | | |
| Public Health | ✓ | | ✓ | | |
| Types | <ul style="list-style-type: none"> • Hot Finished Pipes & Tubes • Cold Pilgered / Cold Drawn Tubes • Boiler Tubes • API Line Pipes • OCTG Pipes | | <ul style="list-style-type: none"> • OCTG Casing and Tubing • OCTG Drill Pipes • Cylinder Pipes | <ul style="list-style-type: none"> • MS & GI Pipes • API Line Pipes • OCTG Pipes and Casing • Tubing | <ul style="list-style-type: none"> • 3LPE,3LPP and FBE Coated Pipes • Internal Coating Pipes • Pipe Fittings • Premium Connection Pipes |



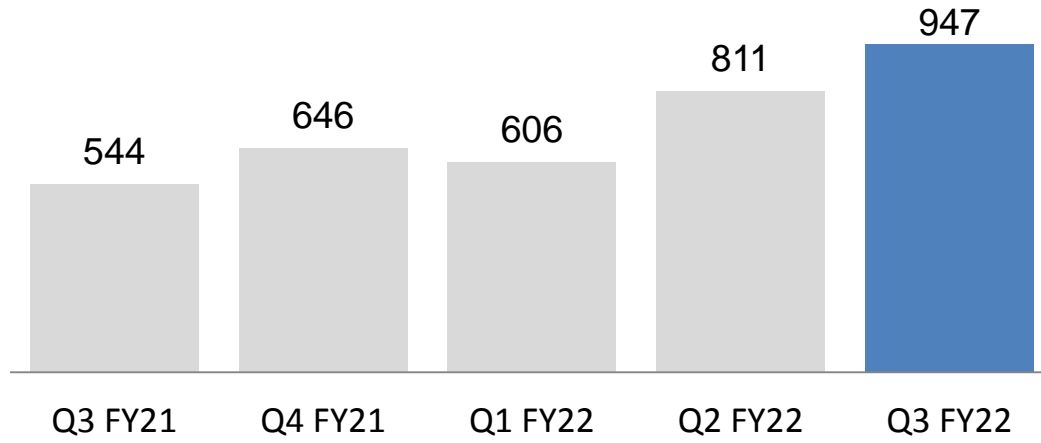
| Particulars | Q3 FY22 | | Q2 FY22 | | Q3 FY21 | | 9M FY22 | | 9M FY21 | | FY21 | |
|---------------------|---------------|--------------|----------|-------|----------|-------|---------------|---------------|----------|--------|----------|--------|
| | Seamless | ERW | Seamless | ERW | Seamless | ERW | Seamless | ERW | Seamless | ERW | Seamless | ERW |
| Production (kMT) | 79 | 19 | 84 | 20 | 61 | 19 | 217 | 55 | 160 | 49 | 244 | 64 |
| Sales (kMT) | 80 | 23 | 78 | 17 | 59 | 19 | 216 | 56 | 164 | 49 | 235 | 63 |
| EBITDA (Rs. Cr) | 113 | 8 | 87 | 15 | 52 | 17 | 258 | 61 | 208 | 56 | 287 | 84 |
| EBITDA/ton ne (Rs.) | 14,134 | 3,368 | 11,166 | 8,911 | 8,705 | 9,021 | 11,981 | 10,897 | 12,646 | 11,310 | 12,186 | 13,425 |

| Particulars (Rs. Cr) | Q3 FY22 | Q2 FY22 | Q3 FY22 v/s | | Q3 FY21 | Q3 FY22 v/s | | 9M FY22 | 9M FY21 | 9M FY22 v/s | |
|---|------------|---------|-------------|---------|---------|-------------|---------|---------|---------|-------------|--|
| | | | Q2 FY22 | Q3 FY21 | | Q3 FY21 | 9M FY21 | | | 9M FY21 | |
| Income from Operations | 947 | 811 | +17% | 544 | +74% | 2364 | 1579 | +50% | | | |
| EBITDA (Seamless, ERW, rig & renewable energy) | 139 | 124 | +12% | 87 | +60% | 380 | 320 | +19% | | | |
| <i>EBITDA Margin</i> | 15% | 15% | - | 16% | -1% | 16% | 20% | -4% | | | |
| PBT | 123 | 120 | +3% | 72 | +71% | 357 | 278 | 28% | | | |

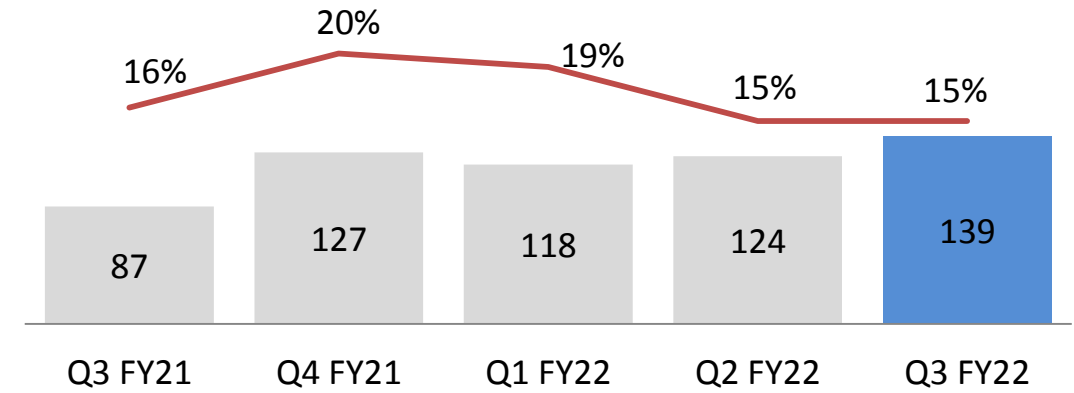


Historical Quarterly Performance

Revenue (Rs. crores)

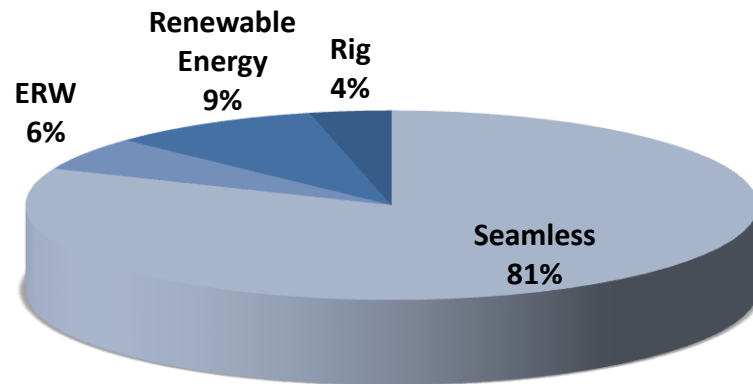


EBITDA and EBITDA Margin

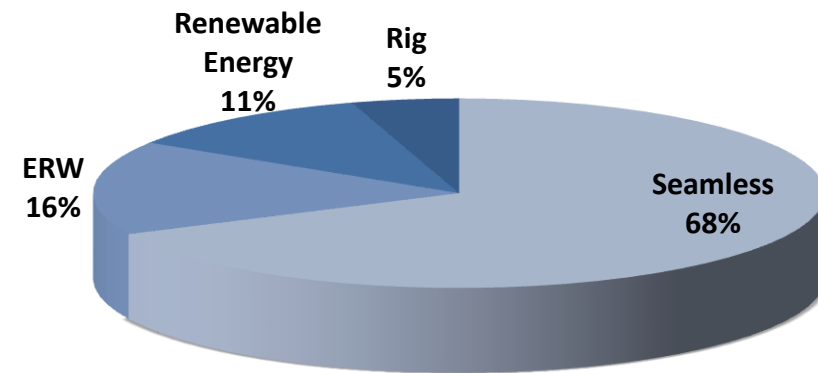


Segment EBITDA Mix

EBIDTA Mix for Q3 FY22



EBIDTA Mix for 9M FY22



| Particulars | Q3 FY22 | Q2 FY22 | Q1 FY22 | 9M FY22 |
|--------------------|---------|---------|---------|---------|
| Production (kMT) | 21 | 18 | 11 | 50 |
| Sales (kMT) | 21 | 17 | 11 | 49 |
| EBITDA (Rs. Cr) | 30 | 17 | 9 | 56 |
| EBITDA/tonne (Rs.) | 14,348 | 10,398 | 7,702 | 11,460 |

| Particulars (Rs. Cr) | Q3 FY22 | Q2 FY22 | Q1 FY22 | 9M FY22 |
|------------------------|---------|---------|---------|---------|
| Income from Operations | 192 | 146 | 86 | 424 |
| EBITDA | 30 | 17 | 9 | 56 |
| <i>EBITDA Margin</i> | 16% | 12% | 10% | 13% |
| PBT | 23 | 10 | 1 | 34 |

- Performance of USTPL is improving quarter on quarter at a rapid rate. This trend will continue in future and will be reflected in increased sales and profitability numbers.
- As USTPL is subsidiary of MSL, the consolidated financials of MSL will improve significantly.



Balance Sheet – Focus on core business

(Rs. crores)

| Sl. | Investments - Equity & Preference Shares | 31/12/2021 | 31/03/2021 | 31/03/2020 | 31/03/2019 |
|-----|---|------------|------------|------------|------------|
| 1 | <u>In Indian Subsidiaries</u> | | | | |
| a | Jindal Premium Connections | 4 | 4 | 4 | 4 |
| b | MSL Finance | 3 | 3 | 3 | 3 |
| | (A) | 7 | 7 | 7 | 7 |
| 2 | <u>In Overseas Entities for rigs</u> | | | | |
| a | Jindal Pipes (Singapore) | 22 | 22 | 22 | 22 |
| b | MS (Singapore) - equity | 17 | 17 | 17 | 17 |
| c | MS (Singapore) - preference shares | 91 | 371 | 477 | 589 |
| | (B) | 129 | 410 | 516 | 627 |
| 3 | <u>Others (fully impaired)</u> | | | | |
| a | Internovia Natural Resources | - | - | - | 0 |
| b | Discovery Oil & Mines - equity | - | - | - | 1 |
| c | Discovery Oil & Mines - preference shares | - | - | - | 20 |
| d | Dev Drilling | - | - | 7 | 7 |
| | (C) | - | - | 7 | 27 |
| | (A) + (B) + (C) | 136 | 417 | 529 | 661 |

- Over the last 3.5 years, MSL has impaired its investments in mines & rigs to the extent of Rs. ~800 crores.
- MSL has also reduced its exposure in non-core businesses.
- **MSL will not be making additional investments in non-core business areas as the core business is giving good returns.**

Preference share investment of Rs. 500 crores in USTPL has not been considered in above table.



Reduction in ICDs outstanding

| | | (Rs. crores) | | | |
|-----|--------------------------|--------------|------------|------------|------------|
| Sl. | ICDs outstanding | 31/12/2021 | 31/03/2021 | 31/03/2020 | 31/03/2019 |
| 1 | Given to related parties | 3 | 560 | 765 | 248 |
| 2 | Given to others | 151 | 232 | 182 | 300 |
| | Total ICDs given | 154 | 792 | 947 | 548 |

- In order to stand true to its corporate governance commitment, MSL has reduced its ICDs from Rs. 947 Cr in FY20 to Rs. 154 Cr in 9M FY22.
- **All ICDs given to outside parties are interest bearing at 7% p.a., serviced timely and are good.**
- ICD of Rs. 50.51 crores has also been given to USTPL which has not been considered in above table.
- **The company aims to completely reduce its ICDs gradually in the next 2-3 years.**





Bonds & debentures – Low Risk

| | | (Rs. crores) | | | |
|-----|--------------------|--------------|------------|------------|------------|
| Sl. | Particulars | 31/12/2021 | 31/03/2021 | 31/03/2020 | 31/03/2019 |
| 1 | Bonds & debentures | 317 | 283 | 254 | 3 |

- Majority of the bonds are tax free Government or PSU bonds where the risk of default is negligible.
- Bonds will be redeemed if company finds a suitable investment opportunities.

Liquid MFs, FDs & Equities – To park excess funds

| | | (Rs. crores) | | | |
|-----|-------------------------------|--------------|------------|------------|------------|
| Sl. | Particulars | 31/12/2021 | 31/03/2021 | 31/03/2020 | 31/03/2019 |
| 1 | Mutual Funds (Liquid schemes) | 75 | 168 | 10 | 89 |
| 2 | Fixed Deposits (SBI & HDFC) | 130 | 118 | 162 | 6 |
| 3 | Listed equity investments | 24 | 14 | 2 | 5 |
| | Total | 229 | 300 | 174 | 99 |

- Invested operational surpluses in risk free liquid mutual funds, fixed deposits etc. in order to generate additional returns. These funds can be quickly deployed as and when required.



Long term borrowings - Trend last 3 years

(Rs. crores)

| Sl. | Particulars | Interest % | 31/12/2021 | 31/03/2021 | 31/03/2020 | 31/03/2019 |
|-----|--|------------|------------|------------|------------|------------|
| 1 | Loan for USTPL acquisition | 6.40% | 344 | 375 | 375 | 375 |
| 2 | Loan for rig Jindal Explorer (USD ECB) | 2.20% | 311 | 357 | 373 | - |
| | Total long term borrowing | | 655 | 732 | 748 | 375 |

- Entire debt taken by MSL is self-liquidating.
- Loan taken for acquisition of USTPL is repayable quarterly till February 2029. However, MSL may consider prepayment of this loan subject to approval of its Board and the bank.
- Loan taken for rig Jindal Explorer is repayable monthly till March 2026.

Gross & Net Debt as on 31/12/2021

| Particulars | Rs. crores |
|--------------------------------------|------------|
| Gross Debt | 655 |
| <u>Less:</u> Cash & cash equivalents | -551 |
| <u>Less:</u> ICDs excluding USTPL | -154 |
| Net Debt | -50 |

- Cash & cash equivalents include investments in bonds (Rs. 317 crs.), liquid mutual funds (Rs. 75 crs.), fixed deposits (Rs. 130 crs.), listed equities (Rs. 24 crs.) and cash in bank (Rs. 5 crs).
- Short term working capital borrowings of Rs. 76 crores has not been considered.



Reduction in Corporate Guarantees



(USD mn)

| Sl. | Corporate guarantee/SBLC outstanding | 31/12/2021 | 30/09/2021 | 30/06/2021 | 31/03/2021 | 31/12/2020 | 30/09/2020 |
|-----|--------------------------------------|------------|------------|------------|------------|------------|------------|
| 1 | Discovery Drilling | 30 | 31 | 33 | 35 | 43 | 43 |
| 2 | Maharashtra Seamless (Singapore) | 15 | 15 | 20 | 20 | 25 | 30 |
| 3 | Internovia Natural Resources | - | - | - | 8 | 8 | 8 |
| 4 | Total CG/SBLC in USD mn | 45 | 46 | 53 | 63 | 76 | 81 |
| 5 | Equivalent amount in INR crores | 336 | 347 | 396 | 474 | 568 | 606 |

- Corporate guarantee outstanding of USD 30 mn is for loan availed by Discovery Drilling against rig Jindal Pioneer. There will be no cash outflow from MSL on account of this corporate guarantee as cash flows from long term contract of Discovery Drilling are more than sufficient to service bank obligations. This corporate guarantee will gradually amortize on monthly basis and will fall off on 30/09/2024.
- SBLC outstanding of USD 15 Mn for loan availed by Maharashtra Seamless (Singapore) will reduce by USD 5 mn in each of March 2022, September 2022 and March 2023.



Order book of MSL as on 31/12/2021 (Rs. crores)

| Segment | Seamless | ERW | Total | % |
|--------------|------------|------------|-------------|-------------|
| Domestic | 378 | 201 | 579 | 36% |
| OIL & ONGC | 342 | - | 342 | 21% |
| Downstream | 68 | 412 | 480 | 30% |
| Export | 154 | 64 | 218 | 13% |
| Total | 941 | 677 | 1619 | 100% |

Order book of USTPL as on 31/12/2021 (Rs. crores)

| Segment | Seamless | % |
|----------------|-----------|-------------|
| Domestic | 10 | 14% |
| Export | 26 | 36% |
| Cylinder Pipes | 37 | 51% |
| Total | 73 | 100% |

- Execution timeline of order book is 4-5 months.
- MSL has recently booked orders of 15000 MT in the USA and Middle-East and additional orders are in the pipeline.
- Order book position has been breaching all-time highs for past 3 quarters.

Total combined order book as on 31 December 2021 stands at Rs. 1,692 Crores



Anti Dumping Duty on Chinese Imports:

- The Ministry of Finance, on recommendation of Directorate General of Trade Remedies (DGTR), has extended anti-dumping duty by way of a minimum import price for a further period of 5 years from 28/10/2021 on various types of seamless pipes from China.

Atma Nirbhar Bharat Policy Implementation:

- The seamless pipes sector is getting a major boost from Make in India and Atma Nirbhar Bharat policy. Under this policy, for any purchases made by PSUs, there must be a 35% local value addition.
- Further, any procurement made by PSU especially in the steel sector must be made from local companies only as a general policy and if the same is not made and is imported from outside India, approval from Ministry of Steel is required.

Export Demand:

- There has been removal of rebate of 13% by China to its domestic industry.
- Implementation of export duty between 7% to 15% by China on its domestic industry is also expected which will further increase demand for our products.



Market Trends – Huge Potential

HPCL has launched their Rajasthan Refinery project in Barmer for 9MM TPA refining capacity with estimated project cost of Rs. 5K crores, which will have around 80k MT of pipes requirement in 2 years.

High and value-added welded pipe (ERW) demand is coming from Cross Country pipelines with new projects being announced for the North-eastern states.

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

Replacement of the old Oil / Gas pipelines in Mumbai High / Gujarat is going on and will continue for a few years. There will be consistent demand of seamless & high frequency ERW pipes in this project.

ONGC is expanding its potential of its first deep-water field. Two additional subsea wells are likely to be tied into existing infrastructure at G-1 and GS-15 east coast asset thereby generating good demand.

Markets in North America, Europe and Middle-East have opened up and good demand is being generated which is at par with pre-COVID levels.



General Industry Initiatives from Government

Under “AatmaNirbhar Bharat” campaign launched by Govt. of India, global tenders will be disallowed in government procurement tenders up to Rs. 200 crores thereby improving demand for domestic pipe manufacturers.

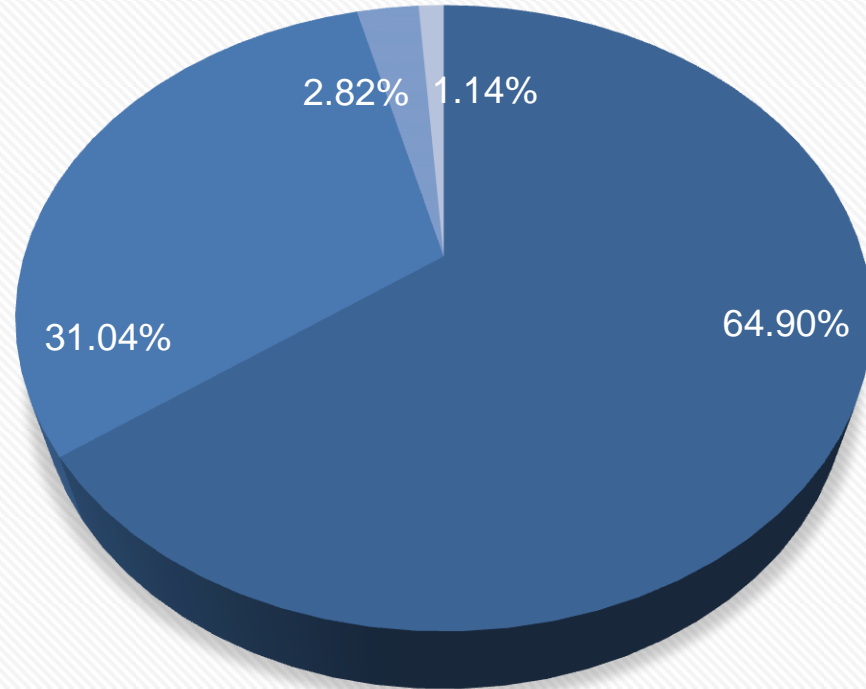
The PP-LC (Purchase Preference for Local Content) policy has been amended to give higher preference to Local Content which is helping local manufacturers bag more orders. This has increased demand by 200,000 mt per annum in upstream segment.

GOI’s recent initiatives to boost demand in Domestic E&P sectors includes 100% FDI in E&P Projects, NELP & CBM Policies and Freight Subsidy Scheme.

Government is on track to meet the target of cutting India's crude oil import dependence by 50% by 2030. Currently, more than 80% of crude oil requirement is imported.

Government has offered new oil & gas exploration blocks for deep sea drilling, which will boost seamless pipes business in OCTG and drill pipes category.





■ Promoters ■ Others ■ Mutual Funds ■ Institutions

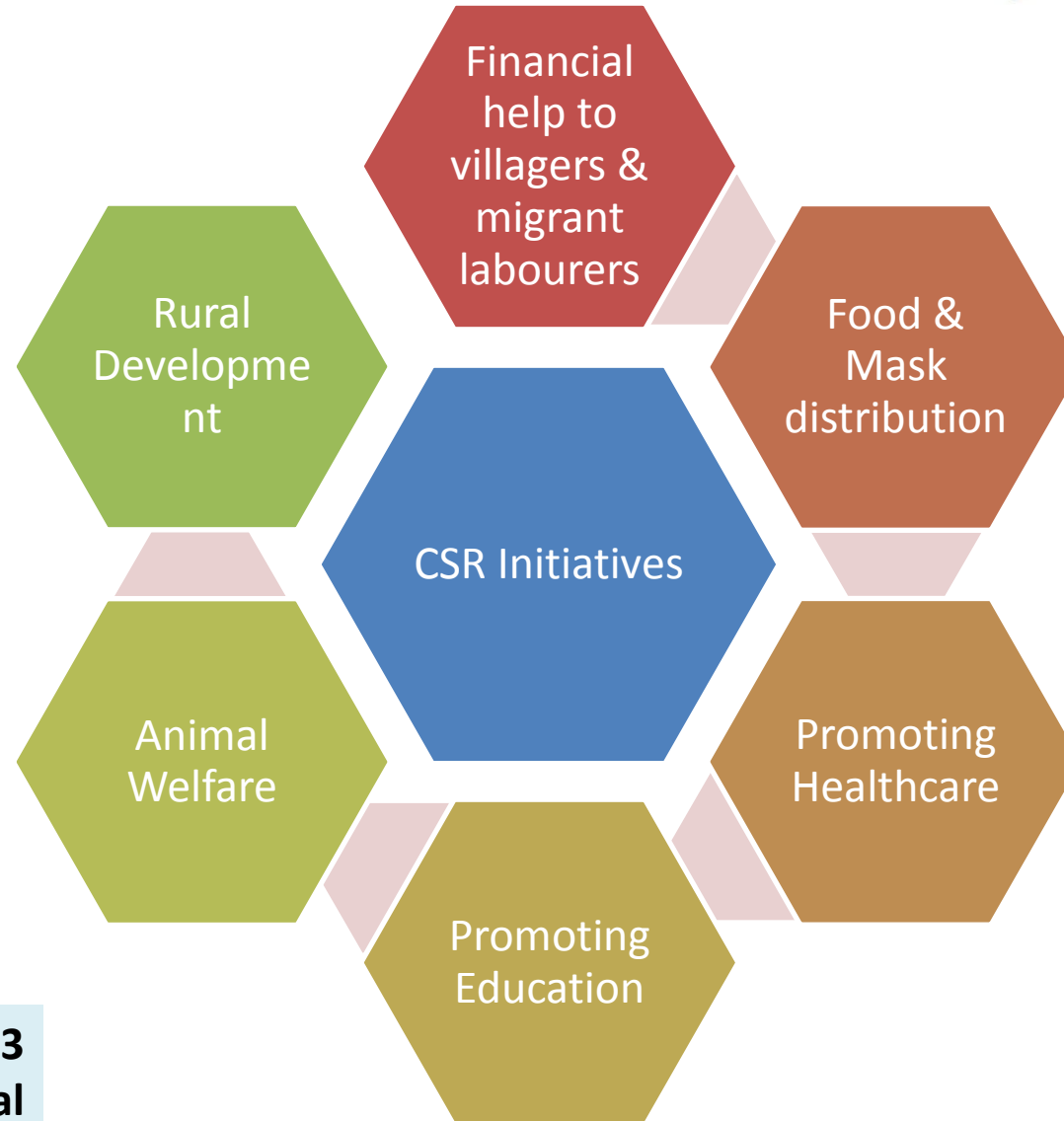
Mutual Funds

| | |
|-----------------|-------|
| L&T Mutual Fund | 2.82% |
|-----------------|-------|

Marquee Investors

| | |
|-----------------------------|-------|
| Akash Bhanshali | 1.75% |
| Lata Bhanshali | 1.62% |
| Prescient Wealth Management | 1.15% |
| Aadi Financial Advisors | 1.01% |





In FY 2021, MSL spent Rs. 5.43 crores on its Corporate Social Responsibility initiatives.



Oil and Gas



Infrastructure





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SEAMLESS LIMITED

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JINDAL
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