



# 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](mailto:contact@mahaseam.com) Website : [www.jindal.com](http://www.jindal.com)  
CIN No: L99999MH1988PLC080545  
CORPORATE OFFICE : Plot No. 30, Institutional Sector-44, Gurgaon-122 002 Haryana (India)

## E-Communication

MSL/SEC/SE/2022-23

17<sup>th</sup> October, 2022

**BSE Limited**  
25<sup>th</sup> 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**

Dear Sir/Madam,

### Sub: Earnings Presentation

Dear Sir/Madam,

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

You are requested to kindly take the same on record.

Thanking you,

**For Maharashtra Seamless Limited**

**Ram Ji Nigam**  
**Company Secretary**

Encl.- As stated above

**JINDAL**  
D.F. JINDAL GROUP

REGD. OFF. & WORKS : Pipe Nagar, Village, Sukeli, N.H.17, B.K.G. Road, Taluka-Roha, Distt. Raigad-402 126 (Maharashtra)  
Phone : 02194-238511, 238512, 238567, 238569\* Fax : 02194-238513  
MUMBAI OFFICE : 402, Sarjan Plaza, 100 Dr. Annie Besant Road, Opp. Telco Showroom, Worli, Mumbai-400 018  
Phones : 022-2490 2570 /72 /74\* Fax : 022-2492 5473  
HEAD OFFICE : 5, Pusa Road, 2nd Floor, New Delhi-110005 Phones : 011-28752862, 28756631 Email : [jjldelhi@bol.net.in](mailto:jjldelhi@bol.net.in)  
KOLKATA OFFICE : Sukhsagar Apartment, Flat No. 8A, 8th Floor, 2/5, Sarat Bose Road, Kolkata - 700 020  
Phone : 033-2455 9982, 2454 0053, 2454 0056\* Fax : 033 - 2474 2290 E-mail : [msl@cal.vsnl.net.in](mailto:msl@cal.vsnl.net.in)  
CHENNAI OFFICE : 3A, Royal Court. 41, Venkatnarayana Road, T. Nagar Chennai-600017  
Phone : 044-2434 2231\* Fax : 044-2434 7990



**MAHARASHTRA  
SEAMLESS LIMITED**

## **Earnings Presentation**

**Quarter ending 30 September 2022**

**17 October 2022**





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

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

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



## Seamless Pipes

- MSL
- 450,000 mt/annum
- USTPL
- 100% subsidiary
- 200,000 mt/annum
- Total
- 650,000 mt/annum

## ERW Pipes

- API certified
- High frequency
- PSL 2
- 125,000 mt/annum

## Renewable Energy

- Wind
- 7 MW at Maharashtra
- Solar
- 52.50 MW AC at Maharashtra & Rajasthan

## Rig

- New generation offshore jack up rig
- Operating with 98% efficiency on 3 year contract with ONGC at day rate of USD 38,656 from May 2022

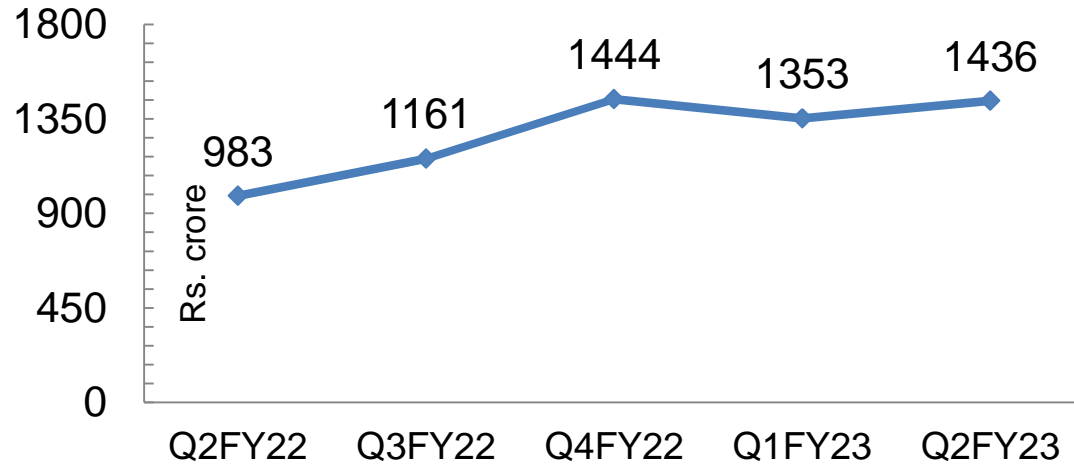
- Market share of 55% in seamless pipes segment with manufacturing facilities at Nagothane & Mangaon in Maharashtra and Narketpally in Telangana.
- Market share of 25% in the API certified, high frequency ERW pipes segment with manufacturing facility at Nagothane in Maharashtra.
- Capacity utilisation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



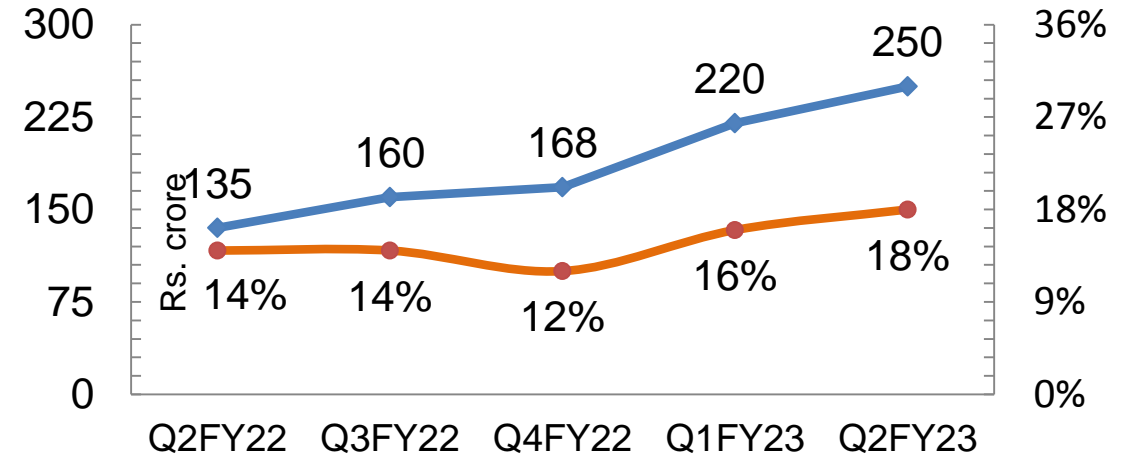
Industries Served	Seamless Pipes	ERW Pipes	Others (Coated & Premium Connections, Pipe Fittings)	
Agriculture		✓		
Automotive	✓			
Bearing	✓			
Chemical	✓	✓		
Drinking Water		✓		
Engineering	✓			
Fertilizers		✓		
Housing		✓		
Irrigation		✓		
Mechanical	✓			
Oil and Gas	✓	✓		✓
Petrochemical	✓	✓		
Power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



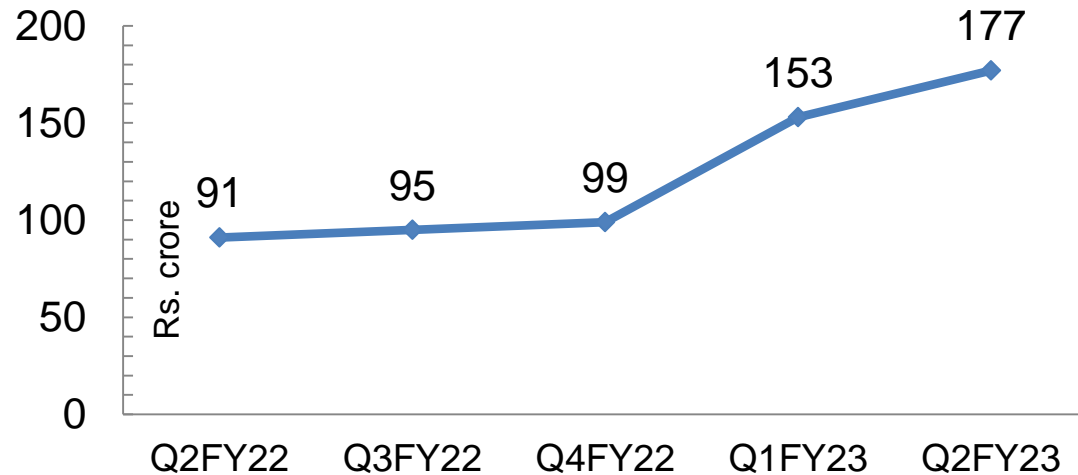
### Total revenue



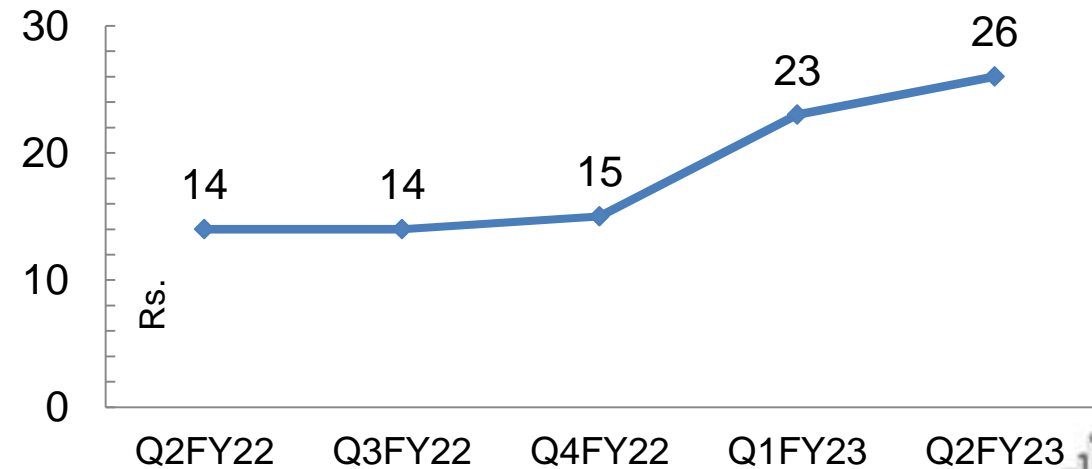
### EBIDTA & EBIDTA margin



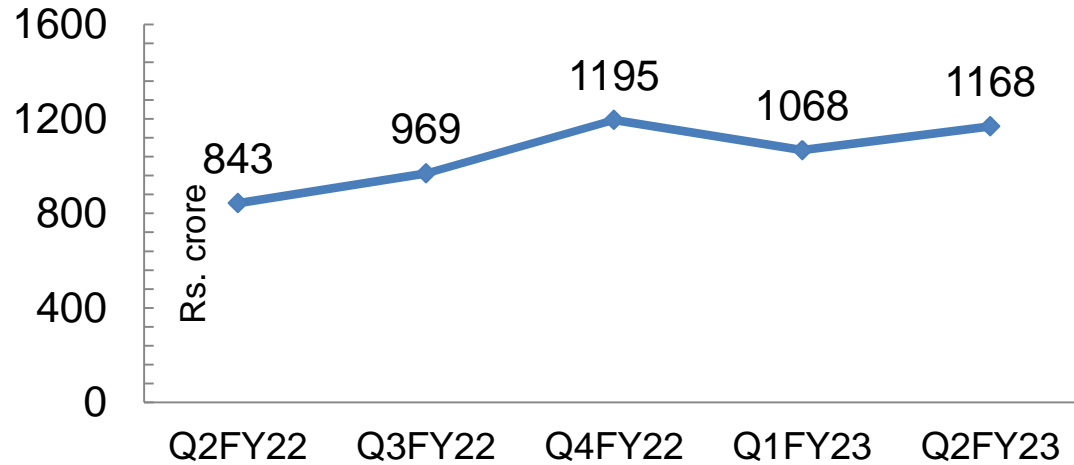
### Profit after tax



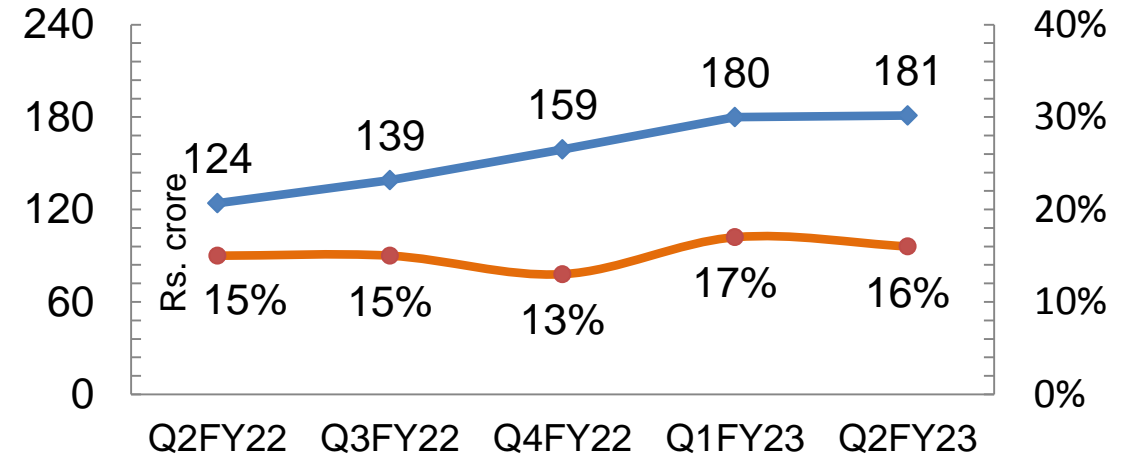
### Earnings per share



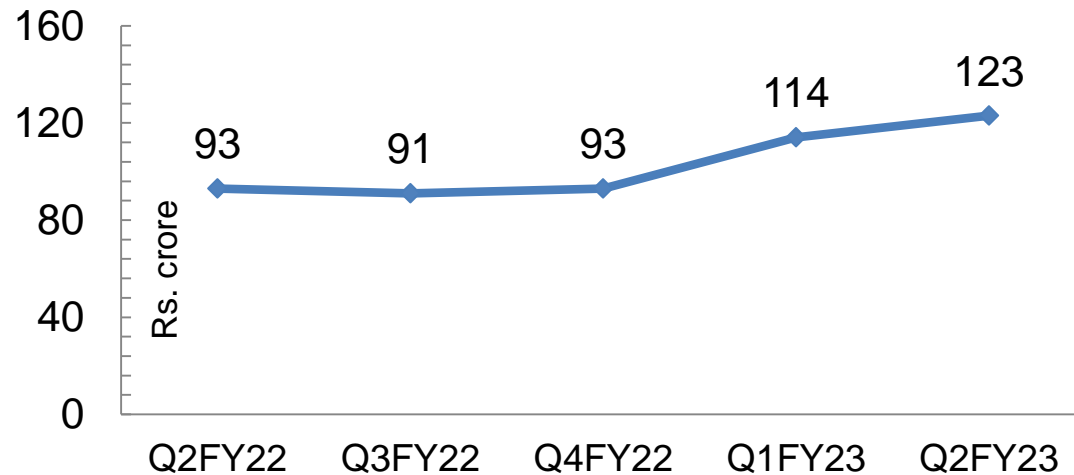
### Total revenue



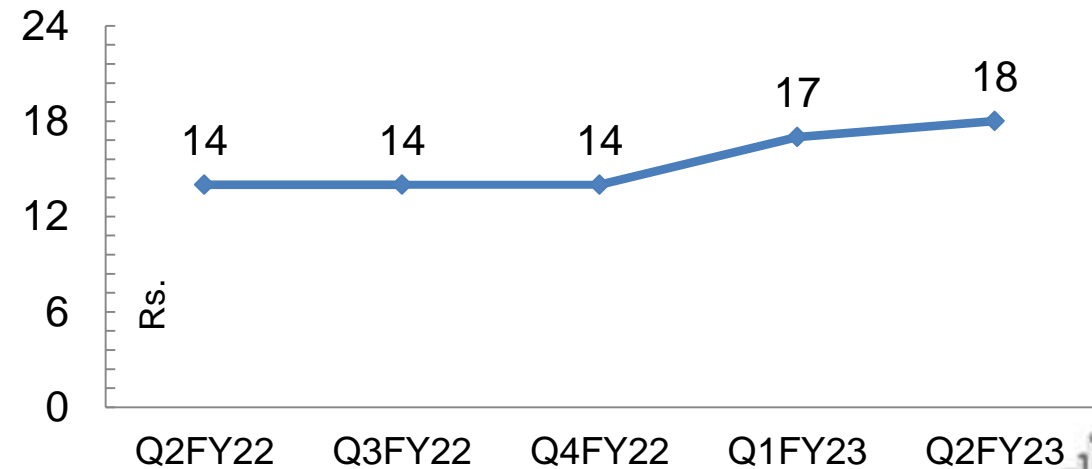
### EBIDTA & EBIDTA margin



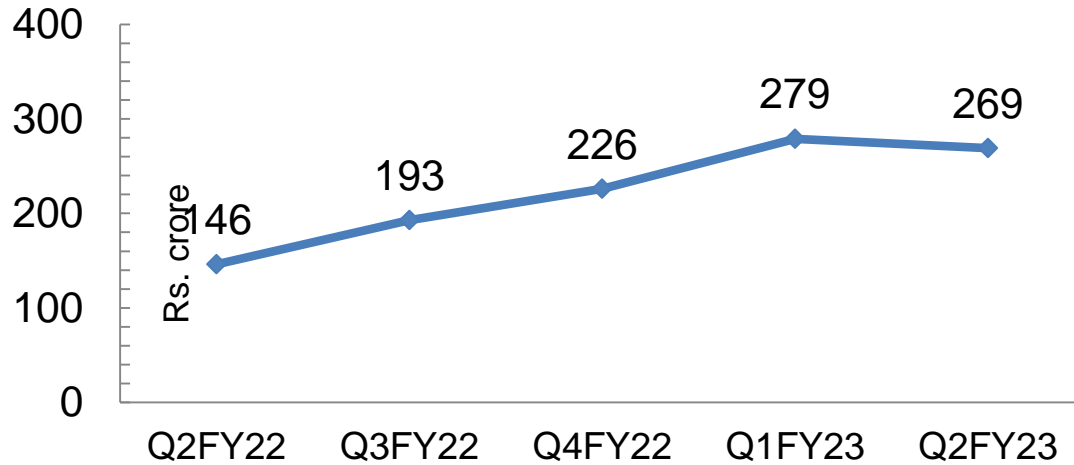
### Profit after tax



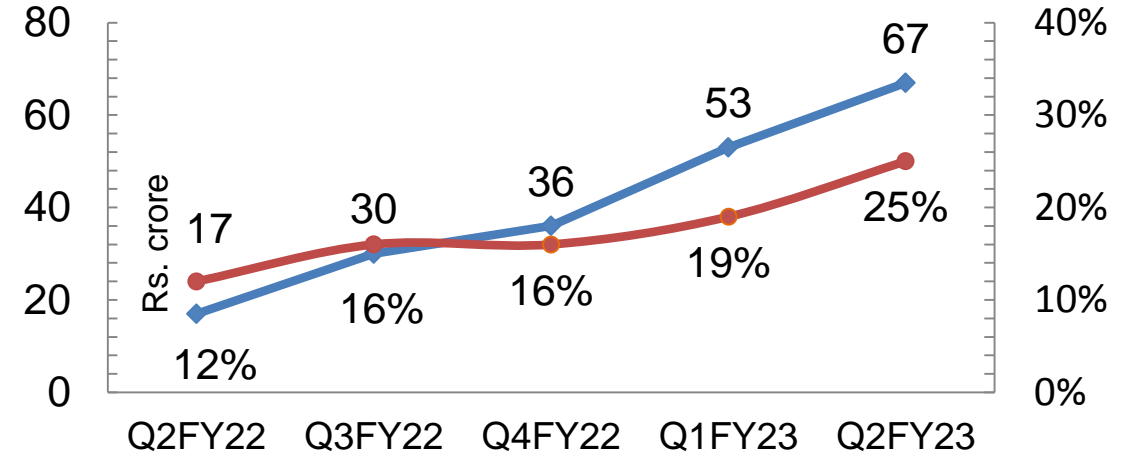
### Earnings per share



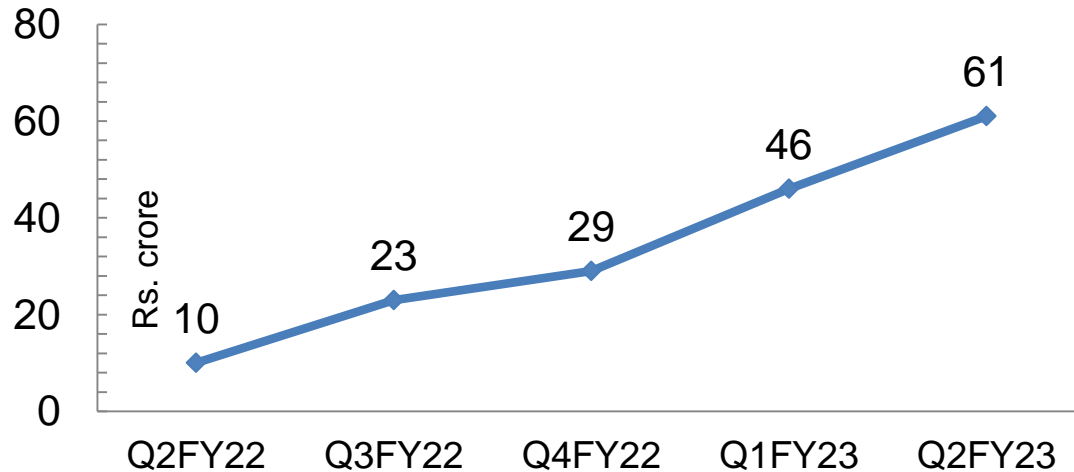
## Total revenue



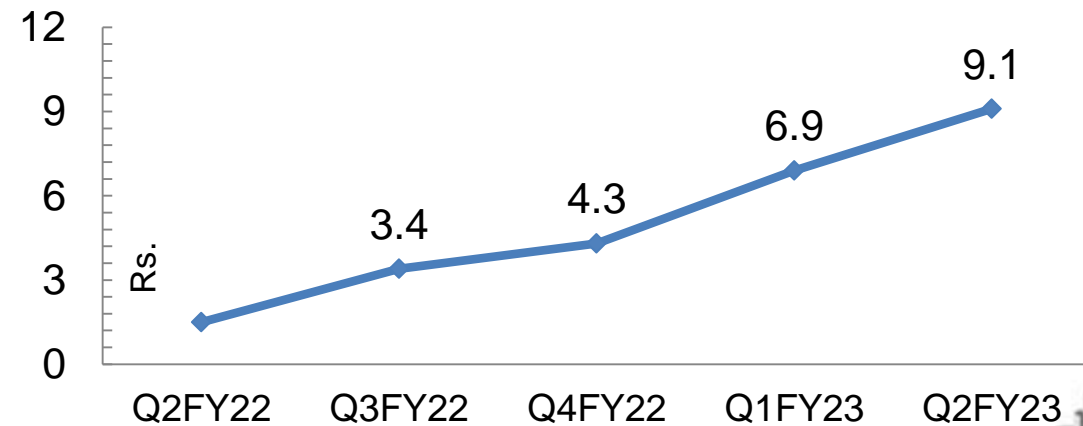
## EBIDTA & EBIDTA margin



## Profit after tax



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





# Standalone Profit & Loss for Q2 FY23 v/s Q1 FY23



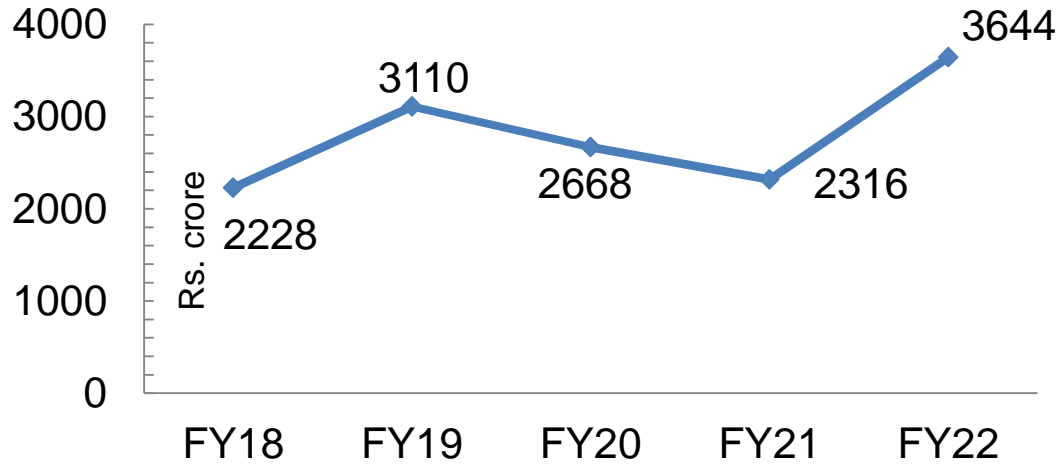
Particulars	MSL		USTPL	
	Q2 FY23	Q1 FY23	Q2 FY23	Q1 FY23
Revenue from operations	1148	1058	263	278
<u>Add:</u> Other income	20	10	5	1
Total revenue	1168	1068	268	279
<u>Less:</u> Expenses				
Cost of materials consumed	(796)	(672)	(157)	(176)
Change of inventories (FG + WIP)	29	(31)	(4)	3
Employees benefit expenses	(24)	(18)	(3)	(3)
Finance cost	(10)	(10)	(1)	(1)
Depreciation	(26)	(27)	(8)	(7)
Other expenses	(176)	(157)	(33)	(49)
Total expenses	(1004)	(915)	(207)	(233)
Profit before tax	164	153	61	46
<u>Less:</u> Tax	(41)	(39)	-	-
Profit after tax	<b>123</b>	114	<b>61</b>	46

Rs. crore

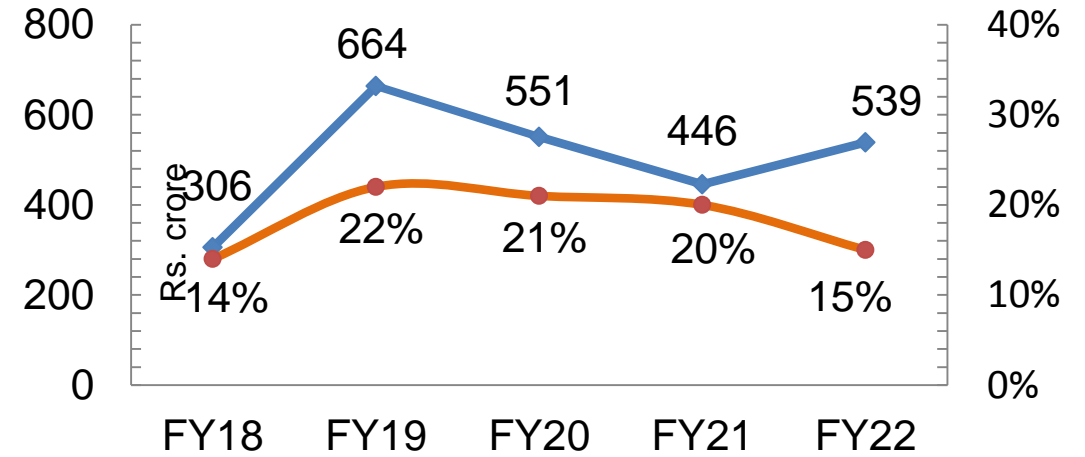
- USTPL is a wholly owned subsidiary of MSL.
- Scheme of amalgamation has been filed on 06 July 2022 with National Company Law Tribunal, Mumbai (NCLT) for amalgamation of USTPL with MSL.
- Price Waterhouse & Co. LLP is advising MSL in this regard and the amalgamation is expected to be concluded within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



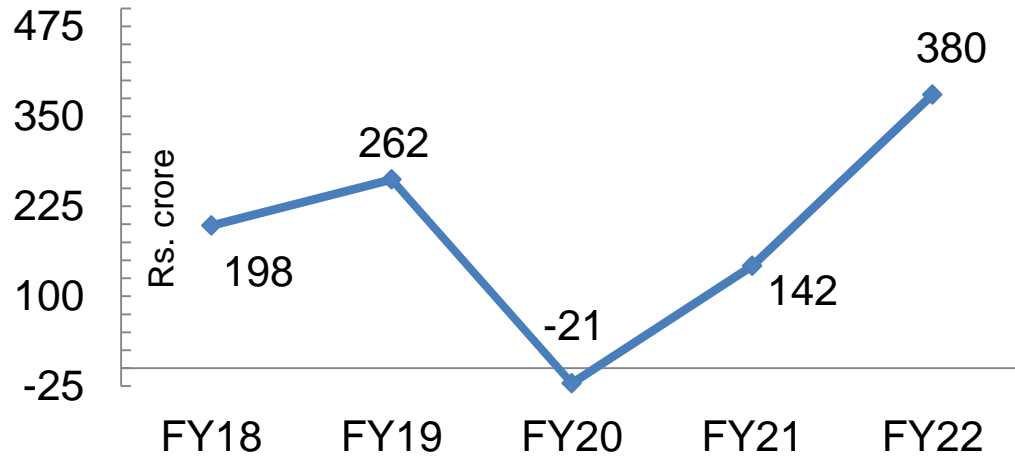
## Total revenue



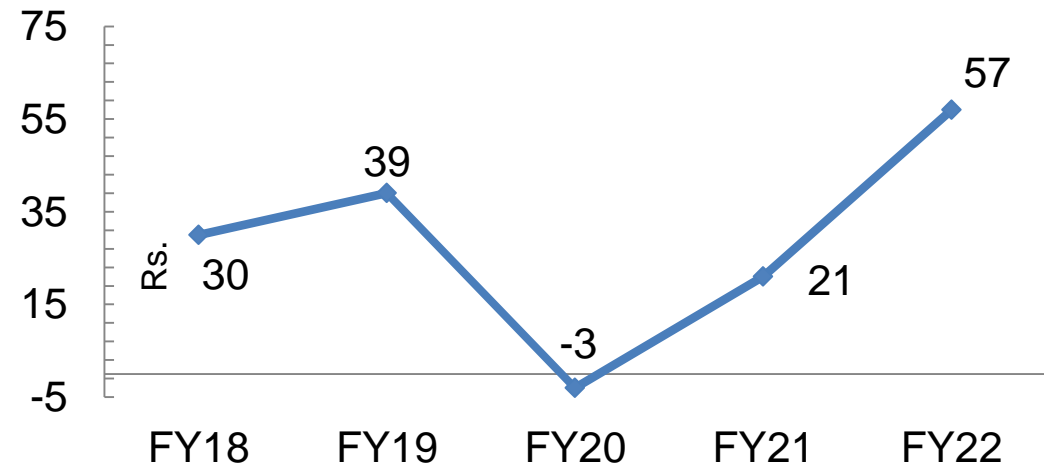
## EBIDTA & EBIDTA margin



## Profit after tax



## Earnings per share



## Maharashtra Seamless Limited (MSL)

Particulars	Q2 FY23		Q1 FY23		Q2 FY22		H1 FY23		H1 FY22		FY22	
	Seamless	ERW	Seamless	ERW	Seamless	ERW	Seamless	ERW	Seamless	ERW	Seamless	ERW
Production (kMT)	<b>89</b>	<b>13</b>	84	18	84	20	<b>173</b>	<b>31</b>	138	36	315	74
Sales (kMT)	<b>90</b>	<b>13</b>	85	17	78	17	<b>175</b>	<b>30</b>	136	34	315	80
EBITDA (Rs. Cr)	<b>163</b>	<b>1</b>	154	19	87	15	<b>317</b>	<b>21</b>	145	54	392	73
EBITDA/tonne (Rs.)	<b>18,072</b>	<b>1,006</b>	18,128	11,447	11,166	8,911	<b>18,099</b>	<b>6,949</b>	10,709	16,015	12,424	9,098

## United Seamless Tubular Private Limited (USTPL)

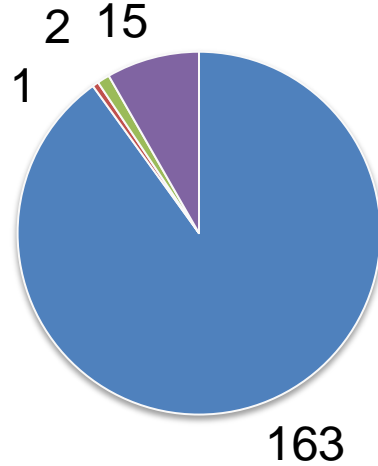
Particulars	Q2 FY23	Q1 FY23	Q2 FY22	H1 FY23	H1 FY22	FY22
Production (kMT)	<b>21</b>	23	18	<b>43</b>	29	<b>72</b>
Sales (kMT)	<b>22</b>	22	17	<b>44</b>	28	<b>73</b>
EBITDA (Rs. Cr)	<b>67</b>	53	17	<b>120</b>	26	<b>93</b>
EBITDA/tonne (Rs.)	<b>30,146</b>	23,635	10,398	<b>26,883</b>	9,309	<b>12,674</b>



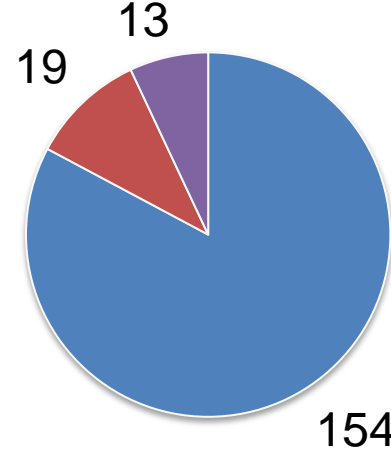


Rs. crore

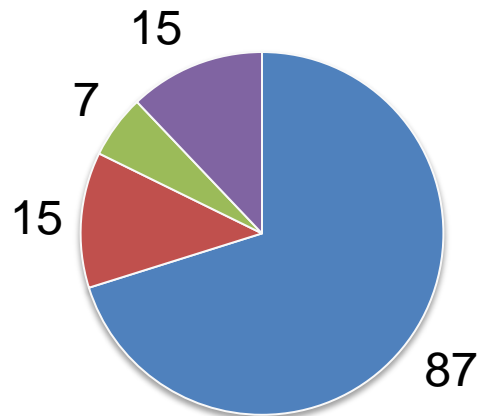
**Q2 FY23**



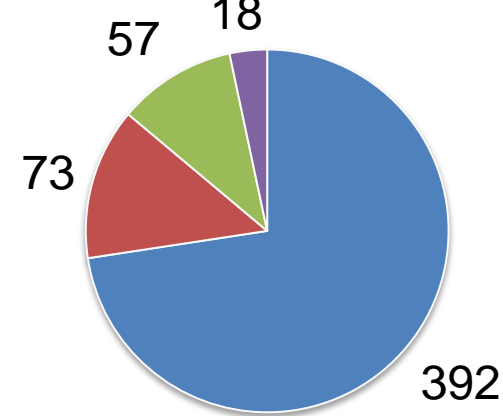
**Q1 FY23**



**Q2 FY22**



**FY22**



- Seamless
- ERW
- Rig
- Renewable Energy



## Unquoted Equity/Preference Share investments & ICDs given

Rs. crore

Particulars	September 22		March 22		March 21	
	Equity	Preference / ICD	Equity	Preference / ICD	Equity	Preference / ICD
<u>Indian Entities</u>						
Jindal Premium Connections	4	3	4	3	4	3
MSL Finance	3	-	3	-	3	-
<u>Overseas Entities</u>						
Maharashtra Seamless (Singapore)	17	172	17	130	17	371
Jindal Pipes (Singapore)	22	-	22	-	22	-
<u>Others (ICDs @ 7% p.a.)</u>						
Unrelated Parties	-	102	-	144	-	232
<b>Total</b>	<b>46</b>	<b>277</b>	<b>46</b>	<b>277</b>	<b>46</b>	<b>606</b>

- Preference shares of Rs. 500 crore, ICD of Rs. 50.51 crore & equity shares of Rs. 6.96 crore in USTPL not considered as application for amalgamation of USTPL with MSL has been filed with NCLT, Mumbai.
- All ICDs of Rs. 102 crore will be realised by March 2024.
- In H2 FY23, Rs. 42 crore will be used to reduce outstanding SBLC.



## Liquid investments – Long term & short term

Rs. crore

Particulars	Sep 22	March 22	March 21
<u>Long term</u>			
Bonds (PSU) & Debentures	307	307	283
Listed Equity Investments	12	16	14
(A)	<b>319</b>	323	297
<u>Short term</u>			
Mutual Funds (Liquid schemes)	444	47	168
Fixed Deposits (SBI & HDFC)	59	126	118
Cash & Bank Balances	6	37	48
(B)	<b>509</b>	210	334
Total liquid investments (A) + (B)	<b>828</b>	533	631

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

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

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



## Borrowings – Gross & Net Debt

Rs. crore

Particulars	Sep 22	March 22	March 21
Loan for USTPL acquisition @ 7.55% p.a. (Prepaid in full on 10 October 2022)	315	336	375
Loan for rig acquisition @ 5.30% p.a.	281	304	352
Gross Debt (A)	<b>596</b>	640	727
<u>Less:</u>			
Liquid investments (refer slide 13)	(828)	(533)	(631)
ICDs given (refer slide 12)	(102)	(144)	(232)
Liquidity available (B)	<b>(930)</b>	(677)	(863)
Net Debt (A) + (B)	<b>(334)</b>	(37)	(136)

- USTPL acquisition loan of Rs. 315 crores was repayable gradually till February 2029.
- In view of sufficient internal accruals and rising interest rates, this loan was prepaid in full on 10 October 2022.
- After above prepayment, the only long term debt is an USD denominated ECB for rig acquisition which has annual repayment obligation of USD 10 mn till March 2026. The net of tax cash flow from the rig contract is adequate to meet ECB obligations.
- Rental income of rig is also in USD. Accordingly, no cash loss is envisaged due to adverse foreign exchange fluctuation.
- No additional long term borrowing is required in FY 23.



## Corporate Guarantee & SBLC reduction schedule

Rs. crore

Particulars	Actual			Projected		
	March 21	March 22	September 22	March 23	March 24	September 24
Discovery Drilling	257	218	<b>209</b>	180	116	-
Maharashtra Seamless (Singapore)	147	76	<b>41</b>	-	-	-
Total	404	294	<b>250</b>	180	116	-

- Corporate guarantee outstanding of Rs. 209 crore (~ USD 25.65 mn) is for bank loan availed by Discovery Drilling against rig Jindal Pioneer. There will be no cash outflow from MSL on account of this corporate guarantee as cash flows from long term contract of Discovery Drilling are more than sufficient to service bank obligations timely. This corporate guarantee will gradually reduce on monthly basis and will fall off on 30 September 2024.
- SBLC outstanding of Rs. 41 crore (~ USD 5 mn) is for bank loan availed by subsidiary, Maharashtra Seamless (Singapore). In FY 2023, SBLC has reduced by USD 5 mn in September 2022 & will be paid off by March 2023. Maharashtra Seamless (Singapore) does not have any other debt & therefore, further support is not required from MSL.
- As rig prices have increased on account of rise in crude oil prices, value of equity investments made by MSL in Maharashtra Seamless (Singapore) has increased and opened new vistas of monetising the same.





# Capital Allocation – Over next 2-3 years

- Prepayment of long term debt of Rs. 315 crores was undertaken in October 2022.
- In pursuance of increased focus on value addition products in pipe segment and renewable energy segments, following areas have been identified where Rs. 852 crores of internal accruals are expected to be utilised:

Sl.	Particulars	Rs. crore	Location	Estimated annual turnover increase
1	Heat treatment, finishing facilities & EMI for capacity enhancement	184	Narketpally (USTPL)	By Rs. 800 crores
2	Solar plant for captive consumption	80		Cost saving Rs. 20 crores
3	Complete line for cold drawn pipes including pilger & drawbench	100	Mangaon (MSL)	By Rs. 50 crores
4	OCTG line & billet pre-heating surface	95		By Rs. 50 crores
5	Hot mill upgrade - Hot mill to PQF (14")	350	Nagothane (MSL)	By Rs. 1000 crores
6	EMI machine (14")	12		Normal replacement expenditure
7	3 Roll sizing mill (14")	10		
8	Flying saw & Ultrasonic Testing Machine (7")	10		
9	Mill upgrade including annealer, hydro, Ultrasonic Testing (ERW)	6		
10	Electronic upgrade of EMI & Ultrasonic Testing Machine (OCTG)	5		
	<b>Total</b>	<b>852</b>		

- As capacity utilisation will increase, there will be additional working capital requirement of Rs. 300 crores in USTPL and Rs. 250 crores in MSL.
- In addition to above, we are also targeting opportunities for drill pipes ID coating, 3LPE plant, premium joints and new ERW API pipe mill.



## Order book of MSL

Rs. crore

Segment	Seamless	ERW	Total	%
AU + Dealer	682	31	713	44%
Export	326	35	361	22%
ONGC & OIL	352	-	352	21%
Downstream	24	183	207	13%
<b>Total</b>	<b>1384</b>	<b>249</b>	<b>1633</b>	<b>100%</b>

## Order book of USTPL

Rs. crore

Segment	Seamless	%
Export	84	57%
AU + Dealer	33	23%
Cylinder	30	20%
<b>Total</b>	<b>147</b>	<b>100%</b>

- Total combined order book of MSL + USTPL is Rs. 1780 crore.
- Execution timeline of order book of MSL is 4 months and of USTPL is 1.5 months.
- Sustained high order book position will translate in improvement of capacity utilisation by 5% in FY 23.
- Strong demand position is expected to continue in entire FY 23 as there is good visibility of orders.



## MSL

Segment	FY22 Actual kMT	Q1 FY23 Actual kMT	Q2 FY23 Actual kMT	FY23 Target kMT	% achieved in H1 FY23
Seamless	315	85	90	365	48%
ERW	80	17	13	80	38%

## USTPL

Segment	FY22 Actual kMT	Q1 FY23 Actual kMT	Q2 FY23 Actual kMT	FY23 Target kMT	% achieved in H1 FY23
Seamless	73	22	22	105	42%

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



## Export Duty:

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

## Anti-Dumping Duty:

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

## Atma Nirbhar Bharat Policy Implementation:

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

## Export Policy:

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



Export market for OCTG has been generating sustained demand on the back of increased rig counts and stable steel prices. Capacities for OCTG remain overbooked. Brand 'MAHA' has been able to penetrate further in North American markets. With freight costs falling and crude oil prices maintaining upward trajectory, demand is expected to remain healthy.

MSL became a developed source for drill pipes for ONGC after successful completion of Field Trial Test. First order for drill pipes are expected to be supplied to ONGC & Oil India within 2022 and 3 more orders for drill pipes are expected to be awarded in next few months by ONGC & Oil India.

MSL manufactured, tested and successfully dispatched its first lot of subsea sour service seamless pipes. Further, we have received another order of these value addition pipes in the previous quarter and henceforth, regular orders are expected.

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

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

MSL is focussing on getting license for premium connections which will immediately enable it to bid in premium connection tenders where there is limited competition.

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

USTPL has recently successfully developed 355.6 mm OD line pipes and 356 mm OD cylinder pipes. This particular size of cylinder pipes has been manufactured for the first time in India. Development of this size enables USTPL to cover the entire range of cylinder pipes to cater to oxygen and industrial gas cylinders as well as CNG cylinders.

Cylinder pipes of USTPL are being sold through cylinder manufacturers for installation in vehicles of Tata Motors, Eicher Motors, Bajaj Auto & Ashok Leyland. Registration process with Jay Bharat Maruti has also been expedited to penetrate cylinder pipes market further.

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

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

Trials of alloy steel P11 & P91 (for high temperature, high pressure boiler application) were successful and orders are expected soon.

## Market Trends – Huge Potential

OPEC's production shortfall is at 3.58 mn barrels per day below its output goals. This shortfall is 3.5% of global demand caused by underinvestment in oil and gas sector over past decade. Rig counts in USA have now reached pre-COVID levels at 769, a 41% increase over last year, thereby contributing to strong demand position.

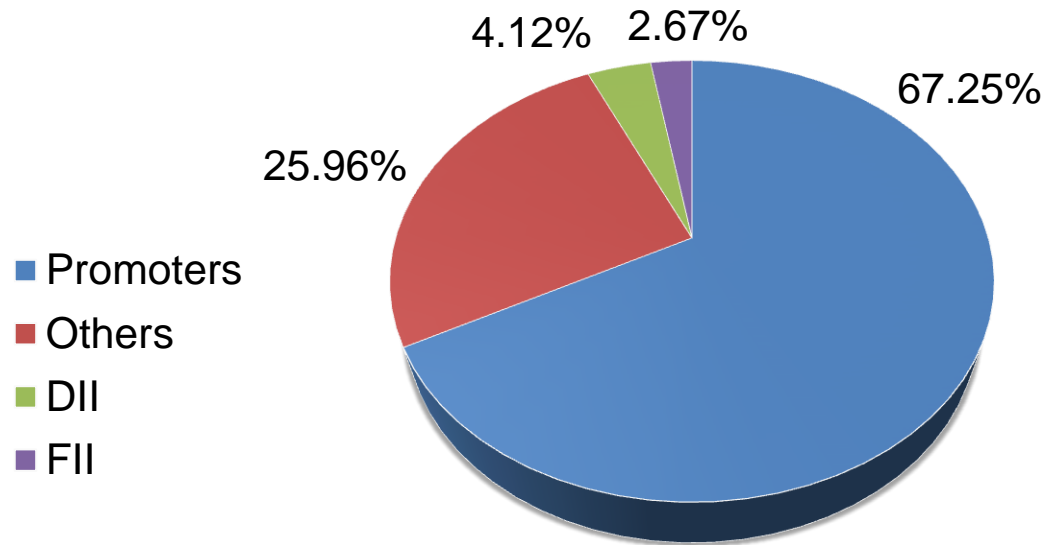
Strategic Petroleum Reserve (SPR) in USA is at its lowest level since 1984 on account of frequent draws authorised to contain inflation. The current level of 427 mn barrels is 35% lower than average of 650 mn barrels over the past decade. Significant draws further are unlikely thereby indicating upward trend for crude oil prices.

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

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

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

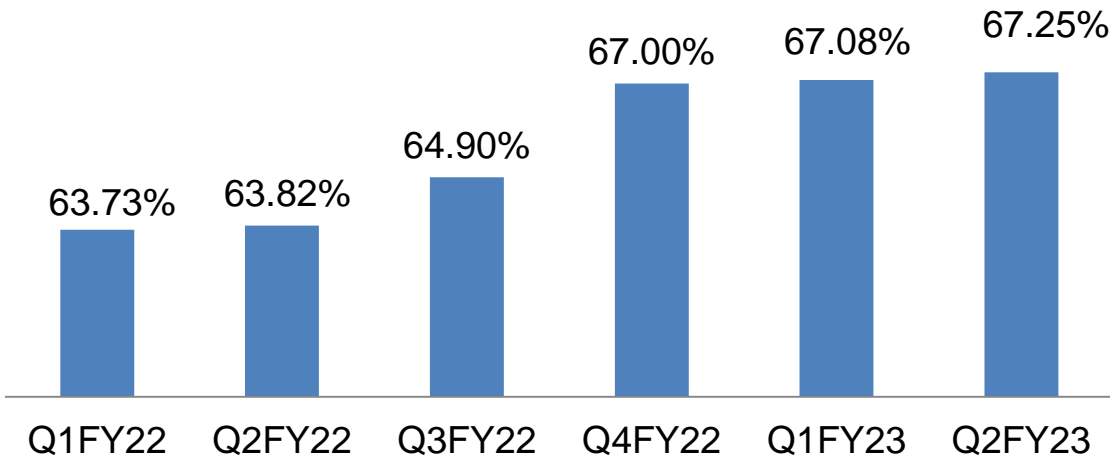
India's oil demand is projected to rise 50% to 7.2 mn barrels per day in 2030 from 4.8 mn barrels per day in 2019 as against a global expansion of 7%. India's natural gas demand is projected to double to 133 BCM in 2030 from 64 BCM in 2019 as against a 12% rise in global gas demand. India plans to almost double its oil refining capacity to 450 MT in the next 10 years to meet rising domestic fuel demand as well as cater to export market.



## Key changes – Q2 FY 2023 v/s Q1 FY 2023

- Promoter holding increased from 67.08% to 67.25%.
- DII holding increased from 3.70% to 4.12%. This also includes mutual funds who have increased holding from 2.93% to 3.08%.
- FII holding increased from 1.28% to 2.67%.
- Number of DII & FII have increased from previous quarter.

## Promoter Holding – Last 6 quarters



## Institutional Investors

- L & T Mutual Fund, ITI Mutual Fund, Taurus Mutual Fund
- Aequitas Equity Scheme, Aequitas Investment
- Green Lantern Capital, Barclays Wealth Trustees India
- IIFL Turnaround Opportunities, Edelweiss Multi Strategy
- LIC MF Flexi Cap Fund, Kitara India Growth Fund
- EAM Emerging Markets, Dimensional Emerging Markets
- Morgan Stanley Asia (Singapore)





## Oil and Gas



## Infrastructure



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