Management Discussion

Arya Patel - Analyst, MK Global Financial Services Limited
Yeah, thank you. Uh, very good afternoon, ladies and gentlemen. It is my pleasure to welcome you all to this, uh, 2nd quarter and H1 FY27 earnings call for Jindal Drilling and Industries Limited. We have with us today Mr. Kaushal, Deputy General Manager, IR and Finance. I shall now hand over the call to Mr. Kaushal to deliver his opening remarks. Following which we will have a Q&A session. Thank you, and over to you, sir.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Thank you, Arya. Good afternoon, shareholders. Thank you for participating in our earnings call. The 2nd quarter of FY27 was a significantly good quarter for us. Um, before I get on to the financial results, I would like to give a couple of operational updates. One of the rigs that we own was undergoing refurbishment in UAE, and that exercise has been completed. However, we are awaiting reopening of the Strait of Hormuz so that we can bring the rig from Middle East to India and commence operations with ONGC, as this rig already has a contract for next 3 years.

We expect that to take place in about a couple of months, and as soon as we get a window to move the rig, we can go ahead with it. The second operational update is that we have received a contract for one of our rigs which is about to be dehired at a rate of approximately $55,700 per day. We have 2 more rigs expected to be dehired in the next couple of months, for which we are expecting contract from ONGC. In the current month itself. We put out our order book position, which stands at Rs 1,652 crores as of 30th September, and going forward, once the 2 new contracts are received, this order book will increase.

There has been slight increase in revenue, but what is more pleasing is that EBITDA has increased on a quarter-on-quarter basis from Rs 104 crores to Rs 131 crores, leading to an increase in earnings and EPS. We put out the quarterly comparison and the EBITDA mix in the Subsequent slides. Borrowing position has also been provided. We remain net cash. Net cash position has improved from Rs 128 crores as on 31st March '26 to Rs 295 crores as on 30th September '26. Going forward, we expect the net cash position to improve even further as we have a good order book and cash flows are strong.

That concludes the presentation, and I would now request Arya to kindly open for questions.

Questions & Answers

Operator
Thank you. Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, please press star and 1 on your touchtone telephone to ask any question. We will wait for a moment while the question queue assembles.

Sir, we have question from Mr. Vikram Kotak from Ace Lansdowne. Please go ahead.

Vikram Kotak - Analyst, Ace Lansdowne
Yeah, thank you. I am audible?

Operator
Ah, yes, sir.

Vikram Kotak - Analyst, Ace Lansdowne
Thank you. I just want to check with the management on the EBITDA margin front, where we've seen the, you know, margin fell from 40% approximately in the Q2 of FY26 to 30%, and now it's come to 46%. So what is the- what is the sustainability of this kind of margin? And can you guide us for next 2 years what kind of margin range company is looking forward with the new rigs coming into place, uh, both, uh, Jindal Pioneer S well S the virtual one and Jindal Star. So can you give us little bit of color on the EBITDA margin and how it's likely to be there in next two years?

What kind of range we should take it?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Generally speaking, EBITDA margin [Foreign Speech] Jindal Drilling operate in the 35 have a blend of owned rigs and rented rigs.

Vikram Kotak - Analyst, Ace Lansdowne
So the

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
EBITDA margin on the owned rig beyond a certain rate is higher- beyond a certain day rate is higher than the EBITDA margin on a rented rig. So historically we have seen that with a blend of 3 owned rigs and 3 rented rigs, we operate in a 35 to 40% margin. That margin profile will continue Uh, we expect that to improve slightly in the upcoming quarters because one of the rigs that we own, which is currently in UAE, Jindal Pioneer, it will commence operations.

Vikram Kotak - Analyst, Ace Lansdowne
And

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
As I said, that margins on owned rigs are higher, so that will get reflected going forward.

Vikram Kotak - Analyst, Ace Lansdowne
Right, right. And Kaushal, one more question on the CAPEX side. What kind of, what kind of, uh, you know, maintenance CAPEX? Are you acquiring any more rigs next, over the next 2-3 years? Can you give a little color on the both, uh, you know, uh, concurrent CapEx as well as the, uh, you know, uh, maintenance CapEx as well as the, uh, buying any new, new rigs?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
In terms of buying rigs which are outside of the Jindal Group, we are not doing that right now. However, what we had communicated to shareholders few years ago, and we had started this

process in 2019, is that rigs owned by Singapore entities will eventually be bought over by Jindal Drilling. So currently Jindal Drilling owns 3 rigs, each of which was owned by, uh, by an entity in Singapore. One of our rigs, which is in our joint venture, that rig also we are considering to acquire it. Okay, but that is under discussion and we have not received board approvals yet.

So once we receive board approval for that, we will approach shareholders. But generally speaking, we are interested in buying that rig from our joint venture entity just so that the entire value creation is consolidated within Jindal Drilling itself.

Vikram Kotak - Analyst, Ace Lansdowne
Sure, sure. And, and last question, what is, what is business outlook? Do you see the player like ONGC Oil India [Foreign Speech] domestic players are spending more on the you know drilling exploration and all that [Foreign Speech] is it still a long way to go because we have seen oil price gone up so much, so I heard in between that ONGC is a big capex plan but is it

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
The CapEx cycle in India has started because we are seeing reflected number of years that are being issued. And, uh, that is why all of a sudden when 3 of our rigs were getting dehired towards the initial part of this calendar year, we were not sure how to get them redeployed because CapEx was not happening. That position has changed, and we've received- recently received an order, a contract for one of our rigs, and 2 more contracts are expected in this current contract.

Vikram Kotak - Analyst, Ace Lansdowne
Got it, got it. Okay, great, great. Thank you, thank you very much. Uh, all the best.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Thanks.

Operator
Thank you, ladies and gentlemen. A reminder to all the participants Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. We will wait for a moment. We have a question from Mr. Vikram Kotak from Mace Landsdowne. Please go ahead, sir.

Vikram Kotak - Analyst, Ace Lansdowne
Yeah, yeah, yeah. One more question, uh, just come to my mind that say since you're net cash company and you'll see more cash flow adding up to, uh, balance sheet, uh, what are the- will you step up the dividend dividend rate, or will you, uh, are you at the moment looking for buyback of the shares? What are any plans to deploy the cash?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
So the first plan is to do the refurbishment of the 3 rigs which will,

Vikram Kotak - Analyst, Ace Lansdowne
Okay,

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Go off hire and then get onto a new contract.

Vikram Kotak - Analyst, Ace Lansdowne
That

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Is where some cash will be utilized. In addition to that, we are also planning to buy the rig from one of our joint venture entities. So,

Vikram Kotak - Analyst, Ace Lansdowne
Right,

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Funds will also be required for that.

Vikram Kotak - Analyst, Ace Lansdowne
So what kind of total fund requirement for you, uh, in the next 15 to 18 months, roughly?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
I'd say around, at least around 600 crores would be required.

Vikram Kotak - Analyst, Ace Lansdowne
Yeah. So then you- because, yeah, yeah, because,

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Because, uh When we do refurbishment, we spend anywhere between 60 to 90 crores per rig in

Vikram Kotak - Analyst, Ace Lansdowne
The refurbishment

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Exercise. Right,

Vikram Kotak - Analyst, Ace Lansdowne
Right, right.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
And apart from that, uh, the acquisition of the rig, if that goes ahead, that will also require funds. Entire money will not be paid upfront, but, uh, for your calculation, I think you should take 600 crores would be required, all of which is being invested in core business itself.

Vikram Kotak - Analyst, Ace Lansdowne
Fair point. So your cash flow generation will also take care of the- your CapEx or the money requirement. So you, you don't need to borrow much. You will be a neutral kind of cash neutral over a period of next 24 months, right?

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Correct, sir.

Vikram Kotak - Analyst, Ace Lansdowne
Right. Okay, super. Thank you so much. Thank

Operator
You. The next question is from Mr. Arya Patel from MK Global. Please go ahead, sir.

Arya Patel - Analyst, MK Global Financial Services Limited
Yeah, thank you for the opportunity. So, uh, my question was regarding the order book and how do we, uh, you know, uh, see panning going ahead, uh, as we get new contracts. So I understand, uh, we've got Jindal Pranod, which, uh, is expected to be deployed from, say, FY27 end, and We are expecting more contracts for, say, uh, Rig Watchu 1 and Rig Jindal Star. Uh, so, uh, just if you can throw some color on the order book and how it is expected to pan going ahead as we get new contracts. Thank you.

That is my first question.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Order book as on 30th September stands at, uh, 30- sorry, order book as on 30th September stands at 1,600 52 crores. Once we get a contract for Virtue 1 and for Jindal Star, then this order book will be closer to 2,600 or 2,700 crores, uh, to be amortized over a period of next 3 years. 2,700 crores over an order book of 2,700 crores over a period of next 3 years. Then in about a year's time, we will have Jindal Pioneer going off- sorry, Jindal Supreme going on off-hire, and then we'll get an order for that as well.

So that is the way the order book will shape up. We've put out the bifurcation on slide 6 as to how the revenue will look like based on the orders currently at hand.

Arya Patel - Analyst, MK Global Financial Services Limited
Got it. Thank you for the clarity, sir. And my second question is, uh, around our CAPEX plan. So, uh, what is our, uh, target CAPEX for FY27? And, uh, are we looking at any, uh, uh, rig refurbishment or any other, uh, activity going on in '27? Thank you. That is my last question.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
We will have to do refurbishment exercise on 3 of our rigs- Discovery 1, Virtue 1, and Jindal Star- as these rigs are going on to new contracts in the next 6 months. So before the new contract commences and after the old contract ends, that gap of 3 to 5 months is when the refurbishment exercise has to be undertaken. So for that, we expect somewhere between Rs 70 to Rs 90 crore per rig. In addition to that, there is a discussion of acquisition of a rig owned by our joint venture

company However, board approvals for that has not been received.

Once we, uh, once we do decide to go ahead with it, then we can use the internal approvals for that acquisition.

Arya Patel - Analyst, MK Global Financial Services Limited
Got it, sir. Thank you. Those were my questions.

Operator
Thank you, sir. Participants, a reminder to all, please press star and 1 on your touchtone phone to ask any question. We will wait for a moment. Participants, for asking any question, you may press star and 1. Thank you. A reminder to all the participants, please press star and 1 on your touchtone telephone to ask any question. We will wait for a moment. As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Over to you.

Kaushal Bengani - Deputy General Manager, Investor Relations and Finance, Jindal Drilling And Industries Limited
Thank you, thank you shareholders for joining the call. We have put as much detail as is required in our presentation. In case there are any further queries, please feel free to connect. Thank you.

Operator
Thank you, sir. Thank you, participants and management. On behalf of MK Global Financial Services Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.