



# JAI BALAJI INDUSTRIES LIMITED

Ref : JBIL/SE/2025-26

Date : 19<sup>th</sup> May, 2025

To  
The Manager  
**Listing Department,  
National Stock Exchange of India Limited**  
"EXCHANGE PLAZA", C-1, Block G  
Bandra-Kurla Complex, Bandra (E)  
Mumbai – 400 051  
(Company's Scrip Code: JAIBALAJI)

To  
The Manager,  
**Dept. of Corporate Services  
BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai – 400 001  
(Company's Scrip Code: 532976)

Dear Sir/Madam,

**Sub: Transcript of the Earnings Con-Call held on 14<sup>th</sup> May, 2025**

With reference to the captioned subject, please find enclosed the transcript of the Earnings Con-call for Q4FY25 held on May 14, 2025. The transcript is also available on the Company's website at [www.jaibalajigroup.com](http://www.jaibalajigroup.com).

Kindly take the same on record.

Thanking you,

Yours faithfully,

For **Jai Balaji Industries Limited**

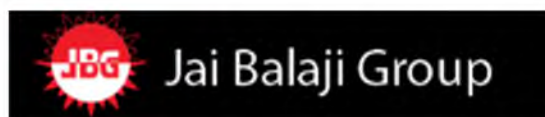
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**Company Secretary**

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CIN - L27102WB1999PLC089755



**“Jai Balaji Industries Limited  
Q4 & FY '25 Earnings Conference Call”  
May 14, 2025**



**MANAGEMENT:** **MR. ADITYA JAJODIA – CHAIRMAN AND MANAGING  
DIRECTOR – JAI BALAJI INDUSTRIES LIMITED  
MR. RAJ KUMAR SHARMA – JOINT CHIEF FINANCIAL  
OFFICER – JAI BALAJI INDUSTRIES LIMITED  
MR. VIJAY KUMAR BAGRI – PRESIDENT FINANCE – JAI  
BALAJI INDUSTRIES LIMITED  
MR. AJAY KUMAR TANTIA – COMPANY SECRETARY –  
JAI BALAJI INDUSTRIES LIMITED**

**MODERATOR:** **MS. SHWETA DIKSHIT – SYSTEMATIX SHARES AND  
STOCKS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Jai Balaji Industries Limited Q4 & FY '25 Earnings Conference Call, hosted by Systematix Shares and Stocks. 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 this 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 Ms. Shweta Dikshit from Systematix Shares and Stocks. Thank you, and over to you, ma'am.

**Shweta Dikshit:** Good afternoon, everyone. On behalf of Systematix, we welcome you to the fourth quarter FY '25 earnings conference call of Jai Balaji Industries Limited. We are joined today by Mr. Aditya Jajodia, Chairman and Managing Director; Mr. Raj Kumar Sharma, Joint CFO; Mr. Vijay Kumar Bagri, President Finance; and Mr. Ajay Kumar Tantia, Company Secretary, to discuss the company's financial and operational performance for fourth quarter and FY '25. I would like to thank the management for giving us an opportunity to host this call.

Now I request Mr. Aditya Jajodia for his opening remarks. Over to you, sir.

**Aditya Jajodia:** Thank you, Shweta. A very good afternoon to everybody. We are pleased to welcome you all to our Q4 and FY '25 earnings con-call. Our investor presentation and financial results have already been uploaded on the exchanges, and we are -- and we hope that you have the opportunity to review it.

Despite the industry-wide challenges and particularly in an environment where there was a slowdown in the government orders in FY '25, I am pleased to share that Jai Balaji delivered a resilient performance and continues to strengthen its core competencies. Our strategic emphasis on the value-added segments of DI Pipes and Specialized Ferro Alloys remain strong and the steady progress being made to expand the capacities and capacity utilizations in these high-margin areas.

Additionally, the Board has approved a proposal to diversify our product offerings also into other pipes and tube segments also, an initiative which will leverage our existing portfolio and tap into new growth avenues. We are also making consistent headway in reducing our net term debt, further strengthening and enhancing the flexibility of our balance sheet.

Before discussing the financial and operational performance, I would like to highlight the following; strategic updates for Q4 and FY '25. Firstly, the updates on the capacity expansion plans. We are actively delivering on our capacity expansion commitments. In Q4 FY '25, our company successfully commissioned an additional 2.04 lakh tons of Ductile Iron Pipe capacity, increasing the total capacity from 3 lakhs to 5.04 lakhs. A further 96,000 tons is set to be commissioned by FY '26.

Also in Ferro Alloys, the capacity is set to rise from the current 1.66 lakh tons to 1.9 lakh tons within the expansion scheduled for completion in Q1 '27. Capacity of TMT Bars also has been increased from 2.6 lakh tons to 3 lakh tons due to debottlenecking capex.

Additionally, one of the blast furnaces has already been revamped and commissioned with the second expected to be completed by Q4 of '26, boosting the total hot metal capacity from 6.3 lakh tons to 7.5 lakh metric tons per annum. Also, the sinter capacity of approximately 9 lakh tons is expected to increase to 12 lakh tons by Q4 '26. And for more information, you can please refer to Slide number 13 of the investor presentation.

Secondly, coming to the updates on the capex plan. We are nearing the completion of our INR1,000 crores capital expenditure plan for the capacity expansion. Of this, approximately INR822 crores has already been deployed and with the remaining expected to be made over the next 12 months. The entire capex will be funded through internal accruals, reflecting our strong financial discipline. For FY '26, we have provided a capex guidance of around INR175 crores.

The company continues to make significant progress in executing its net term debt reduction strategy. We have successfully brought down our net term debt from INR871 crores in FY '23 to INR221 crores in FY '25. We are very pleased to share that our net debt-to-EBITDA ratio for FY '25 stands at 0.25 substantially outperforming our earlier guidance of maintaining it around 0.6 as of March 31, 2025.

Coming to the operational performance. For FY '25, production of all the products showed an increasing trend, except for TMT Bars. The production for Ferro Alloys and DI Pipes increased by 8% and 17%, respectively, and sales for Ferro Alloys and DI Pipes increased by 1% and 8%.

On the realization front, realization for almost all the products showed a slight decreasing trend. On a quarterly basis, the production of DI Pipes should stable and Ferro Alloys dropped on a year-on-year basis, where sales for both showed an increasing trend as Q-on-Q and Y-o-Y basis. Realizations showed a decreasing trend.

Coming to the financial performance. On an annual basis, the revenue and EBITDA showed a drop owing to sluggishness in the market. Despite these challenges, I'm happy to share that our gross profit annually stood at around 14%. The margins stood at -- it was 26% -- sorry, I just goofed up my numbers. The gross profit was 36%, the EBITDA was 14%, margins were 33% and the return on equity was around 26%. On a quarterly basis, the revenues increased on a Q-o-Q basis. However, EBITDA and PAT decreased.

In conclusion, as we look ahead into FY '26, we are optimistic about the potential rebound in the government ordering activity. With this encouraging outlook, we are targeting revenue growth of around 25% to 30%, EBITDA margins in the range of 16% to 17% and DI Pipe production surpassing 4 lakh tons.

We remain fully committed to leveraging our core strengths to drive sustainable growth and respond effectively to the evolving needs of both domestic and international markets. Backed by our enhanced capacities and strong financial foundation and an experienced leadership team, Jai Balaji is very well positioned to create long-term value for all stakeholders.

We can now open the floor for questions and answers. Thank you.

- Moderator:** The first question is from the line of Shlok Bhartiya from Svan Investments.
- Shlok Bhartiya:** Sir, I just have few questions. Sir, you gave a guidance for FY '24 regarding revenue. What's the guidance for FY '26 revenue and EBITDA?
- Aditya Jajodia:** We have given a guidance of 25% increase in next year and EBITDA margin of 16% to 17%. What we have achieved in last year, the current financial -- previous financial year, was 14%.
- Shlok Bhartiya:** And sir, the DI Pipes production volume would be less in FY '25. Can you please explain the major reason for this? And are you confident about achieving the target in FY '25?
- Aditya Jajodia:** I don't understand what is the question, because the voice is not coming clear. Can you repeat your question?
- Shlok Bhartiya:** Sir, in FY '25, you missed the DI Pipe production volume, right? So what's your target for FY '26? And will you be able to achieve that?
- Aditya Jajodia:** We achieved 2,82,000 in FY '25. And as per the internal assessment, we should be able to produce 4 lakh tons of pipe in the next financial year, the current financial year.
- Moderator:** The next question is from the line of Manav Gogia from YES Securities Limited. Please go ahead.
- Manav Gogia:** Sir the first question is on the Ferro Alloys division, we are currently taking a capacity expansion. If I recall, we were scheduled for this capacity expansion to get completed in early FY26. And now the presentation mentions it adds Q1 FY27. Could you just highlight the reasons behind the same?
- Aditya Jajodia:** Actually, this project was a little bit delayed because of some very critical equipment, which was to be coming from China. So there were some issues at the Chinese supplier's end. So some issues happened over there because it was a -- what we were trying to develop here was slightly innovative and it was one of our path breaking technology. So some changes were required from our end also and at their end also. So this has been delayed a little bit.
- Manav Gogia:** Okay. Sure, sir. Sir, just following up on the Ferro Alloy segment. One thing I wanted to know is that our utilization rates are lower than what the current capacity is. And we still continue to take some expansion plans for the segment. So, can you just give me what sort of sustainable capacity utilizations are we targeting for the Ferro Alloy segment?
- Aditya Jajodia:** Since we are making specialized Ferro Alloys, the capacity utilization we expect to be within the same range. It might also go down by a few percentage points as we increase the specialty grades of Ferro Alloys. The value goes up, but the absolute production figures might go down a bit also depending on the value addition.
- Manav Gogia:** And sir, just another follow-up question. It was much more on your opening remarks where you mentioned that FY25 saw that there was a temporary slowdown in the government orders. Could you -- give some details on the same and what do you expect how it's shaping up for FY '26?

- Aditya Jajodia:** See, what had happened in the last year, prior to the elections the government was in a very, I will say, easy spending mode. Post elections, though the same government was in place, but a lot of spending actually on the ground got a little bit constrained and also because of the many social schemes which were floated by many of the state governments, a lot of money as you all know, was diverted to these funds.
- So -- because of this, in some sectors the spending actually slowed down. So now what we are expecting is that with the financial year over and with the new budget being announced, so now accordingly the government will be able to take our course of path correction to rectify these things. And the order books should be robust from here onwards.
- Manav Gogia:** Got it, sir. Thank you so much. I will join back the queue for more. Thanks.
- Moderator:** Thank you. The next question is from the line of Pujan Shah from Molecule Ventures. Please go ahead.
- Pujan Shah:** Sir, my first question would be on the industry side. So if you are considering the JJM we have seen that there was a slowdown as you mentioned in your remarks.
- Aditya Jajodia:** We are unable to hear you.
- Pujan Shah:** But recently the government also increased the execution for JJM roughly around **[inaudible 14:32]** crores. So, do you feel any green shoots being happening on the ground right now in Q1 FY26 onwards and that could help us to get a good order book on DI pipes?
- Aditya Jajodia:** You are not audible.
- Moderator:** Sorry to interrupt sir, but your voice is breaking. Could you please move to a better reception area, Mr. Shah.
- Pujan Shah:** Sir my first question would be on the JJM side. So we know there was a slowdown in the JJM for the last few months and recently the government also increased the budget and the capex for the JJM side. So is that the green shoot been visible or the more on the idea is to understand that the current budget which the government has allocated is sufficient to get revamped in the JJM?
- Aditya Jajodia:** Yes, absolutely because with this budget and if the money is actually spent on the ground, then this is enough money to cover the necessary demand and supply. So actually, what has happened last year also towards the second half of last year, over the last 6 months, the spending slowed down a little bit but now the signal which we have from the market is that from here on -- things will be better.
- Pujan Shah:** Okay. Got it, sir. And sir, recently, we have seen that we are foraying into OPVC pipes. Now just wanted to understand as we understand that this is the replacement for the DI Pipes. So just wanted to understand on a broader aspect. So a few quarters back when we had a con-call, the OPVC pipes segment was not been encouraged so much. So what -- what the dynamic has

been changed right now and is that the adoption being very strong or how is the situation right now?

**Aditya Jajodia:**

I'll explain. See, the stand which we have taken is that OPVC pipes like in India, we have a lot of pipe materials. We have HDPE, we have PVC, we have OPVC, we have LSAW, we have SSAW, we have steel pipes, we have cement pipes, [inaudible 16:57] pipes, we have DI Pipes also. So every pipe has a different application and a different life cycle.

So in DI pipes, we will continue to expand and we will continue to be our main business. This OPVC pipe, this is a new alternate material which has been developed. In all probability, this demand for this has now been tested and this is not going to eat into the demand of ductile pipes.

If at all, it is going to have some market share, it will take something from the steel pipes, mostly from the plastic pipes or the HDPE pipes because the pressure resistance of the OPV pipes it is very low for very high-pressure applications and for high life cycle applications, it will still not be suitable, but the -- us to go into this was that most of the buyers of the ductile iron pipes are the government bodies and also the buyers for the other pipe materials also like OPVC or plastic or steel, etcetera. It is also the government.

So the company saw that it may be an opportune time to enter another segment of pipe also so as to ultimately enter more aggressive products to the customers same set of buyers.

**Pujan Shah:**

Right. Sir just wanted to understand more on this part. So as you know that there is a constraint in the supply of equipment right now because one of our key supplier, which is a Spain technology, Spain player is -- they have a supply crunch. So when are you planning to expand this space and what capex we will spend in this area in terms of lines, in terms of MTPA?

**Aditya Jajodia:**

To be very honest, our current capacity for OPVC is very small. We are starting with initial capex of less than \$2 million and our total capex will not be over INR100 crores across a few years. So it's a very, very small module and the expansion in OPVC is not very, very large. The basic idea was that we have some marketing synergies and we have some loyal customers who want DI as well as some OPVC pipe for the projects. So we're having a basket of products to cater to the customer needs.

**Pujan Shah:**

Right, sir. So the technology what we have been procured is the domestic, sir, right?

**Aditya Jajodia:**

Technology, we will not be comfortable discussing now. So once our production is online and once we enter the market, we'll be able to inform better about that.

**Moderator:**

The next question is from the line of Rudraksh Raheja: from itthought PMS.

**Rudraksh Raheja:**

I wanted to ask about which sizes is this OPVC competing with DI pipes? And what percentage of DI pipes market share can be taken by OPVC?

**Aditya Jajodia:**

Yes. So the OPVC pipe facility we are putting -- it's just one line that too for small dia. As mentioned earlier, we do not expect OPVC to largely eat into the market share of DI. We

expect this to first enter the market as a replacement for the HDP pipes. Obviously, saying that there might be a very small portion of DI replacement, but that is not something which is our target goal. Our goal is to again cater to who want both DI and OPVC.

**Rudraksh Raheja:** Got it, sir. And sir, compared to DI pipes, the installation of OPVC cost more or less? And if you could highlight the number for us?

**Aditya Jajodia:** The exact numbers, we are -- not aware of. But the entire life cycle assessment cost, which the government had said was that the steel DI pipes is the cheapest pipe material in India for that pressure application. I answered your question.

**Rudraksh Raheja:** Yes, sir, compared to this, if you could highlight how much would be the cost difference?

**Management:** There is no such comparison because OPVC has a pressure rating of less than 15 kg, whereas the DI pipe pressure rating are more than 50 kgs. So we cannot have a cost comparison directly. Generally, plastic pipe always will be cheaper to the steel pipe, but you cannot have a cost comparison.

**Rudraksh Raheja:** And sir, regarding demand of DI pipes in the current market, has government funds started to release?

**Aditya Jajodia:** After the budget, now the funds will be released in a couple of months and the demand has already started coming up and now the discussions also start happening.

**Rudraksh Raheja:** Good to hear that, sir. Good to hear that. And sir, what is the profitability EBITDA per ton in DI pipes today? And where do you see this settling once demand revise?

**Aditya Jajodia:** For the last year FY '25, the ductile iron pipe, we had an EBITDA per ton of INR19,000. It has come down slightly. But what we -- we assume over here, and we budget also that this is probably the lowest level, and things should improve from here.

**Rudraksh Raheja:** And sir, where would you go this number? Meaning any upside that you see potential that we could attain here?

**Aditya Jajodia:** Upside, if the market is good and say the demand comes back and whatever committed expenditure that the government has announced. If that is spent, it should be somewhere in the region back up to INR23,000, INR24,000, which we had already achieved in FY -- first 2 quarters of this current financial -- previous financial year.

**Rudraksh Raheja:** Understood. And sir, what is our capacity utilization in DI pipes at this point of time?

**Aditya Jajodia:** Capacity utilization, just give me a second, I will come back. The last utilization on a weighted average basis was about 90% because the plant was commissioned in the second half. And current year, we are projecting approximately 80%.

**Rudraksh Raheja:** Got it. And sir, are we planning to export DI pipes as well like we do with Ferroalloys?



- Aditya Jajodia:** Yes, of course, we are also exporting DI Pipes, and we will be expanding further on the export market as we are doing for Ferroalloys?
- Rudraksh Raheja:** Understood. Sir, could you throw some light on your raw material prices? And you could let us know average iron ore and coal cost for even FY '25? And how is it trending in this Q1 FY '26?
- Aditya Jajodia:** So our major raw material, as we know, are coking coal and iron ore
- Rudraksh Raheja:** Yes, sir.
- Aditya Jajodia:** Prices are more or less flat. They might be different from maybe INR2000 per ton plus or minus on a Q-on-Q basis, but on average, more or less flat. And coking coal prices, we are projecting it to fall by \$10 compared to the previous year.
- Moderator:** The next question is from the line of Radha from B&K Securities.
- Radha:** Sir, my question was you mentioned to the previous participant that government is the key customer and the customers now want both DI and OPVC. So just wanted to understand which states are demanding OPVC currently? And in OPVC, how much capacity are you targeting in the next 3 years? And how long will it take for you to set up the capacity?
- Management:** On these marketing questions, we can answer later, but currently, only a couple of states have already introduced OPVC. And last -- this is also replacement of plastic. And in the near future on the capacity, once we start, we will be ramping up slowly, as you told earlier. So once we can come then -- maybe the next con-call, we will give you the capacity what we're planning ahead.
- Radha:** Secondly, apart from OPVC, are there any other pipes that we are looking into? And if yes, how much are we planning to invest there?
- Aditya Jajodia:** Our major focus will be ductile iron pipes only. As we have told earlier that from current production levels, we are further expanding in this FY '26 by 1 lakh ton. So our installed capacity from 5 lakh tons will be 6 lakh tons in FY '26. So our main focus will be ductile iron pipes only.
- Moderator:** The next question is from the line of Koustubh Shaha from Wallfort PMS.
- Koustubh Shaha:** I had one question on the margin front. So basically, if you -- so our Q4 margins have come down. Obviously, the realizations are down and the raw material cost is up. And we are guiding for a 16% still EBITDA, whereas 8% EBITDA is what we have clocked in Q4. So what will change in the ensuing year, which gives us confidence that this will turn around, both on the realization front and the cost front? That is my first question.
- Aditya Jajodia:** If you look at 4 quarters of the last financial year, you'll see the answer will be in front of you only. The prices have come down by INR5,000, INR6,000. And that is only because of the demand being low. Once the demand is back, the prices are going to go back to the same level.

And as we are talking about only quarter 4, the margin has come down to 8%, 9%. It also includes the inventory losses.

When the prices come down, there are inventory losses which also have to be booked in the quarter itself. So it is a cumulative impact of the prices coming down and some of the inventory losses that we had to book.

**Koustubh Shaha:** Okay. Got it, sir. This was helpful. Secondly, on the working capital front, we have seen the working capital increasing in the Q4. So my question is whether it will be at this level only or we see working capital again coming off? Or was this more of a Q4 phenomenon? I just wanted to understand.

**Aditya Jajodia:** No, once the demand is slightly low and we have continued the production probably at 90% of the same level, the inventory pile up is there. We have orders. Orders are -- have been placed. They have to pick up the quantity and they have to arrange the LC and BGs. We are waiting for that. Once that is completed, the orders will pick up. The inventory build-up is there. It is inspected and it is waiting for delivery.

**Koustubh Shaha:** Okay, great. Yes. And the last question from my side, you mentioned some previous participant regarding the ferro alloy capex being delayed because of the machinery or critical machinery not coming from China. But now whether that problem has been sorted and everything is on track for the capex now?

**Aditya Jajodia:** The problem has been sorted, but the supply chain will take some time to deliver it and we're expecting to start the plant by Q1 of next year.

**Moderator:** The next question is from the line of Divesh from Finterest Capital.

**Divesh:** Congratulation on a good set of numbers. Sir, my first question is related to the EBITDA margin that you have said about 16% to 17%. So what's the strategy for this -- how will you clock this kind of margins?

**Aditya Jajodia:** The 16% to 17% margins and currently for the last year, it is 15%. And on the higher side, it was 19%, 20% also for some of the quarters. So 16% is not a number which is not achievable. This is the estimation that the management has taken. It will be achieved in the current financial year as we think one quarter here and there.

**Divesh:** Okay, sir. Sir, my second question is regarding the receivables and payables. It has been increased and it is affecting our working capital. The working capital has been increased almost by 2x.

**Aditya Jajodia:** To be very frank, what has happened is infrastructure players who are some of our buyers, their payment from the government is also delayed. So that has -- some of the government payments are also delayed and it always happens before the budget and gets resolved once the new budget is in place and the disbursement starts to happen. So this should come down by the end of this quarter.

- Divesh:** Okay, sir. Sir, if you can provide segmental EBITDA per ton for your segment, sir?
- Aditya Jajodia:** I have the yearly numbers in front of me. Sponge Iron was [inaudible 0:33:20] per ton. Pig Iron was INR4,000. Ferro Alloy on a blended basis was INR20,000. Billets/MS ingot was INR2,000. TMT Bar was INR4,000 and Ductile Iron Pipe was INR19,000.
- Divesh:** Okay. And sir, my last question is regarding depreciation as our plants are getting commissioned. So what would be the depreciation going forward, sir?
- Aditya Jajodia:** Our current depreciation -- for the last financial, it was INR63 crores -- INR94 crores as compared [inaudible 0:34:04] in FY '23-'24. Once all the plants are commissioned, it can go up to INR105 crores, INR110 crores, an increase of INR10 crores to INR15 crores.
- Moderator:** The next question is from the line of Shweta from Systematix Shares and Stocks. Please go ahead.
- Shweta Dikshit:** Sir, a couple of questions. First, relating to the DI Pipe expansion. Could you just verify, we are expanding DI Pipe to 660,000 tons or 6 lakh tons by the end of FY '26?
- Aditya Jajodia:** It is 6 lakhs.
- Shweta Dikshit:** 6 lakh. Sir, it was earlier planned to be 660,000 tons.
- Aditya Jajodia:** We have procured 2 of the spinning machines, which are the higher die side and we have finalized it. That's only.
- Shweta Dikshit:** Understood. Sir, second question is on your capital allocation policy going forward, because we are yet concluding our existing capex and our target we've been on track in terms of debt reduction, but there is still residual capex to be done for this DI Pipe expansion as well as Ferro Alloys also stands extended to first quarter FY '27.
- So could you just highlight why are we -- as of this point, expanding into OPVC while the existing capex is already going on? And when are we expecting to break ground in terms of the OPVC expansion? Also, what can be your annual capex for the next 2 years? And where are we looking to -- how are we looking to fund it? And what are our debt targets for the next 2 years?
- Aditya Jajodia:** This was like too many missiles -- too many drones at the same time. It was like swarm of drone attack, too many. Okay. So if I hear you correctly, number one, I will just answer them not one by one, but I think in [inaudible 0:36:27]. The most important thing is that, madam, is that OPVC, it has been given a lot of weightage today, I think in today's call.
- OPVC, the investment which we are making is very, very negligible. As we just mentioned, it is around INR25 crores, INR20 crores only. It's a very small investment just to see that what is the potential of this material to replace the plastic, and if at all we can open up a new segment in the near future or not.

If succeed, then probably we will be looking at something next year, if not. And if we see the liability otherwise, we may drop it entirely. As of now, we can consider it to be a very, very trial product for Jai Balaji. So let's not attach -- let us not attach a lot of importance to OPVC at this moment of time, number one.

Number two, regarding the capex plans. The capex plans out of the balance capex plans, it is only INR170 crores, INR180 crores which is now pending. And as we have already declared earlier also, the entire capex that has been funded are internal accruals only. So you must have seen in our cash flow statement that whatever cash flow we generated last year, so out of that, after repayment of the term loans, whatever remained, 50% of it went into enhancement of working capital, 50% of it went to new expansion in terms of capex.

This year, the capex figure is low so the majority of the money will be going towards -- firstly towards the repayment of the debt. The second will be complete the capex. And also wherever it is required, we will be enhancing the working capital also to improve the profitability. I think I answered your questions or is there anything else to be answered on this?

**Shweta Dikshit:** So out of the INR170 crores, INR180 crores capex, this majority of it is likely to come this year itself, that is FY '26?

**Aditya Jajodia:** Majority will come this year only.

**Shweta Dikshit:** Okay. And debt will -- I mean, what's your target net debt number now?

**Aditya Jajodia:** The remaining repayable debt is only INR221 crores. The capex is INR175 crores. That adds up to INR350 crores, INR375 crores. So that we will phase it as per the cash flow available. Second, what has also happened here working capital has -- the inventory and the debtors has absorbed a lot of -- surplus requirement was there and they have absorbed some of the cash. Once that is released, it will be available.

**Shweta Dikshit:** Understood, sir. Thank you so much for the detailed answer.

**Aditya Jajodia:** You must have seen the historical numbers. Last year, we did a cash flow EBITDA income of INR800-odd crores. Out of that INR350 crores has been spent in debt repayment, plus/minus INR5 crores. INR350 crores has been spent in capex and balance INR100 crores is for working capital increase. The same thing is going to happen. We have a debt of INR221 crores. Out of that, approximately INR175 crores will be paid in the current financial year and the balance in next financial year.

As far as capex is concerned, it will be INR175 crores, even if we have to do the entire capex. So that both adds up to INR350 crores. Last year and previous to that year, we have done a cash flow EBITDA of approximately INR850 crores of average. I think that answers your question.

**Moderator:** The next question is from the line of Saket Kapoor from Kapoor & Co.

**Saket Kapoor:** Sir, firstly, as you alluded to the fact that a lot of -- time has been spent on OPV. So sir, if you could just give firstly on the DIP landscape currently, sir, what is the current capacity in India, currently taking the entire geography, North, South, East, West and utilization levels for the industry? And the new capacity that we are anticipating for the current 2 financial years? If you could give us the thought process firstly on that?

**Management:** Currently, the India capacities in the last 2 years have been the same, output has been the same. Some additions were there. But due to the fund scarcity, they couldn't materialize in terms of output. And seeing the current numbers and the current requirement of funds and everything, I doubt any further expansion is going to happen in the near future. So only the existing players which are there will be doing the work. No new players are expected soon.

**Aditya Jajodia:** As we mentioned in the last con-call to you only Mr. Saket you asked the same question, as I remember to put up a new capacity of DI plant would mean a very huge capex. It takes a lot of time. It is a very time consuming process of 3 years, 2 years at least possibly to 5 years. And also it requires a huge capex. So it is not that somebody would imagine that the addition has to be done today and it will be done in 6 month to 1 years.

The existing players who are able to do the brownfield, who have the plants, are able to do it. Apart from that, no one has a special plan and it is not going to come immediately. What is happening is that in the immediate future, we are not foreseeing any new players entering into the market.

And the existing players also, whatever they are announced, whatever in the way of being added that will be added. As far as we look at it, what you asked in the next 2 years, probably another capacity addition of, say, around 12 lakh tons to 15 lakh tons will be added at most over the next 2 to 3 years.

**Saket Kapoor:** Okay. And sir, as you also mentioned that there was some slackening of order -- slacking of response from the government side in terms of order tendering and release of fund. So post the budget and the new financial year, how -- have we received any further new orders in any of the schemes? And what are -- how are the realizations currently shaping up in terms of the raw material prices being softened? How have the price trends been for the DI pipe sales realization?

**Aditya Jajodia:** Sec, in terms of new orders, the new orders, most of the orders they are in the pipeline and all the parties are ready to place the orders. They are also realizing that it is a very good time to place the order. But what has happened is that for the last 3, 4 months, the fund flow to these particular projects and to the infrastructure contractor, it has been actually very slow.

You might have seen that even in Maharashtra you must have read in the papers only -- I mean just for example, is that the Maharashtra Government, it is withholding contractors payments, whether be it in pipe projects or whether be it in water projects or whether it be road or whatever.

So there has been a slowdown of government spending a little bit. But now with -- after the budget, now we are expecting that in the month of May and June, things will be normalized

from here onwards. So with that, the order flow should be more than normal because the last 3, 4 months, order booking has been slack. So from here, it should be picking up.

In terms of realization because of this slow inflow of orders, naturally the realizations at this moment of time, prices have come down to a slightly lower level, which we feel is that we are very close to the bottom. And as soon as the funds are released and the demand gets released, prices -- it should come up.

But the advantage which we have is that we are a very low-cost producer, so the drop in prices by 3%, 4%, 5% does not bother us much. This is something which always factored when we are considering the average margin. We have not taken a very aggressive margin projection.

**Saket Kapoor:** Okay. So you are -- for the new orders where we are tendering, we are seeing a 4% to 5% lower bid than what the average had been earlier. This is what the understanding should be?

**Aditya Jajodia:** By and large. Somewhere 4%, 5%, somewhere 6%, that's it.

**Saket Kapoor:** Okay. Now sir, coming to some of the questions for the financial part. Firstly, sir, on the tax front, we are only paying closer to INR4 crores in terms of the direct taxes as the cash flow speaks. So if you could just explain to us the current advantage we have and when we will be paying the max taxes and some clarity on the same?

**Management:** As far as cash flow, the tax is concerned, we started the last financial year with INR1,000 crores carry-forward tax losses. Out of that, INR750 crores, INR800 crores has been consumed. And still we have started this current financial year with a carry forward tax loss of INR250 crores. After the profitability of INR250 crores, we will be in normal taxation.

**Saket Kapoor:** Right, sir. And lastly, on the capacity addition. So for this financial year, sir, we are expecting tonnage closer to 4 lakh tons for the DI pipe on a capacity of 5 lakh. This is what you have guided?

**Aditya Jajodia:** There also, what we are trying to say is we have announced a conservative number and we'll see how the market moves in next 2 quarters, 3 quarters. We'll be meeting every quarter. If there is any adjustment to be made to that number, we'll definitely make it.

**Saket Kapoor:** Okay. Sir, and last point, one of the players in the industry in the earlier call was also alluding to the fact of coming up with HAM type of projects where equity would be there for the companies who will be participating in the DI pipe procurement part. So have we heard anything in the new tendering process wherein the center share is going down and the HAM type of story which is there in the road and also to be replicated in the DI pipe model also, sir? Any color you want to give on the same?

**Aditya Jajodia:** This is something new to us, but the HAM is a very long story has been discussing over the past many years of many departments and tendering bodies. But till now in India, this HAM is not a successful model yet. And I doubt that any of the competitors and the producers would be likely to go ahead with the HAM scheme.

**Saket Kapoor:**

And lastly, sir, so much has been spoken about the government finances strain and diversion of funds towards other 'non-productive activities' if I may use so. Sir, do you think that the best of the time for this Jal Shakti, Jal Jeevan scheme or the interlinking, which is not even the strategy of not get, the best time is back for us?

And now sir, SGA scheme benefit to get to the players is -- forward. Is the best of time for the DI pipes in terms of margins, in terms of the availability of orders, is behind, or now things may look better from here? And also, on the interlinking of river part of the story, if you could just share your thoughts in terms of the Ken-Betwa project and the others, which we can see in the website of The Government of India. So where are things in these 2 aspects, sir, if you could just clarify?

**Management:**

As you have rightly said that there is a lot of scope coming up in the last 6 months, work has done in the entire country. So, on a Pan-India basis, people know that the government knew that the JJM is not going to end soon. This is the reason JJM has been extended in 2028. And if the state funds are released from the center, the equivalent funds will be released from the states as well.

There are a few major states where about 40% of tap corrections are still pending. And apart from JJM, as you have said, interlinking projects, Ken-Betwa backup projects have already started procuring pipes, and orders have been placed to the contractors, and further procurement of pipes will happen soon.

Apart from the interlinking of rivers, there is also AMRUT 2, where there will be further funds coming up in this budget. INR10,000 crores have already been allocated in the AMRUT scheme. And irrigation is one major part where you'll be seeing demand coming for DI pipes. We are also working ahead to work on the power and the industrial belt, where you'll see that DI pipes will be further used in the power industry and the industrial part as well, but there's a lot of scope left which can be explored.

**Operator:**

The next question is from the line of Pujan Shah from Molecule Ventures. Please go ahead.

**Pujan Shah:**

So, if we wanted to break the DI industry into 2 parts, so let's suppose if the industry is under 400 mm versus above 400. So, can you give us the actual size of -- and the market -- the segment or market is growing between both the things?

**Management:**

This is a detailed question. As per the general mix, which has happened in the past year, it is going to happen the same way. There are different areas where you have the rivers coming to the main segment, the bigger pipes or smaller pipes. So, the ratio remains the same. It is on the projects and different sites where the demand is coming up.

So, we can give you a detailed answer once you mail us your particular query, so you can give a answer later. But there are tonnage, there are meters that cannot be given across the call. So, we can give a detailed answer later. So there are tunnels, there are meters, cannot give you across the call. So, you can give me a detailed question we'll answer your query.

**Pujan Shah:** Sure, sir. Done. So, just wanted to understand a broader aspect is that, that ratio would remain at 50%-50% considering the last year's tendering?

**Management:** It cannot be commented. Marketing, it's a very typical marketing question. Our business development team will sit with you and give you the -- actual answer.

**Moderator:** The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

**Saket Kapoor:** Yes, sir. Sir, if you could give us some color on the order book currently, the pending order book for DIP, and our expected tonnage for the ensuing quarter, sir?

**Management:** The current order book in hand, we have already 145,000 tonnes order in hand. As they have given you an annual target of 4 lakh tonnes, so we are reaching that. And then as soon as the funds are released from the government, the capacity and the output will be increased on a month-on-month basis.

**Saket Kapoor:** Okay. And you also confirmed that for the first 45 days of this current financial year, we haven't bagged any fresh orders in DIP, the order booking?

**Management:** Yes, yes, we have done order booking for the first 35 days also.

**Saket Kapoor:** So, in that case, the pricing is 5% to 6% normal -- lower than the previous quarter. That is what you were questioning? Or if you could give us some color how the pricing has been for this current financial year.

**Management:** Just wait for the quarter, 35 days orders have come. We can't disclose the exact price at which we have taken the orders. But on a quarter-to-quarter basis, the 5% to 6%, there's a reduction of prices. And don't worry, whatever projections we have done, this is a conservative figure on a year-on-year basis. So, the prices are already at the bottom level, this will improve as the funds come up and further production are increased.

**Saket Kapoor:** Correct, sir. Sir, on a Q-on-Q basis, when we look at our financials, we find the other expenses have moved up from INR298 crores to INR331 crores line item other expenses. Can you explain the -- this reason? And when we compare Q-on-Q, any one-off items we have, that we need to factor?

**Aditya Jajodia:** That we have to go in detail. I will not be able to give you the answer right now because I don't have the exact breakup in front of me.

**Saket Kapoor:** Okay. Then I'll take offline and speak to the team.

**Aditya Jajodia:** By tomorrow morning, I'll be happy to answer.

**Saket Kapoor:** I'll take it forward, sir. And thank you once again for the elaborate discussion, and we hope that things do start tending towards better for industry going ahead.

**Aditya Jajodia:** Thank you.



**Saket Kapoor:** Thank you, sir, and all the best. Namaskar, sir.

**Aditya Jajodia:** Thank you.

**Operator:** Thank you very much. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Aditya Jajodia:** Thank you, everyone, for joining the call today. We trust that we have addressed all your inquiries to your satisfaction. In case you have any remaining unanswered questions, please don't hesitate to contact our Investor Relations agency Go India Advisors. They will be more than happy to assist you further. Thank you.

**Operator:** On behalf of Jai Balaji Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.