

Jindal Drilling&Inds

10 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Jindal Drilling & Industries Ltd. Q1 FY27 earnings conference call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference call over to Mr. Varatharajan from Antique Stock. Thank you, and over to you, sir.

Varatharajan – Antique Stock Broking Limited: Thank you, Vikram. Good afternoon, ladies and gentlemen. It is a pleasure to welcome you all to this first quarter FY27 earnings call of Jindal Drilling & Industries Ltd. We have the management of Jindal Drilling with us. I request Mr. Kaushal from Jindal management to give his opening remarks. Over to you, sir.

Kaushal – Management: Thank you, Mr. Varatharajan. Good afternoon, shareholders, and thank you for joining our earnings call. The first quarter of FY27 was fairly good for the company. The key development, apart from the financial results, has been the receipt of a contract from ONGC for one of the rigs owned by Jindal Drilling. That rig is currently under refurbishment in the UAE, and we expect to deploy it as early as October 2026.

Apart from that, the results were broadly in line with expectations. We remain the largest offshore jack-up drilling contractor based in India with ONGC. We have 5 rigs on long-term contracts that are currently deployed with ONGC, with the 6th rig having recently received a new contract.

In the presentation, we have provided the order book and bifurcated it rig-wise and day-rate-wise so that one is able to assess how the revenue will shape up going forward. The order book stands at 1,310 crores, and we have also bifurcated the order book year-wise.

A key point to note here is that 3 of our rigs are expected to be de-hired within the current financial year. Out of the 4 rigs that were more or less getting de-hired in the current calendar year, 1 has recently received a contract, and we are hopeful that we will get contracts for the remaining 3 rigs as well. For Discovery 1 and Jindal Star, there has been a slight extension in the duration of the contract, which we have also provided in the presentation.

On the financial highlights, revenue is broadly constant with the previous couple of quarters. The dip visible in the 3rd quarter of FY26 was on account of a reversal of other income that we had booked in the 2nd quarter of FY26. EBITDA remains in line. The variation in EBITDA is primarily on account of the variation in other expenses, which is caused by forex fluctuations that were more prevalent in the last quarter of the previous financial year and less prevalent in the 1st quarter of the current financial year.

On the next slide, we have provided the profit and loss comparison and followed it up with the annual financial highlights. The EBITDA mix is given on the subsequent slide, with most of the EBITDA coming from the rig segment.

We remain a cash-rich organization despite having acquired one rig in FY25 and conducting a refurbishment exercise for that rig. We expect the cash position to improve going forward. That

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concludes the presentation, and I would now request Mr. Varatharajan to kindly open the session for questions.

Varatharajan – Antique Stock Broking Limited: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Pankaj from Avis Capital. Please go ahead.

Pankaj – Avis Capital: Hi, good morning. I have 2 quick questions. One is regarding the 3 rigs that are due for expiry in 2026. I wanted to understand the likelihood of these contracts getting renewed. Are we expecting any idle time for the renewal, and what rates are we expecting for the renewal of these rigs?

My second question is regarding the capex we have actually spent on the refurbishment of Jindal Pioneer. I believe this is being done in the UAE. Are we on track to meet the Q3 deadline that we have agreed with ONGC?

Kaushal – Management: On the first question regarding the de-hiring of the 3 rigs, which is expected in the later part of this year, there will be a refurbishment period of 4–6 months once the rigs get de-hired. During that 4–6 month period, there would not be any revenue accruing to us because the rigs would be under refurbishment.

The likelihood of the rigs getting redeployed is fairly good, subject to whatever nuances our customer keeps introducing at various points in time through various tenders. Despite that challenge, we remain fairly confident that we will be able to redeploy these 3 rigs. The rate is something on which I cannot comment because, if you look at our order book on Slide 5, you will see a significant fluctuation in the day rates despite these rigs getting redeployed in a similar time period.

On the refurbishment of Jindal Pioneer, we have spent a fairly decent amount through our joint venture, but I would not like to comment on how much we have spent. We expect the refurbishment exercise to be completed by the 1st week of September, and deployment of this rig to take place in October.

Pankaj – Avis Capital: Thank you for that. One possible outcome could be that our H2 revenue will be severely impacted because 3 out of 6 rigs would be out of revenue in H2. Is my understanding correct?

Kaushal – Management: Yes, that is absolutely right. These 3 rigs will get de-hired and go into refurbishment, and no revenue will accrue until they are redeployed. Therefore, revenue will decline in the 2nd half of this financial year.

However, I do not believe that EBITDA will decline in proportion to the decline in revenue because, right now, we are earning most of our EBITDA from the rigs that we own or from the rigs that are deployed at a good rate.

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We will have the de-hiring of Discovery 1, which is a rig that we own. We will have the de-hiring of Virtue 1, which is a rig that is rented but at a good rate. We will also have the de-hiring of Jindal Star, which is a rig that we have rented but which is not at a good rate.

Therefore, although there will be a decline in revenue, it is not going to be as severe on the EBITDA line.

Management: The decline in earnings from the 3 rigs would primarily be from 2 rigs. Therefore, earnings will not decline in proportion, and you might even see an increase in the EBITDA margin, although absolute earnings would see a decline in the 2nd half of the current financial year.

Pankaj – Avis Capital: Understood. Would it be possible for you to give us a number in terms of the revenue deficit we are going to see? I am not sure whether we should call it a revenue loss or not, but whatever that deficit is going to be, what would be the corresponding EBITDA deficit that we might see because of this?

Management: You can make that calculation because the order book has been bifurcated year-wise in Slide 6 of the presentation. That will broadly be the revenue for the relevant financial years until a new contract is received.

We have guided earlier that you should target a blended EBITDA of 35%. I think you will be able to make a fairly accurate assessment of how the revenue will shape up in the 2nd half of the current financial year.

Pankaj – Avis Capital: Understood. Thank you for this. I have some more questions, so I will rejoin the queue. Thank you.

Management: Okay.

Operator: Thank you. Ladies and gentlemen, before we take the next question, a reminder to all participants: if you wish to ask a question, please press star and one. We will take our next question from the line of Gaurav Ashok Bhansali from Augment Enterprises. Please go ahead.

Gaurav Ashok Bhansali – Augment Enterprises: Good morning, sir. I wanted to ask you about the recent order win for Force. It states a day rate of 45.83 lakhs. Will we be able to benefit from the depreciation of the dollar or the depreciation of the INR, or is it at a fixed day rate of 45.83 lakhs?

Management: It is at a fixed day rate of approximately 45 lakhs. This contract was denominated in INR.

Gaurav Ashok Bhansali – Augment Enterprises: Thank you for that. I also wanted to ask how many rigs are available for hire in the market apart from those in our portfolio. That would help us assess the situation because Indian rates are well below global rates. Could you provide an outlook on the market for the next 6 months and 1 year from here?

Management: Generally, I think the trend during the period apart from the last 2 financial years has been that whenever a rig goes off-hire, ONGC comes up with a new contract, and the rig that has been de-hired gets redeployed on the new contract.

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However, that has not been the case in the past 2 years. All drilling contractors have faced problems in redeploying their rigs for various reasons that are known to all industry participants.

Going forward, however, we believe that the next 3 rigs that are getting de-hired should be re-hired because of the Samudra Manthan exercise that the Government of India has announced recently.

Specifically, regarding how many rigs are getting de-hired, that number is not available with me. However, if you can send an email, I will reply.

Gaurav Ashok Bhansali – Augment Enterprises: Understood. Thank you very much.

Operator: Thank you. Ladies and gentlemen, a reminder to all participants: you may press star and one to ask a question. We will take our next question from the line of Pankaj from Abas Capital. Please go ahead.

Pankaj – Abas Capital: Thank you. I am back. I have 3 quick questions. First, I think we saw a loss of approximately 5 crores coming from one of our joint ventures in this particular quarter, which is different from what we have seen in the past. Is there a reason for this, and do we expect it to return to profit in the coming periods?

Second, I think our cash position has improved meaningfully, and I also believe that debt has gone down, which obviously gives us the flexibility to raise more funds. My related question is whether we are planning any acquisitions, such as acquiring rigs, or anything on that front.

My last question is regarding the ONGC dispute that is ongoing. Any update that you can provide on that would be helpful. The related question is whether there is any potential—

Management: If I can just interrupt you, could you ask the questions one by one rather than putting 5, 6 or 7 questions into one question? It makes it difficult for me to address each of these points.

Pankaj – Abas Capital: No problem, sir. You may address the question regarding the joint venture.

Management: Your first question was about the loss in the joint venture. The joint venture that has been responsible for the loss in the current quarter is currently carrying out the refurbishment exercise for the Jindal Pioneer rig.

That joint venture was the seller of the rig, and as per our sale and purchase agreement, it had to provide the rig in a certain condition. The loss in that entity is on account of the refurbishment expenses being incurred by that entity to bring the rig into a certain condition before Jindal Drilling takes delivery of the rig.

That is the first response. The next question was—

Pankaj – Abas Capital: About cash and debt.

Management: What is the reference to the cash balance? As of now, we are not looking at any acquisitions. We are only looking at the ability to redeploy the 3 rigs that are going to be de-hired in the later part of this financial year.

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The reason for this is that we want to minimize risk. Instead of having more assets that we have to deploy with ONGC, we are focusing on getting those assets deployed that are going to be de-hired in the later part of this financial year.

Further, you should also bear in mind that because these 3 rigs are getting de-hired, they will go into refurbishment. For refurbishment, we need to conserve cash because it is the nature of this industry that a refurbishment exercise has to be undertaken after every contract.

Pankaj – Abas Capital: Generally, sir, what is the average refurbishment cost for a rig once it goes for refurbishment?

Management: Considering the recent inflationary trend and the increase in labor costs and transit costs for materials, I think a figure between 90 and 110 crores would be a fair estimate per rig.

Pankaj – Abas Capital: That is quite significant. Understood, sir. Can I ask my last question?

Management: Yes, please.

Pankaj – Abas Capital: If you can provide us with a quick update on the ONGC dispute, which I believe is pending in the Supreme Court, that would be helpful. Second, to the best of my understanding, other than legal costs, there is no potential exposure that can flow onto us. Is my understanding correct?

Management: There has been no material update on the legal dispute because that case has been continuing for the past 14–15 years. We can only hope that it gets concluded sooner rather than later because of the legal costs that the company has been bearing for the past 14–15 years.

Regarding the impact that it can have, we have received the funds. However, if we do lose the case, the possibility of which is remote, then we will have to repay those funds to the customer.

Pankaj – Abas Capital: We have received the funds? Okay.

Management: The possibility of that happening is low as per our assessment and the assessment of our lawyers because we have been winning that case at every stage over the past 14–15 years, until it reached the Supreme Court for the 2nd time.

It was earlier in the Supreme Court and was referred back to arbitration. We won in arbitration again, and then it went to the Supreme Court again on account of an appeal from ONGC. We do not expect any material negative impact to take place.

Pankaj – Abas Capital: I was not aware that we had received the funds. So, if we lose the case, we have to refund them. The quantum is around 100 crores, is that right, sir?

Management: There are 2 aspects to it. There is a receivable of 63 crores, the original receivable of 63 crores, and then there is interest and forex appreciation on that amount. The original receivable was denominated in USD.

Pankaj – Abas Capital: Okay.

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Management: The total amount is close to 160-163 crores.

Pankaj – Abas Capital: Quite meaningful. Fine, sir. Thank you for all these answers.

Operator: Thank you. The next question is from the line of CA Akash Bhanuka, an individual investor. Please go ahead.

CA Akash Bhanuka – Individual Investor: Good afternoon, sir, and congratulations on the decent set of numbers. I have one question. You referred to Samudra Manthan, and please correct me if I am wrong. My understanding is that all our 6 rigs are for shallow water, whereas Samudra Manthan is basically with respect to deep water and ultra-deep water. Do we really stand a chance to gain anything from Samudra Manthan?

Management: Not directly from Samudra Manthan. However, when there is a general trend in the industry toward an increase in drilling activity, everyone benefits when that transpires. It is not restricted to this specific scheme.

CA Akash Bhanuka – Individual Investor: No, sir. I wanted to understand whether, if it is only with respect to deep water and ultra-deep water, we would benefit even indirectly.

Management: I have already mentioned that when there is a general increase in drilling activity, whether in deep water or ultra-deep water, shallow water will also receive the relevant benefits.

It cannot happen that the capacities the country already has will not be used by the government, and that it will straightaway start exploring and developing newer capacities. That is an unlikely outcome.

CA Akash Bhanuka – Individual Investor: Okay. Thank you, sir.

Operator: Thank you. The next question is from the line of Adarsh Induja, an individual investor. Please go ahead.

Adarsh Induja – Individual Investor: Hi, am I audible?

Operator: Yes, you are.

Adarsh Induja – Individual Investor: I wanted to understand why this latest rig contract was in INR and not USD.

Management: You should ask ONGC that.

Adarsh Induja – Individual Investor: My second question is regarding the 3 rigs that will be available for new contracts after refurbishment. Are we looking at domestic opportunities, or are we targeting international opportunities as well?

Management: We are looking at domestic opportunities primarily. However, if an international opportunity comes up, we are willing to consider it.

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Adarsh Induja – Individual Investor: Given the higher rates internationally, I am curious about the reasoning behind this.

Management: It is not easy to deploy rigs in international waters because the existing participants in that geography will receive first preference. We will get an opportunity only when they are fully utilized.

All international geographies have different criteria for the kind of rigs they want in their waters. In addition, there is counterparty risk as well as country risk. Therefore, we will have to be mindful of all of this before proceeding with an international deployment.

Adarsh Induja – Individual Investor: Understood. Thank you very much.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one.

Operator: We will take our next question from the line of Mohan, an individual investor. Please go ahead.

Mohan – Individual Investor: Thank you for taking the call. Congratulations on the good set of numbers. Do you expect the day rates to improve from what we are currently getting for the 3 rigs that are due for redeployment?

Management: We expect day rates to improve. However, we were also expecting day rates to improve under the current contract that we received. Unfortunately, that has not been the case with this contract.

We had participated with a rate of \$62,000, and we were pushed down to approximately \$47,600. I think that, more than our expectations, it depends on the willingness of our customers to pay the correct rate for the kind of service they are receiving, compared with the international day rates that are prevalent as of now.

Mohan – Individual Investor: I have one more question regarding the tender. Did we participate in the tender for Pioneer, or is it part of the ongoing engagement with the customer regarding the 3 rigs that you are referring to for redeployment? Do we need to participate in the re-tender, or do they automatically qualify for an extension?

Management: We have to participate in a tender. For each rig, we have to participate in a tender. The tender can be for 1 rig, 2 rigs or 3 rigs. If it is a multi-rig tender, more than 1 rig can participate in the same tender. However, a specific tender submission has to be made for each asset that the company owns.

Mohan – Individual Investor: Okay, thank you, sir.

Operator: Thank you. The next question is from the line of Gaurav Ashok Pansari from Augment Enterprises. Please go ahead.

Gaurav Ashok Pansari – Augment Enterprises: I wanted an update on the outlook. Is the market going to be flooded with rigs, or will there be a shortage because of the Samudra Manthan

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initiative? Going forward, will the day rates be in INR, or was Pioneer a special case?

Management: Regarding the outlook, it is very difficult to say with reasonable authority. We remain optimistic considering what we hear in the media and from industry insiders.

There has also been an improvement in expenditure in the oil and gas sector and in other sectors. Therefore, we believe that improved expenditure will also commence in our sector, and we will be one of the beneficiaries. That is the only thing I can tell you right now.

Regarding the denomination of the tender, whether it will be in USD or INR, I will be able to update you in the earnings call for the next quarter because we will have more clarity then.

Gaurav Ashok Pansari – Augment Enterprises: Okay, sir. Thank you very much.

Operator: Thank you. A reminder to all participants that you may press star and one to ask a question. To ask a question, please press star and one. As there are no further questions from the participants, I now hand the conference back to the management for closing comments.

Management: Thank you, shareholders, for joining the earnings call. We will update you as and when we have any developments. Thank you to Mr. Varadarajan for organizing the call. Thank you.

Operator: Thank you very much, sir. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you all for joining us today. You may now disconnect your lines.

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