February 03, 2025

BSE Limited
Corporate Relation Department
1st Floor, New Trading Ring
Rotunga Building Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001
Stock code: 500378

National Stock Exchange of India Limited,
Listing Department,
Exchange Plaza,
Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051
Stock code: JINDALSAW

**SUB.: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Investor conference call on the financial results of the Company**

Dear Sirs,

This is with reference to the captioned subject and our letters dated January 17, 2025 and January 28, 2025, the transcript of the conference call organized by the Company for analyst and investors on the Un- audited (standalone & consolidated) financial results (Q3FY25) of the Company for the quarter ended December 31, 2024 on Tuesday, January 28, 2025 at 11:00 AM (IST) is attached and the same has also been uploaded on the website of the Company.

This is for your information and record please.

Thanking you,
Yours faithfully,
**For JINDAL SAW LTD.,**

SUNIL
KUMAR
JAIN

Digitally signed by SUNIL KUMAR JAIN
DN: c=IN, postalCode=110087, st=DELHI, street=WEST DELHI, l=WEST DELHI, o=Personal, serialNumber=cae3445e545680b5a6a2b3c48701defa014a81587d8bcfac5d63574d4c845c00, pseudonym=f347d48c4d624af9a955e35e5c68f089, 2.5.4.20=f3920032fcfecff0d9cf750fe7967b752ec364a68d4ef72da6ace99afc8dde4c, email=SUNIL.JAIN@JINDALSAW.COM, cn=SUNIL KUMAR JAIN
Date: 2025.02.03 17:00:59 +05'30'

**Sunil K. Jain**
**Company Secretary**
**FCS- 3056**

# "Jindal Saw Limited Q3 FY-25 Earnings Conference Call"

**January 28, 2025**

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|---|---|
| **MANAGEMENT:** | **MR. NEERAJ KUMAR – GROUP CEO & WHOLE-TIME DIRECTOR, JINDAL SAW LIMITED** |
| | **MR. VINAY GUPTA – PRESIDENT & HEAD TREASURY, JINDAL SAW LIMITED** |
| | **MR. NARENDRA MANTRI – PRESIDENT, HEAD, COMMERCIAL & CFO, JINDAL SAW LIMITED** |
| | **MR. RAJEEV GOYAL – VICE PRESIDENT, GROUP CORPORATE FINANCE & TREASURY, JINDAL SAW LIMITED** |
| **MODERATORS:** | **MR. VIKAS SINGH – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED** |

**Moderator:** Ladies and gentlemen good day and welcome to Jindal Saw Limited Q3 and FY25 earnings conference call hosted by PhillipCapital (India) Private Limited.

As a reminder all participants' 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 the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikas Singh from PhillipCapital (India) Private Limited. Thank you and over to you Mr. Singh.

**Vikas Singh:** Good morning, everyone. Today we have with us from the company side Mr. Neeraj Kumar – Group CEO and Whole Time Director, Mr. Vinay Gupta – President and Head Treasury, Mr. Narendra Mantri – President, Head, Commercial and CFO and Mr. Rajeev Goyal – Vice President, Group Corporate Finance and Treasury.

Without taking much time, I would hand it over to Mr. Neeraj Kumar for his opening remark. Over to you sir.

**Neeraj Kumar:** Good morning to all our friends. We had our board meeting on Friday and now we are here with the Results and this is an opportunity for us to discuss the Results, clarify a few points, get some insight about the future how we see it and how it's likely to pan out for us.

So, first very briefly just going through the numbers; for this quarter ended 31st December '24, we had a top line of 4,521 crores as opposed to 4,790 for the last quarter which is a trailing quarter and 4,785 for the corresponding quarter last year. Now staying here, you would see and I would request all our friends, investors stakeholders to note, there is a dip in the top line. I would come back to that and that's why I am just highlighting it for all of you. But if you look at EBITDA, the EBITDA is 882 crores which is very close to the EBITDA of the same quarter last year and higher than the trailing quarter EBITDA which was 875. So, 882 as compared to 875, trailing quarter 889, the corresponding quarter last year.

Likewise, if you look at the PBT, there is nothing much to say. 626 versus 625. 623 PAT, incidentally it's exactly the same for this quarter and the last quarter which is a trailing quarter and higher than the corresponding quarter last year. So, let's just stay here for a while. If you even look at the 9 months, top line 13,728 versus 13,227, EBITDA 2,599 versus 20,254. Likewise, PBT 1,853 versus 1,478 and PAT 1,400 versus 1,085.

Let's just stay with the consolidated results for a while. If we see this result and if we analyze it carefully, top line for the quarter has shown a little bit of a dip. Profitability margin has improved. Last year nine months to this year nine months, top line is appearing flattish to a mild growth, EBITDA again mild growth. But on PBT there is significant growth. It's 25% growth on the PBT, PAT against similar 29% growth. Now what does this indicate? This indicates that as an organization for the last few quarters we have seen that the top line is kind of plateauing a bit.

4,521 for this quarter is not a matter of concern because sometimes a few shipments which are large shipments just cross the 31st December boundary line, it gets booked into the next quarter and therefore that would catch up. So, this I would request these stakeholders not to read too much into this 4,521 versus 4,790. That's a logistic shipping kind of an aberration because of the year end and some delay in the shipment.

But if you look at the overall, one thing is becoming very clear. If you look at the trend for the last maybe six quarters or eight quarters, the top line is plateauing. Profitability is improving. The reason for profitability to improve is (a) our product mix as we have been always saying in the sales portfolio is shifting towards higher margin business, seamless premium connection stainless steel, double chamber DI pipes, they are contributing more and therefore the profitability, or the margin is increasing. The obvious question that comes to our mind is this improved margin sustainable? Now, again if you look at our last six to eight quarters we are in the high teens. So, basically, these EBITDA margin with the current product mix and the kind of value-added products that we are entering should definitely remain within a narrow band of 17.5 to 20. The reason why I am saying 17.5 to 20 with emphasis that for this quarter we had an EBITDA margin of 19.5 but this 17.5 to 20 is a guideline that I am giving you for the next few quarters or maybe a few quarters in the next year going as well because there is something else that we need to factor in as we go through our discussion. So, for now a turnover of 4,500 to 5,000 per quarter with an EBITDA margin of 17.5% to 20% appears to be a likely scenario that we should continue which is borne by the results of the last few quarters if you analyze them.

Having said that, let's immediately now jump into the capital position. If you look at our debt position, the long-term debt has gone below 930 crores while our net worth is close to 10,000 crores with annual EBITDA in the region of 3,000 crores. So, that's a very interesting combination. So, now look at all these data points that I have said. Top line plateauing, margin improving, EBITDA yearly more than 3,000 crores, long term debt less than 1,000 crores. For the moment I am not bringing in working capital in between. But what does all these indicate, these factors indicate towards that whatever is the capacity that we have within our system, we are operating well, we are operating efficiently and now we are kind of coming into the 70%-75% plus capacity utilization category and that's why you are seeing this plateauing. Therefore immediately now what should an agile, diligent management look at and indeed we are looking at it.

I am happy to tell you that a few CAPEX projects that we had announced some time back is nearing completion and we should see the results in the coming quarter, in the next six months for sure. One is we have installed a new coke oven battery which has been installed, commissioned. That's going to improve the cost of coke, it's going to improve the supply of coke and also it is going to add to the captive power that we are generating, having an overall impact on further reduction in cost of production and efficiency. This is one chunky CAPEX that was. On the annual it was being implemented for the last few quarters, maybe year and a half has now been commissioned.

Likewise, the seamless unit which has been contributing because of the premium connection and other things and because of the market, the demand that is there, we are almost doubling the capacity. The plant is nearing completion and that doubling of capacity should see the day of light in terms of it should get commissioned over the next 3 to 5 months. So, that coming in would definitely give one on the top line side which is the Nasik the other on the efficiency side which is the coke oven battery. But beyond that looking at our very healthy robust capital structure, few projects are on the drawing board and at this point of time I should be able to indicate that to you. I am sure in the next quarter I would have some more details which are about. But we are looking at some projects, we are examining some projects which are currently on the drawing board both in India as well as abroad. Abroad I can reveal at this point of time it would be in the MENA region, so the Middle-east region we are looking at some investment, some new project and in India also we are looking at some new project. So, that would propel the next. So, this plateauing will then move to the next higher orbit. Once these are announced and once these are taken care of and we are confident that with the kind of net worth the kind of reserves and surplus that we have and the kind of banking relationship that we have it should be implemented in time, and it should be something that should be easy for us to look at.

One thing also it's important as we see we have seen some fluctuation in the FOREX market. At present our export is in the range of 25% to 27%-28% which gives us enough foreign exchange inflow to hedge for our raw material supplies. As you know when it comes to CAPEX even if we have to import, it's a separate thing, it's funded. But in an operation scenario we always look at a natural hedge between the revenue as well as what we pay for the raw material etc. Largely all our foreign exchange outlook is only on raw material to whatever limited extent it is. So, we have enough and that can also be seen. Look at the financial charges. Last year nine months financial charges were 586 crores. This year for the same period it is 443. So, that kind of gives you an indication on how well we are managing the financial expenses. One of the contributors has been the natural hedge that we are using because all of you would have seen on our balance sheet, we don't have any foreign currency borrowing which is long term and therefore long term we don't have to worry too much about the rupee-dollar movement and therefore we have to just manage this trade finance and the FOREX exposure resulting out of the trade which is the top line versus the payment that we make towards FOREX. So, we are doing that well and the proof is in front of you where the financial charges have shown a significant reduction during this nine-month period as opposed to the last year nine-month period.

Now we are also looking at further bringing our debt down before the 31st March. We have the liquidity; we are approaching the banks to permit us to bring down our long-term debt even further before the 31st March. Also, we have seen the trend and we are hopeful that this year it will continue. Towards the year end because most of our clients are government, central, state or even we supply to EPC, they have government as their client. Last quarter sees a lot of release of budgetary funds because of the year end. And that we believe will have a positive impact on our receivables. And consequently, our working capital utilization should also go down when we come to the yearend further improving our financial charges. This is our hope, this is our expectation. So, next quarter we believe the trend would continue. We should show further improvement.

On the top line, I have already given you an indication that it would be above 4,500 but definitely below 4,700 or 4,800. That trend will continue till our new cycle of revenues kick in from, say now immediately the Nasik expansion and then a few other projects that we are looking at. But last quarter result because of the improved receivable collection, improved margins, should at least on a percentage basis not on the aggregate basis, not on the top line basis, should show a further improvement is what is expected.

The order book position, if you see is also showing a kind of plateauing. Now these are all interlinked. The order book is plateauing, the top line is plateauing. Don't again look at a little reduction for this quarter because those are aberrations, already now we have won some big orders which were in the pipeline, but the order came in January. So, again, the order book is up. We would maintain at the same level because this is we have seen a good level of maintaining the order book because it matches with our implementation capability. Because having an order book higher than this then (a) exposes us to the raw material price risk or pushes us in meeting our contractual delivery requirements with our client. So, therefore, this kind of order book is we believe good for our present capability. The mix of order book again reflects the revenue pattern. Currently our order book is about 22% is foreign currency export. Look at this versus September ‘24, it has improved. There the export order book had dipped to about 12. I had indicated that there are a few export orders in the pipeline which is indicated that now we are at 22. Last quarter we expect this to improve further because as I said we have received some large orders. These export orders are largely from the MENA region. MENA region, we see that now at least with the Israel-Hamas and all that kind of cooling down a bit, going into ceasefire. There is a lot of activity there is a lot of stability and the Issue that were facing with the shipment, passing the ships, passing through that region is also kind of coming down. So, we are encouraged by the geopolitical situation in the Middle-East region, and we expect that should continue. With the change in government in US and the way the US government looks at this region, we are hopeful that this stability should continue and that's good for us as a business.

One comment however, I must make on the domestic infrastructure development scenario. There appears to be a slowing down of the center governments spent on the infrastructure, the emphasis on the infrastructure. There appears to be a shift where all these infrastructure projects which were earlier kind of led by the central government, supported by the state government. Now we are seeing that many of the state governments have begun to exert themselves and they are coming up of their own projects. And therefore, we see a little bit of a slowing down in the central government schemes like Jal Jivan Mission etc. But then the state PWD, the State Irrigation Department has shown a lot of promise in many of the states, Madhya Pradesh, Rajasthan. So, because of this shift there seems to be a little lull in the central government scheme of infrastructure.

But we are very hopeful that this being the first year of this present central government, we expect some significant impetus in this budget which is just around the corner. And that should bring some good news to the infrastructure projects which is kind of centrally sponsored and the states anyway would continue to do their good job. So, that is something that we must look at as a business environment. But we are very carefully watching what happens in the budget this year. That should also set the trend because this is a government which is now likely to be stable for 5 years, it would determine our next 3 to 5 years trajectory. So, if we are looking at a 3 to 5 years trajectory, our strong CAPEX position, very strong operational capability demonstrated over many quarters, a few projects on the drawing board. So, in the next 2 to 3 years, we should see our company's performance at a different at a higher level which will be the next level because of these and the continuing demand, healthy demand that we are seeing, both in the export market as well as in the Indian domestic market.

Also, we have seen the US government has announced huge focus on oil and gas drilling and all that. Now that would rub on the oil and gas business in the MENA region because they would not want to fall back because the way the US government has announced whatever they have announced, it appears that very clearly, they want to take the global lead position. Now that I am not sure if the players in the Middle-east would want to happen because if that happens, then whatever leverage that the Middle-east collectively the OEC countries have would get weakened. So, on a global basis our assessment is that, that would rub on and increase the oil and gas activity in this part of the world. Also, we are seeing an interesting phenomenon in India. In the past the major focus was on drilling on the west coast which is the Bombay High and all of those. Now we are seeing that besides developing the west coast and optimizing the west coast, there is a lot of emphasis on the east coast as well. The KG Basin, the Bay of Bengal is also seeing some deep well drilling because there are large reserves which has been seen and that also has a few very important and large private sector players who are active in that region. So, we also expect that there could be a large demand coming from the east coast, multiple players, so all in all we are hopeful that over the next 2 to 3 years with the kind of impetus that we should get in the budget for this year, we should be okay, or we should be in a sweet spot, ready to go for growth and take this organization to a next level of performance.

With these comments let me just very quickly touch on the consolidated position. The consolidated position kind of replicates what we have spoken about the company. Still if you look at the consolidated versus standalone, the standalone results are more than 95% of the consolidated results. But still this 5% has become positive for the last few quarters and will remain positive. That's the important part, that whatever even if they are contributing less than 5% into the whole results, they will continue to do good business. They will continue to do all our subsidiaries which are consolidated subsidiaries are doing well. They all have a good order book. Now we expect with this kind of an impetus on oil and gas, the US subsidiaries also should improve and should do well. So, with those initial comments let me stop and take a few questions so over to you. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Shweta Dixit from Systematics.

**Shweta Dixit:** My first question would be, as you talk about the expansion plans particularly one in the MENA region. Could you highlight which segment would that be focused on, whether we're looking at the oil and gas end user market or the water transportation segment? That's my first question and second was….

**Neeraj Kumar:** At this point of time in the MENA region what we have on the drawing board which is being examined very carefully is how to address both, the oil and gas as well as water sector.

**Shweta Dixit:** All right, so can we expect a clearer picture on this next quarter or any more details that you could provide on this?

**Neeraj Kumar:** Hopefully, see if not the next quarter per se because unless we have, at this point of time it is on the drawing board, various proposals are being examined. It requires a lot of groundwork in terms of the new geographical region, the regulatory framework and all that. So, one thing is for sure that over the next 6 months you would definitely see some announcements. So, how much of that we can make in the next quarter, we will have to see. So, what I assure you is if not the last quarter of this year, the first quarter of next year would definitely have some of these projects that are on the drawing board both on the domestic as well as international front would reach a stage where we can give you the broad contours which will address oil and gas and water sector comprehensively. Also, we are working on how to improve the value add within the group. So, there are some CAPEX which is being land, keeping that in mind so that the value add within the group also improves, which adds to the stability of the financial robust status of the company.

**Shweta Dixit:** Any thoughts on taking up any project on the backward integration side?

**Neeraj Kumar:** As I mentioned to you, the moment you talk about value addition within the organization, by simple logic it means it would be an integration either backward or forward. Allow me the time to get this settled and then I'll come up with all the details. But yes, integration is also something that we are looking at very closely.

**Shweta Dixit:** Last question. It's just basic clarity. I missed that point when you were talking about FOREX market fluctuations and how your exports contribute around 28%. And could you just explain that to me again because I got dropped out of the call? You were explaining about the natural hedge that exists.

**Neeraj Kumar:** 28% of exports means roughly if you look at 4,500 as a top line then around 1,200 to 1,500 crores is what we earn in our foreign exchange which is largely dollar denominated or in currencies which are pegged to dollar. So, this is available to us where if the rupee depreciates, we tend to benefit. If we look at, now our raw material spent in the quarter which is the large trade foreign currency outflow is less than this 1,500 what we earn. So, we have a natural hedge available that our earning in foreign exchange is more than per quarter what we spend on buying raw materials. Since we do not have any foreign currency term loan on our books which is by design, we don't have any long-term foreign currency commitments. This helps us manage the FOREX fluctuation in a reasonable manner or in an efficient manner because largely over a period of time, we have seen that the rupee is showing a depreciating trend. Sometimes there are some corrections, some spikes but it balances out where rupee continues to depreciate over a quarter or a 6 month or whatever. Now with the kind of government that has come up in US where 'US First', making US strong, making the manufacturing hub and all that, probably this trend of rupee depreciation vis-à-vis dollar or to put it the other way around, we expect the strengthening of dollar unless there is a major disruption which is unlikely. You would have heard some BRICS saying we will have our own currency. Europe was trying to exert the Euro to become a major currency. In between we had heard China-Russia will get together. But those were more of a rhetoric, and we don't expect either BRICS or for that matter Euro or for that matter the China-Russia bloc can dominate the international currency reserve market anytime in the near future because the US government seems to be very focused on that, that they want to remain the international currency market leader. So, that puts us into a reasonable spot where we need to be comfortable and not worry too much about the foreign exchange fluctuation.

**Moderator:** Next question comes from the line of Deepak Lalwani with Unifi Capital.

**Deepak Lalwani:** I wanted to clarify on two numbers. So, you mentioned that some amount of the order book has been deferred in January. So, if you can indicate the quantum of that and also the revenues which got slipped into Q4 the shipments which got delayed you can indicate these two amounts.

**Neeraj Kumar:** Again, if I give you any of those numbers I would be speculating because we are talking about the quarters. But we have won a few large export orders and a few large shipments have gone beyond 31st December. I am sure when we meet next quarter, I would be able to give you those details.

**Deepak Lalwani:** The order book mix, so barring the 20% export mix, if you can give us a sense on how the various avenues of order inflows are panning out. Firstly, what is the mix of state and central funded projects, firstly, that? And how the various avenues are playing out for us, the center, the state, exports and the oil and gas?

**Neeraj Kumar:** If you are looking at exports as I told you currently our exports is around 27%. Now within the domestic sector if you look at my revenue pie, the major contributor would be water sector. If you just take the domestic market as a whole about more than 50% would come from the water sector which is served by the DI market and the helical pipes. Less than 40 or around 30-40 would be oil and gas and the rest would be the industrial sector which is being serviced by the seamless and stainless division.

**Deepak Lalwani:** Within the 50% water how much of the projects are coming from center funded schemes and how much are from led by the state governments?

**Neeraj Kumar:** That what I would request you send a mail. I don't have that figure in front of me of how much center and how much state because again there is an overlap. There are a lot of projects where center and state, they put their funds combined in terms of in some of them center puts more state puts less. In some it's the other way around. But still if you wish to have that breakup, please send a mail and our team will respond to you with the breakup of center versus state.

**Deepak Lalwani:** The big project that you're planning to announce in the next 6 months, if you can indicate an amount like the CAPEX required for this project and the funding that will be required. What I wanted to get a sense is on the debt levels, will it balloon back to the one-time debt equity ratio which we were earlier working with? So, how should we look at the funding for this project and the quantum of this?

**Neeraj Kumar:** See, one of the reasons that all these projects are being examined very carefully that we remain committed, that we would not let the debt equity ratio become very aggressive. We are also conscious of our rating, and we would definitely do everything to make sure that we continue to enjoy the high rating. What exactly is the debt level would only come once the kind of the contours of the projects are finalized. But for now, you can take comfort that on 10,000 crores, close to 10,000 crores net worth the debt equity will not go which is not sustainable to maintain our rating or not something that we cannot manage. We have put in a lot of effort to get the debt under control and definitely that would be one of the considerations on how much debt we can take and how to kind of time them, put them on a timescale so that we have a corresponding increase in the revenue, EBITDA and contribution. So, that exercise is being done which will balance it. As we have managed in the past, we will continue to manage the capital structure very carefully forward, as we plan for our next phase of growth.

**Deepak Lalwani:** On the order inflow front you mentioned that the state projects are doing fine. The central there is some lull. So, we got an order inflow of about 3.6 lakh tons in this quarter. So, should we assume a similar number going forward as well that 3.5 lakh ton per quarter should be the run rate?

**Neeraj Kumar:** No, we expect this to go up. Wait for the budgetary announcement which is on this Friday. We expect that the infrastructure momentum or push must get a fillip by this government because please recall there is an important factor, this government has 4 years life still left. So, I am sure they would want to announce those infrastructure projects, provide the necessary funding so that before they end this term, they are able to get the benefit of all the infrastructure projects that they want to complete during this period. So, we expect this budget to be in that direction given a lot of impetus to be.

**Deepak Lalwani:** Lastly, we have a bunch of products, but I wanted touch upon the DI segment. So, if you can indicate what is the utilization level at the DI plant, also, the order book status? We used to maintain a full we had a full order book for that plant, how is that shaping up? And given the slowdown have you seen any moderation in pricing of the new tenders? Yes, those are my questions.

**Neeraj Kumar:** On DI, now the Haresamudram plant is contributing well. So, both Samagoga and Haresamudram plant is contributing well. Both are operating at a capacity utilization of more than 80% or so. The order book remains healthy. We have visibility for the next few quarters in DI and that is one part because of the state government lot of initiatives. We are seeing some strong demand in the DI segment.

**Deepak Lalwani:** And any moderation in pricing that you witness for the new tenders?

**Neeraj Kumar:** Pricing moderation, we don't see any large-scale reduction, unless there is a corresponding dip in the raw material prices. Because at this point of time if you see the way the demand supply is being balanced, we are still in the sellers' market. We do not have a glut; we don't have a capacity which is excess than otherwise we would not have had a few quarters of order book. So, we don't expect the margins to get squeezed unless there is a very sudden spike in the raw material prices which is kind of an aberration.

**Moderator:** Next question comes from the line of Priyanshu Chauhan with Investec.

**Priyanshu Chauhan:** First of all, I want to understand the quantum of our stainless-steel volume and ductile iron volume. And secondly, I want to know about the forward-looking approach on the steel prices and coal prices. So, can you please elaborate?

**Neeraj Kumar:** You are not audible. First you talked about stainless steel.

**Priyanshu Chauhan:** Yes.

**Neeraj Kumar:** The stainless steel we are currently doing approximately 5,000 but that's a fast-improving graph. So, last quarter we did about 5,000 tons which is a very quickly and fastly improving graph. We should see a year end close to 15 and next year we should go more towards 20-25. That's what the indication is for the stainless segment. The second question was coal. The coal prices are now stable. It is around $200 and it should remain stable there.

**Priyanshu Chauhan:** Can you please elaborate on ductile iron pipes also, the numbers?

**Neeraj Kumar:** Ductile and pipes, you want to know the quantity or what do you want to know?

**Priyanshu Chauhan:** Yes, I want to know about the quantity.

**Neeraj Kumar:** The quantity that we did in the last quarter.

**Priyanshu Chauhan:** Yes.

**Neeraj Kumar:** We did about 1,75,000 tons of ductile iron in the last quarter which is a combination of both Haresamudram and Samagoga plant.

**Priyanshu Chauhan:** And in coming quarter?

**Neeraj Kumar:** Coming quarter, I can't make a forward-looking statement but there's nothing to indicate that this trend should not continue or should not improve a little bit.

**Moderator:** Next question comes from the line of Ria Mehta with Equitas Investments.

**Ria Mehta:** My first question is in regards to the new capacity coming up. So, Jai Balaji is one player and Welspun is also coming up with new capacity. So, with a little slowdown in domestic area where do you think new growth will come so that the industry will be able to suffice the capacity they have?

**Neeraj Kumar:** One you said Welspun in DI and the other one was?

**Ria Mehta:** Jai Balaji.

**Neeraj Kumar:** Welspun coming in DI, we welcome them because that at least adds a little bit of a maturity. We have another good player. But the way the demand is going up that would be more than what the capacity would come up. So, the status quo of supply demand balance will not get imbalanced. Balaji coming in DI that's a little distant future. We don't know how much capacity because Balaji is not one of the very serious quality player, the way we see ourselves or we expect Welspun and a few others to come in like Tatas and all.

**Ria Mehta:** In seamless you said that you have doubled the capacity. What kind of contribution does this plant currently give? If you could help in terms of volumes.

**Neeraj Kumar:** See, currently seamless is doing approximately 60,000 per quarter. Now we expect that once the new capacity comes up, this 60 should definitely go to 80, 80 plus, 90 and then it will rise higher because it would take some time to stabilize. So, the 60 we expect first to rise up to 80- 90 and then go further up.

**Ria Mehta:** Apart from seamless is there any other brownfield CAPEX that you are eyeing for?

**Neeraj Kumar:** No, at present there is nothing which is announced, nothing that is getting implemented. As I already said there are few projects which are on the drawing board, which are getting examined which we will definitely have details for you, our call next quarter or if we are not ready by then the quarters are after that.

**Ria Mehta:** You also mentioned that export you're seeing large orders coming. So, which region are these orders coming from and is it oil and gas or water?

**Neeraj Kumar:** Largely it's MENA region.

**Ria Mehta:** How is the project at NEOM happening? And we've read in news couple of news that there are some stalled projects in NEOM, are we facing similar things?

**Neeraj Kumar:** NEOM Phase I the large contract we have completed. We are expecting the new order to come in.

**Ria Mehta:** There is no slowdown in CAPEX there, right?

**Neeraj Kumar:** There is no slowdown in…

**Ria Mehta:** CAPEX in the NEOM ordering.

**Neeraj Kumar:** No, NEOM please understand, in Saudi Arabia NEOM is one of the pet projects. It's a new capital city being built by the Crown Prince and he is absolutely on top of it.

**Ria Mehta:** So, the tenders for the new orders have already been placed and we have applied for it, right?

**Neeraj Kumar:** Yes, we are in discussion.

**Moderator:** Next question comes from the line of Gargi from Value Investments.

**Gargi:** My first question is that in this quarter have we seen any benefit of lower coking coal prices and do you expect the same benefit to continue considering that the coking coal prices are expected to remain range bound of $200 that you have mentioned?

**Neeraj Kumar:** Coking coal is largely used in our blast furnace which goes into the DI pipe making. Now, once our new vertical loading coking coal plant has been commissioned, we definitely expect that there would be a reduction in cost of production. Plus, there would also be a benefit of more power generation because of the waste heat recovery. The combined impact of that is going to be to reduce the cost of production in DI because this captive power plant also supplies power to Samagoga where our major DI capacity is placed. So, it would kind of shield us from the market driven prices of coking coal. It would be at a much lower level, once you add the benefit of the power that we generate from the waste heat energy recovery system that we have put, it would be a further reduction in the cost of production. Another improvement that we have made in the blast furnace is to put the PCI, pulverized cold injection which has further reduced our cost of production. So, with all of these we should be very well placed when it comes to the DI production to address the market very effectively and consolidate and maintain our leadership position.

**Gargi:** As I understand that there are three benefits that are expected to reduce the cost of production for the DI part. So, one is the coke oven battery, second is the PCI that you have mentioned, and third is the WHRS. So, including all these three, is it fair to assume that this would reduce the cost of production to Rs. 3 to 5 per kg, after a quarter or so?

**Neeraj Kumar:** Let me just say this way, it would give us a sizable reduction but putting a number to it will not be possible because that is competitor sensitive. I don't want the competitor to know that how much extra margin that I have which, not that how much money I would make but giving this kind of a benchmark gives the competition a sense of how to price their product if they want to compete and therefore, please don't ask me to put a number to it.

**Gargi:** Second question is on the part of the US subsidiary. So, if you could briefly explain. So, what exactly we are doing in the US subsidiary and what are the key drivers for the growth and margins there and little bit on the export opportunity in Hunting as well?

**Neeraj Kumar:** The US subsidiary of Jindal Saw is largely a coating facility which takes pipe as free supply, coats it and gives it back to the client. Now these pipes are largely used in oil and gas sectors. So, with the improved environment of more drilling, that means more pipeline, more transmission means more pipelines. It should give a fillip to our coating unit that we have in US which is a subsidiary of Jindal Saw.

**Gargi:** In US actually most of the local players in the markets that we operate are having the coating facility. So, what is the advantage that we are having over here for having a facility separately in the US?

**Neeraj Kumar:** All the players do not have all the coating facilities. Plus, being located in Baytown which is just 25 miles from Houston we have a huge locational advantage.

**Gargi:** A little bit on the export opportunity of Hunting?

**Neeraj Kumar:** That opportunity is there, see wherever premium connection, now we have become a very large supplier of premium connection products in India. And definitely with their name and our name where most of us are individually pre-qualified, we would be addressing the export market very soon. Because when you address the export market, at least three things come to our benefit. Individually we are pre-qualified, very well-known, very well established. They are pre-qualified, very well-known, very well established. Together in the joint venture we have now established a very good presence in India with a good track record now eight nine months in operation. So, this should help us make an entry into the international market very soon.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Vikas Singh for closing comments.

**Vikas Singh:** Thank you. I would like to thank Jindal Saw management, on behalf of PhiliPCapital for giving us the opportunity to host them. Now I hand over to Mr. Mantri for his closing remark. Over to you sir.

**Neeraj Kumar:** Mantri has just stepped out. Let me do the closing formalities as well. Thank you to all our stakeholders. Thank you to all our investors and people who are interested in listening to us. You would have seen as I continue to say, we are here to stay and we are here to stay with the long term. So, people who have a medium-to-long-term vision, they are the ones who benefit the most when they align with us. And especially if you like infrastructure, if you like oil and gas and if you like stability, robust business, then we definitely stand in line and pretty much in the frontline, forefront. We will continue to do good business. As I have already mentioned to you, that we are conscious that we are plateauing on our current capacity. We have managed our capital structure very well because as I have been saying, this is necessary to prepare ourselves for next round of growth. And now things are being planned where very soon we should have all the necessary elements put together to propel the company into the next round of growth and the next trajectory that we want to move. So, with these I wish you all very happy, I would say January end enjoy your budget session. We expect a lot and some of the people who may be interested in going to the Kumbh, I wish you all the best. The news that I am getting from Kumbh and this is I am addressing primarily to the people who are in western part of India. And now the crowds seem to be easing out, the temperatures now getting more moderate. So, you can plan if you have any indication. So, go and have a happy dip in the Kumbh. With that, thank you very much.

**Moderator:** Thank you on behalf of Jindal Saw Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.