

Jindal Saw Limited
Q2 FY22 Earnings Conference Call
November 1, 2021

Moderator: Ladies and gentlemen, good afternoon and welcome to the Q2 FY22 earnings call of Jindal Saw Limited organized by Batlivala & Karani Securities Limited. At this moment, all participants are in listen-only mode, later will conduct a question-and-answer session. At that time if you have a question, please press "*" and "1". Please note that this conference is recorded. I would now like to turn the conference over to Mr. Sailesh Raja, thank you and over to you sir.

Sailesh Raja: Thanks. On behalf of B&K Securities, I would like to welcome you to Jindal Saw's Q2 FY22 Earnings Call. From the management side, we'll be hearing from Mr. Neeraj Kumar – Group CEO and Whole Time Director, Mr. Vinay Gupta – President and Head Treasury and Mr. Narendra Mantri – President, Head Commercial & CFO. So, without taking much time I handover the call to Mr. Neeraj Kumar for the initial remarks post which will will open up for Q&A. Over to you, sir.

Neeraj Kumar: Good afternoon, friends. On Friday, we had our board meeting. I'm sure you would have seen the results. And also, the press release that is attached with the results, which will explain the results.

Let me just walk you through some of the important numbers and then, probably we should go behind the numbers to see what the highlights are and how in this difficult situation, Jindal Saw stands strong and why is it a difficult situation. We have experienced the second wave of pandemic however now the whole economy has started recovering. Secondly, at this point of time, if you see the raw material prices for Jindal Saw are very volatile. We all know, what has happened to Iron ore and steel prices. And now we all know what is happening to coal and all this in a global perspective where China has its own problems and the spillover of the China effect is still uncertain. So, on one side you have a completely volatile, unpredictable market with respect to iron ore, with respect, to coal, with respectful Iron and steel, and still we have a situation where we find ourselves in the middle of the year where there are green shoots, there are glimpses of hope and most important, there is a strong confidence within our organization that we have sailed through many situations, this one would have been no different.

We have actually come to terms with many of these situations, unless there's a third wave, unless the coal prices continue to remain what they are or even more volatile, I think Jindal Saw is passed the cusp, we should close the year well, we already have the first half results, in just front of you. This quarter, we had a topline of Rs. 2,571 crore, EBITDA of Rs. 380 crore and PBT of Rs. 196 crore as compared to a comparable quarter of Rs. 2,000 crore last year, Rs. 295 crore last year and Rs. 112 crore last year respectively. So, this was the comparable quarter last year.

If you look at the trailing quarter, we are marginally behind due to various factors, traditionally Jindal Saw because of the monsoon, etc. Q2 has always been a little

subdued than Q1. And this got coupled with the raw material prices, where EBITDA as a percentage in the trailing quarter where it was 16% plus has come down to less than 15% marginally. But the same trend continues if you look at Q2 last year, but that's how broadly you should look at the results in the given circumstances, I would request all of you to see the positivity, that trend and the ability of Jindal Saw to go through such a trouble time in terms of pandemic and volatility on raw material side.

Let me turn my attention to some of the other aspects, which I think are very important for us to understand the result in the perspective. At this point of time, the sector or their division of our entire business portfolio, which has been hit the hardest is the HSAW, primarily because a) Increase in steel prices, b) the EPC contractors putting their projects on hold, the Government trying to defer the contracts because HSAW market is typically a wafer-thin margin market. It's like, we'll take the raw material price than conversion, and that's how the pipes are sold. And therefore, the HSAW market is the one which has been hit the hardest at this point of time. But what we must be happy is going forward, we seem to have a good time ahead because the Jal Jeevan Mission, the sectoral demand for water for transmission is going to be strong. Once the steel prices stabilizes, all this pent-up demand is expected to come back and therefore HSAW market, which at this point of time does appear a little depressed is a very small cyclical factor, which is there.

In oil and gas, there is a good news, in terms of now Gail, ONGC, IOCL they all have some major plans which should be in the market by way of a tender within this year. So, oil and gas, especially the oil prices, which are stabilizing also gives you a good news for the LSAW business in the export market spot market within our sales funnel, we are looking at over 3 lakh ton in the next two years.

Further we also see some demand and opportunities in the slurry pipeline business, which is a new one, which is going to come. We are happy about it. Exports also is showing a promising sign in terms of new demand .

HSAW already I have said water, domestic, huge pent-up demand. The movement the price stabilizes, you would see demand coming back and you all know, Jindal Saw is best positioned among all its peers. Multiple locations, strategic locations, and capacity available, talent available. We are absolutely ready, we are production ready. Multiple locations and everything is there. So, the moment this demand comes, we should be there to take care of it.

Looking at the order book, it does appear a little low. Typically, our comfort zone is over a billion \$, currently we are at around \$ 700 million or \$ 800 million, but it is not worrisome at all, because as I told you for LSAW, HSAW a lot of pent-up demand, lot of things are in the pipeline. And therefore, even though the order book is relatively lower at this point of time, it is not a matter of concern, we have enough to close the year well.

Now let me address the working capital cycle and debt because they are interlinked. Working capital cycle if you see is showing improvement, consequently, there is an increase in the short term debt. It is just that on the balance sheet side, there were

some LCs which were paid and therefore the creditors moved to the debt, so it is only a balance sheet kind of reworking or regrouping item without any significant impact on the business. And therefore, we should get concerned about it.

Broadly, we see good business ahead, healthy business ahead. Assuming no pandemic, no third wave or severe third wave and stabilization of the raw material prices, we expect the next two years to be very good for us in our existing business. That suffices us to say that DI business continues to have a very strong momentum and continues to have a very strong demand.

Let me address some of the very important aspects which are more forward looking. First, you must have seen the announcement that Sathavahana has made, and we have made. Through a public notice, a selection by experts, approved by the NCLT and based on the recommendation of Resolution Professional (RP), Jindal Saw has been selected as an agency, which will carry out the repair and maintenance of the Sathavahana facility to put them back to work. This is a app. Rs. 260 crore odd contract, which gives us an insight, and ability to put this capacity, save this capacity from extinction. It's a very strategic location in South India. So, it gives us an ability to do all of those for the industry, which is DI industry.

Second, as the whole process goes through the NCLT, I am sure there would be a beauty parade because there is an expression of interest which was already out, I am told we are a few of them including ourselves. It also gives us chance to participate in the beauty parade conducted by NCLT, through their RP very seriously. So, things have moved in a direction where upon becoming successful bidder in the NCLT process, Jindal Saw may add close to 2-2.5 lakh tons of DI capacity in South India, inorganically, which will be a significant jump in our capacity and ability to address the south Indian market, which thus far has been addressed only by one supplier. This also would give us some power, which is at this point of time captive plus some surplus power that we can do various things, including using it for group captive. So, there would be a certain amount of power also, which would be available. Likewise, there would be a certain amount of coke which will be available, which can be a good synergy with Jindal Saw as a whole. So, we have won the contract for repair and maintenance, we are among the few who have expressed the interest to participate in the bidding process. And definitely, we would be taking this opportunity very seriously. Upon successful completion, it is an assumption, our DI business will take a significant step forward, including additional power that we can use, we can benefit from additional coke, which we can use, or we can benefit from overall as a company.

The second important thing that I wish to address is section 34 argument of NTPC VS. JITF. There was a High Court hearing on the 25th October however NTPC did not comply with the requirements of the court and on the request of NTPC has given a series of dates. The Court will begin to hear this on a day-to-day basis and NTPC has been asked to file everything, summarize everything into a five pager in terms of their objection. We had to do the same, we have summited ours and NTPC is yet to, so we hope that now things are coming to a foray were the Hon'ble judge is very keen that we should listen to this case on merit. And as I said Judge has also asked both sides to submit something as a five pager, we have submitted ours and NTPC has not even

submitted as yet. We hope that this time they will comply with the the court's requirements and we will progress this case as quickly as possible.

The third aspect that I would like to confirm, our Stainless business has stabilized in terms of production, market etc. The whole market now knows that Jindal Saw has very strong, probably among the few extrusion facility in stainless steel, which puts us in a different league, so now there is a market awareness, we have done some very good deals. There is a stability in production. We are adding a few balancing equipment's in that area. And we would very soon be adding to the strength of carbon steel, alloy steel business, along with stainless steel business.

Also, all of you are aware, we have a license from Hunting for premium connection. I'm happy to let all of you know, that at this point of time, we are in active discussion for a possible joint venture with Hunting, which again will put us into a very different league when it comes to this business, when it comes to addressing the OCTG, when it comes to addressing the high value-add chromium, etc. business. So, we stay focused on our business, move towards value add, stay strong in a difficult scenario and the overhang of NTPC likely to end soon.

We are hopeful that in these difficult situations, Jindal Saw performance would be very strong over the next 12 to 18 to 24 months. One thing, which remains as a concern is our market cap. It has seen some movement, but still, it's far from what our expectation is. Even if you take any parameters, it's very far, this remains our concern, but we are hopeful, we are confident that the investors would see the value. One thing that we still do not have is a deep pocketed strong institutional investor and I'm sure it would catch the attention of relevant people. And it would reflect on our market cap, the value that we are creating but as a management, we are committed to creating very strong, fundamentally strong company, which does good business, maintains its very high degree of Governance and its value for shareholders and we hope that the markets would realize this. Soon. With that, let me end to take up questions.

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press '*1' on your phone and await your turn to ask the question when guided by me. If your question has been answered before your turn and you wish to withdraw your request, you may do so by pressing '*1' again. We have first question from the line of Mr. Saket Kapoor from Kapoor Company. Please go ahead.

Saket Kapoor: Thank you for the opportunity. Thank you for the detailed explanation, sir. Firstly if you look on the Q-o-Q number on a consolidated basis, the numbers are on the lower side. And also the standalone number, our profit is Rs. 196 crore, whereas on the console side, it is Rs. 179 crore. So, what led to the reduction in profitability on a consolidated levels?

Neeraj Kumar: To answer your question, standalone to consolidated, the differences on account of, as I told you that US has not done well, it is now picking up and Abu Dhabi, there was a slight glitch because the pig iron prices were up. Abu Dhabi, we don't have blast furnace. It operates on induction furnace. And the pig iron prices as

you know, is also crazy and that's the one which has caused this dip, but again, it's temporary. We will be able to get over it.

Saket Kapoor: And as you were telling that, things are going to improve. So, how should H2 look like in terms of the deliverables of pipe. In the order booking also, we have observed that Rs. 2100 crore worth of order booking has come from the water segment. So, that is mainly towards the last Dia pipes, that is attributable to sir?

Neeraj Kumar: So, it is both, its DI as well as large Dia but how do we look forward. As I told you, H1 plus a good prognosis, less the volatility in the raw material market. That's the equation that you should look at. We are restrained to give you a guidance on the EBITDA, other numbers, but essentially there is optimism, there is positivity because of our strong order book, ability to get orders, the only hitch is, how long this coal prices remain volatile. And therefore, I am confident of getting a very good result next year for sure. And this year also, the trend should be improving.

Moderator: Ladies and gentlemen, if you wish to ask any more questions, please press *1 and get in the queue. We have next question from the line of Ms. Pratiksha Gadkari from Equites investment. Please go ahead.

Pratiksha Gadkari: My first question is on the Abu Dhabi subsidiary, what is the volume outlook, like last H2, we had very good experience. So, do we expect that to continue this year?

Neeraj Kumar: Yes. Last year we crossed 2 lakh tonnes and this year we will beat that for sure.

Pratiksha Gadkari: Okay. And profitability, like you said, the pig iron prices have gone up, but do we feel that the worst is over? Or we might have some issues for some more period.

Neeraj Kumar: We have tried to secure ourselves by procuring pig iron looking forward to that extent. We have secured ourselves in Abu Dhabi on pig iron, in India on coal, but these are all based on assumptions that the prices continue to now remain stable or start coming to a realistic level. But as I said, China factor is really now causing a lot of uncertainty, a lot of concern, so assuming that China continues to behave in a different fashion, and if the prices continue to be very volatile, then whatever hedging that we have put in the system, in pig iron in Abu Dhabi and coal in India, positive impact of that may get limited, but at this point of time the China factor is really creating a lot of uncertainty. But where we are drawing hope from, fundamentally and in reality, Chinese economy is really in trouble, how much they can sustain and how much they can window dress, is now anybody's guess. Otherwise, China economy, it's becoming unsustainable for themselves. But we all know China is completely opaque, so, that gives us hope that this may not continue for very long, as soon as we should be back on doing good business globally.

Pratiksha Gadkari: My next question was on seamless front, so what would be the execution period for current order book? And secondly, do we expect the realization to sustain, the realization we have so far.

Neeraj Kumar: What we are doing is, whenever there is an EPC or we have a private participant, we are going back to them for repricing therefore NSR, we are able to maintain. And at this point of time, at least in a seamless segment, there is not much worry of the execution. We are maintaining a very healthy balance between the order book as well as our execution capabilities.

Pratiksha Gadkari: Okay. So, what would be the execution period for the order book right now?

Neeraj Kumar: Per month, we are doing in the seamless, in the vicinity of say about 15,000 to 18,000, depending on the sizes and the changeovers.

Pratiksha Gadkari: This would include stainless as well?

Neeraj Kumar: No, I'm talking about seamless.

Pratiksha Gadkari: And for stainless steel?

Neeraj Kumar: Stainless steel on an annual basis now, we should be able to do 20 more if you take welded as well tubes non-welded.

Pratiksha Gadkari: When we say we are able to reprice, we are basically able to pass on the steel prices on an actual basis.

Neeraj Kumar: See Government contracts are more or less fixed price contracts. So, we have to absorb whatever is the up and down, but in the private sector, whenever the clients are private sector EPC guys, and the others, there is a possibility to revisit them because then it works both ways. When you request them for a pass on if there is an increase, then there's a decrease, they request us. So, it works both ways.

Pratiksha Gadkari: What would be the execution period for SAW pipes right now?

Neeraj Kumar: SAW pipe this year, in LSAW we are at around 45, 35, 80,000, and that should maybe go to 1.20 lakh and HSAW over a lakh or close to a lakh, we should go beyond 2 lakhs to 2.25 lakhs. So, this order book, how long does it take to consume, is actually not the way to look at it because this is like a tub so there is a continuous filling and there is a continuous drain and everything is fungible. So we are expecting to close the year end on our HSAW of 2.25 lakhs and LSAW of 1.20 lakh, that would make you a 3.5 to 4 lakhs of large dia business, which typically we are happy when we do more than 5-5.5 lakhs. So that is, as I told you, one area of concern, in terms of tonnage. But it's more than compensated by what we are doing on the pellet side. So here there is a matter that you will see a dip, but at Jindal Saw, we continue to stay stable because that would be more than compensated by what we have done in pellet.

Pratiksha Gadkari: On pellet front, I think we're seeing that the realization has moderated a bit and for H1 at least pellets have substantially supported our margin. So, how do I look at pellet segment performance for the H2? And do we see a material impact on margin going ahead thanks to pellet prices?

Neeraj Kumar: Pellet prices have stabilized, has come down a bit and we hope that it will stabilize, even if it comes down, it will come down marginally. But what do you need to understand that what we lost in large dia, we gained in pellet. Now, if we lose anything on the pellet side, we will gain in the large diameter pipes because there is enough pent up demand and there is enough capacity. So as an organization, there is an automatic balancing, which is available, and that is where we will take advantage. Jindal Saw has got a few things a) the business model is such that there is an automatic balancing, b) our market presence, market positioning is such that we are actually the first among the peers and the equals to get a contract if we want to. So, that gives us the flexibility of adjusting very quickly and making the best of the opportunity.

Pratiksha Gadkari: Do we still stick with the guidance of our EBITDA per ton profitability similar to FY20 level for the year or it might go down a little bit?

Neeraj Kumar: Last quarter, normally we keep around H1 EBITDA is 15%, last quarter was 16.6% which was pellets. So, EBITDA between 14.75% to 15.25%.

Pratiksha Gadkari: And any plans of debt reduction?

Neeraj Kumar: Debt will reduce as per the schedule. And we have a very healthy profile, we don't want to disturb it because as it is our cost borrowing is a very good, but now the banks I am told are becoming a little revenue minded and therefore any prepayments they always insist on the prepayment premium or penalty whichever way you look at it and therefore, on the term loan basis as it is, we are somewhere around Rs. 1600 crore to Rs. 1700 crore, it will run its course. Working capital is the one, which will keep going up or down as per the requirement of the business.

Moderator: Thank you, Ms. Pratiksha. Next, we have in queue Mr. Vikas Singh from Phillip Capital, please go ahead.

Vikas Singh: Good evening. Just wanted to understand a little bit more on Sathavahana, who will pay for this contract which we have got or is this a contingent or the fact that somebody has to win these assets and then they will pay you back from the money they will pay for NCLT, just to understand that?

Neeraj Kumar: The contract is structured such that once we put this two facilities to work in terms of once it is up and running commissioning, then we would be allowed to produce and recover our money. This is one process. This is how the construct of that contract is for, if they are in maintenance. Second is NCLT process, so that process is where the RP along with NCLT, would be wanting to select a possible owner, depending on the result who the possible owner is, they may want to deal with the repair and maintenance agent, which have been duly appointed in a manner, which

is like business so therefore both will run parallel, the result would depend on who the successful bidder comes out to be after the NCLT process and how that discussion happens between the successful bidder who is the owner and repair & maintenance agent which currently is Jindal SAW.

Vikas Singh: Any IRR which we would be looking and is this safe to assume that until and unless we would cover our full money, these assets can't be transferred to somebody else?

Neeraj Kumar: As per the NCLT, it makes Jindal Saw the work that they do, the contract that they have, they become secured creditors in a manner of speaking. So, they have to be dealt with by any successful bidder for the ownership.

Vikas Singh: Any IRR we are getting on this initial investment, which we would be putting up into Sathavahana in case if we don't win it, then there should be some IRR. It's not about the absolute money returning?

Neeraj Kumar: At present the beauty parade is yet to happen. There are several players in the EOI and therefore I would like to pass this answer to the question for a later date.

Vikas Singh: My second question pertains to, in our press release we have written that we were very cautious in taking the new orders because of the high prices. So just wanted to understand, have we come to the understanding that the price increase in steel has basically come to halt and now we will be aggressively participating in orders, or we are still are trending a little bit sideways for some more time. Just wanted to understand our bidding strategy going forward?

Neeraj Kumar: Bidding strategy for what?

Vikas Singh: So, you have given in the press release that you were very cautious in taking new orders, do we now be bidding aggressively going forward?

Neeraj Kumar: The bidding strategy is very simple, we will participate in all opportunities that come our way, but we will not bend over backwards to do what in our view is not a good business. Thereby, what I mean is, since we have a healthy other book, since we have multiple businesses, we don't think there is any reason for us to get desperate and whenever we have seen in an oligopolistic situation, people who have got desperate anyway they have steamed out very quickly. So, we are building the strength and staying power to stay till we are able to do good business. And we don't see any reason or anything to worry about it. We will not act desperately in the market.

Vikas Singh: This pertains to a previous question asked by one participant regarding repricing of orders. Could you share with us, what percentage of our order had been repriced and the margins have been protected there?

Neeraj Kumar: In DI, we have covered more than 50% because whatever the Government orders are, they are fixed price contract, it's very difficult to renegotiate. Because the Government will not renegotiate with you, but most of the EPC in DI and in large Dia, we have been able to renegotiate and get some additional compensation.

Vikas Singh: So just one last question regarding our HSAW pipe outlook. You said you expect things to improve, but at the same time the steel prices remain on a higher level. So just wanted your thought process, is that the EPC contractor came to you that they have taken this new steel prices as a new normal, and they want to go ahead with the project or what is the change that would drive the demand in this segment?

Neeraj Kumar: There is always a pent-up demand. As I told, GAIL, IOCL, oil and gas sector is likely to move ahead irrespective which is essentially GAIL, ONGC, IOCL and all of those, because there the stakes are too high and therefore those tenders, which are in the pipeline will move irrespective is what our assessment is. For the water sector, there is a huge pent-up demand, but that is where both the EPC contractors, as well as the irrigation and PLCD and other departments of all the states have held back certain tenders and certain contracts, which the moment the raw material prices get stabilized, we believe will come in the market very soon. So, the water sector would be dependent on the raw material prices, oil sector will come irrespective and we expect some many large orders to come in the coming 4 to 5 months.

Moderator: Thank you. Next, we have in queue Mr. Rushabh Shah from RS Capital. Please go ahead.

Rushabh Shah: So, thank you for the opportunity. I just want to understand on the supply side the segments that we cater and the market that we operate, how much supply is going to come over the next 1-2 years if you can share some insights here? How much percentage supply is going to come, capacity addition is going to come in the segments that you operate in?

Neeraj Kumar: One year or so, not much except for Sathavahana 2.50 lakh capacity getting revived, I do not see in one year, anything coming in large dia, we already have a lot of capacity. Seamless you know, ISMT is going to again, a possible transition or M&A. The others are there. Stainless again still whatever had to be added has been added. Pellets I don't see any major addition. In terms of capacity getting added into the system in all four segments including stainless, I don't see much in the next 12 months except for Sathavahana.

Rushabh Shah: And pricing, we understand it's very dynamic, but as per your assessment overall, in a worst-case scenario how much lower can prices go in the next 3 to 6 months?

Neeraj Kumar: Which prices are you talking about in the worst-case scenario?

Rushabh Shah: General, all the products that we cater to.

Neeraj Kumar: You have to be clear, prices going down in raw material is not bad news. It's not a worst-case scenario, it is a good sector for us. Likewise, prices going down in the pipe in the sector, why would the prices go down in the pipe sector unless the raw material falls more than that. Iron ore, pellets again correction has happened, stabilization has happened, so don't worry about too much dip in the prices. Only keep an eye on the raw material, which is iron and steel, coal, iron ore and that would guide the market because there is not a glut in the market that any of us, I mean pipe manufacturers are artificially going to suppress the prices because if somebody wants to hurt themselves, it's a different issue, at least as I told you very certainly we are not going to become desperate and we will not have a desperate move and we don't think anybody should do that or would do that. So, prices you should not face much of a problem. Raw materials prices you should worry about, in that also if you have a view on the China factor, then please let us know. I would love to hear that.

Rushabh Shah: And then the last thing is on the long-term debt. How much are we trying to repay by next year?

Neeraj Kumar: We are around Rs. 1521 crore this year, in the next 12 months we will have Rs. 250 to 300 crore which we will repay. We have a very comfortable cash position, so we will repay. As I told you we don't want to accelerate this because as it long-term to debt EBITDA has down much lower than 1.

Moderator: Thank you, Mr. Shah. Next we have in the queue is Mr. Saket Kapoor from Kapoor Company, please go ahead.

Saket Kapoor: Any update you have for the sale of the non-core assets as due to COVID, site visits could not have been concluded. So, do you have any other updates?

Neeraj Kumar: Non-core assets. There are three EPC joint ventures and that joint ventures are doing very well. I'm sure if you ask my office, they will give you more details. We have now a joint venture for JWIL that is doing very well, that is one of the non-core business. Second non-core business is waste to energy. We already have a signed term sheet. Now I'm told there is a movement because there international experts who wanted to come to India to complete the last leg of JV, which now the international flights have begun and therefore, we expect that complete process should get completed. The visit of the technical experts would happen before the year end. And in the real business also, we are seeing some traction. There are a few people who are talking to us. So, all three non-core business, a) have stopped being a drain on cash into the system. That's the first important thing that we have stabilized our non-core business in terms of performance and in terms of effort to monetize is still on. And now there appears to be some visibility on the steps on closure towards that before March 2022 we hope that would make substantial progress on that.

Saket Kapoor: If you could also throw some light on what was the contribution from the US facility and what is the scope of work there? Is it only about the coating work that we are doing at US or we are also manufacturing pipes there and what was the FOREX impact for the first half on the numbers?

Neeraj Kumar: As far as Jindal Saw India is concerned, what is consolidated is only the coating and the contribution in the last quarter, they added Rs. 50 crore to the top line and Rs. 6 crore EBITDA. We do have pipe manufacturing facility, but they are not a part of the Jindal Saw. At Jindal Saw, we added Rs. 50 crore in top line and Rs. 6 crore as EBITDA which is of the coating facility.

Saket Kapoor: What is the PAT number, are we making money from the US business or losing?

Neeraj Kumar: No, we are in the positive side.

Saket Kapoor: On the FOREX part sir, how has the FOREX side played out?

Neeraj Kumar: On the FOREX, that business is in US, where is the FOREX?

Saket Kapoor: I'm talking about the foreign exchange impact on the numbers, on the P&L, whether it was positively contributed?

Neeraj Kumar: That would not be covered there. It will be a part of your revenue and interest cost. No, it is more or less neutral.

Saket Kapoor: And lastly it was very comforting to hear today from you that it is the shareholder value creation that the team and the management is looking forward to. So, in terms of the sustainable value creation, what other steps are you contemplating going forward that will give the message to us that the work is in progress. And for the CAPEX part, what we have done for the first half and how much is due for the year?

Neeraj Kumar: No major CAPEX, whatever is there, normal CAPEX will continue. And whatever we have done in H1 should just make into two and that should suffice. Saket, I need your help. I know you have been an avid follower of Jindal Saw. And when we say that we are there to create shareholder value. In fact, I would actually not only from you, but all people who have been following us very closely. I would love to hear from them that as management, as an organization which is a box that we have not ticked. The only thing that we have not done is we are waiting for the market cap, the shareholders to realize the value. But for that, please guide us, please tell us, and this is an invitation to all our Stakeholders, all people who are invested in us, following us, you have our email. Please give your suggestions. See, we have reorganized ourselves. We have demerged non-core business and are looking to divest those. Debt is under control. EBITDA is under control. Business model is one of the most robust. So just look at all aspects, whether it is balance sheet, whether it is business, whether it is P&L, and we are definitely hoping as the market cap has begun to react or has begun to now realize the value and move, things would move. So to that extent Saket, I would really want all of you to give us some guidance. I think, except for the market cap where is the issue that I don't see, we have left anything untouched.

Saket Kapoor: So with your permission, I will just put forward a small point and give my chance to the next speaker that we should look forward for a dividend distribution policy, depending upon the cash flow that the company has been posting on a consistent basis, that dividend distribution should be commensurate. The stock is trading at a discount to the book value on a consistent basis for over a long period of time. So, the management should look forward, in terms of buyback or other ways by which this gap between the book value and the market value narrows it down and it depends also on your consultant and the team that works accordingly to bridge this gap. There is a gap that is very much visible to everyone that is the top of the mind I thought.

Neeraj Kumar: I will ask my office to be in touch with you, our treasury team would be in touch with you and all the people who are listening to this if anyone of you wish to guide us, give us suggestion, ideas, we would be more than happy to engage with you. And we will definitely consider these as we move along.

Saket Kapoor: Right. And we are hoping for a stable and consistent set of operational performance going forward from the management, this is what I can conclude from your introduction.

Neeraj Kumar: That is assured.

Saket Kapoor: And we are being run as a professional management. So, there is no second thought on these two factors. So hopefully that point is well taken by the team. Thank you for the opportunity and Happy Diwali to the entire team, hope it brings prosperity to everybody and safety.

Neeraj Kumar: Thank you. Wish you a Happy Diwali as well.

Moderator: Thank you, Mr. Kapoor. As there are no further questions, now I would like to hand over the floor to Mr. Sailesh Raja for closing remarks.

Shailesh Raja: Yes, thank you. Thank you all for attending this session. Specially we thank the Jindal Saw team for their time. Neeraj sir any closing remarks you would like to give?

Neeraj Kumar: I would like to thank all the shareholders, all the stakeholders for their continued interest. We do know and we do realize market cap is something that is a common concern for all of us. And I hope we will be able to address this sooner than later, the market would realize and give us the rightful place. What we assure you is consistent good performance and fundamentally strong company. That is our firm assurance to all of you and with that let me give all of you a lot of greetings for the season. Happy Diwali to all of you. This is now lovely next few months. All of you please stay healthy, stay blessed and have a happy life. Thank you all.

Moderator: Thank you, ladies and gentlemen, this concludes your conference call for today. We thank you for your participation and for using iJunxion Conference Service. You may disconnect your lines now and have a pleasant evening ahead. Thank you.