

Jindal Saw Conference Call – Q4FY19 & FY19 Earnings Conference Call
Hosted by Prabhudas Lilladher Pvt. Ltd.
May 27, 2019 at 11:30 am

Moderator

- Good day ladies and gentlemen and welcome to the Jindal Saw Limited Q4 FY19 earnings conference call hosted by Prabhudas Lilladher Private Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. So, should you need assistance during the conference please signal an operator by pressing '*' and then '0' on your touch telephone. Please note that this conference is being recorded. I now hand over the conference to Mr. Amit Khimesra from Prabhudas Lilladher. Thank you and over to you, sir.

Mr. Amit Khimesra - Prabhudas Lilladher Private Limited

- On Behalf of Prabhudas Lilladher I welcome you all to the Jindal Saw Q4 FY19 and full year FY 19 post earnings conference call. I thank the management for this opportunity. Today we have with us Mr. Neeraj Kumar – Group CEO and Whole Time Director, Mr. Vinay Gupta – Global Head, Treasury and Mr. Narendra Mantri – Head Commercial and CFO. Without much ado, I now hand over the call to Mr. Neeraj Kumar for his opening remarks followed by Q&A. Over to you, sir.

Mr. Neeraj Kumar – Group CEO & Whole Time Director, Jindal Saw Limited

- Good morning friends. Last week we had our Board meeting where we adopted our annual results both for the standalone company as well as the consolidated results. But we had to delay our investor call by a few days just to allow enough time for the country to go through the election process and finally get to some settlement there. So, thank you all for being patient for the last few days that we did not have our investor call.
- As you would see, this year in many ways the year 2018-2019 has been a landmark year for Jindal Saw and its consolidated subsidiaries. On a standalone basis we crossed the 10,000 mark in terms of top line. On a consol basis we were at 12,263 crores. EBITDA on a standalone we crossed 1500, on a consolidated basis we crossed 1620 to be precise. PBT on a standalone 741, on a consol basis the PBT also went up. In PAT we crossed 500 crores on a standalone and in consol basis we had a PAT of 776 crores. Now that should give you an indication that both on a standalone basis as well as on a consolidated basis Jindal Saw and all its subsidiaries put together has moved in the domain of profitability. The subsidiaries which were kind of a drag on Jindal Saw's standalone performance that's behind us and now we have gathered some momentum behind our performance. If you look at now Jindal Saw's standalone as well as the structure and the consolidated subsidiaries, all this has been a result of hard work on many dimensions.

- To start with, we did decide a few years back that Jindal Saw and its subsidiaries will focus on its core competency. All the other non-core businesses have been de-merged. Some of them we have shut down, some of them we have got joint venture partners but for the purpose of this call, for the purpose of investors of Jindal Saw its important for you to note that now Jindal Saw and its subsidiaries focuses on its core business which is pipe manufacturing. Except one caveat which is the JITF inland water business which is still there as a part of the Jindal Saw consolidated balance sheet, or consolidated structure and I would talk about it in a minute about that. But for that, every other business is focused on the core competency of Jindal Saw which is pipe manufacturing.
- Second important factor is that one of our core strengths as Jindal Saw has been our diversified product portfolio and a very robust and balanced product mix. In the last few years we have expanded that, we have added our products, but we have been very conscious that we should remain focused on our core competency. And therefore, in DI business we had added some higher diameters. Now we can go up to 1200 as opposed 1000. We have added double chamber pipes which is a value-added product. We get a higher amount of revenue and margin on account of that. In large dia SAW pipes, we have added all possible kinds of coating facilities and we have also increased our capability to go up higher diameters. Today Jindal Saw is capable of producing helical pipes in excess of 4-4.5 meters in diameter which again is a significant development and it is keeping an eye on the opportunities that might come up with the linking of water project. Likewise, in seamless business now we have a full range product in carbon steel, alloy steel as well as stainless steel. In the seamless business we can go from smaller diameters starting from half inch up to 16 inches. In stainless we can go from half inch to as high as 40 . And in between we have added many of the value-added alloy products like 13 Chrome, T91 exchanger tubes etc.
- So, we have been able to establish a very balanced product portfolio which essentially diversifies our range on account of the different industries that we work with, on account of the different category of clients that we have and on account of the geography. So, we have a healthy mix of export versus domestic. This year probably we would be in the range of 25% of export.
- So, as a result of this effort of consciously diversifying and balancing our product portfolio Jindal Saw has been able to build momentum. Talking about the resultant EBITDA margin, there are some businesses which are high-volume businesses but are relatively low on EBITDA which we are also trying to address. For example, this year especially last quarter if you see there has been a large portion of helical pipes - H-saw pipe in the water segment which addresses the water segment. That typically is a little low EBITDA margin business. And that's how you would see that Jindal Saw EBITDA would move in a range depending in a particular quarter which product takes the pole position for sales. But what you need to take comfort in is it would always be in a range, in a corridor. The stability of revenue, the stability of EBITDA, the stability of profitability as we have demonstrated in the past

few years has become even stronger, has become even more predictable and has become even more certain so there is a momentum, there is a predictability, there is a visibility as far as the product, as well as the EBITDA margin is concerned.

- Another concern that all of you always had was this little bit of uncertainty about the performances of the subsidiaries that Jindal Saw had, and you could see that only once a year. So, now going forward I must tell you, you would see consolidated results every quarter. Further, now there is a much more clean structure as mentioned that we have only a few subsidiaries which get consolidated with Jindal Saw except for JITF. All other businesses are focused on our core competency which is pipes.
- So, therefore now from an investors perspective you would have consolidated results every quarter and it would also help you make a choice where if you like the pipe sector you should then look at us as one of the preferred organization because , in fact at this point of time it is under testing, we have applied for BIS license. We have also added HDPE pipes to our portfolio. Now, that's an effort not to fight with the way market is developing but to ensure that we align ourselves with the way the market is and staying a step ahead of how we see the market developing. So, HDPE now if you really look at in the water segment, we become a full range pipe supplier where HDPE is for the smallest segment, in between you have DI and in the larger diameter segment we have the H-Saw. So, this again places Jindal Saw in a unique position where we would be able to cater to the entire range of pipes.
- So, with all of these then let me focus attention on three aspects. One is, if you would have got a chance to look at my Annual Report or the Balance Sheet, etc., there is a component of CAPEX that we have incurred in Nagothane and Nasik because essentially to expand our capability to go up to 16 inches. We have put an extruder now which is under commissioning. We have added capacity both in the HFS, CFS as well as API segment. We are also on the verge of finally stitching a strategic alliance with one of the best players in the world in this segment and that should happen soon. Hopefully when we are having the next call before that everything should be stitched, and I would be in a position to talk about more about it. So, there has been a CAPEX essentially to ensure that the entire seamless business be it in carbon steel, alloy steel or stainless steel pertains to a certain capability in terms of product range capacity as well as all the coating facility. Most of those CAPEX are done. 16-inch mill is under commissioning. Our hot mill 2 is under commissioning and extruded is also commissioning. This year we should see the benefit coming out of our entire seamless capability from Nasik and Nagothane.
- The second important aspect which also has been in our discussion has been the consolidated debt of Jindal Saw. Now, if you look at the consolidated debt or standalone debt of Jindal Saw it has got two components term debt and working capital debt. The term debt, as I mentioned to you, our treasury team had worked hard to get a very easy debt or a long maturity profile with easy repayment obligations in the near term so that we could conserve cash. We are moving on that path and all debts are being repaid on time, the way it happens. So even though we may have a little surplus cash, but we are

not disturbing our term debt profile because it has been a result of hard work from the treasury team to get longer average maturity and an easy repayment profile over the next few years. So, we are absolutely confirmed of that. A testimony of that is all of you would have noticed we also got a rating upgrade in the last quarter or in the last few months. Now, we are among the few companies in the country who have entered the AA category in the manufacturing sector.

- Going forward the working capital debt would follow the business. Because as you know, our business is very closely linked with trade finance in terms of Letter of Credits or raw material giving receivables or giving credit to the government as per their terms, so therefore both on the receivables side as well as on the inventory side, you would see the utilisation of working capital. However, it is again important to note, we do not have any write-offs. So, we don't suffer write-offs on the inventory side, we do not suffer write-offs on the receivables side. That should give you comfort that the working capital is being managed well. Yes, there is a loan but that is a part of our operations and it is reflected in our pricing. If you look at the whenever we do the pricing of our product all these factors have been taken into account. So, therefore, I wish to give you all of you comfort that the debt of the company is well within control and is being managed well.
- Let me turn my attention to the last aspect which is the JITF. As you know, there is not much business which is happening. We are just keeping our assets busy to at least cash breakeven so that it doesn't require any more cash support from Jindal Saw. The important aspect is the arbitration award that we have got against JITF. As was expected NTPC has gone in appeal and as some of you could have also expect, we have gone to the same High Court under the same Judge for the enforcement of the arbitration award. We had one hearing on this and after the deliberation, etc., which I do not wish to get into too much of a detail, what is important to note is that our enforcement hearing, the High Court has given a date a few days from now where the enforcement application of JITF for enforcing the arbitration award would be heard whereas in the same court the NTPC appeal, that date has gone sometime in September. Significant point to note there is no stay on the arbitration award. So, the arbitration award is in force.
- So now beyond this since the matter is within the courts again I can just tell you that we are hopeful but we will have to wait and see how the courts look at both our enforcement and their appeal and how we move forward. So based on all of these I wish to reiterate and give you all investors, stakeholders and everybody a comfort. I first need to thank all of you to be with us, be patient with us, shown interest in us and I must tell you the hard work for the last few years on all fronts on multiple dimensions have all begun to bear fruit and we believe that we have now got the direction right. We have got the momentum right. And we are all now working hard to make it sustainable so that we could keep this pace of good growth under a good governance framework. So with this few words let me stop here and invite questions. I have my colleagues who are here. They would answer few questions. But before I do that I am sure all of you would be a little curious to understand the increase that seems to be a larger increase in the consolidated

PBT which is on account of some of the restructuring that we did on account of the de-subsidization of our Italian subsidiary. So I would request Mr. Mantri to spend a minute because I am sure all of you would want to know this. So I would request Mr. Mantri to address this upfront on the PBT of consolidated which is close to 988 crores and PAT of 776 crores for this year on a consolidated basis.

Mr. Narendra Mantri – Head Commercial & CFO, Jindal Saw

- Yeah good morning. This exceptional item which we have shown 378 crores in our consolidated financials is on account of de-subsidization of our Italian Subsidiary. This represents the losses shown so far in the consolidated accounts for the Italian company. Since it is no more a subsidiary and thus the share of these part losses which is beyond the capital invested has been reversed and this has resulted into the profit and the same has been shown as an exceptional item in the consolidated accounts which is in line with the accounting standards.

Management - Jindal Saw

- Does this mean that they would also get some benefit on the tax side?

Mr. Narendra Mantri – Head Commercial & CFO, Jindal Saw

- No...

Management - Jindal Saw

- It has no impact. So it will be tax neutral but there would be an addition of profit on account of essentially the losses which were there as large share in the de-subsidized entities.

Mr. Narendra Mantri – Head Commercial & CFO, Jindal Saw

- Yeah.

Management - Jindal Saw

- Okay. Great. Vinay would you want to maybe just give a brief on the debt and your treasury position on a liquidity position? Because I am sure these are common questions so let's just address them upfront so that we can move a little faster and in a more efficient manner.

Mr. Vinay Gupta – Global Head Treasury, Jindal Saw

- Okay so very quickly as Mr. Neeraj Kumar mentioned that we are managing our debt in an efficient way and we have two components of the debt. Long term debt and the working capital debt. Our long term debt has come down by close to Rs 230 crores on account of scheduled repayments whereas we took disbursements of Rs 60 Crores from the sanctioned but undisbursed loans. Thus, the long term debt as on 31st March looks

close to Rs. 1850 crores and the working capital debt is close to Rs. 2200 crores which is in line with the operations of the company. It is bit higher on account of good order book as well as some delays in a major export order. We believe that on a sustenance basis there would be a good amount of reductions in the current asset level as well as the working capital debt in year 2020. Otherwise it is more in control. And in terms of the consolidated debt we have a total consol debt of Rs. 5600 crores which includes the support given by the promoters to the off- shore subsidiaries as well. This is in comparison to Rs. 6200 crores in the previous year ended 31st March 2018. So net-net there is a reduction of close to Rs. 600 crores of the debt on the total side. And in terms of the standalone the debt was Rs. 4400 crores as of 31st March 2018, which has come down to close to Rs. 4050 crores. So there is a reduction of close to Rs. 350 crores in the standalone debt also. There is a very sharp focus of the management in terms of containment and gradual reduction of the debt by way of managing the operations and working capital cycle, as well as using the operational cash to manage the working capital. And once the Jindal ITF Award is received , that will also have a significant bearing on the net debt of the company. So with this let me leave the floor open for the question and answer and we are available to reply to that. Thank you very much.

Operator

- Thank you. Ladies and gentlemen we will now begin the question and answer session. Anyone who wishes to ask a question may press * and 1 on their touch tone telephone. If you wish to remove yourself from the question queue you may press * and 2. Participants are requested to please limit your questions to 2 per party. Time permitting you may come back in the queue for a follow-up question. Any participant who has a question may press * and 1. Our first question is from the line of Saurabh Poddar of Lucky Investment Management. Please go ahead.

Mr. Saurabh Poddar – Lucky Investment Management

- Hi sir. Congratulations on great set of numbers and the restructuring paying finally dividends after lot of hard work. Just two questions from my front and two observations. Question no. one, can you give us the blended pipe EBITDA per tonne for the quarter and for the year. And the second question would be once you adjust the 776 crores consolidated PAT for the exceptional items of 377 odd crores, you are left with a 99 crore difference in standalone and consol PAT. 99 crores – I think the standalone PAT is at 498 and the consol comes to around 400 odd crores. So what is that 100 odd crores difference? These are the two questions. And two observations, I would request the Prabhudas Lilladher team to release the concall transcripts for each call and especially in a black and white format so the quarterly breakup of sales and production seems to be difficult to be made out.

Management – Jindal Saw

- Yeah. Okay to address your question PAT of 500, PAT of 776, less exceptional items 378, a gap of around 100. That's essentially coming from some of our subsidiaries which are coming out of the woods. We are EBITDA positive but have a loss at the PAT level. So essentially it also includes the loss which is there in the JITF that is again a significant amount which will go once you have the arbitration amount. As you would realize, in JITF there is a large amount of debt which is sitting there. As I mentioned to you the assets are being operated at this point of time to maintain cash neutrality but the interest etc. needs to be funded. So largely, it is the JITF debt which if all goes well as per plan should be a very temporary or a short term phenomena depending on how the high court gets into. Now as far as your EBITDA margin is concerned, this year we did what tonnage?

Management – Jindal Saw

- This year we did 1,260,000.

Management – Jindal Saw

- So we did 1,260,000 tonnes as opposed to last year's 1,090,000. So you have to take 1,260,000 tonnes divided by the turnover and you would be able to arrive at the top line as well as use that figure for the blended EBITDA. I don't have that figure readily in front of me but those are the two factors by which you can get it.

Mr. Saurabh Poddar – Lucky Investment Management

- No worries. Thank you.

Management – Jindal Saw

- I also must mention please consider all the other income as a part of our normal business. Because they are all scrap, they are all seconds, they are all in the nature. So none of the other income if you see is in the nature of extraordinary or non-recurring. So keep that also at the aback of your mind.

Mr. Saurabh Poddar – Lucky Investment Management

- Got it. Thank you sir.

Management – Jindal Saw

- Thank you.

Operator

- Thank you. Our next question is from the line of Vikram Sharma of India Nivesh. Please go ahead.

Mr. Vikram Sharma – India Nivesh

- Hello?

Management – Jindal Saw

- Yeah, yeah.

Mr. Vikram Sharma – India Nivesh

- During this quarter our turnover was quite high around 2900 to 3000 crores. Can we expect the same turnover in upcoming quarters?

Management – Jindal Saw

- Yes, this year we have a clear visibility of a good order book and therefore it would not be appropriate for me to comment on the exact numbers. But directionally what I can tell you is looking at the current order book, looking at the performance, the current year should be better than the last year. And there is always a little bit of seasonal factor that is there quarter to quarter as you would have seen. There is always a little bit of one major contract or major shipment just getting pushed from one quarter to the other because it was in the last week of the quarter. So you have to keep again those small changes which may reflect in a quarter to quarter result. But I can confirm that this year based on whatever we have visibility at this point of time in order book etc., should be a better year over 2018-19 which has been a significantly better year than the previous year which was 2017-18.

Mr. Vikram Sharma – India Nivesh

- And sir my other question is what was the full year turnover of our stainless steel subsidiary and UAE pipe subsidiary? And EBITDA margin on that.

Management – Jindal Saw

- I have to see those consolidated numbers which – so I am sure what I would suggest is please be in touch with our treasury or the office which deals with it because those subsidiary numbers I don't have it at this point of time in front of me on a separate basis.

Mr. Vikram Sharma – India Nivesh

- Okay. And sir interest part in total financial costs during this quarter?

Management – Jindal Saw

- During this quarter the financial expenses was 122 crores for the standalone. For the consol again I have to look at it. For the full year consolidated financial expenses has been 615 crores.

Mr. Vikram Sharma – India Nivesh

- My question is interest part in total finance cost during this quarter.

Management – Jindal Saw

- Okay interest in finance cost, most of it should be interest. What else do we have? Okay if you are looking at foreign exchange fluctuation then let me tell you the foreign exchange fluctuation based on the differential in the last quarter has been minimal. The impact would be less than 10 crores.

Operator

- Mr. Sharma may we request you to join the queue. Thank you. We will take the next question from the line of Pratiksha Daftary of Exodus Equity. Please go ahead.

Ms. Ritika – Exodus Equity

- Good afternoon sir, Ritika here. Sir congratulations on a good set of numbers. I wanted to know can you tell us the performance of the Dubai subsidiary as well as the US subsidiary in terms of sales and PAT?

Management – Jindal Saw

- Okay US as you know we are now left with only a small subsidiary which is called Jindal Saw USA LLC which essentially does job work. The performance is better than previous year . They are PAT positive. Abu Dhabi has been coming out of the valley, they are coming out of the woods. This year in terms of the tonnage, there has been a significant improvement. They are EBITDA positive. They are servicing in terms of cash flows. But we still have a loss at the net profit level which we intend to square off in the current year if all goes as per plan.

Ms. Ritika – Exodus Equity

- But we have the numbers in quantitative terms.

Management – Jindal Saw

- Again I don't have all of those numbers at my table at this point of time. But I would request you our office maybe if you just contact them they will give you all the subsidiary numbers as well. Plus, I would request my team to prepare this for the next call that next time whenever we have this we should have these numbers.

Ms. Ritika – Exodus Equity

- Okay and sir we are generating 500 crores of PAT in our standalone book. So what is our plan for FY20? How do we plan to utilize this cash? At least in standalone.

Management – Jindal Saw

- Yeah okay let me address a few things. Steel plant has not been announced. If all of you are having that overhang of – so we are not announcing steel plant. Most of the surplus cash as I mentioned to you the capex that we had incurred in Nasik is all most of it is done. So at present the cash would be essentially utilized to service loans, working capital and improve liquidity of the company. So no major capex announced and the cash is not going anywhere out of Jindal Saw. So it will all be used to improve liquidity, reduce working capital, and complete the pending capex whatever is left of Nasik and Nagothane.

Ms. Ritika – Exodus Equity

- Okay. And sir you had also mentioned that in your opening remarks you had said that you know you have seen a lot of traction from states in the water sector. So which are the states from which we've already received orders and where are we receiving orders from for water?

Management – Jindal Saw

- All around. Infact if you see Telangana, Andhra, Haryana, Maharashtra, all of them are showing traction in the water sector. And we expect now this to continue. Last time if you see the last government Mr. Gadkari was very, very upbeat about linking of rivers etc. So in the new dispensation, new government, if that momentum continues, then we can expect that those projects if it gets announced then specially the Andhra, Telangana, Karnataka, that region may see a lot of those linking of water projects. Madhya Pradesh is again one of them which has a few large transmission lines linking the two rivers that they have. So Madhya Pradesh is also seeing good traction.

Ms. Ritika – Exodus Equity

- Okay. And what is the debt repayment plan for FY20?

Management – Jindal Saw

- That's not much. As I told you see we have achieved, we have been able to achieve a loan profile or a liability profile where for the next few years the term loan repayment obligation is in the vicinity of 250-300 crores. And that is how it will continue for another year or two for sure. So we should be able to maintain that. We should be able to work that plus, now with AA rating I am sure our treasury team would be working to even make the loan profile a little more gentler. Maybe extend the maturity based on some capital market bonds or whatever. So those are all things which treasury team is working on account of the rating upgrade that we have received. So but at present it is about 250-300 crores.

Operator

- May we request you to return to the queue.

Ms. Ritika – Exodus Equity

- Okay. I will.

Operator

- Thank you. We will take our next question from the line of Govind Sahu of India Nivesh. Please go ahead.

Mr. Govind Sahu – India Nivesh

- Good afternoon sir. Sir I wanted to know like in Q4 there was around 400 crores of trading sale. So what is that regard?

Management – Jindal Saw

- In Q4 the trading sale was 250 crores. But in full year it was Rs. 470 crores. So there were few orders where we had to purchase certain material which we don't manufacture including the fittings and other things which are kind of pass through.

Management – Jindal Saw

- This is just to cover the full product range. There are a few things which we did not manufacture ourselves or maybe a little bit of coating, heat treatment, etc. where we had to give it job works. So it's a combination of all of those essentially to make a proper full scale service to the customer.

Mr. Govind Sahu – India Nivesh

- So it's a pass through. We don't make much money in that.

Management – Jindal Saw

- Yeah we don't make. So it is basically to get the orders. So it doesn't carry a lot of profitability. So if you can do the contra you can actually see the profitability in terms of percentage would be comparatively better.

Mr. Govind Sahu – India Nivesh

- Exactly. Second thing was sir you were mentioning about HDPE your initiatives in HDPE pipes. So can you just give what are we exactly planning in that?

Management – Jindal Saw

- We have put up a HDPE facility which has got at present 2 lines. We have put it in our Rajasthan facility– it is co-located with our Rajasthan Bhilwara pellet facility. The intention is to address the lower diameter segment in the water sector because many a times if you see most of the states are now coming not with item rate contract or contract just for a specific area. They are coming with a grid project where they wish the whole area to be supplied with water which has a combination of large diameter pipes for the trans segment, the DI segment is for the distribution and for the last mile connectivity they are looking at HDPE. And therefore as a strategy we thought it would be nice if we can be a full scale supplier because that again gives us a unique position to address such opportunities in the water grid sector which most of the states are now following.

Mr. Govind Sahu – India Nivesh

- Right. No, it's a good upcoming sector so that is very good. Sir lastly what would be our realization of pellets in Q4?

Management – Jindal Saw

- we have a few strong contacts. So it is essentially 8,000 plus for now. And as a guideline you should take it 1,500 to 2,000 rupees more than the prevailing prices in the east.

Mr. Govind Sahu – India Nivesh

- Great sir and best of luck for your hearing on the NTPC case. That is the most important thing.

Management – Jindal Saw

- Yeah thank you.

Operator

- Thank you. Our next question is from the line of Ritesh Gandhi of Discovery Capital. Please go ahead.

Mr. Ritesh Gandhi – Discovery Capital

- Right sir and congratulations on your numbers. Just had a question, based on your existing order book and expectations with regards to new ways etc. any kind of guidance you can give us about the kind of growth we can expect to see in FY20?

Management – Jindal Saw

- No I wouldn't like to put a number because I am not sure if that is what my...

Mr. Ritesh Gandhi – Discovery Capital

- So to put it in another way can you give us...

Management – Jindal Saw

- But all I can tell you is that it is a healthy growth. We will maintain the trend. So whatever you have seen in the last few years we should be able to maintain the trend. But I will not be able to give you a number in terms of percentage growth.

Mr. Ritesh Gandhi – Discovery Capital

- Got it. And in terms of just the order book for FY18 start versus FY19 start, is there anything you can give us with regards to...

Management - Jindal Saw

- Yeah, yeah our current order book is 1,215,000 tons.

Mr. Ritesh Gandhi – Discovery Capital

- And how is that compared to how it was last year same time?

Management - Jindal Saw

- The order book that you have to look at, you also have to see a very healthy pipeline. Please also note that in Jindal Saw when we say order book, it is signed contract, we do not take into account the orders which are already in the pipeline. So, we have signed contracts of 1,215,000 tons and we do have a very healthy pipeline.

Mr. Ritesh Gandhi – Discovery Capital

- Got it and just a last question just to understand on this whole NTPC thing which is expected in a couple of days, can you just focus through how it will flow like if the judgment is enough will we receive the money immediately or it will go into appeal which will take another say you know, 12 to 18 months to get resolved, how should we be thinking about that? Because as you already mentioned it is extremely clear in our favor yeah.

Management - Jindal Saw

- Yeah, okay. We should not hazard a second guess on how the courts are going to look at it, but the factual position is like this. NTPC has filed an appeal against the order. They have not been able to procure a stay. So the order is absolutely in force and is valid. The next hearing of appeal against the order is posted in second half of September 2019. We have gone ahead and filed for enforcement of the order which is currently valid and the next hearing is ahead of Sep 2019. So, we have a clear window of being able to enforce the award depending on the result if all goes in our favor then we should see a good result.

Mr. Ritesh Gandhi – Discovery Capital

- Got it. Thank you. Extremely helpful and all the best.

Operator

- Thank you, ladies and gentlemen, we will be taking our last question now. We'll take the next question from the line of Bajrang Bafna of Sunidhi Securities. Please go ahead.

Bajrang Bafna, Sunidhi Securities

- Congratulations on good set of numbers. Sir just to reconcile the console numbers, the PAT imported is around 775 crores but below that there is a line which is attributable to the parent which is Jindal Saw is 850 crores the number is so the difference of 75 crore does it relate to you know, not the portion of Jindal Saw losses on a console basis? Because if we adjust this number, then the actual profit, you know on console, which is even after exploding 377 crores works out to 473 crores, which is more or less equal to the standalone number. So, I'm just talking about the minority interest part which is attributable on the console numbers.

Management - Jindal Saw

- You're right. We have already discussed that there is an exceptional item in our result if you reduce that, so, my PAT is 400 on consolidated basis only.

Bajrang Bafna, Sunidhi Securities

- No sir but that is before considering the minority interest part. So below that there is a line item which talks about the profit attributable to the parent which is 850 crores. So that is after adjusting the minority interest part. If we put...

Management - Jindal Saw

- Yeah this number is on the totality basis and on the minority interest, there is a negative balance.

Bajrang Bafna, Sunidhi Securities

- Yes, that is what I'm saying that negative balance is 75 crores correct?

Management - Jindal Saw

- It's...

Bajrang Bafna, Sunidhi Securities

- 775 and 850.

Management - Jindal Saw

- 98 crore.

Management - Jindal Saw

- In the interest of time, can I request you to take this offline

Bajrang Bafna, Sunidhi Securities

- Yes, sir because it is a vital question because you started this year saying that there will be not much of a difference between the standalone numbers and the console numbers. But if I do my math right, then I'm getting a picture where you know the standalone numbers and console numbers are more or less equal, there is no difference of 100 crores because whatever loss that has been incurred in the subsidiary, the part of Jindal Saw tantamount to only 25 crores not 100 crores you know, if I just go by the reported numbers, where adjusting minority interest the number stands at 850. So, in benefit of all if you could clarify this may be at a later stage through some sort of presentation will be really helpful sir.

Management - Jindal Saw

- Let me explain it as far as the parents which means the Jindal Saw's consolidated result is 832 not 700. So, out of that 832 if you reduce, because this 300 also includes the minority interest also.

Bajrang Bafna, Sunidhi Securities

- Yes.

Management - Jindal Saw

- Okay. So, on consolidated basis, my numbers excluding the non-controlling interest is 833.

Bajrang Bafna, Sunidhi Securities

- Yes, so, 833 so, from that even if I exclude that some part of 377 it works out to somewhere around standalone number, so, that is, you know the real picture which should emerge and your statement goes right saying that both the numbers there will be not much of a difference.

Management - Jindal Saw

- Yes.

Bajrang Bafna, Sunidhi Securities

- And sir one more question you know, if I may, on this award of JITF if I'm not right last time, we understood that even if the NTPC goes for appeal you know and then they have to deposit 75% of the money in the escrow account and we by giving a bank guarantee can get that money. So if you could just relate this enforcement order and this statement of 75% in the escrow account will be really helpful?

Management - Jindal Saw

- Now what you have just said the enforcement is from our side is about that only. The enforcement is essentially for us to appeal to the high court that while they go through this process, let there be money on the table. And if we succeed in enforcing our appeal, then what you are saying is correct, we will have to... we will be able to get that money,

maybe against a bank guarantee. It all depends on court but what you are saying is correct. That is exactly what our enforcement appeal is all about.

Bajrang Bafna, Sunidhi Securities

- Okay. Thank you very much.

Operator

- Thank you. We'll take our last question from the line of Vikas Singh of PhillipCapital. Please go ahead.

Vikas Singh, PhillipCapital

- Good afternoon sir.

Management - Jindal Saw

- Good afternoon.

Vikas Singh, PhillipCapital

- Sir, if I look at your order booking so this quarter, the DI pipe order booking has taken dip. So, can you just please explain the segment wise SAW, DI and Seamless, how big book currently stands now and what kind of execution we are looking at in FY20?

Management - Jindal Saw

- See my year end Ductile Iron order book is close to 5 lakh tons and again, as I have been saying whenever you are looking at a quarter to quarter kind of a movement please be a little careful as sometimes you have got large projects which get executed over a period of time and sales can spill over Sometimes when you have a view that the prices are going to increase, you may even strategically slow down, order booking. So a combination of all of those is there when you are looking at a very minute quarter on quarter kind of movement, but my year end SI pipe order book is close to 5 lakhs tons, which is by all accounts a very healthy order book which will take us at least nine to 10 months to execute.

Vikas Singh, PhillipCapital

- And sir saw and seamless what kind of big book we have right now and what kind of volume executions we are expecting?

Management - Jindal Saw

- Okay on seamless, you would typically not have a very high quantity in terms of order books because seamless usually the market expects that the delivery should take place in eight to 10 weeks and the customers are happy if you deliver in eight to 10 weeks max 12 weeks. So in the seamless typically you would never see a very high order book. But there is a healthy pipeline of orders that we are expecting. And we do have an order book in seamless in excess of 40,000 tons of now, as far as the large dia which is L-Saw and H-Saw

put together again the order book is in excess of 5 lakh tons, which is going to keep us busy, at least for the next few quarters, plus there are a few good orders in the pipeline.

Vikas Singh, PhillipCapital

- So the book size sir if you may can share for us...?

Management - Jindal Saw

- The total order, as I explained is 1,215,000 tons as it stands at the end of the year.

Vikas Singh, PhillipCapital

- Okay, and sir if I look at the EBITDA console minus standalone then this year on year basis are subsidiaries combined EBITDA has jumped significantly near 200 crore. So, if you could explain, which are all the major subsidiaries who has contributed to all this and what kind of EBITDA they have made?

Management - Jindal Saw

- As I mentioned to you now, there are only a few subsidiaries significant subsidiaries which are left in Jindal Saw, one is in Abu Dhabi, one is in US, which does the job work of coating, they are the two and then we have one subsidiary in India which is the Jindal Tubular which does the large dia. So these are the major subsidiaries that we have in...

Vikas Singh, PhillipCapital

- So it has...

Management - Jindal Saw

- And the most...

Vikas Singh, PhillipCapital

- So the EBITDA is largely, the large part of EBITDA would have come from?

Management - Jindal Saw

- From at present among all the subsidiaries on a yearend financial performance basis the maximum EBITDA has come from the US subsidiary, which does coating of SAW pipes.

Vikas Singh, PhillipCapital

- Okay, okay, that's all from my side sir. So thank you for taking my question.

Management - Jindal Saw

- Thank you.

Operator

- Thank you, ladies and gentlemen, that was the last question. I now hand the floor back to the management for closing comments.

Management - Jindal Saw

- Thank you all. As I said, it looks like now we have a path ahead and we all are committed to doing good business together. So I thank you all for showing interest in us. And I hope that as we move along, the investors also would be able to see the results, see the business, get more transparency and confidence in the business and they would be able to make their right choices. Thank you all.

Operator

- Thank you. Ladies and gentlemen, on behalf of Prabhudas Lilladher Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

END OF TRANSCRIPT