



“Jindal Saw Limited Q4 FY2021 Results Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY2021 Results Conference Call of Jindal Saw Limited, hosted by Emkay Global Financial Services. We have with us today, Mr. Neeraj Kumar, Group CEO and Whole Time Director, Mr. Vinay Gupta, President & Head Treasury and Mr. Narendra Mantri, President & Head Commercial & CFO. As the reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Ayush Bansal of Emkay Global. Thank you, and over to you, Sir!

Ayush Bansal: Good afternoon everyone. I would like to welcome the management and thank them for giving us this opportunity. I would now hand over the call to the management for their opening remarks. Over to you Sir!

Neeraj Kumar: Good afternoon friends. I am Neeraj Kumar. First of all I hope all of you are keeping healthy, all of you are keeping safe and I wish the well being and good health of all my friends, investors, stakeholders, all the people who are connected with the call, thank you very much for sparing time during these times. As you know, last week we completed our board meeting to announce our annual results including the Q4 results and I am sure all of you would have got a chance to look at it. I would just like to let you know that we all, that means my team members are taking this call from home because the lock down situation in Delhi continues and therefore, we all are at different places and come in through this audio network and therefore, I would request all of you that sometimes in the questions we may have to just stagger it in a manner where we can provide answers to you by one of the team member .

With that, let me begin. At this time, I would like to change our usual format of presentation. I would come through the Jindal Saw performance and the outlook towards the end because topmost on all of us is the pandemic second wave and how we are dealing with it. I am happy to let you know as Jindal Saw, as we did successfully with the first wave with zero fatalities and in the second wave too, we have managed relatively well by that I like to confirm that all our factories, all our units are working and they are working well, but for the lock down situation where some of the cities are constrained to work from home, all other units and all other offices are also working, so I can confirm that as Jindal Saw, we are only functional, but comply with the regulatory lock down situations, etc. This year, this wave as well the fatalities, we have suffered some fatalities.

The total number of fatalities including workers, etc., everybody is single digit probably it is 7 or 8 to be in fact and most of the places people are healthy. This is on an account of the efforts that is being taken by general staff to give precaution, protection as well as whatever assistance, we all at all units have created a safety bubble kind of a scenario where within the premises we have created quarantine center. Now, I am also happy to let you people know that three of our units, which is Bhilwara, Kosi and Samaghogha through our CSR initiative we have decided to put up oxygen plants, which would be dedicated to medical grade oxygen and we intend to serve our community around be a supplier of oxygen to the major hospitals around so that we can extent that security or safety bubble not just our factories, but also a little around the community that we can serve.

We will continue to maintain the infrastructure as tie-ups with the hospitals in case of any emergency and in case of any requirement of ICU because all our internal quarantine centers have all facilities, but for the ventilator and ICU, so we are dealing with the situation as it develops. We have also taken the initiative of vaccinating the entire workforce management and by because now the government has opened up the vaccination possibility to about eighteen years of age and also has allowed the hospital and state participation so through that we are working on getting our entire workforce vaccinated so that then we can continue our operations uninterrupted. We all hope and pray that as a country as a region, as the world we are able to come out of it and the economy and everything else gets back on track soon.

With that, let me turn my attention to some of the important initiatives and decisions that we have taken in the last board meeting. First, as you all know that we had fittings factory which was in Jindal Fittings Limited, which was making fittings for the Jindal Saw DI pipe division, they also had a stainless steel business, which we used for Jindal Quality Tubular Limited where we had a large diameter pipe. All these businesses so far they are operating like subsidiary, it was essentially done to give that required initial attention to the unit as we grow the business. Now, this year each businesses have grown to a reasonable size and we have taken a decision of merging all of them into Jindal Saw because it was like planted in subsidiaries initially to incubate and grow it up to a certain size, certain scale, time has come now to structurally merge these units with Jindal Saw from a company standpoint, from your investor standpoint, some other stakeholder standpoint.

Now these businesses would be a part of Jindal Saw and therefore there is a complete transparency, we would not have issues of accounting, etc., going forward and from a business standpoint we will get the synergies of this all getting covered under Jindal Saw direct business in terms of governance, in terms of standards, in terms of pre-qualifications in all aspects now we are an integrated part of the Jindal Saw standalone unit. We expect to

benefit from these synergies because we have five business which are growing as you know India has a huge emphasis now on the Jal Jeevan Mission so the pipe units and second units will operate very, very closely together. Stainless business as you know has been a very important aspect of our growth strategy when it came to alloy steel, carbon steel, stainless steel, pipes and tubes market so that would get integrated in terms of every aspect of the management and the large diameter pipe business, including at Indore will also be now one more unit for Jindal Saw for a large diameter pipes, as we stand to address the opportunities in the speciality Jal Jeevan mission.

Subsidiaries with this the organization of merger of all these units we would be left with the all the JITF of which I will talk a little later, we would have the US subsidiary and we would have the Abu Dhabi subsidiary, so that for these now Jindal Saw would be a very clean standalone entity in compassing all these business making our business model even more robust. Turning our attention to the subsidiary, as you all must have seen the difference between the standalone and the consolidated results, the subsidiaries have started doing well, foremost our Abu Dhabi unit need some mention this year, we crossed 2 lakhs tonnes of manufacturing and dispatch, which is the best ever for that unit and you have a very well order book on a path ahead where having crossed 2 lakhs tonnes, which is the highest ever.

This year we are planning to go beyond 2 lakhs and come as close to 2.5 lakh tonne if the pandemic situation does not worsen and if we are able to do regular business in Abu Dhabi, we have confidence that we would be able to come very close to 2.5 lakhs or even grow further. Regarding our American subsidiary, because of the economic situation there, some thing of pandemic and the old administration as you know the coating oil and gas and all of those sectors where on a low, we are beginning to see some traction with the announcements that the Joe Biden administration has made they have made allocations to infrastructure sector, water sector is definitely seeing some buoyancy and we expect that it would follow even the oil and gas as well as the shale gas sector, otherwise also in US, the pipeline infrastructure has become old and we expect some replacement demand also to generate some good business with us, this is on the demand side.

On the supply side also we have seen a certain amount of reduction because many of the five units that were there they have not been able to sustain the pressure of the pandemic situation and have either curtain their production or have shut down the units, so there is a balancing of supply demand and with Joe Biden administration announcing these packages for infrastructure development, we are hopeful that the US subsidiary will also start doing very well and go back to its old glory where it was always there. Turning our attention to JITF, as you all know in JITF, at this point the time there is a major litigation that is

happening, which is in the High Court, which was delayed because of the pandemic, and we did manage to get a very significant hearing, we got some top line senior counsel to argue the matter and we have achieved one significant milestone where now the section 34 objection and all other related matters has been separated by the honorable court, they could see the merit in our argument that these need to be dealt with separately because unnecessarily in brawling this arbitration award and their section 34 objection plus our enforcement must be separated, but I would say in light of the size of the arbitration award that we have, so now the honorable court has separated these two matters posted different dates for hearing and those dates only we work only prepared to go into those section 34 as well as enforcement hearing and due to the second Covid wave those dates have been postponed it is now due in July, but having achieved this it gives us confidence that the arbitration matter would move very fast and should reach its valuable conclusion.

We are also hopeful that the other matter, which relate to a few other smaller issues like the transfer of those conveyor belts, etc., would also be closed, but anyway that is not material either in terms of money or in terms of any other issue with respect to or in light of arbitration award, so we are hopeful that once the courts open the arbitration award hearing, which is their objection under section 34 and our enforcement would move and should move faster. So having covered all the subsidiaries and other major decisions that we have taken let me now turn our focus to Jindal Saw. If you look at the Jindal Saw results we could achieve annual top line of 8900 Crores, which was down by 14% from the last years 10327 Crores that was largely due to a complete washout of Q1 where there was a national wise lock down and all the factories and everything had to be brought down to just a bare minimum survival, and therefore I would request you can look at our focus on our Q4 results, which is quarters that we got last year, who operate as a normal unit in a normal economic and business environment.

There we achieved a turnover of 3200 Crores with an EBITDA of 460 Crores, that if you take an extra product we would clearly come to the same situation where we believe that we are now at a point of inflection. From here on because of the events that government policies, Aatm Nirbhar Bharat Policy, a few other policy stabilization of the oil prices, we are beginning to see the benefit of that and that is how on an annualized basis if you take these numbers it very well surpasses the last year's performance and we are hopeful that in the next 2 to 3 year, we should see a very healthy growth over all of these numbers, other significant issue that I would like to point out is our financial expenses because financial expenses have also come down significant, for the quarter we have shown 90 Crores, which used to be upward of 100 in most of the earlier quarters. This has largely happened because we have brought in some further correction in our capital structure.

In March, we could get 500 Crores NCD from LIC at a very, very economical rate which is a ten year paper with back ended maturity, so that has given us a lot of comfort in terms of directing our liability profile even further where the cost has come down, the maturity profile has elongated and we still continue to bring our overall loan . We have shown a significant amount of reduction in the standalone as well as in the consolidated loan for the company over the years. Besides correcting the liability profile and bring down the costs , a lot of emphasis has also been put on the receivables, we have improved the collections very largely and that has helped out in bringing down the working capital utilization subsequently the financial charges has also come down, so it is a combination of treasury function, correction in liability profile as well as operations in collecting advances, in collecting receivables on time, having a tight credit control that has resulted in the decrease in the financial charges, which on an annual basis is also showing 20% decrease on a quarter-on-quarter basis it shows a 35%.

If you see with the other ratios, PBT to sales has also improved and has improved from quarter-on-quarter from the range of 4, 5 it has gone to 8.5 plus, so as I said keep on looking at that, that the things now we are at a point of inflection and once the normal economy comes in terms of once we turn to normalcy when it comes to the overall economy and the business environment, we are very confident that as Jindal Saw, we are completely ready and we would be able to take full benefit out of that and consolidate our leadership position and another thing I think that I wish to highlight, which we have always been saying that our business model is so robust that any of these stressful situations or extreme volatilities in any segment various counter balance in the caliber, which is keeping Jindal Saw very strong even now, simple example, we all know what is happening in the iron and steel sector, which is the input for our pipe businesses, lot of volatility there, but that is where the pallet business has helped us because that rides the steel way, so there is a compensatory effect and there is a normalizing effect, a balancing effect for Jindal Saw as a whole with the business, now with stainless steel business also joining our portfolio, we believe that it would have a further solidifying effect of all the different business dynamics plus stainless steel if we are able to get into those high grade exotic value added it would also help us in improving all other ratios in terms of EBITDA, etc.

Now, we are all set really grow fast in our stainless steel business. If you now look at our production data, etc., which all of you have looked at, let us have kept us absolutely in the forefront for this year as well, the order book situation as you know our sweet spot is having an order book of more than a billion. At present we are at 800 million, this is largely on an account of a very good execution in the last quarter after that because of the second wave, the order flow has reduced a little bit plus we are also waiting and watching for the raw material prices to stabilize a bit, which we believe has reached a peak and there should be

some connection in the iron and steel sector and therefore, on paper in terms of numbers the order book shows a decline for over a billion to about 800 million, we are very confident and it fits into our strategy we will ramp it up the moment the economy opens because there are plenty on the appraisal whether it is in the oil and gas sector, whether it is in the other infrastructure sector, diesel sector is a very important sector that we have opened up for ourselves.

We have been able to make a breakthrough through our cylinder business into the gas cylinder business whether it is CNG or other that is a significant development that we have made in the business to break into the cylinder business, so looking at all of the businesses that are there on the horizon, the opportunities that we see very hopeful and confident that we are ready, which is like we have the resilience whenever the external environment throws us difficulties or puts pressure on us, fundamentally we are so strong that we have to drive in through our inner strength and that gives us hope, that keeps us ready to take advantage of the movement normalcy is return to the economy and the business environment, so an order book we are confident that the moment things open up riding on Aatm Nirbhar , riding on the other scheme, we would be able to get our order book over a billion, which is our sweet spot in very short period of time.

Another very important aspect that I would like to mention is through our seamless business, we have entered the 13 Crores that has special grade market and the Aatm Nirbhar Bharat scheme is also focusing on substituting the pipes and tubes among other things, which was earlier imported by domestic product wherever they are showing capability we are executing our developmental order, the heat and the drill pipe segments, in the other exotic segment as I said we are getting entry and we are getting significant businesses from those which are also profitable because they are those value added in that grades, so the Aatm Nirbhar scheme is also helping us in this encouraged by all of these Hunting and we, if you recall we already had announced an alliance coming together, we have decided that both of us further solidify this relationship where we are upgrading our Nasik facility absorbing more technologies, getting some more new equipment so that now our Hunting relationship can actually participate in the global supply chain because there is one more important aspect that I would like to mention, as you all may know Hunting is the American giant, they had a strong presence in China, because of the geopolitical situation this alliance of Jindal Saw Hunting is looking at how much can be absorbed from those developments into India in our Nasik facility to start with and maybe add it required how much of that can be absorbed assimilated in this alliance so that it goes up the value chain, we get more technology, we start producing more products and we also get better integrated to the global supply chain and also some among the frontline suppliers to OCTG market through this higher grade on a global scale, so there some significant steps are being taken Hunting and

we as we speak are engaged in very meaningful, very truthful, positive looking dialogue and we may be able to reach to some good conclusion soon where we would be able to stitch even a much stronger and deeper type.

Raw material prices are we very concern, the answer is no, because we know that it is likely to correct the steel prices besides where it has reaches we believe soon correct itself and also now we are able to pass on some of the increase in the raw material prices to our customers.

What it has done is whether it is the government infrastructure scheme or any other infrastructure investment either through state or center or through EPC, we are seeing specially in the water sector some slowing down because of the high input costs, but we believe that once this is curtailed every state by now as its own plans for water grid, they have got huge allocation and they all have a desire to get into it, we will benefit from that we are getting ready and that was one of the reasons to get our indoor plant also within the Jindal Saw fold directly because Himachal Pradesh has a lot of river linking or water body linking, long transmission, and a water bid project as we see in Rajasthan, as we see in Uttar Pradesh, Uttar Pradesh we have our Kosi plant, Rajasthan we are able to supply from some of our plant, so we are hopeful that all of these Jal Jeevan mission, Aatm Nirbhar scheme for which I have already spoken about will give us enough opportunities and as Jindal Saw because of our fundamental strength, that coming under control, the management bandwidth been expanded, people like Hunting coming together to scale up our quality confessement, visibility, all of these point towards very promising future.

As we speak, we are at a point of inflection what we believe and we are absolutely ready, the moment the economy opens up, we will be able to go up. On the middle east region, which again largely contribute for our exports, we are also seeing that now relatively things are beginning to settle down, oil prices have settled down, countries like Iraq have started getting rebuilding, so there also we are hopeful and a firm indication of the stabilization of the near region is the good performance our Abu Dhabi unit, which again largely supports the water sector, which is very much in scarcity there, so with all of these we see that we have a very good future ahead of us once we are able to get to terms with post-pandemic in India and in the region. Before I close, one more thing that I must also confirm to all of you, the first tranche of ESOP, which we have structured as a shared appreciation or stock appreciation right have been distributed, as management we have taken a view to go as wide as deep as possible, so the first tranche has been executed and we wish to continue with that as we move forward, so all said let me close by saying that in the next 3 years we must have a double digit growth only one thing how does COVID pan out and how much disruption it causes, otherwise, on a CAGR, we are very confident of a double digit growth

over the next 3 years the way we see it now in terms of our preparedness. Fundamental strength is there and we are in, so with this opening let me stop and also let me give my stakeholders, analysts, shareholders, investors all of you please take note of a e-mail id, which is rajeev.goel@jindasaw.com because since we are all at different places, my request would be if there is a very specific question about some specific numbers, please forward your query to Rajeev Goel, he is a senior member of our treasury team who runs the business team at Jindal Saw, our assurance to you it would be replied definitely we will make an attempt to reply all your query within a weeks' time, so with that let me close and invite some questions. Thank you all. Thank you very much for taking interest in us and thank you for having the patience and safe in Jindal Saw Limited.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Manish Bhandari from VEMULA Capital. Please go ahead.

Manish Bhandari: Good afternoon to Neeraj and team, I you have two questions, one is regarding the debt reduction plan, so Neeraj and team, can guide us that what should be the debt reduction plan going forward and also on the interest rate you have some netting off the interest income from the subsidiaries, which would be notional in nature as I understand, if you could tell us what should be totally cash out expense of the interest on an annual basis, this is my first.

Neeraj Kumar: First question let me address your debt question related to debt, in March 2020, the total debt of Jindal Saw was 3550 Crores, which has now reduced to 2900 Crores, and on a consolidated basis the total debt was 5000 Crores in March 2020, has now come down to 4200 Crores. This year, if you see in our current liability, if you got a chance to look at my balance sheet, there is a lot of repayment, which is falling due during this year. Our intention is to follow the debt profile and yes, we you would see a significant reduction on the Jindal Saw debt during this year because there are some natural repayments, which are falling due, also Manish, let me tell you, having got that 500 Crores LIC money for 10 years, any major futures borrowing program, we do not have to do because we have enough working capital, also let me address maybe some other viewers also should have this question, capex for Jindal Saw for the years would be limited to the maintenance capex and some capacity balancing capex, we do not have any major projects on Jindal Saw at present and we do not intend taking on any major project in Jindal Saw, there are some capex that you would see in our total years, if you look at my CWIP figure some capacity balancing and increase is happening at Abu Dhabi, part also happening at US, so that we are ready for as I told you in Abu Dhabi now from 2 lakhs tonnes we want to go to 2.5 lakhs tonnes, in US also we want to make sure that we are ready for the market when it opens up a few corrections are required, so there is no major capex at least in Jindal Saw at a standalone

basis. As far as netting of interest income, etc., is concerned, it is not significant. Manish, the major part is largely on account of the reduction is in interest expenses and that should stay there.

Manish Bhandari: Sure, my second question is regarding your comment on the robustness of the pellet price being a hedge, but we see other changes so one confusion I have is related to the pellet prices have gone up substantially and our cost of production remain sustain because of our backward integration, so I have to think hard then maybe we should be a beneficiary of the Stalite prices maybe something will give in the way till we have some order book which we cannot pass on NBI or in steel?

Neeraj Kumar: Yes, Manish, you are absolutely right on that Manish, because of the mines available in the house, we have even tail purchase of mills and other things so that in our pellet division we are able to maximize the benefits that we are getting out of the high prices in the iron and steel sector and we wish that we will continue to have that benefit still the time, the iron and steel businesses rise there is a correction, then we would have our order book pick up, so that is the robustness of Jindal Saw that there is a compensatory mechanism inherent in the system itself and then we would start doing well on the large dia for the DI for which as I have already told you most of the states have got their pipe grid plans in place, they have delayed their tenders, I can give you a few examples where we have been in touch with the senior people through the amount of tenders, but they have just held it back on an account of this volatility in the raw material prices because the water projects are tend to be price specific, so you are absolutely right on that Manish, that we have a robust model and we will get that benefit one way or the other.

Manish Bhandari: Sir, lastly you spoke about the ESOP plans, so what is the total number of shares ESOP need to buy, and is it a timeframe when they buy this and this us a market purchase, which we need to report?

Neeraj Kumar: What we have done is, we have set up a trust in the company which is managed independently by independent trustees and as per the rules they get some interest free loans from the company, use that to buy shares of Jindal Saw and then out of those shares the stock appreciation rights are distributed to the employees, which for the current term would get vested in the employees in percentages over a 2-year period and that is how we wish to continue and once the liquidation happens the trust will build its own corpus and then it will further group and the whole thing will then run in a cycle which will be used to retain employees, make them part of our alignment with the goals and in the process they would also get rewarded by the appreciation in the stocks.

Manish Bhandari: Thanks lot for you answers.

- Moderator:** Thank you. The next question is from the line of Chirag from Aadinath. Please go ahead.
- Chirag:** Sir, my question is not an order book side, as you mentioned we are expecting a good flow of order once the economic get normalized so what is the year end target for FY2022 and FY2023, to receive order?
- Neeraj Kumar:** Year end target, as I told you, the sweet spot of our order book is always about a billion and now with ten days business and all those coming in, we expect that to go a little higher, so this gap of current order book of 800 million to going about a billion should be a function of a few months the moment the economy opens and those tenders and those projects are put on track.
- Chirag:** Thank you.
- Moderator:** Thank you. The next question is from the line of Pratiksha Daptari from Aequis Investment. Please go ahead.
- Pratiksha Daptari:** Thanks for the opportunity, Sir. So, my first question was about DI pipe, so considering the DI right now is substantial portion of our order book and over the last two years, we have seen this come up say from 35% odd and 55%, how do we see the margins overall blended margins being impacted considering that raw material price hike would be more felt in this segment?
- Neeraj Kumar:** In the DI segment, if you see our entry point is iron ore, we have our own blast furnace for this, which also we manufacture some like we do pellets, here we do some pig iron, so since the entry point is in iron ore lumps and we go right up to coated double chamber DI pipes, the value add that we have within our premises is significant and we are hopeful of DI market segment because now there is a very larger range of acceptability of using DI pipes for potable water as opposed to any other price for transporting at least for receiver, so DI pipes, we are confident and would definitely be very much involved in the growth story of Jindal Saw over the next two to three years.
- Pratiksha Daptari:** Sir, what I wanted to understand was that how would the margins be in the segment like do we expect considering DI such a huge portion?
- Neeraj Kumar:** The margins also may improve because demand supply, demand is like we do grow where as in supply, we have just heard one or two announcements, but yet even if they fructify they are 24 months at least down the line, so in the entrance because of the water grid projects the demand is likely to exceed current supply that we have and not all players in the DI market are fundamentally that strong, I am talking about the current players as we are to

take advantage of that, so there is a demand supply benefit that we are going to get, demand exceeding supply and the relative strength of these DI manufacturers should again put us in a very good position where we would be able to gain market from there, also it is important now to point out with this merger we would be only among the two players who would be making the fitting and fitting also gives you a good margin because then you can become a total pipe plus fitting supplier through EPC contractor or a large project, so now with fittings also getting merged in Jindal Saw those margins also will get captured in Jindal Saw only.

Pratiksha Daptari: Sir, I am just seeing that do we expect to maintain the volume growth that we saw in FY2021, or do we expect to do better?

Neeraj Kumar: In terms of capacity, we have expanded as you know we have gone up to 16 inches, as you know now our Nagothane plant has also readied itself and is ready to give out carbon steel pipes up to 8 inches, we have tested, we have upgraded that facility, so Nasik now goes up to 16 inches, Nagothane plant goes up to 8 inches and we have done some capacity balancing, rebalancing between both the plants so that we would be able to run long campaign and therefore yes, we are ready for a volume growth in terms of a production growth, we are definitely ready and we expect some volume growth also to come in because this segment caters to the decent, as I told you we have made a breakthrough in the gas cylinder seamless segment because gas cylinder, the body is nothing but a seamless pipe, and then you do that two side capping and other thing, so looking at all of these, we are confident and hopeful of seamless segment giving us growth, yes.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Thank you very much for the opportunity. Sir, just to in continuous to the earliest speaker said this gas cylinder part opportunity if you could elaborate, is it an import substitute that we are doing and currently Jindal Saw is the only player or the other seamless players are also in the fore?

Neeraj Kumar: We have made a recent breakthrough and we intent then becoming one of the largest suppliers in car manufacturers for their CNG cylinder, it is in a manner of speaking and import substitute, because so far this was dominated because some of the car manufacturers are again Japanese, Europeans and so they had other players also involved in it, we would be definitely now addressing this segment very seriously and in terms of your second question, how many Indian players have broken into this, I have to come back to you on that I do not have a data readymade on my hand, but it was a difficult segment to break because we have to pass through a lot of kind of metalogical and other test because as you

know this gas have a heavy security concern because the hand in high pressure in different kind of scenarios because vehicles etc., they are always moving on the road, they have different heat situations, so who are the other Indian players into to the segment, I will try and come back, Rajeev in fact if you are listening to this question, please make sure that we reply that within a week.

Saket Kapoor: As per this restructuring committee part, I think you have elaborate the entire concept what this committee would be now looking into the restructuring of subsidiary, going forward for this year what has been the contribution from the fitting business part in the Abu Dhabi to the top line and bottom line?

Neeraj Kumar: Abu Dhabi, if I recall correctly, Mantri are you on the call, we got a EBITDA contribution of app. \$25 million?

Narendra Mantri: From Abu Dhabi?

Neeraj Kumar: Yes, Mantri, Abu Dhabi, broadly while you look at the number, Mantri, if you just look at the standalone EBITDA and the consolidated EBITDA, the difference largely is coming from Abu Dhabi, but what is the exact EBITDA probably it \$25 million if I recall back?

Narendra Mantri: It is little more than \$25 million, but exact number we will reverse to Mr. Kapoor.

Neeraj Kumar: It is above exactly, but what we have added \$25 million to our EBITDA from Abu Dhabi.

Moderator: Thank you. The next question is from the line of Anish Tusnial from Wealth Creators. Please go ahead.

Anish Tusnial: Sir, congratulations for a good set of numbers. Just had one question, can you talk about the NTPC the money the amount we have received already, so that is given as a bank guarantee right, so can we get a breakup of how much that has gone into the current portion of debt, so that we get a clear picture as when the money will come, and that is the getting through bank guarantee like that?

Neeraj Kumar: Let me address that you in two ways, first way, looking from Jindal Saw standalone perspective we have not given any bank guarantee and significant amount of money has not come because only interim orders are released, which you rightly said money is being obtained from NTPC against bank guarantee you would also know that in today's environment whenever you see the bank guarantee, you have a huge amount money as collateral and other collaterals, so from investor or a stakeholder standpoint, it should give you comfort yes, if the court is ordering so far court has ordered in different tranches about

800 Crores which has come in all against bank guarantee, for the investors, I would request you to look at it as a comfort because if the court does not see a merit in the arbitration award, they would not give this kind of an interim relief, in terms of actual release coming into the company it is not much because whatever money has come has been locked in for providing those guarantee, but as being said that going forward now with the separation of the litigation in section 34 and enforcement being taken separately, we are hopeful that the final determination should happen soon, that money comes we are confident and we wish to confirm all Jindal Saw dues would be repaid because the money which is sanctioned is much more than all the exposure that Jindal Saw has on JIDS, so broadly that is how it will settle down, it is a matter of time, it is a matter of High Court and High Court getting disrupted with COVID, that is how we have actually suffered in the last two years and we are hoping that now in July, once the court opens we would be able to impress upon the court for a quick final determination.

Anish Tusnial: Alright, Sir. Thank you for your answer. My next part of my question is regarding the natural debt reduction, you mentioned that you plan to reduce debt in the natural course where it will mature, the limits will be paid off in this year, so how much that amount will be?

Neeraj Kumar: Your voice is not clear, but I go a sense, Vinay, if you are on the call, what is the magnitude, 200, 300?

Vinay Gupta: In the current year it will be...

Neeraj Kumar: Vinay, you are very clear.

Vinay Gupta: If you can hear me, it is 550 Crores to 600 Crores in the current year.

Neeraj Kumar: Okay, so that is for year, as I told you there is a large amount which falling due during the current year, 550 Crores to 600 Crores and we intend repaying all of those as a maturity was due.

Anish Tusnial: Thank you, Sir. All the best.

Moderator: Thank you. The next question is from the line of Mukul Verma from Verma Associate. Please go ahead.

Mukul Verma: Sir, good evening and congratulations for a fantastic set of numbers. I had one question, just wanted to know are there any listed competitors in the space you operate in?

Neeraj Kumar: Good question, any one single listed or not listed company operate in the entire space that we are in, the answer is all over the world we are dealing in our business model, but in different segments yes, there are people, large diameter pipe segment you have got people like Welspun, etc., in seamless segment you have got people like MSL, in DI we have got Electrosteel with also TATA is also a manufacturers of DI so there are players competing with us in certain segments and mind you in those segments also our capacity in every segment is among the top two or three, so we are a significant player in all these, but the entire product portfolio they have none in the world.

Mukul Verma: Fantastic. Thank you, Sir. Wish you all the very best for the future, thank you.

Moderator: Thank you. The next question is from the line of Tushar Pendharkar from Ventura Securities. Please go ahead.

Tushar Pendharkar: Sir, my first question is related to other expenses because there is a significant jump in the other expense in this quarter, is there any one off in that or it is a regular level?

Neeraj Kumar: It is a regular because the other expenses they are on part and parcel of the expenses of business and since the turnover has gone up you would be able to see that there is a correlation between the other expenses and the turnover for every quarter, so there is no other significant other expense that is their, but still let Mantri, who is the commercial head, Narendra Mantri confirm that to you, Mantri, if you are listening, other expenses are all a part and parcel of our business right and they can be correlated to the sale.

Narendra Mantri: Yes, and if you see other expenses to the tune of 20% to 21%, you will find the numbers within that.

Tushar Pendharkar: Sir, my next question is related to working capital if I am not wrong there is a slight change in working capital increased by 15 to 20 days in the last 6 month in H2 FY2021?

Neeraj Kumar: That is probably related to the increase in operations in quarter four, our operations have really gone up significantly and for our trade finance as well as opening up LC payment of raw material they are all very much a part of my operations and therefore the working capital requirement track our operations, which top line.

Tushar Pendharkar: Thank you.

Neeraj Kumar: Before the next question is asked, let me give a guidance to all my friends, for these kind of number crunching or these kind of questions where you would need assistance to do your projections and modeling, I would all strongly urge you, Rajeev is there, he will guide you

and help you through so that you can build your assumption because these numbers I do understand are important for you to build your financial model to make a view on that because all those questions on this kind of a call, an one hour call, we may not be able to really give you a exact answer, but that is only for the want of time and the format, Rajeev will help each one of you with those assumptions about those specific expenses or that new items and their correlations.

Moderator: Thank you. Due to paucity of time, we take the last question from the line of Vikas Singh from Phillip Capital. Please go ahead.

Vikas Singh: Good afternoon, Sir. Thank you for taking my question and congratulations on very good set of number. I just want to understand you had given us two to three year of guidance in the double the growth, but just wanted to understand FY2020 if I would like to see the reference in terms of volumes how do we see that from the one year perspective considering that we started the year with a lower order book and secondly should we assume that like every year this year would also be the same than the first half would be on a weaker side and second half would be very strong?

Neeraj Kumar: First quarter already we have seen, the economic data also as come out, GDC growth has registered approximately 2%, the first quarter would definitely be weaker than what we could expect, for a full year guidance my request would be, please wait for 15 to 20 days more, that the economy at least get out of this pandemic more because any guidance till the time we from the back on the economy from the out of this lock down situation would be just you are looking at a guess, so I would request get in touch with us maybe towards the third week or two, hopefully by then the economy would start showing signs of the resurgence and going back to normalcy, we would definitely give you, we have a full year business plan, but that full year business plan, will have to be now calibrated because of this second wave, so third week of June, we should be ready to give you a full year proper guidance.

Vikas Singh: Understood, Sir and just one more clarification, our trade receivables has been on a green size, so just wanted to understand is that have been a normalizing or things are still moving towards on basically increasing working capital size?

Neeraj Kumar: Would you please repeat your question?

Vikas Singh: Our trade receivables have been increasing, so just wanted to understand have we started business money and started unwinding some of these or it would take time?

Neeraj Kumar: Okay, got it, because of the pandemic scenario kicking in you may see some receivables getting delay, but let me assure all of you we have a very tight credit control, so we have never faced and we are unlikely to face any significant bad debt or write off on account of non-collection, because the general principle that we follow this government with PSU you have to have an open credit that is how they function, there you can see some delay sometimes on an account of allocation of funds, etc., but normally it is the quality of product that you have given is matches there or it meets their requirements, money always comes because we always been with state authorities and that authorities which are good in nature as far as private sector is concerned most of our businesses are done again letter of credit and therefore provisioning or bad debt has never been and the kind of control policies that we follow will not be an issue for Jindal Saw.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Neeraj Kumar: At the end again I would start with thanking all of you as I said for being patient, of being resilient, I know in the recent past two to three years, all of you or many of you have been anxious and been patient sometimes you also have received those questions, all I wish to assure you is, we are working very diligent, very alertly in everybody's interest and we are growing as an organization in our fundamental strength. We are now we believe at a point of inflection once the economy comes back on track, we would absolutely be there and ready to take advantages of that, with all of these I have told you in terms of joint ventures, new products, and the natural expansion and growth of our organization. Thank you all, thank you very much, stay safe, stay healthy and let us meet up in the next call. I hope all of you please stay on, be with us, this is definitely in the long-term you will benefit from this. Thank you.

Moderator: Thank you. On behalf of Emkay Global Financial Services, we conclude today's conference. Thank you all for joining. You may now disconnect your lines.