January 19, 2024

The Manager
Listing Department
National Stock Exchange of India Ltd.
'Exchange Plaza', C-1, Block-G,
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip Code : JINDALSAW

BSE Limited
P. J. Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code : 500378

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

Dear Sir/Madam,

This is with reference to the captioned subject and our letter dated January 11, 2024 and January 17, 2024, the transcript of the conference call organized by the Company for analyst and investors on the unaudited financial results of the Company for the 3rd quarter/9 months ended December 31, 2023 (Q3 FY24 Results) held on Wednesday, January 17, 2024 at 4:00 PM IST is attached and the same has also been uploaded on the website of the Company.

This is for your information and record please.

Thanking you,

Yours faithfully,
For JINDAL SAW LTD.,

SUNIL KUMAR JAIN

Digitally signed by SUNIL KUMAR JAIN
DN: c=IN, postalCode=110087, st=DELHI, street=WEST DELHI, l=WEST DELHI, o=Personal, serialNumber=cae3445e545680b5a6a2b3c48701defa014a81587d8bcfac5d63574d4c845c00, pseudonym=a7d1dc38ba454cf08f3ed12bff9947f4, 2.5.4.20=f3920032fcfecff0d9cf750fe7967b752ec364a68d4ef72da6ace99afc8dde4c, email=SUNIL.JAIN@JINDALSAW.COM, cn=SUNIL KUMAR JAIN
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COMPANY SECRETARY
FCS : 3056

"Jindal Saw Limited
Q3 FY '24 Earnings Conference Call"
January 17, 2024

MANAGEMENT:	**MR. NEERAJ KUMAR – GROUP CHIEF EXECUTIVE OFFICER AND WHOLE-TIME DIRECTOR – JINDAL SAW LIMITED** **MR. VINAY GUPTA – PRESIDENT AND HEAD, TREASURY – JINDAL SAW LIMITED** **MR. NARENDRA MANTRI – PRESIDENT, HEAD, COMMERCIAL AND CHIEF FINANCIAL OFFICER – JINDAL SAW LIMITED** **MR. RAJEEV GOYAL – ASSOCIATE VICE PRESIDENT – JINDAL SAW LIMITED**
MODERATOR:	**MR. VIKASH SINGH – PHILLIPCAPITAL INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Jindal Saw Limited Q3 FY '24 Earnings Conference Call hosted by PhillipCapital India 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. Should you need any assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikash Singh from PhillipCapital India Private Limited. Thank you, and over to you, Mr. Singh.

Vikash Singh: Good afternoon, everyone. I welcome you all on 3Q FY '24 Earnings Conference Call of Jindal Saw. From the management side today, we have with us Mr. Neeraj Kumar, Group CEO and Whole Time Director; Mr. Vinay Gupta, President, and Head Treasury; Mr. Narendra Mantri, President, Head-Commercial, and CFO; and Mr. Rajeev Goyal.

Without taking anyone's time, I would hand over the call to Mr. Neeraj Kumar for his opening remarks. Over to you, sir.

Moderator: Your audio is not coming, sir.

Vikash Singh: Neeraj sir, I think you are on mute.

Neeraj Kumar: Good afternoon, friends. Now is it okay?

Vikash Singh: Yes, sir. Yes, sir.

Neeraj Kumar: Okay. So yesterday, we had our Board meeting, and we declared our results. This quarter is the best ever result declared by Jindal Saw, and this has been happening now for last few quarters that every time we set a benchmark and we ourselves go and jump over it. This is primarily a culmination of, as I say, a lot of efforts. So now we do have a momentum, we have an order book, we have the capacity, we have the market, and we have all the other resources which are required to be able to perform in a very coordinated manner.

So highlights of the result. Stand-alone top line, INR4,786 crores. EBITDA, INR890 crores. PBT, INR619 crores. PAT, INR452 crores. Now when you compare it with the comparable quarter last year, which is 31st March -- 31st December '22, look at the results there. There was a note. There was an accounting entry for which there was an other income of INR113 crores. That is not there in this time. So when we make that comparison, you will see that the improvement for the development has been even more steeper than what the numbers tell you. EBITDA percentage, from 12.9% a year ago, now it is 18.6% in the current quarter.

Likewise, if you see the consolidated results; EBITDA of INR1,030 crores; Gross income, INR5,697 crores, PBT is INR700 crores, PAT INR512 crores. So again, that indicates that our subsidiaries are doing well. Especially, our Abu Dhabi facility is doing very well. We have a good order book, stable performance, tonnage very good. And the very important factor that has been supporting us over the last few quarters, the commodity prices have kind of stabilized. The progresses everywhere we are seeing that probably it has a little downward trend. So that puts us into a very, very good position.

Turning our attention to the distribution of our income, which should give you a clear sense of the robustness or the quality of our income, the stability of our income. Water sector, approximately 68%, oil and gas, 28%, industry and other sectors, 4% to 5%. Also, the diversification between the domestic and the export, very well balanced. Domestic, around 60%; export, the other 40%.

So if we look at the metrics of the kind of industries that we address, and the export versus domestic, this gives us a lot of comfort in terms of the revenue quality. It is not a spike. It is not one particular sector or it is one particular -- so it is not a flash in the pan kind of revenue. This is something why I'm highlighting because we pay particular attention to this metrics, which is the quality of the -- or the robustness of our top line revenue.

If we look at the debt profile. Given the turnover etcetera has gone up, JSAW net debt has come down from INR4200 crores to INR3,900 crores. On a total consolidated JSAW basis, it has come down from INR5,600 crores to INR5,400 crores. The institutional debt has come down from INR4,900 to INR4,700.

So what this again tells you that after the M&A activity that we carried out for Sathavahana, which added a term loan of about INR1,000 crores to the balance sheet, the debt is being managed well. Out of the total debt of long-term debt, we have only INR1,800 crores, out of which INR1,000 crores is on account of Sathavahana, which is a very recent M&A activity. So the debt continues to stay within control.

Working capital utilization will continue to go down because primarily all the cash that would get generated, we hope to generate a lot of cash, would be used for routine capex and reduction in working capital. We do not have any other M&A on the cards. We are working on capacity, you can say, building by debottling and capacity utilization at Sathavahana, because we see there is a lot of headroom there. With a marginal capex and debottling, we can do capacity balancing and thereby enhancing that capacity.

So that's one area where the capex is going. We are also putting up new coke oven batteries, which is taking some capex. We are also trying to enhance our capacity for seamless pipes in Nashik. If you see, in Nashik, currently we have one piercer. Going forward, it has got 2 lines. One line is 7 inches and below. I'm talking about seamless tubes -- carbon seamless tubes. One line is then above 7 inches, and it goes up to 15 inches.

Again, what we are doing is, we are trying to debottleneck that, create additional piercer, so that the 2 lines work independently. So that's in seamless, in Nashik, we will have a dedicated line for 7 inches and below, and a dedicated line for 7 inches and above, up to 16 inches. This will enhance the capacity, this will improve the productivity, this will improve the market reach. And through this and a combination of different diameters of double bead LSAW, which is dual bead, one bead on top, one bead -- so that's a much stronger weld as well as spiral.

We are looking at possibility that we if use the right grade of steel material, can we provide, again, a solution for hydrogen transportation. Because what we assume is that hydrogen may become an important factor for the clean energy. And therefore, we are trying to ready ourselves, besides addressing the market, to be absolutely ready for this important segment, and that is where the seamless -- having a dedicated line for the 7 inches and above and one dedicated line for below, plus these would help.

By the way, we also have stainless steel. We can do large dia stainless steel going up to 40-inches in diameter. And on the lower side, we can go up to as low as half. So with all this, we are wanting to create a full bouquet of products which can go into hydrogen transportation whenever that comes.

Now moving from the financial highlights to the business outlook. I think we have a momentum. We are likely to close the year on a high. The order book is good, 1.4 billion. We already talked about it. That's a sweet spot for us under the enhanced capacity. And usually, the fourth quarter is always the best quarter for Jindal Saw. We hope we will be able to repeat that this year as well.

So we have momentum. We have a good order book. We have a stable commodity price. Capex, already we have spoken that there is nothing major except for capacity balancing at the Sathavahana Haresamudram plant, a coke oven battery, and this dual -- double line for Nashik in seamless, so that the capacity goes up.

Let me now turn my attention to the market outlook. The way things are happening, first, we definitely are getting concerned and we are watching the developments in Red Sea and around. Because we do note that Iran is kind of going all over. First they hit North, now they are trying to hit South. So US is retaliating. So we just are seeing complexities developing in that part of world.

Hamas continues to be under huge pressure. Israel is not relenting, unlikely to relent. Probably, the world has now reconciled to it. And therefore, rather than now any negotiations, different people have different reactions, some are supporting, some are waiting, and some are retaliating in their own way. How will it play out, we'll have to wait and see it. But assuming nothing major goes wrong, we see oil capex to pick up, both in India as well as in this part of the world.

India, as we see now, deep sea, the KG Basin, especially in the Bay of Bengal, there's a lot of activity. Both the PSUs as well as the private sector improved their production and exploration, expanding directly. So overall, we see that the demand for pipes for oil and gas sector should be there, should be robust.

Water segment has been a very good initiative, very good opportunity for us. This Jal Jeevan Mission has given us very robust and sustainable demand for pipes of all categories. Our large diameter pipes, our DI pipes, our STP, we have benefited on all fronts. And the way things are, in all probability, there would be political stability and continuity at the centre even after general elections.

So we expect that momentum to continue because still the water grid has not reached the desired level in the country. There are pockets where still it needs to be -- there are pockets where it's there, but still a lot to go. So we see, in the short term, definitely this water segment, the water demand for pipes in the water segment will continue to remain very high.

Two more small points I would like to touch before I turn my attention to questions. NTPC, now finally, after a lot of consideration, we have been able to get the Solicitor General to begin his argument. Currently, the case is partly heard. That's good news because then there is not going to be any change of roster or change of judge.

And it appears that now the argument is going to end soon, because once you have a partly heard, judge has given two dates, so you will have to finish it. So that's good news. Now we are definitely seeing that there is a movement, and there should be an end.

So far, the last order that the judge passed, we have taken note, where the Solicitor General had said he has substantially completed his arguments and probably would need a small session of about an hour or so, and then he will end his arguments. After that it will be an opportunity for us to rebut.

So far, whatever arguments that we have heard from him, we feel that we are on a very strong level. And we also feel that now there should be movement. And once all of these are argued very well at the High Court level itself, probably then the next steps towards a final adjudication would be now simpler and should not take very long.

The last thing that I want to talk about is the joint venture, the Jindal Hunting Joint Venture. We have completed the API audit. No doubts it has gone very well. We are likely to get the API license in the next month or so. Likewise, the premium connection which does not require API is just the license from Hunting.

All training, all offloading trials, etcetera, are done. The final agreement will be inked any day. So basically now this JV will be in business commercial activities soon. The kind of orders that are lined up, we expect that in the year '24-'25, which will be technically the first year of operation, because we are assuming that during this quarter we would get the API license and all that, the JV would have a profitable operation.

The level of planning, the level of detailing, and the way we have managed our capex and costs, it gives us a lot of confidence, it gives us a lot of comfort that in the first full year of operation itself, the JV would be profitable and would contribute. Anyway, this JV's financials, etcetera, everything is independent.

We have a separate bank line, so there is no drain on the account or other subsidiaries. But on a stand-alone basis also, the company would be -- the JV would be profitable in year '24-'25, which is its first year of operation. So far, the trials have been successful. Results are good. People have witnessed it. Clients are excited. And we expect that we will penetrate the market very soon.

So with these initial opening remarks, financial results, and outlook, let me stop here and take few questions from all of you.

Moderator: Thank you so much. We will now begin the question-and-answer session. Next question is from the line of Mr. Abhishek Maheshwari from SkyRidge Wealth Management. Please go ahead.

Abhishek Maheshwari: Am I audible?

Moderator: Yes, sir.

Neeraj Kumar: Yes, yes. I can hear you clearly.

Abhishek Maheshwari: Thank you for the opportunity sir, glad to be back. Sir, so first question is regarding your exports to Saudi Arabia. I'm assuming the bulk of your revenues come from -- a whole lot of revenues come from Saudi Arabia. And the situation in Red Sea, it's not as if we can take Cape of Good Hope route, right, but we can take the Persian Gulf route to export our products to Saudi, right? Is that helping you? Or are you seeing some pressure on exports due to this?

Neeraj Kumar: To classify that a bulk or substantial is coming from Saudi Arabia would not be the -- if you look at the total pie of our revenues and the portion that has come from Saudi Arabia, yes, it is an important contract, but it's not that we are very, very highly dependent. And still the Saudi Arabia contract is very well running into the next year as well. So it's a large contract totalling INR3,000 crores, but split into 2 years.

As far as transportation of pipes through ships are concerned, so far, there have been no incidents. And unless the guys become reckless, pipes are of very little consequence to anybody. It's not oil and gas, it's not a commodity. No pirate would be able to do anything with the pipe, I think. So we don't expect that we are on the target. But if the entire route is disturbed, then as I already said, yes, that is a risk and this is a concern.

Abhishek Maheshwari: No sir, I understood your point, but just wanted -- for the sake of clarity, is there an alternative route to get the goods to Saudi? Because there is one route that is Red Sea. And there is other route through Persian Gulf, through Dubai. So is there an alternative we are considering there?

Neeraj Kumar: Yes, yes, we can -- see Saudi Arabia, if you see, is kind of a very large peninsula. It has got the water channels on both sides. So suppose if one channel gets completely blocked or disturbed, then the alternate route would be available. But the proximity of each other is so much that if

Iran is the one who is doing all this, then it is very unlikely that they will hit one and not mess around with the other channel as well.

And you talked about -- see, Cape of Good Hope doesn't come here. Cape of Good Hope is on the trip of the South Africa. So you don't need to go to South Africa anyway if you have to go to Saudi Arabia from India.

Abhishek Maheshwari: Right. Understood. Sir, my second question is regarding this QIP that you're planning, INR1,000 crores. Sir, if the tailwind is in our favour, we are generating a lot of cash, working capital requirement is coming down, so just didn't understand the whole purpose of raising so much money right now.

Neeraj Kumar: Yes. Let me put that in the right perspective. At this point of time, we are just keeping all the enabling provisions ready, so that, based on the guidance that we get from the market analysts, merchandisers, other experts, if required, we would be able to close this transaction within a short timeframe, say about three weeks to four weeks. But the QIP has not been put on the calendar as yet. And therefore, at this point of time, besides saying that we are in a state of readiness for the QIP, anything else would be speculative in nature, because we don't have any date as yet.

Second, the use of the QIP also has been well spelt out in our Board resolution, in our communication to everywhere. So we have made it very clear that the QIP would essentially move towards reducing the debt burden. Essentially, then the debt, whenever that QIP happens -- let me just caveat it, I'm not putting a date as yet. Whenever that happens, the Sathavahana loan would be completely repaid.

So it will be used for the reduction of the debt on the company. But when it happens, as I told you, we are keeping this thing ready. There are too many factors. There's the market factor, there is a general election, there is a requirement. So at this point of time, is the company in dire need of that fund in any manner? The answer is no. And therefore, we will time it very properly, based on expert advice, and it would be used, whenever it is done, essentially to reduce the debt. Any other discussion at this point of time on QIP, I think, is speculative.

Abhishek Maheshwari: So let me see if I get this right. From your perspective, in maybe coming years, there could be substantial growth which can come in. And you want to be in a state of readiness. If that growth does come in where you can see 15%, 20% growth in revenues, you are in a position to meet all your working capital requirement, so that you do not have to forgo that growth. Am I getting that right?

Neeraj Kumar: That could be one of the follow-ups, yes. The whole idea of dressing up the balance sheet, the whole idea of reducing the debt burden, lightening of the balance sheet is obviously to be in a state of readiness where the financial health, the capital structure is such that it can support rapid growth. Yes, that is one of the definite benefits that we might achieve out of that.

Abhishek Maheshwari: Okay, understood. Thank you so much. That's all from me.

Neeraj Kumar: Thank you.

Moderator: Thank you so much, sir. Our next question is from Mr. Kirtan Mehta from BOB Capital Markets. Please go ahead, sir.

Kirtan Mehta: Thank you, sir, for giving this opportunity and congratulations for sort of good set of numbers continuing [mid-term]. First question was about the Hunting Oil JV. We would be basically getting the API approval sometime this week and first year would be the operation. I just wanted to understand in terms of the scale of operations that could develop there eventually, what could be the capacities, revenues, and sort of the profitability there?

Neeraj Kumar: Capacity, we can go up to 70,000 joints per annum. When we say joints, it is both the pin end and the coupling end. That is called a joint. So 70,000 -- basically, if you talk in terms of revenue, it has a potential of approximately $100 million, if the market size is good and we are able to hit all the value-added segments. Because coupling also, we can go for 13 chromes, we can go for higher, plus we can go for base grade. Our effort would be to go for high value-add products and enter the club of the JFE and the Sumitomo and Tenaris, those guys. If we are able to enter that, then it's a profitable business. So a top line of $100 million is what this JV has the potential.

Kirtan Mehta: And when we look at sort of the India market, what percentage of the market would we be able to sort of address with this? Would it be 5%, 10%? Or it's sort of a larger range?

Neeraj Kumar: In terms of the product range, we can address the entire product range of premium connections in India and most parts of the world. Because this is the only facility which can go right from 2 inches, 7 inches, 8 inches up to 36 inches. Obviously, the higher size includes connectors, but it does the same function. So it can cover the entire range.

So product-wise, we are very versatile, we are very capable and we can address. How much we can achieve in terms of the market penetration, market share, we have to pan out. As I told you, so far, we have enough orders where we are going to be busy and turn profitable in year one, because we already have received all the pre-qualification receipts. In such segments, one critical milestone is receiving the pre-qualification.

Based on the track record and experience of Hunting and Jindal, the JV has already been qualified to bid for regular tenders in ONGC, in the major. We are also working with other private sector players like GAIL, Reliance, etcetera. There they call it the vendor qualification. So currently, a lot of pre-qualifications have already been -- are in place. And the vendor qualifications also for all major players in India are in place. We are using the Hunting network to try and address the export market as well in terms of the vendor qualifications. So we think that we are making the right start for the JV.

Kirtan Mehta: And because of the domestic production, would we have the cost advantage over the imports?

Neeraj Kumar: This project is completely under the regime of Aatmanirbhar Bharat. So not only that we have a cost advantage and income tax advantage, because there is a preferential rate for perpetuity. We also expect that the Government of India might give us the right kind of protection as long as we are able to satisfy their demand. We may even have some protection as it is in other products under this Aatmanirbhar Bharat scheme. But obviously, the cost advantage is there. That is one of the unique advantages of this, not only for the domestic market, but also for the international market.

Kirtan Mehta: Understood, sir. Just one more question in terms of sort of more of a medium-term sort of the outlook. So currently, we are primarily dependent on water and oil and gas sector, and we are trying to develop our capabilities into the hydrogen sector. Are there any other segments that we would like to target over five years sort of -- looking at a five-year horizon? Or are we sort of comfortable that these two segments give us enough opportunity to grow our revenue base from here?

Neeraj Kumar: Okay. One area where the stainless and seamless can go is the industrial sector. Because seamless products are for transportation, drilling is all oil, gas, water, and all types of things. The other one is Jindal products are used in industrial sector where it is used as a heat exchanger in boiler tubes, sugar industry, refineries. So that's the industrial sector, which we club all and make it into an industrial sector.

So that's one area where we can, but there the demand would not be so high that it can absorb our entire capacity. So the dependence on the water as well as on the oil and gas and this part also will be there definitely in the short to medium term, till hydrogen becomes something very big.

Kirtan Mehta: Right. Just last follow-up. In terms of sort of the water sector, while we are primarily focused into the India at this point, is it possible to leverage our expertise to basically target the export market in the water segment as well? And would we be competitive in the export market there?

Neeraj Kumar: Our Abu Dhabi facility is completely taken to the export market. Not a kg of DI pipes from Abu Dhabi is coming into India. So Abu Dhabi is a completely -- if you see in our parlance, the way you say export market being currently available in India are getting addressed by Abu Dhabi, they are doing very well. Last guy also -- the earlier question was about Saudi. That's the water pipeline. So we are addressing wherever we get an opportunity.

In DI, now we have so much -- we have close to 7.5 lakh tons of capacity in DI in India. But since we are strategically located in West and South, we are busy with the Indian demand itself. There is little requirement for us to export DI pipes abroad, except for small diameters.

Kirtan Mehta: Thank you, sir, for this clarification. Thanks.

Neeraj Kumar: Thank you.

Moderator: Thank you so much. The next question is from the line of Riya, Aequitas Investment. Please go ahead, ma'am.

Riya: Thank you for giving me the opportunity. My first question is in terms of the interest cost. What would be the breakup of the forex impact and debt?

Neeraj Kumar: The forex impact in this quarter, financial charges are hardly anything.

Riya: Okay. And in terms of other income, we've seen a substantial increase on a quarter-on-quarter basis. What would that constitute of?

Neeraj Kumar: Other income, significantly increased? No, if you compare with the last quarter, there was about INR113 crores of revaluation accounting entry for RPS, which is not here this time.

Riya Mehta: No, on the Q-o-Q...

Neeraj Kumar: Hold, hold, hold. No, other income is what -- 60, 40, what is it? Just give me a second, let me have a look at it. Because I don't think it's a significant -- see, on our top line of some INR4,000 crores, it is a two-digit other income. What is it?

Riya: Sure. And in terms of UAE, what would be your execution period be for our order book?

Neeraj Kumar: You are talking about Saudi Arabia? I told you it's next year. It will spill into next year. It will complete in the next year.

Riya: Okay. The entire would-be next year. Okay. Thank you. That's it from my side.

Moderator: Thank you. The next question is from the line of Ashutosh Garud from Ambit Gpc Pms. Please go ahead, sir.

Ashutosh Garud: Hello. Am I audible?

Moderator: Yes.

Neeraj Kumar: Yes, I can. Just a little louder and a little slower, please.

Ashutosh Garud: Okay. So I just wanted to understand the broad, I mean, cycle of our industry. Historically, we have seen that this industry has been fairly cyclical. And if I see the results in the recent few quarters, we have on EBITDA level, margins we have recorded very, very good margins, which are historically very high. Especially in the current quarter, we have recorded margins which are predicted high kind of level. So just wanted some clarifications on the next two, three-year journey for ourselves?

From a margin perspective, what would you like to guide on EBITDA level? And from a top line growth perspective, given the kind of utilization levels here, maybe you can throw some more light on what kind of utilization levels you have in the subsegments apart from just being in steel price? Maybe there are other subsegments which you can define for us to give us some clarity over the next two, three years journey from growth and the EBITDA margin sustainability of the same?

Neeraj Kumar: Right. Well, you have asked multiple questions. Let me try and take it one by one. See, in terms of capacity, as you know, we are improving capacity and we are working at a high-capacity utilization. But we have enough headroom where the whole operation can grow without a significant step jump. So that's the first point.

Second, you asked about future outlook. Next six months look strong because we already have an order book, there are deal pipeline is healthy, so six months look very strong. But beyond that, it is something like we will have to win the contracts. It is still not -- so we are hopeful that we would have a good or a robust demand, but the confidence level that we have over the next six months is higher than beyond that. So that should give you some guidance about it.

See, the good part is that the Indian economy, if it continues to grow at the robust pace as a leading world economy, we are one of the four sectors. So we do expect that we should get that benefit. We should have the support of the growing demand in a growing economy.

Ashutosh Garud: Right. Sir, when you said you are operating at a high utilization level, what is the utilization levels currently?

Neeraj Kumar: See, I have always maintained that percentage would be misleading, primarily because boilerplate size and actual production in terms of tonnage, how it is measured, there is very little. But let me put it this way, we can grow the business easily by 20% without any significant capex. So from the current level of, say, INR20,000 crores, we can go up to INR25,000 crores without any significant capex.

Ashutosh Garud: You can grow to? Sorry, I missed the number.

Neeraj Kumar: INR25,000 crores of top line without any significant capex.

Ashutosh Garud: Okay. Thank you, sir. Thanks so much.

Moderator: Thanks so much. The next question is from the line of Shweta Dikshit from Systematix Group. Please go ahead.

Shweta Dikshit: Good evening, everyone. Thank you for the opportunity and congratulations on a good set of numbers. I just wanted to ask the volume numbers for the quarter, does this include the Abu Dhabi volumes as well? Or is it just from Indian operations?

Neeraj Kumar: Probably, you'll have to repeat your question. You were not very audible.

Shweta Dikshit: The volume numbers reported for the quarter, around 442,000 tons. Does this include -- this is consol volume numbers, which includes Abu Dhabi as well?

Neeraj Kumar: No, no, this is stand-alone.

Shweta Dikshit: This is stand-alone. Could you throw some light on the Abu Dhabi volume number for the quarter?

Neeraj Kumar: Abu Dhabi volume numbers for this quarter. Normally, they're 2 million, right? So for the quarter, they would be doing close to 50,000 – 63,000 so that's 63,000.

Shweta Dikshit: 60,000 tons?

Neeraj Kumar: 63,000 metric tons for this quarter. Today, the run rate is upward of 2 lakhs. So roughly, 50,000 to 60,000 per quarter is an average run rate, and we are doing well. We have a sustained order book for that.

Shweta Dikshit: All right. The next question, as you said that orders are already lined up in terms of the Jindal Hunting JV for the premium connection's product. Could you quantify any number on the existing orders that are lined up for that?

Neeraj Kumar: Please allow me to declare commercial production first, and then I'll talk about order book.

Shweta Dikshit: Okay, sir. That's it from my side. Thank you.

Neeraj Kumar: Thank you.

Moderator: Thank you. Next question is from the line of Mr. Ram Modi from Prabhudas Liladher. Please go ahead, sir.

Ram Modi: Sir, I just wanted to check, are the margins same as for the new orders what we are bidding or winning? Because I believe there may be some high-margin orders which we were executing during the next two quarters. But are the new orders coming at the same margins?

Neeraj Kumar: Okay. Let me further that yes, that is one thing that one of the earlier questions was. But see, this 18.6% of EBITDA margin, how sustainable is it? No, we expect this to settle down a little bit. But it will definitely not go as below as we have been doing in the past. So 18.6% can settle down a little bit, because some of the orders, we are getting the advantage of the stabilizing commodity prices. So either with a lead or a lag, that will settle down. So 18% should settle down. But I think it should be -- let me not speculate because it relates to the piping strategy. But I think it should be allowed for me to tell you that it will not be as low as 12, 13, 14 that was there. But we expect some settling down of 18.6%.

Ram Modi: Okay. And sir, what is the quantity of the order book? We have around $1.45 billion of orders on the domestic. What is the volume of the order book?

Neeraj Kumar: The quantity is about 14 lakh tons.

Ram Modi: 14 lakh tons. So the net NSR would be around $1,000 for us, for our pipes?

Neeraj Kumar: Those calculations you can do.

Ram Modi: Okay, okay. And lastly, sir, in terms of how is our stainless-steel pipe division doing, because we do not have a breakup there, but how are the volumes and how the margins and realization is?

Neeraj Kumar: It is likely to pick up significantly. It is doing well. Because there, our major achievement in stainless steel segment has been so far getting pre-qualifications into key industries like nuclear space defence, getting into higher segments like super duplex and those, moving away from the base rate of technical partners as it is called the 304 and 316. So those are the significant developments that we have achieved. Now we expect that there should be a steep growth in the market. Instrumentation tubes, we have made some very good progress. Those are again, the focus on our stainless-steel business is to focus on high value-added Indian products.

Ram Modi: Okay. Okay. Thank you.

Neeraj Kumar: Thank you.

Moderator: Thank you. Next question is from the line of Mr. Vipulkumar Shah from Sumangal Investment. Please go ahead, sir.

Vipulkumar Shah: My question relates to capacity of Sathavahana. So what is the additional capacity we are getting for this acquisition? And how much time will it take to reach those capacities?

Neeraj Kumar: Okay. Currently, we are at 2 lakh tons per annum. With all the debottlenecking and improvement in efficiencies, it is likely to go up to 2 to 2.5. The time taken to go from 2 to 2.5 in terms of capacity will be close to year to 15 months. Currently, we are at a high-capacity utilization of over 80%.

Vipulkumar Shah: At Sathavahana, right sir?

Neeraj Kumar: Yes.

Vipulkumar Shah: Okay, sir. And regarding this Hunter JV, what type of capacity utilization we can expect in first year, sir?

Neeraj Kumar: Please allow me to first declare the commercial production, then we can talk about it. Because the compliance guides sitting in front of me are saying don't make speculative statements.

Vipulkumar Shah: Okay, sir. Thank you and all the best.

Neeraj Kumar: Because unless I'm in commercial production. Once I'm in commercial production, I would be able to talk about business and I will be able to really openly talk about business.

Vipulkumar Shah: Okay, sir.

Neeraj Kumar: Thank you.

Moderator: Thank you. The last question is from the Dhyey Desai from Niveshaay Investment Advisors. Please go ahead.

Dhyey Desai: Congratulations on the good set of numbers, sir. I just wanted to understand on the competitiveness of our products. So basically, like we all know, China is opening up and that could be an intense competition that we might experience from China. So how...

Neeraj Kumar: Could you just repeat your question? You were not very audible. What are you wanting to look at?

Dhyey Desai: Am I audible now?

Neeraj Kumar: Just repeat your question, please?

Dhyey Desai: Yes. So I wanted to understand on the Chinese competitiveness. So basically, China is also opening up. And there is a lot of intense competition that we might experience from China. So I just wanted to understand how competitive we are in terms of quality as well as the pricing when we compare us with the Chinese players in the market, especially in the export market.

Neeraj Kumar: Understood. China is not a competition to us at all. Primarily because quality-wise we are far superior. We know, cost-wise they are much cheaper. But now, in India, there are no Chinese products which are allowed. Most of the other countries also, who are quality conscious, are banning Chinese.

So basically, we don't have any competition from China, because there are two different markets. One is the quality-conscious markets, where we are very competitive because we compete with the other Indian peers and the Europeans. And there is, you can say, less quality-conscious markets, where we don't even bother going, because that's where China is. So we don't see much competition with China because we address different kind of markets.

Dhyey Desai: Correct, sir. So sir, I just missed those numbers. You mentioned about the sector bifurcation of our revenues. Can you please repeat those numbers?

Neeraj Kumar: Okay.

Dhyey Desai: Of revenue. So you mentioned that the water sector was around 68%, oil and gas was around 48%?

Neeraj Kumar: Okay. Water, 68%; oil and gas, 28%; industrial sector, around 4% to 5%. Domestic export 40%.

Dhyey Desai: Correct, sir. That's very helpful. Also, sir, in terms of order book, how is our order book bifurcated in terms of oil, gas, and water, and also in terms of domestic and exports?

Neeraj Kumar: Domestic and exports. Order book for domestic is about 65-35; exports 35, domestic,65. And you're looking for water versus oil and gas. Just one second. Okay, same. Around you can take it 70-30 broadly, or 70-25, 5 leave it for industrial sector. The order book is also following the same pattern as our revenue.

Dhyey Desai: Correct, sir. That's very helpful. Also, sir, so in the exports market, where are we seeing demand from? Are we seeing it from the Saudi Arabia, so MENA region, or we are also seeing it from the export market?

Neeraj Kumar: Water segment, lot of demand from MENA. Oil and gas, also from MENA. So MENA regions...

Dhyey Desai: Are we seeing any demand thrust from the American markets?

Neeraj Kumar: American markets? No, no. We don't address the American market either in the DI, because they have a different socket design. And large dia going to America is a, we have a freight disadvantage. So American market is available to us only for our seamless and stainless, plus now with Hunting premium products, OCTG products. In large dia and DI, we don't address U.S. market.

Dhyey Desai: Okay, that's very helpful. Thanks a lot, sir. All the best for the future.

Neeraj Kumar: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question of the day. I now hand the conference over to Mr. Vikash Singh for closing comments. Over to you, sir.

Vikash Singh: On behalf of PhillipCapital, I would like to thank Jindal Saw management for giving us the opportunity to host the call. And I would hand over to Neerajji for his closing remarks.

Neeraj Kumar: Thank you all very much. We are very encouraged by the kind of response that we are seeing from all the stakeholders. So thank you very much. We will continue our good work. We will continue the momentum. We'll continue to work hard. And hope to see you next quarter. Thank you. Bye.

Moderator: Thank you very much, sir. On the behalf of PhillipCapital India Private Limited, that concludes the conference call. Thank you for joining us, and you may now disconnect your lines.