“Jindal Steel & Power Limited
Q4 FY2020 Results Conference Call”

May 26, 2020

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Moderator: Ladies and gentlemen, good day and welcome to the JSPL Q4 FY2020 conference call hosted by Antique Stock Broking. 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 assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Pallav Agarwal from Antique Stock Broking. Thank you and over to you Sir!

Pallav Agarwal: Thank you Steven. Good afternoon everyone. Thank you for taking the time out to attend the JSPL 4Q results call. I would like to welcome the senior management of JSPL and JPL and hand over the call to Mr. Nishant Baranwal, Head of Investor Relations at JSPL. Over to you Nishant!

Nishant Baranwal Thank you Pallav! Good day everyone. Thank you for joining us to discuss the financial results for the Q4 FY2020 and full year fiscal 2020. We hope you and everyone around you are safe and well.

For today's conference call, we have with us, our MD-JSPL, Mr. VR Sharma, our MD and CEO-JPL, Mr. Bharat Rohra and our CFO, Mr. Deepak Sogani. To begin the opening remarks, I would request our MD-JSPL, Mr. VR Sharma to begin. Thank you.

V.R. Sharma: Good afternoon friends. Thank you for having this call. The company is doing well in this COVID time also, last year results JSPL standalone has come first time in profit in the last six years. PAT is more than 618 Crores.

The Q4 had been excellent. We ended with PAT of Rs290 Crores and we could maintain our EBITDA to Rs.9500 plus per ton and we could also maintain our overall EBITDA margin in the range of 22% as standalone and 21% in consolidated basis.

During COVID time the company is doing very well. Thanks to Ministry of Steel and thank to Honorable Prime Minister who have declared the steel industry as essential services industry and we were allowed to continue our plants. With all the norms laid by Government of India and by the State Government of Odisha, Jharkhand and Chhattisgarh, by maintaining the social distance and also taking care of our workers, our staff and putting maximum people to work from home, we have done a hefty production in April and we are in the same wave length in the month of May.

We are at a level of 560000 tons on an average per month that is 5.6 lakhs tons and we have done a maximum highest ever exports of 2480000 tons in the month of April. In the month of May, we have already crossed 270000 tons six days yet to go, I think we will touch 400000 tons of exports in this COVID times. Most of the exports we are doing to strategic locations. We are exporting to France Rail Blooms for making rails because they are short of steel. We are exporting plates to

France, Spain, Italy, Denmark, and Germany. We are also exporting plates to Saudi Arabia, Qatar, Bahrain and UAE. We are exporting round billets for making seamless pipes to Europe as well as to Middle East. We are exporting the specialty angle irons for the PowerGrid Corporations of respective countries in Middle East.

As you know, we are an infrastructure steel company. Our business is to produce materials which are utilized by infrastructural organizations. So, with the advent of new investments and declaration by Government of India, Prime Minister, Finance Minister and also by Mr. Nitin Gadkari, we are getting maximum benefit in terms of supplying steel to infrastructure based organizations. This is our main aim as a company and I am sure we will continue to maintain our presence in the market and continue to lead as an infrastructural steel company and not only a steel company.

If you see our performance in terms of cost reduction that has been very significant in terms of increase in EBITDA, NSR increase is again also very significant. So, we have adapted all the sites as to how we can reduce our costs and simultaneously increase our EBITDA level and how we can increase the NSR (Net sales realization). So, we have found a very right balance in between value addition and value engineering.

We will continue to maintain this particular momentum and I am sure the country will also come out from this pandemic situation. We are expecting that more and more projects will come and they will be declared a fit for the investment and whatever small problem country is facing today in terms of labor migration from one state to another state, I think once the Indian Railways starts rolling down 200- 300 trains a day then this problem will also be resolved and I personally feel that it is basically a proximity effect and people are scared today, once they return home, they will definitely find a need to come back & work and their employers whether it is a construction company or it is a manufacturing company, they will also be in the need of the people and will invite them to come back to work.

I think country will definitely come out from the current situation and the steel industry will grow. The other good thing is what Government of India has done and we are thankful to Mrs. Nirmala Sitharaman and to RBI Chairman that they have allowed moratorium, they have extended the time period also.

So this is a very good move by the government. People those who can afford, they will pay and use moratoriums selectively. People those who cannot pay, they can definitely delay the payment as per the the RBI guidelines and with the the bankers' comfort. So this is a very good sign that the country will come to an economic rally as fast as possible,

The government has done enough and adequate for the nation, now it is nation's call to give back something to the government. As per various economists' estimates the country may collect around 70000 Crores of GST in the month of May and June it maybe the ever highest more than

120000 Crores of GST collections. So that means, more and more consumption will come up and that eruption of consumption will definitely help the steel industry and also the consumer industry.

I am taking a very pragmatic and positive view of the overall situation and the support of government is immense and what government is doing is commendable. Industry has always recognized the government's move and efforts & we are also very complacent that government is trying their best so that the infrastructure projects come faster.

As per Mr. Nitin Gadkari's statements he has more than 400 projects on his table. Out of which in more than 200 projects, the work has already been started and for the rest of 200 projects, is likely to start soon. So it will be a great advantage. Honorable minister has declared Sagarmala Port Projects in India, will also boast the consumption of steel and cement.

I feel people those who have lost two months' time they will recover in the next ten month's time. The rating agencies has indicated that Indian GDP will be either minus or maybe negligible at plus, but I have a different view. I think the steel industry, construction industry, cement industry, agriculture sector will grow better and we may challenge that negative GDP to a very positive GDP. I am contemplating somewhere about 3% to 5%, but we can discuss after the Q1 what is going to happen.

We have done very well in power sector. Again special thanks to the Government of India for extending Rs.90000 Crores to Discoms and the company like ours JPL will get maximum benefit out of it because some of the State Electricity Boards or the Government of Tamil Nadu for example, they owe about 1600 Crores from us, we will definitely get back our money though in installments, but they will ease us out in repayments.. So hopefully everything will be good and the country will be recovering very fast.

Thank you very much from my side.

Nishant Baranwal: Now I would request, our MD and CEO, JPL, Mr. Bharat Rohra for his remarks. Thank you.

Bharat Rohra: Good afternoon friends. The performance of JPL in the Q4 as well as the full year of FY2019-2020 has seen significantly better results. The comparison of turnover on a QOQ basis has seen an increase from 784 Crores to 930 Crores. The EBITDA on QOQ basis has increased by 30% from Rs.257 Crores to Rs.333 Crores and also on a year-on-year basis it has increased by 25% from 267 Crores to Rs.333 Crores primarily due to higher generations and lower coal costs.

The comparison of EBITDA on a yearly basis has also seen an increase from Rs.1155 Crores to Rs.1249 Crores. That is up by 8%. Cash profit on a yearly basis has also increased by 15% from 816 Crores to 960 Crores. Though on an overall basis the power sector continues to be under stress; however, JPL has by some inherent advantages of being one of the lowest capital cost plants and also due to the low level of borrowings very smartly managed all the adversities in the adverse outside environment.

JPL has met all its debt service obligations and the future appears to be pretty good due to the following five reasons:

The first one is the coal availability. Government of India has finally realized that coal has to be made available in plenty if power for all is to be accomplished. Any time during the next few weeks, about 50 mines are proposed to be auctioned for commercial mining. JPL shall also endeavor to bag a few mines in the vicinity of the plant to ensure fuel security of about 20 million tons per annum.

Then the clearance of the past outstanding as our MD from JSPL already mentioned that package of Rupees 90000 Crores has been announced for the Discoms and we should receive a substantial amount of our outstanding from this loan which PFC is going to give to the Tamil Nadu Distribution Company.

Then another factor that is going to help us improve our cash flows in the next one or two months is the settlement of the change in law frame, which is already at the finer stage in APTEL and 50% of the change in law amount has already been received by us by December 2019 and the balance 50% along with the carrying costs is expected to be released to us in the final settlement of the case.

Another factor that will be helping us in the future is the reduction in the auction prices of coal. In the last few weeks, due to the COVID impact, the demand for coal has drastically reduced and the coal companies are not able to sell through auctions even at zero premium. This is the first time in the history of IPPs that the coal companies are running after the IPPs and it is a very dramatic change and very interesting that today they are requesting us to buy the coal and a large number of IPPs are not able to buy the coal because they do not have the funds. Luckily JPL has been systematically buying in these auctions. As we have coal booked for use up to end of August 2020 at zero premiums, which will give a big boost to our margins.

Then the long awaited fresh PPAs of about 420 megawatts should see the light of day sometime towards the end of June, July and the power should start flowing by October 2020. During the current year the debt has reduced by about 699 Crores and we are now having long term debt of about 6501 Crores in our books. JPL has also prepaid the debentures of Franklin Templeton amounting to Rs.330 Crores and this has been done without any additional borrowings by utilizing the change in law payments received from TANGENCO and also out of the interest being paid by JSPL on the loans given to JSPL.

Now at the final stage, I will come to the impact of the COVID lockdown, nationwide lockdown to contain COVID-19 pandemic has wreaked on already stressed power sector in the country.

The electricity demand has declined by about 25%. The price of electricity discovered on the exchanges fell to about Rs.2.

Number of Discoms cannot even pay regular monthly energy bills further worsening the cash flow situation. As far as the COVID-19 impact on JPL is concerned, JPL has not had any adverse impact. JPL's PPAs are with Tamil Nadu and with Kerala and both are in a peak summer season and hence they have not curtailed any power offtake from JPL and full power is being scheduled to these states under the PPA. Our plant is also operating to generate the contracted power requirements without any hindrances. With the above positive in favor of JPL and with the commercial mining being permitted and recovery of JPL's receivables in site, the performance of JPL is going to improve quarter-on-quarter and by the end of FY2021 would once again become a profitable venture.

Thank you friends.

Nishant Baranwal: Now I would request our CFO, Mr. Deepak Sogani for his comments.

Deepak Sogani: Good afternoon everybody. I am pleased to report an excellent set of numbers and performance. On the standalone basis, we have done production of 6.3 million ton over 5.6 million tons last year representing a 13% growth in volume on standalone basis and on the consolidated basis we have produced 8.17 million tons as against 7.3 million tons in the last year which is also reflecting a 12% volume growth and f we compare FY2019 with FY2018 in that year also we had consolidated volume growth of 23% and standalone growth of 32%.

So volume growth for us has been consistent over the last couple of years. The volume guidance for us for standalone this year is between 7 million tons to 7.5 million tons and at midpoint that will again reflect around 15% volume growth on a YOY basis in FY2021 and on a consolidated basis our guidance is between 8.7% to 9.3% which will reflect 10% consolidated volume growth at the midpoint so the core story of volume growth for us is intact and performing as we have been sharing with you from time to time.

From a consolidated financial point of view, in the Q4 we have reported positive PAT of 306 Crores on consolidated basis after almost six years,the EBITDA in the last quarter has been 2220 Crores versus the corresponding quarter last year of 1845 Crores representing a 20% growth in the EBITDA numbers on a YOY basis.

On a sequential basis the consolidated EBITDA of 2220 Crores was better than 1820 Crores reported in the last quarter and the PAT of 306 Crores was comparable to a -219 Crores PAT in the last quarter. On a full year basis our gross revenues on consolidated basis stood at 40744 Crores representing a -6% change on YOY basis largely on account of reduction in the NSRs by almost 12% in this year over last year and the EBITDA on the consolidated basis was 7854 Crores as against 8406 Crores in the previous year.

On the full year PAT basis, we have declared -400 Crores PAT on the consolidated basis which on a comparable basis in FY2019 was -2412 Crores which had certain adjustments on the PBT basis the adjustments were about 1187 Crores so if you factor that change, about 1000 Crores improvements in the consolidated profitability as per our report.

Our standalone financials EBITDA was 1562 Crores which as compared to the corresponding quarter of last year of 1440 Crores as against an 8% increase and this quarter we have declared PAT of 282 Crores positive in India as against 1154 Crores negative in the last year which had certain onetime adjustments as well. On a sequential quarter basis our EBITDA was 1562 Crores versus 1352 Crores reported in the previous quarter which represents a 16% sequential growth in the EBITDA.

The PAT 282 Crores as against 97 Crores positive in the last quarter represents almost 200% growth in the PAT on a sequential basis. On a full year basis our revenues were 30021 Crores reflecting a 6% decline on a YOY basis and the full year EBITDA was 5777 Crores reflecting a 4% decline from the last year EBITDA numbers of 6017 Crores.

This year we have declared a positive PAT of 618 Crores in the standalone entity as against 263 Crores negative last year so that is the highlight that JSPL financial performance has improved very significantly.

Let me change my commentary to include certain other aspects of our financial points. Firstly, a quick commentary on the international business: the Mozambique business -as we have been sharing with you from time to time has been able to increase its production quite significantly and this year the ROM production there has gone up by 47% and it has now produced almost 2.5 million tons of ROM in FY2020 and in FY2021 it will go up quite significantly from this level. So Mozambique is gradually kind of becoming better.

South Africa was also positive. In fact in the last quarter other than Australia, all our entities showed healthy performance. As we have been sharing with you over the quarters that there has been a renewed focus to improve the operational performance of our international entities and that is bearing good results. Even in Australia we have been able to kind of optimize our expenses. We have been able to conclude or restructuring of the debt over there and we are very close to getting approvals for mining from the Russell Vale mines. so soon enough Australia should also start becoming EBITDA positive..

Now couple of other comments, if you see the depreciation in the consolidated financials , this quarter or for the full year is lower .the depreciation figure there shows a slight decline that is primarily on account of the fact that in Australia there was a full and if you see the Q4 depreciation which is 757 Crores versus last year 2373 Crores which largely included onetime items but in general our depreciation is around 1000 Crores a quarter and that has been lower by around 250 Crores on a running basis primarily because Australian business had taken impairment of around 1200 Crores based on mining estimates in last year and a professional firm called did a full valuation of the mining assets and the business carrying value has been increased by 293 Crores, so that is the delta as far as depreciation is concerned.

The second commentary is that when the results were being audited by Australian auditors our international debt in Australia was still under negotiation and therefore the entire debt had been taken by them as current liability in the initial audited financials and once we were able to conclude the agreement with the lenders there, and post that they obviously have revised the financials based on the revised repayment schedule that has been agreed with the lenders and that has shifted part of the current liability into non-current liabilities, the exact amount of shift is Rs.2659 Crores.

. The other comment that is to be made on the notes pertains to the financials that in the segmental reporting there is a 241 Crores positive number that is being shown from the others category, income from the others category primarily that reflects 293 Crores on account of the revaluation in Australia and 61 Crores of forex loss has also been factored there. The 293 Crores Australian depreciation does not come into EBITDA, it is below the EBITDA line item, depreciation line item and it is covered there.

As our MD has highlighted we saw a quarter where the NSRs had picked up by almost 8%, so our total EBITDA increase has been almost Rs.3100 per ton, our NSRs have gone up by almost 8% or 2700 per ton. In parallel as you are aware, some of the commodity costs have started coming down, so coking coal costs have come down, the thermal coal cost has JPL MD mentioned that has also come down, the cost of refractory and electrodes have come down, so various costs have come down, obviously because we have some inventory and some long-term orders so all of it does not get reflected, but certainly there was a fair amount of cost adjustment in the business also.

In this quarter our blast furnace in Angul had a shutdown and we lost production of almost 40 days in this period, which led to a volume reduction also of about 2 lakh tons and it also led to certain additional costs but net of the additional costs that we incurred in the Angul blast furnace issue due to efficiencies in our business and due to raw material costs going down, we were still able to see a net improvements in our costs by Rs.400 per ton. So, on the whole, the quarter was significantly positive from an EBITDA per ton perspective.

The government is extremely keen to allocate coal, they want the consumers to get access to coal and consume it as soon as possible and convert the inventory of the country into cash. They have also announced certain incentives that they will provide for coal gasification because that is a non-polluting way of consuming coal and we are the only one that has a coal gasification plant and we do believe that in due course, we will not only get coal, but we will get additional concessions coming in for us to be able to consume coal in our coal gasification plant.

That is one good news and we are waiting and watching, but eventually the coal gasification plant will be a very big game changer for our business once the coal and the incentives are in place, so clearly from a raw material security point of view, the availability of coal, and the block that we had won in the iron ore both of them are contributing to the enhance the raw material security of the company and that will further provide strength to our costs structure.

Now let me give a commentary on the debt levels. In March 31, FY2020 our reported net debt is 35919 and in FY2019 the net debt was 39137. In this year due to foreign currency depreciation we had to report an additional debt in our balance sheet of 1161 Crores, so net of forex we retired 4379 Crores, which is in line with our target for the debt repayment from operations. We attempted to sell our Botswana which could not get completed and right now also the process is on, but the market is extremely slow, as and when if that happens that is one good one and in line with the broader thinking that India is obviously strategically important for us we are gradually seeing if there are opportunities for us to divest our international assets. Botswana we have attempted and now we have also initiated a process to see if we can monetize our Oman business.

We are in the process as and when there is any progress, we will keep you updated, but we are trying to deleverage by monetizing our international assets as best as we can. As at the end of Q4 as you saw 35919 was the net debt. At the end of Q3 it was 35457, showing a addition of 462 Crores. In the last quarter due to foreign currency depreciation related additional reporting of debt 770 Crores was done.. I would also like to add that due to the moratorium that has been permitted by Reserve Bank of India, JSPL will be able to defer almost 1350 Crores of principal & interest and JPL will also see a benefit of almost 700 Crores, so ballpark around 2000 Crores to 2100 Crores of additional cash flow will not go out from the businesses on account of the moratorium that has been provided by the Reserve Bank and that will help us to further strengthen the operating business in the near term and obviously as the volumes are going up and the profitability will also increase so FY2021 augers well for us.

As you are aware that we have the iron ore fines now available to us, Honorable Supreme Court had passed the order in our favor and around 12.2 million tons iron ore fines are now available to us. We started consuming partly in the last year but very marginal, but this year we will be able to consume a large part of the iron ore fines that are lying at the SMPL , which anyway belonged to us, but now we have access to them, that will further help us to improve our profitability in the current year quite significantly. So I think that is one important factor that will impact our financial performance.

Now let me give you a quick commentary on the interest cost. In FY2019, our interest cost was 4264 Crores, in FY2020 the interest cost was 4149 Crores, which was a reduction of 115 Crores, in JSPL the long-term loan led interest cost reduction was Rs.241 Crores, and in JPL against the long-term loans Rs.35 Crores was reduced. In Australia, in the last year we were capitalizing the interest, so on a like-to-like basis, 151 Crores is being accounted for them, it should not have been accounted for, so that is another issue. So, ballpark, I would say that almost if we factor the capitalization and if we reverse it almost 300 Crores interest benefit has come in, in this year over last year.

Now let me shift my commentary to the capex side. Our guidance has been between 600 Crores to 800 Crores and we are more or less intact. Our reported in cash flows in the standalone side, we have reported capex of 665 Crores, variety of things there are obviously our gross block moved by a larger amount. The gross block movement is 2160 Crores, but that is on account of the fact that certain amount of lease of 773 Crores has been capitalized and also certain leases from AS-116, 608 Crores has been also accounted for. So the work through from our gross block to capex is 665 Crores on the cash flow side.

On the consolidated side the cash flow is reflecting 1665 Crores of capex but that factors a few things. As I was mentioning that in our Australian business there has been 293 Crores uptick in the valuation currently that has been factored in the capex side. In addition to that I think as we have had some additional capex in our Shadeed business we had additional cash and they were doing some optimization to improve their profitability so I think somewhere around 200 Crores to 250 Crores has been some additional in Shadeed, but mostly around 300-odd Crores of fast vendor retention money and given the fact that we had additional cash flows those have been paid as well, so ballpark on a global basis, if we kind of factor out these past payments of 200 Crores-300 Crores Australian adjustment of a 1000-odd Crores of capex, should be there in the system, we still would like to ride the street on 600 Crores to 800 Crores for FY2021, we remain constant on that number.

I think I have been told that people want to understand the blast furnace, so the blast furnace was shut down for around 40 days in the month, it started in January and early February it was close and it was for various improvements in the blast furnace; however, post that it is still again running at 10000 tons per day. Guys with that I finish my opening commentary. Over to you Nishant!

Nishant Baranwal: Thanks, Deepak. Now we would move on to the question and answer session. My humble request to you all is to limit yourselves to one question and lets get strategic questions on the call. For data questions, Gourav and I on the IR team are always there to help you with it. Operator, let us start with the questions.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Amit Dixit from Edelweiss. Please go ahead.

Amit Dixit: Thanks for taking my question. Congratulations for a good set of numbers. The question is on international subsidiaries, particularly the Australian one. So in the notes to accounts, you have mentioned that there was some breach and debt covenants and also that you have revised the long-term estimates for coking coal prices. So I just wanted to get more color on the same?

Deepak Sogani: ,. See the situation was like that we had done a restructuring scheme in Australia and because of COVID., we were not able to complete the condition precedents on time. The scheme thereafter was again put up in the court, and it was approved on the May 5. So today, we have a fully approved scheme in place. The main issue was that when the audit was conducted, the auditors did not have the benefit of the scheme having been approved by them and therefore, they decided to include the entire Australian debt as a current liability and once the scheme was approved by the court, based on the repayment schedule, it was in the revise and they shifted around Rs.2659 Crores, which was earlier taken in the current liability into non-current liability section. I would also like to say that it is not a breach of covenant, it was just that we had to get the scheme finally closed out with certain conditions precedent, etc., which are now completely over and the matter has been completely settled. So that is one shift that happened. The second, in the last year, we had impaired the Australian assets by almost Rs.1200 Crores, which was based on management estimates and, obviously, based on certain professional inputs also, but this year, we were able to do a complete valuation exercise and based on that, we were able to see a valuation increase by Rs.293 Crores. So that has been factored there..

Amit Dixit: No. What I am saying is that now it is highly unlikely that we would face the similar breach in debt covenants?

Deepak Sogani: No, this is just a one time. This was a same restructuring scheme-related issue, which is now already approved by the court.

Amit Dixit: Thank you Sir. All the best.

Moderator: Thank you. The next question is from the line of Ritesh Shah from Investec. Please go ahead.

Ritesh Shah: we had $200 million of payments which were due in March, and this was shifted to September. So what is the status over here? Thank you.

Deepak Sogani: Ritesh, I could not follow your first question. But second question, let me attempt right now. we had $200 million of liability as on March 31, 2020. We were in the market to do an international bond. We had completed all the process work for it. Unfortunately, the Hong Kong and the Singapore markets shut down. London market shutdown and there was significant dislocation and disruption in the market because of which we could not complete our refinancing plan on time. International lenders understand the issue and they were in negotiation with us. And we have reached an agreement to pay this amount by September.

Ritesh Shah: Right. Sir, that is helpful. Sir, we have this advanced pay and supply agreement, typically for export volumes, where we do get advances against the committed export volumes. So just wanted to understand how it sits on the balance sheet, how it impacts our net debt and covenants?

Deepak Sogani: See, this is mainly a trade finance-related cash inflow. In past, we were exporting about $400 million to $500 million worth of goods. But of late, our exports have picked up quite a bit. On the pellet side, we were like exporting around 200,000 tonnes a month. But now we are exporting almost 400,000 tonnes a month. So there is a significant uptick in the pellet export. Even on the steel export, given our higher volume andthe current COVID. we will see significant increase in our export from the steel side also. This year, hopefully, we will be able to see an export turnover of more than $1 billion. There will be significant uptick in export. The advanced payment is basically surety that we will be able to sell the goods. So we sell those goods to traders in advance partly. In lieu of the agreement with them, they give us some trade advance, which typically gets liquidated in the next two, three months. Even in India when we do business, we take customer advances, and that is the factor. So it is a regular cash flow item. It appears in the customer advances section. It does not impact the reported debt.

Moderator: Thank you. Our next question is from the line of Prashanth Kumar from CGS-CIMB. Please go ahead.

Prashanth Kumar: Thank you for the opportunity. Sir, we are doing really well in terms of cash flow and in terms of operating profit. So in this context, wanted to understand the rationale for doing some sort of a divestment or monetization of the Oman asset which is doing well, I just wanted to understand the thought process here?

Deepak Sogani: The strategic thought is to focus on India and make sure there are enough growth opportunities in India. There is a fair amount of international debt that is a bit of a drag on the Indian cash flow. Over a period of time, when all the foreign debt was taken to invest in the international businesses, the right way to solve for the international debt is to be able to monetize some of our international assets. Therefore, from a strategic point of view it is not just Oman, We are very keen to look at all opportunities. Botswana, we shared with you. If Australia is available, we will be open to that also. We have done our feelers on that as well. So I think it is the entire business can be looked at it from a strategic point of view that we want to now focus mainly on India and reduce our international linkages to the extent possible. Oman is a mature asset and it is perhaps easier to sell through. So therefore, the process for that is being run.

Prasad Kumar: Thank you.

Moderator: Thank you. The next question is from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.

Sumangal Nevatia: Thanks for the opportunity. My question is with respect to debt repayment. So if you could share what is the total repayment now after considering the entire moratoriumetc. for FY2021? What sort of quarterly schedule are we looking at? Also if we have acceptances, which is outside of net debt and what is the quantum of that? Thanks.

Deepak Sogani: As I've already said that we have almost Rs.1,400 Crores of cash flow benefit in JSPL, Partly, it is on account of the reduced principal repayment obligation in the JSPL business of around Rs.700-odd Crores and partly because the term loan interest also will get deferred for future. So that will provide additional cash flow of around Rs.1400 Crores to us in the Indian business. The Indian business, therefore, will have around Rs.1600 Crores of principal repayment, and it will have a lower interest repayment. Typically, we have interest repayment of around Rs.2000-odd Crores in India. That will come down very significantly to around Rs.1500-odd Crores. So there is extra cash flow that will come in versus FY2020 in India. Similar is the case with JPL. We also have an obligation to pay the Australia and Mauritius loans of around Rs.3300-odd Crores. So if you look at domestic businesses and international businesses, we have around Rs.6100 Crores to be paid, of which Oman is going to pay from its own cash flow Rs.600 Crores. For Australia and Mauritius, we are looking at multiple options to repay that debt, including monetization of international assets, but also looking at some refinancing through bond structure, etc.. So net of the international debt, the total payment in India is only Rs.1630 Crores in JSPL.

Sumangal Nevatia: Consolidated is Rs.6100 Crores after the benefits of moratorium?

Deepak Sogani: Yes, that is true. Rs.6100 Crores, of which bulk is international debt, of which maximum is payable on March 31, of 2021 and We were looking to do a $500 million to $800 million bond. The window should open up at any time soon and then we should be able to take that forward from that point of view. So I would expect a lot of this international debt to be either refinanced or funded through international monetization.

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Moderator: Thank you. The next question is from the line of Sudeep M from JM Financial. Please go ahead.

Subhadip Mitra: This is Subhadip here. So my questions are on JPL. Just wanted to get your deeper understanding on the open capacities, so in April and May, how have you seen these open capacities operating in terms of realizations on IEX? I think in the opening comments, you also mentioned that you have a pipeline in terms of the pilot 2 PPA that is coming up. Some color on that as well.

Bharat Rohra: Mr. Mitra. In April and May, we have been operating two units of 600 megawatts and one unit of 250 megawatts, which is better than the fourth quarter of the last year and as far as the exchange sales are concerned, though the prices on the exchange came down drastically, they have come down to the level of Rs.2 and Rs.2.20. But because we were uncertain of the payments coming in, so we decided to convert the coal into cash, so that we get money alternate day on the exchange. We have been regularly selling at least 200 to 250 megawatts on the exchange and creating some cash surplus for us on a daily basis. Going forward, because the coal has become affordable now, there are no takers for the coal presently. So we are trying to buy as much coal as possible so that this methodology continues in the next few months.

Subhadip Mitra: On the pilot 2, Sir?

Bharat Rohra: The pilot 2 scheme because of the COVID, the state Discoms people were not at all coming to the offices and they have all gone slow on this. But since yesterday, we have been in touch with the coordinator which is the PTC. They have said that the states are now in a position to sign the PPAs. And towards the end of June, we should have the PPAs in position. Jammu and Kashmir, I am told has given an inclination to buy 500 megawatts and Jharkhand has also given an indication to buy. There are other states which were already there with them. So I am very hopeful that these PPAs should be signed towards the end of June.

Subhadip Mitra: So if my understanding is correct, the offtake is expected to start in October?

Bharat Rohra: Yes. In my projections, I have assumed that it will start in October.

Subhadip Mitra: The expected realization, last question?

Bharat Rohra: Well, the realization happens in the next month.

Subhadip Mitra: No, I understand. But what is the rate that you are expecting.

Bharat Rohra: The rate is fixed, Rs.3.26.

Subhadip Mitra: If you can repeat it, how much, sorry, 3?

Bharat Rohra: Rs.3.26 for a period of 3 years.

Subhadip Mitra: That is it from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Preet from Wealth Advisors. Please go ahead.

Preet: Sir, I wanted to understand that what are the kind of blended EBITDA you are just seeing for the month of April and May that we are excluding? I am assuming it will be lower than what we would have done otherwise.

V.R. Sharma: Yes. EBITDA in this first quarter will maintain Rs.9,000 per tonne because the product mix is excellent and the cost of production has been reduced significantly. We are not compromising on our EBITDA numbers.

Preet: Thank you. Okay, Sir. Just related to the guidance for the entire year, is that it should be at around Rs.9,000 per tonne?

V.R. Sharma: I think Rs.9,000 plus.

Preet: Rs.9,000 plus. And what will be the impact of Sarda on that? Because Sarda has gone and there is another mine that was done. So you do think that allows you to bring down the prices I mean, to improve your margins.

V.R. Sharma: See, our material was lying there. So for the last couple of years, the stock was there. Thanks to honorable Supreme Court, they have allowed us to shift our material. So we have started shifting it and we are using it in our different locations because this was already cost paid, duty paid, royalty paid, so that part of iron ore will keep coming because it is already factored in the previous balance sheet. Now what we need is we will be incurring a cost of transportation and also beneficiation wherever it is required. So definitely, in the current financial year, that advantage we will get.

Preet: Is that advantage factored into the Rs.9,000 plus EBITDA number you are giving? Or that will be more?

V.R. Sharma: I think it is very difficult to factor it because there is a product mix. But looking to the situation, now also, if you see our EBITDA, basically, the aim is to reach to Rs.10,000 Crores plus & Rs.10,000 per tonne plus. But we are not aiming today, we are not factoring that because we are utilizing iron ore whatever is required because we have to do beneficiation also. We had to transport. We cannot transport millions of tonnes overnight. So we will selectively use it. Whenever we have short of iron ore from the outside sources, then we will use it. We are not fully dependent, and we are not fully banking upon it.

Moderator: Thank you. The next question is from the line of Kamlesh Bagmar from Prabhudas Lilladher. Please go ahead.

Kamlesh Bagmar: Thank you for the opportunity. Just one question on the other current liabilities, if I see as compared to FY2018, so our current liabilities, which were Rs.2,600 Crores, that has moved up to, like, say, Rs.5,700 Crores, almost doubled. As against that, revenue is up hardly 30% over that on an absolute basis. So this primarily includes like the customer advantage and a statutory view. How the movement has been? Because even on the year-on-year basis, over FY2019, it has moved up by around Rs.1,600 Crores? Even for other financial liabilities, so that has also moved up significantly, Rs.2,000 Crores year-over-year increase.

Deepak Sogani: Big picture is that export advances obviously are increasing because our exports are increasing and we do business based on customer advances only. So partly, that may be the very thing.?

Kamlesh Bagmar: Sir, any time line for our global or overseas debt refinancing or bond or anything?

Deepak Sogani: So the time line is gone. We wanted to do it in last quarter.Now we, obviously, want to do it as quickly as we can. As and when the window opens, we will do it. We are ready. We are absolutely ready. The documents are already. The legal work is ready. The team is ready, so really not an issue.

Kamlesh Bagmar: Thank you.

Moderator: We take the last question from the line of Ashish Kumar from Infinity Alternatives. Please go ahead.

Ashish Kumar: Congratulations for a good set of results in a tough time. My question was in relation to the Australia debt restructuring. Given the fact that there are no cash flows, can you give us some more details on the debt restructuring? Is there some other benefit that one is expecting in terms of how do you propose to repay the debt out there? Would it be a call on the parent? Or would it be something else that you are looking at?

Deepak Sogani: All our international debt strategically will be paid by a combination of alternatives, right. A refinancing, wherever we can, that's we will do. Partly monetization in Australia, for example, we have prime land, which we will be able to monetize. Post the restructuring, the land is available. We should be able to get a fair amount $50 million to $100 million from there. There is some implicit reduction in the debt also which has been factored into the restructuring. So I think that benefit will also come. Partly Australian business will have to start generating its cash flow also. Their mining approval is around the corner, there are a variety of things based on which the repayment will happen. But I would say refinancing, international monetization of either land or other things or entities, in addition to international cash flows, like Mozambique has increased its cash flow and other businesses are also increasing their cash flow, I think that will be one part of the situation. If there is any residual, obviously, Indian cash flow is strong enough to support.

Ashish Kumar: Right. But do you expect any call from the Indian cash flows? Or do you expect that the international operations can take care on their own? Let's say, a 3-year window.

Deepak Sogani: So over a 3-year window, international businesses are maturing each year. Partly, we will have to monetize our international assets to reduce the debt there, That is a larger story.

Moderator: Thank you. I now hand the conference over to Mr. Pallav Agarwal.

Pallav Agarwal: Yes. Thank you, sir. Any closing comments from your side?

V.R. Sharma: Yes. I am thankful to my investors, stakeholders and my lenders. And I will only assure you on behalf of my entire Board and on behalf of Naveen Jindal that the company is progressing fast. The company has its first approach not to spend money on new investment on infrastructure or any kind of capex. We are not interested in putting more and more facilities. We are invested in leveraging. We are interested in sweating out the existing facilities fully. This is what we are going to do. We have done more than 7 million tonnes steel in the current year though many of the international rating agencies, they always say that steel industry is in trouble. But I assure you that we are not only a steel-making company, we are a steel-making company for infrastructure industries. The government support is immense. The Ministry of Railway, the Ministry of Steel, Ministry of Coal and above all, great support from our investors, so we will continue to do this and we will continue to work together to bring the company to old glorious days when we used to enjoy a very high rate of EBITDA and when we used to enjoy very high rate of profitability. I think we are heading towards there. This is the first baby step we have taken; I think in this current year, you will find it bigger steps and bigger jumps. Thank you very much.

Nishant Baranwal: Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

Pallav Agarwal: Thank you, Sir. Thank you, everybody, for joining us on the conference call. Thank you very much. Have a good day.