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E-Communication

MSL/SEC/SE/2022-23 **June 1, 2022**

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National Stock Exchange of India Limited
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Bandra (E), Mumbai-400051

Stock Code: 500265 **Scrip Code: MAHSEAMLES**

Sub.: Transcript of Analyst/ Investor Meeting dated May 30, 2022

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the link of transcript of the conference call held on May 30, 2022.

Link to access above transcript is as under:
https://www.jindal.com/msl/pdf/Transcript-of-Conference-Call-Q4-FY22-Earnings-Presentation.pdf

The same is also available on the website of the Company www.jindal.com.

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,
For Maharashtra Seamless Limited

Ram Ji Nigam
Company Secretary

JINDAL
D.P. JINDAL GROUP

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“Maharashtra Seamless Limited Q4 FY22 Earnings Conference Call”

May 30, 2022

MANAGEMENT:	**MR. D. P. JINDAL – CHAIRMAN, MAHARASHTRA SEAMLESS LIMITED** **MR. SAKET JINDAL - MANAGING DIRECTOR, MAHARASHTRA SEAMLESS LIMITED** **MR. DANISH BHAT – CHIEF FINANCIAL OFFICER, MAHARASHTRA SEAMLESS LIMITED** **MR. KAUSHAL BENGANI – SENIOR MANAGER - INVESTOR RELATIONS, MAHARASHTRA SEAMLESS LIMITED**
MODERATOR:	**MR. VIKASH SINGH – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Good day, ladies and gentlemen, and welcome to the Maharashtra Seamless Limited earnings call hosted by PhillipCapital (India) Private Limited. As a reminder, all participants' 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 '*' and then '0' 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, Sir.

Vikash Singh: Good afternoon, everyone. On behalf of PhillipCapital, I welcome you all on Maharashtra Seamless 4Q earnings conference call. I would like to thank the management also to give us this opportunity. We have with us Mr. D. P. Jindal – Chairman, Mr. Saket Jindal – MD, Mr. Danish Bhat – CFO and Mr. Kaushal Bengani – Senior Manager Investor Relations.

Without taking much time, I would like to hand over the conference to management for their opening remarks and then we will follow up with any questions and answers session. Over to you, Sir.

D. P. Jindal: Good afternoon. I am D. P. Jindal. So, Saket?

Saket Jindal: Good afternoon, Saket here. So, we are here to answer your questions on the results and also way forward.

D. P. Jindal: So, I would now like to tell that last year and last quarter the company has done good and some presentation we would like to give you. I will ask Kaushal to give some figures.

Kaushal Bengani: Thank you, sir. Good afternoon investors. We are glad to have this call with you and we thank you for joining us on the call. I would like to take you through the presentation. The company basically comprises four main segments, Seamless, ERW, Rig and Renewable energy. The capacities of these segments are elaborated on the slide with an actual capacity of 450,000 tons for seamless of Maharashtra Seamless and 200,000 tons of capacity for United Seamless, for ERW Pipe, we have a capacity of 125,000 tons. We have acquired rig in 2020, which has been performing excellently with ONGC, it has started a new contract from May of 2022. Our renewable energy segment is performing in a steady manner for many years. Currently we have a market share of 55% in the seamless pipe industry and the market share of 25% in the ERW pipes which are primarily high-frequency API pipes. Our capacity utilization is expected to go as much as 75% in the current financial year, 2022-23.

The next slide talks about the products and industry which I'm sure most of you are aware of. The revenue of Maharashtra Seamless has shown a remarkable growth. There's been a growth of more than 50% in the revenue. Our EBITDA is also substantially higher from the previous year however that there has been a dip in EBITDA margin, which is expected to normalize in the current financial year. The profit after tax has also been quite good, which leads to a really, really healthy earnings per share of Rs.57. The quarterly numbers reflect the similar trend in revenue, EBITDA and EBITDA margin. The profit after tax is Rs. 93 crores with a quarterly EPS for Rs.14. Please take note that the quarterly performance of the company has been consistent despite the volatility in the business environment. And it is something which we have actively worked for within the organization to ensure that despite two waves of COVID in the current financial year and the international turbulence, the operations should not suffer, and it is a commendable job which has been done by the entire marketing and operations team to ensure that the organization does not suffer, thereby ensuring that the value for the shareholders is protected.

Our acquisition in Narketpally in Telangana, United Seamless Tubular, this is the first year in which there have been substantial operations in this company. The EBITDA margin is actually slightly better than that of United Seamless, sorry, than that of Maharashtra Seamless, which is another indication that the senior management be it technical team, the marketing team, the operations team the entire organization, we have an experience of turning around projects. This is an extremely good indicator that we've been able to turn around a company taken through the IBC process, and we've managed to make it profitable, and we've managed to maintain EBITDA margin. In fact, EBITDA margins are higher than that of the parent company. Profit in the last quarter was Rs. 24 crores and if we assume 100% addition of this company's EPS to Maharashtra Seamless' EPS, then overall EPS increases from Rs. 57 to Rs. 60.5.

The next slide talks about the comparison of the quantities dispatched and the EBITDA per ton something which would strike a few seasoned investors would be the dispatch figure. The dispatches overall are around 124,000 tons, 100,000 tons in Maharashtra Seamless and 24,000 tons in United Seamless within the seamless segment in the 4th Quarter. This has probably been the highest we have dispatched in the recent past and maybe for quite a long time. It is another indication of the strong operations of the company and the value in which we want to conduct our business.

The next slide is of particular interest to few analysts who have always been curious about the contribution of segment EBITDA to overall EBITDA, which we have details. We would like to clarify over here that in the 4th Quarter, the rig segment did not contribute to EBITDA because the rig was under refurbishment, and it has been deployed onto a new contract from May of 2022. Going forward it will generate quarterly EBITDA of around Rs. 10-11 crores, which is higher than the EBITDA it generated in Financial Year 21-22.

Coming to balance sheet items, another achievement which the company has made in this past financial year is that it has reduced exposure to related entities and reduce exposure to non-core businesses which has fallen from 606 crores to Rs. 277 crores. The ICDs have also reduced by 50%, from Rs. 230 crores to Rs. 144 crores and the management of the company is committed to ensure that all these ICDs are fully paid back, are fully received by end of next year although we have written that we will get it done by March of 2024, but we are also trying to eliminate them completely by March of 2023. All, ICDs are interest bearing they're all good. And we would like to allay the fears of certain investors regarding ICDs, there is no problem in any of these ICDs, but we've taken your feedback on Board few months ago and we've managed to reduce the ICD exposure. Our liquid investments remain strong. We have cash surpluses in excess of Rs. 500 crores. It continues to remain the same even currently and in fact going forward, we'll always have cash balances of around Rs. 500 crores because this liquidity gives us strong maneuverability with our creditors, and we are able to negotiate better terms.

We remain a net debt negative company which means that we are cash surplus. The debt is expected to reduce by around Rs. 118 crores every financial year which means that the debt will reduce quite rapidly and going forward we may even consider a prepayment of debt for USTPL acquisition. However, that remains subject to approval of the Board and subject to approval of the lenders.

Corporate Guarantee and SBLC position have improved substantially as well. It was Rs. 404 crores in March 2021, which has come down to Rs. 294 crores. For the corporate guarantee given to Discovery Drilling we do not expect any cash outflow from Maharashtra Seamless. It is more of a comfort given to the lender and we've also taken up strongly with the lender to reduce the corporate guarantee amount, although that is still at an early stage of discussion. However, we reaffirm that there will be no cash outflow from Maharashtra Seamless for the corporate guarantee given to Discovery Drilling. One of the subsidiaries of Maharashtra Seamless, Maharashtra Seamless Singapore has equity investments in certain rigs. In the recent audit exercise for financial year 21-22, there was a valuation exercise undertaken for these investments and pleasantly we found out that there was a gain of $ 2.6 million, which means that the equity investments were revalued upward. I'm sure that this will provide a sense of comfort to the investors who have always been concerned on this particular point. This also means that the investment made by Maharashtra Seamless in Maharashtra Seamless Singapore has increased in value.

Our order book remains strong. The order book as on 31st March 2022 was at Rs. 1,675 crores. This is the combined position between MSL and USTPL. The order book as on date is also close to Rs. 1,675 crores, which means as and when we are executing the orders received, we are also able to simultaneously procure new orders at similar rates. The demand outlook is extremely strong, and we expect the order book to increase going forward as it has been doing so for the past four quarters.

In Financial Year 21-22, the company dispatched 315,000 tons of seamless pipes and 80,000 tons of ERW pipes. Against this, we have projected an 11% increase in seamless in dispatches of seamless pipe and a 10% increase in dispatches of ERW pipe for the current financial year. In USTPL we have projected an increase of 64% from 73,000 tons to 120,000 tons. At the same time, we are also saying that the margins going forward will improve because of lower raw material costs and strong demand both domestic and in export markets. Another point of minor support would be from the rig operations. Overall EBITDA will increase materially since both dispatches and margins are expected to increase.

Next slide is on government policies. Most of the government policies investors are aware of. There's a new policy which the Indian government had initiated. It has implemented an export duty on certain key steel products and on iron ore, however this duty did not include seamless and ERW pipe, which means that this is particularly beneficial to Maharashtra Seamless and to United Seamless, because it puts us in a very sweet spot where our selling price does not, either remain constant or falls by a very small amount, whereas raw material prices fall substantially due to increased availability of raw material in the domestic market. Additionally, it also raises the demand outlook for seamless and ERW pipe because a lot of projects, both private and in PSUs which were otherwise held up due to budgetary constraint, they will now be reactivated, so this is a good plus. We provided a sales and marketing update on both Maharashtra Seamless and the United Seamless. The new addition is on account of the Ukraine, Russia war. Due to sanctions imposed by the USA on Russia, the API licenses of Russian mills have been revoked and there is no supply from the Ukrainian territory. This means that the entire supply from Europe is likely to come from Indian manufacturers, which is a tremendous plus for Indian manufacturers, the entire Indian economy in fact.

The USTPL sales and marketing updates would also be of interest to quite a few investors, because it talks about a lot of new good-good things that have happened in United Seamless and we hope that it will be of benefit to you. Rig counts in the US have gone up by 28% in the past 6 months and by 60% in the past 12 months, this is another indicator of the increasing demand and the fact that this increase in demand is expected to continue for quite some time. Going forward exports we expect almost 30% to 40% of our total dispatches to be from the export segment.

All of these points have been noted by our investors. This is evident from the increase in the quality of our investors, which we have, we've listed a few of the marquee investors. One of the points to note would be that the investment of both DII and FII have increased in the company.

Just one minute, please. That concludes the presentation. I would like to thank you for listening to that. We would like to go back to Vikash and ask him to take the call forward, Vikash please.

Vikash Singh: Thank you, sir. Let's wait, let's start the question-and-answer session, operator.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from Faisal Hawa from HD Hawa & Co. Please go ahead.

Faisal Hawa: What is it the kind of revenue that we expect in 22-23 FY the revenue growth as well as the absolute revenue figure including our own company and the company that we took over from through NCLT? And what are the kinds of margins we expect EBITDA as well as PAT?

Kaushal Bengani: For Financial Year 22-23, we expect seamless EBITDA to be Rs.525 crores. ERW EBITDA to be Rs.70 crores and overall operational EBITDA at company level to be Rs.695 crores. For

United Seamless we expect annually EBITDA to be around Rs.192 crores, if you combine both Maharashtra Seamless and United Seamless approximately you have an EBITDA of around Rs.890 crores.

Faisal Hawa: Yes. Which is that which may be upset because of any what would be the key assumptions you've made to get to the EBITDA?

Kaushal Bengani: We've put that out in the presentation, the seamless quantity will be 350,000 tons for Maharashtra Seamless, for United Seamless it will be 120,000 tons. The ERW quantity would be 88,000 tons. The EBITDA per ton going forward is expected on average, on a conservative basis to be Rs.15,000 per ton for seamless and Rs.8,000 per ton for ERW.

Faisal Hawa: Sir, the new unit is almost at full capacity now?

Kaushal Bengani: In this financial year, it will dispatch 120,000 tons, which is not at full capacity, but it is the capacity which we are projecting.

Faisal Hawa: Are we also looking at more such acquisitions?

Saket Jindal: Yes, we can look at acquisitions which are making sense for the synergy in the business and also for the growth of the business. We have surplus funds in mutual funds and other avenues and ICDs and plus further cash generation, which will happen in the next year in the years to come. Naturally, we are surplus with the funds, and it makes business sense to expand and do an avenue which is giving a decent return and also with the affordable risk at the same time it is making sense with the core competence or the even diversified avenues. But these factors have to be considered.

Faisal Hawa: Is the board looking at a buyback, we are at almost 4 times forward EBITDA and very deep market cap. Since we have Rs.500 crores cash on books, we could probably interact for that.

D P Jindal: Yes. So, we can consider the buyback of the shares.

Moderator: The next question is from Saket Kapoor from Kapoor Company, please go ahead.

Saket Kapoor: Thank you for the detailed investor presentation. You have elaborated the majority of the points that investors are looking for. I have some bookkeeping questions, which I may take offline also for in the benefit of the time, for utilization levels if I heard correctly, we are looking for utilization level of 75% for this year? Currently we are at 70% as per your presentation, if you could correct me there, sir? Kaushal ji, you mentioned 75% for this year or should be upward of 80% taking into account the deliverables which have been projected by us at 415 for 350 plus 88 and 120 on the total capacity, what does it work out, sir?

Kaushal Bengani: Saket hi, we are projecting 75% on a conservative basis. It will be slightly more than that, but we don't want to commit something which we cannot, which we will have to go back on. So, everything that we have presented is on a conservative basis.

Saket Kapoor: Right sir. And sir, as mentioned earlier about this merger of USTPL. If you could elaborate what are the key synergies that we are currently looking into, and I think so there is a preferential presently an ICD of 550 which in your presentation you have just strikeout and not mentioned. So, what would happen to this and post the merger and if you could give us some understanding, what are the benefits the shareholders would avail once the merger goes through or the steps taken to increase value?

Saket Jindal: Well, I think the merger is going to be in full because it is the same business, horizontal capacity expansion. So, it is providing synergy and also operational efficiency in marketing and also in the cost cutting through better planning and execution.

Saket Kapoor: Therein, in USTPL are we looking for more modernization or further CAPEX in increasing the finishing line capacity or what steps are we taking if any augmenting the capacity there?

Saket Jindal: I think there is scope for further finishing activity so that the debottlenecking happens, and they can increase the production.

Saket Kapoor: What are we looking toto? If you could give us some thought process or are we still in the planning stage?

Saket Jindal: It's still not decided. It is still…in the future we will decide.

D. P. Jindal: It will be around Rs. 150 crores in two phases. So, that we will decide we are in process of deciding. So, first phase is to increase the line pipe, and second is to finish each treated material offer also this casing pipe.

Saket Kapoor: Sir, if I heard you correctly, you did mention about the Board looking into the merits of even buyback of shares in the time to come. Sir, we also found that taking into account the cashflow generated for this year and as well as for the current year that we are envisaging, the dividend payout ratio was on the lower side. So, what's the thought process. Isn't it will take currently there is a tax incidence on dividend? So, you being the largest, promoter being the largest shareholder also, they may tax incidence on a Rs. 5 dividend payouts also. So, if you could share your thoughts on why did we opt for a low dividend payout? Or is buyback a better way of it being cashed to your investors, returning cash to investors?

D. P. Jindal: Dividend we have increased this year. Last year was low.

Saket Jindal: Last year was Rs. 3.5, this year it is Rs. 5 per share.

Saket Kapoor: Correct sir. I was just looking at the payout percentage. On an EPS of Rs. 57, it is Rs. 5. So, it is lower than 10%. And then there is a tax incidence also on the dividend income on investors. So, that works out to be much lower than what it is. Earlier it was not taxable. My point was, when we take into account the dividend payout, why was dividend payout ratio 10% looked into when we are not having larger CAPEX and the cash flow is going to be, the cashflow has improved and going to improve further in the coming year?

D. P. Jindal: The promoter has considered that on buyback is a costly affair. So, this year we have done some creeping and these creeping activities will continue and after that we can consider some buyback if it is favorable.

Saket Kapoor: On the order book part, can you give some more color, how the order book looks as on today? It was I think so on 31st March some number we mentioned. Earlier in the presentation we said as on date order book. So, can you give some more color on how the order intake has been for that current quarter?

Saket Jindal: I think order booking is good in the recent past. We have increased our order booking and it's maintaining, and we have good orders from USA and Canada, because the prices are lucrative, and there was good tonnage because Russia and Ukraine was restricted, because of that unrest in Russia and Ukraine, so there has been a good offtake from that market. And in Middle East also, there is demand and Oman we got an order, in Kuwait also. But there the prices are more competitive because of China. So, we are giving more thrust to the USA market. And domestic also has been good with ONGC, Oil India and other downstream and other sectors. So, there has been a good demand in domestic also.

Saket Kapoor: And there's a likely continuity of the same going forward also.

Saket Jindal: Yes, I think we expect it to continue.

Saket Kapoor: Correct sir. Sir, a small point also on one more company in the same group, Jindal Drilling, also not pertaining to any numbers, but we as investors would request to take the forum also open for investors at Jindal Drilling so that there could be further understanding, and more deliberations can be done on discussing the numbers and the way forward for the company. I think the promoters are present here would request to look into the merit of opening the same forum for investors at Jindal Drilling also. Kindly look into the request from our side.

D. P. Jindal: Can we have another conference on Jindal Drilling?

Moderator: Of course, sir. The next question is from Pratiksha Daftari of Aquitas. Please go ahead.

Pratiksha Daftari: Just one question, I think as the utilization is going up in USTPL, the EBITDA margins are improving probably because of better scale. So, what is more room of improvement in margins of USTPL as our volume increases. How much more increase can we expect?

Saket Jindal: I think USTPL are also in the same business and but there has been the cylinder segment is focused USTPL and also export. So, export there is wider demands. So, there is no shortfall of orders and export is marketed well. And the cylinder is a specialized product of USTPL. So, both these avenues are open and further surplus demand can also, there can be some take.

Pratiksha Daftari: And would the softening of metal prices impact our realizations materially, significantly?

Saket Jindal: So, the steel prices have softened because of the export duty. So, that will I think basically we might have to pass on the benefit to the customer. But in the export side, we still can capitalize more.

Pratiksha Daftari: Would you be able to, like our EBITDA per ton in domestic market will go down because of this, right?

Saket Jindal: EBITDA is earnings, so we will maintain our margins. In fact, we will increase EBITDA margins because in export we will get more margins.

Moderator: The next question is from Dewang Sanghavi of ICICI Securities. Please go ahead.

Dewang Sanghavi: My question is regarding United Seamless. We have a visibility up till 1,20,000 tons and the capacity is some 2 lakhs. So, what kind of CAPEX is required to ramp up the capacity at United Seamless beyond 1,20,000?

Kaushal Bengani: Rs. 150 crores in two phases. One of the earlier investors had asked the same question.

Dewang Sanghavi: Okay. Got it. And secondly, it will be more towards the exports side, this United Seamless or it will be also domestic also?

Kaushal Bengani: It will be both domestic and exports. There is no particular alignment.

Dewang Sanghavi: Right. And my second question is regarding the demand with the oil prices being strong, what is the demand outlook in terms of key user industry? How is the big pipeline going at the moment?

Saket Jindal: Demand, we are expecting to be steady. So, there will be a demand from all sectors and drill pipe also is one of them, which is drill pipes used by ONGC. Plus, other sub-C pipelines we have also bagged some orders. So, these two are avenues which are promising plus premium connections where we are planning another technical agreement with a foreign collaborator. So, we will like to be in this business of premium connections.

Moderator: The next question is from Chetan Doshi of Tulsi Capital. Please go ahead.

Chetan Doshi: Thank you for giving the opportunity. I congratulate you for an excellent annual result. Got a couple of questions to ask. Last quarter our margins have not improved. Actually, it has gone down in spite of rising turnover. And second question is, are you still planning to increase your stake, or this is, this 67% is the…now you want to stop at this level?

Saket Jindal: Stop what?

Chetan Doshi: You are still planning to increase your shareholding or promoter holding or you want to…

Saket Jindal: We are doing the creeping acquisition and its ongoing process. And so, it might continue for some time. And the margins, I think have reduced because the topline has gone up. So, in terms of a lumpsum value, it is maintained. But since the selling prices have gone up, so you will see the margin difference.

Chetan Doshi: One last question, in this Smart City Mission, are we equipped to satisfy the demand clearly which will be created for these 20 cities, because see once the government is passed placing orders, then it will be in a large quantity and the existing capacity we are already at 75%. So, are we equipped to go further, capacity addition in the existing units, or you plan to go for CAPEX?

Saket Jindal: Because there is scope for more production increase in the existing also, so we definitely want to increase the production. And further if there is opportunity, we can look into it for any acquisition.

Moderator: The next question is from Mahendra Jain of Way2Wealth. Please go ahead.

Mahendra Jain: Can you explain us that regarding anti-dumping scenario and we are protected from anti-dumping duty, 15% duty on this thing and on second side you are, I mean, your understanding is that our market cap is undervalued, so we are doing constant creeping and followed by you are planning to even go for the buyback also. So, what is your understanding about this, how far we are protected and if we are protected then where you see the valuation justified, can you please make some light on that.

Saket Jindal: The antidumping was extended, so we are protected against the imports to some extent. So, that way we are a little confident. And what does the next question?

Mahendra Jain: I mean, as we are protected from antidumping duty, so in this scenario where you see you are, I mean, as you are doing constantly creeping and planning a buyback also, so in the case post 2028 or any changes in government policy regarding antidumping duty, where you see the valuation or bucket cap or something like how much it can affect us in competition to China? As you said, in export market we are really facing a trouble to compete China.

Saket Jindal: Government India policy should maintain and under that policy they give preference and initiative to the domestic industry. So, I think it should maintain, under that scenario.

D. P. Jindal: Export also we can compete because of US and European policy not to buy Chinese.

Mahendra Jain: Correct. How much percentage does it make a difference between China products and our like? I mean how much it can affect if it is an open market.

D. P. Jindal: Last one year China is not in the market at all.

Mahendra Jain: Okay. So, our view is that our things, our market cap is quite undervalued, or we are seeing any better growth in the next 3-4 years that is why we are planning creeping and buyback and all this, like, this is the understanding?

Saket Jindal: That's right. I think the business model is pretty sound and we don't expect it to fluctuate much.

Mahendra Jain: Okay. So, there is a visibility for next three years?

Saket Jindal: Yes, I think it's a stable business and demand is expected to remain stable and in fact, might go up.

Mahendra Jain: And sir, what is your understanding regarding this inflationary situation worldwide? If something again, I mean, steel prices can go up anytime again. How are we prepared to face that scenario?

Saket Jindal: I think the fluctuation in steel price, we pass on. So, increase in steel is also passed on, decrease also is passed on.

Mahendra Jain: We have that pricing power. Like, looking at demand we have that pricing power.

Saket Jindal: Yes.

D. P. Jindal: Because if the steel price goes down, then the demand will go up, more quantity, more projects. So, buying power will increase.

Mahendra Jain: Okay. And sir, higher oil prices are helping in getting these orders?

Saket Jindal: Higher oil prices have increased the recount in the export, and it has opened up more demand for the product.

Moderator: The next question is from Nitin Gandhi of KIFS Trade Capital. Please go ahead.

Nitin Gandhi: Can you give some clarity how EBITDA per ton behaves for each segment? Like ERW we are seeing volatility of a full-year average of 9,000 vis-à-vis last quarter it was 3368, this quarter is 4788, almost 30%. And same thing is with United's performance also. So, if you can take us through what are the reason and how do we look at it and where do you see this EBITDA per ton behaving for the next year or the existing order book?

Saket Jindal: I think it is around Rs. 13,000-15,000 a ton.

Nitin Gandhi: That's for the total consolidated. So, I am just asking you if you can spare some time to explain ERW Seamless and…

Saket Jindal: So, ERW the margins are usually less because it's a more, it's a less value-added product than seamless.

Nitin Gandhi: That I do understand. I am seeking clarity for the volatility which is there that like fluctuation with are happening.

D. P. Jindal: It is, because ERW pipes, the orders we have booked. And meanwhile the steel price goes up, so the margin has shrunk in ERW.

Nitin Gandhi: So, do we expect even the existing order book of ERW is booked? Or can you share percentage with is booked at the older price and where the steel price are likely to eat the margin and margin for ERW existing order book may remain below 5,000?

D. P. Jindal: Like now the steel price is going down. So, the margin will increase.

Nitin Gandhi: Okay sir. Can I talk to somebody offline on this?

Kaushal Bengani: Yes. Please connect with us. Our contact details are on the last slide of the presentation. We will be more than glad to address any queries that you have.

Nitin Gandhi: Okay, fine. I'll do that.

Moderator: Sir, we have no further questions on the queue. Vikash, do you have any questions you would like to ask? Vikash?

Vikash Singh: Sir, just wanted to understand, our volume guidance on ERW has been just only 10% while we hear a lot about oil and gas pipeline and city gas distribution. So, just wanted to understand, are we in certain segment non-present and that's why we are giving less volume guidance or usually its conservative estimates which you are taking in?

Saket Jindal: I think we are having the estimates realistic that whatever is the demand and our capacity, so we are making a realistic projection.

Vikash Singh: And sir, if we have to compete with the Chinese players in certain markets, then how much lower they are selling at present? If I want to compare in like-to-like basis?

Saket Jindal: The Chinese are more active in the Middle East and our business is not significant right now in that region. So, means we are not competing in domestic or in USA with China. So, the Chinese competition, the effect is very less.

Vikash Singh: Understood sir. Basically, US was talking about giving certain Chinese product duty exemptions. So, this question was on that regard basically, if we have to compete them with in US also, then what is the price differential which is against Chinese price as of now?

Saket Jindal: We cannot comment because depends on duty, if it comes in and there is no guarantee that there will be any difference in the duty structure.

Vikash Singh: Understood sir. Sir, as there are no further questions, I would request you to give us some closing remarks and then we will conclude the today's call.

Saket Jindal: So, I think the business model is robust and it is ongoing activity, which is there to, the demand is there to stay. And so, we are doing our best to increase our market share and production. So, it's a stiff competition also. So, we have to be prudent in our financial management and operations management and with a good management we can always capitalize and gain more market share and be ahead of the competition.

Vikash Singh: Thank you, sir. Operator, we can now close the call for today.

Moderator: Thank you very much, sir. Ladies and gentlemen, that concludes today's conference. On behalf of PhillipCapital (India) Private Limited, we thank you for joining us and you may not disconnect your lines.