



May 22, 2023

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(6) 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 May 12, 2023, the transcript of the conference call organized by the Company for analyst and investors on the audited financial results of the Company (Q4 FY23 Results) held on Thursday, May 18, 2023 at 5:00 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 K. JAIN
COMPANY SECRETARY
FCS : 3056



“Jindal SAW Limited Q4 FY23 Earnings Conference Call”

May 18, 2023



MANAGEMENT: MR. NEERAJ KUMAR – GROUP CEO & WHOLE-TIME DIRECTOR
MR. VINAY GUPTA – PRESIDENT & HEAD (TREASURY)
MR. NARENDRA MANTRI – PRESIDENT & HEAD (COMMERCIAL) AND CFO
MR. RAJEEV GOYAL – VICE PRESIDENT-GROUP CORP. FINANCE & TREASURY)

MODERATOR: MR. VIKASH SINGH, PHILLIPCAPITAL (INDIA) PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Jindal SAW Q4 FY23 Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

As a reminder, all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing "*" then "0" on your touch-tone 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 evening everyone. A very warm welcome for the Jindal SAW Q4 FY23 Earnings Call.

From the Management side, today we have with us Mr. Neeraj Kumar – Group CEO and Whole-time Director; Mr. Vinay Gupta – President & Head (Treasury); Mr. Narendra Mantri – President & Head (Commercial) and CFO; and Mr. Rajeev Goyal – VP-Group Corp. Finance & Treasury

Without taking much time, I will hand over the call to Mr. Neeraj Kumar for the opening remarks. Over to you, sir.

Neeraj Kumar: Good afternoon friends. I welcome all my stakeholders on this call. I need to thank all of you for your patience, perseverance, and continued interest in us. Yesterday, we had our Board meeting which followed the audit committee meeting. The results have been announced and I am sure all of you are in receipt of details of the results, performance, and guidelines for the future.

We are delighted that all our hard work on many fronts is beginning to now show some results. This process was temporarily kind of disrupted, halted, first by the pandemic, then by the extremely volatile commodity prices, but we stayed course and now I am happy to tell you that the results are beginning to show. This year ended 31st March '23 appears to be a watershed year. There is a clear demarcation. If you see the first 2 quarters' performance and then you see the 3rd quarter performance, clearly it shows a breakaway.

The 4th Quarter performance actually is the first very strong data point towards a trend and coupled with other fundamentals which are shared with you – the corporate structure, the order book position – there is enough confidence that we would be able to sustain this momentum that has been created. We have always been saying Jindal SAW business model is very well thought out, it is unique, it is robust, and it is sustainable. We have chosen as a constant management, you can say strategy, policy, or goal to give up the short-term flashes in the pan and we have chosen for a very sustained long-term movement where the momentum carries on. That held us very well during pandemic where our suffering was largely reduced. It was kept within a manageable level. Immediately over the pandemic effect the moment the business environment turned in our favor, there was a tailwind from the government on infrastructure spent. Some of

their major initiatives gathered more momentum. We were absolutely ready and we are beginning to see the results. The results are in front of all of us.

Very quickly, let me just walk you through some of the numbers, and I won't go into too much of nitty-gritty's and details because it's important to understand on at what juncture we are at and from here what do we see for our future. So, let me first start with the annual numbers. Standalone, Rs. 15,703 crores of top line which is the first time ever we crossed Rs. 15,000 crores. EBITDA of Rs. 1,827 crores. Out of those if you have read the notes, Rs. 197 crores is just accounting entry. Removing that, the EBITDA is Rs. 1,630 crores as opposed to Rs. 1,385 crores last year. So, a turnover of Rs. 15,703 crores and EBITDA of Rs. 1,630 crores as opposed to a turnover of Rs. 11,243 crores and EBITDA of Rs. 1,385 crores last year. If you look at the financial charges, Rs. 369 crores versus Rs. 529 crores, there is a Rs. 50 crores forex impact which is just change in rupee. So, for a like-to-like comparison, this Rs. 50 crores needs to be removed from the financial expenses of Rs. 529 crores and then if you see the increased business performance, you would see that the financial charges are on track.

PBT of Rs. 924 crores which, again, removing the impact of Rs. 197 crores, a PBT of Rs. 727 crores as opposed to Rs. 637 crores. This gives you a happy picture. But as I have already said in my opening remarks, let's look at the 4th Quarter because that appears to be the trendsetter. A turnover of Rs. 4,676 crores as opposed to Rs. 4,641 crores and EBITDA of Rs. 590 crores and a PBT of Rs. 356 crores as opposed to Rs. 440 crores which is appearing there.

If we take all of these into account, that would give you a sense of what the quarterly performance has been. A turnover of more than Rs. 4,500 crores and EBITDA of close to Rs. 600 crores or Rs. 590 crores and a PBT of close to Rs. 350 crores at the last quarter. Now, if you look at our order book and the way we have created the capacity and the operations, we are very hopeful that we should be able to sustain this and we should be able to carry this momentum forward.

A very quick comment on the consolidated numbers. Top line is Rs. 18,000 crores. Rs. 1,844 crores is your EBITDA. Here we don't need to make that impact of Rs. 197 crores because that gets collapsed on consolidation; this is the real EBITDA, a PBT of Rs. 736 crores. As we have been saying, the subsidiaries have also started contributing. Although this year Abu Dhabi has been profitable, but in terms of its relative to its last year's performance, it is on a lower side primarily because of the commodity prices. For the current year, we expect to do far better, even may exceed the year before's performance for Abu Dhabi. Similar is the case for the US. These subsidiaries are no longer a drain, financial support is not being given anywhere, and they are contributing. This year, in the current year, we expect their contribution to improve from what they did last year. It is very important; order book position \$1.4 billion which is a shade better than our sweet spot and we hope that this momentum will continue. There is enough demand. The water segment is doing very well in India. Oil & gas prices are sustaining because of the macroeconomic factors and the demand in oil & gas is also looking good. We have had some very prestigious export contracts. So, if you really see this year's performance and if you

distribute it over export versus import, various segments, and various industries, it's a very balanced growth. The order book also gives us a lot of confidence that there are no spikes. It is a very balanced and a robust growth all around. More importantly, all of you keep a watch – our treasury team keeps a very sharp watch – the debt has reduced. The term loan is now Rs. 1,000 crores which is if you really make any comparison with anything, it is far superior than any benchmark in the peer group. So, the debt position is very good. The bankers' position is very good. They are very well disposed towards us and we are hopeful that the bankers' support will continue for our this year's increased performance, improved performance.

Let me now touch upon some of the other highlights which I am sure would be of interest to you:

During the year, we saw the pellet's price having some correction primarily because the commodity prices corrected. Most importantly the commodity prices thereby the raw material prices have corrected and we expect that now for a few years going forward, this would indeed remain the case, and therefore, the next year's performance we are very hopeful that we would be able to continue this momentum throughout the year. In fact, from the place where we are looking at, we think and we have a lot of confidence with a high level of probability that we can see about 15 to 18 months of very good performance.

That is what we have at this point of time. Definitely, 15 to 18 months we think we can definitely have visibility, we have enough visibility. On the debt side, no major acquisition is now planned up beyond Sathavahana. On Sathavahana, I must say a very good effort by Narendra Mantri who led the structuring and the other acquisition everything and very ably Vinay would arrange all the financing on time. The NCLT order that we have received is a classic order – takeover, merger, all in one stroke. As we speak, Sathavahana is a division of Jindal SAW Limited, the South India DI division, which DI capacity has now been enhanced to over 7.5 lakh tonnes. The DI segment is seeing a lot of traction because of the water segment, the push of Jal Jeevan Mission, this being an election year. So, it looks like the timing of this acquisition is very opportune and we would be able to make a good start. During this intervening period, it was made sure that the plant is in working condition. All the equipment's have been refurbished, and today, the plant is in a running condition and we expect a full year performance of Sathavahana to come into Jindal SAW as well. That's one good acquisition which is going to be a stepped function with the full year performance of Sathavahana into Jindal SAW as a division.

I already said, Abu Dhabi, the demand is very good. This year's performance would definitely return to the previous year – means not the last year but the year before – a very good likelihood it can exceed that as well. The US also, the same. Others also, if you have been following our news very carefully, a few other subsidiaries in related field like stainless large diameter which were created have been incubated and now are getting merged. Now, Jindal SAW in India would be one mammoth entity. It would have an American subsidiary and it would have an Abu Dhabi subsidiary all focused on pipes, absolutely clean corporate structure that is where, and we wish to continue with this kind of a business model because all the other subsidiaries, all the other

associates, all the other companies in the PR Jindal Group, the good news is that now each one of them is standalone, viable, and they are all rising to their own potential so that there is absolutely no pressure within the group on any capital call on any of our businesses. All the businesses have now come out of age and are doing well rising up to their potential. We are also seeing that the supply chain, the important components of ocean freight, etc., are kind of stabilizing and are likely to move within a corridor.

At the end, I must say thank you to all for being with us, for your patience, and for your perseverance. It looks like the early results of all the tough decisions, the difficult path that we had chosen for ourselves, the business model, and the corporate structuring, all the efforts are now beginning to bear fruit and we have all confidence that it would sustain. With that, let me just stop. I would definitely be able to take some questions; we have some time. Thank you all once again for being with us.

Moderator: We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Dhananjay Mishra from Sunidhi Securities & Finance. Please go ahead.

Dhananjay Mishra: Congratulations for a very excellent performance and also a very strong commentary; especially for the last quarters, we have done very well and also you have done remarkably well in terms of balance sheet debt reduction. So, my question is with regard to, if domestic opportunity which we have mentioned in the press release as well, Jal Shakti Mission and then 15,500 km gas pipeline will be added over the next 3-4 years, what is the kind of opportunity from the industry perspective we will have in terms of steel pipe in both the segments like water segment as well as the gas pipeline segment? In terms of you can give some value or whatever for the next 2-3 years for the industry.

Neeraj Kumar: The commentary that probably you are referring to, it reflects the vision of the current government, and again, if you look at the current political scenario in the country, it would be safe to say that there is a more than 50% chance that there would be a continuity in the government. Then, all of these must fructify. Also, many times that we have a confidence that the kind of position that now this government has taken the policies or initiatives for the economy, directionally to make a huge change may not be possible. Some tweaking of priority emphasis might happen. Having said that, a) With a more than 50% probably of the current government to continue, we believe all this will translate into real demand. b) Even assuming the other way, there would be some tinkering in the priority but the direction is not going to change. So, both the oil & gas and water segment will remain very strong. Very important now we should not miss the track on. The industrial sector and the defense sector are going to become very strong, and that is a big market for our seamless stainless segment. We have made inroads into nuclear, defense, and space technology. We are getting into instrumentation tubes and higher-grade value-added products. That is again something that we are very encouraged and

that would give us robust demand on multiple fronts which would help an organization like ours because we have that robust business model.

Dhananjay Mishra: My question was with industry size per se in terms of piping. For export market or the US market, we have seen volatility in the last 2-3 years but domestically we have not seen apart from COVID hiccups. Things have started moving in the last....

Neeraj Kumar: There would not be any volatility. The demand would sustain because these are all likely to be in terms of either government initiatives long-term or large projects. So, the demand would sustain. If you see the Jal Se Nal Mission, the water grid in every state would continue to come up one after the other. Likewise, all these oil & gas pipelines are very large projects and they are all likely to continue. They will all fructify. Please see all the oil majors, the refiners, and all those companies like GAIL or ONGC whatever they have to say. They all are pointing towards a sustained growth over a period of time.

Moderator: We have the next question from the line of Hetal Gada from Max Life Insurance. Please go ahead.

Hetal Gada: Sir, a couple of questions from my side. Firstly, just wanted to understand how you are planning to ramp up the Sathavahana assets. What are your plans and any ramp-up guidance that you can give us for FY24 and FY25?

Neeraj Kumar: Ramp-up guidance means Sathavahana is focused on DI. It is focused on battery and power. We already are leaders in all of those. So, we are on the curve. We don't have to learn anything new there. The plant, as I already told you, has been made sure that it is refurbished. It is in absolutely good working condition. So, we have a very strong view that for the full year, we should see a good performance from Sathavahana because the order book is already there. If you see the order book in DI, it covers a lot of orders from south where we have a freight advantage and will all come from Sathavahana. You can take it that Sathavahana is a running train. It's not a train which is going to leave the station. It's a running train; so, it will gather momentum, and it will cover its distance throughout the year.

Hetal Gada: Actually sir, what I was trying to understand that since in our Gujarat plant, we are already operating at 100% utilization; so, in the DI segment per se, how much incremental volumes can we build in? That was my main question. Hence wanted to understand given that south is a very big market in itself.

Neeraj Kumar: Sathavahana has a capacity of 2 lakh tonnes. And as I told you, it's a running plant. So, we expect a very high level of capacity utilization.

Hetal Gada: Secondly sir, given that the order books that you had and the margins that you have reported for this quarter, you have also mentioned that you have received good orders from export market and even in the larger diameter pipes, any guidance on the margin profile for these pipe orders?

Neeraj Kumar: If you look at my 4th Quarter EBITDA without that other income, the book accounting entry income, it is around 12.6%, closer to 13%. So, EBITDA as a top line is 12.6% for the 4th Quarter. We expect to improve upon that during the year, primarily because the impact of the commodity prices on the raw material would have completely weaned off. So, we expect to improve on that.

Hetal Gada: Sir, on your order books also can we say this kind of run rate can be maintained? Because it shows a healthy revenue stream for us. And given the demand prospects that you are confident on, how would you see the demand pockets from international markets as well as from the domestic markets? Can you just throw some light on that?

Neeraj Kumar: We see both staying firm. There could be some volatility in the US, but anyway, our export to the US as a total pie is not that significant. And therefore, for us, the demand both in the domestic and export market should remain firm because now more or less if you see Ukraine and Russia also, things are now settling down and the world is waking up to the new reality. And America being too far, which is not one of our prime export markets, for us, as I said, we see a very stable export market.

Hetal Gada: Sir, there were a lot of key pipelines that were being planned in Europe. Any color on that whether we are participating in these orders or....?

Neeraj Kumar: We would definitely participate.

Hetal Gada: And anything that we have received from there if you can comment, sir?

Neeraj Kumar: We don't typically keep on announcing order-wise, but Europe we have been strong suppliers, we are very strong in MENA region, and we would continue to do so.

Hetal Gada: And these orders, if I may ask, are mainly towards the oil & gas segment?

Neeraj Kumar: Water as well.

Hetal Gada: If you can give me a rough breakup of what percentage will be towards oil & gas?

Neeraj Kumar: Why don't you check with Rajeev? He can give that breakup to you tomorrow. Domestic versus export April '23 in the order book, oil & gas sector, between oil and water, it is like 3:1 and domestic and export in oil is 1:1 and water sector's domestic versus export is 2:1. It's there in the commentary. If you read, there is a table which would give you that breakup and it will answer all your questions.

Hetal Gada: Lastly, any guidance on CAPEX for FY24 and FY25?

Neeraj Kumar: No major acquisitions. Normal CAPEX.

Hetal Gada: And what will be the rough maintenance CAPEX or sustenance CAPEX for us?

- Neeraj Kumar:** Normally we do Rs. 300 crores to Rs. 400 crores.
- Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Sir, I just wanted to check one thing. We have mentioned that commodity prices have corrected. That will benefit the EBITDA margin over the course of the period, right? Over this year? What sort of delta we are looking at or what sort of improvement in margins we are talking about here which will largely be driven by the commodity prices correction?
- Neeraj Kumar:** As I told you, we see an improvement in the EBITDA margin over the last quarter which is 4th Quarter which is currently at 12.61%. We definitely see an improvement over that, but if you ask me to put a number on it forward looking, I am sorry, I will not be able to give you an exact number.
- Deepak Poddar:** In terms of growth as well, we have been talking about good demand and good order book scenario, right? What sort of growth range you are looking at this year FY24?
- Neeraj Kumar:** Let me just tell you, the growth trend of '22 versus '23, we are likely to maintain that trend in the coming year as well.
- Deepak Poddar:** In top line, right?
- Neeraj Kumar:** Yes.
- Moderator:** The next question is from the line of Sahil Sanghvi from Monarch Network Capital. Please go ahead.
- Sahil Sanghvi:** My first question is regarding the Sathavahana asset. The 4-lakh tonne coke oven plant that we have over there, will we be also selling out some portion of the coke volumes in the open market? What is the internal captive usage and how much capacity will we be using for external sales?
- Neeraj Kumar:** The coke capacity is in excess of what can get consumed at the Sathavahana unit, but then there is a possibility of getting that coke either to our Abu Dhabi or our Samaghogha unit. At this point of time, do we have a huge plan to sell the coke in the open market? The answer is no. We will try and distribute it and use it among our units. I think it is better to do that because, again, after that correction of commodity prices, selling coke in the open market may not fetch a huge margin.
- Sahil Sanghvi:** My second question is, is there any slowdown in terms of line pipe orders coming from oil & gas, especially for transmission of oil & gas? Are you seeing any kind of slowdown, especially from domestic market?
- Neeraj Kumar:** Let me put your question in perspective. Oil & gas is always a project-based demand, and therefore, there would be a trend. It would never be a quarter-on-quarter growth or a quarter-on-

quarter slowdown. There are enough projects in the pipeline but the tenders are always timed and they don't have a certain pattern. So, to answer your question; on the horizon, are there a lot of oil & gas projects, the answer is yes. But can we put a finger on that this contract or this tender will come in a particular month, the answer is no. It may be a few months here and there but very robust demand. For a strong player like us with a strong order book, we will definitely keep our order books full and we will stay busy. That much confidence we have.

Sahil Sanghvi: My third and last question is regarding Jindal ITF versus NTPC. What can we expect during the 23rd of May 2023 hearing? Where are we on those terms and what can we expect on this hearing now?

Neeraj Kumar: I will just read out one sentence from the court order regarding 23rd May hearing that now no adjournment shall be allowed under any circumstances. The court has finally woke up to the fact it is really a little longish order where they have captured this and finally concluded that 23rd the argument has to begin. No more adjournments would be allowed. Then, we hope that it should reach a conclusion pretty soon because if you really see the merits of the case, it's an open and shut case.

Moderator: The next question is from the line of Abhishek Maheshwari from SkyRidge Wealth Management. Please go ahead.

Abhishek Maheshwari: Firstly, many congratulations on great set of numbers. All of our clients are very happy to see their portfolios today. Sir, two questions. Your volume growth has been good this year in terms of overall volume growth in terms of all sites. If I may ask what your capacity utilization is at the moment on overall basis?

Neeraj Kumar: Earlier also, I have answered this question on a few calls. Let me try and make a one more attempt. Capacity utilization for different units means different things. In pellet, we are almost at capacity. In DI, we are almost at capacity. In seamless and stainless, we are around 75% to 80% of capacity. In large diameter, capacity does not mean much except it would suffice if I say that we have enough capacity to take care of all these foreseeable demands largely because in large diameter, the capacity utilization doesn't mean much because there is so much of variation in the pipe sizes that those statistical benchmarks do not mean much. So, to answer your question, I have answered it in a manner where let me repeat – Pellet, we are near capacity; seamless, 75%; stainless, same; DI, near capacity; and enough capacity to deal with all the large-diameter segments all the orders that are coming.

Abhishek Maheshwari: So, the peak operating leverage for Jindal SAW has still not been reached, right? At 14% EBITDA you are at, at the moment. If the demand is good, outlook is good....

Neeraj Kumar: No, we haven't reached the peak as yet. In fact, I have answered in one of my previous questions; I have already given you a guidance that '22 compared to '23, we are expecting a similar trend in '24. So, we are nowhere close to the peak. We still have a few paces to go before probably we

would require a new cycle of CAPEX or capacity expansion or mergers and acquisitions. Before we get into that, that's a stepped function. We still have enough available potential to go a few steps more.

Abhishek Maheshwari: Second question; sir, I was surprised to hear your positive commentary in the USA. We might be wrong but from what we are hearing in news and everywhere, there is recession, debt freezing crisis all that. So, we were quite surprised to hear a positive commentary about your USA demand. Can you share some thoughts about this?

Neeraj Kumar: What you are seeing is the global scenario of US economy, debt crisis and all that. If you see we are that way a pretty small insignificant operator in the US where the subsidiary of Jindal SAW is a job worker. It does take pipe and coats largely for the oil & gas sector. That sector is doing reasonably okay, and therefore, we are doing good. The other PR Jindal Group companies have nothing to do with Jindal SAW, and therefore, this commentary is no relating to them. But this Jindal SAW USA which is a coating facility which largely does job work of taking free supply of pipes, coating them, and giving it to their customers is doing reasonably well because the oil & gas sector there is sustaining and is maintaining its performance. What you are talking about is the larger American economy. There, this comment doesn't hold true in that context.

Moderator: We have the next question from the line of Pratiksha Daftari from Aequitas Investments. Please go ahead, ma'am.

Pratiksha Daftari: My first question is on the seamless division. What kind of volume growth do we expect in this year?

Neeraj Kumar: Seamless this year performance which is 31st March '23 was also a reasonably good performance. We would improve upon that in the coming year. We have an order book, we have enough operational headroom so we should improve upon that.

Pratiksha Daftari: Since we are expecting that commodity price pressure is not going to be too high this year and we don't have any other major CAPEX plan, what kind of debt reduction plans do we have for this year both long term as well as short term?

Neeraj Kumar: Long-term debt is already Rs. 1,000 crores and as we have said, it will follow its repayment trend. We would not try and accelerate it because then the banks start insisting on prepayment and all that premium. So, we are going to follow the repayment trend which roughly we have seen in a year it comes to around Rs. 300 crores. As far as working capital is concerned, there is one positive comment that now because of the infrastructure push, we may see a reduction in the working capital cycle because the government if they want a fast implementation, they may start paying us early. But having said that, working capital for a business like ours is a trade finance driven business. The more business I do, the more trade finance I am likely to use. Therefore, it is difficult to say that in absolute terms there would be a reduction in working capital. But in percentage terms, in relative terms, in terms of DSO (days of sale outstanding),

in terms of working capital cycle, we would definitely improve upon that as we have done during this year.

- Pratiksha Daftari:** What kind of forex impact did we have in our interest expenses in the quarter?
- Neeraj Kumar:** Okay, you missed my opening remarks. Out of the Rs. 529 crores that we pay, Rs. 50 crores is on account of movement in foreign exchange.
- Pratiksha Daftari:** What would be the effective cost of debt for the company right now?
- Neeraj Kumar:** My WACC is below 10.
- Moderator:** The next question is from the line of Aman K R Sonthalia from AK Securities. Please go ahead.
- Aman K R Sonthalia:** In the consolidated, the other income part is not there, this Rs. 201 crores?
- Neeraj Kumar:** Yes, because most of the other income that we have is with our subsidiaries by way of loans and given on interest. It all gets collapsed when you consol.
- Aman K R Sonthalia:** Sir, you are talking of 15 months to 18 months visibility is there, but on a medium-term basis, how do you see the visibility of the business?
- Neeraj Kumar:** The kind of hard work that we have done in Jindal SAW, the kind of business model that we have been able to build, we are confident that as long as the economy supports, we would continue our trend in the medium term.
- Aman K R Sonthalia:** What is the scope of business in Hunting Energy? How it will get the business to the company?
- Neeraj Kumar:** This is one aspect that I have not touched upon. The Jindal Hunting joint venture is definitely getting commissioned during this calendar year for sure. That would give a fillip to your seamless market because it is one of the facilities of its kind in this part of the world, which both Hunting and us are classifying as a center of excellence for premium connections in the OCTG market. That's a very profitable market. It's a huge market. It's an import substitute as far as India is concerned, and it has a very good potential in the MENA region and in this part of the world, Africa also. In fact, one of the things which is giving us confidence is the higher value-add product which is the 13 chrome, the CRA and the higher chrome. We may be able to even serve the global market because of the cost advantage that we have in putting this JV into the country. So, few bullet points for your guidance. Commissioning happening definitely. Huge potential in India and abroad. And expect this to be a very profitable venture because of the value-added segment and being the only facility of its kind in this part of the world.
- Aman K R Sonthalia:** Sir, what type of turnover we can expect when it is running at full capacity?

- Neeraj Kumar:** Let me answer that for you in the next quarter. Let's get closer to the launch and then maybe I would be able to give you some guidance because again it depends on the ONGC tenders and all of those. We have to see a calendar. It has a potential, but again, since it is going to be a contract-based operation, it's better that I give you some guidance in my next quarter con-call.
- Aman K R Sonthalia:** Sir, how is the margin in the domestic market compared to export market?
- Neeraj Kumar:** You are talking about what? Hunting or Jindal SAW?
- Aman K R Sonthalia:** Jindal SAW.
- Neeraj Kumar:** Jindal SAW at present it balances out. Why it balances out because exports are largely very large projects and large projects some have very good margins, some we take it; they don't have. But if you take on an average export versus domestic, it balances out. We expect now the export market to give us a little more margin because the ocean freight is likely to settle down.
- Aman K R Sonthalia:** Sir, one last question. How is our pellet plant different from other pellet plants in the country?
- Neeraj Kumar:** Geographical location. Pellets being made from beneficiation of low iron ore. Very good quality pellets in terms of we can go up to 67. When I say 67, I mean 67% Fe content. And the physical quality of our pellets is far superior to some of most of the other domestic pellets. Therefore, we have a very good export potential even in countries like Korea.
- Aman K R Sonthalia:** So, is there any scope for expansion in the pellets front?
- Neeraj Kumar:** We are at 1.7 million. Through the improvements in our processes, we have gone from 1.5 million to 1.7 million and we hope that we will be able to do that addition during the year for which we have got all the environmental clearance and all that.
- Moderator:** The next question is from the line of Radha from B&K Securities. Please go ahead.
- Radha:** Firstly, on the tax rates. This year, we have moved to new tax rate. Just wanted to understand what tax rate should we expect for the next few years?
- Management:** Between 26% to 27%.
- Radha:** Secondly, you were answering a question for the previous participant on Hunting JV. I read in the results blog that we have invested Rs. 15 crores this year in this JV and previously you had mentioned that we have plans to invest including working capital of around Rs. 400 crores. Till date, how much have we invested in this JV? And if you say that this is a premium product, then the margins of this will it be comparable to the stainless-steel products or even higher than that?
- Neeraj Kumar:** Let's distinguish a few things. When we say that we have invested Rs. 15 crores into the JV, it is an investment that Jindal SAW has made into the joint venture as equity contribution. When

you say a project of Rs. 300 crores or Rs. 400 crores total, that means my equity contribution and Hunting equity contribution; term debt for project; and on top of it, the working capital that the banks would provide for the business. That 300 or 400 number I don't know where you have got it from but that number talks about total exposure which is, I repeat, my equity or Jindal SAW's equity, Hunting's equity, term loan, and working capital and also I will be happy to tell you that the project is financially closed; means all of those have been arranged. As far as Jindal SAW is concerned, the contribution is only Rs. 15 crores which is likely to stay put for the next few years. We are not looking at anymore equity investment because as I told you, the project is financially closed.

Radha: And sir, on the margin.

Neeraj Kumar: As far as the margin is concerned and that is whereas I said, I am saving this detailed explanation for the next quarter. Please don't again get confused. Jindal SAW would be a supplier of raw material to Hunting, which is pipes. All the premium connection and the revenue and the margins would come into the joint venture which is the Jindal Hunting joint venture. Even though it's a 51% joint venture, so in consolidation, the impact would come. But when you are living a standalone, Jindal SAW, all you will see is increased pipe production and value addition in terms of pipes of a higher grade like 13 chrome, 18 chrome, T91 and all of those.

Radha: One more question on the JITF and SULOLOG Transshipment business. Since we are merging these two subsidiaries, just wanted to understand that are these subsidiaries operational and....?

Neeraj Kumar: Now you know but for the NTPC arbitration, we just run those barges which are again sustaining by itself. We don't have any major contract and we don't intend to do any major business in that segment. As I told you, there the only thing that we are waiting for is a few arbitration and litigation that we have.

Radha: What is the plan post the litigations are over with NTPC with respect to these two subsidiaries?

Neeraj Kumar: With the barge operations, we can just continue because it has again come to a very nice platform where it doesn't take money, it doesn't ask for anything from outside, and at the same time, it just sustains itself and gives us some, you can say, change.

Moderator: Ladies and gentlemen, for paucity of time, that would be our last question for today. I would now like to hand the conference over to Mr. Vikash Singh for closing comments. Over to you, sir.

Vikash Singh: I just want to thank Jindal SAW management for giving us the opportunity to host them. And over to you Neeraj sir for any closing remarks.

Neeraj Kumar: Once again, thank you very much. I really appreciate and acknowledge the support that we have got from our stakeholders and friends. In the last few calls, I did express that fundamentally we are doing everything okay but somehow market is not seeing those changes. Now I am happy to

see that at least again there seems to be a little breakaway. Market is slowly but surely beginning to look at our fundamentals and I assure everybody that we are on the right track. We have done everything and we will continue to do everything to create the stakeholders' wealth. With this, I would like to close with a warm welcome and to give all of you a confidence that we will come back with our 1st quarter results which would be a buildup on what we have shown so far. Thank you all very much and hope to see you on the 1st quarter call.

Moderator:

On behalf of PhillipCapital (India) Private Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.