"Jindal Saw Limited
Q3 FY2021 Earnings Conference Call"

February 08, 2021

ANALYST: **MR. KARAN SHAH - EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

MANAGEMENT: **MR. NEERAJ KUMAR - GROUP CHIEF EXECUTIVE OFFICER & WHOLE TIME DIRECTOR – JINDAL SAW LIMITED**
MR. VINAY KUMAR – PRESIDENT & HEAD TREASURY - JINDAL SAW LIMITED
MR. NARENDRA MANTRI – PRESIDENT & HEAD COMMERCIAL - JINDAL SAW LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2021 earnings conference call of Jindal Saw Limited hosted by Emkay Global Financial Services Limited. We have with us today Mr. Neeraj Kumar - Group CEO & Whole Time Director, Mr. Vinay Kumar – President and Head Treasury, and Mr. Narendra Mantri – President and Head Commercial. 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. Karan Shah from Emkay Global. Thank you and over to you Sir!

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

Neeraj Kumar: Good afternoon stakeholders. I am addressing you as stakeholders because I am told that we have participants from all walks in terms of representatives from rating agencies, banks, investors obviously, research analysts etc we are very happy that we have such a wide participation in this that gives us a lot of encouragement, so good afternoon to all of you. Friday we had our board meeting, this time we had to have our board meeting in the evening because it was attended by some of the directors joining virtually from US, so we had to adjust to the American time as well.

Now, before I start my today's presentation, I have to request all the stakeholders and the participants regarding a feedback we received from some of them that we do not get enough time for questions or sometimes the questions are repeated and therefore I am going to take particular interest and pay attention to details this time upfront in my presentation. I would cover it very systematically, use numbers to the minimum possible and also would request stakeholders to make note of things that are being covered so that we do not have to repeat and therefore we leave time open for maximum participation and for questions on all aspects of the business that we have.

So, with that now let me start. This quarter we have declared a gross income of 2240 Crores with EBITDA of 292 Crores, PBT of 105 Crores, now if you compare this with the Q2 turnover seems to be up 11%, but PBT is slightly down, EBITDA is more or less there, so that gives you an indication that the cost wise between the two quarters there has been a difference or there has been a negative where the costs have gone up and therefore the EBITDA, etc., are not commensurate to Q2. If you compare it with the comparable quarters last year then the gap is a little more, so that could give you an indication that even though as a organization at an operating level the impact of COVID is more or less over and none of our units are having any significant impact on the operations, none of our units have COVID patients, so on an operating level whether it is head office or all the operating units we are post-COVID era and we are confident that we would remain that way, but if you analyze the results then for these 9 months as compared to the 9 months of last year there is still a gap. Last year the sales was, now I am talking about 9 months to 9 months comparison 919000 tonne of pipes and pellets was 1070000 tonne as compared to that 9 months in FY 2021 we are at 717000, so there is still a gap where 919000 MT of pipes have come down to 717000 MT of Pipes , pellets has done as comparatively better as compared to 1070000 we are at 910000, which results into EBITDA first 9 months being 1180 now we stand at about 800, so there is a close to 400 Crores just a little below 400 Crores of EBITDA that we are yet to catchup when we compare the 9 months of the last year versus the 9 months of this year and therefore at an operating level on point-to-point level we may be in a post-COVID era, but the legacy of the first 6 months, 9 months there is still some gap that we need to catch on.

If you look at now the EBITDA there is a marginal reduction from around 15 we are now around 14, so in percentage terms there is a marginal reduction, but in absolute terms there is still a catchup that we need to do because of the first 6 months getting impacted by COVID; however, I would like to draw your attention to the silver lining one of the other very important boxes that is getting ticked and has been consistently improving and that is now our subsidiaries have begun to do well. So this year if you see there has been a significant contribution from subsidiaries, last year in the first 9 months the subsidiaries contributed to around 14 Crores to 15 Crores at the EBITDA level, this year in spite of the COVID, etc., the subsidiaries have contributed to app. 130 Crores to the EBITDA. Now, this is a significant change, which I would request all my shareholders to note, so not only that we had maintained the discipline of not providing any funding support from Jindal Saw to any of our subsidiaries for the last couple of years that we have been now maintaining the strict corporate governance. Now all these subsidiaries have started doing very well on their own and have started contributing significantly into the EBITDA as well as the overall balance sheet restructuring plan that we are now working on. This trend is going to continue.

I need to spend a little time on the Abu Dhabi operations. In the first 9 months the Abu Dhabi operations have actually exceeded the best 12-month period ever and this year we are likely to cross the Abu Dhabi operations at a significantly higher level and I must confirm and we are delighted to let all of you know this trend is likely to continue, so we have broken the paradigm for Abu Dhabi operations taking this to the next level and that is likely to continue. In just last quarter the contribution of EBITDA from our Abu Dhabi operations are in the vicinity of 60 Crores or so, that is likely to continue and that is important for all of you to note. Second important aspect that I would like to talk about is in spite of the operations that we have already discussed that we still have to do some catchup, we have done well on debt even during this period where liquidity issues all of these were there I need to highlight two important aspects we have not availed by choice the RBI moratorium through the financial intuitions were offered to the corporates by way of COVID relief we did not do it by choice because we had the financial strength to do without it, second the overall debt has gone down in terms of the total indebtedness of the company, which was in the vicinity of 3500 to 3700 last year has come down to 3300 as of end of December and as we speak now it has come down to 3100 Crores that as we have always been saying means working capital as well as term loan, so the term loan is very much now coming under control. The working capital obviously is linked to our level of operations and therefore on indebtedness we are coming down to 3100, on a consolidated basis also we are in the vicinity of less than 5000 around 4800 or so. So overall if you really look at now how is the scenario emerging. The scenario emerging is that as on date in terms of operations we are in a pre-COVID era, so the COVID legacy or the hangover of COVID is behind us when it comes to operation.

Financially for the 9 months we still have to do some catch up, indebtedness is under control, EBITDA margin is under control, the subsidiaries have started performing significantly well. I must also highlight the receivable position if you see because during these difficult period the receivable position tends to become worst or you start adding to the bad debts or provisioning of debts. I am happy to tell you that our receivable position vis-à-vis March 2020 to December 2020, has actually improved significantly, in fact there is more than 10% to 15% improvement in our receivables, therefore on receivables also we have done well, so now where do we stand. One thing which has been bothering us a little bit is the iron ore prices and the steel prices. Steel prices in fact contributed to a slower than expected growth in Q3 because what happened is that lot of EPC guys, lot of our clients because of the buoyancy in the steel prices have delayed their project temporarily and therefore we expected our turnover in Q3, which I just gone by to be a lot more if we look at the order book position, if we look at the situation that we were in terms of, but we saw a deferment of projects in many of the cases. Second we also saw that because of the spike in the raw material prices as in iron ore, the margins in DI business also has come under some pressure, which is a factor that has contributed in bringing down the EBITDA margin for Q3. So the raw material prices especially the steel prices spike was something that we were watching very closely, it had resulted in delayed demand for us and has also resulted in for DI segment a little squeeze in margins, but I must confirm that the prices have begun to ease, the prices which were in the 35000 range went up to 50000 range have come down to now 48000, 49000 . Further, as you all know Jindal Saw has a robust business model, we have pellet segment also as a part of our portfolio, which really tracks the steel lump or steel ore prices. So there is a compensatory effect that happens in Jindal Saw when the iron ore lump prices goes up my realization on pellets improves whereas the margins on DI gets squeezed, but that is only a lag effect and it gets caught up, so we are seeing even with our pellet prices that now indeed the overall steel market prices have started softening and we believe that it is going to settle to some realistic levels. Going forward, the macroeconomic indicators, the union budget for this year, all of those give us very, very good visibility for the next 2 to 3 years. Jal Jeevan Mission is getting a lot of importance now, everything is getting translated down to a level of contracts, and everything is getting translated now down to purchase of pipes that is good news for our helical pipes that is good news for our DI pipes.

In the oil and gas also we are seeing some tractions or movement, some new pipelines are being announced in West Bengal and all of those places, so we are now hopeful for the next 2 to 3 years. If you just look at the government of India policies, budget, economic survey, all of those put together it clearly indicates that the government of India is looking for increasing the spend side to faster demand and focusing on infrastructure so that it gives an all round robust growth in the economy, that is very good news for us and we expect that we will benefit out of it.

I must also let my investors know that in the stainless steel segment where we are a late entrant or we have just entered we are beginning to do well, our extrusion has stabilized, all the other processes have stabilized and now we are beginning to serve the market in a very significant way. Our relationship with Hunting is doing very well. We have become now a very important supplier of premium products, premium connections to organizations like Oil India, ONGC etc. Many of the developmental orders that they have given us have all fructified now into regular orders, so those are all working well. All non-core businesses have already been desubsidized, but for NTPC or the JITF, which is at this point of time are cash neutral. We are not having any other non-core business within the Jindal Saw or its subsidiaries business, so all that is done.

Now let me address two very important issues before I would request or I would take questions one issue is this NTPC arbitration overhang. The first thing I would request the investors that we have said and we continue to say even the bankers have checked and they are saying that the order is robust and eventually we should get all the money that has been awarded to us. Important thing I wish to mention, a part of the award is interest as well. So there is an interest component, which is imbedded in the award and therefore while the money is not being paid it is accruing interest, so that is the large aspect that I would request all my investors, stakeholders to focus on. We all agree that it is getting delayed because of the initial strategy that was being used by the PSU in terms of delaying the legal tactics that they have to delay the process then there was pandemic. In between as a well thought out strategy we were able to persuade the courts for some interim measures and we got some interim awards. My dear shareholders and investors, please take that as a comfort to give you an indication that the courts are also looking at these favourably, but please appreciate these money, which are coming in the interim measure are against litigation bank guarantee. The moment it comes that way none of the guarantees have been given by Jindal Saw. There are conditions those banks are putting and it has to be complied with. These days all of you know the banking system has become such that for most of the bank guarantees you need to put cash collateral, etc., so my request to all the investors are that we are committed, we confirm that the NTPC award is a strong award in our favor and we have a very high degree of confidence that the money would come. We also confirm that once the adjudication happens, once the final money comes Jindal Saw would be made whole in terms of whatever money that Jindal Saw has given to this JITF under this every penny along with interest would be repaid. Now these are the two broad things that I want to put on the table and I would request all the investors to focus on.

In between interim strategies are being done that is again part of legal tactics, part of positioning with the banks, etc., so that has been happening, but now we hopethat would also come to an end very soon because now the High Court has given us four dates in April and they have clearly indicated to both NTPC as well as us that now they want to start hearing the case on its merits, so this legal tactics combined with the pandemic delays seem to be coming to an end in April we have four days, four half sessions reserved, two given to us, two given to NTPC to start discussing the merits of the case and therefore I would request all my stakeholders, we will keep on updating you on there and we would continue to push hard on the final adjudication of the case, end of which we are sure our shareholders and stakeholders Jindal Saw's money will come back once the final adjudication and we are free of all these bank guarantee and all of those things, which are there as an interim measure will come back. We are hopeful that once the final hearing starts or the hearing on meeting merits start in April we should be able to conclude at least the High Court process or the first round of the High Court process soon. Depending on the outcome of the High Court process then the rest of it should become relatively easy because in arbitration, High Court has a very limited role to play which is under Section 34, which are only four or five specific issues on which an award can get challenged, so once we are past the first round of High Court process the rest of it we think or we believe we expect should be pretty simple as long as the court continues with its real hearings. So I just wanted to discuss this aspect elaborately because I know it is important for us and has been the overhang for many of the stakeholders now for lot of time plus we all had to be patient on this because of the pandemic and before that some of the delays that has happened, so I thought I must address that.

The last issue that I must address to all my investors in particular that we share your concern is about our share price and I have been saying this in the last one or two calls that we equally are concerned that the share price or the share market is not giving the value of

Jindal Saw the way we think we have improved on our fundamentals and again let me recount in the last five or six years whatever we have said we have done. We said we will get all the non-core businesses out of Jindal Saw we did, we said we will put the capex on hold we did, the steel plant that was on the anvil has been put on hold, we said we will conserve cash we did, we said we will bring the debt down we did, we said we will improve our market penetration and positioning we did in terms of stainless steel capacity expansion all of those. Now we also said that the subsidiaries should start performing now that has also started performing, so everything that we said in the last five to six years we have done all of those and we definitely are concerned that the market is not valuing Jindal Saw where at current our market cap is even below the book value of the shares which is much higher than the market price. After a lot of analysis what we have thought or what we are thinking from within is maybe it is because at this point of time among the shareholders of Jindal Saw we do not have a large institutional or anchor shareholder that could be one of the reasons and we believe that we should get one soon. The second thing that we are thinking is or that we have analyzed is probably it is a hangover of this NTPC award because it is a fairly large award which has been there for sometime and therefore I think it is a combination of these two that not having an NTPC award come in and not having an institutional shareholder into the portfolio is probably contributing to the share prices the way they are reacting or the way they are.

Another thing that based on certain feedback that we have been constantly getting I must clarify. If you look at our promoter holding we are at 63%. Now the biggest concern for the wealth of Jindal Saw is for our promoters and for all of us in terms of 63% is there with the promoters and they value that very much. There are also constraints that we do not wish to increase this any further at least at this point of time because we wish to attract an institutional investor sometime soon maybe the moment we make some good progress on the NTPC we can see some attention coming from some of the large institutional investors, so we need to leave enough for the float and therefore we would continue to do best that we can. We will continue to follow the paths that we have stated that we will follow and we would hope that the market would give us value sooner than later for what is the good work that we have done for us so that is something, which is a matter of concern, but let me just reiterate that standing from where we are. Operations are absolutely in top order, order book we have a very healthy order book in fact the order book that we have started from Q3 gives us confidence that the time coming ahead should be very good for us. There is a little lag that we are seeing in terms of the recovery of economy and the orders getting executed at the level of pipes because there has been some delay as I told you because of the spike of the iron and steel prices hopefully that would settle down, so in the next two to three years we expect a very good performance from us and also the NTPC order or the NTPC arbitration award and the money coming out of it should be behind us, so with that let me end here and now I am ready to take some questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Jatin Damanya from Kotak Securities. Please go ahead.

Jatin Damanya: Good evening Sir and thank you for the opportunity. Sir just wanted to know a little bit more about the ductile business as you indicated that due to the rise in the steel prices the margin in DI business has come under pressure and there was a delay in execution of the order because the various state government has delayed the projects, so how is the situation right now after the December and in the month of January, February and how do you look the situation going ahead because there are couple of more players who are venturing into ductile iron business so is there any room for new player to enter into the same market?

Neeraj Kumar: Good question but let me clarify one or two things for you. The iron and steel prices going up, has gone up in all segments so it is the iron ore lump prices that impacts the ductile iron business because iron ore lump is the basic raw material, we have our own blast furnace and from there the ductile iron prices have moved, so I would just request you to distinguish between iron and steel final product as well as the lump, so it is the lump prices that has impacted or squeezed the ductile iron business a little bit. Now going forward as I mentioned to you already the prices have begun to ease out. Second all these infrastructure projects in terms of pipeline, etc., there is a limited amount that is available where you can delay so things have begun to change and I am happy to tell you that in the month of January itself just to give you a sense if we combine our Abu Dhabi, which is just a DI plant and our DI plant in India just in the month of January we have exceeded 70000 tonnes of dispatch so that gives us a lot of comfort that this delay of EPC, etc., is again or getting behind, so looking forward what you should expect on DI, lump prices have started easing so that pressure should begun, whatever was the pressure has already been factored in some of the projects that we have won, so we will catch up and make up for the loss of the margin. The demand has come back in terms of dispatch month-on-month, it has been seen in January, February-March again we have some visibility, we have done some internal production planning, some business planning and all of those and they are all indicating a very positive trend both in India as well as in Abu Dhabi for the supply of DI pipes.

Jatin Damanya: Sir second question in terms of the new player entry into the market is there enough room?

Neeraj Kumar: We also have read that some players are wanting to enter DI Business, but that news has been going on in various forms and shapes for sometime, so let us see and even if a new player tries to enter the market probably they would be two years away before it happens and if the Jal Jeevan Mission goes the way it is being planned the way it looks then I am sure that there would be enough demand for the ductile iron pipes in India, so at this point of time at least for the next two years we are completely okay, you should not worry about the capacity being added till again the ground being broken, we just have heard news of intent whatever, but we have not seen any projects being put up anywhere as yet.

Jatin Damanya: Last question from my side, can you highlight what are the key drivers in Abu Dhabi during this quarter, which has improved the performance substantially?

Neeraj Kumar: It is an overall improvement in all aspects in terms of let us start with the capacity utilization and the production, quality in terms of rejection, so there was overall improvement on the operations including debottlenecking up capacity and all of those to start with. The demands have become robust because again the oil prices have gone back to above $50 because that region is a petro economy so the demand went up, the operations responded and we did carry out a very thorough and methodical analysis where the performance as I told you even in the first 9 months is better than the best 12 months ever before.

Jatin Damanya: I will come back in the queue again. Thank you very much.

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

Tushar Pendarkar: Thanks for the opportunity Sir. We are reading that government is spending significantly on gas transmission and national gas grid and in the last two budgets FM announced a significant rollout of around 16000 kilometer of transmission pipeline for gas to fulfil the city gas distribution requirement, but when we see the Jindal Saw's SAW pipe numbers they are still not picking up like last year the run rate was 175000 to 180000 tonne, this year in Q3 also it is 117 only so how much time it will take to regain that space?

Neeraj Kumar: National grid of gas pipeline, etc., has been announced by the government is definitely a good news, but I must clarify that it take sometime before that gets translated into actual tenders and orders, also I would like to confirm to you that any major tender that is announced whether it is in oil and gas sector or water sector Jindal Saw is definitely one of the major participant, so in terms of the hits to win ratio Jindal Saw is very much there, so you are seeing a lower number because only there are that many projects, which are at present, so the announcements that the level of government of India for such grid, etc., is taking time and we are expecting that and we are hearing that now those policy decisions would percolate into contract for pipelines, etc., so we are hopeful that during this year we should see some good gas pipeline projects, which should come our way.

Tushar Pendarkar: Sir, in the seamless pipe division how much is our capacity and what would be the maximum volume we can achieve with our current capacity?

Neeraj Kumar: Seamless pipe division so that we clarify has carbon, steel, alloy steel as well as stainless that is different from the other market players that you have, some have predominantly carbon steel, some are in alloy and some are in stainless, so if you put all these capacities that we have generated together we would be close to 3 lakhs tonnes per annum. We are ramping up our capacity, more significant it is not just the volume it is a value because once you are in a stainless market and you are capable of doing high value added products you have premium connections in seamless for example carbon we are capable of doing 16 inches in diameter, which not many are able to do, so there are certain significant USPs that we have in our seamless business, which should show good result as we progress. One of the important aspects again here I must mention is the Aatma Nirbhar Bharat initiative has actually shifted a lot from what was being imported to us because we are capable of now responding to those, we have our own premium connections, we have our own drill pipes, we have our own large dia, we have our own alloys, we have in fact been the first one to supply 13 chrome pipes to ONGC, so we are moving into these value added segments, which should keep us in good state in the near future.

Tushar Pendarkar: Thanks. These were my questions. Thank you very much.

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

Saket Kapoor: Thank you for the opportunity. Firstly Neeraj Sir if you could clarify the net debt level on the consolidation level because your presentation showing as on December I think it was 4200 something and you spoke 4800 if I am not wrong, please correct me on that data?

Neeraj Kumar: When I was talking about total consolidation because as I was telling you that we have walked the path that we set, the institutional debt is 42 and the balance 600 has come from the promoters, so overall indebtedness at consolidation level once you include the promoter debt is 4800. Institutional debt is 4200, so that again at that point of time was said in the spirit that see the walk the talk that we have been doing, these debts were if I recall correctly if my memory sounds to be right where upward of 8000 Crores and in spite of improving our operations we have been able to bring this down and without liquidating any shares or whatever, so the point that I was trying to make is that in terms of the operating level efficiency in terms of the discipline, in terms of the governance we have been doing exactly what we have said that we would do.

Saket Kapoor: Correct and what is our blended cost of fund for the term loan as well as the working capital requirement?

Neeraj Kumar: It is well below 7% because it is a combination of packing credit, etc., but our weighted average cost of capital is well below 7%.

Saket Kapoor: Any precise number you can give I did not get your point?

Neeraj Kumar: The reason why I do not want to get held on to a particular number because that keeps on changing on a day basis, today I do an export order and it gets executed suddenly those export financing, which is at maybe 2% to 3% gets paid off, so if you take 7 and below we should be okay because giving you a precise number then there would be so many caveats that I will have to put to make sure that I can get held on to that number.

Moderator: Thank you. The next question is from the line of Ravi Siyal, an Individual Investor. Please go ahead.

Ravi Siyal: Good evening, Sir. My name is Ravi Siyal. I am just an investor. You had mentioned that EBITDA last year was 1180 Crores for 9 months and this year it is roughly around 800?

Neeraj Kumar: 798 to be precise.

Ravi Siyal: Okay and with the contribution of 130 Crores from subsidiaries, so that reads 670 Crores EBITDA from the mother company is not it a little different?

Neeraj Kumar: No, let me stop you there. It is 798 for JSAW and 130 Crores from the subsidiaries, so on the consolidated EBITDA of the company along with the subsidiaries is 928 Crores as it stands.

Ravi Siyal: Okay, I was deducting..

Neeraj Kumar: I should have clarified that, I am sorry for that, 798 is standalone plus 130 makes you 928.

Ravi Siyal: So, you were saying that we have a lot of catching up to do, so is the catching up to be done in the last quarter or is it going beyond the year?

Neeraj Kumar: There are two things let me address it in two ways. One when it comes to a run rate we are very hopeful the way January has gone by that Q4 on a standalone quarter basis should be as good as pre-COVID, so there the confidence level of achieving the level of operations in Q4, which is pre-COVID is very much on the cards and should happen, but would that be enough to wipe off all the gaps that has been created in the first 9 months may be close but not definitely because what we are looking at is at the year end consolidation EBITDA because of the contribution from the subsidiaries as well as the catchup that we will do in Q4 should come a little closer, but on a Jindal Saw standalone even though the Q4 number should be significant better are we going to hit the EBITDA level of pre-COVID or March 2019-2020, the answer is unlikely.

Ravi Siyal: My second is not a question it is a suggestion. I have been looking at the way the company has been handled as far as exposure or publicity goes, so my summation is that you have a lot to do on the PRO front whether be it with analyst, be it with TV anchors, be it with whoever manages the publicity section of the company a case in point is Welspun Corporation whenever they get an order of a small amount even 200 Crores, 250 Crores, 300 Crores it is beginning from CNBC-TV18 and it has a very positive effect on the share price that is the retail and I know it is ultimately the performance of the company, which really matters not the way you project a project when, but still the share price based on the small contributions go up and Jindal Saw has not been doing this kind of a thing with the result that the share price is languishing at a dismal Rs.70, Rs.80 where that should have been higher than Rs.70, Rs.80, so I would say that some importance should be given to better coverage for the company or its achievements or its projects that it gets that is my suggestion it is not a question.

Neeraj Kumar: Thank you very much for your suggestion. We do hear what you are saying and yes we have always maintained that we are a little below the radar, but we take your suggestion, we take note of it and we will see how to work around it.

Moderator: Thank you. The next question is from the line of Ritika Gupta from Aequitas Investment. Please go ahead.

Ritika Gupta: Sir good afternoon. Thank you for giving me this opportunity. My question is around raw material cost, so I do understand that steel prices have gone up and that led to lower execution and in the DI segment we have done a good execution in January, but what about the other segments, are we still facing some headwinds there like in our SAW pipes division for January and raw material prices are trending upwards, but how do we see that impacting our EBITDA per tonne and what guidance can we give for that?

Neeraj Kumar: Two, three things, first steel prices have started softening, so the rising trend has reversed and has reversed both domestically, internationally and at the intermediate level and also at the pellet as well as at the iron ore level.

Ritika Gupta: Sir that is hardly 5% or 7%.

Neeraj Kumar: Yes, but since it is happening all across you would have also seen that government of India and in particular the user of the steel, which is Mr. Nitin Gadkari's Ministry has taken a very serious note of these spike in prices and now the way things are coming down across all segments intermediary, basic, high, also there has been a reduction in the import duty in this budget as far as the steel products are concerned, so combined effect of this our assessment is that now the steel prices should settle to a more realistic level and will definitely not have a higher trend is what we expect, be it as it may. Q3 saw delaying of certain projects by most of the people because of these prices, but also as I said in my presentation that this delay cannot be delayed indefinitely because if you have a project, which has not been completed, if you have a project, which is with PSU or with government then you get exposed to LDs and all of those, so we are seeing the demand come back and we are hopeful that in Q4 the demand should pickup and it should go back to where it was, maybe we expect that it may even exceed because there is a pent-up demand that is caused because of this delay. As far as the margin on EBITDA or EBITDA percentage is concerned.

Ritika Gupta: Sir, EBITDA per tonne.

Neeraj Kumar: Yes, we are expecting those to go back to their original levels or if the economy actually becomes buoyant the way it is being planned that GDP may grow at 11% and all that if that happens then we may even see an improvement.

Ritika Gupta: So can we expect EBITDA per tonne to go back to 11000 to 12000 what we had in FY2022?

Neeraj Kumar: You are talking about April to March there is a good possibility because by then we expect, if you look at the national budget at this point of time look at the kind of infrastructure projects that have been announced and look at the input of pipes or steel or all that, that has to get into there, that should definitely give us a confidence that we may get a robust demand on the segments that we supply.

Moderator: Thank you. The next question is from the line of Suyash Kumar an Individual Investor. Please go ahead.

Suyash Kumar: I was looking to ask about the pellet realization part, what has been the pellet realization?

Neeraj Kumar: Pellet realization has moved up as you know with the movement in the steel prices so from in and around 8000 levels it has gone up to higher than I would say 10500 level, also I must point out we have a certain freight advantage because our market is Gujarat so I am telling you the realization in terms of, so what was at low of around 8000 has gone up to beyond 10500, etc.,

Suyash Kumar: The revenue for the quarter and the 9 months for pellet?

Neeraj Kumar: Can I request you that I will give you this answer separately because I do not have the segmented profits on my table right now and I do not want to second guess a number, so my request is call up my office tomorrow and we will give you this number.

Moderator: Thank you very much. The next question is from the line of Vishal Rampuria from Julis Baer. Please go ahead.

Vishal Rampuria: I got two questions to ask you, one is that is it possible to split your ROCE at this point of time based on your different segment, which you report and number two as you mentioned about the input cost coming down, so logically I understand is that your contracts are largely fixed price contracts, so why would someone defer their consumption or delivery of finished goods despite increase in the input cost?

Neeraj Kumar: You have three questions. Number one you are right when it comes to that my contracts are fixed price contracts, but there are other steel components that go into a project it is not just pipeline and therefore there if they have a spot price we have seen EPC guys delaying their intake. As far as the PSUs have concerned that segment does not get impacted, but whenever we have a contract even though it is a fixed price contract through an EPC we have seen a definitive delay in that, that is point one of your question. Point two that is where it answers about the raw material prices and then third, you asked for a segment wise now as we have always been saying by design Jindal Saw has made this robust model where we have a blended EBITDA because it gives us a lot of price advantage, it gives us a lot of advantage in terms of making our business model more robust and therefore we do not give out the segmented EBITDA or per tonne EBITDA of different segments of pipe because we believe it is a competitor sensitive information.

Moderator: Thank you. The next question is from the line of Chirag Patel, an Individual Investor. Please go ahead.

Chirag Patel: Good afternoon Sir. I have a few questions, as you mentioned in your earlier remarks that we are capable to cater the demand, which will come on our way in the coming time from this Aatma Nirbhar campaign, so it is like proportion to China-related demand right?

Neeraj Kumar: China demand would get substituted once this Aatma Nirbhar scheme takes off.

Chirag Patel: Just want some clarification from that, so will it not be we require to produce on cost competitive basis and impact our margin your thoughts on this?

Neeraj Kumar: No, please understand, if the Aatma Nirbhar Bharat and if the steel policy gets implemented in its letter and spirit, which government of India has been doing then import from China on products, which can be produced domestically will be banned and therefore then the competition would be limited to the domestic producers as well, so there is not going to be under the new steel procurement policy or situation where under the Aatma Nirbhar scheme Indian manufacturers will have to compete with the Chinese manufacturers that is not the case.

Moderator: Thank you. The next question is from the line of Avneet Bhaiya, an Individual Investor. Please go ahead.

Avneet Bhaiya: Sir, I wanted to check do steel prices going up is that beneficial for you because you have a 1.5 million pellet plant as well or does that impact your profitability because I would second guess your EBITDA per tonne on your pellets would have close to doubled in the third quarter?

Neeraj Kumar: Yes, you are right in a manner that being a robust business model where sometimes we use final product like hot rolled coils or billets, we also use the raw material as lump and we also sell pellet, which is a kind of steel intermediatory it kind of blends and it makes the business model a lot more robust than a player, which will rely on the either and therefore if you ask really our preference it is for a stable and predictable iron and steel market because we do have certain compensating effects, but then it makes things a little cyclical, so our preference is stable iron and steel market in all segments.

Moderator: Thank you. Due to time constraints that was the last question. I would now like to hand the conference over to the management for closing comments.

Neeraj Kumar: Thank you investors for as usual staying with us, showing patience and following us keenly. I would like to thank all of you, reassure you pandemic is back, demand is back, company is performing well, hopefully as we see during this year the final adjudication of NTPC should also happen and that is probably one of the boxes that we have to tick on the path that we have laid in front of us and we expect that we would be able to perform really well in the coming months. Thank you all. Thank you very much.

Moderator: Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us. You may now disconnect your lines.