

Q3FY16 Post Result Conference Call Transcript**Representatives:****Mr Neeraj Kumar - Group CEO and Whole Time Director****Mr. Vinay Gupta - Global Head Treasury****PL Rep.:**

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Ladies and gentlemen, good day and welcome to the Jindal Saw Limited, Q3 FY 2016 results conference call hosted by Prabhudas Lilladher Private Limited. As a reminder all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touch tone phone. Please know that this conference is being recorded. I now hand the conference over to Mr. Kamlesh Bagmar of Prabhudas Lilladher. Thank you and over to you sir.

MR. KAMLESH BAGMAR - PRABHUDAS LILLADHER PRIVATE LIMITED:

Yeah thank you. On behalf of Prabhudas Lilladher I welcome you all to the Q3 FY 2015, post results concall of Jindal Saw. Today we have with us Mr. Neeraj Kumar, Group CEO and Whole Time Director, accompanied by Mr. Vinay Gupta, Global Head Treasury. In the beginning we will open the call with opening remarks from the management and later on we will take the Q&A from the participants. I hand over the floor to the management for the opening remarks. Over to you sir.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Good afternoon friends and wish you a very, very happy new year though a little belated. Today we had our board meeting and the board has approved our quarterly results. If you look at our Q3, we have foreseen a top line of 1055 crores, which on a training quarter method is about 20% lower than the last quarter and about 40% lower than the comparable quarter last year. But if we go down to the EBITDA level, EBITDA we have maintained EBITDA at 235 crores for this quarter as compared to the trailing quarter of 232 crores. So it's marginally up. And 273 crores of EBITDA in the comparable quarter last year. Going further down at the PBT level, it is 80 crores of PBT as opposed to 72 crores of PBT in the trailing quarter. And 101 crores of PBT in the comparable quarter last year. If you look at this result, we have to see this result in the context of what's happening in the global markets, especially the commodity prices, iron & steel, oil & gas and government funding. So if you look at this result in the context of the oil prices where they are, the iron & steel industry where they are, as well as the funding status of various local bodies and state bodies that we have, probably Jindal Saw's peer level comparison, we would be far ahead. Second if you would look at the result even comparing quarter on quarter, one this is that there is a dip in the top line. But the EBITDA margin is maintained. In fact if you get into the per ton basis then there is a significant improvement in the per ton EBITDA realization that we have in the pipe segment. In fact it has exceeded more than Rs. 14,000 per metric ton. In the pellet market in spite of what is happening across in the iron ore lumps and pellets, we have still been able to maintain a positive margin of above Rs. 752 per ton, which has been consistent. Now all that must give all of you the comfort that as an organization there has been immense amount of focus on cost cutting, cost optimization, management of inventory, collections, so that the overall scenario does get positively impacted and that is showing results. Whereas even though the top line has come down, the EBITDA margin is maintained. There is one more aspect that we wish to maintain is that we have also altered the business model a bit for few of our product segments where we have moved from management of the

entire contract to management of job work. So that in the job work what you get in the top line is the conversion charges and not the entire contract value. But you don't have then the raw material also as a part of your supply. So it's like the way that the job work contract is accounted for is that the conversion charges comes and sits on the top line, all the costs are only the operating costs. The raw material is taken as free supply. So that also has impacted this year's top line getting depressed as compared to the last 2 quarters. Either the comparable quarter or the trailing quarter. Overall profitability as I said we have been able to maintain and improve. The financial charges have stayed steady. Essentially the inventories are now getting liquidated. So we expect that as compared to the level of activity that we have, the financial charges have shown a marginal improvement. Because if you look at what we did last year, last quarter versus this year, last quarter we had done 5.79 lakh tons of pipes in the first 9 months. This year we have done 6.24 lakh metric tons of pipes. Pellets has gone down, in terms of we did 9.25 lakhs metric tons first 9 months versus 7.61. But we are happy to let you know that the pellet sales have increased. In fact in Jan we would be doing more than a lakh tonnes per month. This month we should be seeing more than a lakh per month.

So looking at where we are, we believe that in the given situation where we do not have too much of tail wind from the industry or the continent, we still have performed reasonably well. The prognosis is from here on, the results or the financial performance is going to improve and improve not marginally, it will be a significant improvement going forward. And the company would definitely benefit from all the cost cutting austerity and other measures that we have undertaken in the last 3 to 6 months in order to maintain our profitability in the difficult scenario. So the moment the market opens up, as a company we are going to really benefit out of that.

At present -- we now turn our attention to something in future. At present we have order book in excess of \$1.2 million. That is very, very healthy. Typically if you see we have been below one, but at present we are 1.2 because we have got the major share of the water grid project in Telangana and we are hopeful of a few major wins in a few of the other water projects that have been announced in various states. So from here on the quarter looks good. Next year looks encouraging. And as an organization we are likely to improve our results going from here. Let me now turn my attention to a few other important aspects which have been impacting Jindal Saw in terms of the legacy issues etc. As we have been saying, the restructuring is reaching its final state. The phase 2 of restructuring which will end up de-subsidizing and de-merging all the businesses of erstwhile JITF, that is nearing completion. We are confident that we should be able to complete this process during this year. So by the time we hold the next board meeting, we should be through with the entire restructuring process. That would be the end of any pressure from the JITF businesses on Jindal Saw.

Second, as we had always announced and always said that we intend taking our pellet plant forward in terms of a forward integration and putting up a 1 million ton steel plant for long products, even though the rationale for putting up the steel plant still is very strong, remains valid, and at some stage we must look at it. But at this point of time since we do not want to strain the balance sheet anymore, till the time we have carried out certain corrective measures, we have postponed the implementation of the steel plant. And I would request all of you to note that the rationale is strong. It is very important. It is going to add a lot to Jindal Saw as a business. But now the Steel Plant has been postponed. We would let you know when we intend restarting it. But it will definitely be after we have got the balance sheet of Jindal saw into some good shape.

Also we have shut down our subsidiaries, the DI trading subsidiaries in UK, Spain, and Algeria. In fact in this quarter's results if you see there is an extraordinary item which is about 15.4 crores. That write off we have taken which has resulted on account of the impairment in our investments in these subsidiaries. But still we have gone ahead and we have cleaned it up. So the net result of the restructuring re-merger, postponement of steel plant and shutting down of all these international trading subsidiaries of Jindal Saw, what you are likely to see by the year end is a much leaner, meaner and sounder Jindal Saw with a very healthy order book. Plus we have also made inroads into some value added segments in various products. In seamless business we have moved into some very

significantly high value added segments. In large dia also we are on the verge of starting some completely new product range which will address the high end of the value segment. Likewise in DI also there is an attempt. So consciously now as an organization while we maintain the volume from our commodity products that we are making, there is a very definitive effort to move towards value added segments in all through. And we have had that with reasonable success in one or two business which has in fact impacted in the EBITDA per ton – per ton EBITDA of pipe really going up to Rs. 14000 per ton plus.

So I think I have covered most of the aspects that I think are relevant for this. So let me stop here and request any questions, clarifications that you may have. We would be very happy to answer. I have Vinay and Mr. Narendra Mantri with me. Mr. Mantri is from the controlling side, and Vinay is from the Treasury side. They head their respective functions globally. We would be happy to answer any of the questions.

Before I go, just one last comment on our international operating subsidiaries. Abu Dhabi again as I mentioned we have had a great run. We were ramping up capacities very well. We had touched 17000 tonnes in a month. But then because of the crash in oil prices, as well as the whole Middle East getting converted into a war zone that ramp of capacity has suffered a setback but we are in the recovery mode again. So last quarter was little dip for the Abu Dhabi subsidiary. The US subsidiary has been steadily, slowly but steadily moving up. So overall all these subsidiaries are going to contribute. It's a little delayed as I mentioned because in US the sluggish pickup continues. And in the MENA region the war zone as well as the oil prices. But we are again hopeful the subsidiaries have been ramped up in their capacities and they are ready. Cost cutting measures are there. And very soon they should be able to contribute significantly. They should start to contribute significantly towards Jindal Saw.

So based on that let me stop and request for questions. Thank you.

MODERATOR:

Thank you sir. Ladies and gentlemen we will now begin the question and answer session. Anyone who wishes to ask a question may kindly press * and 1 on your touch tone phone. Participants are requested to use handsets while asking a question. Please press * and 1 to ask a question. Our first question is from the line of Bhavin Chheda from Enam Holdings. Please go ahead.

BHAVIN CHHEDA - ENAM HOLDINGS:

Yeah good afternoon sir. Sir good set of numbers. First on the numbers side and second I will come on the restructuring. I think in the press release you have give your EBITDA per ton of prices of 14000, but I understand I think there is some conversion business you have been doing the PSL plant which you acquired. So how much pipe were on conversion basis and that number has been included in the overall performance and that is how the EBITDA per ton was so high in the quarter?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

No. When you say conversion, it is not for the conversion business of the PSL or the erstwhile PSL. This is conversion business essentially for some of the pipes for which we are putting the concrete wet coating. So the concrete wet coating business probably is a little over 150 crores. So more than a 150 crores of concrete coating business has come which has come more as a job work. So there the raw material comes as a free supply. You just get all the conversion that you get on the top line. The PSL business they are all separate. At this point of time there is no cross linkage of the business between JTIL which is Jindal Tubular, the subsidiary which is managing the erstwhile PSL business, and this one. So that you just understand that, the JTIL at this point of time also has a healthy or an order book of more than 352 to 400 crores. And they are doing their independent business. Nothing of that is coming here. You will get to see that towards the end of the year when we will come with the consolidated results.

BHAVIN CHHEDA - ENAM HOLDINGS:

Sir this concrete wet business, the quarterly turnover which must have been included is close to 150 odd crores.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Yes. In this quarter out of 8055 crores, 150 crores have come from the concrete wet coating business.

BHAVIN CHHEDA - ENAM HOLDINGS:

And this is a very high EBITDA margin business sir?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

This is a reasonably good EBITDA margin business because as I said the raw material price goes down to zero. Except for whatever we consume the basic raw material which is the steel or the pipe that comes as a free supply.

BHAVIN CHHEDA - ENAM HOLDINGS:

Second on the restructuring side if you can give us a consolidated debt number as of now and how much will be related to Jindal Saw and Pipe business and how much will go into the subsidiaries which will be demerged? I understand I think consolidated debt was around 6500 crores 3 or 4 months back. So is that number similar or gone up or gone down? And how much would be related to Jindal ITF and the other subsidiaries which will move out?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

See the standalone debt including working capital, term loans, everything put together is about 4800 crores. And the standalone debt – no, now if you look at the consolidated debt which is term loan plus buyers credit, working capital, all put together – if you look at all indebtedness of the entire Jindal Saw group, along with all its subsidiaries in India and across the world, it would go to 7700 crores. But it is important to point out that out of the 7700 crores, around 850 crores which pertain to Jindal Tubular USA is neither guaranteed or there is no support which is provided from Jindal Saw the parent. Otherwise also most of this debt is due for payment only in 2032. So if you make that adjustment and if you make the adjustment for Jindal Saw Abu Dhabi which is about over 600 crores, then your consolidated debt, or Jindal Saw group will be well below – you know it will be around 6200 crores. Once you have the demerger completed, probably a 1000 crores should go into the demerged situation.

BHAVIN CHHEDA - ENAM HOLDINGS:

Yeah so Jindal ITF would be having close to 1000 crores.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Yes.

BHAVIN CHHEDA - ENAM HOLDINGS:

Okay. And just my last question, I missed out on the order book. I think...

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Order book is 1.2 million tons. This is very healthy at this point of time. In terms of value also if you look at it is over a billion in a depressed market condition when the top line at this point of time is actually starting – so probably at this point of time in terms of order book we are sitting on an order book which is one of the best which we have seen in the last few quarters.

BHAVIN CHHEDA - ENAM HOLDINGS:

Okay I will come back again. Thanks a lot.

MODERATOR:

Thank you. To ask a question kindly press * and 1 on your phone. Participants are requested to kindly press * and 1 to ask a question. The next question is from the line of Vikas Singh from B&K Securities. Please go ahead.

VIKAS SINGH - B&K SECURITIES:

Good afternoon sir. Sir just wanted to know about this coating business which you were talking about. How much was this in the prior quarter Q2?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Q2 was negligible. At this point of time we are executing a contract part of which has been done in Q3 and a good part of it is likely to be done in Q4. In Q2 it was a very small amount of this business.

VIKAS SINGH - B&K SECURITIES:

Okay. So in Q4 also because of this coating where you could see some fillip in the EBITDA pattern on a blended basis.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Yes in Q4 there are a few things which are going to kick in which is really going to improve the performance as I said not marginally but substantially.

VIKAS SINGH - B&K SECURITIES:

Okay. And sir one more thing, our volumes, we are very low if we compare it on a sequential basis. So is it because of some delay from the customer's side or why is it so? How are we thinking of ramping it up?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Most of the delays at this point of time if you look, we do have an inventory build up from the raw material side for large dia business. And on the finished goods side on the DI business. We still and we also have a lot of spare capacity. We could ramp up a lot on the seamless business. So what we are witnessing in the market is that the funds allocations to the government agencies are getting delayed. Subsequently the pickup is slower than what we expect. And we expect those pickup to improve. At least on one or two projects we have got a very positive response. Now the pickup is likely to improve, is beginning to improve, and all that is going to show up in our Q4 results.

VIKAS SINGH - B&K SECURITIES:

Okay sir. That's all from my side.

MODERATOR:

Thank you. The next question is from the line of Falguni Datta from Jet Age Securities. Please go ahead.

FALGUNI DATTA – JET AGE SECURITIES:

Yeah sir. Sir if you could just give an outlook for each of these segments be it seamless DI, and the others, both demand and pricing generally.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Pricing across the board we expect it to remain depressed. But there is an equal or even a higher impact on the raw material prices. So pricing are going to remain flat for the next 2 to 3 quarters for sure. Raw material prices also would remain flat or would go down a little. So the EBITDA margin would remain reserved, protected or marginally improve in all segments over the next 2 to 3 quarters. That is a general demand, supply and pricing comment. But for Jindal Saw we expect the performance to improve quarter on quarter because we are entering some new segments which are more value added. We are entering some segments where the capacity utilization is going to be very high. For example in Telangana there are some pressures on supply in Q4 so that they have their March end allocations. So these factors are going to contribute in Jindal Saw's performance improving over the next few quarters. And we have a fair bit of visibility for that.

FALGUNI DATTA – JET AGE SECURITIES:

Okay. That's all from my side, thank you.

MODERATOR:

Thank you. For questions kindly press * and 1. The next question is from the line of Saurin Shah from Enam Holdings. Please go ahead.

SAURIN SHAH – ENAM HOLDINGS:

Yeah sir. Sir if you could give us an idea of EBITDA per ton segment wise, like LSaw, HSaw, Seamless...

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

We don't share that for strategic reasons because the whole idea is – you know as Jindal Saw, that is one of our unique strengths that we have a product range which spans from seamless to DI to large diameters and everywhere. And across the country all our competitors they compete with us in one or the other segment. So for strategic reasons we do not disclose the EBITDA per ton on different product ranges. Because that gives too much information to our competitors.

SAURIN SHAH – ENAM HOLDINGS:

No problem sir. Thanks, thanks so much.

MODERATOR:

Thank you. The next question is from the line of Vikas Singh from B&K Securities. Please go ahead.

VIKAS SINGH – B&K SECURITIES:

Hi sir.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Hello.

VIKAS SINGH – B&K SECURITIES:

Good afternoon sir. Sir if you could share the adjusted EBITDA adjusted of this coating business which has come to this quarter only for pipes. Adjusted for coating if you could share....

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Okay out of the 235 crores you want me to remove the EBITDA for the coating?

VIKAS SINGH – B&K SECURITIES:

Yeah sir.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

That would be an exercise. If you remove the EBITDA of the coating and then take a blended EBITDA of all the pipes, it would be in the vicinity of Rs. 12000 per ton.

VIKAS SINGH – B&K SECURITIES:

Okay sir, that is fair enough. Thank you sir.

MODERATOR:

Thank you. To ask a question kindly press * and 1. For questions you may press * followed by 1. The next question is from the line of Jahnvee Shah from Reliance Mutual Funds. Please go ahead.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Hello?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Yeah Jahnvee.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Yeah sir can you tell us what is the current situation on the pellet plan? What are the prices like and are we able to maintain or meet some EBITDA on that?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Yeah on the pellets we are getting a realization of Rs. 5000 and as I mentioned we are able to maintain an EBITDA of over 752/t. essentially because of the cost cutting measures and the efficiency that we are able to get. The good part about our pellet plant is that we are able to run it through capacity and I mentioned in December – in January we will cross again a lakh of ton of production.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Okay, okay.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

So pellet plant Jahnvee the way you need to look at, it is absolutely now getting fully geared and ready. So production is continuing. No problem. It is absolutely stabilized. Stocks have gone to the bare minimum that even in this situation we are making some money. And the moment and we are able to push our products – in fact another thing that we have started is we have now got what we call the premium grade pellet where the FE content is in excess of 67%. The fact also is being taken as a premium product and has helped us in getting into the market. Because earlier we were in the range of 63-65. Now we have come up with a premium range of pellets which has FE content of 67 which has been very well accepted in the market. So the pellet plant is completely ready to benefit from any swing in the iron ore lump prices, is going to have a significant positive impact on the pellet plant.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Okay. But sir the prices are right now on a downward trajectory right? If you see NMDC prices.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

No. Now in fact it has bottomed out. In fact in some cases we have been able to push a Rs. 50 increase. So the sense that we are getting is that it is probably bottomed out. But as I also mentioned that we have also been able to differentiate ourselves where now we have come up with a premium grade pellet which is 67% plus FE content, which has been accepted by the Gujarat market very well.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Okay. And secondly on the margin front, your margins are higher even if I adjust for this coating business. Your margins...

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Without coating we are at 12000 plus.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Right. This is sequentially also higher. So if I just get it right you are saying that the prices....are you able to get orders incrementally at better pricing or is it because of the raw material benefits which has fallen more than your pricing...

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

It is a combination of both. If you see the – in the commodity space the lower you are in the value in terms of the iron ore or the pellet, it is much lower than what the steel prices are. So essentially the whole space has expanded between the input versus output and that we expect to remain there. Also we have done a whole lot of – a very I would say focused and a lot of hard work on cost cutting. Improvement of production efficiencies, reduction in the wastage, scrap. So it has been an all round improvement which is also beginning to throw in and show results which is going to keep us in a very, very good stead the moment the prices begging to inch up. Because we would continue with all those innovations and the cost cutting measures that we had implemented.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

So you are saying this margin of 12000 can be sustained and in fact it can be increased further as you move forward?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

I am hopeful yes.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Okay. And any particular segment where the margin is higher in DI or LSAW?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

See in seamless we have entered some new segments in terms of chrome grade, T91, boiler segments. So in the seamless business if you really look at – and when I see my seamless division results compare it with the peers, there is a significant departure from the trend that I see in the market versus ours. And that is primarily because now we are able to suppress some of these premium segments.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Yeah which you were not present before.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Which (a) we were not present, and now we are doing very well. In fact we have been able to have in seamless, a lot of diversification which is giving us – in fact just to tell you in one of the products that we have developed which is the heavyweight drill pipe, you would be happy to note that we have become the lowest cost heavy weight drill pipe producers in the world. We are even lower than the Chinese.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Okay.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

So we are in fact now thinking of putting some of our products in China just to show them that we can also enter your market. So some of the products that we have developed in our seamless business is very good. In fact it is going to keep us in a very strong position even in a difficult market like this.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Okay. But all this doesn't require approvals? I mean bearings and all of that?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

We have gone through and got all that. That is why I am saying, if you recall and if you have been following our conversation on all these quarterly calls, we have always been saying that this is what we intend entering. But now I am happy to tell you that we have got secured contracts from the likes of SKFs and the SAQ. So we have gone through all of those pre-approvals. In fact most of our products have to go through a very rigorous approval process. So that first acts a very difficult step for you to get in. But having got in then it helps you because then it becomes an entry barrier for others to follow.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Sure, sure. And your reliance also on the oil & gas sector becomes much lesser now.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Our reliance on oil & gas sector becomes – because now we are – again consciously this has been one of our conscious business strategies. But yes reliance on oil & gas goes down, with the kind of water grid projects that Telangana has announced; our reliance on some of these new states with huge amount of budgetary allocation goes up. We are also planning to diversify into some other related product segments. See one thing that a significant change that you would see for Jindal Saw maybe at the end of next quarter, is that Jindal Saw has shed all the excess we had on our non-core business.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Right.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

And would have created a very strong focus on our core business, but with a much diversified product strategy. So that is going to position Jindal Saw very strongly and firmly in the market. Having done that we would have achieved everything that we could do, and then we would have to just deal with a little bit of legacy debt that we have. And that again as I announced or as I have said, we are taking every step to conserve our cash flows, so that we are able to reduce debt. Second as we speak, we are hopeful and we are likely to get some long term loans, say around 10 years or so with initial moratorium, so that the cash flow pressure in the immediate term goes down. And we are also looking at a few structures where we can monetize some of our businesses. All the proceeds of all these monetization if we achieve which we are working hard at would go towards reducing the debt of Jindal Saw on a consolidated basis. So at this point of time one thing that I would want all of you to take comfort from is Jindal Saw is refocusing itself on its core competency, in a diversified product range, shedding all the excess non-core businesses, taking all steps to monetize some of the businesses to reduce the debt burden, elongate the maturity profile of the debt that we have on the balance sheet, and

postpone any project capex that we have. So this is the five or six pronged strategy that we are following just to have a larger correction within the system as we continue to work on the cost cutting and operating efficiency of Jindal Saw on every segment. That sir where we find ourselves and so far we have had encouraging results on all fronts.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Okay. And sir what is the update on Jindal ITF demerger? When does that get through?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Jindal ITF demerger the entire scheme is ready. We are just awaiting the final nod from the stock exchange/SEBI, which I am told we should be getting it any time soon. Our people have met them and we have been assured that yes it is now just a small process. So any time soon we would be getting a nod from them. The moment we get that nod, the scheme is ready to be filed with the Allahabad High Court. Allahabad High Court has already approved the phase 1 of the scheme. So we expect this to happen pretty soon, all in all the target is 31st March 2016 we should complete it. So before the next board meeting, before we announce our annual results, we expect this scheme to be approved by the High Court. But you also need to know that the effective date of the demerger is going to be 1st April 2015.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

2015 okay.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

2015. So once you have the scheme approved as far as Jindal Saw is concerned, you would get a demerged financial statement from 1st April 2015. So it's not going to impact this year's results when it comes to any of the consolidated basis. So all that would get – and we are hopeful that we should complete this whole process definitely in the next 2 months.

JAHNVEE SHAH – RELIANCE MUTUAL FUNDS:

Okay, okay. Alright sir, thanks a lot.

MODERATOR:

Thank you. Participants if you wish to ask a question kindly press * and 1. The next question is from the line of Ujwal Shah from Quest Investment. Please go ahead.

UJWAL SHAH – QUEST INVESTMENT:

Yeah. Apologies I joined in a bit late to the call so pardon me if my question is repetitive. Can you throw some light on the DI pipe segment and how do you see the prospects over the next year or two?

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

DI pipes segment at this point of time month on month we are almost producing in capacity. So we are doing 35000 ton per month, month on month. And we are able to supply a whole lot of those in the contract that we have. We have a very healthy order book of close to 6 lakh tons. So that is about say 0.4 million, 410K you can say dollars. Which is close to the best that you would have found

in the last few quarters? So on DI pipes we have a healthy order book. The production is doing very well. All the German machines that we have put have started throwing results. And we are likely to continue to do well. On the competitor side you are aware what is happening to some of the other big players. They have their own problems. So that might constrain the supply. But on the demand side the demand remains, it is healthy. Some of the states have come up with their water grid projects, Telangana in particular, which is going to take a whole lot of DI pipe over the next 2 to 3 years. So on DI segment we are very encouraged. One more thing that I would like to mention to all our viewers, all the attendees, that our export has gone down very, very significantly. Typically we export 30% to 40% of our products. But because of the war zone in the Middle East, the export has come down to as low as 10%. So that is again an opportunity because inspite of the export market or the Middle East market being so depressed, still as Jindal Saw we are able to maintain our production, our sale, our margins, in the Indian market itself. So that gives us a lot of comfort that fundamentally our operations are doing well. We are strong. And the moment that market opens up, it is all going to have only upsides. So that is again one significant thing that all of you need to note that the exports in this quarter have been very, very depressed. It has been less than 10% which is typically 30-40% for Jindal Saw on a quarter to quarter basis.

UJWAL SHAH – QUEST INVESTMENT:

Right sir. Thanks. And just to get further clarity on this, so in terms of our regional presence for DI pipes, we are present across, if you can give a brief outlook on the same.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Say it again, what is the question please?

UJWAL SHAH – QUEST INVESTMENT:

Yeah in terms of presence, you said Telangana would be throwing up good opportunities, so in terms of our DI pipe sales....

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

Yes our strategic positioning helps us a lot. Because see DI pipes we have got significant contracts in Rajasthan. We are expecting some significant contract in Madhya Pradesh, in Gujarat, and all of those we have a strategic freight advantage.

UJWAL SHAH – QUEST INVESTMENT:

Right sir.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

So that puts us in a very, very good position. Also if you do a – I don't have to or I should not be actually mentioning but if you really look at the compatriot analysis, the financial position of most of our peers does not allow them to really be a very effective competition into this market.

UJWAL SHAH – QUEST INVESTMENT:

Right sir. Thank you, thank you for your answers.

MODERATOR:

Thank you. Participants with questions kindly press * and 1. To ask a question you may press * followed by 1. As there are no further questions I would like to hand the floor over to Mr. Kamlesh Bagmar for closing comments.

MR. KAMLESH BAGMAR - PRABHUDAS LILLADHER PRIVATE LIMITED:

Yeah thanks. I thank the management for providing us an opportunity to host the call. I hand over the call to the management for their closing remarks. Over to you sir.

MR. NEERAJ KUMAR - GROUP CEO AND WHOLE TIME DIRECTOR, JINDAL SAW LIMITED:

At the end I would like to thank all our stakeholders. Thank you very much for staying with us. We have gone through some testing times. The economy, we did not have the tail wind of the economy that we expected. But I am happy to let you know that we have stayed ground. In fact we have dug our heels deeper. The results are showing. And we are absolutely ready to get the benefit once the winds change. And at this point of time we are beginning to see those changes to happen. And as I mentioned, in conclusion that as Jindal Saw we have taken a lot of strategic, corporate decisions to refocus Jindal Saw on its core competency and we assure you that very soon you would begin to see the results. Thank you all very much.

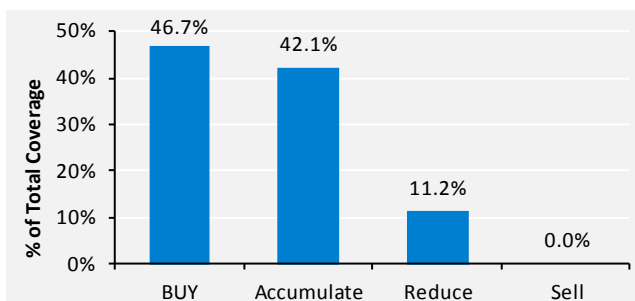
MODERATOR:

Thank you. Ladies and gentlemen on behalf of Prabhudas Lilladher that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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