

Jindal Saw Conference Call – Q1FY20 Earnings Conference Call
Hosted by Prabhudas Lilladher Pvt. Ltd.
Aug 14, 2019 at 4:00 pm

Operator: Ladies and gentlemen, good day, and welcome to the Q1 FY '20 Earnings Conference Call of Jindal Saw Limited, 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. (Operator Instructions) Please note, that this conference is being recorded. I now hand the conference over to Mr. Amit Khimesra from Prabhudas Lilladher Private Limited. Thank you, and over to you, sir.

Amit Khimesra, 'Moderator': Thanks. On behalf of Prabhudas Lilladher, I welcome you all on the Jindal Saw Q1 FY '20 post earning conference call. I thank the management for this opportunity. Today, we have with us the management of Jindal Saw Mr. Neeraj Kumar, Group CEO and Whole Time Director; Mr. Vinay Gupta, Global Head Treasury; and Mr. Narendra Mantri – Head Commercial and CFO. I now hand over the call to Mr. Neeraj Kumar, for his opening remarks followed by the Q&A session. Over to you, sir.

Mr. Neeraj Kumar – Group CEO & Whole Time Director, Jindal Saw Limited

Good afternoon, friends.

Today. We had our Board meeting and subsequently we announced our results for Quarter 1 of FY 2020. And I'm sure all of you have results both for the standalone as well as the consolidated for the quarter with a small commentary on the performance and the business outlook. But, before I get onto the results, today has been a significant day for Jindal Saw Limited, and the news is absolutely fresh. Today at about 1:00PM, we have signed a strategic alliance with Hunting Energy Private Limited.

This is a significant step in the life of Jindal Saw and for India. Hunting Energy Services Private Limited is more than a 100 years old company. It got listed about 30 years back, it's listed in UK and it is one among the two company which has the cutting edge patented technology or putting premium threads on exotic products which go inside any oil and gas drilling. It is a pre-drilling, post-drilling recovery at every stage of any oil and gas activity.

Hunting Energy is among the two in terms of the leading technology. So we have now a strategic alliance with Jindal Saw. We believe it's a good fit strategic alliance, because our core values are same, both of us share the core values in terms of the corporate governance, quality standards et cetera. They did a detailed due diligence on us, as we did on them before this deal work came to a fruition. And we have complementing skills. We have very strong manufacturing facilities in India. They have technology, which is patented, which is protected. The only other that they compete with are the Japanese.

This strategic Alliance would largely cover our seamless division products, which at present we are working at Nasik and Nagothane. Just to give you a sense of the market. Today, companies like ONGC and the rest they import approximately \$200 million of such products

per year, which are those premium connection products used for deep drilling, whether it is the KG basin or it is in the Bombay High or even onshore shale gas is yet to. So, the geology of India is not fully explored as yet.

So, now with this alliance, we would be able to produce everything in India. So, we have a great opportunity in terms of producing value added product. This is a step forward of government of India initiative of Make in India policy. It would lead in import substitution and over a period of time it would help us export to all oil and gas major countries in the MENA region at least, which would be foreign exchange earner for the country and also for us.

This is a significant development. We have signed the binding document with Hunting Energy worldwide. This is an exclusive agreement for all this kind of business today. So, now we will roll it out. We intend to participate on all ONGC, Cairn Energy, Reliance etc. tenders in the near future, and we hope to be in production with these products from our Indian facilities within this year.

So, that's one significant step that Jindal Saw has taken. Another significant step that we have taken is by way of another strategic alliance which is under the structure of an OMMA, which is operation, maintenance and management arrangement. Jindal Saw has exclusively kind of taken over the operations, maintenance and management of Sathavahana Ispat Limited. It's a South India based company, which can produce over 2 lakh tons of DI pipes plus they have even surplus capacity of pig iron and coke ores. That again is a strategic fit, by stroke of signing this, our DI capacity gets enhanced by 25%. We straightaway moved from 6 lakh tons to 8 lakh tons. Our hot metal capacity and coke gets supplemented and it gets enhanced.

Location wise if you see, they are strategically located at Bellary, which caters to Andhra, Karnataka, Tamil Nadu and all of those where Lanco essentially is but Sattavana being not a strong player, they could not have an effective competition with Lanco. But now you could say Lanco's monopoly is gone; not only gone they face much tougher and stiffer competition today as Jindal Saw is taking it over the operations and the facility. That again gives us and we didn't have to make any initial investment, capacity gets enhanced, the arrangement is all contracts would be through Jindal Saw Limited and these facilities would be used to produce the products which will be then routed through the books of Jindal Saw Limited.

So these, two are very recent and very significant developments which is kind of going to leave from Jindal Saw into enhanced DI product -- production and selling. And this Hunting would actually place us into a segment like no other in the country for sure today, and we have pledged to make it big, make it large.

So, we are looking at all other possibilities that we could do together. Very quickly now, let me turn my attention to the results. Quarter one gross income INR2,600 crores, EBITDA INR403 crores, PBT INR216 crores, PAT INR145 crores. I would say, a noticeable improvement over Q1, 2019 especially, when you look at the state of economy, in the current state of the economy, I wouldn't say that, but definitely we are facing some challenging situations from the liquidity, on the banking, on -- many things have happened, and some of these stray incidents have also impacted us. For example, the review of contracts by the new

administration of Andhra Pradesh may marginally impact our order book position. However, these tenders will be retendered and same would be available to the industry.

More important, now, quarter-on-quarter, you would start getting the consolidated results as well. On consolidated results you would have noticed that on a consolidated basis whatever cash that Jindal Saw is earning it is getting fully conserved. So, there is EBITDA positive, but at PBT level there is a little drag, which is largely on account of depreciation. The largest contributor to the loss is again the JITF, which is the NTPC story, and those losses are nothing, but the accrual of interest over the award that we have won. Because, the money which has been invested, the loans that have been taken from within the parent and within the group, those are largely by way of interest approvals, which will all get covered under the NTPC award that we have.

So, we now believe that the restructuring process or the reorganization process of Jindal Saw is more or less complete, JITF is reaching some stage of finality on 30th of this month. There is going to be important hearing, where our enforcement would be heard within the high court. So, we are hoping that we may get some encouraging result there as well.

In terms of business outlook, we have over \$1 billion of order book. At present, the water segment, definitely is looking promising. The Jal Shakti scheme, where the government of India has kind of committed itself to tap at every home would give rise to a lot of demand in the water sector, which should mean large diameter for the trunk routes, DI maybe for the intermediary and now as you all know, we are in commercial production with our HDPE facility as well. So, the final last mile distribution would be through HDPE and we are the only ones in the country, who have present in all three segments.

So, that's one area that we hope would drive the demand going forward. The second important aspect is quarter one has seen good pellet prices, as you see there has been a firming up of the iron ore lumps and pellet prices. Off late it has softened a bit, but we believe it is going to get back. Because there are some very good extraneous extraordinary reasons for both our which are international and domestic fall in the prices, but we believe the pellet prices would recover and that should keep us in good state for the whole of this year.

In Oil & gas sector we are expecting some new tenders, new contracts to come out. Automobile sector is one which has caused little amount of we would say concern or there is a fall in demand where our bearing and stainless tubes are going, but we have very quickly taken steps to correct our market strategy in terms of Re-focus on a few things. Hunting would definitely help because than those products of them being moved towards more high value added segments.

So, overall for Jindal Saw we do see a very encouraging next few quarters. We do have the visibility at this point of time as we have backed ourselves with the necessary resources and we are hopeful that we would be able to do good business.

So, with this brief introduction let me stop for questions and I'll be happy and I have my colleagues Mr. Vinay Gupta who is the global treasurer as well as Mr. Narendra Mantri who is the head of commercial as well as the CFO to answer any of the questions.

Operator

Thank you very much. Ladies and gentlemen we will now begin the question and answer session. Anyone who wishes to ask a question may press * and 1 on their touch tone telephone. If you wish to remove yourself from the question queue you may press * and 2. Participants are requested to please limit your questions to 2 per party. Time permitting you may come back in the queue for a follow-up question. Any participant who has a question may press * and 1

Operator

First question is from the line of Akshay Satija of NM Securities, please go ahead

Akshay Satija of NM Securities

Thank you for the opportunity to my question regarding the Prime Minister screen that was mentioned about So could you just repeat what sort of pipes are used in 2 mains last Mile connectivity and the other sector and what sort of diameters ?

Neeraj Kumar, 'Group CEO Whole Time Director:

ok whenever you are looking at what the government at this point of time is looking at is an integrated management system because if you see India is structured diversify and geographical country that there are places where there are floods and there are places which are still water deficient but if you really look at the aggregate total quantity of water fall and if you find a way to distribute it properly over the geographical spread as well as over the times spread because Indian monsoons are over only three to four months. Probably you would be able to cater to a whole lot of the water demand which is there all across the country and therefore what India is looking at is an integrated water distribution and management system. Now that starts at the top end where they are talking of interlinking of water bodies, interlinking of rivers, interlinking of dams.

Whenever that has to happen what comes into play is very large diameter helical saw (H-saw) pipes we are capable of and we are kind of assisting a few places in the conceptual design etc where we could go up to pipes which are 4+ meters in diameter. So for those as well as for the trunk roots of irrigation, whenever there are main level of transmission - it is H-Saw. Within city limits - it is DI. So when within the urban local bodies in the city limits and the distribution within the walls of the large City or town we use ductile iron pipes, there again we are among the few who can now produce 1200 mm. Usually people go upto 1000 mm, but we go up to 1200mm and we have got the BIS license etc. The last mile which is taking it to the colonies and the home is HDPE pipes.

Typically, if you see when you go at diameters less than 100, less than 80, because you don't have DI less than 80 and there are some overlaps. So, up to 200 to 300 also HDPE is used but definitely when you have to go below 100 mm, HDPE becomes a viable option and Jindal manufactures all three.

Akshay Satija of NM Securities

And the next question is I wanted to understand the structure of the tenders. How do these tenders take place? Does the government pass these tenders to EPC's and EPC's buys these pipes from us or the government does separate tenders for these pipes?

Neeraj Kumar, 'Group CEO Whole Time Director:

Both. There are rate contracts. I will just give example of state like Haryana. Haryana they go for rate contract. They buy products from us directly. Give it free supplies to the contractors and get it done. Then there are states where the EPC is given a turnkey contract and then they in turn buy pipe from the pipe manufacturers. So both contracts are in at this point of time in different states the follow different models

Akshay Satija of NM Securities

ok correct and when can we see this projects coming out or tenders and all ?

Neeraj Kumar, 'Group CEO Whole Time Director:

It is an ongoing process. If you see the tenders on water side is an ongoing process, we get tenders from different bodies because there are multiple Agencies every state has its own irrigation department. Every urban Delhi Jal Board has its own. So these tenders keep on coming. It's not like oil & gas. Oil and Gas tenders are usually large in tonnage, large in quantity, but in terms of frequency in per years they are not as many as water because largely it is ONGC, GAIL, Oil India so there are participants which are not as many as when it comes to water

Akshay Satija of NM Securities

Alright sir, that's it from my side

Operator

Thank you

Next questions from the line of Chirag Patel from Bhavesh investment please go ahead

Chirag Patel, Bhavesh investment

Congratulation for the good set of numbers. Today we have announced the deal, what kind of deal potential we are expecting from that group? And particularly, this product is used in drilling pipes within type set suitable to supply to them?

Neeraj Kumar, 'Group CEO Whole Time Director:

See, now when you are looking at what is the deal size that would ramp up and it will show, today as I told you, if you look at last year, the addressable market is straightaway \$200 million, which was imported, which can be addressed by us. But how much we can capture at what rates that we can ramp up our capacity etc those are all matters of detail, which is being worked out, and we would like to really do that as quickly as possible. Now second is what kind of products, as I told you, exotic products like INR13 crome, CAR, which is the INR18 crome, INR22 crome. And any of those products which have premium connections, premium connections mean premium headings, premium couplings. Wherever that is used which are in deep drilling. These products will come into play.

Analyst

And currently, what percentage of margin we are earning on supplying such products to any other party not these products, crome, products particularly.

Neeraj Kumar, 'Group CEO Whole Time Director'

These are currencies all being imported, and where they are in being imported, they are being imported at much higher prices. Just to give you okay an extreme example. If you go for what is called the 22 crome, there it could be as high as maybe \$20,000 a ton. But then there's some distance. I don't want to give anyone of you hope that tomorrow we are going to start selling the product which is \$20,000 tons, so please, but that's the potential, that's the path, that's the direction in which when you move for CAR, which is the corrosion resistant products as well as these exotic products and premium connections. It moves into that kind of a segment. But it'll take time, and not all of them are currently being used in India.

Analyst

Okay. I understood, sir.

And second question, isn't global uncertainty which we mentioned in our operating performance finding on Axis that due to US., China trade war, it might affect our global business. So, you throw some light on that particularly?

Neeraj Kumar, 'Group CEO Whole Time Director'

Okay Direct in those Saw and its consolidated subsidiaries do not sale any significant amount of product in either US or in China. So are we getting caught between the crossfire between US and China, the answer is no. But the ripple effect of China trade war or whatever, wherever it gets impacted suppose if it slowdown all the global economy, it creates some problems for the rest of the world. To that extent, the demand of that country would definitely get impacted. If it gets impacted by India-China trade war. So how much India-China trade war is going to impact Jindal Saw, not significant. We don't see that as a big player, which is going to impact us. It will only impact us to the extent that the global economy gets impacted.

Analyst

Okay.

And further any Capex guidance or expanding our capacity in your line?

Neeraj Kumar, 'Group CEO Whole Time Director'

At present, we are not having any major project in the pipeline. So the Capex would be limited to your normal Capex, which is a few 100 crores per annum. That's all.

Analyst

Few hundred crores?

Neeraj Kumar, 'Group CEO Whole Time Director'

Till what we spend in a year.

Analyst

Around any figure and..

Neeraj Kumar, 'Group CEO Whole Time Director'

Okay, it will range somewhere between INR160 crore to INR200 crore.

Analyst

Okay, sir. Thank you.

Operator

Thank you. The next question is from the line of Ritika Garg from Equities Investment. Please go ahead.

Ritika Garg

Hi. So my question is regarding Sathavahana So could you tell us that when are we expected to start production? And what are the commercials of the deal? And what capacity utilization of expected to reach by the end of this year?

Neeraj Kumar, 'Group CEO Whole Time Director'

Yesterday, Sathavahana had their Bank consortium meeting, which was attended by our officials.

We have to put the banking facility etc in place. The operating team is on ground to try and get the operations like equipment etc in place. So we hope that in the next 90 days or 100 days, we should commence to heat up the blast furnace. So that's the kind of target that you would like to work.

Ritika Garg

Okay.

The utilization once the plan goes up and running worker demand comes, I think we should be able to amp it up pretty quickly, because we know the market, we know the business, we have the right resources in terms of manpower etc. But we have to exactly see how the tender etc pan out.

Ritika Garg

Is the plant shut right now or its operation by them?

Neeraj Kumar, 'Group CEO Whole Time Director'

The plant is I would say partly operating right now. Coke oven a few things are working. The DI facility will have to be started. So it's partly working, but our operating team is already on ground and they are trying to look at it.

Ritika Garg

Okay, and the EBITDA margin would be similar to Jindal Saw margin, so would it be better?

Neeraj Kumar, 'Group CEO Whole Time Director'

Looking at the EBITDA margin, I think it should add something to the bottom I can't obviously tell more for obvious reasons, I can't tell you exactly how the commercials will work out, but

you should see a definitive improvement in the return on capital employed in the EBITDA as a margin of a few other parameters.

Ritika Garg

Okay. Then I would want to know about the Abu Dhabi subsidiaries of or the UAE subsidiaries performance.

Neeraj Kumar, 'Group CEO Whole Time Director'

Abu Dhabi, as you know that last year, we did a significant improvement. We are continuing to improve as It's not stocking cash, its throwing cash. PBT this year, we expect to make it neutral. But there again, that is one thing which is kind of caught a little between the Qatar and the Iran and all that happening in that region, it is definitely impacting the entire demand and the whole logistics. But still, as I said, we hope that this year, we will be able to make it at least PBT neutral.

Operator

Thank you. I would request you to come back in queue for follow-up question. The next question from the line of -- from -- Securities. Please go ahead.

Analyst

Congratulations for good set of numbers. So just a follow-up on Sathavahana on whether there will be any debt which will come on our books and if yes, what will be the amount? And if not, then what sort of arrangement that will impact our financials?

Neeraj Kumar, 'Group CEO Whole Time Director'

None of their debt are either being guaranteed or taken over by Jindal Saw. We would only have to arrange for the working capital facility, which would depend on the level of activity. Luckily, we have common bankers in terms of State Bank of India, Canara Bank are two main banks for Sathavahana. They also happen to be two important banks of our consortium, State Bank of India is the leader. So all that we would need is to arrange for the working capital to support operations. The Sathavahana has sought a settlement where the debt etc have been restructured. So that they will service on their own, Jindal Saw will not take any of those debt on their books.

Analyst

So, what we are going to get in terms of our financial performance? Will run that plant and everything and will support working capital also. So, what in turn we are going to get as far as our financial terms?

Neeraj Kumar, 'Group CEO Whole Time Director'

Okay. What you would get in turn is you could take it that in a manner of speaking, Jindal Saw now has 8 lakh tons of DI capacity, which is well distributed between west and south, which is the 2 major markets. And Jindal Saw achieve that without making the commensurate investment for making this happen. So, we saved time. On the inking of the document, the capacity is available to us and we saved incremental investment that was required if I had to enhance the capacity to 8 lakhs tons.

Analyst

So, this 2 lakh tons of capacity we are going to get the without getting any debts, so bit of confusion on that. Because SIL they are currently having let's say 2 lakhs ton of capacity, so they will produce, they will sell, then they will make some profit, and by that, they are going to repair their impression the debt covenant. So how the will you know do?

Neeraj Kumar, 'Group CEO Whole Time Director'

Okay. Let me clarify that. As I told you the structure Sathavahana is an arrangement to of operations, maintenance and management of their plants. So it will be Jindal Saw which is going to procure the sale contracts, that one of facility would be used for kind of job work or kind of a producing unit for the contracts, which has been procured by Jindal Saw. The payment that would go in return for this job work would be sufficient to take care of the Sathavahana debt etc. I already mentioned to you that Sathavahana debt have been restructured and it has been restructured to a sustainable level. The maturity has also been elongated, so they has entire business model becomes viable.

Analyst

Okay. Got it.

Neeraj Kumar, 'Group CEO Whole Time Director'

Our team was in the consortium meeting yesterday. And these are the major areas or major directions in which the bank -- and us are moving towards and probably we would be able to link that document soon.

Analyst

Got it. Sir, now I got it fully. So what will be our -- after this quarter, the gross and the net debt position on the console and this standalone level?

Neeraj Kumar, 'Group CEO Whole Time Director'

See, debt on standalone level is 4,200, whatever is the increase, the term debt is less than 2,000. Whatever is the increase is in the working capital essentially because of the increased activity. And as you know, the receivables also have lengthened the little bit because some of the major EPC guys and the PSU etc. The DSO has lengthened a little bit because of the liquidity crunch that the Indian banking system and the EPC guys are facing. So on account of all of those, but we stay liquid. I must confirm that we do stay liquid. We also have a process of charging the delinquent interest to our customers. So the debt essentially is on account of increased working capital funding.

Analyst

Okay. So that's almost INR200 crore higher quarter-on-quarter?

Neeraj Kumar, 'Group CEO Whole Time Director'

Yes. On the quarter-on-quarter.

Analyst

And on console level, sir?

Neeraj Kumar, 'Group CEO Whole Time Director'

Console level, the total debt working capital plus term debt put together is about 5,200, but it's just figure. We have been staying this many quarters -- from many quarters, 5,200 is not what you should look at when it comes to Jindal Saw because Jindal Saw does not provide any cash support or funding support to any of its subsidiaries except JITF.

Analyst

Got it. And just the last quick question, on this 30th August deadline, so again the hearing will be there. So can we expect a sort of judgment or -- if it comes in our favor, there is a possibility that NTPC will go to Supreme Court, what happened in the last two and three interim orders. So just some thought process on that will be helpful sir.

Neeraj Kumar, 'Group CEO Whole Time Director'

That all depends on the view that High Court takes is the High Court says first pay and then go to Supreme Court, then they will have to pay.

But it's very difficult to really for me to speculate on the judgment or the likely judgment that High Court is going to take because we are pressing for enforcement. They have appealed against the judgment, against the arbitration award. It's a factual statement that our enforcement is being heard before their appeal against the award is being heard. So we have had 1 or 2 hearings on our enforcement, 30th is the next -- 30th August is the next date -- their section 34, which is an appeal against the arbitration awards is scheduled to be heard 30th September. So we do have a clear 30-day window where our lawyers are going to make every effort to convince the High Court for us to get money.

Operator

Thank you. I would request Mr. Bhavin to comeback in queue for follow-up question. The next question is from the line of Meet Jain from Prithvi Finmart. Please go ahead.

Analyst

Hi, sir. Good evening. My first question is regarding on a book keeping question kind of. I need revenue bifurcation between a pipes and iron one segments, you can provide.

Neeraj Kumar, 'Group CEO Whole Time Director'

Whatever segmental distribution or segmental information that we provide is all given in the sheet that has been circulated to all of you. Beyond that, we do not circulate or give because please appreciate, it is a competitor, sensitive and a strategic information that makes the Jindal Saw business model so robust and therefore we do not circulate that.

Analyst

Okay. And on that front, I don't understand -- toward or this revenue growth has come on back of relation growth or total volume growth?

Neeraj Kumar, 'Group CEO Whole Time Director'

Value, if you see in terms of tonnage probably, we have done a little less than what we did in the previous quarter in the last year but its value. And as I've already said, it's pellets. The pellet prices have firmed up, which has added to the growth.

Analyst

Okay. And going forward, our realisations are expected to be improved from our current level or it will be at this level only for the full year?

Neeraj Kumar, 'Group CEO Whole Time Director'

We expect improvement.

Analyst

Okay, sir. Yeah. That's it from my side.

Operator

Thank you. The next question is from the line of Manish Bhandari from Vallum Capital. Please go ahead.

Manish Bhandari

Hi, good evening. Neeraj and my heartiest congratulations for your all attempts to businesses. I have two question; my first question is regarding the Hunting Energy deal orders being signed. So are we producing these kind of chasings at the moment? Or what kind of specifically need to do? And also whether this association in becomes some export oriented association along with hunting partner other clients or it will just be in India imports of substitute association for us.

Neeraj Kumar, 'Group CEO Whole Time Director'

Yes. We are producing these pipes because please understand hunting's USP is providing those threads, the special threads which are put on the ends of the pipes and produce the coupling. So as JINDAL, we do produce pipes and coupling stocks, which are suited to hunting threading. So at present, the incremental investment that we would need to make this alliance work would be minimal. We have already received most of the approvals from EIL, ONGC and others for these products, because as I told you between us and hunting this discussion has been going on for some time. So it's a work in progress. So in a minimal investment, we would be able to get into these businesses. And the approval process is already in an advanced stage. So as I told you, it should all happen during the current year for sure. Yes, we are looking at export potential because as you see in Make in India, if we become cost-competitive, it makes all sense for us to become a hub to the India and Meena region for sure, because we then have a freight advantage as well because take it on the western coast of India.

Manish Bhandari

On shore building or offshore drilling or both?

Neeraj Kumar, 'Group CEO Whole Time Director'

Yes, Both

Manish Bhandari

And my last question is regarding the interest rate, so why do we get confused on the forex movement on the interest rate. So shall we take this quarter consolidated interest rate or maybe standalone interest rate annualized interest for our full year what should actually numbers you should keep in mind?

Neeraj Kumar, 'Group CEO Whole Time Director'

If there is no major foreign exchange fluctuations, then your interest rate should be in this range.

Manish Bhandari

Sure. Thank you. Thanks a lot.

Operator

Thank you. The next question is from the line of the Dhananjay Mishra from Sunidhi Securities. Please go ahead.

Dhananjay Mishra

Hello, sir. So just wanted to know how has been the realization in pellets and roughly in the last quarter? And how is the order book? Because order book mention here is the US\$11 million. So do -- we don't have any booking for next year also?

Neeraj Kumar, 'Group CEO Whole Time Director'

Pellets we book and deliver. So you would typically have very little bookings for pellet. It is more of a spot market, cash market. So both on the receivables as well as a longer book you will never see much as far as a pellet is concerned. The pellet realization as I told you at its peak, we were around INR8500 per metric ton.

Dhananjay Mishra

And what is the currently quoting?

Neeraj Kumar, 'Group CEO Whole Time Director'

Currently it has come down a little below INR8000.

Dhananjay Mishra

So can we do last year number in terms of pellets? What we did in a quite FY 19?

Neeraj Kumar, 'Group CEO Whole Time Director'

We hope to do better. We hope to close the year better in terms of the total EBITDA numbers.

Dhananjay Mishra

Okay. And sir second question regarding this you have mention this domestic slowdown. So how things are there in right now in terms of education?

Neeraj Kumar, 'Group CEO Whole Time Director'

See, at this point of time having \$1 billion of order book at least gives us a visibility that if the slowdown etc is of a temporary nature and doesn't get too long to quarters and months and

years, probably we should be able to. So currently our prognosis that we should be able to do better over the last year, which was a significant improvement over the previous year. When we did 10,000 plus, it was close to 25% to 30% over the previous year. And this year, the way things are looking, probably we would go beyond that.

Dhananjay Mishra

Okay. And sir just one clarification in press release, the volume number has been given a standalone or consoler.

Neeraj Kumar, 'Group CEO Whole Time Director'

Standalone.

Dhananjay Mishra

Okay. Thank you.

Operator

Thank you. Next question is from the line of (inaudible).

Analyst

Thank you. First, if you could explain that the cash flow and the receivables as on June, sir?

Neeraj Kumar, 'Group CEO Whole Time Director'

Cash flow and receivables?

Analyst

And, yes, what has been the receivable as on 30 June? And how was the cash flow worked out for this quarter?

Neeraj Kumar, 'Group CEO Whole Time Director'

Cash flow is fine and I do not see any cash crunch, we have a proper cash in --

Analyst

No. I'm not talking about --. No, how has been utilize their work cash for this quarter. I was trying to get some sense on.

Neeraj Kumar, 'Group CEO Whole Time Director'

Can we request to take this offline?

Analyst

Okay. So that was not my first question. Now the first question is the auditor point number six, sir, page number four of release stable. There in it is mentioned that by the auditors that we do not review the interim financial results of 24 subsidiaries included in the consolidated, unaudited financial results. Financial results reflect total revenue of INR671 crore and a net loss after tax of 36 crore. So I just wanted to some understanding on the same because when we are looking at your console number, it is reporting that the profits have gone up and your auditors are commenting, where so I'm getting some disconnect on account of that, if you could clarify it.

Neeraj Kumar, 'Group CEO Whole Time Director'

Where is the profit growing up in the console number? Okay, let me read your the Q1 number, top-line 2629, EBITDA 403, PBT 216 and PAT 145, so 2629, 403, 216, 145 that is the standalone number.

Analyst

Okay. I got it wrong, sir, sorry. For this -- then give us a roadmap for the reduction of debt. And sir, for that point also, which subsidies has contributed for the losses? My question was..

Neeraj Kumar, 'Group CEO Whole Time Director'

I already mentioned that JITF where the interest etc is approving is a major contributor to the loss, which is not fully a cash component, it is a more of an accounting entry.

Analyst

Correct, sir. And..

Neeraj Kumar, 'Group CEO Whole Time Director'

And we are approving all these interest in the arbitration award as well. So, at present, it is an accounting entry when the cash flow comes, we are likely to get compensated for this interest accrual as per the current arbitration award.

Analyst

Rights, sir. And what is our roadmap for reduction of debt, the long-term debt, which we are holding at around INR1800 crore? What is the roadmap for reduction of the debt?

Neeraj Kumar, 'Group CEO Whole Time Director'

The average maturity of the INR1800 crore of term that is more than five years, it will be about six years current to three years of repayment is not more than 250, 300. Because you see in last year, we reported an EBITDA of close to INR1500 crore. So my debt, long-term debt to EBITDA ratio is in and around one. We are in a very, very comfortable position when it comes to debt, that was one of the reasons why we could manage a rating upgrade to double-A.

Analyst

And the repayment for March 20 is how much, sir?

Neeraj Kumar, 'Group CEO Whole Time Director'

Okay. With that will be around INR250 crore from now till March 2020.

Analyst

Correct, sir. And last point on this essential tax, EBITDA to a concern profit at INR125 crore that -- at what types of -- incurred INR81 crore is essential tax total being provided?

Neeraj Kumar, 'Group CEO Whole Time Director'

I would let the Mr. Mantri answer that, he being expert on the tax side.

Unidentified Speaker, "

The question is on the standalone.

Analyst

It's been taxation part on both sides will be very kind. What is the rate of taxation product?

Narendra Mantri"

The taxation rates for the standalone, there is the normal rate which is around 35%. And for consolidation, some of our entities are in non-taxable countries. So it varies.

Operator

Thank you. I would request Mr. Kapoor to come back in queue for follow-up question. We'll take one last question from the line of Ritika Garg from Equitas Investment. Please go ahead.

Ritika Garg

So I wanted to know this hunting alliance that we have, is this stainless steel seamless pipe?

Neeraj Kumar, 'Group CEO Whole Time Director'

Mild steel which is essentially carbon steel, then you get into alloy steel, then you get into exotic stuff, which is the Chrome, and finally you can get into stainless steel.

Ritika Garg

Yeah.

Neeraj Kumar, 'Group CEO Whole Time Director'

What hunting has is not any pipe making product. It has got a unique or the threading technology, which is essentially for the connection, which is put on the ends of the pipe, which is called the pin-end and it is called the coupling, which is used between two pipes to connect. So all they have is the threading now. Those threading you could put on any of these pipes that we manufacture. Jindal now manufacturers right from mild steel to stainless steel, we even now have install our extrusion press, which is now getting commission. So, we can cater to the entire range.

Ritika Garg

Okay. And I want to know what is the volume growth that we expect in FY '20? And FY '19 we did a volume growth of 8%.

Neeraj Kumar, 'Group CEO Whole Time Director'

Volume growth, probably, we should expect something in a similar range because that's a little tough to give you an estimate on the volume growth. Because sometimes, these contract executions and there are some extraordinary events, but we expect at least that the trend should continue.

Ritika Garg

Okay. And what is the percentage of order books from the water segment?

Neeraj Kumar, 'Group CEO Whole Time Director'

Water segment which but again, let me clarify water segment means we cater to the water segment through all our businesses, which is larger dia, DI and all of those put together would be over 60%.

Ritika Garg

Okay. Alright. Thank you.

Operator

Thank you. The next question from the line of Rajesh Majumdar from Stuart Market Edge. Please go ahead.

Rajesh Majumdar

Hi, sir. I just want to check, we had mentioned last year that the MENA subsidies will be in a position to turn around in some time, but I don't see any effect of that on the numbers. And my second question is that it also mentions that the number of subsidiary will be reduced over a period of time to '16 from the current 20 - 21. So what is the move towards that?

Neeraj Kumar, 'Group CEO Whole Time Director'

Okay. On Abu Dhabi, whatever we have said, probably we need to, you need to review that because earlier it was making cash loss, which was in the previous year. Last year, it became EBITDA positive. This year, we are likely to make it at least PBT neutral. So that's the efforts and that's the journey on which we are moving and hopefully will achieve that. As far as the subsidies are concerned, Jindal Saw has only now three or four what you would call contributing or operating subsidiaries. The rest again we are in the process of cleaning them up. They are either SPV's or there have been there, but they do not make any significant contribution. The subsidiaries which are important or which make any contribution are Abu Dhabi, JITF, Jindal tubular, Jindal Quality and US, that's all. So, but we will reduce the rest. We have Mr. Narendra Mantri are looking at putting those companies and dormant or cleaning that up, so that those numbers are not significant or non-operating, SPV also reduce.

Rajesh Majumdar

Is there a timeframe for that we have in mind in terms of the clean up?

Neeraj Kumar, 'Group CEO Whole Time Director'

Maybe you are the next one year.

Rajesh Majumdar

Okay. Thank you.

Operator

Thank you. Ladies and gentlemen, due to time constraint that was the last question. I now hand the conference over to the management for closing comments. Members of the management would you like to add any concluding remarks?

Neeraj Kumar, 'Group CEO Whole Time Director'

I would like to thank all the investors and all the stakeholders for really taking keen interest, and I hope that now there is enough visibility, because one of the questions that we always used to get was not getting console numbers. Now we are beginning to produce and show console numbers quarter-on-quarter. Also, I hope there is enough clarity in the -- we circulate. So I would hope and presume that the investors are now more well informed about Jindal Saw, because we believe that now fundamentally we have made the company strong and we are making the business model more robust. And we hope to continue this journey, and I expect that the interest of investors in our company stays firm and stays stable. Thank you very much that.

Operator: Thank you. On behalf of Prabhudas Lilladher Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.