



**Highlights of Financial and Operational performance for the Second Quarter ended
30th September 2017**

7th November 2017

Announcement of financial results

Jindal Saw Limited (“JSAW” or “the Company”) reported its un-audited financial results for the Second quarter and First Half year ended as at 30th September 2017, which have been approved in the meeting of the Board of Directors held on 7th November 2017.

Particulars	Q2	Q2	H1	H1	Q1
	FY-18	FY17	FY-18	FY-17	FY-18
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Rs in Mio	Rs in Mio	Rs in Mio	Rs in Mio	Rs in Mio
	Sep 30,2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016	June 30,2017
Total Income	13,730	14,423	28,926	28,081	15,196
Total Expenditure:					
Total Raw Material Cost	6,526	7,089	14,795	13,564	8,269
Staff Cost	1,260	1,167	2,490	2,333	1,230
Other Expenditure	3,243	3,696	6,605	6,872	3,362
EBITDA	2,701	2,470	5,037	5,312	2,335
Financial Charges	1,161	831	2,034	2,091	873
Depreciation	686	584	1,302	1,163	616
Exceptional Items		(347)		(347)	-
PBT	854	708	1,700	1,712	846
Provision for Tax	253	235	459	581	206
PAT	601	473	1,241	1,131	640
RATIOS					
EBITDA to total income	19.67%	17.13%	17.41%	18.92%	15.36%
RM to total income	47.53%	49.15%	51.15%	48.30%	54.41%
Finance cost to total income	8.46%	5.77%	7.03%	7.45%	5.74%
PBT to total income	6.21%	4.91%	5.88%	6.10%	5.56%
PAT to total income	4.37%	3.28%	4.29%	4.03%	4.21%

For Q2 FY 2018, adjusted EBITDA of Pipes and Pellets is ~Rs10, 000 per MT and Rs ~1,900 PMT respectively.

OPERATIONAL & FINANCIAL HIGHLIGHTS

Quantitative Sales break up for Q1 and Q2 of FY 2018 is given hereunder:

Products	Q1 - FY 18	Q2- FY 18
PIPES	(MT)	(MT)
- Large Diameter Saw Pipes		
- L Saw	16,570	21,800
- H Saw	30,200	34,250
- Ductile Iron Pipes	97,600	76,850
- Pig Iron	13,500	17,300
- Seamless Tubes & Pipes	40,000	39,800
Total - Pipes & Pig Iron	197,870	190,000
- Pellets	4,53,500	312,400
Exports (To Turnover)	11%	19%

Operational performance:

The Goods and Services Tax (GST) Act passed in the Lok Sabha on 29th March, 2017 came into effect from 1st July, 2017. Sales of various products, for the second quarter ended 30th September 2017, have been impacted adversely due to the implementation of the same.

Overall Productivity

During 2nd quarter ended 30th Sep 2017, Company produced (i) Pipes & pig Iron of app. 200,000 MT (excluding Job work) and (ii) Pellets - app. 372,000 MT.

Pipes production and sales in Q1 and Q2 remain almost at the same level however pellet production was comparatively lower in Q2 as compared to Q1 of FY 18. The same is expected to improve in H2.

Iron & Steel Segment performance - 2nd Quarter ended 30th Sep 2017:

Saw Pipe Strategic Business Unit: The current order book stands at app. 6.27 lakh MT which includes L Saw orders of ~ 3.50 Lakh MT and 2.77 Lakh MT of H Saw Pipes. Majority of L Saw orders are for export market which is 54% of this segment.

Company produced app. 0.65 Lac MT of Pipes (including pipes for job work) which corresponds to the planned production and delivery schedules. We expect additional business opportunities primarily in domestic water sector. Production and sale in this segment was slow in Q2 on account of implementation of GST. Business is expected to improve in the coming quarters.

DI Pipes and Pig Iron Strategic Business Unit: Operations in DI Pipe Segment impacted on account of implementation of GST. In Q2 FY 18, the Company produced App. 0.78 lakh MT DI Pipe and 12,000 MT of pig iron. Current order book stands at app. 3.16 lac MT of DI pipes. Demand is expected to increase in the coming quarters.

Seamless Pipes Strategic Business Unit: Seamless Pipes & Tubes business is showing marked improvement and company is further benefited on account of diversification in the product portfolio. The production of Seamless Pipes in 2nd quarter was app. 43,600 MT as compared to app. 39,700 MT in the Q1 of FY 18 and 19,400 MT in Q2 of FY 17.

Iron Ore Mines and Pellet Strategic Business Unit: The production and sales were lower in Q2 as compared to Q1 of FY 18. The Company produced app. 3.72 Lakh MT of Pellets in Q2 FY 17 as compared to 4.36 Lakh MT in Q1 of FY 18. The sale volume in this segment have also got impacted due to implementation of GST. Profitability has improved on account of improvement in sale prices and cost control measures taken by the company.

Order Book Position

The current order book for pipes and pellets is app. US\$ 930 million, the break up is as under:

- Large Diameter Pipes – US\$ 600 Mio
- Ductile Iron Pipes – US\$ 255 Mio
- Seamless Pipes & others – US\$ 65 Mio
- Pellets – US\$ 10 Mio

Current Pipe Order Book is over 1.10 Mio MT. Orders for Large Diameter Pipes and DI Pipes are expected to be executed in next 12-18 months or more. Company is working on new business opportunities and expected to get additional orders in due course of time. The current order book includes export of app 37%.

Financing and Liquidity

As at 30th September 2017, net institutional debt of the Company (at standalone level) was app. Rs 43,160 Mio (~ Rs 38,695 Mio in June 2017.) including ECB/ long term loans and fund based working capital.

This includes Net working capital borrowings (short term) of Rs. 22,100 Mio (~ Rs 17,165 Mio as at 30th June 2017) and Long term loans (ECB/ Rupee Loans / Rupee NCD) of Rs 21,060 Mio (~ Rs 21,530). The increased amount of working capital borrowing corresponds to the increased order book for which company has started booking & procuring the raw material.

Credit Ratings

The Company enjoys short term and long term credit ratings of A1(+) and A(+) ratings respectively, from CARE Ratings.

Ratings are under review.

Statutory Auditors and Internal Auditors of the Company:

In the Annual General Meeting held on 25th September 2017, the Company has appointed M/s Price Waterhouse Chartered Accountants LLP as the statutory Auditors for 5 years period.

Further, Deloitte Haskins and Sells LLP are the Internal Auditors of the Company.

STATUS OF NEW PROJECTS/ CAPITAL EXPENDITURES

Additional Projects/ new capital expenditures: Company is not undertaking any additional major capex/projects other the normal/maintenance capex.

The Company has deferred its decision to implement Steel Plant at Bhilwara (Rajasthan) for the time being.



Company Overview

Company is a leading global manufacturer and supplier of Iron & steel pipe products, fittings and accessories with manufacturing facilities in India, USA, Europe and UAE (MENA). Our customers include world's leading oil and gas companies, engineering companies and authorities dealing in irrigation and water resources, oil and gas exploration, transportation, power generation, supply of water for drinking and irrigation purposes and other industrial applications.

Company has a unique business model well diversified in terms of strategic locations, markets, products, industries and customers. This business model is built to hedge the organization against various risks which allows us to operate and perform well in difficult economic and geopolitical circumstances. Our domestic and exports markets are well balanced and our businesses operate through four strategic business divisions including SAW Pipes, DI Pipes & Fittings, Seamless Pipes & tubes and Mining & Pellets. We have now also commenced producing Stainless steel Seamless tubes and welded pipes.

Being a diversified pipe producer, the Company procures and consumes steel however it is not a steel producer.

OUTLOOK

Company's product portfolio includes SAW Pipes (LSAW and HSAW pipes), Seamless tubes and pipes, Stainless steel seamless tubes and welded pipes, DI pipes of various grades and dimensions and Pellets.

As the Company is not producing steel rather commodities like steel, iron ore and coking coal are raw materials for its products.

Export of pipes from India have been impacted negatively on account of low oil prices and imposition of anti-dumping duties on Indian pipes by countries like USA, Europe and Mexico. However base demand is helping the Company to keep the pace in this segment. Indian Government measures, to protect the domestic market, have started yielding positive results for the industry.

Oil & Gas sector- Company's revenues portfolio is well diversified where app. 1/3rd of the revenue is generated from oil and Gas sector. Oil & Gas sector in overseas and domestic markets are showing signs of improvement due to stability in oil prices and OPEC countries decision to cut the production. Further in domestic market, Government projects are expected to come where domestic players may expect new opportunities in this segment. However geo-political and war like situation in MENA region may still have a negative impact on the new demand for the steel pipes.

Water Sector: Demand of DI and H Saw Pipes will continue to dominate in India owing to huge investment in water infrastructure, improving sanitation facilities and increasing awareness on using good quality pipes. Future investments in Swachh Bharat Mission and Housing for all by 2022 are expected to be key drivers for spiked demand in India for DI and H Saw pipes.

Pellets: A higher commodity prices in last couple of months has helped to improve the iron ore and lumps prices in domestic as well as in international market. This is likely to continue in the coming quarters.

Forward Looking Statements

This document contains statements that constitute “forward looking statements” including, without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to our future business developments and economic performance. While these forward looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that we have indicated could adversely affect our business and financial performance. Jindal Saw undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances.