



**Highlights of Financial and Operational performance for the Third Quarter ended  
31<sup>st</sup> December 2017**

**24<sup>th</sup> January 2018**

**Announcement of unaudited financial results**

Jindal Saw Limited (“JSAW” or “the Company”) reported its un-audited financial results for the third quarter ended 31<sup>st</sup> December 2017 which has been approved in the meeting of the Board of Directors held on 24<sup>th</sup> January 2018.

Particulars	9 M	9 M	Q3	Q3	Q2	
	FY-18	FY-17	FY-18	FY-17	FY-18	FY-17
	Unaudited					(Audited)
	Rs in Mio	Rs in Mio	Rs in Mio	Rs in Mio	Rs in Mio	Rs in Mio
	Dec 31,2017	Dec 31, 2016	Dec 31,2017	Dec 31, 2016	Sep 30,2017	Mar 31, 2017
<b>Total Income</b>	<b>50,733</b>	<b>42,747</b>	<b>21,807</b>	<b>14,666</b>	<b>13,730</b>	<b>61,504</b>
Other Income	1,819	1,190	660	399	519	2,174
<b>Total Expenditure:</b>						
<b>Total Raw Material Cost</b>	<b>27,950</b>	<b>20,335</b>	<b>13,155</b>	<b>6,771</b>	<b>6,526</b>	<b>30,081</b>
Staff Cost	3,784	3,450	1,294	1,117	1,260	4,655
Other Expenditure	10,812	10,900	4,207	4,028	3,243	15,555
<b>EBITDA</b>	<b>8,188</b>	<b>8,063</b>	<b>3,151</b>	<b>2,750</b>	<b>2,701</b>	<b>11,212</b>
Financial Charges	2,898	3,048	863	957	1,161	3,799
Depreciation	1,926	1,734	624	571	686	2,372
Profit before extra-ordinary items and Tax	3,364	3,281	1,664	1,223	854	5,019
Exceptional Items – Exp./ (income)- (@)	303	347	303	-	-	312
<b>PBT</b>	<b>3,062</b>	<b>2,935</b>	<b>1,362</b>	<b>1,223</b>	<b>854</b>	<b>4,707</b>
Provision for Tax	858	997	399	416	253	1,630
<b>PAT</b>	<b>2,204</b>	<b>1,938</b>	<b>963</b>	<b>807</b>	<b>601</b>	<b>3,077</b>
<b>RATIOS</b>						
EBITDA to Total Income	16.14%	18.86%	14.45%	18.75%	19.68%	18.22%
PBT to Total Income	6.03%	6.86%	6.24%	8.34%	6.22%	7.65%
PAT to Total Income	4.34%	4.53%	4.41%	5.50%	4.38%	5.00%

**Notes:**

(@) Exceptional Items represents loss on account sale of one ship and impairment of the value of the another ship in Ocean waterways business which took place and reported in Q3 FY 18.

**OPERATIONAL & FINANCIAL HIGHLIGHTS**

Sales break up for the 3<sup>rd</sup> Quarter ended 31<sup>st</sup> Dec 2017 is given hereunder:

<b>Products</b>	<b>Q3- FY 18</b>
	<b>MT</b>
<b>PIPES</b>	
- Large Diameter Saw Pipes	
- L Saw (*)	72,200
- H Saw (*)	80,800
- Ductile Iron Pipes	1,05,800
- Pig Iron	19,100
- Seamless Tubes	45,000
<b>Total – Pipes &amp; Pig Iron</b>	<b>3,22,900</b>
- Pellets	<b>3,44,300</b>
<b>Exports (To Turnover )</b>	<b>30%</b>

*(\*) Note- Above sale of LSAW & H Saw pipes does not include job work (of LSAW and H Saw pipes).*

**Operational performance:**
**Overall Productivity**

During 3<sup>rd</sup> quarter ended 31<sup>st</sup> December, 2017, Company produced (i) Pipes & pig Iron of app. 330,000 MT (excluding Job work) and (ii) Pellets - app. 338,000 MT.

During 3<sup>rd</sup> quarter ended 31<sup>st</sup> December, 2016, Company produced 186,000 MT pipes and 323,000 MT Pellets. Thus in Q3 FY 18 the production of pipe was higher by app. 75%.

**Iron & Steel Pipe Segment performance – 3<sup>rd</sup> Quarter ended 31<sup>th</sup> December 2017:**

**Saw Pipe Strategic Business Unit:** The order book stands at app. 7.18 lakh MT (Including- 21000 MT orders on job work). The order book comprises of L Saw pipes of 4.27 lakh MT and balance from H Saw (H Saw orders are largely from the domestic water sector) and job work.

During Q3, Company has produced app. 1.68 Lac MT of Saw Pipes (excluding pipes for job work) which corresponds to the planned production and delivery schedules. There was a spillover of order execution due to GST implementation from Q2. With increase in oil prices and renewed focus of the government on infrastructure, we expect additional business opportunities in domestic water sector and overseas oil and gas sector.

**DI and Pig Iron Strategic Business Unit:** Operations were in line with the planned production in this Quarter however dispatches have increased due to spill over of GST implementation which impacted the dispatches in Q2. The company produced app. 1.05 Lac MT DI Pipe and 14000 MT of pig iron. Current order book stands at app. 3.57 lac MT of DI pipes. With improved and renewed focus of the Government on infrastructure, demand of DI Pipes is expected to improve in Q4 of FY18.

**Seamless Strategic Business Unit:** The production of seamless pipes in 3<sup>rd</sup> quarter was app. 41,500 MT as compared to app. 22,300 MT in the quarter ended Dec, 2016. The current orders in hand are app. 51,000 MT. Company is continuously working on diversification in the product portfolio to improve the productivity and operating margins.

**Iron Ore Mines and Pellet Strategic Business Unit:** Company produced app. 3.37 Lac MT of Pellets in Q3 FY 18. The demand and price visibility of pellets has improved in last few quarters on account of increase in demand and price of iron ore. Sale of Pellets in Q3 FY 18 remained at app. 3.44 lac MT.

### Order Book Position

- The current order book for pipes and pellets is app. US\$ 1,085 million, the break up is as under:
  - Large Diameter Pipes – US\$ 725 Mio
  - Ductile Iron Pipes – US\$ 295 Mio
  - Seamless Pipes & others – US\$ 55 Mio
  - Pellets – US\$ 10 Mio

The Order Book in terms of volume is over 1.23 Mio MT (1.10 Mio MT at the end of Q2 FY18). The orders for Large Diameter Pipes are expected to be executed in next 12-15 months and in case of Ductile Iron Pipes the same are slated to be executed over next 15-18 months or more.

Company is working on new business opportunities and expects to get additional orders in phases. The current order book includes export of app 28%. Major exports orders are from Middle East, North America, Gulf region and South East Asia and Far East.

### Financing and Liquidity

As at 31st December, 2017, net institutional debt of the Company (at standalone level) was app. Rs 47,720 Mio (app. USD 745 mio.) including long term loans and fund based working capital. This includes Net working capital borrowings at 31<sup>st</sup> December,2017 was app. Rs. 27,220 Mio (App. USD 425 Mio) and Long term loans (Rupee Loans / Rupee NCD) of Rs 20,500 mio (app. USD 320 mio). During Q3 FY 18, working capital borrowings have increased on account of higher turnover and execution of orders.

### Credit Ratings

During the quarter ended 31<sup>st</sup> December 2017, the domestic Credit Ratings for Long Term Debt/ Facilities/NCDs by **CARE ratings has been upgraded to CARE AA (-) with positive outlook.** Credit Rating for Short Term Debt/ Facilities has been reaffirmed at highest level of CARE A1(+).

### 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 (including stainless) Pipes & tubes and Mining & Pellets.

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

### **OUTLOOK**

Company' product portfolio includes SAW Pipes (LSAW and HSAW pipes), Seamless tubes and 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. Last few months have witnessed increased volatility in commodity prices including coking coal and iron ore which is expected to impact the finished goods sale prices.

Export of pipes from India has been impacted negatively to countries like USA, Europe and Mexico due to imposition of anti-dumping duties by these countries on Indian Pipes. On the other hand India has seen dumping of seamless pipes by countries like china which has impacted the domestic demand. To provide a level playing field, India has imposed anti-dumping duties on import of seamless pipes from China which has supported the Indian Seamless pipe industry for some time.

**Oil & Gas sector-** Company's revenues portfolio is well diversified where app. 1/3<sup>rd</sup> of the revenue is generated from oil and Gas sector. Slow-down in exploration and drilling activities, continued weakness in oil prices coupled with the geo political and war like situation in MENA region had adversely impacted the business of the company. However, gradual increase in oil prices is likely to improve the business visibility of the company.

**Water Sector:** Specific and renewed focus of Government of India as well as of various States on the Infrastructure including urbanization is expected to accelerate the demand of H Saw and Ductile Iron Pipes, in near future. We expect that India would also need more pipelines primarily for water and industrial applications.

**Pellets:** With increase in iron ore prices as well as improvement in steel demand, there is an improvement in the pellet demand and prices.

### **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*



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*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.*