

JINDAL SAW ANNOUNCES Q3 FY21 RESULTS

Delivers sustained performance backed by robust order book position

New Delhi, 5th February 2021:

Jindal Saw Limited, a leading global manufacturer and supplier of Iron & steel pipe products, pipe-accessories and pellets, with manufacturing facilities in India, USA and UAE (MENA), today announced its financial results for the quarter ended December 31, 2020.

THE FINANCIAL HIGHLIGHTS (STANDALONE) ARE AS FOLLOWS:

Particulars (Standalone financials)	Q3 FY21	Q3 FY20	9M 21	9M 20	FY20
	(Rs in Million)				
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total Income (#)	22,404	27,484	56,668	77,763	103,274
Total Expenditure:					
Total Raw Material Cost (@)	13,101	16,992	31,659	47,499	62,766
Staff Cost	1,750	1,627	5,114	4,845	6,563
Other Expenses (#)	4,634	4,728	11,918	13,637	18,421
EBITDA	2,919	4,137	7,977	11,782	15,524
Financial Costs (#)	1,004	1,284	3,141	3,774	5,156
Depreciation	861	744	2,509	2,146	3,104
Profit before extra-ord. items, discontinued ops. and Tax	1,054	2,109	2,327	5,862	7,264
Exceptional Items – (Exp.)/income	-	(345)	-	(880)	(1,348)
Discontinued ops-profit/(loss)-Net of Tax	-	-	-	-	-
Profit before Tax (PBT)	1,054	1,764	2,327	4,982	5,916
Provision for Tax	373	567	800	(705)	(29)
PAT	681	1,197	1527	5,687	5,945
RATIOS					
EBITDA to total income	13.03%	15.05%	14.08%	15.15%	15.03%
PBT to total income	4.70%	6.42%	4.11%	6.41%	5.73%
PAT to total income	3.04%	4.36%	2.69%	7.31%	5.76%

Notes:

(#) Total Income, Other Expenses and Finance Costs are net of the impact of foreign exchange fluctuations. The Company follows a policy and strategy of natural hedging of foreign exchange exposures.

(@) Total Raw Material Cost includes goods traded in for Q3 2021 is NIL and Rs 580 Mio. for Q3 2020.

OPERATIONAL & FINANCIAL HIGHLIGHTS

Financial Year 2021 is an exceptional year for business due to COVID 19 pandemic. The performance is gradually improving towards pre-Covid level however the lag impact of first and second quarter has also felt in December quarter. Change in economic trends like increase in oil prices gives an additional visibility to the demand in pipes sector. The present budgetary proposals reaffirm heightened attention on capital investments, especially those pertaining to infrastructure, both at the Central and State level.

Supply of water at ~4,300 urban bodies with ~28.6 mn household tap connections under Jal Jeevan Mission (Urban) and management of liquid waste at ~ 500 AMRUT cities will be key. The launch of Urban Swachh Bharat Mission 2.0 in addition to extensive ongoing initiatives is a positive for the piping sector as well.

Similarly, higher capex outlays by oil sector PSUs in the coming quarters, strengthening the domestic gas sector through interconnectivity and common carrier principles and additional opportunities in city gas distribution will augur well for the piping sector too.

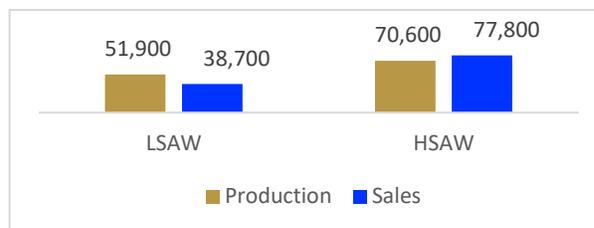
Despite the difficult conditions in current Financial Year, the Company has shown improvement in Sales and Order Book in third quarter ended on 31st December 2020 as compared to the 2nd quarter of FY 2021. This quarter has seen significant increase in prices of Iron ore and Steel. This has caused some delays in supply of the steel from steel supplier and consequently execution of some of the orders large diameter steel pipes has been delayed which shall take place in Q4 of FY 2021. Further, sharp increase in iron ore prices has impacted the profitability of Ductile Iron Pipe segment which will get adjusted in coming quarters due to improved pricing of new DI orders. We expect the iron ore and steel prices will rationalize gradually.

The Company presents its unaudited results for quarter ended December 31, 2020 as follows.

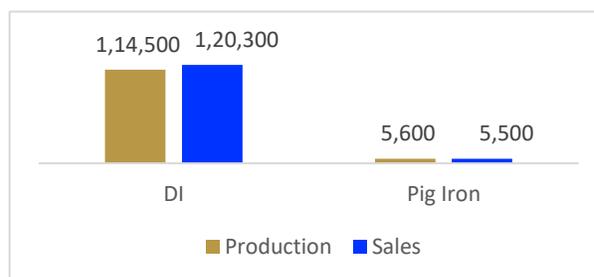
ANALYSIS OF Q2 FY2021

Production and Sales Tonnage (MT) break up for the quarter ended 31st December 2020.

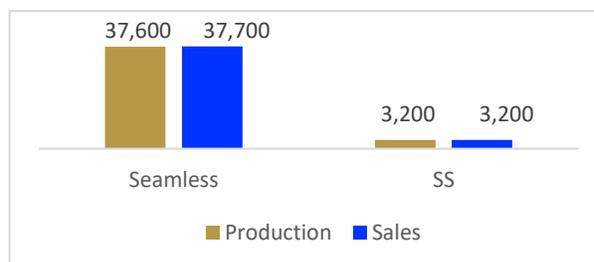
Large Diameter SAW Pipes



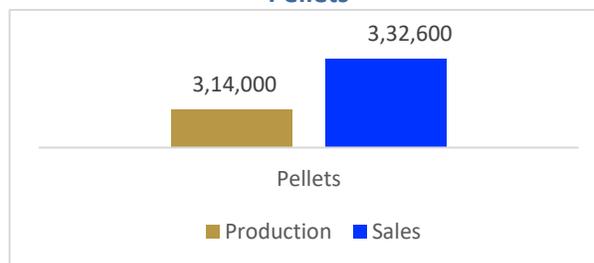
Ductile Iron Pipes and Pig Iron



Seamless Tubes & Pipes



Pellets



The quantitative Sales break up for the third Quarter ended 31st December 2020 are given hereunder:

Products	Q3-21 (~) MT	Q3-20 (~) MT
Pipes		
- Large Diameter Saw Pipes		
- L Saw	38,700	67,000
- H Saw	77,800	1,14,500
- Ductile Iron Pipes	120,300	1,25,000
- Pig Iron	5,500	400
- Seamless & Stainless Tubes	40,900	34,000
Total – Pipes & Pig Iron	2,83,200	3,40,900
Pellets	3,32,600	3,80,000

OPERATIONAL PERFORMANCE: OVERALL PRODUCTIVITY

- **During the quarter ended 31st December 2020;**
 - **The Company produced:**
 - ~ 2,83,400 MT of pipes & pig iron
 - ~ 3,14,000 MT pellets
 - **In line with its operational prowess and deep business lineage, the Company experienced robust order booking, primarily from the water and industrial sector, to the tune of Rs ~1500 Cr.**

A detailed segment-wise review is presented below.

IRON & STEEL PIPE SEGMENT PERFORMANCE – Q3 FY2021:

Saw Pipe Strategic Business Unit:

During Q3 FY2021, the Company produced ~1.23 lac MT pipes as compared to ~1.47 Lac MT of Pipes in Q3 FY2020. The production/ execution of orders in this segment have seen some delays due to erratic supply of raw material. However orders in this segment remain fully protected from sharp increase in the steel prices.

Inching up of oil prices at global level will have positive impact in the demand of LSAW pipe segment.

Government focus on infra spending will help in boosting the domestic demand in oil, gas and water segment.

Focus on growth:

The Company has managed to elicit new business opportunities during the 3rd quarter, order booking was robust, and it received new orders in excess of the execution level. The current order book stands at ~3.91 lac MT. The order book comprises of mix of orders ~1.72 lac MT of H Saw and ~2.19 lac MT LSAW (H Saw orders are largely from the domestic water sector).

Order wins in the water segment together with improved order book position overall underline the robustness of the model, quality of the offerings and deep understanding of the customer dynamics. Apart from this, based on the ongoing enquires in domestic and export markets for oil & gas sector and further increased focus of the Government on water sector, the Company expects to receive additional orders in the next few quarters.

DI Pipes and Pig iron Strategic Business Unit:

During 3rd quarter of FY2021, operations were in line with the planned production in this quarter, where Company has produced ~1.20 lac MT DI Pipe as compared to ~1.30 lac MT in Q3 of FY2020. The production is gradually improving quarter on quarter due to efficient execution of orders and better preparedness post COVID-19 unlock process and in near future, the trends will continue to improve towards higher production and sales.

Focus on growth:

Q3 of FY2021, witnessed increased order position with good visibility, in this segment, thereby continuing the trend of improvement since the previous quarter. Current order book has increased to ~6.31 lac MT (~5.70 lac MT in Q2 FY 2021) of DI pipes which gives visibility for more than one year.

Company has booked large orders in water segment during this quarter. Further, the increased focus of the Central and State governments on the water and irrigation sector has given boost to this business.

Seamless & Stainless Pipes Strategic Business Unit:

On account of upward trend in demand from oil & gas sector, the seamless pipes has seen increase in demand and the performance of Seamless pipes segment has improved with the Company producing ~40,800 MT pipes in Q3 FY2021 as compared to ~32,000 MT pipes in Q3 FY2020.

Focus on growth:

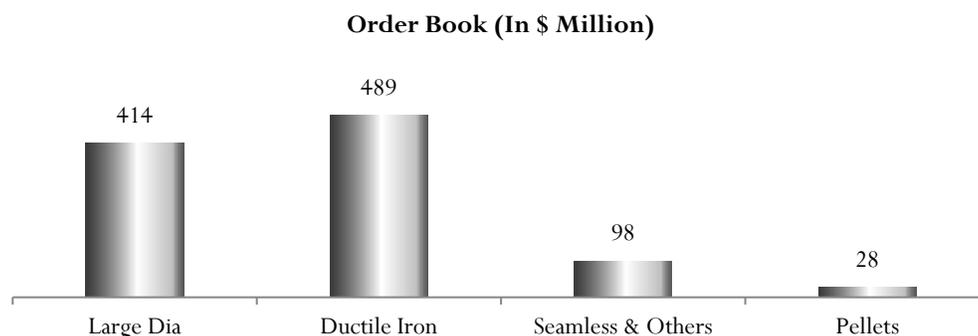
The Increase in demand from Oil & Gas sectors and revival of activity in respective end user industries like automobile and power sector, improved the current order book in this segment to ~84,000 MT (~26,000 MT Q2 FY 2021). It will further strengthen the order book of the Company.

Iron Ore Mines and Pellet Strategic Business Unit:

The Company has produced ~314,000 MT in Q3 FY21 as against ~387,500 MT in Q3 FY20. In Q3 FY 21, the sale of pellets was ~ 332,600 MT, compared to production of ~314,000 MT. The order book in this segment ~1,74,000 MT. Company has experienced the improved margins in the current quarter in the pellet segment due to increase in steel demand.

Order Book Position

- The current order book for pipes and pellets is app. US\$ 1,029 million, the break-up is as under:



During the Quarter ended 31st December 2020, as against Sale of ~Rs.2,176 Crore, Company has booked new orders of ~Rs. 2,500 Crore. Major part of these orders have been booked in water segment. This is testament to the Company’s experienced profile in key customer segments, world-class execution standards/ ethics and balance sheet flexibility to undertake production and deliveries during extenuating circumstances.

With volume of ~1.28 Million MT (Pipes & Pellets), Order Book has a visibility of next 12-15 months. The orders for Large Diameter Pipes are expected to be executed in next 9-12 months and in case of Ductile Iron Pipes the same are slated to be executed over next 12-15 months or more. The Company is working on new business opportunities and expected to get additional orders in phases. Current order book includes export of ~20%.

Jindal SAW continues to benefit from a higher share of orders from private players and EPC contractors in its orders mix. Moreover, the end user industries spread is also well-balanced across core industries with distinct drivers in the domestic and export markets, thereby remaining assured of sustained flow of business.

Financing and Liquidity – Update on Institutional Debt

Particulars (Rs. In Millions)	As on Dec 31, 2020	As on Sep. 30, 2020
Standalone Debt	33,067	36,579
- Long Term Debt	15,679	16,215
- Net Short Term/ Working Capital Debt	17,388	20,364
Consolidated Debt	42,395	45,121
- Long Term Debt	20,580	21,212
- Net Short Term/ Working Capital Debt	21,815	23,909

Others:

- (A) CARE Ratings has assigned and reaffirmed CARE A1+ (A OnePlus) for Short term debt facilities including commercial papers and CARE AA with 'Stable Outlook' for Long term debt facilities.
- (B) UAE operations have improved and become profitable in FY 2021. UAE has sold app. 138,000 MT Ductile Iron Pipes for 9 months period ended 31st Dec 2020 and the current order book is app. 145,000 MT.
- (C) Jindal ITF Ltd. v/s NTPC case proceedings are still going on in Hon'ble High Court of Delhi. Due to Covid-19 situation, there was no hearing in the matter however Hon'ble High Court has now blocked a period of 4 days in April 2021 for the matter to close the hearings from both sides.

OUTLOOK:

Global Scenario (Oil & Gas):

- The coronavirus (Covid-19) has created the biggest global crisis in generations, sending shock waves through health systems, economies, and societies around the world. Faced with an unprecedented situation, governments are focused on bringing the disease under control and reviving their economies.
- The energy sector is also severely affected by this crisis, which has slowed transport, trade and economic activity across the globe.
- The oil and gas pipelines segment is no exception, with several major upcoming pipeline projects in the US stalled due to adverse market conditions
- Demand for oil started – improving albeit slowly, - after lockdowns were relaxed-in Asia, Europe, and North America. China's oil demand, notably, has recovered to 90 percent of pre-Covid levels,

and U.S. demand is also on the rise, judging by rising refinery runs as reported by the Energy Information Administration.

- The Company has received and expects new orders in oil & gas segment including from export market.

Indian Scenario:

- In India, demand for steel pipes is expected to rise further from several oil and gas pipeline projects and water distribution projects which have been announced and lined up for implementation.
- India has laid down plans for expansion of national natural gas pipeline network to 27,000 km from the present 16,200 km
- Demand for clean water, rapid industrialization, Government policies and increasing population will remain the key driver for water demand. The Planning Commission, in its 12th Five Year Plan, for the period ending in 2018, has said that an investment of \$26.5 billion is required to provide safe water to all Indians.
- Government of India's initiatives like "Make in India" and Atmanirbhar (Self- reliant) Bharat will help improving the domestic manufacturing and reducing the imports. This will also help the pipe manufacturing sector to get major share of the domestic market.

Jindal Saw Growth Strategy:

The Company is making conscious efforts to move towards adding more value-added products, penetrate -new markets and increase production and productivity. Investments have judiciously been increased in higher ROCE segments, whilst de-subsidiarizing loss making entities in its fold. Jindal SAW's ROCE trajectory therefore is set to show healthy improvement through active delivery against a robust strategy.

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ABOUT JINDAL SAW LTD.

Jindal Saw (NSE – JINDALSAW, BSE - 500378) is a leading global manufacturer and supplier of Iron & steel pipe products and accessories with manufacturing facilities in India, USA and UAE (MENA). Their customers include world's leading oil and gas companies, water bodies as well as engineering companies engaged in constructing oil and gas gathering, transportation, power generation and other industrial applications.

The Company has a unique business model which in itself is diversified in terms of location, markets, products, industry and customers. This business model itself hedges various risks and allows the Company to operate and perform in most difficult economic and geopolitical scenarios. It is one of the largest exporters of Steel pipes out of India. Their business operations are highly structured with five strategic business divisions including SAW Pipes, DI Pipes & Fittings, Seamless and Stainless-Steel Pipes and Tubes and Mining & Pellets.

Jindal Saw had interests in various businesses including infrastructure business along with the core business of pipe through subsidiaries in India and overseas. In late 2014, the Company decided to remain in core business of Pipe and Pellets manufacturing and after the implementation of scheme of re-arrangement through a court approved process, they had demerged majority of non-core businesses.

For more information, please visit <http://www.jindalsaw.com> OR contact:

Rajeev Goyal/ Vinay Gupta

Jindal Saw Limited

Tel: +91 11 41462330/ +91 11 41462200

Email: Rajeev.goyal@jindalsaw.com

Vinay.gupta@jindalsaw.com

Siddharth Rangnekar / Nishid Solanki

CDR India

Tel: +91 22 6645 1209 / 1221

Email: siddharth@cdr-india.com

nishid@cdr-india.com

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.