



Highlights of Financial and Operational performance for the Fourth Quarter and Financial Year ended 31st March 2016

30th May, 2016

Announcement of financial results

Jindal Saw Limited ("JSAW" or "the Company") reported its audited financial results for the fourth quarter and financial year ended 31st March 2016 which has been approved in the meeting of the Board of Directors held on 30th May 2016

Basis of preparation of accounts

Company has adopted the IND AS and the financial results are based on IND AS. As per IND AS the Company has opted to fair value its fixed assets.

Financial & Operational Highlights – Standalone

➤ **For Financial Year ended 31st March 2016**

Head	Unit		~ Change YOY
Total income from operations (net)	Rs/ Mn	61,439	↓ 7%
Reported EBITDA	Rs/ Mn	11,902	↑ 19.6%
Reported EBITDA to Net Income from Operations	%	19.4%	↑ by 430 BPs
Blended EBITDA (PIPES) (*)	Rs/MT	11,600	↑ 38%
Profit before tax & exceptional items	Rs/ Mn.	5,197	↑ 12%
Profit before tax	Rs/ Mn.	4,774	↑ 2.9%
Profit after Tax	Rs/Mn.	3,670	↑ 28.5%
PAT (%)	%	6%	↑ 1.70%
Production- Pipes & Pig Iron (**)	MT	~938,000	↑ 7%
Sale- Pipes & Pig Iron (**)	MT	~919,700	↑ 8 %

(*) after considering job work of 39,000 MT H Saw pipes.

(**) Does not include H Saw pipe job work of 39,000 MT

➤ **For the 4th Quarter ended 31st March 2016**

Head	Unit		~ Change compared to Q4 FY15
Total income from operations (net)	Rs/ Mn	18,073	↓ 13.3%
Reported EBITDA	Rs/ Mn	3,597	↑ 39%
Reported EBITDA to Net Income from Operations	%	19.9%	↑ by 750 BPs
Blended EBITDA (PIPES)	Rs/MT	10,200	↑ 22%
Profit before tax and exceptional items	Rs/ Mn	1,840	↑ 25%
Profit before tax	Rs/ Mn.	1,618	↑ 9.8%
Profit after Tax	Rs/Mn	1,062	↑ 10.2%
Production- Pipes & Pig Iron	MT	~289,000	↑ 39%
Sale- Pipes & Pig Iron	MT	~ 295,300	↑ 8 %

(*) after considering job work of 35,000 MT H Saw pipes.

(**) Does not include H Saw pipe job work of 35,000 MT



Dividend:

The Board of Directors has, subject to approval of the shareholders at the ensuing Annual General meeting, recommended payment of dividend @ Re 1 per equity share of Rs. 2 each for the year ended 31st March 2016.

Operational performance:

The quantitative Sales break up for Financial Year and fourth quarter ended 31st March 2016 are given hereunder:

Products	FY 2016	Q4 - FY 16
	MT	MT
PIPES		
- Large Diameter Saw Pipes		
- L Saw	187,300	78,300
- H Saw	242,000	63,400
- H Saw (job Work)	39,000	35,000
- Ductile Iron Pipes	375,400	130,300
- Pig Iron	32,200	900
- Seamless Tubes	82,800	22,400
Total - Pipes & Pig Iron	958,700	330,300
- Pellets	1,047,600	286,500
Exports (Total)	27%	36%
Exports (pipes)	30%	38%

The Company had sold ~ 853,000 MT of pipes and pig iron in FY 2015 and thus has recorded ~ 12.4% growth.

Order book Position

Current pipe and pellet order book stands a ~ 1.21 Million MT which is equivalent to app. USD 750 million (Rs ~50 billion). This also includes the H Saw Pipe job work orders for ~267,000 MT.

The break-up of the order book is given as under:

Product	Quantity (MT)	Value (USD/ Mio)	Remarks
Large Diameter Saw Pipes (L Saw & H Saw)	600,000	356	Including job work orders for 267,000 MT.
Ductile Iron Pipes	555,000	376	
Seamless Tubes & Pipes	15,000	15	
Pellets & Others	45,000	3	

The above Order Book is expected to be executed over next 12-18 months or more. Company has participated in various bids and is likely to get orders in due course of time.

The current order book includes export of app 30% to Middle East, Gulf region and South East Asia and Far East.



Segments Performance

Saw Pipe Strategic Business Unit:

During the fourth quarter ended 31st March 2016, the Company produced app. 149,000 MT of Saw pipes as compared to app. 54,000 MT saw pipes in the immediately preceding quarter ended 31st Dec 2015 and ~ 99,000 MT for the quarter ended 31st March 2015.

Job work

(a) In addition to the above sales of app. 149,000 MT of SAW Pipes, the Company also executed orders for the job work for ~ 35000 MT of H Saw Pipes.

(b) The Company has also carried out coating job work on the SAW pipes supplied by the customers.

During the FY 2016, the Company produced app 416,000 MT pipes (excluding 39,000 MT pipes produced on job work) as compared to previous year app 380,000 MT showing a quantitative growth of ~ 9 % on YoY basis.

DI and Pig Iron Strategic Business Unit:

During the fourth quarter ended 31st March 2016, the Company produced app. 118,000 MT of DI Pipes and Pig Iron as compared to app. 108,000 MT in the immediately preceding quarter ended 31st Dec 2015 and 79,000 MT for the quarter ended 31st March 2015.

Operations were in line with the planned production in the financial year 2016 where company has produced ~ 438,000 lac MT of DI Pipe & pig iron as compared to ~366,000 MT in the previous financial year 2015 registering a growth of ~ 20% on YoY basis.

Seamless Strategic Business Unit:

During the fourth quarter ended 31st March 2016, the Company produced ~ 22,300 MT of Seamless Pipes and tubes which were at the similar level if compared with the immediately preceding quarter ended 31st Dec 2015. The company had produced ~29200 MT of seamless pipes for the quarter ended 31st March 2015.

The production of seamless pipes in FY 2016 was app. 84000 MT as compared to ~. 128,000 MT in financial year 2015 demonstrating de-growth.

Seamless pipe demand in oil & gas segment remained weaker due to dumping of imported material in India mainly from China and imposition of anti-dumping duty by North America and Europe on Indian Seamless pipes for OCTG applications. On 17th May 2016, Government of India has imposed anti-dumping duty on dumping of seamless pipes by China which is likely to have a positive impact on the seamless domestic market. As was informed earlier, Company has adopted a strategy of diversification in product portfolio and has started catering to niche/premium segment e.g. T91, 13 Chrome and ball bearing industry etc. These would provide stable profitability and increase in the volume.

Iron Ore Mines and Pellet Strategic Business Unit: Despite the adverse market conditions in steel sector and lower iron ore prices in international market, the Company maintained its production levels at ~ 100% capacity and produced ~ 1.2 mn MT pellet. Keeping in view of the volatility in the steel industry globally and supplies of Iron ore in international market, prices are expected to remain softer for some more time. The company has worked very hard in terms of cost reduction and optimization which has resulted in positive EBITDA in pellet segment despite very weak trend in iron ore prices.



Financing and Liquidity as on 31st March 2016.

As at 31st March 2016, net debt of the Company (at standalone level) was app. Rs 45,450 Mio (~ USD 680 mio.) including ECB/ long term loans and fund based working capital etc. This includes working capital loans of Rs 22,000 mio (App. USD 330 mio). The net debt level as at 31st March 2016 has improved if compared with the level as at 31st December 2015 which was Rs 48,075 Mio (app. USD 728 mio.)

Credit Ratings

CARE Ratings, in Oct 2015, has reaffirmed the credit rating for short term debt/ facilities at the highest level i.e. A1 (Plus) and for long term debt/ facilities/NCD's at AA (Minus).

Foreign exchange loss on account of differences in foreign exchange transactions:

Given the nature of business, company has foreign currency assets and liabilities in the normal course of business. Generally the Company is a "net exporter" and thus it is the Company's policy to manage these exposure on the net basis, i.e., company hedges only the difference between expected imports plus current liabilities and expected exports plus current assets.

STATUS OF NEW PROJECTS/ CAPITAL EXPENDITURES

Additional Projects/ new capital expenditures: Company has operations at various locations across the country and to keep the manufacturing facilities in best of the operating conditions, it needs to incur normal capital expenditures. However as of now, Company is not implementing any additional capex/new projects.

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

Company Overview

We are 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.

We have 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.

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. A drop in the commodity prices is generally beneficial for Company and the pipe industry.

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 safe guard duty and off late anti-dumping duties on import of seamless pipes from China. We expect this measure to provide some temporary relief to the Indian Seamless pipe 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. Slow-down in exploration and drilling activities, continued weakness in oil prices coupled with the geo political and war like situation in MENA region may still have a negative impact on the new demand for the steel pipes required for this sector and OCTG products etc. However, opening of new markets like Iran would provide additional business opportunities to Indian pipe companies.

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: A lower iron ore and lumps price has impacted the demand and sale prices of pellets. The sale price of pellets in FY 16 was almost 50% lower than the sale price of FY 15. After touching a lower price of app. USD 35 /PMT, Iron ore prices have moved above USD 50 /PMT. A stable and firming of iron ore prices would also increase the sale price and profitability of pellets.

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.