

Highlights of Financial and Operational performance for the Fourth Quarter and Financial Year ended 31st March 2018

25th May 2018

Announcement of financial results

Jindal Saw Limited (“JSAW” or “the Company”) today reported its audited financial results for the fourth quarter and financial year ended 31st March 2018 which has been approved in today’ meeting of its Board of Directors.

Financial & Operational Highlights – Standalone

Particulars	Q-4	Q-3	Q-4	Audited	Audited
	FY-18	FY-18	FY-17	FY-18	FY-17
	Rs in Mio	Rs in Mio	Rs in Mio	Rs in Mio	Rs in Mio
	Mar 31,2018	Dec 31,2017	Mar 31, 2017	Mar 31,2018	Mar 31, 2017
Total Income	24,888	21,811	18,885	75,559	61,506
Total Expenditure:					
Total Raw Material Cost	14,849	13,155	9,747	42,798	30,085
Staff Cost	1,351	1,294	1,204	5,134	4,650
Other Expenditure	4,328	4,174	4,084	15,030	14,804
EBITDA	4,360	3,188	3,850	12,597	11,967
Financial Charges	1,253	863	751	4,151	3,799
Depreciation	659	616	649	2,562	2,294
Profit before extra-ord. items, discontinued ops. and Tax	2,448	1,709	2,450	5,884	5,875
Exceptional Items – (Exp)/income	-	-	34	-	31
Discontinued ops-profit/(loss)- Net of Tax	71	(138)	(465)	(85)	(784)
Profit before Tax (PBT)	2,519	1,571	2,019	5,799	5,122
Provision for Tax	864	609	879	1,941	2,045
PAT	1,654	962	1,140	3,858	3,077
RATIOS					
EBITDA to Total Income	17.52%	14.61%	20.38%	16.67%	19.45%
PBT to Total Income	10.12%	7.20%	10.69%	7.68%	8.33%
PAT to Total Income	6.64%	4.41%	6.03%	5.10%	5.00%

- a) The ocean-going business has been discontinued and shown separately.
- b) Finance charges includes the gain/loss on account of foreign currency fluctuation in foreign currency denominated borrowings.

➤ **For Financial Year ended 31st March 2018**

Head	Unit		~ Change YOY
Total income	Rs/ Mn	75,559	⬆ by 22.85%
Reported EBITDA	Rs/ Mn	12,597	⬆ by 11.3%
Reported EBITDA to Income from Operations	%	16.67%	⬇ by 278 bps
Profit before tax	Rs/ Mn.	5,799	⬆ 13.21%
Profit after Tax	Rs/Mn.	3,858	⬆ 25.3%
PAT (%)	%	5.10%	Flat
Production- Pipes & Pig Iron (**)	MT	~11,83,000	⬆ 12.5%
Sale- Pipes & Pig Iron (***)	MT	~11,76,000	⬆ 13%

(**) Including job work of 79,000MT

(***) Including job work of 83,000 MT

➤ **For the 4th Quarter ended 31st March 2018**

Head	Unit		~ Change compared to Q4 FY17
Total income from operations	Rs/ Mn	24,888	⬆ 23.6%
Reported EBITDA	Rs/ Mn	4,360	⬆ 13.24%
Reported EBITDA to Income from Operations	%	17.52%	⬇ by 286 bps
Profit before tax	Rs/ Mn.	2,519	⬆ 24.76%
Profit after Tax	Rs/Mn	1,654	⬆ 45%
Production- Pipes & Pig Iron**	MT	~3,79,000	
Sale- Pipes & Pig Iron	MT	~ 3,89,000	

(**) Including job work of~ 6,000 MT

For the FY 2018, “Total Income from Operations” has been reported at Rs. 75,559 million which is higher by ~23% if compared with FY 2017. The same is largely on account of (a) higher volume of pipe & Pellet (b) higher raw material prices and (c) conversion of job work orders in to sale after GST regime.

The Company has registered ~ 12% to 13% growth in production and sales of Pipes and pig Iron respectively.

Dividend:

The Board of Directors has, subject to approval of the shareholders at the ensuing Annual General meeting, recommended payment of dividend @ Re 1.20 per equity share of Rs. 2 each for the year ended 31st March 2018, on pro-rata basis.

Operational performance:

The quantitative Sales break up for Financial Year and fourth quarter ended 31st March 2018 are given hereunder:

Products	FY 2018	Q4 – FY 18
	(~) MT	(~) MT
PIPES		
- Large Diameter Saw Pipes		
- L Saw	1,77,000	66,500
- H Saw	2,74,000	1,29,000
- H Saw (job Work)	84,000	7,000
- Ductile Iron Pipes	4,15,000	1,34,800
- Pig Iron	58,000	8,300
- Seamless Tubes	1,68,000	43,400
Total – Pipes & Pig Iron	11,76,000	389,000
- Pellets	13,87,000	277,000

During FY 2017, the Company sold ~ 10,40,000 MT of pipes and pig iron (incl. job work of 1,56,000 MT) and thus has recorded ~13% growth in volumes in FY 2018.

Order book Position

Current order book (for Pipes and Pellets) stands at ~1 Million MT which is equivalent to ~. USD 922 million (Rs ~61 billion). The break- up of the order book is given as under:

Product	Quantity (MT)	Value (USD/ Mio)
Large Diameter Saw Pipes (L Saw & H Saw)	5,40,000	570
Ductile Iron Pipes	3,69,000	300
Seamless Tubes & Pipes	36,000	47
Pellets & Others	52,000	5
Total	9,97,000	922

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 additional orders in due course of time.

The current order book includes exports of app 32% 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 2018, the Company produced app. 2,13,000 MT of Saw pipes as compared to app. 1,68,000 MT Saw pipes in the immediately preceding quarter ended 31st Dec 2017.

In addition to the above, the Company has also executed orders for the job work for ~ 7,000 MT of H Saw Pipes. The Company has also carried out coating job work on the SAW pipes supplied by the customers.



During the FY 2018, the Company produced ~ 573,000 MT pipes (including 79,000 MT pipes produced on job work) as compared to previous year ~5,26,000 MT (including job work of 1,56,000 MT) registering a quantitative growth of ~9 % on YoY basis.

Ductile Iron Pipes & Pig Iron Strategic Business Unit:

During the fourth quarter ended 31st March 2018, the Company produced ~ 1,18,000 MT of Ductile Iron Pipes and Pig Iron as compared to app. 119,000 MT in the immediately preceding quarter ended 31st Dec 2017.

Operations were in line with the planned production in FY 2018 where Company has produced ~ 4,43,000 lac MT of DI Pipe & pig iron as compared to ~428,000 MT in FY 2017, registering a marginal growth of 3%.

Seamless Pipes Strategic Business Unit:

During the fourth quarter ended 31st March 2018, the Company produced ~ 42,200 MT of Seamless Pipes and tubes as compared to 41,500 MT in the immediately preceding quarter ended 31st Dec 2017.

The production of seamless pipes in FY 2018 was app. 1,67,000 MT as compared to ~97,400 MT in financial year 2017 registering a quantitative growth of 71% on YoY basis.

The business scenario has improved in FY 18 on the back of anti-dumping duty on import of seamless pipes and tubes, increase in the demand of oil & gas sector automobile, boiler and other sectors. The Company has also exported pipes to MENA region and other countries. The Company is working on the strategy of increasing exports and also entering into the niche products.

Iron Ore Mines and Pellet Strategic Business Unit: After adverse market conditions in steel sector and lower iron ore prices in the first two quarters of FY 2018, last two quarters have shown improvements in demand and prices of pellets. During FY 18, the Company has produced ~ 1.35 mn MT pellet.

Financing and Liquidity as on 31st March 2018.

As at 31st March 2018, net debt of the Company (at standalone level) was app. Rs 44,120 Mio including long term loans and fund based working capital etc. This includes working capital loans of Rs 23,690 mio (including buyers credit). The net debt as at 31st March 2018 has decreased as compared with the level as at 31st December 2017 which was Rs 47,720 Mio

Credit Ratings

CARE Ratings, in Nov 2017, had reaffirmed the credit rating for short term debt/ facilities at the highest level i.e. A1 (Plus) and upgraded the credit rating for long term debt/ facilities/NCD's from A (+) to AA (-) with positive outlook.

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.

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 a steel producer 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.

Oil & Gas sector- Company's revenues portfolio is well diversified where app. 1/3rd of the revenue is generated from oil and Gas sector. Low oil prices coupled with geo-political and war like situation in MENA region has impacted the new investment spending by the countries in MENA region. However, 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.

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.