Highlights of Unaudited financial and operational performance (standalone) for 1st Quarter ended 30th June 2015

27th July 2015

Particulars	Q1 - FY16	Q4- FY15	Q1- FY15	FY 15
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Rs in Mio	Rs in Mio	Rs in Mio	Rs in Mio
	June 30, 2015	Mar 31, 2015	June 30, 2014	Mar 31, 2015
Net Turnover	**19,082**	**20,786**	**11,451**	**65,885**
Other Operating Income	40	49	40	128
Other Income (*)	391	323	274	1,220
Total Expenditure:				
Increase/(Decrease) in Stock in trade and WIP	1,744	2,530	(1,317)	(2,587)
Consumption of Raw Material and Purchase of traded goods	9,867	9,363	7,405	38,814
Total Raw Material Cost	**11,611**	**11,893**	**6,089**	**36,227**
Staff Cost	1,055	1,065	860	3,738
Other Expenditure	3,930	5,250	2,924	17,324
EBITDA	**2,917**	**2,950**	**1,892**	**9,944**
Financial Charges	829	844	627	2,819
Depreciation	586	620	621	2,492
Exceptional Items - Significant changes in Rupee against USD (Net)	(45)	187	(105)	531
PBT	**1,547**	**1,299**	**750**	**4,103**
Provision for Tax	505	588	201	1,477
PAT	**1,042**	**711**	**549**	**2,625**
RATIOS				
EBITDA to Net Sales	15.29%	14.19%	16.52%	15.09%
RM to Net Sales	60.85%	57.22%	53.17%	54.98%
Finance cost to Net Sales	4.35%	4.06%	5.47%	4.28%
PBT to Net Sales	8.11%	6.25%	6.55%	6.23%
PAT to Net Sales	5.46%	3.42%	4.79%	3.98%
EPS- Fully Diluted (FV- Rs2/-)	3.26	2.45	1.99	9.05
EPS- Basic (FV- Rs2/-)	3.49	2.57	1.99	9.50

Notes:

a) Blended Pipe EBITDA, for the 1st quarter ended 30th June 2015 is app. Rs 9,700 PMT of sale of total pipes (248,400 MT) and Pig Iron (12,300 MT) which is higher by app. 35% as compared to the blended Pipe & Pig Iron EBITDA of Rs 7200 PMT for June 2014 quarter. EBITDA for Pellet for June 2015 quarter is app. Rs 1200 PMT as compared to Rs 2300 PMT for June 2014 quarter.

b) Other Income has been shown separately for classification purposes but majority of the items are in the nature of operations and hence added to EBITDA.

c) Exceptional items primarily represent net result of amounts on account of reinstatement of foreign exchange denominated assets and liabilities (other than long term foreign exchange denominated loans).

OPERATIONAL & FINANCIAL HIGHLIGHTS

The sales break up for 1st Quarter ended 30th June 2015 is given hereunder:

Products	Quantity Sold (MT)- app.
PIPES	
- Large Dia Pipes	
- L Saw	61,500
- H Saw	82,200
- Ductile Iron Pipes	86,700
- Pig Iron	12,300
- Seamless Tubes	18,000
- Pellets	3,25,000
Total	**5,85,700**

Geographical Break up
- Sale in India - 57 %
- Sale outside India - 43 %

Operational performance:

Overall Productivity
In terms of production and sales, Quarter ended 30th June 2015 has shown better performance as compared to similar quarter in the preceding FY 15.

During 1st quarter ended 30th June 2015, company produced (i) Pipes & pig Iron of app. 247,000 MT and (ii) Pellets - app. 360,000 MT as compared to (i) Pipes & pig Iron of app. 162,000 MT and (ii) Pellets - app. 300,000 MT for the June 14 quarter in FY 15.

During 1st Quarter ended 30th June 2015:

Saw Pipe Strategic Business Unit: Company has received additional orders for L Saw and H Saw and the current order book stands at app. 610,000 MT. Company produced app. 126,000 MT of Pipes which corresponds to the planned production and delivery schedules. On account of execution of few good export orders of L Saw pipes and H Saw pipes, this quarter has demonstrated significant improvement in margins in the segment.

DI and Pig Iron Strategic Business Unit: Operations were in line with the planned production in this Quarter where company produced 87,700 MT DI Pipe and 15,500 MT of pig iron. Current order book stands at app. 416,000 MT of DI pipes.

Seamless Strategic Business Unit: The demand of seamless pipes remained weaker in all the segments due to dumping of imported material in India mainly from China and imposition of anti-dumping duty by North America on OCTG products. In general, on account of continued weakness in the oil prices, the demand of OCTG pipes remained much weaker. The trend is likely to continue for some more time. Company is working on development of few new product lines in premium segment which will help to maintain the production and sales in line with capacities. The production of seamless pipes in 1st quarter was app. 17,000 MT.

Iron Ore Mines and Pellet Strategic Business Unit: Operations in Pellet plant were at its rated capacity and Company produced app. 360,000 MT of Pellets in Q1 FY 15 despite the sharp decline in Iron Ore and pellet prices in international as well domestic market. Quarter has seen sharp decline in sale prices and hence the profitability in pellet unit. Company is working on costs control measures to remain competitive.

Order Book Position

- The current order book is app. US$ 965 million, the break up is as under:
    - Large Diameter Pipes – US$ 615 Mio
    - Ductile Iron Pipes – US$ 335 Mio
    - Seamless Pipes & others – US$ 15 Mio

The orders for Large Diameter Pipes are slated to be executed by June 2016 and in case of Ductile Iron Pipes the same are slated to be executed over next 12-18 months or more. Company has participated in various bids and likely to get orders in phases. The current order book includes export of app 30%. The major exports orders are from Middle East, Gulf region and South East Asia and Far East.

Financing and Liquidity

As at 30th June 2015, net debt of the Company (at standalone level) was app. Rs 44,300 mio (app. USD 692 mio.) including ECB/ long term loans and fund based working capital and other unsecured loans. The loan includes app. Rs 11,870 Mio (app. USD 185 Mio) on account of buyers' credit. As the company is carrying order book of app. USD one billion for last few quarters, the working capital utilization remained elevated to that extent. Company has paid loans which were due in June 15 quarter by way of raising rupee debt with mixed tenor.

Exception items - 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. As in the past, company is expected to be a "net exporter" in the current financial year as well. In general, it is 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.

In most cases, in order to match cash flows on net basis, company avails short term foreign currency loans (Buyers credit/ PCFC etc) from the banks to match foreign currency denominated payments to its suppliers with expected foreign currency denominated receivables on the contracts. However, due to Accounting Standard and accounting reasons, while liabilities thus crystallized appear on balance sheet and need to be translated at closing currency rates, expected receivables pending sale of goods are not reflected and reinstated in financial statements. This accounting treatment may result in realized /accounting gains or losses depending upon currency behavior during the period. As per accounting standards, stock of Raw material/ work in progress and finished goods (specially represented by imported material) is reflected at historical costs without adjustments of financial costs and change in foreign currency rates.

On balance, company, because it is a net exporter, is expected to be a net beneficiary in weakening Rupee environment.

STATUS OF NEW PROJECTS/ CAPITAL EXPENDITURES

Additional Projects/ new capital expenditures: Company has completed major projects including DI facility, Beneficiation and Pellet Plant at Bhilwara etc. As we have availability of hot metal in the DI segment, the emphasis is on the maximization of the DI pipe production for higher value addition. This required some debottlenecking and increase in the finishing and other facilities in DI segment. As continued from the previous year, capacity of Beneficiation is under enhancement to take care of the low quality of the iron ore and increasing the production of Pellet with full reliance on the internal beneficiated iron ore concentrate.

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 engaged in construction of 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.

OUTLOOK

Our product portfolio includes LSAW and HSAW pipes, Seamless tubes and pipes, DI pipes of various grades and dimensions and Pellets.

Oil & Gas sector- A continued weakness in oil prices on account of oversupplied market conditions coupled with the Iran Nuclear deal may have an impact on the new demand for the pipes required for this sector and OCTG products etc.

Water Sector: Specific and renewed focus of Government of India on the Infrastructure including Hydrocarbon pipeline as well as urbanization is expected to accelerate the demand of our products, in near future. We expect that India would also need more pipelines primarily for water and industrial applications.

Pellets: We have been able to operate the pellet plant at the rated capacity of 1.20 Million MTPA and sell the products in the local market. The weakness in the coal and iron ore prices along-with projections for the further weakness may keep a check on the sale prices of our products and thus profitability including 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.