Highlights of Financial and Operational performance for the Third Quarter ended 31st December 2016

9th February 2017

Announcement of unaudited financial results

Jindal Saw Limited ("JSAW" or "the Company") reported its un-audited financial results for the third quarter ended 31st December 2016 which has been approved in the meeting of the Board of Directors held on 9th February 2017.

Particulars	**9 M**	**9 M**	**Q3**	**Q3**	**Q2**	
	FY-17	**FY-16**	**FY-17**	**FY-16**	**FY-17**	**FY-16**
	Unaudited					**(Audited)**
	Rs in Mio	**Rs in Mio**	**Rs in Mio**	**Rs in Mio**	**Rs in Mio**	**Rs in Mio**
	Dec 31,2016	**Dec 31, 2015**	**Dec 31,2016**	**Dec 31, 2015**	**Sep 30,2016**	**Mar 31, 2016**
Gross Turnover	**41,497**	**44,691**	**14,216**	**11,070**	**14,011**	**63,242**
Other Operating Income	197	542	76	216	100	595
Other Income (*)	1,056	1,187	375	439	312	1,605
Total Expenditure:						
Total Raw Material Cost	**20,573**	**24,253**	**6,903**	**4,962**	**7,318**	**34,938**
Staff Cost	3,450	3,212	1,117	1,063	1,166	4,269
Other Expenditure	10,664	11,414	3,896	3,432	3,468	15,110
EBITDA	**8,063**	**7,541**	**2,751**	**2,268**	**2,471**	**11,125**
Financial Charges	3,048	3,736	957	1,357	832	4,945
Depreciation	1,734	1,673	571	569	585	2,272
Profit before extra-ordinary items and Tax	3,281	2,132	1,223	342	1,054	3,908
Exceptional Items – Exp./(income)	347	583	-	583	347	1,332
PBT	**2,935**	**1,548**	**1,223**	**(241)**	**707**	**2,576**
Provision for Tax	997	7	416	(83)	235	362
PAT	**1,938**	**1,541**	**807**	**(158)**	**472**	**2,213**
Other Comprehensive (Income)/Exp.	14	0.20	5	19	5	21
PAT	**1,924**	**1,541**	**802**	**(139)**	**468**	**2,193**
RATIOS						
EBITDA to Sales	18.86%	16.24%	18.75%	19.34%	17.13%	17.00%
PBT to Sales	6.86%	3.34%	8.34%	-2.05%	4.91%	3.94%
PAT to Sales	4.50%	3.32%	5.47%	-1.19%	3.24%	3.35%

Notes:

(a) Exceptional Items representing loss on sale of ship in Ocean waterways business which took place and reported in Q2 FY 17.

Composite Scheme of Arrangement

The Hon'ble High Court of Judicature at Allahabad has approved the Composite Scheme of Arrangement ("Scheme") among Jindal Saw Limited and its three wholly owned subsidiaries namely JITF Infra-logistics Limited, JITF Shipyards Limited and JITF Waterways Limited and their respective shareholders and creditors vide Order dated July 08, 2016 The certified copy of the above Order has also been filed with the Registrar of Companies, Uttar Pradesh on August 05, 2016 under the provision of section 394(3) of the Companies Act, 1956. The appointed date of the Scheme is 1st April, 2015. As per the Scheme, shareholders of Jindal Saw Limited have received 50 shares of JITF Infra-logistics Limited for every 622 shares of Jindal Saw Limited, held by them on the record date. The Listing of JITF Infra-logistics Limited at BSE and NSE is expected in next few weeks.

OPERATIONAL & FINANCIAL HIGHLIGHTS

Sales break up for the 3rd Quarter ended 31st Dec 2016 is given hereunder:

Products	**Q3- FY 17**
	MT
PIPES	
- Large Diameter Saw Pipes	
- L Saw (*)	74,720
- H Saw (*)	13,700
- Ductile Iron Pipes	83,530
- Pig Iron	5,400
- Seamless Tubes	24,100
Total – Pipes & Pig Iron	**2,01,450**
- Pellets	**2,97,100**
Exports (To Turnover)	**35%**

(*) Note- Above sale of LSAW & H Saw pipes does not include for production LSAW and H Saw pipes on Job Work.

Operational performance:

Overall Productivity

During 3rd quarter ended 31st December, 2016, Company produced (i) Pipes & pig Iron of app. 1,86,000 MT (excluding Job work) and (ii) Pellets - app. 3,23,000 MT. This is more or less at the same level if compared with Q3 FY 16.

Iron & Steel Pipe Segment performance – 3rd Quarter ended 31th December 2016:

Saw Pipe Strategic Business Unit: The order book stands at app. 4.73 lakh MT (Including- one (1) lac MT orders on job work). The order book comprises of L Saw pipes with 2.85 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. 0.65 Lac MT of Saw Pipes (excluding pipes for job work) which corresponds to the planned production and delivery schedules. 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 the demonetization of currency has impacted the dispatches. The company produced more than 85,300 MT DI Pipe and 14000 MT of pig iron. Current order book stands at app. 4.30 lac MT of DI pipes. With improved and renewed focus of the Government on infrastructure, off take of DI Pipes has started improving in Q4 of FY17. .

Seamless Strategic Business Unit: The production of seamless pipes in 3rd quarter was app. 22,300 MT as compared to app. 19,400 MT in the quarter ended Sept, 2016.The demand of seamless pipes has picked up in this quarter which has improved the orders book. The current orders in hand are app. 73,000 MT with app. 67% exports/ deemed exports. Company is continuously working on diversification in the product portfolio to improve the operating margins.

Iron Ore Mines and Pellet Strategic Business Unit: Company produced app. 3.23Lac MT of Pellets in Q3 FY 17. The demand and price visibility of pellets has improved in this quarter on account of stable of iron ore prices. Sale of Pellets in Q3 FY 17 remained at app. 3 lac MT.

Order Book Position

- The current order book for pipes and pellets is app. US$ 700 million, the break up is as under:
  - Large Diameter Pipes – US$ 340 Mio
  - Ductile Iron Pipes – US$ 285 Mio
  - Seamless Pipes & others – US$ 70 Mio
  - Pellets – US$ 5 Mio

The Order Book in terms of volume is over 1.03 Mio MT. The orders for Large Diameter Pipes are expected to be executed in next 12-18 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 43%. Major exports orders are from Middle East, North America, Gulf region and South East Asia and Far East.

Financing and Liquidity

As at 31st January, 2017, net institutional debt of the Company (at standalone level) was app. Rs 44,512 Mio (app. USD 655 mio.) including ECB/ long term loans and fund based working capital. This includes Net working capital borrowings at 31st January,2017 was app. Rs. 23,122 Mio (App. USD 340 Mio) and Long term loans (ECB/ Rupee Loans / Rupee NCD) of Rs 21,390 mio (app. USD 315 mio). Working capital borrowing has increased on account of purchase of raw material for execution of new orders.

Company has secured approval of long term debt with a 9 year door to door maturity which improves its debt profile.

Credit Ratings

The domestic Credit Ratings for Long Term Debt/ Facilities/NCDs by CARE ratings has been by CARE at CARE A(+) and the Short Term Debt/ Facilities have been rated at highest level of 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 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 cocking coal are raw materials for its products. Last few months have witnessed increased volatility in commodity prices including cocking 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. 1/3rd 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 would provide additional business opportunities to Indian pipe companies, in time to come.

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 and cocking coal prices 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 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.