JINDAL

JINDAL SAW LTD.

Fax # 022-2659 8237 / 38

JSL/2014/ October 20, 2014

The Manager
Listing Department
National Stock Exchange of India Limited,
'Exchange Plaza', C-1, Block-G,
Bandra-Kurla Complex,
Bandra (E),
Mumbai – 400 051

Re. : Scrip Code : JINDALSAW

Sub. : Financial / Operational Highlights – 2nd Quarter Results

Dear Sir,

The Board of Directors of Jindal Saw Limited has approved the Unaudited Quarterly Financial Results for the second quarter ended 30th September, 2014. A copy of the highlights of financial and operational performance for this quarter which will be circulated to the investor's community and other stakeholders is being sent to you for your reference and record.

Thanking you,

Yours faithfully,
for JINDAL SAW LTD.,

SUNIL K. JAIN
COMPANY SECRETARY
FCS : 3056

Encl. : As above.

C.C. : By Courier

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Highlights of Unaudited financial and operational performance (stand-alone) for the 2nd Quarter ended 30th September 2014

20th Oct 2014

Particulars	Q2 FY-13-14 (Unaudited) Rs in Mio Sep 30, 2014	Q2 FY12-13 (Unaudited) Rs in Mio Sep 30, 2013	Q1 (Unaudited) Rs in Mio June 30, 2014	H1 FY-13-14 (Unaudited) Rs in Mio Sep 30, 2014	H1 FY-12-13 (Unaudited) Rs in Mio Sep 30, 2013
Net Turnover	**15,895**	**12,237**	**11,451**	**27,346**	**24,304**
Other Operating Income	18	57	40	58	60
Other Income (*)	276	207	274	550	395
Total Expenditure:					
(Increase)/Decrease in Stock in trade and WIP	(2,029)	(704)	(1,317)	(3,345)	(416)
Consumption of Raw Material and Purchase of traded goods	10,644	8,408	7,405	18,049	16,002
Total Raw Material Cost	**8,615**	**7704**	**6,088**	**14,704**	**15,586**
Staff Cost	912	767	860	1,772	1,447
Other Expenditure	4,292	2,340	2,924	7,216	4,425
EBITDA (*)	**2,370**	**1,690**	**1893**	**4,262**	**3,301**
Interest & Finance Charges	649	547	627	1,276	977
Depreciation	630	513	621	1,251	966
Exceptional Items(Net)	(50)	(331)	105	56	(852)
PBT	**1,041**	**299**	**750**	**1,791**	**506**
Provision for Tax	295	79	201	496	134
PAT	**746**	**220**	**549**	**1,295**	**372**
RATIOS					
EBITDA to Net Sales	14.91%	13.81%	16.53%	15.59%	13.58%
RM to Net Sales	54.20%	62.96%	53.17%	53.77%	64.13%
Finance cost to Net Sales	4.08%	4.47%	5.48%	4.67%	4.02%
PBT to Net Sales	6.55%	2.44%	6.55%	6.55%	2.08%
PAT to Net Sales	4.69%	1.80%	4.79%	4.74%	1.53%
EPS- Diluted (FV- Rs2/-)	2.70	0.79	1.99	4.69	1.35
EPS- Basic (FV- Rs2/-)	2.70	0.79	1.99	4.69	1.35

Notes:

a) Blended Pipe EBITDA, for the 2nd quarter ended 30th Sep 2014 is app. Rs 8,000 PMT of total sale of pipes & pig iron (Appox.205000 MT). EBITDA for Pellet for similar period is app. Rs 2500 PMT.

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 loan term foreign exchange denominated loans).

OPERATIONAL & FINANCIAL HIGHLIGHTS

The sales break up for 2nd Quarter ended 30th Sep 2014 is given hereunder:

Products	Quantity Sold (MT)- app.
PIPES	
- Large Dia Pipes	
- L Saw	46,000
- H Saw	40,000
- Ductile Iron Pipes	73,700
- Pig Iron	12,000
- Seamless Tubes	33,300
Total sale of Pipes & Pig Iron	205,000
IRON ORE Etc	
- Pellets	290,000
Total	**495,000**

Geographical Break up

- Sale in India - 73 %
- Sale outside India - 27 %

During 2nd quarter ended 30th Sep 2014, company produced (i) Pipes & pig Iron of app. 2,30,00 MT and (ii) Pellets - app. 308,000 MT

Operational performance:

Second quarter ended 30th Sep 2014 witnessed improved production and sales levels. The Company expects further improvements in subsequent quarters though the same may be gradual. Company is also working on various measures to further improve productivity, efficiency and profitability.

During 2st Quarter ended 30th Sep 2014:

Saw Pipe Strategic Business Unit: Company has maintained good orders book for L Saw and H Saw which currently stands at app. 5.50 lac MT. Company produced app. 100,000 MT of L Saw & H Saw Pipes which corresponds to the planned production and delivery schedules. The operations are expected to ramp up further in line with the orders in hand.

DI and Pig Iron Strategic Business Unit: Operations have ramped up in this Quarter where company produced app. 85,000 MT DI Pipe and 12,000 MT of pig iron. The order book in Ductile Iron segment remained stronger at app. 4 lac MT.

Seamless Strategic Business Unit: The demand of seamless pipes & tubes is stabilizing. We expect the situation to improve gradually. The production of seamless pipes in this quarter was app. 34,000 MT which is stable. The Company is working on various options for value added products. Recently government of India has announced safe guard duty on import of seamless pipes from China which should improve realization however Company is subject to anti-dumping duty for selling OCTG pipes in USA.

Iron Ore Mines and Pellet Strategic Business Unit: Operations in Pellet plant have stabilized and Company produced app. 308,000 MT of Pellets in Q2 which is 100% of the capacity.

Order Book Position

- The current order book is app. USD One billion, the break up is as under:
  - Large Diameter Pipes – US$ 655 Mio
  - Ductile Iron Pipes – US$ 330 Mio
  - Seamless Pipes – US$ 15 Mio

  The orders for Large Diameter Pipes are slated to be executed by June 2015 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 45%. The major exports orders are from Middle East, Gulf region and South East Asia and Far East.

  The Order book of Ductile Iron Pipes is only for Indian Facilities. Order book of UAE facilities is in addition to the above order book of USD 330 Mio.

Financing and Liquidity

As at 30th Sep 2014, net debt in the Company (standalone) was app. Rs 38,000 mio (app. USD 620 mio.) including ECB/ long term loans and fund based working capital and other unsecured loans. The loan includes app. Rs 8,360 Mio (app. USD 137 Mio) on account of buyers' credit. Working capital utilization may increase marginally due to increase in operations.

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. We are now in the process of improvising the productivity of the various facilities, debottlenecking and introducing value added products especially in Seamless segment. Capacity of Beneficiation is being enhanced 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.

Acquisition of H Saw Facility in USA

On 29th Aug 2014, the Company through its offshore subsidiary namely Jindal Tubular USA LLC has acquired substantially all of the assets of PSL North America LLC at a value of app. USD 105 Million. This acquisition has been undertaken by virtue of an order passed by the United States Bankruptcy Court for the District of Delaware on August 15, 2014. This is a H Saw facility capable to produce hydrocarbon and water pipes. The Company has started taking all steps to revive the facility including providing full managerial and operational support. Jindal Tubular has also started participating in various business opportunities in USA and hopeful to secure some business in next few months.

Issue of shares to Promoters on Preferential basis

The Board of Directors of Jindal Saw Limited in a meeting held on 10th October 2014 approved issuance of 43.53 million Compulsorily Convertible Debentures (CCD) on preferential basis to one of the promoter's group company. This is subject to the approval of shareholders. Each CCD shall be converted into one equity share of the face value of Rs 2/- of the Company at a minimum price of Rs 81.10 (Including a premium of Rs 79.10) per equity share or such other higher price as may be arrived at in accordance with the SEBI ICDR regulations ("Issue price").

The induction of capital will facilitate the built up of long term capital of the company which shall be helpful for supporting various business requirements.

Company Overview

The Company is India's most diversified manufacturer and supplier of pipe products for the energy, water sector and other industrial applications. Our customers include most of the world's leading oil and gas companies, municipal corporations as well as engineering companies engaged in constructing oil and gas gathering, water transportation system, power and automobiles facilities. Our principal products include (a) large diameter SAW pipes (Longitudinal Submerged Arc Welded (LSAW) and Helically Submerged Arc Welded (Spiral/ HSAW), (b) Seamless Tubes, and (c) Ductile Iron (DI) pipes. Our manufacturing facilities are located in various parts in western, northern and southern part of India. Our Indian production facilities produce pipes to meet global specifications and standards. We are one of the largest global producers of Ductile Iron pipes with manufacturing facilities in India, UAE and Europe.

The company has developed iron ore mine complex at Bhilwara (Rajasthan) with fully integrated facilities for ore extraction, beneficiation and Pellet production, at the mine head. Iron Ore Pellets are currently in demand for manufacture of Sponge Iron and other products. The Pellet plant is running at 100% capacity.

OUTLOOK

The Company's product portfolio includes LSAW and HSAW pipes, Seamless tubes and pipes, DI pipes of various grades and dimensions and Pellets. We are experiencing gradual improvement in demand and its major drivers. We still expect improvement in demand drivers in medium to long term. Due to oversupplied market conditions more specifically, there exist pressures on realization and profitability. Last few months witnessed correction in global prices of iron ore, coal and other products which may have an impact on sale prices of Pellet and other products. Despite the prevailing conditions, potential opportunities are expected primarily from the implementation of new pipeline projects in the upcoming years, resurgent growth of the US economy, and increased demand from natural gas exploration operations.

Specific and renewed focus of Government of India on the Infrastructure including Hydrocarbon pipeline as well as urbanization would accelerate the demand of our products in near future. We expect that India would also need more pipelines for Oil& Gas, Water and industrial applications.

Due to improvement in the overall scenario, we expect that the Pellet demand would also improve in the country including west region.

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.