Highlights of Unaudited financial and operational performance (stand alone) for the 1st Quarter ended 30th June 2013

6th August 2013

Particulars	Q1 FY-13-14	Q4 FY12-13	Q1 FY-12-13	FY 12-13
	(Unaudited)	(Unaudited)	(Un-Audited)	(Audited)
	Rs in Mio	Rs in Mio	Rs in Mio	Rs in Mio
	June 30, 2013	Mar 31, 2013	June 30, 2012	Mar 31, 2013
Net Turnover	**12,067**	**9,790**	**12,901**	**56,129**
Other Operating Income	3	10	3	38
Other Income (*)	188	190	184	824
Total Expenditure:				
(Increase)/Decrease in Stock in trade and WIP	288	(570)	(1,915)	2,308
Consumption of Raw Material and Purchase of traded goods	7,594	6,822	10,352	35,981
Total Raw Material Cost	**7,882**	**6,252**	**8,437**	**38,289**
Staff Cost	680	634	619	2,522
Other Expenditure	2,084	1,885	2,246	9,328
EBITDA	**1,612**	**1,219**	**1,786**	**6,852**
Financial Charges	430	383	323	1,501
Depreciation	454	360	387	1,550
Exceptional Items - Significant changes in Rupee against USD (Net)	521	8	567	1,142
PBT	**207**	**468**	**509**	**2,659**
Provision for Tax	55	97	157	725
PAT	**152**	**371**	**352**	**1,934**
Blended EBITDA- Rs/ MT	**7,001**	**6,987**	**9,464**	**7,790**
RATIOS				
EBITDA to Net Sales	13.36%	12.45%	13.84%	12.21%
RM to Net Sales	65.32%	63.86%	65.39%	68.22%
Finance cost to Net Sales	3.56%	3.91%	2.50%	2.67%
PBT to Net Sales	1.72%	4.78%	3.95%	4.74%
PAT to Net Sales	1.26%	3.79%	2.73%	3.45%
EPS- Fully Diluted (FV- Rs2/-)	0.55	1.34	1.27	6.98
EPS- Basic (FV- Rs2/-)	0.55	1.34	1.27	6.98

Notes:

a) Blended EBITDA, for the 1st quarter ended 30th June 2013 is app. Rs 7001 PMT of total pipes sold (206,000 MT and Pellet sale of app. 24200 MT) whereas the EBITDA for the full accounting year 2012-13 was Rs 7,790 PMT which pertains to pipe sale only. For the quarter ended 31st March 2013, the same was Rs 6,987 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 1st Quarter ended 30th June 2013 is given hereunder:

Products	**Quantity Sold (MT)- app.**
PIPES	
- Large Dia Pipes	
- L Saw	67,500
- H Saw	26,300
- Ductile Iron Pipes	57,800
- Pig Iron	28,400
- Seamless Tubes	26,000
IRON ORE Etc	
- Pellets	24,200
Total	**2,30,200**

Geographical Break up

- Sale in India - 48 %
- Sale outside India - 52 %

During 1st quarter ended 30th June 2013, the company produced (i) Pipes of app. 2,04,000 MT (ii) Iron Ore Concentrate - App. 90,000 and (iii) Pellets - app. 37000 MT

Operational performance:

During 1st Quarter ended 30th June 2013:

Saw Pipe Strategic Business Unit: Company exported app. 82% of L Saw Pipes and 38% of H Saw pipes. Company expects to improve the production and deliveries of these pipes in next few quarters. Total production of large diameter pipes was app, 85000 MT.

DI and Pig Iron Strategic Business Unit: Company produced app. 97,000 MT of DI pipes and Pig Iron. The production and sales of DI pipes will ramp up gradually. DI exports in this quarter was app. 11%.

Seamless Strategic Business Unit: The demand of seamless pipes & tubes remained under pressure which is also reflected in the production and sales of seamless pipes. We expect the situation to improve gradually. The production of seamless pipes in 1st quarter was app. 22000 MT and exports sales was app. 52%.

Iron Ore Mines and Pellet Strategic Business Unit: During 1st Quarter, Company produced 90000 MT of iron ore concentrate and app. 37000 MT of Pellets. Company will ramp up the production of Pellets on gradual basis. Part of the concentrate was also use for internal consumption in DI/Pig Iron SBU.

The market conditions in pipe and pellet segment remained challenging and expected to remain so in next few quarters albeit there are sign of improvements in all pipe segments. In case of Pellet, Company would ramp up the operations in coming months.

Order Book Position

- The current order book is app. 550 million, the break up is as under:
    - Large Diameter Pipes – US$ 280 Mio
    - Ductile Iron Pipes – US$ 245 Mio
    - Seamless Pipes – US$ 25 Mio

  The orders for Large Diameter Pipes are slated to be executed by March 2014 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 25%. The major exports orders are from Middle East, Gulf region and South East Asia and Far East.

Financing and Liquidity

a) As at 30th June 2013, net debt in the Company (standalone) was app. Rs 35,280 mio (app. USD 588 mio.) including ECB/ long term loans and fund based working capital and other unsecured loans. The loan includes app. Rs 9780 Mio (app. USD 165 Mio) on account of buyers' credit. The loans are higher as compared to previous quarter due to (i) rupee depreciation and (ii) Capital expenditures and some increase in working capital.

b) To meet the funds requirements for capital expenditures etc, the Company intends to raise additional long term funds.

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

a) **Small Dia DI Pipe Plant:** Ductile Iron Plant (small dia DI pipe plant) with blast furnace capacity of app. 200,000 MTPA was put to commercial operation in the quarter ended 31st March 2013. Production has started and the capacity is being gradually ramped up as the production process gets stabilized. The Coke Oven facility and the incremental captive power generation facility related to the Ductile Iron Plant is being commissioned. These facilities are expected to stabilize in the coming months.

b) **Greenfield Ductile Iron pipe facility in United Arab Emirates:** The Greenfield Ductile Iron Pipe facility in UAE commenced production in March 2013. With the consulted efforts its product has been approved in four countries in the region and the efforts to get pre approval in other countries are on way. At present the unit has approximately 50,000 MT of orders and unit expects to ramp up capacity production in the coming months.

c) **Iron Ore Concentrate and Pellets:** The Pellet plant in Bhilwara has stabilized its production and the products are being well accepted in the market. Our products have some strategic advantage especially in the state of Gujarat and we expect to ramp up capacity utilization in the coming months.

d) **Additional Projects/ new capital expenditures**: To meet the requirements of the Lease agreement as well as for maximum utilization of iron ore concentrate, Company plans to add a Sponge iron and Steel Ingot plant with capacity of app. 2,50,000 in Rajasthan at a app. project cost of Rs 250 Crores. These plants should be in place by Dec 2014.

Company Overview

The Company is India’s most diversified manufacturer and supplier of pipe products for the energy, water industry 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 sell appox.50% of our products in global markets. We are one of the largest global producers of Ductile Iron pipes with manufacturing facilities in India, UAE and Europe.

The company has secured Iron Ore Mines in Rajasthan on a 30 year lease and has set up facilities at the mine head for preparation of Iron Ore concentrate and production of Iron Ore pellets. Iron Ore Pellets are currently in demand for manufacture of Spone Iron and other products. The company expects to set up facilities to produce Steel Ingot and Sponge Iron as a forward integration and further value addition. The new facilities are expected to go into production end 2014.

OUTLOOK

The Company's product portfolio includes LSAW and HSAW pipes, Seamless tubes and pipes, DI pipes of various grades and dimensions and Pellets. Even though there is gradual improvement in demand and the trend in medium to long term looks better but the current demand scenario is still weak. Due to oversupplied market conditions, there exist pressures on realization and profitability. 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. Also, overcapacity conditions are expected to fade away in the coming years, as several megaprojects are set to be taken up across the world, particularly in regions such as Southeast Asia, Australia, Middle East, Africa, and West Asia.

In the short to medium terms, the price volatility and availability of major raw materials, higher petroleum prices, sharp fluctuations of currencies more particularly significant weakness in Indian Rupee against US Dollar, increasing financing costs etc. are likely to remain major issues. In additional to this, the global economic turmoil is likely to affect the sector and thus we anticipate that this trend of weakness may continue for some more time.

We expect that the Company will start getting the benefits of the investments made/ to be made in various projects including Iron Ore and Pallet plant which would add to the turnover and profitability of the company in the time to come.

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.