

## JINDAL SAW ANNOUNCES Q1 FY21 RESULTS

**Demonstrates consistent performance despite impact due to CoVID-19 pandemic**

**New Delhi, Aug 04, 2020:**

Jindal Saw Limited, a leading global manufacturer and supplier of Iron & steel pipe products & accessories and pellets with manufacturing facilities in India, USA and UAE (MENA), today announced its financial results for the quarter ended June 30, 2020.

**THE FINANCIAL HIGHLIGHTS (STANDALONE) ARE AS FOLLOWS:**

Particulars (Standalone financials)	Q1 FY21	Q1 FY20	Growt	Q4 20	FY20
	(Rs in Million)	(Rs in Million)	h ~(%)	(Rs in Million)	(Rs in Million)
	Unaudit ed	Unaudit ed	Y-O-Y	Audited	Audited
<b>Total Income (#)</b>	<b>14,056</b>	<b>26,289</b>	<b>(-)46%</b>	<b>25,511</b>	<b>103,274</b>
<b>Total Expenditure:</b>					
<b>Total Raw Material Cost (@)</b>	<b>7,770</b>	<b>16,274</b>		<b>15,267</b>	<b>62,766</b>
Staff Cost	1,647	1,588		1,718	6,563
Other Expenses (#)	2,533	4,396		4,785	18,421
<b>EBITDA</b>	<b>2,106</b>	<b>4,031</b>	<b>(-)48%</b>	<b>3,741</b>	<b>15,524</b>
Financial Costs (#)	1,134	1,179		1,382	5,156
Depreciation	822	688		957	3,104
Profit before extra-ord. items, discontinued ops. and Tax	<b>150</b>	<b>2,164</b>		<b>1,402</b>	<b>7,264</b>
Exceptional Items – (Exp.)/income	-	-		468	1,348
Profit before Tax (PBT)	<b>150</b>	<b>2,164</b>		<b>934</b>	<b>5,916</b>
Provision for Tax	50	708		676	(29)
<b>PAT</b>	<b>100</b>	<b>1,456</b>	<b>(-)93%</b>	<b>258</b>	<b>5,945</b>
<b>RATIOS</b>					
EBITDA to total income	14.98%	15.33%		14.66%	15.03%
PBT to total income	1.07%	8.23%		3.66%	5.73%
PAT to total income	0.71%	5.54%		1.01%	5.76%

**Notes:**

(#) Total Income, Other Expenses and Finance Costs are net of the impact of foreign exchange fluctuations. The Company follows a policy and strategy of natural hedging of foreign exchange exposures.

(@) Total Raw Material Cost includes goods traded in for Rs 6 Mio for Q1 2021 and Rs 1,751Mio. for Q1 2020.

## OPERATIONAL & FINANCIAL HIGHLIGHTS

After the World Health Organization declared COVID-19 as a pandemic, the Indian government imposed several restrictions and subsequently announced a nationwide lockdown on March 24, 2020. For the manufacturing facilities, the lockdown was lifted from May 3, 2020. Manufacturing facilities were allowed to start operations from May 5, 2020 subject to taking necessary approvals from the concerned authorities.

The Company initiated necessary steps for gradual opening of lockdown and necessary steps were taken for compliances of guidelines of Central Government and various State Governments with regards to operations and safety of people. The Company also released communication to all its customers regarding safety and health standards maintained at its all work locations and offices. The business of the Company is significantly linked to a very efficient supply chain management that got impacted during the above lockdown period. The operations and financials of the Company for the first quarter ended 30th June 2020 reflect the adverse impact of the once of a kind lockdown and are therefore not indicative of the building business momentum prior to the pandemic.

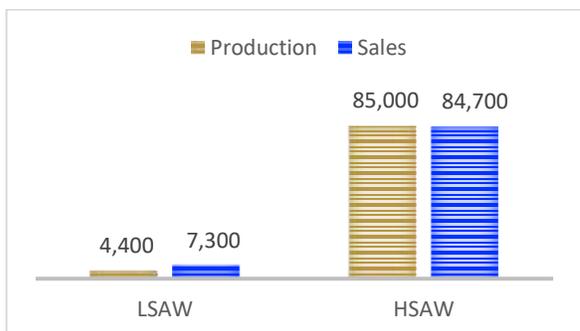
The quantitative Sales break up for the Quarter ended 30th June 2020 are given hereunder:

Products	Q1 21 (~) MT	Q1 20 (~) MT
PIPES		
- Large Diameter Saw Pipes		
- L Saw	7,310	86,140
- H Saw	82,464	51,035
- L Saw (job Work)	-	-
- H Saw (job Work)	2258	-
- Ductile Iron Pipes	69,852	1,11,701
- Pig Iron	637	146
- Seamless Tubes	24,979	40,611
- Stainless Steel	1,497	-
<b>Total – Pipes &amp; Pig Iron</b>	<b>1,88,997</b>	<b>2,89,633</b>
- Pellets	<b>2,05,909</b>	<b>3,51,722</b>

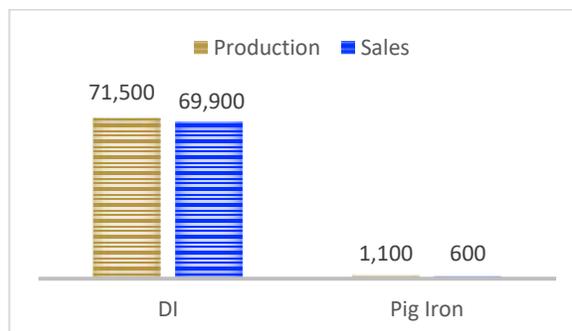
## ANALYSIS OF Q1 FY 2021

**Production and Sales Tonnage (MT) break up for the quarter ended 30th June, 2020.**

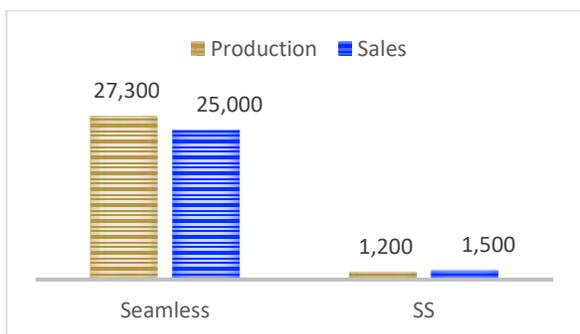
### Large Diameter SAW Pipes



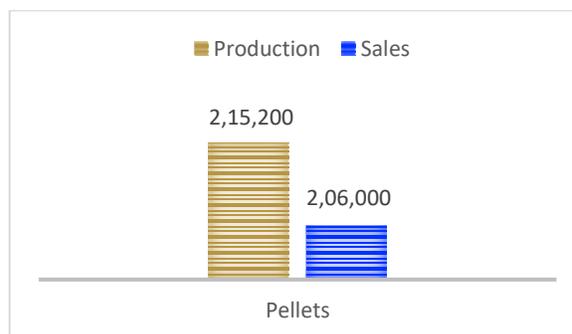
### Ductile Iron Pipes and Pig Iron



### Seamless Tubes & Pipes



### Pellets



## OPERATIONAL PERFORMANCE: OVERALL PRODUCTIVITY

### A. During the quarter ended 30th June, 2020, Company produced:

- Pipes & pig Iron of ~ 1,90,500 MT and
- Pellets - ~ 2,15,200 MT

Pipes production in Q1 FY2021 was (~1,90,500 MT) as compared to Q1 FY2020 (~2,77,000 MT). The same was in line with production and delivery schedule. Production was lower, as compared with Q1 FY2020, due to the nationwide lockdown on account of COVID-19 that impeded the free movement of men and material.

Pellet production has decreased in Q1 FY2021 (~2,15,200 MT) as against Q1 FY2020 (~3,90,000 MT). The production was lower due to voluntary shut down during the Q1 as well as the mandated nationwide lockdown on account of COVID-19.

## IRON & STEEL PIPE SEGMENT PERFORMANCE – Q1 FY2020:

**Saw Pipe Strategic Business Unit:** During Q1 FY2021, Company produced ~ 0.89 lac MT pipes as compared to ~1.22 Lac MT of Pipes (including pipes for job work) in Q1 FY2020 which corresponds to the planned production and delivery schedules.

The current order book stands at ~5.08 lac MT. The order book comprises of ~2.33 lac MT of H Saw and balance ~2.75 lac for L Saw (H Saw orders are largely from the domestic water sector).

Geopolitical situation and COVID-19 have created imbalances and uncertainties. However, despite the COVID impact, company was able to receive orders in Oil and Gas Segment and maintained the order book almost at level of last quarter underlining the robustness of the model, quality of the offerings and deep understanding of the customer dynamics. Apart from this, based on the ongoing enquires in domestic and export markets for oil & gas sector and further increased focus of the government on the water sector, we expect to receive additional orders in the next few quarters.

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**DI Pipes and Pig Iron Strategic Business Unit: Subject to COVID 19 lockdown period,** operations were in line with the planned production in this Quarter, where company has produced more than 0.72 lac MT DI Pipe as compared to ~1.15 lac MT in Q1 of FY 2020.

Current order book stands at ~ 5.11 lac MT of DI pipes which gives visibility for more than one year.

Company had booked large orders in water segment during the June quarter which gives good visibility for this business. Company has orders of ~ 5.11 lac MT. Further, we expect the increased focus of the central and state governments on the water sector shall give additional boost to the business. Company continues to explore asset light approaches to increase the presence & production in this segment.

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**Seamless Pipes Strategic Business Unit:** On account of downward trend in the oil & gas sector and the industry in general, the performance of Seamless pipes segment was subdued where we produced ~27,300 MT pipes in Q1 FY2021 as compared to ~40,000 MT pipes in Q1 FY2020. The current order book in this segment is ~ 37,600 MT and is expected to build up well in line with visibility of higher utilization in respective end user industries.

We are one of the unique companies which has wide range of products in stainless and carbon steel with facilities for seamless and welded segments. More importantly, our products offer import substitution. We are serving almost all industries including oil & gas, pulp & paper, food, pharmaceuticals, water and sanitation, petrochemical, boiler and heat exchangers as well as general engineering.

This gives the Company unscalable unique advantage in market space.

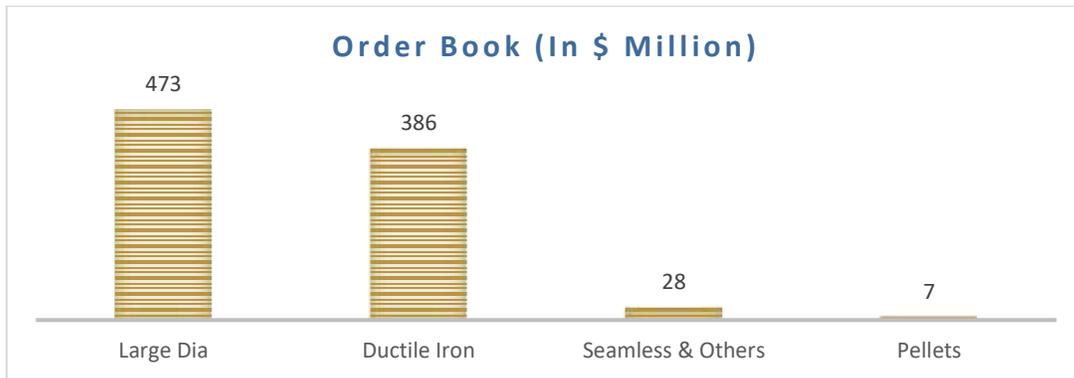
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**Iron Ore Mines and Pellet Strategic Business Unit:** The Company produced ~ 215,200 MT in Q1 FY21 as against ~ 390,000 MT in Q1 FY20. The production was lower due to planned maintenance shutdown during Q1 as well as nationwide lockdown in this period on account of COVID-19.

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## Order Book Position

- The current order book for pipes and pellets is app. US\$ 894 million, the break-up is as under:



*Despite the COVID 19 challenges, Company has booked new orders of ~ USD 180 Mio (app. Rs 14000 million) during the June Quarter where orders have been booked in all segments including Oil, Gas and Water (both domestic as well as overseas). This is testament to its experience profile in key customer segments, world-class execution standards/ ethics and balance sheet flexibility to undertake production and deliveries during these extenuating circumstances.*

With volume of ~ 1.10 Million MT (Pipes & Pellets), Order Book has a visibility of next 9-12 months. The orders for Large Diameter Pipes are expected to be executed in next 9-12 months and in case of Ductile Iron Pipes the same are slated to be executed over next 12-15 months or more. The Company is working on new business opportunities and expected to get additional orders in phases. Total current order book includes export of ~ 35%. Jindal SAW continues to benefit from a higher share of orders from private players and EPC contractors in its orders mix. Moreover, the end user industries spread is also well-balanced across core industries with distinct drivers in the domestic and export markets, thereby remaining assured of sustained flow of business.

## Financing and Liquidity

As at 30th June 2020, net institutional debt of the Company (at standalone level) was Rs. 38,538 Million (Rs. 35,500 Million at 31st March, 2020) including long term loans and fund based working capital. This includes Net working capital borrowings (short term) of Rs. 21,311 Million at 30th June, 2020 (Rs. 19,216 Million at 31st March, 2020) and Long-term Rupee Loans / Rupee NCDs of Rs. 17,228 Million at 30th June, 2020 (Rs. 16,284 Million at 31st March, 2020).

**Company has not opted for 2nd moratorium for repayment of instalment and interest on term loans and interest on working capital facilities.**

### **Update on Debt Position**

Particulars (Rs. In Million)	As on June 30, 2020	As on March 31, 2020
Standalone Debt	38,538	35,500
Consolidated Debt	46,422	44,150
<b>Break up of consolidated debt:</b>		
Long Term Debt	22,760	22,592
Short Term/ Working Capital Debt	23,662	21,558

## KEY DEVELOPMENTS IN Q4 FY20

- None of the operational facilities found any COVID cases. All facilities started smooth functioning after due approvals from competent authorities and are operating at near to normal.
- Company has not availed the 2nd moratorium from the financial institutions.
- Company to continue new order bookings in Oil & Gas as well as water segment during the June quarter and has booked orders ~ Rs. 1,400 Cr.
- UAE operations are ramping up. Current order book is more than 2,00,000 MT with confirmed LCs of ~ USD 90 Mio. UAE operations are cash positive.
- Jindal ITF Ltd. v/s NTPC case proceedings are going on in Hon'ble High Court of Delhi.

### Initiatives undertaken against the spread of COVID-19

- All recommended precautions undertaken which includes sanitization and hygiene, temperature checks, maximizing video-conferencing and minimizing contact, closing employee travel, health and social distancing advisories to employees and following all government directions on the subject
- Promulgated BCP which includes working from home using technologies for connectivity and communication
- Setting up the quarantine centres across all plants and corporate office with adequate medical support.

### Status of New Projects / Capital Expenditures

- Regular CAPEX expenses are being carried out for increase in production / productivity, enhancement of the product range, quality and profitability

### Update on Jindal ITF Arbitration

- Jindal ITF won an arbitral award allowing various claims to the tune of ~Rs. 18,910 million plus interest and applicable taxes
- Till date, Jindal ITF Limited has received ~Rs. 8,560 Million against bank guarantees
- The Company expects favorable outcome which would cover all the investments, loans and advances given to Jindal ITF Limited.

### External Credit Ratings

- CARE Ratings has assigned and reaffirmed :
  - CARE A1+ (A OnePlus) for Short term debt facilities including commercial papers.
  - CARE AA with 'Stable Outlook' for Long term debt facilities

## OUTLOOK:

### Global Scenario (Oil & Gas):

- The global oil and gas industry has been hit hard by the fall in oil and gas prices, demand destruction and a weak global economic outlook, primarily due to the Covid-19 pandemic.
- The oil and gas pipelines segment is no exception, with several major upcoming pipeline projects in the US stalled due to adverse market conditions
- Demand for oil is improving, slowly, but improving after lockdowns started being lifted in Asia, Europe, and North America. China's oil demand, notably, has recovered to 90 percent of pre-Covid levels, and U.S. demand is also on the rise, judging by rising refinery runs as reported by the Energy Information Administration.
- The Global Oil and Gas Engineering, Procurement and Construction (EPC) market accounted for \$41.71 billion in 2018 and is expected to reach \$76.68 billion by 2027 growing at a CAGR of 7.0%.
- The total length of global oil and gas trunk pipelines is expected to increase from 1.89 million km in 2020 to 2.03 million km by 2024, registering a total growth of 7.2 percent. North America will lead the total pipeline length with 849,922 km.
- The Company has received new order in oil & gas segment including from export market.



### Indian Scenario

- In India, demand for steel pipes is expected to rise further from several oil and gas pipeline projects and water distribution projects which have been announced and lined up for implementation.
- India has laid down plans for expansion of national natural gas pipeline network to 27,000 km from the present 16,200 km
- Demand for clean water, rapid industrialization, Government policies and increasing population will remain the key driver for water demand. The Planning Commission, in its 12th Five Year Plan, for the period ending in 2018, has said that an investment of \$26.5 billion is required to provide safe water to all Indians.
- Government of India's initiatives like "Make in India" and Atmanirbhar (Self-reliant) Bharat will help improving the domestic manufacturing and reducing the imports. This will also help the pipe manufacturing sector to get major share of the domestic market.
- The Company has received new order in oil & gas segment including from export market.

### Jindal Saw Growth Strategy:

As a growth strategy, the Company is making conscious efforts to move towards adding more value-added products, penetration in more markets and increase in production and productivity.

**-ENDS-**

## ABOUT JINDAL SAW LTD.

Jindal Saw (NSE – JINDALSAW, BSE - 500378) is a leading global manufacturer and supplier of Iron & steel pipe products and accessories with manufacturing facilities in India, USA and UAE (MENA). Their customers include world's leading oil and gas companies, water bodies as well as engineering companies engaged in constructing oil and gas gathering, transportation, power generation and other industrial applications.

The Company has a unique business model which in itself is diversified in terms of location, markets, products, industry and customers. This business model itself hedges various risks and allows the Company to operate and perform in most difficult economic and geopolitical scenarios. It is one of the largest exporters of Steel pipes out of India. Their business operations are highly structured with five strategic business divisions including SAW Pipes, DI Pipes & Fittings, Seamless and Stainless-Steel Pipes and Tubes and Mining & Pellets.

Jindal Saw had interests in various businesses including infrastructure business along with the core business of pipe through subsidiaries in India and overseas. In late 2014, the Company decided to remain in core business of Pipe and Pellets manufacturing and after the implementation of scheme of re-arrangement through a court approved process, they had demerged majority of non-core businesses.

For more information, please visit <http://www.jindalsaw.com> OR contact:

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## **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.*