

**Highlights of Unaudited financial and operational performance (stand alone) for the  
1<sup>st</sup> quarter ended June 2011**

**August 12, 2011**

<b>Particulars</b>	<b>Q1 FY-11-12 (Unaudited) Rs/ Mio</b>	<b>Q1 FY10-11 (Unaudited) Rs/ Mio</b>	<b>FY 2010-11 (Audited) Rs/ Mio</b>
<b>Quarter ended as at</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>	<b>Mar 31, 2011</b>
Gross Turnover	11,885	11,668	43,453
Less: Excise Duty	554	318	1,573
<b>Net Turnover</b>	<b>11,331</b>	<b>11,350</b>	<b>41,880</b>
<b>Other Operating Income</b>	<b>14</b>	<b>43</b>	<b>199</b>
<b>Total Expenditure:</b>			
(Increase)/Decrease in Stock in trade and WIP	(3,995)	1,473	(136)
Consumption of Raw Material and Purchase of traded goods	11,098	5,237	25,004
<b>Total Raw Material Cost</b>	<b>7,103</b>	<b>6,710</b>	<b>24,868</b>
Staff Cost	560	423	2,050
Other Expenditure	1912	1,700	6,713
<b>EBITDA</b>	<b>1,770</b>	<b>2,560</b>	<b>8,448</b>
Other Income	25	57	165
Financial Charges	256	276	1,191
Depreciation	354	337	1367
<b>PBT</b>	<b>1,185</b>	<b>2,004</b>	<b>6,055</b>
Provision for Tax	357	493	1,414
<b>PAT</b>	<b>828</b>	<b>1,511</b>	<b>4,641</b>
<b>Blended EBITDA- Rs/ MT</b>	<b>9,577</b>	<b>12,367</b>	<b>11,653</b>
<b>RATIOS</b>			
EBITDA to Net Sales	15.62%	22.18%	20.17%
RM to Net Sales	62.69%	59.12%	59.38%
Finance cost to Net Sales	2.26%	2.43%	2.84%
PBT to Net Sales	10.46%	17.66%	14.46%
PAT to Net Sales	7.31%	13.31%	11.08%
EPS- Fully Diluted (FV- Rs2/-)	3.00	5.40	16.57
EPS- Basic (FV- Rs2/-)	3.00	5.15	16.00

**Notes:**

- a) Blended EBITDA, for the first quarter ended 30<sup>th</sup> June 2011 is app. Rs 9577 PMT of total pipes sold whereas the EBITDA for the quarter ended March 31, 2011 was app. Rs 8212 PMT of pipes sold.

**OPERATIONAL & FINANCIAL HIGHLIGHTS**

For the 1<sup>st</sup> Quarter ended June 2011, the sales break up was as under:

<b>Products</b>	<b>Quantity Sold (MT)- app.</b>	<b>Value (Rs/ Mio)</b>	<b>%</b>
<b>Indian Operations</b>			
- Large Dia Pipes			
- L Saw	77,800	5,410	48%
- H Saw	14,500	653	6%
- Ductile Iron Pipes + Pig Iron	55,800	2,510	22%
- Seamless Tubes	36,700	2,758	24%
<b>Total</b>	<b>184,800</b>	<b>11,331</b>	<b>100%</b>

**Geographical Break up**

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

During the quarter the production was higher than sales. The stock in this quarter has increased by Rs 3,995 million as some of the bare pipes were to be converted to coated pipes and some of dispatches remains in circulation which shall be reflected as sold pipes in subsequent quarter.

**Order Book Position**

- As at April, 2011, the order book is app. 800 million, the break up is as under:
  - Large Diameter Pipes – US\$ 565 Mio
  - Ductile Iron Pipes – US\$ 170 Mio
  - Seamless Pipes – US\$ 65 Mio
- The above orders are slated to be executed by end of March 2012. The company has participated in various bids and likely to get orders in phases. The current order book includes export orders of app. 65%. The major exports orders are from Middle East, Gulf region and South East Asia, China and Far East.

**Financing and Liquidity**

- a) As at June 30, 2011, net debt in the Company (standalone) was app. Rs 18000 mio (app. USD 400 mio) including ECB/ long term loans and fund based working capital and other unsecured loans. This also includes utilization of buyers' credit facilities (app. USD 215 million).
- b) In June 2011, Company has redeemed outstanding amount of FCCB. The same was financed by raising matching amount of Foreign Currency Loans (ECB) aggregating to USD 73.5 million. The loan shall be repaid in 6 years from July 2011.
- c) To meet the funds requirements for capital expenditures etc, the Company may raise long term funds.

**Foreign Exchange Transactions**

During this quarter, the Company has adopted principles of AS 30, “Financial Instruments: Recognition and Measurement” with regard to forward, Currency Swap and option contracts. Transitional effect of fair value of the outstanding contracts on the date of adopting AS 30 is adjusted against opening balance of General Reserve/ Profit and Loss account. Subsequent change in the fair value (loss/ gain) after transitional date shall be charged to Profit and loss account. Till 31st March, 2011, such gain/loss was being provided for in profit and loss account only on cash settlement.

**Status of Demerger of the Investment Undertaking of the Company**

The Scheme of Arrangement and Demerger proposing to demerge the Investment undertaking of the Company into wholly-owned Company namely Hexa Tradex Ltd (HTL). was filed with the Hon’ble High Court of Judicature at Allahabad. As per the Order dated 18th February, 2011, the separate meetings of equity shareholders, secured creditors and unsecured creditors of the Company were convened on 8th, 9th and 10th April, 2011 at the registered office of the Company. The Scheme of Arrangement and Demerger was approved by the shareholders, secured creditors and unsecured creditors and the reports were filed with the Hon’ble High Court by the respective chairmen. After such filing of reports the Company filed, inter-alia, a petition for confirming the Scheme of Arrangement and Demerger.

As per the said Scheme, with effect from the Appointed Date i.e. 1st January, 2011, the Investment Undertaking shall stand transferred to and vested in HTL on a going concern basis, pursuant to the provisions contained in Sections 391 to 394 and other applicable provisions of the Companies Act 1956. The Scheme is still pending before the Hon’ble High Court of Judicature at Allahabad, for confirmation and hence, the effect of the Scheme has not been given in the financial results for the year ended 31st March, 2011.

**STATUS OF NEW PROJECTS/ CAPITAL EXPENDITURES**

Following major initiatives are under implementation:

- a) Ductile Iron Plant with additional waste heat recovery based power project and coke oven plant. This expansion will provide additional 200,000 MTPA ductile pipe with wider range of sizes etc. The project, with a capital outlay of app. Rs 4000 million, is expected to commence operations in accounting year 2011-12.
- b) Greenfield Ductile Iron pipe facility in United Arab Emirates through a joint venture company with majority stake with Jindal Saw Limited. The plant shall have a capacity of 300,000 MTPA and the operations are expected to commence in accounting year 2011-12. The estimated cost outlay for this facility has been estimated at app. USD 60 million.
- c) Iron Ore Mines: Pursuant to the allocation of Iron ore mines in the State of Rajasthan, the company has already initiated requisite steps to roll out the project implementation including civil work, finalization of engineering details and installation of the plant and machinery. It is expected that the trails should commence and commercial production could begin in the FY 11-12.
- d) Drill pipe at USA: The plant has already commenced trial runs and the necessary approvals are awaited. Commercial operation is expected to commence shortly, upon receipt of approvals.



**Company's foray in European Market for Ductile Iron Pipes**

The Company intends to establish itself as a global player in Ductile Iron Pipe segment. In this direction, in August 2011, it has executed a Business Lease Agreement with Sertubi SPA, Italy to operate their Ductile Iron manufacturing plant in Trieste, Italy. The plant has a capacity to produce 100,000 MTPA of ductile iron pipes which is currently operating at 35-40%. It has approvals of majority of European countries for supply of DI pipes. Jindal Saw shall be allowed to use all approvals and brand for operations of the facility. The Agreement is initially valid for a period of 5 years and extendable for additional 5 years.

**Jindal ITF Limited**

Through its wholly owned subsidiary, Jindal ITF Limited, the company has ventured into businesses like water and waste water management, urban waste management, coastal and inland water transport and rail wagon manufacturing. Jindal ITF is the driving impetus behind development of sustainable infrastructure that matches global standards. Considering the extent of urbanization and expected growth in Indian economy, the management is focusing on urban utility services. Therefore to meet the targets Jindal ITF is working towards strengthening the team for market segments and territories. Jindal ITF bagged three major municipal solid waste processing projects in Punjab and has invested in the largest waste to energy facility in India at Okhla, New Delhi which is expected to commission in September 2011. Jindal ITF received Frost and Sullivan award for "Waste to Energy Deal of the Year" for Year 2010 in the Municipal Waste to Energy Segment in lieu of this project. Jindal ITF is eyeing similar opportunities in other parts of the country as well. The revenues have started flowing for Jindal ITF businesses and it is poised for exponential growth.

**OUTLOOK**

The Company's product portfolio includes LSAW and HSAW pipes, hot milled and cold milled carbon steel, alloy steel and stainless steel seamless tubes and pipes and DI pipes of various grades and dimensions. Even though the demand for these products is expected to improve gradually but the currently the demand is witnessing a weaker trend. The price volatility and availability of major raw materials, higher petroleum prices and increasing financing costs are likely to remain major issues in short to medium term. As a result, we expect some pressure on revenue and profitability in the short to medium term.

We expect that increase in coking coal prices will specifically affect the profitability of Ductile Iron pipe segment in the short term. To counter the impact of these issues, the Company is working hard towards cost control, improvement in operational efficiency, effective utilization of resources and on the top of that giving high priority to the implementation of the Iron ore segment.

***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.*