

JINDAL SAW ANNOUNCES Q4 & FY24 RESULTS

Concludes FY 24 on a strong note; Demonstrated order execution capability coupled with all time high operational and financial performance.

New Delhi, 7th May 2024:

Jindal Saw Limited, a leading global manufacturer and supplier of Iron & steel pipe products, pipe-accessories and pellets, with manufacturing facilities in India, USA and Abu Dhabi (United Arab Emirates), today announced its financial results for the Q4 FY 24 and full year ended 31st March 2024.

FINANCIAL HIGHLIGHTS (STANDALONE) ARE AS FOLLOWS:

Particulars (Standalone financials)	Q4 FY24	Q4 FY23	Growth ~(%)	FY24	FY23	Growth ~(%)
	(Rs in Million)	(Rs in Million)		(Rs in Million)	(Rs in Million)	
	Unaudited	Unaudited	Y-o-Y	Audited	Audited	Y-o-Y
Total Income (#)	50,061	46,768*	7.0%	1,82,330	1,57,044*	16.1%
Total Expenditure:						
Total Raw Material Cost	29,759	29,136		1,07,141	98,213	
Staff Cost	2,813	2,595		11,195	8,775	
Other Expenses (#)	7,763	8,303		31,732	31,787	
EBITDA	9,725	6,734	44.4%	32,261	18,269	76.6%
Financial Costs (#)	1,427	1,353		5,858	5,343	
Depreciation	1,195	944		4,520	3,547	
Profit before Tax (PBT with exceptional items)	7,103	4,438		21,883	9,380	
Exceptional Items	-	-		-	-	
Profit before Tax (PBT after exceptional items)	7,103	4,438		21,883	9,380	
Provision for Tax	1,813	865		5,742	2,231	
PAT	5,291	3,573	48.1%	16,141	7,148	125.8%
RATIOS						
EBITDA to total income	19.43%	14.40%		17.69%	11.63%	
PBT to total income	14.19%	9.49%		12.00%	5.97%	
PAT to total income	10.57%	7.64%		8.85%	4.55%	

Notes:

Note on merger: The Hon'ble National Company Law Tribunal (NCLT), vide its order dated March 21, 2024, has approved the Composite Scheme of Amalgamation ("the Scheme") of Jindal Quality Tubular Limited ("JQTL"), Jindal Tubular (India) Limited ("JTIL") and Jindal Fittings Limited ("JFL") with the Company, the appointed date being April 01, 2022.

Consequently, the corresponding figures for the previous year have been restated based on the audited financial statements of the Company and JQTL, JTIL and JFL to give effect of the merger in these financial statements in accordance with the Scheme and also IND AS 103, Business Combination and other

applicable accounting standards.

(#) 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.

(*) The Company had previously invested Rs. 2,010 Mio in redeemable preference shares of Jindal ITF Limited (its subsidiary). On due date, the terms of the preference shares have been modified resulting into recognition of Rs 844 Mio as other income for the Q4-FY23 and total Rs 1,978 Mio for FY 2023. Respective values are included in Total Income.

JINDAL SAW: CONSOLIDATED FINANCIALS

Particulars (Consolidated financials)	Q4 FY24	Q4 FY23	Growth ~(%)	FY24	FY23	Growth ~(%)
	(Rs in Million)	(Rs in Million)		(Rs in Million)	(Rs in Million)	
	Unaudited	Unaudited	Y-o-Y	Audited	Audited	Y-o-Y
Total Income	54,937	52,671	4.3%	2,11,259	1,80,610	17.0%
EBITDA	9,888	6,789	45.7%	34,892	18,573	87.9%
Financial Costs	1,744	1,615		7,047	6,420	
Depreciation	1,486	1,255		5,680	4,703	
Profit before Tax (PBT)	6,658	3,919		22,165	7,450	
Exceptional Items	-	-		-	250	
Share of profit/(loss) of JV and associate	7	(2)		(8)	(5)	
Profit before Tax (PBT) after exceptional Items & share of profit/(loss) of JV/ associate	6,665	3,917		22,157	7,195	
Provision for Tax	1,861	941		6,228	2,677	
Profit after Tax	4,804	2,976	61.5%	15,929	4,518	252.6%

OPERATIONAL & FINANCIAL HIGHLIGHTS

Financial Year 2024, the Company has witnessed the strongest ever performance in operations including the execution of large orders across all products. During the year, the Company completed the acquisition of Sathavahana Ispat Limited (SIL) successfully through Hon'ble NCLT Hyderabad order.

The Company has reported healthy growth in volumes due to additional capacities available after the acquisition and merger of SIL operations, improved execution of large export orders which has resulted in higher turnover and margins. Further, the range bound raw material prices and value-add product mix has contributed towards margin improvement across all products.

Given below is the update on the Business of the Company:

The quantitative Production & Sales break-up for the FY24 and FY 23 are given below:

Products	Production			Sales		
	FY24	FY23	% change (~)Y-o-Y	FY24	FY23	% change (~)Y-o-Y
	(~) MT	(~) MT		(~) MT	(~) MT	
Iron & Steel Pipes	17,40,000	12,99,000	34%	17,16,000	12,85,000	34%
Pellets	15,37,000	15,00,000	3%	15,80,000	14,57,000	8%

ORDER BOOK POSITION

- The current order book of the Company (for Iron & Steel pipes and pellets) is ~US\$ 1.53 billion (Previous quarter ~ USD 1.49 billion) the break-up is as under:
 - Iron & Steel Pipes: US\$ 1,509 million*
 - Pellet: US\$ 16 million*

The Company has seen good business opportunities across all of its products and also witnessed good demand in domestic as well as overseas markets.

Post-acquisition of the Sathavahana Ispat Limited in April 2023, the Company has ramped up operations to app. 90% in the first year of its operations. Due to the large demand in water sector in south region, the company has sold ~ 1,87,000 MT pipes from its south division during FY 2024 and order book for south division is ~1,73,000 MT for water sector is included in the above order book.

Export Orders

~ 30% of the order book is from exports where, apart from the traditional demand in oil and gas sector, the additional demand for exports is coming from the water sector which is primarily due to the increased focus of various countries on urbanization and smart city development in this region. Jindal Saw, due to its diversified product portfolio, is one of the preferred supplier catering to GCC and MENA region demand not only in oil and gas sector but also in water/infrastructure sector.

The order book gives a visibility of appx. three quarters even though few orders may be executed in the next 9-12 months period. We expect the business scenario to remain positive in the coming quarters despite the volatile geopolitical situation in the MENA and GCC region.

Jindal Saw Gulf LLC (UAE Subsidiary) has an order book of ~US\$ 205 million, which is in addition to the orders book of US\$ 1.53 billion mentioned above.

FINANCING AND LIQUIDITY - UPDATE ON DEBT POSITION

As of 31st March 2024, net institutional debt of the Company (at standalone level) was ~Rs. 32,551 million (~Rs 31,692 million on 31st March 2023) including long term loans and fund based working capital borrowings. This includes Net working capital borrowings (short term) of ~ Rs. 14,926 million on 31st March 2024 (~Rs. 20,237 million on 31st March 2023) and Long-term Rupee Loans / Rupee NCDs of ~Rs. 17,625 million on 31st March 2024 (~Rs. 11,455 million on 31st March 2023).

Reduction in the short-term debt at standalone level is primarily on account of strong internal accruals retained in the business and improved working capital utilization in operations.

Further, during the year, the Company has availed Long-term debt of Rs 10,000 million for acquisition of SIL. *Out of the said loan, the Company has prepaid Rs. 1,000 million in FY24 and Rs. 2,500 million in April 2024.*

Particulars (Rs. In Millions)	As on March 31, 2024	As on March 31, 2023
Standalone Debt	32,551	31,692
- Long Term Debt	17,625	11,455
- Net Short Term/ Working Capital Debt	14,926	20,237
Consolidated Debt	39,807	38,465
- Long Term Debt	21,071	15,725
- Net Short Term/ Working Capital Debt	18,736	22,740

Credit Ratings:

- I. In September 2023, CARE Ratings has reaffirmed “CARE A1+ (A One Plus)” for Short-term debt facilities including commercial paper and revised the Long-term debt facilities rating from “CARE AA- (Outlook “Stable”)” to “CARE AA (Outlook “Stable”)”.
- II. In October 2023, Brickwork Ratings has reaffirmed “BWR AA with Stable Outlook” for Non-Convertible Debentures of Rs. 5 billion.

OTHER HIGHLIGHTS:

Jindal Hunting Energy Services Limited (Joint Venture):

The Company has a Joint Venture with Hunting Energy Services Pte Ltd, Singapore (“Hunting”) wherein it holds 51% shareholding & remaining is held by Hunting. This State-of-the-Art facility is a Centre of Excellence for cutting all Kind of Premium Threads on OCTG & Accessories and is a 1st of its kind full-fledged manufacturing set up in India which is co-located with the Pipe manufacturing facility of Jindal SAW at Nashik, Maharashtra.

This manufacturing facility boasts cutting-edge machinery, benchmarked against global standards. It also features a high degree of automation and sophisticated testing capabilities, ensuring the production of top-quality products to meet the stringent standards of the oil and gas industry especially Deep Drilling Operations.

The facility is poised to attain an annual threading capacity of 70000+ Joints of Casings, Tubings, Accessories & Weld- On- Connectors covering the full spectrum of range from 2-7/8” to 36”.

JHESL is also licensed by Oil State Industries (OSI) to thread Patented OSI threads on Connectors thereby making JSAW the only Indian company to provide Weld- On- Connector Casings to Indian Market with 100% Indian Manufactured product.

It has also become the first company to have such a manufacturing facility in India which will offer premium connections for Oil Country Tubular Goods (OCTG) from India to different regions of the world. It would also serve as a substitute for imports thereby enabling India to become self-reliant in this market. The joint venture is in line with the goal of the nation to become 'Aatmanirbhar Bharat'.

Jindal Saw Gulf LLC (JSGL - UAE operations):

In FY 24, UAE operations registered a strong growth, where it has achieved sales of ~ 191,000 MT (~ 151,000 MT in FY23) of rust free pipes. JSGL has executed orders for almost all the countries in MENA and GCC region primarily to Iraq, UAE, Kuwait, KSA, etc. JSGL has also added new customers and booked good orders. Its order book as on 31st March 2024 stands at ~ USD 205 million which gives a visibility to the operations for next 9-12 months.

Jindal ITF Ltd. v/s NTPC:

Jindal ITF Limited (JITF), a 51 per cent subsidiary of Jindal SAW Limited, is in the business of trans-shipment and waterborne transportation. In the matter of the dispute on contractual terms with NTPC Limited, on 27th January 2019, the final arbitration award was pronounced by the Hon'ble Arbitral Tribunal in favor of JITF, allowing various claims to the tune of Rs. 1,891 crores plus interest and applicable taxes. At present, NTPC and Jindal ITF have filed petitions which are being heard by the Hon'ble High Court of Delhi. In the last couple of hearings, substantial arguments have been completed by NTPC. The next hearing is scheduled on 21st and 22nd May 2024.

Update on Merger of Subsidiaries and Affiliates:

The Hon'ble National Company Law Tribunal (NCLT), vide its order dated March 21, 2024, has approved the Composite Scheme of Amalgamation ("the Scheme") of Jindal Quality Tubular Limited ("JQTL"), Jindal Tubular (India) Limited ("JTIL") and Jindal Fittings Limited ("JFL") with the Company, the appointed date being April 01, 2022. JQTL and JTIL were in the business of pipe manufacturing and coating and JFL was in the business of manufacturing of fittings for rust free pipes.

OUTLOOK:

The pipes market is primarily driven by various factors such as rise in the number of new residential and commercial buildings, development of water supply pipelines, increase in the number of wastewater treatment facilities, public agriculture irrigation systems, and other infrastructure in developing economies. In addition, rise in the number of industrial facilities including food and beverages, chemical and petrochemicals, pharmaceuticals, and other industrial facilities globally, also positively affects the pipes market growth.

Steel pipes are projected to remain highly sought-after, also due to their increased usage in power generation, as well as increasing construction of new pipelines, replacement of aging pipelines, and upgrading of existing petrochemical facilities in the oil and gas sector.

Government of India is upgrading and expanding its gas pipeline network across the country, in pursuit to increase the contribution of gas in its total energy production from 6% in the financial year 2019 to 15% in the financial year 2030. Currently, India has a gas pipeline grid of 16,905 km, which needs to be increased to 27,000 km.

Buoyant activity in construction and infrastructure sectors, healthy economic growth and focus of the central government on infrastructure projects is expected to drive demand for steel pipes for water sector in India. Government focus on implementation of its flagship schemes like 'Jal Jeevan Mission' and 'Swachh Bharat Mission Grameen' will fuel activity in the sector.

The 'Jal Jeevan Mission' of the government of India aims at providing safe and sufficient drinking water to all households in India by 2024 by spending a total of \$ 7,395 million till 2024. Under this program, the government is expected to lay thousands of kilometers of pipelines to each individual house. The department's Swachh Bharat Mission Grameen aims to ensure universal sanitation coverage, sustain open defecation free behaviours, leave no one behind, and focus on interventions for the safe management of solid and liquid waste in villages, along with visual cleanliness.

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ABOUT JINDAL SAW LTD:

Jindal Saw (NSE – JINDALSAW, BSE - 500378) has a business model that is well diversified in terms of strategic locations, markets, products, industries, and customers. The business model is designed to create a hedge against simultaneous risks and adverse macros, which allows it to operate and perform in difficult economic and geopolitical circumstances. The Company's domestic and exports markets are well balanced, and its businesses profile includes the manufacturing of iron & steel pipes and pellets.

Its offerings include the widest product range of pipes and tubes made of iron and steel, across the globe. The Company also has all varieties of anti-corrosion and protective coating facilities along with the necessary ancillaries like fittings, bends, flanges etc. to make it a total pipe solution provider in the world. The company also produces and sells Pellets.

JSAW has geographically diversified operations spread across Uttar Pradesh, Gujarat, Maharashtra, Madhya Pradesh, Andhra Pradesh, and Karnataka. The Company also has its presence in Bhilwara (Rajasthan), where, apart from having low grade iron ore mine, it also has an iron ore beneficiation and a pellet plant at the mine head.

JSAW has strong presence in overseas market and most of the exports take place with Latin American countries and MENA region. Substantial contribution to revenue is coming from drinking water supply and sanitation (WSS) which is growing rapidly in India and globally. The company's exposure to the Oil & Gas sector accounts for only one fourth of the total revenue. JSAW has government as well as private sector clients in sectors and has strong domestic and international presence across brands.

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.