



JSW ISPAT Steel Limited
(Formerly Ispat Industries Limited)

Regd. Office : DLF IT Park, 08, Major Arterial Road, Block - AF, New Town, Kolkata - 700 156

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30th JUNE, 2011

(₹ in crores)

Sl. No.	Particulars	Standalone Financial Results				Consolidated Financial Results	
		Quarter ended 30th June		Twelve months ended 30th June	Fifteen months ended 30th June	Twelve months ended 30th June	Fifteen months ended 30th June
		2011	2010	2011	2010	2011	2010
		Unaudited	Unaudited	Audited	Audited	Audited	Audited
1	Sales/Income from Operations	2,673.18	2,584.91	8,990.07	10,983.14	8,990.07	10,983.14
	Less : Excise Duty	209.74	235.04	763.43	850.41	763.43	850.41
	a) Net Sales/Income from Operations	2,463.44	2,349.87	8,226.64	10,132.73	8,226.64	10,132.73
	b) Other Operating Income	155.37	78.11	304.03	443.79	304.67	443.79
	Total	2,618.81	2,427.98	8,530.67	10,576.52	8,531.31	10,576.52
2	Expenditure						
	a) Decrease/ (Increase) in stock in trade and work in progress	(10.83)	(140.42)	(87.83)	(239.99)	(87.83)	(239.99)
	b) Consumption of raw materials	1,612.50	1,562.83	5,591.39	5,895.25	5,591.39	5,895.25
	c) Power & Fuel	366.57	356.80	1,400.97	1,823.73	1,400.97	1,823.73
	d) Employees cost	49.90	56.87	219.29	269.31	219.94	273.48
	e) Depreciation	147.34	149.15	596.26	773.95	596.26	773.95
	f) Other expenditure	194.64	234.71	777.71	1,022.92	778.25	1,019.06
	Total	2,360.12	2,219.94	8,497.79	9,545.17	8,498.98	9,545.48
3	Profit / (Loss) from Operations before Other Income, Interest and Exceptional Items(1-2)	258.69	208.04	32.88	1,031.35	32.33	1,031.04
4	Other Income	10.80	-	20.32	2.17	20.32	2.17
5	Profit / (Loss) before Interest and Exceptional Items (3+4)	269.49	208.04	53.20	1,033.52	52.65	1,033.21
6	Interest and Finance Charges	224.00	274.41	1,022.91	1,369.98	1,022.91	1,369.99
7	Profit / (Loss) after Interest but before Exceptional Items (5-6)	45.49	(66.37)	(969.71)	(336.46)	(970.26)	(336.78)
8	Exceptional Items (Refer Note No.2 below)	1,180.62	-	1,180.62	-	1,247.06	-
9	Profit / (Loss) from Ordinary Activities before tax (7-8)	(1,135.13)	(66.37)	(2,150.33)	(336.46)	(2,217.32)	(336.78)
10	Tax Expenses						
	- Current Tax	-	0.01	0.03	0.03	0.03	0.04
	- Deferred Tax Charge/ (Credit) [Refer Note No. 1(a) below]	-	2.86	(344.48)	(14.15)	(344.48)	(14.15)
11	Net Profit/(Loss) (9-10)	(1,135.13)	(69.24)	(1,805.88)	(322.34)	(1,872.87)	(322.67)
12	Adjustment of Accumulated loss of a subsidiary ceased w.e.f. 16th November, 2010					0.58	
13	Net Profit/(Loss) for the Period (11-12)	(1,135.13)	(69.24)	(1,805.88)	(322.34)	(1,872.29)	(322.67)
14	Paid-Up Equity Share Capital (Face Value of ₹.10/- each)	2,386.09	1,221.71	2,386.09	1,221.71	2,386.09	1,221.71
15	Reserves excluding Revaluation Reserves			1,576.29	505.89	1,576.92	510.77
16	Earning Per Share (EPS) (not annualised) Basic and Diluted EPS (₹.) (Refer Note No.7 below)	(6.52)	(0.70)	(10.60)	(3.37)	(10.97)	(3.37)
17	Public shareholding						
	- Number of shares *	716227283	719461135	716227283	719461135	716227283	719461135
	- Percentage of shareholding *	30.01	58.85	30.01	58.85	30.01	58.85
18	Promoters & Promoter Group shareholding						
	a) Pledged/ Encumbered						
	- Number of shares	477730463	477730463	477730463	477730463		
	- Percentage of share (as a % of the total shareholding of Promoters & Promoter group)	28.60	95.00	28.60	95.00		
	- Percentage of share (as a % of the total share capital of the Company)	20.02	39.08	20.02	39.08		
	b) Non-Encumbered						
	- Number of shares	1192734472	25143708	1192734472	25143708		
	- Percentage of share (as a % of the total shareholding of Promoters & Promoter group)	71.40	5.00	71.40	5.00		
	- Percentage of share (as a % of the total share capital of the Company)	49.97	2.06	49.97	2.06		

* excluding 106912 Shares (0.004%) represented by Global Depository Receipts, which are held by custodians.

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Notes:-

- 1(a) The Auditors in their audit report on the Company's accounts for the year ended 30th June, 2011 and in their limited review report on the financial results for the quarter ended 31st March, 2011, have drawn attention to their inability to express an opinion on the recognition of net Deferred Tax Asset of ₹ 1308.76 crores upto the year ended 30th June, 2011 (₹ 964.28 crores upto 30th June, 2010) and upto 31st March, 2011 respectively.

In view of the process improvements carried out for enhancing the steel-making capacity and operating efficiency, Company's Business Plans and strategies, improvement in net worth consequent to issue of equity shares to JSW Steel Limited, approval of the company's proposals by its lenders through CDR mechanism, the company is virtually certain that there would be sufficient taxable income in the future to claim the deferred tax credit.

The Company has not recognized additional deferred tax asset (net) during the quarter ended 30th June 2011, as a matter of prudence.

- (b) The Auditors had also drawn attention in their audit report on the Company's financial statements for the year ended 30th June 2010 and in their Limited Review report on the financial results for the quarter ended 31st March, 2011, regarding remuneration of ₹ 15.52 crores and ₹ 18.63 crores respectively, paid to the Managing and other Whole-time Directors, which is in excess of the approvals received from the Ministry of Corporate Affairs.

The Company's representation to the Ministry of Corporate Affairs (MCA), Govt. of India, for reconsidering the approvals has not been acceded to by the MCA. The Company has initiated the process of recovering the above excess managerial remuneration. Pending recovery, the excess managerial remuneration is shown as recoverable from the respective Whole-time Director / former Whole-time Directors. The company has made a further representation to MCA for reconsideration.

- 2 Exceptional items of ₹ 1180.62 crores in the standalone financial results and ₹ 1247.06 crores in the consolidated financial results for the quarter and year ended 30th June 2011 include the following:

- a. Investment of ₹ 110 crores and loans and advances of ₹ 324.19 crores made by the Company in its wholly owned subsidiary Ispat Energy Limited (IEL) have been provided for in view of IEL's decision of not pursuing the power project owing to the fact that the plant and equipments are in poor condition and beyond economic repair / reuse, as per the report of a technical expert.
- b. Investments of ₹ 119.24 crores made in certain wholly owned subsidiaries overseas have been fully provided for in view of the negative net worth reported by these subsidiaries, due to provision made by these subsidiaries in their accounts towards diminution in the value of investments and provision against loans and advances outstanding since long.
- c. Sundry debtors aggregating to ₹ 319.43 crores are overdue since long and because of claims / disputes raised by the respective parties have been provided for as a matter of abundant caution and prudence, pending further appropriate action in the matter.



- d. Raw material valuing ₹ 104.83 crores lying in transit overseas since long with the Stevedore, have not been shipped by the vendor till date. The company has invoked arbitration proceedings against the vendor for breach of contract but, as a matter of prudence and abundant caution, has made full provision towards the potential loss against the above materials.
- e. On completion of reconciliation of accounts with certain major suppliers of raw materials, an aggregate amount of ₹ 191.41 crores has been debited to certain parties being the amount recoverable on account of payments made to them, having been erroneously debited to the account of aforesaid suppliers in the past. However, in view of the disputes raised by these parties / non availability of confirmations, the above sum of ₹ 191.41 crores has been provided on a conservative basis, pending further appropriate action in the matter.
- f. Other advances of ₹ 11.52 crores, as per details given below, being doubtful of recovery, have been fully provided in the accounts-
- ₹ 2.96 crores due from the Company's subsidiary, Nippon Ispat Singapore (Pte) Limited
 - Advances of ₹ 8.56 crores made to certain parties against supply of stores material/services being not confirmed and / or disputed by the respective parties.
- 3 JSW Steel Limited has been allotted 108,66,49,874 equity shares of ₹ 10 each, at a premium of ₹ 9.85 per share, aggregating to ₹ 2157 crores, pursuant to the Subscription cum Shareholders Agreement entered into by the company on 20th December, 2010 with its promoters and JSW Steel Limited. Details of utilisation of the proceeds of the aforesaid preferential issue of equity shares are as follows :

	(₹ in Crores)
	Year ended 30th June, 2011
i. Working Capital requirement and general corporate purposes	1158.44
ii. Debt reduction/ redemption of Preference shares	513.56
iii. Balance held in Fixed Deposits with Banks pending ultimate utilization	485.00
Total	2157.00

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- 4 Pursuant to the approval of the CDR Empowered Group at its meeting held on 12th January 2011 and subsequent notices given to the Company by certain lenders, the Securities Issue Committee of the Board of Directors of the Company, at its meeting held on 31st March 2011, had decided to allot 10,24,17,239 Equity Shares of ₹ 10 each at a premium of ₹ 4.74 per share to the respective lenders, subject to receipt of 'in principle' approval from the Stock Exchanges in terms of Clause 24(a) of the Listing Agreement. 'In principle' approval of Bombay Stock Exchange Ltd. has since been received, while approval of National Stock Exchange of India Ltd. is still awaited. Accordingly, the above shares have not been considered in the figures indicated in Sl. Nos. 14, 17 and 18 above.
- 5 Other Operating Income includes a sum of ₹ 149.54 crores for the quarter and ₹ 219.82 crores for year ended 30th June 2011 (₹ 57.44 crores and ₹ 244.96 Crores for the quarter and fifteen months ended 30th June 2010), being gain arising on account of pre-payment on Net Present Value basis of a portion of deferred Value Added / Sales Tax liability, in terms of Section 94(2) of Maharashtra Value Added Tax Act 2002 read with Rule 84 of Maharashtra Value Added Tax Rules 2005.
- 6 The name of Company stands changed from Ispat Industries Limited to JSW ISPAT Steel Limited with effect from 28th June 2011.
- 7 Basic and Diluted EPS have been computed after considering the impact of proportionate arrears of dividend on Cumulative Redeemable Preference Shares on the profit/ loss for the respective periods in terms of Accounting Standard 20 'Earnings Per Share'.
- 8 The Company has identified Iron & Steel products as its sole operating segment and hence no further disclosure is required under Accounting Standard 17 'Segment Reporting'.
- 9 Previous period figures have been re-grouped / re-arranged wherever necessary.
- 10 At the beginning of the quarter, there were no complaints from investors pending for disposal. During the quarter, 148 complaints were received and these were appropriately disposed off. Thus, there were no complaints from investors pending for disposal at the end of the quarter.
- 11 The standalone financial results of the Company and consolidated financial results for the year ended 30th June 2011, which have been extracted from the financial statements audited by the Statutory Auditors, have been reviewed by the audit committee and approved by the Board of Directors at their respective meetings held on 27th August 2011.



12 Statement of Assets & Liabilities

(₹. in crores)

	Standalone		Consolidated	
	As at 30th June, 2011	As at 30th June, 2010	As at 30th June, 2011	As at 30th June, 2010
	Audited	Audited	Audited	Audited
Shareholders' Fund				
(a) Share Capital	3354.92	2225.09	3354.92	2225.09
(b) Share Capital Suspense (refer note 4 above)	150.96	-	150.96	-
(b) Application Money towards Equity Warrants	-	18.00	-	18.00
(c) Application Money towards Equity Shares	-	-	27.60	41.57
(d) Reserves & Surplus	2460.63	1471.83	2463.08	1478.53
Loan Funds	6932.76	7181.75	6934.10	7185.89
TOTAL	12899.27	10896.67	12930.66	10949.08
Fixed Assets	7307.00	7991.08	7317.91	8499.08
Investments	163.42	229.37	163.39	8.40
Deferred Tax Asset	1308.76	964.28	1308.76	964.28
Foreign Currency Monetary Items Translation Difference Account	-	2.08	-	2.08
Current Assets, Loans & Advances				
(a) Inventories	2040.56	1934.17	2054.56	1934.17
(b) Sundry Debtors	394.57	758.97	394.57	758.97
(c) Cash & Bank Balances	595.88	203.06	601.49	204.10
(d) Loans, Advances & Deposits	546.50	795.32	541.63	554.87
Less: Current Liabilities & Provisions				
(a) Liabilities	3351.80	4079.38	3419.99	4082.09
(b) Provisions	45.73	36.51	45.80	36.63
Profit and Loss Account Debit balance	3940.11	2134.23	4014.14	2141.85
TOTAL	12899.27	10896.67	12930.66	10949.08

For and on behalf of the Board

Place: Mumbai

Dated: 27th August, 2011


 B.K. Singh

Whole time Director