

27

**JSW ISPAT Steel Limited**  
(Formerly Ispat Industries Limited)

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

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31st DECEMBER, 2011**

(₹ in crores)

Sl. No.	Particulars	Standalone Financial Results			Standalone Financial Results		
		Quarter ended			Half year ended		Year ended
		31st December	30th September	31st December	31st December	31st December	30th June
		2011	2011	2010	2011	2010	2011
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Sales/Income from Operations	2889.16	2871.12	1056.73	5760.28	3415.40	8990.07
	Less : Excise Duty	222.69	237.71	95.78	460.40	299.48	763.43
	a) Net Sales/Income from Operations	2666.47	2633.41	960.95	5299.88	3115.92	8226.64
	b) Other Operating Income	101.34	102.30	17.42	203.64	47.03	304.03
	<b>Total</b>	<b>2767.81</b>	<b>2735.71</b>	<b>978.37</b>	<b>5503.52</b>	<b>3162.95</b>	<b>8530.67</b>
2	Expenditure						
	a) Decrease/ (Increase) in stock in trade and work in progress	51.41	16.06	50.66	67.47	173.54	(87.83)
	b) Consumption of raw materials	1783.63	1817.32	635.15	3600.95	2106.41	5591.39
	c) Power & Fuel Cost	449.50	459.36	223.63	908.86	602.45	1400.97
	d) Employees cost	63.89	77.99	56.73	141.88	113.25	219.29
	e) Depreciation	159.41	148.55	146.22	307.96	300.63	596.26
	f) Other expenditure	171.30	181.00	167.77	352.30	380.39	777.71
	<b>Total</b>	<b>2679.14</b>	<b>2700.28</b>	<b>1280.16</b>	<b>5379.42</b>	<b>3676.67</b>	<b>8497.79</b>
3	<b>Profit / (Loss) from Operations before Other Income , Interest and Exceptional items (1-2)</b>	<b>88.67</b>	<b>35.43</b>	<b>(301.79)</b>	<b>124.10</b>	<b>(513.72)</b>	<b>32.88</b>
4	Other Income	0.01	9.05	-	9.06	-	20.32
5	<b>Profit / (Loss) before Interest and Exceptional Items (3+4)</b>	<b>88.68</b>	<b>44.48</b>	<b>(301.79)</b>	<b>133.16</b>	<b>(513.72)</b>	<b>53.20</b>
6	Interest and Finance Charges	286.24	266.02	288.36	552.26	571.93	1022.91
7	<b>Profit / (Loss) after Interest but before Exceptional Items (5-6)</b>	<b>(197.56)</b>	<b>(221.54)</b>	<b>(590.15)</b>	<b>(419.10)</b>	<b>(1085.65)</b>	<b>(969.71)</b>
8	Exceptional Items (Refer Note No. 3 below)	111.01	123.74	-	234.75	-	1180.62
9	<b>Profit / (Loss) from Ordinary Activities before tax (7-8)</b>	<b>(308.57)</b>	<b>(345.28)</b>	<b>(590.15)</b>	<b>(653.85)</b>	<b>(1085.65)</b>	<b>(2150.33)</b>
10	Tax Expenses						
	- Current Tax	-	0.02	-	0.02	-	0.03
	- Deferred Tax Charge/ (Credit) [Refer Note No. 1(a) below]	-	-	(180.84)	-	(344.72)	(344.48)
11	<b>Net Profit/(Loss) for the Period (9 - 10)</b>	<b>(308.57)</b>	<b>(345.30)</b>	<b>(409.31)</b>	<b>(653.87)</b>	<b>(740.93)</b>	<b>(1805.88)</b>
12	Paid-Up Equity Share Capital (Face Value of ₹ 10/- each)	2386.11	2386.10	1299.42	2386.11	1299.42	2386.09
13	Reserves excluding Revaluation Reserves						1576.29
14	Earning Per Share (EPS) (not annualised) Basic and Diluted EPS (₹) (Refer Note No. 6 below)	(1.24)	(1.39)	(3.49)	(2.63)	(6.35)	(10.60)
15	Public shareholding						
	- Number of shares *	716227283	716227283	797168173	716227283	797168173	716227283
	- Percentage of shareholding *	30.01	30.01	61.31	30.01	61.31	30.01
16	Promoters & Promoter Group shareholding						
	a) Pledged/ Encumbered						
	- Number of shares	477730463	477730463	477730463	477730463	477730463	477730463
	- Percentage of share (as a % of the total shareholding of Promoters & Promoter group)	28.60	28.60	95.00	28.60	95.00	28.60
	- Percentage of share (as a % of the total share capital of the Company)	20.02	20.02	36.75	20.02	36.75	20.02
	b) Non-Encumbered						
	- Number of shares	1192734472	1192734472	25143708	1192734472	25143708	1192734472
	- Percentage of share (as a % of the total shareholding of Promoters & Promoter group)	71.40	71.40	5.00	71.40	5.00	71.40
	- Percentage of share (as a % of the total share capital of the Company)	49.97	49.97	1.93	49.97	1.93	49.97

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



## Notes:-

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

In view of the process improvements carried out for enhancing the steel-making capacity and operating efficiency, Company's Business Plans and strategies, approval of the Company's proposals by its lenders through CDR mechanism and payment of entire outstanding CDR Debt, the Company is confident 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) with effect from 1st April 2011, as a matter of prudence.

- b) The financial results for the quarter have been adversely impacted due to steep decline in the value of Indian Rupee against US Dollar/ Japanese Yen. The Company is taking various measures, set-out hereinabove, to improve the operating results and is confident that these measures would result in sustainable cash flows and increase in net worth. Accordingly, the Company continues to present its financial statements on a "Going Concern" basis.

- 2 Maharashtra State Electricity Distribution Company Limited (MSEDCL) has, vide its letter dated 11th January 2012, accorded open access permission to the Company for wheeling of 220 MW power from one of the units (captive to the Company) of JSW Energy Limited and pursuant to this permission, the Company started receiving power with effect from 19th January 2012.

- 3 Exceptional item of ₹ 111.01 crores (₹ 234.75 crores for the six months ended 31st December 2011) is on account of net foreign exchange fluctuation loss on operating balances/ forward exchange contracts (both realized and unrealized) and Mark to Market loss on derivative contract, which have been considered as exceptional item due to unusual depreciation in the value of Indian Rupee against foreign currencies.

Exceptional item of ₹ 95.23 crores pertaining to the previous quarter ended 30th September 2011 relates to unrealized foreign exchange fluctuation.

- 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 The Bombay Stock Exchange Ltd. has since been received, while approval of The National Stock Exchange of India Ltd. is still awaited. Accordingly, the above shares have not been considered in the figures indicated in Sl. Nos. 12, 15 and 16 of the financial results.



- 5 Other Operating Income includes a sum of ₹ 92.64 crores and ₹ 184.08 crores for the quarter and six months ended 31st December 2011 (₹ Nil for the quarter and six months ended 31st December 2010 and ₹ 219.82 crores for the year ended 30th June 2011), 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 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'.
- 7 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'.
- 8 Previous period figures have been re-grouped / re-arranged wherever necessary.
- 9 At the beginning of the quarter, there were no complaints from investors pending for disposal. During the quarter, 66 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.
- 10 The auditors of the Company have carried out a Limited Review of the Standalone Financial Results for the quarter ended 31st December, 2011 in compliance with Clause 41 of the Listing Agreement. The Standalone Financial Results have been reviewed by the audit committee and approved by the Board of Directors at their respective meetings held on 7th and 8th February, 2012.



577

## 11 Statement of Assets &amp; Liabilities

(₹ in crores)

	Standalone	
	As at 31st Dec, 2011	As at 31st Dec, 2010
	Unaudited	Unaudited
<b>Shareholders' Fund</b>		
(a) Share Capital	2871.52	2302.80
(b) Share Capital Suspense (Refer Note No. 4 above)	150.96	-
(c) Application Money towards Equity Warrants	-	18.00
(d) Advance against Share Subscription	-	500.00
(e) Reserves & Surplus	2419.55	1431.03
<b>Loan Funds</b>	<b>6983.97</b>	<b>7127.93</b>
<b>TOTAL</b>	<b>12426.00</b>	<b>11379.76</b>
<b>Fixed Assets</b>	<b>7208.41</b>	<b>7614.85</b>
<b>Investments</b>	<b>161.06</b>	<b>229.37</b>
<b>Deferred Tax Asset</b>	<b>1308.76</b>	<b>1309.00</b>
<b>Foreign Currency Monetary Items Translation Difference Account</b>	<b>-</b>	<b>0.74</b>
<b>Current Assets, Loans &amp; Advances</b>		
(a) Inventories	1544.10	1808.17
(b) Sundry Debtors	543.54	665.30
(c) Cash & Bank Balances	109.28	69.05
(d) Loans, Advances & Deposits	517.67	795.64
<b>Less: Current Liabilities &amp; Provisions</b>		
(a) Liabilities	3511.40	3947.43
(b) Provisions	49.40	40.09
<b>Profit and Loss Account Debit balance</b>	<b>4593.98</b>	<b>2875.16</b>
<b>TOTAL</b>	<b>12426.00</b>	<b>11379.76</b>

For and on behalf of the Board

B.K. Singh

Chief Executive Officer

Place: Mumbai

Dated: 8th February, 2012



**S.R. BATLIBOI & CO.**

Chartered Accountants

14th Floor, The Ruby  
29 Senapati Bapat Marg  
Dadar (West)  
Mumbai-400 028, India  
Tel: +91 22 6192 0000  
Fax: +91 22 6192 1000

**Limited Review Report****The Board of Directors  
JSW ISPAT Steel Ltd.**

1. We have reviewed the accompanying statement of unaudited financial results of JSW ISPAT Steel Ltd. ('the Company') for the quarter ended 31<sup>st</sup> December, 2011 (the "Statement"), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information' Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Without qualifying our review report, attention is drawn to the Sundry Debtors of Rs. 255.61 crores, which are overdue from Peddar Realty Pvt. Ltd. towards sale consideration of landed property along with interest thereon and have been considered good of recovery by the management in view of the market value of the underlying assets of the said debtor.
4. *Attention is also drawn to Note 1(a) of the accompanying statement of unaudited financial results regarding recognition of net deferred tax asset of Rs.1308.76 crores upto 31<sup>st</sup> March 2011, based on the future profitability projections made by the management. However, we are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, Accounting for Taxes on Income, and the consequential impact, if any, of the recognition of such deferred tax asset. This had also caused us to qualify our review report on the financial results for the quarter ended 30th September 2011 and audit opinion on the financial statements for the year ended 30th June 2011.*  
*Had the impact of above item been considered, the loss for the quarter would have been Rs. 1617.33 crores as against the reported loss of Rs. 308.57 crores.*
5. Based on our review conducted as above, *except for the effect of the observation in para 4 above*, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Financial Results prepared in

7/7

**S.R. BATLIBOI & Co.**

Chartered Accountants

accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

*S. R. Batliboi*For **S. R. BATLIBOI & CO.**

Firm Registration Number : 301003E

**CHARTERED ACCOUNTANTS***Hemal*

The Ruby, 14th Floor  
29 Senapati Bapat Marg  
Dadar (W)  
Mumbai - 400 028

Dated: 8th February 2012.

Per Hemal Shah  
Partner

Membership No. 42650

