

**ISPAT INDUSTRIES LIMITED**

Regd. Office : Park Plaza, 71, Park Street, Kolkata - 700 016

**AUDITED FINANCIAL RESULTS FOR THE QUARTERS ENDED 31st DECEMBER 2005 & 31st MARCH '2006 AND  
FOR THE YEAR ENDED 31st MARCH '2006**

(Rs. Crores)

Sl. No.	Particulars	Nine months ended 31st December		Quarter ended 31st December		Quarter ended 31st March		Year Ended 31st March		Audited Consolidated Financial Results for the Year ended 31st March	
		2005	2004	2005	2004	2006	2005	2006	2005	2006	2005
		Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited			
<b>1</b>	<b>Sales/Income from Operations</b>	4120.97	4637.62	1423.40	1740.22	1447.67	1190.89	5580.02	6459.39	5580.02	6459.39
	<b>Less : Excise Duty</b>	454.44	255.32	159.29	101.34	166.84	87.59	621.28	381.31	621.28	381.31
		3666.53	4382.30	1264.11	1638.88	1280.83	1103.30	4958.74	6078.08	4958.74	6078.08
<b>2</b>	<b>Other Income</b>	41.67	27.19	13.59	4.30	10.32	23.24	51.99	34.81	51.99	34.81
<b>3</b>	<b>Total Income (1+2)</b>	<b>3708.20</b>	<b>4409.49</b>	<b>1277.70</b>	<b>1643.18</b>	<b>1291.15</b>	<b>1126.54</b>	<b>5010.73</b>	<b>6112.89</b>	<b>5010.73</b>	<b>6112.89</b>
<b>4</b>	<b>Total Expenditure</b>										
	<b>a) (Increase) / Decrease in Stock in Trade</b>	(73.23)	2.37	(35.91)	(1.25)	(0.30)	(21.94)	(73.53)	11.27	(73.53)	11.27
	<b>b) Materials Consumed</b>	2250.43	2201.59	734.67	839.38	659.69	593.20	2910.12	3025.66	2910.12	3025.66
	<b>c) Purchase of Finished Goods</b>	-	-	-	-	-	7.09	-	-	-	-
	<b>d) Power &amp; Fuel Cost</b>	622.61	475.66	248.32	174.04	227.25	120.58	849.86	632.91	849.86	632.91
	<b>e) Personnel Cost</b>	97.02	82.22	34.64	31.36	34.53	18.75	131.55	112.43	131.71	112.43
	<b>f) Other Expenditure</b>	662.61	609.75	221.09	181.42	207.35	200.94	881.34	834.49	882.39	834.63
	<b>Total Expenditure (4a to 4f)</b>	<b>3559.44</b>	<b>3371.59</b>	<b>1202.81</b>	<b>1224.95</b>	<b>1128.52</b>	<b>918.62</b>	<b>4699.34</b>	<b>4616.76</b>	<b>4700.55</b>	<b>4616.90</b>
<b>5</b>	<b>Profit/(Loss) before interest &amp; Finance Charges, Depreciation, Deferred Revenue Expenditure, Exceptional Items &amp; Tax (3-4)</b>	<b>148.76</b>	<b>1037.90</b>	<b>74.89</b>	<b>418.23</b>	<b>162.63</b>	<b>207.92</b>	<b>311.39</b>	<b>1496.13</b>	<b>310.18</b>	<b>1495.99</b>
<b>6</b>	<b>Interest &amp; Finance Charges</b>	691.87	493.77	240.52	150.70	244.94	111.37	936.81	534.06	936.81	534.06
<b>7</b>	<b>Depreciation</b>	428.30	326.90	145.37	105.07	143.13	60.07	571.43	435.99	571.43	435.99
<b>8</b>	<b>Deferred Revenue Expenditure Written off</b>	-	35.68	-	27.10	-	4.29	-	35.68	-	35.68

<b>9 Profit/(Loss) before Exceptional Items &amp; Tax (5-6-7-8)</b>	<b>(971.41)</b>	<b>181.55</b>	<b>(311.00)</b>	<b>135.36</b>	<b>(225.44)</b>	<b>32.19</b>	<b>(1196.85)</b>	<b>490.40</b>	<b>(1198.06)</b>	<b>490.26</b>
<b>10 Exceptional Items (Net)</b>	-	405.14	-	405.14	-	-	-	405.14	-	405.14
<b>11 Profit/(Loss) before Tax (9-10)</b>	<b>(971.41)</b>	<b>586.69</b>	<b>(311.00)</b>	<b>540.50</b>	<b>(225.44)</b>	<b>32.19</b>	<b>(1196.85)</b>	<b>895.54</b>	<b>(1198.06)</b>	<b>895.40</b>
<b>12 Provision for Taxation (Net)</b>										
- Current	(0.02)	0.65	(0.02)	-	(0.01)	-	(0.03)	0.62	(0.03)	0.62
- Deferred Tax (Charge)/Credit	315.42	(57.79)	95.20	(42.80)	73.25	5.81	388.67	(200.10)	388.67	(200.10)
- Fringe Benefit Tax	(3.52)	-	(1.21)	0.00	(0.94)	-	(4.46)	-	(4.48)	-
<b>13 Net Profit/(Loss) (11-12)</b>	<b>(659.53)</b>	<b>529.55</b>	<b>(217.03)</b>	<b>497.70</b>	<b>(153.14)</b>	<b>38.00</b>	<b>(812.67)</b>	<b>696.06</b>	<b>(813.90)</b>	<b>695.92</b>
<b>14 Share of Loss of an associate company</b>	-	-	-	-	-	-	-	-	-	36.13
<b>15 Consolidated Profit/(Loss) (13-14)</b>	-	-	-	-	-	-	-	-	<b>(813.90)</b>	<b>659.79</b>
<b>16 Paid-Up Equity Share Capital (Equity Share of Rs.10/- each)</b>	1218.38	685.77	1218.38	685.77	1218.38	685.77	1218.38	685.80	1218.38	685.80
<b>17 Reserves excluding Revaluation Reserve</b>	-	-	-	-	-	-	531.13	745.56	531.79	696.40
<b>18 Basic EPS (Rs.)</b>	(6.59)	7.02	(2.13)	6.98	(1.38)	0.07	(7.93)	9.34	(7.94)	8.82
<b>Diluted EPS (Rs.)</b>	(6.59)	5.34	(2.13)	5.31	(1.38)	0.05	(7.93)	7.05	(7.94)	6.66
<b>(Not Annualised)</b>										
<b>19 Aggregate of Non promoter shareholding</b>										
- Number of shares	592638300	315238656	592638300	315238656	592638300	315238656	592638300	315238656	592638300	315238656
- Percentage of shareholding	48.48	45.52	48.48	45.52	48.48	45.52	48.48	45.52	48.48	45.52

**Notes:**

1.	The following are the main reasons for the adverse performance of the Company during the year :
(a)	Non-availability of captive sponge iron due to capital repairs undertaken in the sponge iron plant during the period 8th May, 2005 to 11th June, 2005. Further, the fire in ONGC's Bombay High North platform on 27th July, 2005 resulted in the stoppage/reduction in the supply of natural gas which is the basic feedstock for Company's sponge iron unit with consequent lower availability of metallics input to Hot Rolled Coil plant for steel making. Sourcing of sponge iron from the market has added to the higher cost of production.

	(b)	Loss in production of Hot Metal for almost a month during September-October 2005 due to chilling of Blast Furnace arising out of uncontrollable factors.
	(c)	Steep fall in the prices of finished steel products. The reduction in the cost of raw material was not commensurate with the reduction in prices of finished goods.
	(d)	Inclusion of losses of Ispat Metallics India Ltd. (IMIL) as indicated in Note 4(a) below, in the financials of the Company consequent to merger of IMIL with the Company.
2.	Significant activities completed during the year are as under :	
	(a)	With the commissioning of an additional state-of-the-art Electric Arc Furnace and related facilities, capacity of Hot Rolled Steel Coil Plant has been enhanced from 2.4 Million Tons per annum to 3.0 Million Tons per annum and operations of additional capacities have stabilized.
	(b)	Sinter Plant of the annual capacity of 2.24 Million Tons per annum has been commissioned in December 2005. Plant operations have since stabilized.
	(c)	Oxygen Plant of the daily capacity of 1260 Tons has been commissioned in December, 2005. Plant Operations have since stabilized. Consequently, no dependence on external sources for oxygen supply.
	Consequent to commissioning of the aforesaid projects, productivity and efficiency stand enhanced while input costs have reduced.	
3.	Commencing March 2006, market for steel products, both international and domestic, has shown marked improvement.	
4.	(a)	The Scheme of Reconstruction and Amalgamation ("Scheme"), approved by the Hon'ble High Courts at Calcutta and Bombay, has become effective from 26th October 2005. In terms of the said "Scheme", Ispat Metallics India Limited (IMIL) stands amalgamated with Ispat Industries Limited. The Amalgamation Appointed Date, in terms of the "Scheme", is 1st April 2004. Accordingly, the above results for the period ended 31st December 2005 and for the year ended 31st March 2006 are inclusive of the losses in IMIL, aggregating to Rs.225.44 crores for the period 1st April, 2005 to 26th October 2005. The results for the financial year ended 31st March 2005 are, however, exclusive of losses in IMIL aggregating to Rs. 483.44 crores for the aforesaid year.
	(b)	Allotment of Equity Shares and Cumulative Redeemable Preference Shares stands duly made, in terms of the said "Scheme".
5.	The Auditors in their reports on the Company's Accounts for the quarter ended 31st December 2005 and year ended 31st March, 2006 have expressed their inability to express any opinion on the accounting of Deferred Tax Asset of Rs.449.35 crores and Rs.628.30 crores respectively. However, based on the future profitability projections, evidenced by a significant turnaround in the operational performance in April 2006 which trend is likely to continue, the Company is virtually certain that there would be sufficient taxable income in the future, to claim the above tax credit.	
6.	The company has identified Iron & Steel products as its sole operating segment and, hence, no further disclosure is applicable under Accounting Standard 17.	
7.	Previous years' figures have been re-grouped/ re-arranged wherever necessary. Further, figures for the quarters ended 31st December 2005 and 31st March 2006 and 9 months period ended 31st December 2005 and year ended 31st March 2006 are inclusive of the figures of erstwhile Ispat Metallics India Ltd which merged with the Company effective from 1st April 2004, and are therefore not comparable with the corresponding figures for the respective quarters / period / year.	

8.	(a) At the beginning of the December 2005 quarter, there were no complaints from investors pending for disposal. During the quarter, 377 complaints were received and all were disposed off. At the end of the quarter, no complaints from investors were pending for disposal.
	(b) At the beginning of the March 2006 quarter, there were no complaints from investors pending for disposal. During the quarter, 210 complaints were received and all were disposed off. At the end of the quarter, no complaints from investors were pending for disposal.
9.	The above results were reviewed by the Audit Committee and taken on record by the Board of Directors at their respective meetings held on 9th May and 10th May, 2006 respectively.

Place: Mumbai	For and on behalf of the Board
Dated: 10th May, 2006	Anil Sureka Executive Director (Finance)