



**Audited Financial Results for the Period from 1st April, 2005 to 31st March, 2006**

Particulars	Rs. in crores					
	Nine Months Period ended	Quarter ended		Year Ended		Year ended (with HGPL & SCGL)
	(1)	(2)	(3)	(4)	(5)	(6)
	31.12.05 (unaudited)	31.03.06 (audited)	31.03.05 (audited)	31.03.06 (audited)	31.03.05 (audited)	31.03.06 (audited)
Income from Operations	5,179.78	1,659.31	2,070.22	6,839.09	6,533.25	6,850.45
Less : Excise Duty	(504.78)	(163.09)	(146.56)	(667.87)	(416.54)	(667.87)
Net Sales	4,675.00	1,496.22	1,923.66	6,171.22	6,116.71	6,182.58
Other Income	8.76	194.49	2.98	203.25	4.56	208.14
	<b>4,683.76</b>	<b>1,690.71</b>	<b>1,926.64</b>	<b>6,374.47</b>	<b>6,121.27</b>	<b>6,390.72</b>
Expenditure						
(a) Materials Consumed & others	2,068.01	694.53	681.85	2,762.54	2,315.31	2,519.28
(b) Energy Cost	1,122.35	518.84	354.45	1,641.19	1,252.86	1,788.95
(c) Staff Cost	63.45	27.34	24.80	90.79	76.09	99.75
(d) Other expenditure	278.48	91.25	121.13	369.73	364.95	383.37
(e) (Increase) / Decrease in Finished Goods / Work-in-Progress	(108.46)	18.24	44.92	(90.22)	(92.02)	(89.74)
<b>Gross profit before interest, depreciation, exceptional items, Charges pertaining to earlier years and taxation (EBIDTA)</b>	<b>1,259.93</b>	<b>340.51</b>	<b>699.49</b>	<b>1,600.44</b>	<b>2,204.08</b>	<b>1,689.11</b>
Interest (net)	352.05	55.50	147.73	407.55	550.73	422.67
<b>Gross profit before depreciation, exceptional items, Charges pertaining to earlier years and taxation</b>	<b>907.88</b>	<b>285.01</b>	<b>551.76</b>	<b>1,192.89</b>	<b>1,653.35</b>	<b>1,266.44</b>
Depreciation	303.25	99.13	98.46	402.38	394.29	482.10
<b>Profit for the year before exceptional items, Charges pertaining to earlier years and Taxation</b>	<b>604.63</b>	<b>185.88</b>	<b>453.30</b>	<b>790.51</b>	<b>1,259.06</b>	<b>784.34</b>
(a) Exchange variation	-	-	-	-	136.55	-
(b) Other write off and provisions (net)	52.81	35.55	(0.86)	88.36	328.41	88.36
<b>Profit before Taxation</b>	<b>551.82</b>	<b>150.33</b>	<b>454.16</b>	<b>702.15</b>	<b>794.10</b>	<b>695.98</b>
Provision for						
Fringe Benefit Tax	(2.88)	(1.72)	-	(4.60)	-	(5.10)
Current Tax	3.39	(12.26)	(8.08)	(8.87)	(8.08)	(8.35)
Deferred Tax	(104.44)	(49.98)	(173.30)	(154.42)	(195.87)	(152.35)
<b>Net Profit after tax</b>	<b>447.89</b>	<b>86.37</b>	<b>272.78</b>	<b>534.26</b>	<b>590.15</b>	<b>530.18</b>
Paid-up Equity Share Capital	304.39	580.50	507.31	580.50	507.31	580.50
Reserves excluding revaluation reserves				1,250.26	686.54	1,246.18
Basic Earnings Per Share (not annualised) (in Rupees)	10.55	0.98	5.38	10.86	11.63	10.75
Diluted Earnings Per Share (not annualised) (in Rupees)	4.30	0.84	4.70	6.43	10.17	6.38

**Notes:**

- The above results were reviewed by the Audit Committee in its meeting held on 10th July, 2006 and taken on record at the meeting of Board of Directors held on that date.
- The aggregate of non-promoters share holding was 147,224,047 equity shares 25.36% as on 31st March, 2006. ( 217,278,894 equity shares 42.83% as on 31st March, 2005).
- Pursuant to order dated 03.05.06 from Hon'ble High Court, Andhra Pradesh and order dated 17.06.06 from Hon'ble High Court, Gujarat; Hy Grade Pellets Ltd. (HGPL) and Steel Corporation of Gujarat Ltd. (SCGL) erstwhile wholly owned subsidiaries of the company have merged with the company with effect from 01.04.2005. Accordingly column (7) gives consolidated status of Essar Steel with its aforesaid subsidiaries for the whole year ended 31.03.2006. Column (2) to column (6) reflect figures of Essar Steel only on standalone basis.
- The Company has at the year end provisionally set off Rs. 87.26 crores (net of tax) representing deferred power charges and Rs. 104.17 crores (net of tax) representing recompense amount for exiting CDR mechanism against the balance in Securities Premium Account. This is subject to the approval of Hon'ble High Court of Gujarat required under section 100 of the Companies Act, 1956. The Company will approach the Hon'ble high court after obtaining shareholders' approval for the said adjustment. The same has been qualified by the auditors.
- The Company is of the view that Net Deferred Tax Assets of Rs. 425.74 crores will be fully utilised in the years to come based on all relevant facts such as increased production capacity, backward and forward integration achieved, past results being in excess of earlier projections, improved margin, consistent profits made in the last four years etc. However, Auditors have disclaimed their ability to comment on the same as Company's view is based inter alia on future projections.
- The number of investors complaints received during the quarter, resolved and pending are
 

Pending as at 01.01.2006	:	3
Received during the Quarter	:	209
Disposed off during the Quarter	:	212
Pending as at 31.03.2006	:	-
- The figures have been regrouped / reclassified wherever necessary.

For Essar Steel Limited

Mumbai, 10th July, 2006

V G Raghavan  
Director (Finance)