

## Monnet Ispat & Energy Limited announces Q2FY12 results

*Total Income at Rs 458 cr, Net profit at Rs 76.94cr*

(Rs. In Crore)

Particulars	Quarter ended 30.09.2011	Quarter ended 30.09.2010
<b>Total Income</b>	<b>458.55</b>	<b>360.65</b>
<b>EBITDA</b>	<b>119.46</b>	<b>104.69</b>
<b>Depreciation</b>	<b>18.65</b>	<b>18.40</b>
<b>Interest</b>	<b>11.64</b>	<b>11.93</b>
<b>PAT</b>	<b>76.94</b>	<b>65.60</b>
<b>Cash Profit</b>	<b>95.59</b>	<b>84.00</b>

**New Delhi, November 08, 2011:** Monnet Ispat & Energy Limited (MIEL) a flagship company of Monnet Group, the second largest coal-based sponge iron producer in the country announced its second quarter results for FY12.

### Financial Update

For the second quarter ended September 30, 2011, MIEL reported a turnover of Rs.458 crore as against Rs.360 crore in the corresponding quarter registering a growth of 27%. The operating profit stood at Rs 119.46 crore, registering an increase of 14% as compared to Rs 104.69 crore in the corresponding quarter. Net profit for Q2FY12 stood at Rs 76.94 crore, registering an increase of 17% as compared to Rs 65.59 crore in Q2FY11.

The company has reported a strong growth in production volumes of sponge iron and power and the realizations of sponge iron have also increased during the quarter. However, due to increase in the raw material costs represented by coal for power division and drop in the realization in power tariff, the margins remained under pressure during the quarter. As a result, the EBIDTA margins declined from 28.27% to 25.89% and the net profit margins declined from 17.71% to 16.68% as compared to second quarter ended September 30, 2010.

For the half year ended September 30, 2011, turnover stood at Rs 885 crore as compared to Rs 781 crore in H1FY11; an increase of 13.31%. Net profit for H1FY12 stood at Rs 150 crore; registering an increase of 8.7% as compared to Rs 138 crore in the corresponding previous period.

### **Industry Update:**

The overall conditions of the business have been challenging on account of higher raw material prices despite perceived slowdown in the industry. The resultant impact has been felt on the margins and overall profitability of the companies.

The sponge iron industry has started showing signs of consolidation. Further, underutilization or lower utilization of standalone small units is leading to the firmness in the prices of sponge iron.

Going forward, Monnet believes that the prices of sponge iron would stabilize and expects improvement in the power tariff which is already showing signs of improvement in the current quarter. However; the coal prices and availability would remain an area of concern for the industry.

### **Expansion Update:**

#### **1.5 MTPA Steel Plant; Raigarh**

The expansion progress is as per schedule and major roll out of various project modules is expected between the close of the current financial year and the next financial year.

#### **1050 MW power plant Angul, Orissa (Monnet Power Company Limited)**

The implementation of power plant at Angul, Orissa is progressing at a steady pace and the progress on the mines associated with the project is well synchronizing with the power plant. The company will shortly be signing the mining lease for Utkal coal block since it has received all approvals on the

same and the signing of the mining lease for Mandakini coal block is aimed for the second half of the next financial year. Therefore, both the coal blocks would be ready before the completion of the power plant.

The company reaffirms that the strong fundamentals of the power projects backed by captive mines as being one of the lowest cost generating power plants in the country are not impacted by the recent concerns on the power sector on account of non availabilities of coal or lower realization of the power tariff.

**Commenting on the results, Mr. Sandeep Jajodia, Executive Vice Chairman & Managing Director, MIEL, said,** “The overall industry and business environment is challenging, however we are focusing on better productivity and rationalization of costs as key inputs for managing our profitability.”

“We are further going to see an upscale in our operational performance essentially from the next financial year on the commissioning of our new integrated steel plant. The incremental capacities are coming at an opportune time to maintain the momentum of growth in the company.” Mr. Jajodia added.

**About Monnet Group:**

**Monnet Ispat & Energy Limited (MIEL):** MIEL is promoted by Mr. Sandeep Jajodia. Its principal activities include manufacturing and marketing of Sponge Iron, Steel and Ferro Alloys. In addition, MIEL is engaged in mining of mineral assets like coal & iron ore and is also involved in the generation of power for captive consumption. The Monnet Group has manufacturing facilities in Raipur and Raigarh in Chhattisgarh and is currently in the midst of implementing a 1.5 Million Tons integrated steel plant to produce plates, structural and rebar’s at its facility at Raigarh in Chhattisgarh to cater to the high growth infrastructure sector. MIEL through its subsidiary is now making measure of forays in the development of Merchant Power Plants and is currently implementing the first 1050 MW power plant at Angul.

**Monnet Power Company Limited (MPCL):** MPCL is currently executing a 1050 MW IPP in the state of Orissa backed by captive coal mines. The project consists of 2 units of 525 MW to be supplied by BHEL. The project has all its statutory approvals & clearances in place and has achieved financial closure. Both of these 525 MW each unit is expected to get commissioned between September and December 2012.

**Monnet Global Limited (MGL):** MGL a wholly owned subsidiary of Monnet Ispat & Energy Limited having offices in Dubai, Jakarta and Johannesburg (South Africa), does all the global acquisitions and mergers for the Group.

**Forward-Looking Statements:-** *This report contains forward –looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’ or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company’s strategy for growth, market position, expenditures, and financial results, are forward – looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company’s actual results, performance or achievements could thus differ materially from those projected in any such forward – looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.*

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