Prakash

New Delhi/ Mumbai, 11th August, 2011

Prakash Industries Limited – Q1FY12 Financial Performance

Q1FY12 Highlights:

- **NET SALES** Rs. 499 Crore
- **EBIDTA** Rs. 91 Crore
- **PAT** Rs. 71 Crore

Prakash Industries Ltd (PIL), a business house with interests in steel & power has reported a strong financial performance for the quarter ended June 30, 2011 (Q1 FY12)

Net Sales/Income from operations during Q1FY12 increased by 7.3% to Rs. 498.5 crore as compared to Rs. 464.5 crore in Q1FY11. The EBIDTA for the quarter stood at Rs. 90.7 crore vis-à-vis Rs. 92.8 crore in Q1FY11

PAT (Profit after Tax) of the Company for Q1FY12 stood at Rs. 71.1 crore as against Rs. 69.7 crore in Q1 FY11. EPS (Earning per share) for the quarter was Rs. 5.29 as against Rs. 5.64 in Q1 FY11.

Particulars	Qtr. ended (Amt. In Rs. Crore)		Growth %
	30th June,2011	30th June,2010	
Net Sales	498.5	464.5	7.3
PAT	71.1	69.7	2.0
EPS (Rs.)	5.29	5.64	--

OPERATIONAL REVIEW

The performance of the Integrated Steel Plant of the company with capacities for Sponge Iron, Steel Melting, Ferro Alloys and Power Generation has been satisfactory despite volatility in the industry witnessed during the quarter.

The sponge iron production has registered an impressive growth of about 23%. Similarly power generation has also gone up by 9%. Sponge iron production and power generation have been highest ever in a quarter.

OUTLOOK

The quarter was challenging in terms of volatility in the input prices and economic uncertainty. Therefore for a company to succeed in challenging times it is imperative to mitigate risks relating to cyclicality and input cost volatility. The company has taken steps that would ensure mitigation going forward. It has taken up plan to diversify into power sector and is setting up a 625 MW power plant in Chhattisgarh in phases. The Company is also planning to expand its steel capacity during FY12 for higher level of integration. An additional sponge iron kiln is ready to be commissioned by the end of Q2FY12 which is expected to bring about a control in the spurt of raw material prices. Also the company has been making continuous efforts to become self-reliant in iron ore supplies. In this direction, various steps have been taken so that the company's iron ore mines may get started soon. These steps along with capacity addition in the sponge iron and power generation are expected to improve upon the operating margin of the company substantially in coming years.

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