

**REVIEW REPORT TO THE BOARD OF DIRECTORS
OF STEEL AUTHORITY OF INDIA LIMITED**

1. We have reviewed the accompanying statement of unaudited financial results of Steel Authority of India Limited for the quarter / half year ended 30th September, 2013, except for disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited 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 these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (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 financial statements are 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. The review reports on the accounts of the Plants, Units, Branches and other offices reviewed by other firms of Chartered Accountants have been forwarded to us and we have duly considered the same in preparing this report.

4. Basis for Qualified Conclusion

Based on the information provided to us by the management, the Company has not provided for;

- a) *entry tax amounting to Rs.82.91 crore (current quarter Rs.0.45 crore / half year Rs.1.27 crore) in the state of Uttar Pradesh, Rs.976.34 crore (current quarter Rs.45.39 crore/half year Rs 87.88 crore) in the state of Chhatisgarh and Rs.204.63 crore (current quarter Rs.24.72 crore / half year Rs.34.31 crore) in the state of Odisha;*
- b) *income tax demand of Rs.87.62 crore (current quarter Rs. Nil/ half year Rs. Nil) ;*
- c) *claims of Rs. 253.84 crore (current quarter Rs.19.20 crore/ half year Rs. 36.44 crore) by DVC for supply of Power;*

The impact of para (a) to (c) has resulted in overstatement of profit for the current quarter Rs.89.76 crore/half year Rs.159.90 crore, cumulative Profit by Rs.1605.34 crore and understatement of Liability by Rs.1605.34 crore.

5. Emphasis of Matter

We draw attention to:

- i. Sales to Government agencies recognised on provisional contract prices (refer note no. 3);
- ii. Pending finalisation of fresh agreement with non-executives in respect of wage revision due from 1st January, 2012, we are unable to comment on the adequacy of provision of Rs.1148.49 crore (including Rs.408.94 crore provided during the current quarter / half year Rs.537.46 crore) (refer note no.5);
- iii. In view of the assumptions provided by the Company relating to the salary escalation rates, we are unable to comment on the adequacy of provision for retirement employee benefits based on actuarial valuation as per Accounting Standard - 15: 'Employee Benefits' issued by the Ministry of Corporate Affairs;

Our conclusion is not qualified in respect of these matters.

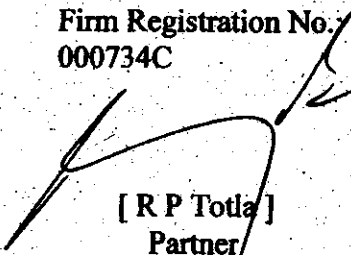
6. Qualified Conclusion

Based on our review, with the exception of the matters described in the Basis for Qualified Conclusion paragraph (no.4), nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results for the quarter/half year ended on 30th September, 2013, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies 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, except figures are reported in rupees in crore, or that it contains any material misstatement.


For S.K. Mittal & Co.
Chartered Accountants
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001135N


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Partner
(M. No. 013117)

For O.P. Totla & Co.
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PLACE : New Delhi
DATE : 11th November, 2013