

**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 ended 30<sup>th</sup> June, 2014 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;*

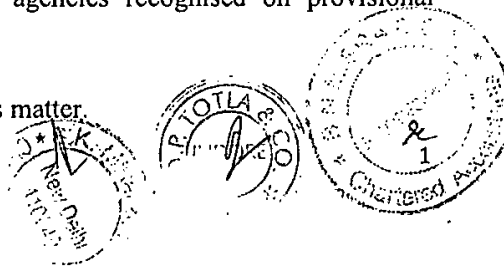
- a) *entry tax amounting to Rs.92.40 crore (current quarter Rs.0.85 crore) in the state of Uttar Pradesh, Rs.1075.85 crore (current quarter Rs.04.57 crore) in the state of Chhatisgarh and Rs.243.86 crore (current quarter Rs.29.05 crore) in the state of Odisha; (refer note no.5).*
- b) *claims of Rs.291.76 crore (current quarter Rs.Nil crore) by DVC for supply of Power (refer note no.6);*

*The impact of para (a) to (b) has resulted in overstatement of profit for the current quarter Rs.34.47crore and understatement of Liability by Rs.1703.87crore.*

5. **Emphasis of Matter**

We draw attention to Sales to Government agencies recognised on provisional contract prices (refer note no.4)


Our conclusion is not qualified in respect of this matter




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 ended on 30<sup>th</sup> June, 2014, prepared in accordance with the accounting standards specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules 2014) and other recognized accounting practices 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.

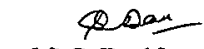
**For S.K. Mittal & Co.**  
Chartered Accountants  
Firm Registration No.:  
001135N

  
[ M.K. Juneja ]  
Partner  
(M. No. 013117)

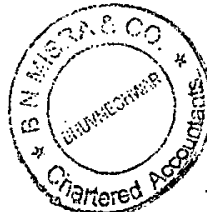
**For O.P. Totla & Co.**  
Chartered Accountants  
Firm Registration No.:  
000734C

  
[ SK Acharya ]  
Partner  
(M. No. 078371)

**For B.N. Misra & Co.**  
Chartered Accountants  
Firm Registration No.:  
321095E

  
[ S.C. Dash ]  
Partner  
(M. No. 050020)

PLACE : New Delhi  
DATE : 11<sup>th</sup> August, 2014



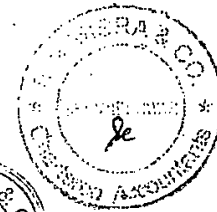
**STEEL AUTHORITY OF INDIA LIMITED**  
REGISTERED OFFICE: ISPAT BHAWAN, LODI ROAD, NEW DELHI - 110003

Statement of Unaudited Financial Results for the Quarter ended 30th June 2014

Part I		Quarter ended			Year ended 31st March 2014
Sl. No	Particulars	30th June 2014	31st March 2014	30th June 2013	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	(n) Net Sales / Income from operations				
	i) Gross Sales	12515.36	14986.58	11361.14	51855.99
	ii) Less : Excise Duty	1319.68	1676.57	1255.02	5677.29
	Sub total (a) (i-ii)	11195.68	13310.01	10106.12	46188.70
	(b) Other operating income	145.52	199.20	127.68	509.71
	<b>Total Income from Operations (net)</b>	<b>11341.20</b>	<b>13509.21</b>	<b>10233.80</b>	<b>46698.41</b>
2	Expenses				
	a) Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade	-43.90	1423.99	-610.88	894.63
	b) Cost of Materials Consumed	4426.68	4829.58	4667.29	19271.16
	c) Purchase of Stock in Trade	0.00	0.14	0.28	0.78
	d) Employee Benefits Expense	2458.46	2520.58	2294.79	9578.51
	e) Power & Fuel	1322.32	1262.07	1152.57	4942.15
	f) Depreciation and Amortisation Expenses	407.95	516.30	392.85	1716.69
	g) Other Expenses	2047.81	2213.05	1884.58	7992.36
	<b>Total Expenses</b>	<b>10619.32</b>	<b>12765.71</b>	<b>9781.38</b>	<b>44396.28</b>
3	Profit from Operations before Other Income, Finance Costs and Exceptional Items (1-2)	721.88	743.50	452.42	2302.13
4	Other Income				
	i) Interest Earned	106.75	156.32	128.73	584.13
	ii) Other Income	89.03	18.79	131.55	249.67
	Sub total (i+ii)	195.78	175.11	260.28	833.80
5	Profit from ordinary activities before Finance Costs and Exceptional Items (3+4)	917.66	918.61	712.70	3135.93
6	Finance Cost	304.96	312.57	191.82	967.64
7	Profit from ordinary activities after Finance Costs but before Exceptional Items (5-6)	612.70	606.04	520.88	2168.29
8	Exceptional Items Loss(-)/Gain (+)				
	Compensation Received for Non Performance of Contract	0.00	0.00	0.00	1056.26
9	Profit from Ordinary Activities before Tax (7+8)	612.70	606.04	520.88	3224.55
10	Tax Expense				
	(a) Current Tax	132.06	147.47	107.90	683.26
	(b) Deferred Tax Liability / Assets (-)	82.82	21.35	69.97	331.87
	(c) MAT Credit	-132.06	-127.50	-107.90	-520.11
	(d) Earlier Years	0.00	112.14	0.00	112.95
	Sub-Total (a to d)	82.82	153.46	69.97	608.07
11	Net Profit from Ordinary Activities after Tax (9-10)	529.88	452.58	450.91	2616.48
12	Extraordinary Items (net of Tax Expense Rs. Nil)	0.00	0.00	0.00	0.00
13	Net Profit for the Period (11-12)	529.88	452.58	450.91	2616.48
14	Share of profit/(Loss) of Associate				
15	Minority Interest				
	Net Profit after taxes, minority interest and share of profit/(Loss) of Associates	529.88	452.58	450.91	2616.48
16	Paid up Equity Share Capital	4130.53	4130.53	4130.53	4130.53
	(Face value : Rs. 10 per share)				
18	Reserves (Excluding Revaluation Reserve) as per Balance Sheet of Previous Accounting Year				38535.82
19	Basic and Diluted Earnings per Share (of Rs. 10/- each) before and after Extraordinary Items (Not Annualised) ( Rupees )	1.28	1.10	1.09	6.33

Part II		Quarter ended		
Sl. No	Particulars	30th June 2014	31st March 2014	30th June 2013
		(Unaudited)	(Audited)	(Unaudited)
A	<b>PARTICULARS OF SHAREHOLDING</b>			
1	Public share holding			
	- Number of shares	82,57,77,391	82,57,77,391	82,57,77,391
	- Percentage of share holding	19.99	19.99	19.99
2	Promoters and Promoter group shareholding			
	(a) Pledged / Encumbered			
	- Number of Shares	-	-	-
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-
	(b) Non-Encumbered			
	- Number of Shares	330,42,83,713	330,42,83,713	330,42,83,713
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	100.00	100.00	100.00
	- Percentage of shares (as a % of the total share capital of the company)	80.00	80.00	80.00

Particulars	Quarter ended 31st Mar 2014
6 INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	0
Received during the quarter	16
Disposed off during the quarter	16
Remaining unresolved at the end of the quarter	0



## SEGMENT REVENUE, RESULTS AND CAPITAL EMPLOYED

PARTICULARS	₹ crore			
	Quarter Ended	Quarter Ended	Quarter Ended	Year ended
	30 th June	31st March	30 th June	31st March
	2014 (Unaudited)	2014 (Audited)	2013 (Unaudited)	2014 (Audited)
<b>Segment Revenue (Net Sales / Income from Operations)</b>				
- Bhilai Steel Plant	3814.75	4769.53	3922.24	17165.33
- Durgapur Steel Plant	1663.36	2063.17	1680.19	7379.97
- Rourkela Steel Plant	2302.41	2558.70	1766.52	8493.32
- Bokaro Steel Plant	3101.63	3609.77	2842.70	12672.26
- IISCO Steel Plant	550.71	759.04	665.48	2927.41
- Alloy Steels Plant	139.38	160.79	220.33	737.93
- Salem Steel Plant	476.15	547.91	350.77	1824.04
- Visvesvaraya Iron & Steel Plant	72.92	71.68	63.03	227.34
- Others	819.86	884.20	771.97	3450.55
<b>Total Segment Revenue</b>	<b>12941.17</b>	<b>15424.79</b>	<b>12283.23</b>	<b>54878.15</b>
Less : Inter-Segment Revenue	1599.97	1915.58	2049.43	8179.74
<b>Net sales / Income from Operations</b>	<b>11341.20</b>	<b>13509.21</b>	<b>10233.80</b>	<b>46698.41</b>
<b>Segment Results (Profit(+)/Loss(-) before Interest, Exceptional Items and Tax)</b>				
- Bhilai Steel Plant	488.03	646.87	508.90	2320.31
- Durgapur Steel Plant	154.49	204.57	118.35	519.55
- Rourkela Steel Plant	142.00	218.32	78.42	422.29
- Bokaro Steel Plant	254.45	324.30	-15.11	400.50
- IISCO Steel Plant	-239.08	-222.04	-101.16	-539.40
- Alloy Steels Plant	-34.25	5.30	-27.96	-84.19
- Salem Steel Plant	-60.61	-44.90	-92.79	-281.58
- Visvesvaraya Iron & Steel Plant	-29.18	-10.95	-29.86	-122.62
- Others	241.81	-202.86	273.91	501.07
<b>Total</b>	<b>917.66</b>	<b>918.61</b>	<b>712.70</b>	<b>3135.93</b>
Less : Interest Expenses	304.96	312.57	191.82	967.64
<b>Exceptional items - Loss(-)/Gain(+)</b>				
Add : Compensation Received for Non Performance of Contract.	0.00	0.00	0.00	1056.26
<b>Profit before Tax</b>	<b>612.70</b>	<b>606.04</b>	<b>520.88</b>	<b>3224.55</b>
<b>Capital Employed</b>				
<b>( Segment Assets less Segment Liabilities excluding Inter Unit Balances )</b>				
- Bhilai Steel Plant	14788.71	14950.48	13530.16	14950.48
- Durgapur Steel Plant	3014.43	3077.23	2951.65	3077.23
- Rourkela Steel Plant	13348.10	13375.75	12305.15	13375.75
- Bokaro Steel Plant	10102.93	10402.60	9974.48	10402.60
- IISCO Steel Plant	15626.87	15501.10	14725.51	15501.10
- Alloy Steels Plant	425.68	423.35	507.58	423.35
- Salem Steel Plant	2781.81	2813.29	3317.00	2813.29
- Visvesvaraya Iron & Steel Plant	401.73	391.90	451.13	391.90
- Others	-1809.01	-2596.67	76.00	-2596.67
<b>Total Capital Employed in the Company</b>	<b>58681.25</b>	<b>58339.03</b>	<b>57838.66</b>	<b>58339.03</b>
<b>Note :</b>				
1. Segments have been identified in line with the Accounting Standard -17 on Segment Reporting taking into account the Organisation and Management Structure and also Internal Financial Reporting System though the Company primarily deals in Iron & Steel items. Segment Revenue, Results and Capital Employed include the respective amounts identifiable to each of the segments.				
2. Since the Company's overseas operations are below 10% of the total operations, the disclosure of geographical segments is not applicable.				



**Notes to Financial Results:**

1. The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors in their Meeting held on 11<sup>th</sup> August, 2014.
2. The above results have been reviewed by the Statutory Auditors, as required under Clause 41 of the Listing Agreement.
3. The figures for the Quarter ended 31<sup>st</sup> March, 2014, are the balancing figures between the Audited figures in respect of full Financial Year ended 31<sup>st</sup> March, 2014 and the published year to date figures upto the 3<sup>rd</sup> Quarter ended 31<sup>st</sup> December, 2013.
4. Net Sales include sales to Government Agencies recognised on provisional contract prices during the Quarter ended 30<sup>th</sup> June 2014: ₹867.95 crore (corresponding quarter of previous year: ₹1010.16 crore) and cumulatively upto 30<sup>th</sup> June, 2014: ₹7733.01 crore (upto the corresponding quarter of previous year : ₹19258.07 crore).
5. Pending decisions by the Hon'ble Supreme Court of India on levy of entry tax in the States of Chattisgarh, Odisha, and Uttar Pradesh, the entry tax demands, under dispute, of ₹1075.85 crore, ₹243.86 crore and ₹92.40 crore respectively, have been treated as contingent liabilities.
6. Pending decision by the Hon'ble Supreme Court of India in the determination of the electricity tariff, claims of ₹291.76 crore made by Damodar Valley Corporation in respect of electricity supplied to one of the Plants of the Company, have been treated as contingent liabilities.
7. In accordance with Companies (Accounting Standards) Amendment Rules, 2009, relating to Accounting Standard – 11, notified on 31<sup>st</sup> March 2009 and amended from time to time, the foreign exchange fluctuation loss on long-term foreign currency loans of ₹25.75 crore (net debit) for the current quarter [ Corresponding quarter of previous year - ₹271.42 crore (net debit) ], has been adjusted in the carrying cost of the Fixed Assets/ Capital Work-in-progress.
8. The Company has revised the accounting policy for depreciation of tangible assets in alignment with Schedule II to the Companies Act, 2013 which has become applicable from 1<sup>st</sup> April, 2014. Consequently, profit for the quarter is higher by ₹28.74 crore. Further, an amount of ₹217.18 crore has been recognised in the opening balance of the retained earnings where the remaining useful life of such tangible assets is Nil as at 1<sup>st</sup> April, 2014 in line with the provisions of Schedule - II to the Companies Act, 2013.
9. The Auditors in their Report for the Year ended 31<sup>st</sup> March, 2014 have brought out that the Company has not provided for :
  - a) entry tax amounting to ₹91.55 crore in the state of Uttar Pradesh, ₹1071.28 crore in the state of Chhattisgarh and ₹214.81 crore in the state of Odisha;
  - b) claims of ₹291.76 crore by DVC for supply of Power;
  - c) In respect of Rourkela Steel Plant (RSP), depreciation and interest has been short provided by ₹104.92 crore and ₹28.74 crore respectively, resulting in overstatement of profit by ₹133.66 crore and fixed assets by similar amount.



In respect of items stated at (a) and (b) above, the Company's views are that these cases are sub judice and pending for adjudication before the Hon'ble Supreme Court. The disputed demands, contested on valid and bonafide grounds, have been disclosed as contingent liabilities as it is not probable that present obligations exist as on 31<sup>st</sup> March, 2014. Therefore, there is no adverse impact on profit. These cases were sub judice as on 31<sup>st</sup> March, 2012 & 2013 also and there is no change in the status of these cases till date.

In respect of item stated (c) above, the Company's views are that as part of its Modernization and Expansion Plan/other Capital Schemes in RSP, the Assets have been capitalised after installation, trial run, removal of all defects, issue of acceptance certificate and having become ready for commercial production during 2013-14. The capitalisation has been done in accordance with applicable Accounting Standards and Generally Accepted Accounting Principles. Therefore, there is no under-statement of depreciation & interest and over statement of profit and fixed assets

9. The figures of previous periods have been re-grouped, wherever necessary, so as to conform to the current Quarter's classification.

For and on behalf of Board of Directors



( Anil Kumar Chaudhary )  
Director (Finance)

Place: New Delhi  
Dated: 11<sup>th</sup> August, 2014

