

1.	M/s. B.N. Misra & Co., Chartered Accountants, S-29, Maitri Vihar, Phase-II, <u>Bhubneswar-751023.</u>	2.	M/s. Sharma Goel & Co. LLP, Chartered Accountants, A-47, Lower Ground Floor, Hauz Khas, <u>New Delhi-110016.</u>	3.	M/s. Singhi & Co., Chartered Accountants, 1-B Old Post Office Street Kolkata, <u>Kolkata-700001</u>	4.	M/s. Chatterjee & Co., Chartered Accountants, 153, Rash Behari Avenue, 3 rd Floor, <u>Kolkata-700029.</u>
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**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 and half year ended 30th September, 2015 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 procedure 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

(i) the Company has not provided for;

a) entry tax amounting to ₹94.89 crore (current quarter ₹Nil / half year ₹Nil) in the state of Uttar Pradesh, ₹1090.05 crore (current quarter ₹1.99 crore/half year ₹5.73 crore) in the state of Chhatisgarh and ₹333.95 crore (current quarter ₹Nil / half year ₹Nil) in the state of Odisha; (refer note no.6).

b) amount paid to DVC against bills raised for supply of power and retained as advance claim by Bokaro Steel Plant amounting to ₹443.50 crore (current quarter ₹32.19 crore / half year ₹49.91 crore) (refer note no. 7);

(ii) During the half year, LTA/LTC expenses of ₹46.25 crore (current quarter ₹Nil) has been treated as pre-paid instead of expense at Bhilai, Durgapur & Bokaro Steel Plants.

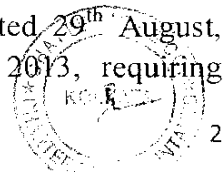
(iii) During the half year, Leave encashment expenses of ₹15.60 crore (current quarter ₹Nil) has been treated as pre-paid instead of expense at Bokaro Steel Plant.

The total impact of above para (i) to (iii) has resulted in, understatement of Loss before tax for the quarter by ₹34.18 crore/half year by ₹117.49 crore.

5. Emphasis of Matter

We draw attention to the following matters in the Notes:

- a) Sales to Government agencies recognised on provisional contract prices (refer note no. 3).
- b) The company has changed the useful life of plant & machinery used in the manufacture of steel, which is different from the useful life adopted in the previous financial year, resulting in under charging of depreciation by ₹83.23 crore and ₹167.12 crore for the quarter and half year ended 30th September 2015 (refer note no. 5).
- c) Ministry of Corporate Affairs (MCA), vide notification dated 29th August, 2014, has amended Schedule II to the Companies Act, 2013, requiring



mandatory componentisation of assets for financial statements in respect of Financial Year commencing on or after 1st April, 2015. The Company is in the process of technical evaluation of componentisation of Fixed Assets & useful lives thereof. (refer note no. 10)

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 and half year ended on 30th September 2015, 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 B.N. Misra & Co.
Chartered Accountants
Firm Registration No.:321095E


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



For Sharma Goel & Co. LLP
Chartered Accountants
Firm Registration No.:000643N

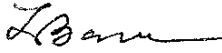

[Amar Mittal]
Partner
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[R.N. Basu]
Partner
(M. No.050430)



PLACE : New Delhi
DATE : 6th November, 2015