



स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड
STEEL AUTHORITY OF INDIA LIMITED

FAX MESSAGE

No.CA-17(44)/2016

February 9, 2017

The General Manager (MO)
Bombay Stock Exchange
Corporate Relationship Department
1st Floor, New Trading Ring,
Rotunda Building, P.P. Tower,
Dalal Street, Fort,
Mumbai-400001
(Fax No.022-22723121/3719)

The Asstt. Vice President
National Stock Exchange of India Ltd.
Plot No.C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai-400 051.
(Fax No.022-26598237/38)

Sub: Unaudited Financial Results for the quarter/nine months ended 31st December, 2016,

Ref: Regulation 33 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015: (Security ID:SAIL).

Dear Sir,

The Board of Directors at its meeting held today i.e. 9th February, 2017, inter-alia, considered and approved the Unaudited Standalone Financial Results for the quarter/nine months ended 31st December, 2016 alongwith segment information.

A copy of the Unaudited Standalone Financial Results for the quarter/nine months ended 31st December, 2016 alongwith segment information and the Limited Review Report by the Statutory Auditors is enclosed herewith.

The above are also being uploaded on the website of the Company at www.sail.co.in.

Thanking you,

Yours faithfully,
For Steel Authority of India Limited

(M.C. Jain)

ED(F&A) & Secretary

Encl. As above.

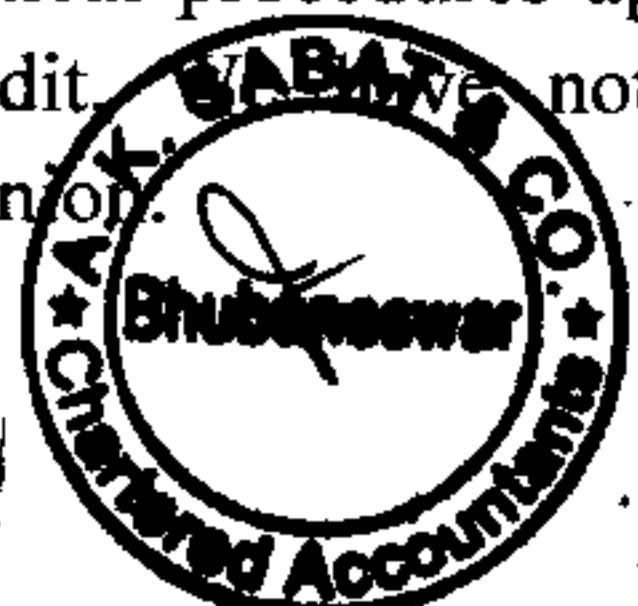
		<u>Kolkata- 700029.</u>		<u>110055.</u>		
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Independent Auditors' Review Report

To

**The Board of Directors,
Steel Authority of India Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results ('Statement') of **Steel Authority of India Limited** ('the Company') for the quarter and nine months ended 31st December, 2016, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. 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 this statement based on our review.
3. We did not review the financial results of 8 branches/ units included in the statement of unaudited standalone financial results of the Company. The financial results of these branches/ units have been reviewed by the branch auditors whose review reports have been furnished to us, and our conclusion in so far as relates to the amounts and disclosures included in respect of these branches, is based solely on the review report of such branch auditors.
4. 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 provide less assurance than an audit. ~~As we have not performed an audit and accordingly, we do not express an audit opinion.~~



5. **Basis for Qualified Conclusion**

I. The Company has not provided for :

(i) entry tax amounting to ₹ 1766.50 crore (current quarter ₹31.47 crore and current nine months ₹81.97 crore) (refer note no. 6(a) and 6(b));

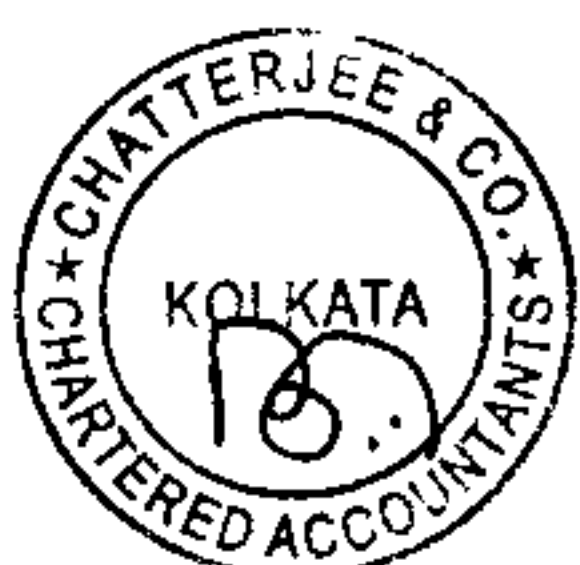
(ii) Amount paid to Damodar Valley Corporation (DVC) against bills raised for supply of power and retained as advance to DVC by Bokaro Steel Plant amounting to ₹562.63 crore (current quarter ₹19.58 crore and current nine months ₹71.36 crores). (Refer Note No7);

II. The Company has recognised an interest income of ₹ 54.98 crore till 31st December, 2016 (current quarter ₹4.27 crore and the current nine months ₹10.96 crore) in relation to contribution given to Indian Railways for construction of rail link between Dalli-Rajhara and Rowghat, pending significant uncertainty (refer note no.10);

Had the impact of above qualifications been considered, loss (net of tax)for the nine months ended 31st December 2016 would have been ₹3804.22 crore (for the quarter ₹2538.58 crore) as against reported loss of ₹2245.20 crore (for the quarter ₹979.56 crore).

6. **Qualified Conclusion**

Based on our review conducted as above, with the exception of the matters described in the Basis for Qualified Conclusion paragraph No.5 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results, read with notes on accounts thereon, prepared in accordance with applicable Indian Accounting Standards ("IndAS") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular no. CIR/CFD/FAC/62/2016 dated 5th July, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.



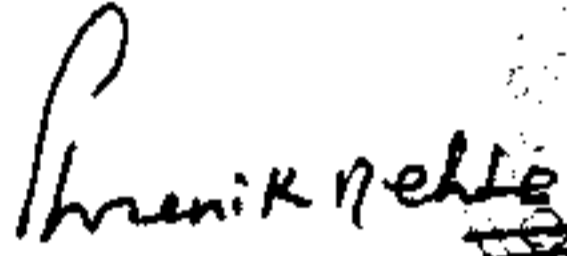
7. Emphasis of Matter


We draw attention to the following:

- (i) Gross sales include sales to Government agencies for ₹ 2816.80 crore which is recognised on provisional contract prices (refer note no. 5);
- (ii) In Chandrapur Ferro Alloy Plant, for valuation of closing stock of inventory amounting to ₹192.26 crore, the market rate considered to substantiate the net realisable value is based on market report (refer note no. 8);
- (iii) Recognition of Deferred Tax Assets of ₹2733.62 crore as on 31st December 2016 on accumulated business losses (refer note no. 11).


Our opinion is not qualified in respect of these matters.


For Singhi & Co.
Chartered Accountants
Firm Registration No. 302049E


(Shrenik Mehta)
Partner
M.No.063769





For V.K. Dhingra & Co.,
Chartered Accountants
Firm Registration No. 000250N


(Lalit Ahuja)
Partner
M.No. 085842





For A.K.Sabat & Co.
Chartered Accountants
Firm Registration No. 321012E


(A.K.Sabat)
Partner
M.No.030310



For Chatterjee & Co.
Chartered Accountants
Firm Registration No. 302114E


(Bedanta Bhattacharya)
Partner
M.No.060855



Date: 9th February, 2017

Place: New Delhi

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

Statement of Standalone Unaudited Financial Results for the Quarter and Nine Months Ended 31st December 2016

₹ Crore

Sl. No.	Particulars	Quarter Ended			Nine Months Ended	
		31st December 2016 (Unaudited)	30th September 2016 (Unaudited)	31st December 2015 (Unaudited)	31st December 2016 (Unaudited)	31st December 2015 (Unaudited)
1	Income From Operations					
	(a) Income from Operations / Gross Sales	12490.19	12431.29	9928.21	35101.40	30700.80
	(b) Other operating Income	129.46	146.31	144.58	431.52	412.85
	Total income from Operations	12619.65	12577.60	10072.79	35532.92	31113.65
2	Expenses					
	a) Cost of Materials consumed	5813.61	4152.60	4157.22	13896.53	13360.77
	b) Purchase of Stock in Trade	0.00	0.00	0.00	0.00	0.00
	c) Changes in Inventories of Finished Goods, Work in Progress and Stock In Trade	(331.75)	1506.80	(17.97)	447.43	(1486.23)
	d) Employee Benefits Expense	2343.27	2134.95	2399.73	6866.77	7214.48
	e) Depreciation	669.94	665.87	530.37	1936.02	1510.59
	f) Power & Fuel	1272.43	1270.97	1336.64	3868.85	3934.21
	g) Excise Duty	1321.46	1352.00	1122.77	3771.05	3422.98
	h) Other Expenses	2243.39	2048.85	2230.13	6379.85	6662.79
	Total Expenses	13332.35	13132.04	11768.89	37166.50	34619.59
3	Profit / (Loss) from Operations before Other Income, Finance Costs, Exceptional Items and Tax (1-2)	(712.70)	(554.44)	(1686.10)	(1633.58)	(3505.94)
4	Other Income	68.82	68.16	103.67	226.26	409.71
5	Profit / (Loss) before Finance Costs, Exceptional Items and Tax (3+4)	(643.88)	(486.28)	(1582.43)	(1407.32)	(3096.23)
6	Finance Cost	610.83	602.76	598.96	1807.64	1647.21
7	Profit / (Loss) after Finance Costs but before Exceptional Items and Tax (5-6)	(1254.71)	(1089.04)	(2181.39)	(3214.96)	(4743.44)
8	Exceptional items: Voluntary Retirement Compensation	(1.14)	164.01	0.00	217.07	0.00
9	Profit / (Loss) before Tax (7-8)	(1253.57)	(1253.05)	(2181.39)	(3432.03)	(4743.44)
10	Tax Expense					
	(a) Deferred Tax (Assets)	(473.87)	(521.47)	(623.74)	(1385.23)	(1830.05)
	(b) Earlier Years	15.14	0.00	(76.59)	15.14	(76.59)
	Sub-Total	(458.73)	(521.47)	(700.33)	(1370.09)	(1906.64)
11	Net Profit / (Loss) after Tax (9-10)	(794.84)	(731.58)	(1481.06)	(2061.94)	(2836.80)
12	Net Profit / (Loss) for the period	(794.84)	(731.58)	(1481.06)	(2061.94)	(2836.80)
13	Other Comprehensive Income / (Loss) after Tax	(184.72)	0.86	(0.48)	(183.26)	(1.05)
14	Total Comprehensive Income / (Loss) after Tax (12+13)	(979.56)	(730.72)	(1481.54)	(2245.20)	(2837.85)
15	Equity Share Capital	4130.53	4130.53	4130.53	4130.53	4130.53
	(Face value : ₹ 10 per share)					
16	Basic and Diluted Earnings per Share (of ₹ 10/- each) (Not Annualised) (Rupees)	-1.92	-1.77	-3.59	-4.99	-6.87

Note: See accompanying notes to the financial results.



STEEL AUTHORITY OF INDIA LIMITED
REGISTERED OFFICE: ISPAT BHAWAN, LODI ROAD, NEW DELHI - 110003
Extract of Standalone Unaudited Financial Results for the Quarter and Nine Months Ended 31st December 2016


₹ Crore

Sl. No.	Particulars	Quarter ended			Nine Months Ended	
		31st December 2016	30th September 2016	31st December 2015	31st December 2016	31st December 2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Total Income from Operations	12619.65	12577.60	10072.79	35532.92	31113.65
2	Net Profit / (Loss) for the Period (before tax, Exceptional and / or Extraordinary items)	(1254.71)	(1089.04)	(2181.39)	(3214.96)	(4743.44)
3	Net Profit / (Loss) for the Period before tax (after Exceptional and / or Extraordinary items)	(1253.57)	(1253.05)	(2181.39)	(3432.03)	(4743.44)
4	Net Profit / (Loss) for the Period after tax (after Exceptional and / or Extraordinary items)	(794.84)	(731.58)	(1481.06)	(2061.94)	(2836.80)
5	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and other Comprehensive Income (after tax)]	(979.56)	(730.72)	(1481.54)	(2245.20)	(2837.85)
6	Equity Share Capital	4130.53	4130.53	4130.53	4130.53	4130.53
7	Earnings per Share (of ₹10/- each) (For continuing and discontinued operations) - (in ₹) (Not Annualised)					
	1. Basic	-1.92	-1.77	-3.59	-4.99	-6.87
	2. Diluted	-1.92	-1.77	-3.59	-4.99	-6.87

Note 1: The above is an extract of the detailed format of Quarterly/Nine Monthly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of these Financial Results are available on the Stock Exchange websites of NSE and BSE at www.nseindia.com and www.bseindia.com respectively and under the Investor Relations Section on the Company's website www.sail.co.in.

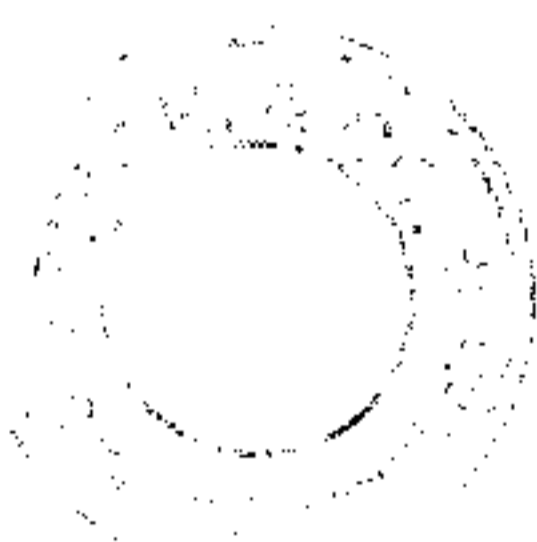
2. The Company adopted Ind AS from 1st April, 2016 and accordingly the financial results are prepared in compliance with Ind AS pursuant to the Notification of Ministry of Corporate Affairs (MCA) dated 16th February, 2016. The comparative figures for the Quarter and Nine Months ended 31st December, 2015 have been restated as per Ind AS.

For and on behalf of Board of
Directors


(Anil Kumar Chaudhary)
Director (Finance)

Place: New Delhi

Dated: 9th February, 2017



SEGMENT REVENUE, RESULTS, ASSETS AND LIABILITIES						₹ crore
PARTICULARS	STANDALONE					
	Quarter Ended			Nine Months Ended		
	31st December 2016	30th September 2016	31st December 2015	31st December 2016	31st December 2015	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Segment Revenue (Net Sales / Income from Operations)						
- Bhilai Steel Plant	3829.07	3714.25	3693.66	10733.23	11205.65	
- Durgapur Steel Plant	1723.24	1561.42	1604.67	4729.31	4626.26	
- Rourkela Steel Plant	2627.20	2471.73	1797.20	7148.03	5584.88	
- Bokaro Steel Plant	2836.49	3291.43	1841.80	8675.35	6478.17	
- IISCO Steel Plant	1195.81	1152.33	793.16	3264.39	2197.57	
- Alloy Steels Plant	157.14	157.00	146.91	477.94	463.84	
- Salem Steel Plant	563.58	500.67	452.86	1524.81	1368.58	
- Visvesvaraya Iron & Steel Plant	50.20	50.24	62.42	141.55	193.94	
- Others	898.61	805.87	968.69	2539.67	3055.48	
Total Segment Revenue	13881.34	13704.94	11361.37	39234.28	35174.37	
Less : Inter-Segment Revenue	1261.69	1127.34	1288.58	3701.36	4060.72	
Net sales / Income from Operations	12619.65	12577.60	10072.79	35532.92	31113.65	
Segment Results (Profit / (Loss) before Interest, Exceptional Items and Tax)						
- Bhilai Steel Plant	(91.51)	157.28	64.75	201.99	605.10	
- Durgapur Steel Plant	(210.65)	(154.20)	(166.12)	(404.06)	(250.20)	
- Rourkela Steel Plant	(84.61)	(203.49)	(585.03)	(491.31)	(1300.77)	
- Bokaro Steel Plant	8.97	(30.18)	(441.65)	33.55	(1142.94)	
- IISCO Steel Plant	(323.73)	(305.29)	(534.38)	(878.35)	(1149.50)	
- Alloy Steels Plant	(5.69)	(1.07)	(11.65)	(9.34)	(56.17)	
- Salem Steel Plant	(20.22)	(32.39)	(82.51)	(83.67)	(205.08)	
- Visvesvaraya Iron & Steel Plant	(29.13)	(28.06)	(38.37)	(89.68)	(91.68)	
- Others	112.69	111.12	212.53	313.55	495.01	
Total	(643.88)	(486.28)	(1582.43)	(1407.32)	(3096.23)	
Less : Interest Expenses	610.83	602.76	598.96	1807.64	1647.21	
Exceptional items - Loss (-)/Gain(+)						
Voluntary Retirement Compensation	(1.14)	164.01	0.00	217.07	0.00	
Profit / (Loss) before Tax	(1253.57)	(1253.05)	(2181.39)	(3432.03)	(4743.44)	
Segment Assets						
- Bhilai Steel Plant	26095.00	25581.35	24587.54	26095.00	24587.54	
- Durgapur Steel Plant	5877.27	5846.68	5877.96	5877.27	5877.96	
- Rourkela Steel Plant	18475.72	18224.93	19297.22	18475.72	19297.22	
- Bokaro Steel Plant	14207.14	13905.26	15234.75	14207.14	15234.75	
- IISCO Steel Plant	18921.55	18787.03	19049.76	18921.55	19049.76	
- Alloy Steels Plant	611.89	616.27	594.73	611.89	594.73	
- Salem Steel Plant	2558.38	2673.11	2982.52	2558.38	2982.52	
- Visvesvaraya Iron & Steel Plant	707.92	672.26	676.77	707.92	676.77	
- Others	16830.25	14631.24	14926.61	16830.25	14926.61	
Total	104285.12	100938.13	103227.86	104285.12	103227.86	
Segment Liabilities						
- Bhilai Steel Plant	6938.28	6821.90	6497.48	6938.28	6497.48	
- Durgapur Steel Plant	2084.98	2041.89	2101.61	2084.98	2101.61	
- Rourkela Steel Plant	3708.42	3486.14	3584.73	3708.42	3584.73	
- Bokaro Steel Plant	3534.01	3338.04	3256.38	3534.01	3256.38	
- IISCO Steel Plant	1453.96	1414.02	1364.81	1453.96	1364.81	
- Alloy Steels Plant	244.33	229.06	253.95	244.33	253.95	
- Salem Steel Plant	389.98	371.54	438.67	389.98	438.67	
- Visvesvaraya Iron & Steel Plant	165.41	157.32	157.26	165.41	157.26	
- Others	31208.32	27256.66	27391.11	31208.32	27391.11	
Unallocated Liabilities	17885.12	18177.85	17476.65	17885.12	17476.65	
Total	67612.81	63294.42	62522.65	67612.81	62522.65	
Note :	Operating Segments have been identified in line with the IND AS 108 - Operating Segments.					



Notes to Financial Results:

1. The above results have been reviewed by the Audit Committee in its meeting held on 8th February, 2017 and were approved by the Board of Directors in its meeting held on 9th February 2017.
2. The above results have been reviewed by the Statutory Auditors, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.
3. The financial results do not include figures for the previous year ended 31st March, 2016 as per SEBI's circular No. CIR/CFD/FAC/62/2016 dated 5th July, 2016.
4. As per the requirements of the Companies Act, 2013, the Company adopted Indian Accounting Standards (Ind AS) from 1st April 2016 and accordingly the Quarterly and Nine Monthly financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 - Interim Financial Reporting prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. The date of transition to Ind AS is 1st April, 2015. The impact of transition has been accounted for in the opening reserves and the comparative period have been reinstated accordingly.

The reconciliation of Net Profit/(Loss) as previously reported (referred to as previous GAAP) and the Total Comprehensive Income as per Ind AS is summarised as follows:

₹ crore

Particulars	For the quarter ended 31 st December, 2015	For the Nine Months ended 31st December, 2015
Net Profit/(Loss) after tax as reported under previous GAAP	(1528.73)	(2906.33)
Adjustments on account of:		
Measurement of derivative and embedded derivatives forward contracts at fair value through profit and loss	46.06	5.64
Recognition and measurement of certain arrangements and leases of land as finance leases	(5.78)	(25.17)
Capitalisation of major repairs and capital spares	25.84	115.44
Measurement of financial assets and liabilities at amortised cost	14.62	8.95
Others	(1.88)	9.52
Deferred tax impact on above Ind AS adjustments	(31.19)	(44.85)
Total	47.67	69.53
Net Profit/(Loss) after tax as reported under Ind AS	(1481.06)	(2836.80)
Other Comprehensive Income (OCI):		
Measurement of equity instruments at fair value through OCI (net of tax effect)	(0.48)	(1.05)
Total Comprehensive Profit/(Loss) under IND-AS	(1481.54)	(2837.85)



5. Gross Sales include sales to Government Agencies recognised on provisional contract prices during the Nine Months ended 31st December, 2016: ₹2816.80 crore (corresponding Nine Months of previous year: ₹2671.30 crore) and cumulatively upto 31st December, 2016: ₹17629.45 crore (upto the corresponding Nine Months of previous year : ₹13556.43 crore).

6. (a) The Nine Judges Constitutional Bench of Hon'ble Supreme Court, vide its judgment dated 11.11.2016, has upheld the constitutional validity of levy of Entry Tax by the States and has laid down principles/tests on levy of Entry Tax in various States. The respective regular Benches of the Court would hear the matters as per laid down principles. Pending decision by the regular Benches of the Court on levy of Entry Tax in the States of Chhattisgarh, Odisha, Uttar Pradesh, and Jharkhand, the Entry Tax demands, under dispute, of ₹1092.73 crore, ₹364.36 crore, ₹97.22 crore and ₹5.15 crore upto 31st December, 2016 aggregating to ₹1559.46 crore (including a sum of ₹6.32 crore and ₹24.92 for the current Quarter ended 31st December 2016 and Nine Months period ended 31st December 2016 respectively), have been treated as contingent liabilities.

(b) Pending final decision by the Hon'ble Calcutta High Court, in the case of levy of Entry Tax in West Bengal, the disputed Entry Tax demands of ₹207.04 crore (including ₹25.15 crore for the Quarter ended 31st December 2016 crore and ₹57.05 crore for the Nine Months ended 31st December 2016) have been treated as contingent liabilities.

7. Pending decision by the Hon'ble Supreme Court in the determination of the electricity tariff, claims of ₹562.63 crore upto 31st December, 2016 (including ₹19.58 crore for the Quarter ended 31st December 2016 and ₹71.36 crore for the Nine Months ended 31st December 2016) made by Damodar Valley Corporation (DVC) in respect of electricity supplied to one of the Plants of the Company, have been treated as contingent liabilities.

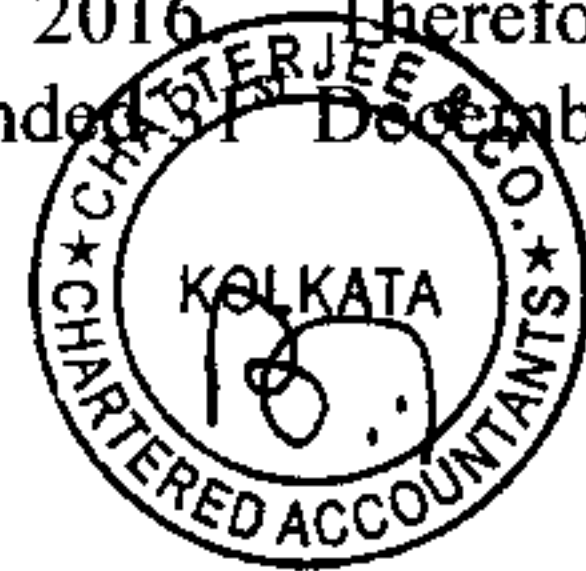
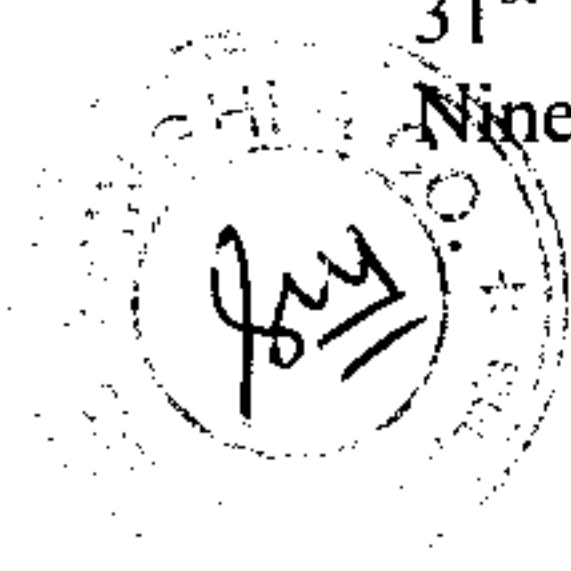
8. In one of the Units of the Company, the net realisable value of inventories of 0-3 mm and 0-12 mm sizes of Silico Manganese and High Carbon Ferro Manganese, amounting to ₹192.26 crore, have been valued based on third party market report.

9. The Auditors, in their Audit Report on the Accounts of the Company for the year ended 31st March, 2016, have brought out that the Company has not provided for :

- a). Entry Tax amounting to ₹97.22 crore in the State of Uttar Pradesh, ₹1091.02 crore in the State of Chhattisgarh and ₹341.15 crore in the State of Odisha;
- b). Claims of ₹491.27 crore by DVC for supply of electricity.

In respect of items stated at (a) above , the Company's view is that the Nine Judges Constitutional Bench of Hon'ble Supreme Court, vide its judgment dated 11.11.2016, has upheld the constitutional validity of levy of Entry Tax by the States and has laid down principles/tests on levy of Entry Tax in various States. The respective regular Benches of the Court would hear the matters as per laid down principles. Pending decision by the regular Benches of the Court on levy of Entry Tax in the States of Chhattisgarh, Odisha, and Uttar Pradesh, the Entry Tax demands, under dispute, have been treated as contingent liabilities. In respect of items stated at (b) above, the Company's view is that the cases are sub-judice and pending for adjudication before the various judicial authorities for a long time. There is no change in the status of these cases till date.

The above stated disputed demands, contested on valid and bonafide grounds, have been treated as contingent liabilities as it is not probable that present obligations exist as on 31st December, 2016. Therefore, there is no adverse impact on loss for the Quarter and Nine Months ended 31st December, 2016.



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10. In respect of advance amount of ₹348.08 crore paid to Indian Railways by way of refundable contribution, with return of 7% of investment at the end of every year after fulfillment of certain milestones, on completion of project, Management is confident of accomplishing the milestones. As there is no significant uncertainty as to measurability or collectability, interest income of ₹54.98 crore upto 31st Dec 2016 (including ₹4.27 crore for the quarter ended 31.12.2016 and ₹10.96 crores for the nine months ended 31.12.2016) has been recognised. The Company has approached the Expert Advisory Committee of the Institute of Chartered Accountants of India to confirm the accounting treatment of the same.

11. In view of the various measures being implemented by the Government to uplift the Steel Industry and boost the demand, coupled with steps being taken by the Company to reduce the cost, improvement in the efficiency/productivity, the Company is certain that it will be able to improve its physical and financial performance in future. Accordingly, the Company is of opinion that it is probable that sufficient future taxable profit would be available against which the unabsorbed tax losses can be set off consequent to which Deferred Tax Assets of Rs. 2197.06 crore (net) (including Rs.2733.62 crore on accumulated business loss) has been recognised as of 31st December, 2016.

12. The figures of previous year's Quarter/Nine Months have been re-grouped/reclassified, 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: 9th February, 2017

