

Notes to Financial Results:

1. The audited standalone financial results and consolidated financial results of the Company for the year ended 31st March, 2018 have been reviewed by the Audit Committee and approved by the Board of Directors in its meeting held on 30th May, 2018. The Audited Accounts are subject to review by the Comptroller and Auditor General of India under section 143(6) of the Companies Act, 2013.
2. The figures for the quarter ended 31st March, 2018, represent the derived figures between the audited figures in respect of the current full Financial Year ended 31st March, 2018 and the published year to date figures up to 31st December, 2017, being the date of the end of the 3rd quarter of the current Financial Year.
3. Revenue from operations for the periods up to 30th June, 2017 includes excise duty, which is discontinued effective 1st July, 2017 upon implementation of Goods and Services Tax (GST). In accordance with 'Ind AS 18- Revenue', GST is not included in Revenue from Operations. In view of the aforesaid change, Revenue from Operations for the Quarter and Year ended on 31st March, 2018 are not comparable with the previous periods.
4. Sales include sale to Government Agencies recognized on provisional contract prices during the year ended 31st March, 2018: ` 4802.50 crore (previous year: ` 3807.78 crore) and cumulatively up to 31st March, 2018: ` 12271.05 crore (upto previous year: ` 18342.41 crore).
5. The Nine Judges Constitutional Bench of Hon'ble Supreme Court, vide its judgment dated 11.11.2016, has upheld the constitutional validity of Entry Tax Act enacted by various States and has laid down principles/tests for consideration for deciding the specific issues related to levy of Entry Tax. As on 31st March, 2018, the matters are pending before Regular Benches of Hon'ble Supreme Court/Jurisdictional High Courts. Pending decisions of the said Courts, disputed entry tax liabilities of ` 1726.16 crores have been treated by the Company as contingent liabilities. (Amount of disputed entry tax liabilities as on 31st March, 2017 was ` 1796.03 crores).
6. Pending decision by various Judicial Authorities in the determination of the electricity tariff, claims of ` 587.72 crore up to 31st March, 2017 made by Damodar Valley Corporation (DVC) in respect of electricity supplied to one of the Plants of the Company, the amount whereof has been paid to DVC, have been treated as contingent liabilities. Further, from 1st April, 2017 onwards, full invoice value has been considered in the above Financial Results.
7. (I) Pursuant to the Hon'ble Supreme Court Judgment dated 2nd August, 2017 in the Common Cause matter regarding illegal mining:-
 - (a) Government of Odisha and Government of Jharkhand have issued demand/show cause notices amounting to ` 1691.71 crore (including interest) in respect of illegal mining of Iron Ore. Against the above demands, the Company based on internal assessment has provided ` 333.45 crore (including interest) (` nil during the quarter ended 31st March, 2018) during the year ended 31st March, 2018. Balance amount of ` 1358.26 crore has been treated as contingent liability.
 - (b) Government of Jharkhand has issued demand/show cause notices amounting to ` 20.28 crore (including interest) in respect of Limestone during the current year. Against the above demands, the Company based on internal assessment has provided ` 7.27 crore (including interest) (` nil during the quarter ended 31st March, 2018) during the current year ended 31st March, 2018. Balance amount of ` 13.01 crore has been treated as contingent liability.

(c) Government of Jharkhand has issued demand/show cause notices amounting to `354.54 crore (including interest) during the current year in respect of illegal mining of Coal. Revision Application has been filed under Rule 55 (5) of Mineral Concessions Rule, 1960 read with Section 30 of Mines and Minerals (Development and Regulation) Act, 1957 (MMDR). The Revisional Authority, Ministry of Coal, has granted stay on similar matter to the Company. Accordingly pending disposal the amount of `354.54 crore (including interest) has been treated as contingent liability.

(II) Consequent to the judgement of Hon'ble Supreme Court dated 13th October, 2017 and further interpreted by Hon'ble High Court of Bilaspur vide order dated 24th November, 2017 (to which the Company is not a party), in the matter of establishment of District Mineral Foundation (DMF) under the Mines and Minerals (Development and Regulation) Act, 1957 and prospective contribution required to be made to the DMF by the holder of a mining lease or a prospecting licence-cum-mining lease in addition to the payment of royalty, an amount of `261.76 crore (` nil for the quarter) has been written back during the current year ended 31st March, 2018, for which such levy was held not applicable and shown as 'Exceptional item'.

(III) Compensation paid on Voluntary Retirement of employees as per the Scheme amounting to `254.20 crore during the current year (` nil for the quarter) and shown as 'Exceptional item'.

8. Keeping in view the affordability and financial sustainability clause in Office Memorandum dated 3rd August, 2017 and 24th November, 2017 issued by the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises in respect of Pay Revision of employees:

(a) an all-inclusive provision towards salary revision of Board and below Board level executives, charged to 'Employee Benefit Expenses' and Expenditure During Construction in earlier quarters amounting to `95.71 crore and `3.24 crore respectively has been written back during current quarter and `33.35 crore for the period from 1.1.2017 to 31.3.2017 has been written back during the current quarter and shown as 'Exceptional Item'.

(b) an all-inclusive provision towards salary and wage revision of Non-executive Employees charged to 'Employee Benefit Expenses' in earlier quarters amounting to `230.77 crore has been written back and `77.47 crore for the period from 1.1.2017 to 31.3.2017 has been written back during the current quarter and shown as 'Exceptional item'.

9. Based on DPE Guidelines on superannuation benefits which may include pension benefits to employees, Board of Directors of the Company keeping in view affordability and financial sustainability to pay by the Company, revised pension benefit to 3% of Basic+ DA (as against 9% earlier decided) for Executives and 2% of Basic+ DA (as against 6% earlier decided) for Non-executives and accordingly:

(a) an amount of `170.02 crore provided from 1st April, 2015 to 31st December, 2016 in earlier years in respect of pension for Executives has been written back and credited to 'Exceptional Item' during the current year (` nil during current quarter) .

(b) an amount of `288.14 crore provided from 1st April, 2015 to 31st December, 2016 in earlier years in respect of pension for Non-executives has been written back and credited to 'Exceptional Items' during the current quarter.

10. As approved by the Board of Directors, the Company has decided to surrender two Coal Blocks allotted, back to the Ministry of Coal, Government of India and accordingly a sum of `209.39 crore spent/committed on the said projects have been provided and shown as 'Exceptional item'.

- 11.** In view of the various measures being implemented by the Government to uplift the Steel Industry and to 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 the 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 (net) of ` 179.43 crore (including ` 55.13 crore on unabsorbed business losses) during the current year and ` 4185.27 crore (including ` 3407.55 crore on unabsorbed business losses) up to 31st March, 2018, have been recognised.
- 12.** Pending discussion and finalisation, differential price as claimed by Bharat Coking Coal Limited (BCCL) and Central Coalfields Limited (CCL) for coal supplies from 13&14th January, 2017 to 31st March, 2017, respectively amounting to ` 334.45 crores, being the amount billed over and above MoU agreed prices, has not been account for. Pending discussion and finalisation, the above liability of ` 334.45 crores has been has been disclosed as a contingent liability.
- 13. (A)** The Auditors, in their Audit Report on the Standalone Financial Statement for the Year ended 31st March, 2017, have brought out that the Company has not provided for:
- a). Entry Tax amounting to ` 1092.28 crore, ` 352.16 crore, ` 92.23 crore, ` 5.15 crore and ` 254.21 crore in the State of Chhattisgarh, Odisha, Uttar Pradesh, Jharkhand and West Bengal respectively.;
 - b). Demands of ` 587.72 crore by DVC for supply of electricity.
- (B)** The Auditors in their Report on the Financial Results for the Year ended 31st March, 2018 have brought out that:
- (I)** Company has not provided for :
 - (i) Entry tax amounting to ` 1,726.16 crore;
 - (ii) Amount paid to Damodar Valley Corporation (DVC) against bills raised for supply of power and retained as advance to DVC by one steel Plant amounting to ` 587.72 crore as on 31st March, 2018.
 - (II)** Company has written back provision towards:
 - (i) Pension for Non-executive employees for the period from 1-4-2015 to 31-12-2016 amounting to ` 288.14 crore.
 - (ii) Wage revision for Non-executive employees from 1-1-2017 to 31-12-2017 amounting to ` 308.24 crore.
 - (III)** Company has not provided for wage revision liability for Non-executive employees from 1-1-2018 to 31-3-2018 amounting to ` 76.92 crore.

In respect of items stated at (A)(a) and (B)(I)(i) above, the Nine Judges Constitutional Bench of Hon'ble Supreme Court, vide its judgment dated 11.11.2016, has upheld the constitutional validity of Entry Tax Act enacted by various States and has laid down principles/tests for consideration for deciding the specific issues related to levy of Entry Tax. The matters are pending before Regular Benches of Hon'ble Supreme Court/Jurisdictional High Courts. Pending decisions of the said Courts, disputed entry tax demands have been treated as contingent liabilities.

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 March, 2018. Therefore, there is no adverse impact on profit for the current quarter and loss for the year.

In respect of (A)(b) and (B)(I)(ii), the Company's view is that the cases are sub-judice and pending for adjudication before various judicial authorities for a long time. There is no change in the status of these cases till date.

In respect of (B) (II) and B (III) above, keeping in view the affordability and financial sustainability clause in Office Memorandum dated 24th November, 2017 issued by the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises in respect of Wage policy for workmen in Central Public Sector Enterprises, wage revision is not possible to Non-executive employees. Accordingly, the excess provision of ` 308.24 crore has been written back and ` 76.92 crores is not required to be provided for the period from 1-1-2018 to 31-3-2018. Also based on affordability, sustainability and capacity to pay by the Company, pension provision for Non-executive employees has been retained at 2% of (Basic + DA) for the period from 1-4-2015 to 31-12-2016 as against 6% provided earlier and accordingly, ` 288.14 crore has been written back.

- 14.** The figures of previous periods have been re-grouped, wherever necessary, so as to conform to the current periods classification.

For and on behalf of Board of Directors

Place: New Delhi
Dated: 30th May, 2018

(Anil Kumar Chaudhary)
Director (Finance)

Statement on Impact of Audit Qualifications for the FY ended 31st March, 2018 (Contd.)

II.	Audit Qualification (each audit qualification separately):	Standalone	Consolidated
	a. Details of Audit Qualification:	The Company has not provided for : i) Entry Tax amounting to `92.23 crore in the State of Uttar Pradesh, `1092.28 crore in the State of Chhattisgarh, `241.00 crore in the State of Odisha, `5.15crore in the State of Jharkhand and `254.21 in the State of West Bengal. (ii) demands of `587.72 crore by DVC for supply of electricity. 15. Write back of provision for pension of non-executives of `288.14 crore 16. Write back /non-provision of salary and wage provision of `385.16 crore	The Company has not provided for : i) Entry Tax amounting to `92.23 crore in the State of Uttar Pradesh, `1092.28 crore in the State of Chhattisgarh, `241.00 crore in the State of Odisha, `5.15crore in the State of Jharkhand and `254.21 in the State of West Bengal. (ii) demands of `587.72 crore by DVC for supply of electricity. 1. Write back of provision for pension of non-executives of `288.14 crore Write back /non-provision of salary and wage provision of `385.16 crore
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion	Qualified Opinion
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	No. (i) and (ii) repetitive and Continuing from the FY 2012-13. No. (iii) and (iv) appearing for first time in FY 2017-18	No. (i) and (ii) repetitive and Continuing from the FY 2012-13. No. (iii) and (iv) appearing for first time in FY 2017-18
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Yes, the impact has been quantified by the Auditors. In respect of items stated at (i) & (ii), the Company's view is that these cases are sub-judice for a long time and pending for adjudication before the various judicial authorities. 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 st March, 2018. There is no change in the status of these cases till date. In respect of item no. (iii) and (iv), the reversal is correctly done based on Affordability , Sustainability and Capacity to pay as notified by the Department of Public Enterprises.	Yes, the impact has been quantified by the Auditors. In respect of items stated at (i) & (ii), the Company's view is that these cases are sub-judice for a long time and pending for adjudication before the various judicial authorities. 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 st March, 2018. There is no change in the status of these cases till date. In respect of item no. (iii) and (iv), the reversal is correctly done based on Affordability , Sustainability and Capacity to pay as notified by the Department of Public Enterprises.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:	Not applicable	Not applicable
	(i) Management's estimation on the impact of audit qualification:	Not applicable	Not applicable
	(ii) If management is unable to estimate the impact, reasons for the same:	Not applicable	Not applicable
	(iii) Auditors' Comments on (i) or (ii) above:		
III.	Signatories:		
	• CEO/Managing Director	(P.K. Singh)	
	• CFO	(Anil Kumar Chaudhary)	
	• Audit Committee Chairman	(Parmod Bindal)	
	• Statutory Auditors	For Singhi & Co. Chartered Accountants Firm Registration No.:302049E [Shrenik Mehta]	For Chatterjee & Co. Chartered Accountants Firm Registration No.:302114E [R.N. Basu]

		Partner (M. No.063769)	Partner (M. No.50430)
		For V.K. Dhingra & Co. Chartered Accountants Firm Registration No.:000250N [LalitAhuja] Partner (M. No.085842)	For A.K. Sabat & Co. Chartered Accountants Firm Registration No.:0321012E [A.K. Sabat] Partner (M. No.30310)
	Place: New Delhi		
	Date: 30th May, 2017		

Annexure-III

To

The Board of Directors,
Steel Authority of India Limited,
NEW DELHI-110003.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We hereby certify that for the year ended 31st March, 2018, on the basis of the review of the financial statements and to the best of our knowledge and belief that :-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the Internal Control Systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, those deficiencies, of which we are aware, in the design or operation of internal controls and that we have taken the required steps to rectify these deficiencies.
5. We further certify that :
 - (i) there have been no significant changes in internal control during the year;
 - (ii) there have been significant changes in the accounting policies on Revenues during the year due to implementation of Goods Services Tax (GST);
 - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

(Anil Kumar Chaudhary)
Director (Finance)

(P.K. Singh)
Chairman

Dated: 29th May, 2018
Place: New Delhi

