

## Notes to Standalone Financial Statements for the Year ended 31<sup>st</sup> March, 2018

### 1. Corporate and General Information

Steel Authority of India Limited (referred to as "the Company") is domiciled and incorporated in India. The Company, a Public Sector Undertaking conferred with Maharatna status by Government of India, is one of the largest steel producers in the Country. The registered office of the Company is situated at Ispat Bhawan, Lodhi Road, New Delhi-110 003. The securities of the Company are listed on the National, Bombay and London Stock Exchanges.

These financial statements have been approved by the Board of Directors of the Company in their meeting held on 30<sup>th</sup> May, 2018.

### 2. Basis of Preparation

#### 2.1 Statement of Compliance

The financial statements of the Company have been prepared on accrual basis of accounting in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India. The Company has uniformly applied the accounting policies during the periods presented.

#### 2.2 Basis of Measurement

The financial statements are prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value:

- certain financial assets and liabilities which are classified as fair value through profit and loss or fair value through other comprehensive income;
- assets held for sale, at the lower of the carrying amounts and fair value less cost to sell;
- defined benefit plans and plan assets.

#### 2.3 Functional and Presentation Currency

The Financial Statements have been presented in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in ₹ have been rounded off to the nearest two decimals of crore unless otherwise stated.

#### 2.4 Use of Estimates and Management Judgement

In preparing the financial statements in conformity with Company's Accounting Policies, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements, the amounts of revenue and expenses during the reported period and notes to the Financial Statements. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period in which the same is determined.

#### 2.5 Current versus Non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period, or
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements is given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

#### 3.1 Property, Plant and Equipment

##### 3.1.1 Recognition and Measurement

###### Tangible Assets

Property, Plant and Equipment held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and impairment losses. The initial cost at cash price equivalence of property, plant and equipment

acquired comprises its purchase price, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the assets to its working condition and location and present value of any obligatory decommissioning costs for its intended use. Plant and Machinery also include assets held under finance lease.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of overheads, directly attributable borrowing costs including trial run expenses (net of revenue)

Spares having useful life of more than one year and having value of ₹ 10 lakhs or more in each case, are capitalised under the respective heads as and when available for use.

Profit or loss arising on the disposal of property, plant and equipment is recognised in the Statement of Profit and Loss.

##### 3.1.2 Subsequent Cost

Subsequent expenditure is recognised as an increase in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits derived from the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of replaced item(s) is derecognised. .

Any repair of ₹ 50 lakhs or more of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits of the costs incurred will flow to the Company. The carrying amount of the replaced item(s) is derecognised.

##### 3.1.3 Depreciation

Depreciation on tangible assets and investment property is provided on straight line method, considering residual value of 5% of the cost of the asset, over the useful lives of the assets, as specified in Schedule II of the Companies Act, 2013 except in case of Factory Buildings, Plant and Machinery, Water Supply & Sewerage and Railway Lines & Sidings and components thereof, where useful life is determined by technical experts. The useful life assumed by the technical experts is as under:

Asset category	Estimated useful life (in years)
Factory Buildings	35 to 40
Plant and Machinery	10 to 40
Water Supply & Sewerage	25 to 40
Railway Lines & Sidings	35 to 40

For these classes of assets, based on technical evaluation carried out by external technical experts, the Company believes that the useful lives as given above best represent the period over which Company expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The estimated useful lives and residual values of depreciable/ amortisable assets are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the historical cost of a depreciable asset undergoes a change, the depreciation on the revised unamortised depreciable amount is provided over the residual useful life of the asset. Depreciation on addition/ deletion during the year is provided on pro-rata basis with reference to the month of addition/ deletion. Assets costing up to ₹ 5000/- are fully depreciated in the year in which they are put to use.

Depreciation on capital spares is provided over the useful life of the spare or remaining useful life of the mother asset, as reassessed, whichever is lower.

##### 3.2 Intangible assets

###### 3.2.1 Recognition and measurement

###### Mining Rights

Mining Rights are treated as Intangible Assets and all related costs thereof are amortised on the basis of annual production to the total estimated mineable reserves. In case the mining rights are not renewed, the balance related cost will be charged to revenue in the year of decision of non-renewal.

Acquisition Cost i.e. cost associated with acquisition of licenses, and rights to explore including related professional fees, payment towards statutory forestry clearances, as and when incurred, are treated as addition to the Mining Rights.

###### Other Intangible Assets

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period of five years or its licence period, whichever is less.

###### Research and development

Development expenditure is capitalised only if it can be measured reliably and the related asset and process are identifiable and controlled by the Company.



Research and other development expenditure is recognised as revenue expenditure as and when incurred.

### 3.2.2 Subsequent Cost

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit and Loss.

### 3.3 Impairment of Non-Financial Assets

The Company reviews the carrying amount of its assets on each Balance Sheet date for the purpose of ascertaining impairment indicators, if any, by considering assets of entire one Plant as Cash Generating Unit (CGU). If any such indication exists, the assets' recoverable amount is estimated, as higher of the Net Selling Price and the Value in Use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

### 3.4 Stripping Cost

The stripping cost incurred during the production phase of a surface mine is recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and following criteria are met:

- It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity,
- The entity can identify the component of an ore body for which access has been improved, and
- The costs relating to the improved access to that component can be measured reliably.

The expenditure, which cannot be specifically identified to have been incurred to access ore is charged to revenue, based on stripping ratio as per 5 year mining plan for mines, except collieries which is based on project report.

### 3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset, which takes substantial period of time, are capitalised as a part of the cost of that asset, during the period of time that is necessary to complete and prepare the asset for its intended use.

The Company considers a period of twelve months or more as a substantial period of time.

Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Other borrowing costs are recognised in the Statement of Profit & Loss in the period in which these are incurred.

### 3.6 Inventories

Raw materials, Stores & Spares and Finished/Semi-finished products (including process scrap) are valued at lower of cost and net realisable value of the items of the respective Plants/Units. In case of identified obsolete/ surplus/ non-moving items, necessary provision is made and charged to revenue. The net realisable value of semi-finished special products, which have realisable value at finished stage only, is estimated for the purpose of comparison with cost.

Residue products and other scrap are valued at estimated net realisable value.

The basis of determining cost is:

- Raw materials - Periodical weighted average cost
- Minor raw materials - Moving weighted average cost
- Stores & Spares - Moving weighted average cost
- Materials in-transit - at cost
- Finished/Semi-finished products - material cost plus appropriate share of labour, related overheads and duties.

### 3.7 Government Grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Where the Grant relates to an asset value, it is recognised as deferred income, and amortised over the expected useful life of the asset. Other grants are recognised in the statement of Profit & Loss concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset.

### 3.8 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement and re-measurement of monetary items denominated in foreign currency are recognised in the Statement of Profit and Loss at period-end exchange rates.

The Company opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31<sup>st</sup> March, 2009 (as amended on 29<sup>th</sup> December 2011), which will continue in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31<sup>st</sup> March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

### 3.9 Employee Benefits

#### Defined Contribution Plan

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Contributions towards Provident Funds are charged to the Statement of Profit and Loss of the period when the contributions to the Funds are due.

#### Defined Benefit Plan

Defined benefit plans are the amount of the benefit that an employee will receive on completion of services by reference to length of service, last drawn salary or direct costs related to such benefits. The legal obligation for any benefits remains with the Company.

The liability recognised for Defined Benefit Plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Management estimates the present value of the DBO annually through valuations by an independent actuary using the projected unit credit method. Actuarial gains and losses are included in Statement of Profit and Loss or Other Comprehensive Income of the year.

Remeasurement, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

#### Short Term Employee Benefits

Short term employee benefits comprise of employee costs such as salaries, bonus, ex-gratia, annual leave and sick leave which are accrued in the year in which the associated services are rendered by employees of the Company.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

Expenditure incurred on Voluntary Retirement Scheme is charged to the Statement of Profit and Loss immediately.

### 3.10 Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable.

#### Sale of goods

Sales include excise duty (upto 30<sup>th</sup> June, 2017) and are net of Goods and Services Tax (GST) (from 1<sup>st</sup> July, 2017), rebates and price concessions. Sales are recognised at the time of transfer of risks and rewards of ownership of the goods to the buyers including the cases where delivery documents are endorsed in favour of the buyers. Where the contract prices are not finalised with government agencies, sales are accounted for on provisional basis.

Marine export sales are recognised on:

- i) the issue of bill of lading, or
- ii) negotiation of export bills upon expiry of laycan period, in cases where realisation of material value without shipment is provided in the letters of credit of respective contracts, whichever is earlier.

Export incentives under various schemes are recognised as income on certainty of realisation.

The iron ore fines not readily useable/saleable are included in inventory and revenue is recognised on disposal.

#### Interest and dividend income

Interest income is reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive is established.

### 3.11 Adjustment pertaining to Earlier Years

Income/Expenditure relating to prior period, which do not exceed 0.5% of Turnover in each case, is treated as income/expenditure of current year.

### 3.12 Claims for Liquidated Damages and Price Escalation

Claims for liquidated damages are accounted for as and when these are considered recoverable by the Company, on final settlement. These are adjusted to the capital cost or recognised in Statement of Profit and Loss, as the case may be on final settlement of Liquidated damages.

Suppliers' and Contractors' claims for price escalation are accounted for to the extent such claims are accepted by the Company.

### 3.13 Leases

#### Company as a Lessee

##### Finance leases

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

##### Operating leases

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to statement of profit and loss on straight-line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs.

#### Company as a Lessor

##### Finance leases

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognised as revenue in the period in which they are earned.

##### Operating leases

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

### 3.14 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of investment property is determined as the difference between net disposal proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.

### 3.15 Non-current assets held for sale

Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction. This condition is regarded as met only when the asset is available for immediate sale in its present condition and its sale is highly probable.

Non-current assets including discontinued operations, classified as held for sale are measured at the lower of the carrying amounts and fair value less costs to sell and presented separately in the financial statements. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item in statement of profit and loss.

### 3.16 Mine Closure

Mine Closure Provision includes the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas for mines. This provision is based on all regulatory requirements and related estimated cost based on best available information. Mine closure costs are provided for in the accounting period when the obligation arises based on the net present value of the estimated future costs of restoration to be incurred during the life of the operation and post closure.

The initial close-down and restoration provision is capitalised within "Property, Plant and Equipment". Subsequent movements in the close-down and restoration provisions for on-going operations, including those resulting from new disturbance related to expansions or other activities qualifying for capitalisation,

updated cost estimates, changes to the estimated lives of operations, changes to the timing of closure activities and revisions to discount rates are also capitalised within "Property, Plant and Equipment". These costs are depreciated over the lives of the assets to which they relate. Any changes in closure provisions relating to closed operations are charged /credited to the Statement of Profit and Loss. The amortisation or "unwinding" of the discount applied in establishing the provisions is charged as Finance Cost.

### 3.17 Provisions, Contingent Liabilities and Contingent Assets Provisions and Contingent Liabilities

A Provision is recognised when the Company has present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are discounted to their present value, where the time value of money is material. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as a separate asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

In cases where the possible outflow of economic resources as a result of present obligation is considered improbable or remote, no Provision is recognised or disclosure is made.

#### Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognised though are disclosed, where an inflow of economic benefits is probable.

### 3.18 Income Taxes

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income tax relating to items recognised outside statement of profit and loss is recognised either in OCI or in equity.

Deferred income taxes are calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (MAT Credit entitlement) or deductible temporary difference will be utilised against future taxable income. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised either in OCI or in equity.

### 3.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in value.

### 3.20 Equity and Reserves

Share Capital represents the nominal value of shares that have been issued. Securities premium includes any premium received on issue of Share Capital.

Components of other equity include the following:

- Re-measurement of defined benefit liability comprises the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets.
- Bond Redemption Reserve.
- Other transactions recorded directly in Other Comprehensive Income.
- Retained earnings include all current and prior period retained profits

### 3.21 Financial Instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised and are measured initially at fair value adjusted by transactions costs, except for those financial assets which are classified at Fair Value through Profit & Loss (FVTPL) at inception.

Financial assets are derecognised when the contractual rights to the cash flows



from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

**Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date.

**Amortised cost**

A financial asset is measured at amortised cost using effective interest rates if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise to specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

**Financial assets at FVTPL**

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortised cost classification or that are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

**Financial assets at FVOCI**

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are irrevocable designated to this category at inception.

FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in statement of profit or loss.

**Classification and subsequent measurement of financial liabilities**

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All derivative financial instruments are accounted for at FVTPL.

**Embedded Derivatives**

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

**Impairment of Financial Assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

**Trade Receivables**

The Company applies approach as specified in Indian Accounting Standards (Ind AS) 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

**Other Financial Assets**

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

**3.22 Investments in subsidiaries, joint ventures and associates**

The Company has accounted for its subsidiaries and associates, joint ventures at cost in its standalone financial statements in accordance with Ind AS- 27, Separate Financial Statements.

**3.23 Segment reporting**

The Company has 8 operating/reportable segments: the five integrated steel plants and three alloy steel plants, being separate manufacturing units, have been considered reportable segments. In identifying these operating segments, management generally considers the Company's separately identifiable manufacturing operations representing its main operations.

Each of these operating segments is managed separately as each requires different technologies, raw materials and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Company's administrative head office and mining operations.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

**3.24 Significant Judgements, Assumptions, and Estimations in applying Accounting Policies**

**3.24.1 Classification of Leases**

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

**3.24.2 Close-down and Restoration Obligations**

Close-down and restoration costs are normal consequence of mining or production, and majority of close-down and restoration expenditure are incurred in the years following the closure of mine, although the ultimate cost to be incurred is uncertain, the Company estimate their costs using current restoration techniques.

**3.24.3 Recognition of Deferred Tax Assets**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

**3.24.4 Inventories**

The Company estimates the cost of inventories taking into account the most reliable evidence, such as cost of materials and overheads considered attributable to the production of such inventories including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

**3.24.5 Defined Benefit Obligation (DBO)**

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

**3.24.6 Fair Value Measurements**

The Company applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Company's assumptions are based on observable data as far as possible, otherwise on the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**3.24.7 Provisions and Contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

**3.24.8 Mine Closure and Restoration Obligations**

Environmental liabilities and Asset Retirement Obligation (ARO): Estimation of environmental liabilities and ARO require interpretation of scientific and legal data, in addition to assumptions about probability and future costs.

**3.24.9 Useful lives of depreciable/ amortisable assets (tangible and intangible)**

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.

Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

4: PROPERTY, PLANT AND EQUIPMENT

(₹ crore)

Description	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31 <sup>st</sup> March, 2017	Additions Adjustments	Disposals/ Adjustments	As at 31 <sup>st</sup> March, 2018	Up to 31 <sup>st</sup> March, 2017	For the Year	Disposals/ Adjustments	Up to 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>A. Plant, Mines &amp; Others</b>										
Land										
-Freehold land	272.38	19.26	-	291.64	0.87	-	-	0.87	290.77	271.51
-Leasehold land	979.78	297.07	0.89	1275.96	216.68	68.11	0.25	284.54	991.42	763.10
Buildings and related equipments	5166.29	131.60	0.37	5297.52	1642.01	151.27	0.10	1793.18	3504.34	3524.28
Plant and machinery										
-Steel plant	66229.31	10496.73	524.78	76201.26	26347.98	2345.88	347.34	28346.52	47854.74	39881.28
-Others - owned	3029.76	113.48	82.97	3060.27	1953.94	121.13	71.85	2003.22	1057.05	1075.82
-Others - Leasehold (Refer note (ii))	1557.23	59.63	-	1616.86	657.37	106.03	-	763.40	853.46	899.86
Furniture and fixtures	125.22	4.58	(0.83)	130.63	91.91	5.82	0.19	97.54	33.09	33.31
Vehicles	1327.44	36.50	8.89	1355.05	756.26	74.21	8.39	822.08	532.97	571.18
Office equipments	60.29	1.48	0.58	61.19	47.69	2.74	0.50	49.93	11.26	12.60
Miscellaneous articles	318.75	30.10	1.07	347.78	209.84	13.93	0.85	222.92	124.86	108.91
Roads, Bridges & Culverts	343.16	58.61	0.55	401.22	229.19	26.68	(0.05)	255.92	145.30	113.97
Water Supply & Sewerage	556.79	73.97	1.10	629.66	324.66	20.19	0.87	343.98	285.68	232.13
EDP Equipments	414.87	11.94	6.72	420.09	356.10	14.63	5.95	364.78	55.31	58.78
Railway Lines and Sidings	709.38	100.44	0.10	809.72	233.86	18.24	0.11	251.99	557.73	475.52
<b>Sub-total 'A'</b>	<b>81090.65</b>	<b>11435.39</b>	<b>627.19</b>	<b>91898.85</b>	<b>33068.36</b>	<b>2968.86</b>	<b>436.35</b>	<b>35600.87</b>	<b>56297.98</b>	<b>48022.25</b>
Figures for the previous year	74356.13	7025.80	291.32	81090.61	30709.10	2586.47	227.21	33068.36	48022.25	
<b>B. Social Facilities</b>										
Land										
-Freehold land	10.88	0.01	-	10.89	-	-	-	-	10.89	10.88
-Leasehold land	9.39	0.61	-	10.00	5.95	0.13	-	6.08	3.92	3.44
Buildings and related equipments	683.77	61.75	0.44	745.08	317.03	17.95	0.37	334.61	410.47	366.74
Plant and machinery - others	149.46	28.34	1.69	176.11	99.50	6.62	1.23	104.89	71.22	49.96
Furniture and fixtures	26.88	0.47	0.60	26.75	19.51	1.26	0.30	20.47	6.28	7.37
Vehicles	11.23	0.20	0.16	11.27	9.80	0.34	0.11	10.03	1.24	1.43
Office equipments	4.53	0.10	0.12	4.51	3.72	0.28	0.11	3.89	0.62	0.79
Miscellaneous articles	226.80	6.46	2.03	231.23	135.31	11.63	1.76	145.18	86.05	91.51
Roads, Bridges & Culverts	130.90	5.08	0.02	135.96	85.11	13.50	0.01	98.60	37.36	45.79
Water Supply & Sewerage	226.54	74.31	-	300.85	123.95	7.32	-	131.27	169.58	102.59
EDP equipments	12.02	0.17	0.81	11.38	9.91	0.36	0.46	9.81	1.57	2.11
<b>Sub-total 'B'</b>	<b>1492.40</b>	<b>177.50</b>	<b>5.87</b>	<b>1664.03</b>	<b>809.79</b>	<b>59.39</b>	<b>4.35</b>	<b>864.83</b>	<b>799.20</b>	<b>682.61</b>
Figures for the previous year	1437.90	62.59	8.09	1492.40	761.35	54.59	6.15	809.79	682.61	
<b>C. Property, plant and equipment retired from active use</b>										
Assets retired from active use	57.17	35.27	33.53	58.91	-	-	-	-	58.91	57.17
Figures for the previous year	55.29	9.02	7.14	57.17	-	-	-	-	57.17	
<b>Total ('A' + 'B' + 'C')</b>	<b>82640.22</b>	<b>11648.16</b>	<b>666.59</b>	<b>93621.79</b>	<b>33878.15</b>	<b>3028.25</b>	<b>440.70</b>	<b>36465.70</b>	<b>57156.09</b>	<b>48762.03</b>
Figures for the previous year	75849.32	7097.41	306.55	82640.18	31470.45	2641.06	233.36	33878.15	48762.03	



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 4: PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Note : Allocation of Depreciation of PPE, Intangible assets and Investment property

	(₹ crore)	
	As at 31 <sup>st</sup> March, 2018	
	At at 31 <sup>st</sup> March, 2017	
(a) Charged to Profit & Loss Account	3064.92	2679.95
(b) Charged to expenditure during construction	4.15	5.12
	<b>3069.07</b>	<b>2685.07</b>

#### (i) Contractual obligations

Refer note 48.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

#### (ii) Land:

- (a) Includes 68,019.40 acres (67,718.76 acres as on 31<sup>st</sup> March, 2017) owned / possessed / taken on lease by the Company, in respect of which title/lease deeds are pending for registration.
- (b) Includes 34,576.05 acres (34,061.08 acres as on 31<sup>st</sup> March, 2017) in respect of which title is under dispute.
- (c) 9,367.80 acres (9007.46 acres as on 31<sup>st</sup> March, 2017) transferred/agreed to be transferred or made available for settlement to various Joint Ventures / Central / State / Semi-Government authorities, in respect of which conveyance deeds remain to be executed/registered.
- (d) 6,187.95 acres (6384.17 acres as on 31<sup>st</sup> March, 2017) given on lease to various agencies/employees/ex-employees.
- (e) Includes 4070.09 acres (4,436.70 acres as on 31<sup>st</sup> March, 2017) under unauthorised occupation.
- (f) 1,762.92 acres (1,762.92 acres as on 31<sup>st</sup> March, 2017) of Land which is not in the actual possession, shown as deemed possession.
- (g) ₹ 63.13 crore is lying under deposits (in respect of land already acquired) with the District & Sessions Judge, Bokaro during the year 2007 towards compensation payable to land losers.
- (h) Vide Notification of Acquisition in the Gazette of India (Extraordinary) bearing No S.O. 1309(E) dated 08.06.2012 and No. S.O. 2484E dated 13.10.2012, National Highway Authority of India Ltd.(NHAI) has acquired 12.19 acres.
- (i) Includes 21.13 acres freehold land notified for acquisition by Government of Jharkhand vide Gazette notification no. 42 & 43 dated 26<sup>th</sup> August, 2009, determining compensation of ₹ 13.91 crore only for 15.62 acres. Management proposes to contest the same with appropriate authorities. Pending further action in the matter, no effect of above has been given in the accounts.

#### (iii) Other Assets:

- (a) Buildings include net block of ₹ 21.23 crore as on 31<sup>st</sup> March, 2018 (₹ 21.18 crore as on 31<sup>st</sup> March, 2017) for which conveyance deed is yet to be registered in the name of the Company.
- (b) Includes 7107 (7038 as on 31<sup>st</sup> March, 2017), residential quarters/houses under unauthorised occupation.

**Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018**

(₹ crore)

	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
<b>5: CAPITAL WORK IN PROGRESS</b>				
Steel Plants & Units	18168.23		22922.89	
Township	91.56		107.49	
Ore Mines and Quarries	314.32		399.14	
	<u>18574.11</u>		<u>23429.52</u>	
Less: Provisions	215.26	18358.85	199.32	23230.20
Construction stores and spares	24.65		37.49	
Less: Provision for non-moving items	3.18	21.47	3.39	34.10
Expenditure during construction pending allocation (Note 5.1)		15.11		11.09
		<u>18395.43</u>		<u>23275.39</u>
<b>5.1: EXPENDITURE DURING CONSTRUCTION PENDING ALLOCATION</b>				
Opening balance	(a)	11.09		7.91
<b>Expenditure incurred during the year</b>				
<b>Employees' Remuneration &amp; Benefits</b>				
Salaries & Wages	90.30		121.40	
Company's contribution to provident fund	3.86		10.86	
Travel concession	2.96		3.08	
Welfare expenses	0.07		0.11	
Gratuity	3.53	100.72	0.71	136.16
<b>Other expenses</b>				
Technical consultants' fees & know-how	4.47		8.56	
Power & Fuel	76.29		134.97	
Other expenses	6.19		6.68	
Interest & Finance charges	668.52		581.90	
Depreciation	4.15	759.62	5.12	737.23
		<u>860.34</u>		<u>873.39</u>
<b>Less: Recoveries</b>				
Interest Earned	0.27		0.47	
Liquidated damages	0.22		2.49	
Hire charges	0.45		0.35	
Sundries	8.86	9.80	17.99	21.30
<b>Net expenditure during the year</b>	(b)	<u>850.54</u>		<u>852.09</u>
	<b>Total (a) + (b)</b>	<b>861.63</b>		<b>860.00</b>
Less : Amount allocated to Property, Plant and Equipment / Capital Work-in-progress		<b>846.52</b>		<b>848.91</b>
<b>Balance carried forward</b>		<u>15.11</u>		<u>11.09</u>

## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 6: INVESTMENT PROPERTIES

(₹ crore)

Description	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31 <sup>st</sup> March, 2017	Additions Adjustments	Disposals/ Adjustments	As at 31 <sup>st</sup> March, 2018	Up to 31 <sup>st</sup> March, 2017	For the Year	Disposals/ Adjustments	Up to 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>A. BUILDINGS</b>										
Buildings	1.45	-	-	1.45	0.59	0.03	-	0.62	0.83	0.86
<b>Sub-total 'A'</b>	<b>1.45</b>	<b>-</b>	<b>-</b>	<b>1.45</b>	<b>0.59</b>	<b>0.03</b>	<b>-</b>	<b>0.62</b>	<b>0.83</b>	<b>0.86</b>
Figures for the previous year	1.45	-	-	1.45	0.57	0.02	-	0.59	0.86	

#### (i) Contractual obligations

There are no contractual obligation to purchase, construct or develop investment property or for its repair, maintenance or enhancement.

#### (ii) Amount recognised in profit and loss for investment properties

	(₹ crore)	
	As at 31 <sup>st</sup> March, 2018	At at 31 <sup>st</sup> March, 2017
Rental income	1.52	1.30
Direct operating expenses that generated rental income*	-	-
Direct operating expenses that did not generate rental income*	-	-
<b>Profit from leasing of investment properties before depreciation</b>	<b>1.52</b>	<b>1.30</b>
Depreciation	0.03	0.02
<b>Profit from leasing of investment properties</b>	<b>1.49</b>	<b>1.28</b>

\*Direct expenses in relation to investment properties cannot be separately identified and are expected to be insignificant.

#### (iii) Leasing arrangements

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payment receivable under non-cancellable leases of investment property are as follows:

	(₹ crore)	
	As at 31 <sup>st</sup> March, 2018	At at 31 <sup>st</sup> March, 2017
Within one year	0.04	0.02
Later than one year but not later than 5 years	0.07	0.02
Later than 5 years	0.01	0.07
	0.12	0.11

#### (iv) Fair value

Fair value of investment properties as on 31<sup>st</sup> March, 2018 is ₹20.53 crore (₹21.66 crore as on 31<sup>st</sup> March, 2017)

#### (v) Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- Discounted cash flow projections based on reliable estimates of future cash flows.
- Circle rate of the property as provided by State Government.





Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

7: INTANGIBLE ASSETS

Description	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK			
	As at 31 <sup>st</sup> March, 2017	Additions Adjustments	Disposals/ Adjustments	As at 31 <sup>st</sup> March, 2018	Up to 31 <sup>st</sup> March, 2017	For the Year	Disposals/ Adjustments	Up to 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>A. PLANTS, MINES &amp; OTHERS</b>										
Computer Software*	101.20	2.15	0.07	103.28	97.19	1.58	(0.04)	98.81	4.47	4.01
Mining Rights	1822.30	7.47	37.47	1792.30	303.83	39.18	0.84	342.17	1450.13	1518.50
<b>Sub-total 'A'</b>	<b>1923.50</b>	<b>9.62</b>	<b>37.54</b>	<b>1895.58</b>	<b>401.02</b>	<b>40.76</b>	<b>0.80</b>	<b>440.98</b>	<b>1454.60</b>	<b>1522.51</b>
Figures for the previous year	1903.76	20.35	0.58	1923.53	357.68	43.93	0.59	401.02	1522.51	
<b>B. SOCIAL FACILITIES</b>										
Computer Software*	0.62	-	-	0.62	0.56	0.03	-	0.59	0.03	0.07
<b>Sub-total 'B'</b>	<b>0.62</b>	<b>-</b>	<b>-</b>	<b>0.62</b>	<b>0.56</b>	<b>0.03</b>	<b>-</b>	<b>0.59</b>	<b>0.03</b>	<b>0.07</b>
Figures for the previous year	0.62	0.01	-	0.63	0.50	0.06	-	0.56	0.07	
<b>Total ('A'+ 'B')</b>	<b>1924.12</b>	<b>9.62</b>	<b>37.54</b>	<b>1896.20</b>	<b>401.58</b>	<b>40.79</b>	<b>0.80</b>	<b>441.57</b>	<b>1454.63</b>	<b>1522.58</b>
Figures for the previous year	1904.38	20.36	0.58	1924.16	358.18	43.99	0.59	401.58	1522.58	

\*Computer software consists of capitalized development costs being an internally generated intangible assets.

\*\*All amortization changes are included within depreciation and amortization expenses.



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 8. INVESTMENTS

	No of Shares		Amount (₹ in crore)	
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Investments carried at cost</b>				
<b>In Subsidiaries</b>				
SAIL Refractory Company Limited	50,000	50,000	0.05	0.05
SAIL- Jagdishpur Power Plant Limited	50,000	50,000	0.05	0.05
SAIL Sindri Projects Limited	50,000	50,000	0.05	0.05
Chhattisgarh Mega Steel Limited	37,000	-	0.04	-
			<b>0.19</b>	<b>0.15</b>
<b>In Associates (unquoted)</b>				
Almora Meganasite Limited (Face value- ₹100/share)	40,000	40,000	0.40	0.40
			<b>0.40</b>	<b>0.40</b>
<b>In Joint ventures (unquoted)</b>				
NTPC- SAIL Power Company Limited	49,02,50,050	49,02,50,050	490.25	490.25
Bokaro Power Supply Company Pvt Limited	12,40,25,000	12,40,25,000	124.03	124.03
Bhilai Jaypee Cement Limited	9,87,18,048	9,87,18,048	52.51	52.51
SAIL- Bansal Service Centre Limited	32,00,000	32,00,000	3.20	3.20
MJunction services limited	40,00,000	40,00,000	4.00	4.00
S&T Mining Company Private Limited	1,29,41,400	1,29,41,400	12.94	12.94
SAIL MOIL Ferro Alloy Pvt. Ltd.	1,00,000	1,00,000	0.10	0.10
International Coal Ventures Pvt. Ltd.	69,37,59,279	59,37,59,279	693.76	593.76
SAIL-SCL Kerala Ltd.	1,30,17,801	1,30,17,801	18.75	18.75
SAIL-SCI Shipping Private Limited	1,00,000	1,00,000	0.10	0.10
SAIL RITES Bengal Wagon Industry Pvt. Ltd.	2,40,00,000	2,40,00,000	24.00	24.00
SAIL-KOBE Iron India Pvt. Ltd.	2,50,000	2,50,000	0.25	0.25
Prime Gold -SAIL JVC Ltd.	46,80,000	46,80,000	4.68	4.68
North Bengal Dolomite Ltd (Face value-₹100/share)	97,900	97,900	0.98	0.98
Romelt SAIL ( India ) Limited	63,000	63,000	0.06	0.06
Bastar Railway Pvt Ltd	10,500	-	0.01	-
NMDC SAIL Ltd	24,500	-	0.02	-
SAIL-Bengal Alloy Castings Pvt. Ltd.	10,000	10,000	0.01	0.01
VSL-SAIL JVC LIMITED	12,97,780	12,97,780	1.30	1.30
			<b>1,430.95</b>	<b>1,330.92</b>
<b>Total (A)</b>			<b>1,431.54</b>	<b>1,331.47</b>
<b>Investments carried at fair value through other comprehensive income</b>				
<b>Quoted equity</b>				
HDFC Limited ( Face value - ₹ 2/share)	60,000	60,000	10.95	9.00
HDFC Bank Limited ( Face value - ₹ 2/share)	2,500	2,500	0.47	0.36
ICICI Bank Limited ( Face value - ₹ 2/share)	1,57,300	1,43,000	4.38	3.94
			<b>15.80</b>	<b>13.30</b>
<b>Unquoted equity</b>				
TRL Krozaki Refractories Limited	22,03,150	22,03,150	34.05	29.93
Indian Potash Limited	3,60,000	3,60,000	17.57	13.43
Haridaspur Paradeep Railway Co Ltd	50,00,000	50,00,000	5.00	5.00
Cement & Allied Products (Bihar) Limited	2	2	-	-
Chemical & Fertilizer Corporation (Bihar) Limited	1	1	-	-
Bhilai Power Supply Company Limited	5	5	-	-
MSTC Limited	3,20,000	1,60,000	4.70	6.66
IISCO Ujjain Pipe & Foundary Company Limited (under liquidation)#	30,00,000	30,00,000	3.00	3.00
UEC SAIL Information Technology Limited*	1,80,000	1,80,000	0.18	0.18
Bihar State Finance Corporation (Face value ₹100/share)	500	500	0.01	0.01
			<b>64.51</b>	<b>58.21</b>

## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 8. INVESTMENTS (Contd.)

	No of Shares		Amount (₹ in crore)	
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>In Co-operative society</b>				
Bokaro Steel Employees' Co.-operative Credit Society	1,16,500	1,16,500	0.12	0.12
Bokaro Steel City Central Consumers' Co-operative Society	250	250	0.00	0.00
NMDC Meghahatuburu Employees' Co-operative society (Face value ₹ 100/share)	25	25	0.00	0.00
DSP Employees'Co-operative society limited (Face value ₹ 100/share)	1,377	1,377	0.01	0.01
Bolani Ores Employees' Consumer co-operative society limited (Face value ₹ 25/share)	200	200	0.00	0.00
IISCO Employees Primary Co-operative society (Face value ₹ 20/share)	23,000	23,000	0.05	0.05
			<b>0.18</b>	<b>0.18</b>
<b>Total (B)</b>			<b>80.49</b>	<b>71.69</b>
<b>Grand total (A+B)</b>			<b>1,512.03</b>	<b>1,403.16</b>
Provision for impairment in the value of investments			<b>20.73</b>	<b>7.68</b>
<b>Net investment</b>			<b>1,491.30</b>	<b>1,395.48</b>
Aggregate amount of quoted investments (market value thereof)			<b>15.80</b>	<b>13.30</b>
Aggregate amount of unquoted investments			<b>1,496.23</b>	<b>1,389.86</b>
Aggregate amount of impairment in value of investments			<b>20.73</b>	<b>7.68</b>
			<b>1,491.30</b>	<b>1,395.48</b>

All equity shares have face value ₹10 each unless otherwise stated.

\*Entity is under liquidation, therefore, not considered as joint venture despite of joint agreement between shareholders.

#Entity is under liquidation therefore not in the control of the Company.

### 9: TRADE RECEIVABLES - NON CURRENT

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
(₹ crore)		
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>Unsecured*</b>		
Considered good	-	-
Considered doubtful	7.83	7.83
	<b>7.83</b>	<b>7.83</b>
Provision for doubtful receivables	7.83	7.83
	-	-
* Receivables due from directors and officers of the Company is nil (previous year nil)	-	-

### 10: LOANS - NON CURRENT

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>(Unsecured, considered good unless otherwise stated)*</b>		
Security deposits	101.81	110.65
Loan to employees	124.53	157.40
Loan to others	225.14	185.49
	<b>451.48</b>	<b>453.54</b>
Less : Provision for doubtful loans	0.02	0.02
	<b>451.46</b>	<b>453.52</b>

\* Receivables include amounts due from Directors - nil (previous year nil)



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ crore)

	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
<b>11: OTHER FINANCIAL ASSETS - NON CURRENT</b>				
Derivative assets		76.73		46.59
Advance for purchase of shares		3.54		104.27
Claims recoverable		7.89		-
Receivables other than trade		76.95		103.46
Receivables from employees		0.09		0.12
Loans and advances to related parties	10.53		10.53	
Less: Provision for doubtful related party advances	2.53	8.00	2.53	8.00
Fixed deposits with maturity period more than 12 months		0.19		-
		<b>173.39</b>		<b>262.44</b>
Less, Provision for doubtful assets		7.21		0.02
		<b>166.18</b>		<b>262.42</b>
<b>12: DEFERRED TAX ASSETS (NET)</b>				
<b>Tax effect of items constituting deferred tax liabilities</b>				
Diff between book and tax depreciation	8996.19		7450.30	
Amortisation of financial assets/liabilities	28.39		31.39	
Fair value adjustment through OCI	10.46	9035.04	8.88	7490.57
<b>Tax effect of items constituting deferred tax assets</b>				
Retirement benefits	8.73		107.54	
Finance lease obligations	85.64		75.83	
Derivative adjustments	54.81		84.35	
Unpaid taxes and duties to be allowed on payment	1156.38		1122.61	
Losses available for offsetting against future taxable income	9985.34		8563.67	
Others	877.58	12168.48	491.41	10445.41
Tax credit (minimum alternative tax)		1051.83		1051.00
<b>Deferred tax (assets) /liabilities (net)</b>		<b>4185.27</b>		<b>4005.84</b>

## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 12: DEFERRED TAX ASSETS (CONTD.)

Deferred taxes arising from temporary differences and unused tax losses for year ended 31<sup>st</sup> March, 2018 are summarized as follows:

(₹ crore)

Deferred tax assets/(liabilities)	As at April 1, 2017	Recognized in profit or loss	Recognized in other comprehensive income	As at March 31, 2018
<b>Tax effect of items constituting deferred tax liabilities</b>				
Difference between book and tax depreciation	7450.30	1545.89	-	8996.19
Amortisation of financial assets/liabilities	31.39	(3.00)	-	28.39
Fair value adjustment through OCI	8.88	-	1.58	10.46
	<b>7490.57</b>	<b>1542.89</b>	<b>1.58</b>	<b>9035.04</b>
<b>Tax effect of items constituting deferred tax assets</b>				
Retirement benefits	107.54	(2.59)	(96.22)	8.73
Finance lease obligations	75.83	9.81	-	85.64
Derivative adjustments	84.35	(29.54)	-	54.81
Unpaid taxes and duties to be allowed on payment	1122.61	33.77	-	1156.38
Losses available for offsetting against future taxable income	8563.67	1421.67	-	9985.34
Tax credit (minimum alternative tax)	1051.00	0.83	-	1051.83
Others	491.41	386.17	-	877.58
	<b>11496.41</b>	<b>1820.12</b>	<b>(96.22)</b>	<b>13220.31</b>
<b>Deferred tax (assets) /liabilities (net)</b>	<b>(4,005.84)</b>	<b>(277.23)</b>	<b>97.80</b>	<b>(4,185.27)</b>

The Company is having accumulated business losses (Including Investment Allowance) of ₹28,575.26 crore (Previous year- ₹24,744.77 crore) [including accumulated unabsorbed depreciation of ₹18,823.78 crore (Previous Year - ₹15,057.93 crore)] and MAT credit of ₹1,051.83 crore as on 31<sup>st</sup> March, 2018 as per the provisions of the Income Tax Act, 1961. The unabsorbed business losses amounting to ₹9,751.48 crore (Previous Year - ₹9,686.84 crore) are available for offset for maximum period of eight years from the incurrence of loss and unused tax (MAT) credit will be available for offset within maximum period of fifteen years.

In view of the various measures being implemented by the Government for upliftment of 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. Consequently, the Company will be able to earn sufficient future taxable profits to adjust the accumulated business losses/unabsorbed depreciation and unused MAT credit.

Accordingly, deferred tax asset of ₹3,407.55 crores on accumulated business losses (including ₹55.13 crores during the year ended 31<sup>st</sup> March, 2018) and MAT credit of ₹1,051.83 crores, has been recognised as on 31<sup>st</sup> March, 2018.

(₹ crore)

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
--	---------------------------------------	---------------------------------------

### 13: CURRENT TAX ASSETS / LIABILITIES (NET)

#### Current tax assets

Advance income tax (net of provision)	<b>190.31</b>	235.81
	<b>190.31</b>	235.81

### 14: OTHER ASSETS - NON CURRENT

Advances to contractors & suppliers	<b>341.37</b>	280.46
Advances others	<b>4.18</b>	4.18
Deposit with Government authorities	<b>646.94</b>	641.95
Prepaid expenses	<b>25.43</b>	34.12
Capital advances	<b>133.76</b>	192.51
Less: Provision for doubtful capital advances	<b>11.19</b>	191.50
	<b>1140.49</b>	1152.21
Less: Provision for doubtful other assets	<b>80.39</b>	72.09
	<b>1060.10</b>	1080.12



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ crore)

	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
<b>15: INVENTORIES*</b>				
<b>Stores &amp; spares</b>				
Production	2154.53		1843.43	
Fuel Stores	84.32		91.72	
Others	24.54		27.36	
	<u>2263.39</u>		<u>1962.51</u>	
Add: In-transit	155.02		114.48	
	<u>2418.41</u>		<u>2076.99</u>	
Less: Provision for non moving/obsolete items	233.97	2184.44	212.36	1864.63
<b>Raw Material</b>				
Raw material	4593.35		2584.23	
Add: In-transit	2592.85		1471.24	
	<u>7186.20</u>		<u>4055.47</u>	
Less: Provision for unusable materials	17.64	7168.56	15.80	4039.67
<b>Finished / Semi-finished products</b>				
Finished goods	4430.95		5822.05	
Work in progress	3212.72	7643.67	3985.00	9807.05
		<u>16996.67</u>		<u>15711.35</u>

\*Valued as per accounting policy No. 3.6

## 16: TRADE RECEIVABLES - CURRENT

(Unsecured, considered good unless otherwise stated)

### Unsecured\*

Considered good	3869.94		2921.69	
Considered doubtful	190.02		176.48	
	<u>4059.96</u>		<u>3098.17</u>	
Provision for doubtful receivables	190.02		176.48	
	<u>3869.94</u>		<u>2921.69</u>	

\* Receivables due from directors and officers of the Company is nil (previous year nil)

## 17 (I): CASH AND CASH EQUIVALENTS

Cash and stamps on hand	0.04		0.07	
Cheques in hand	77.60		109.92	
<b>Balance with Banks</b>				
Current accounts	1.81		10.76	
Term deposits with original maturity upto 3 months	-		0.18	
Term deposits as per court orders with maturity upto 3 months	-	1.81	-	10.94
		<u>79.45</u>		<u>120.93</u>

## 17 (II): OTHER BANK BALANCES

Earmarked bank balances	168.30		159.31	
Unpaid dividend accounts	6.21		8.53	
Fixed deposits with maturity for more than 3 months but less than 12 months	0.10		0.32	
	<u>174.61</u>		<u>168.16</u>	

**Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018**

(₹ crore)

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>18: LOANS - CURRENT</b>		
<b>(Unsecured, considered good unless otherwise stated)*</b>		
Security deposits	8.48	10.49
Loan to employees	60.92	58.15
Loan to related parties	7.00	7.00
Loan to others	1.97	1.33
	<u>78.37</u>	<u>76.97</u>
Less: Provision for doubtful loans	14.96	15.50
	<u>63.41</u>	<u>61.47</u>

\* Receivable includes amounts due from Directors - nil (previous year -nil)

**19: OTHER FINANCIAL ASSETS - CURRENT**

Derivative assets	47.66	180.95
Claims recoverable	715.85	771.45
Receivables other than trade	311.17	245.38
Receivables from employees	6.76	6.88
Bills receivable	1787.27	1072.99
Advances to related parties	23.66	23.66
Less: Provision for doubtful related parties advances	13.42	1.39
	<u>2878.95</u>	<u>2299.92</u>
Less Provision for doubtful assets	91.75	32.07
	<u>2787.20</u>	<u>2267.85</u>

**20: OTHER ASSETS - CURRENT**

Gold coins in hand	0.23	0.23
Advances to contractors & suppliers	254.67	273.98
Advance others	851.03	828.89
Deposit with Government authorities	2511.82	2519.05
Deposits - GST	33.80	-
GST receivable	1813.70	-
Prepaid expenses	24.26	36.63
Claims receivable	184.46	725.54
Export incentive receivables	45.68	41.26
	<u>5719.65</u>	<u>4425.58</u>
Less: Provision for doubtful other assets	85.23	143.55
	<u>5634.42</u>	<u>4282.03</u>

**21: ASSETS CLASSIFIED AS HELD FOR SALE**

Assets classified as held for sale	32.50	11.94
	<u>32.50</u>	<u>11.94</u>

- (i) On floatation of tender for sale of items of Property, Plant and Equipment, it is considered highly likely that such assets will be sold within next 12 months and such assets are treated as 'Assets classified as held for sale'
- (ii) Plant & Machinery classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of the plant & machinery was determined using the comparable value approach. This is a level 3 measurement as per the fair value hierarchy set out in fair value measurement disclosures. The key inputs under this approach is the metal price in the market.



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 22: EQUITY SHARE CAPITAL

(₹ crore)

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Authorised capital</b>		
Equity shares of ₹ 10 each		
(5,00,00,00,000 equity shares of ₹10 each)	<u>5000.00</u>	<u>5000.00</u>
<b>Issued and subscribed capital &amp; fully paid-up</b>		
(4,13,05,25,289 equity shares of ₹ 10 each fully paid up)	<u>4130.53</u>	<u>4130.53</u>

#### a) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

Particulars	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	Numbers	Amount (₹ in crore)	Numbers	Amount (₹ in crore)
<b>Equity shares with voting rights</b>				
Balance at the beginning of the year	4130407654	4130.41	4130392654	4130.39
Shares converted into shares with voting Rights during the year	-	-	15000	0.02
Shares bought back during the year	-	-	-	-
Balance at the end of the year	<u>4130407654</u>	<u>4130.41</u>	<u>4130407654</u>	<u>4130.41</u>
<b>Equity shares without voting rights *</b>				
Balance at the beginning of the year	117635	0.12	132635	0.14
Shares Issued during the year	-	-	-	-
Less: Shares converted into shares with voting Rights during the year	-	-	(15000)	(0.02)
Balance at the end of the year	<u>117635</u>	<u>0.12</u>	<u>117635</u>	<u>0.12</u>
<b>Total Equity shares outstanding</b>	<u>4130525289</u>	<u>4130.53</u>	<u>4130525289</u>	<u>4130.53</u>

i) \*Represented by one Global Depository Receipt (GDR) issued in 1996 @ US \$ 29.55 each for an original aggregate amount of US \$ 125 million

ii) All shares rank equally with regard to the repayment of capital in the event of liquidation of the Company.

iii) The Company does not have a holding company.

#### (iv) Details of the shareholders holding more than 5% of the shares in the Company

Name of Shareholder	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India	3097767449	75.00	3097767449	75.00
LIC of India	395451358	9.57	441874667	10.70

(v) The Company has neither issued bonus shares nor bought back any shares during the last 5 years.



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 23: OTHER EQUITY

(₹ crore)

	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
<b>Reserves &amp; Surplus</b>				
<b>Capital Reserve</b>				
Opening balance	1.75		1.75	
Additions during the year	-		-	
Less: Utilisation during the year	-	1.75	-	1.75
<b>Securities Premium Reserve</b>				
Opening balance	235.10		235.10	
Changes during the year	-	235.10	-	235.10
<b>Bond Redemption Reserve</b>				
Opening balance	1973.64		1449.96	
Transfer from retained earnings	606.80		607.77	
Transfer to retained earnings	239.75	2340.69	84.09	1973.64
<b>General Reserve</b>				
Opening balance	5095.13		5095.13	
Additions during the year	-		-	
Less: Utilisation during the year	-	5095.13	-	5095.13
<b>Retained Earnings</b>				
Opening balance	24570.11		28283.65	
Add: Net Profit/(Loss) for the year	(481.71)		(2,833.24)	
Add: Other comprehensive Income/(Loss)	177.53		(356.62)	
Add: Transfer from Bond Redemption Reserve	239.75		84.09	
Less: Transfer to Bond Redemption Reserve	606.80		607.77	
Less: Transfer to General Reserve	-	23898.88	-	24570.11
<b>Other Comprehensive Income</b>				
<b>Equity Instruments through Other Comprehensive Income</b>				
Opening balance	2.80		(0.22)	
Change in fair value of FVOCI equity instruments	8.79		3.02	
Deferred tax	-	11.59	-	2.80
<b>Total other equity</b>		<b>31583.14</b>		<b>31878.53</b>

#### Nature and purpose of other reserves

##### Capital reserve

Capital reserve is created out of the capital profit, it is created out of the profit earned from some specific transactions of capital nature. Capital reserve is not available for the distribution to the shareholders.

##### Securities premium reserve

Securities premium reserve represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act.

##### Bond redemption reserve

The Company is required to create bond redemption reserve as per the provisions of Companies Act, 2013 out of the profits which are available for distribution of dividends. The reserve is maintained till the redemption of bonds.

##### Other Comprehensive Income (OCI) reserve

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 24. BORROWINGS - NON CURRENT

(₹ crore)

				As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2018
<b>SECURED</b>					
<b>Redeemable Non-Convertible Bonds</b>					
Rate of Interest	Maturity Date	Call/Put option (yr)	SECURITY REF		
9.35%	9/Sep/2026	12/nil	(a)	455.00	455.00
9.00%	14/Oct/2024		(a)	1000.00	1000.00
8.70%	25/Aug/2024		(a)	300.00	300.00
8.30%	3/Aug/2023		(a)	800.00	800.00
8.30%	1/Aug/2023		(a)	1200.00	1200.00
8.35%	19/Nov/2022		(a)	1185.00	1185.00
9.30%	23/Aug/2021		(a)	400.00	400.00
8.55%	11/Aug/2021		(a)	700.00	700.00
8.27%	25/Aug/2020		(a)	265.00	265.00
8.72%	30/Apr/2020		(a)	660.00	660.00
8.75%	23/Apr/2020		(a)	545.00	545.00
8.65%	1/Feb/2020	5/nil	(a)	242.00	242.00
8.30%	21/Jan/2020		(a)	500.00	500.00
8.65%	30/Dec/2019		(a)	450.00	450.00
8.50%	7/Dec/2019		(a)	120.00	120.00
8.60%	19/Nov/2019		(a)	335.00	335.00
8.75%	15/Sep/2019		(b,d)	100.00	100.00
8.80%	22/Jun/2019		(a)	825.00	825.00
7.70%	11/May/2019	5/5	(a)	25.00	25.00
8.90%	1/May/2019	5/nil	(b)	950.00	950.00
8.80%	26/Oct/2018		(b,c)	98.00	112.00
8.18%	10/Aug/2018		(a)	-	1000.00
8.25%	27/Jul/2018		(a)	-	500.00
8.35%	9/Jun/2018		(a)	-	420.00
9.30%	25/May/2018		(a,k)	288.00	360.00
8.25%	6/May/2018	3/3	(a)	-	245.00
7.95%	9/Apr/2018		(a)	-	670.00
<b>Total Bonds</b>				<b>11443.00</b>	<b>14364.00</b>
<b>Term Loans from banks</b>					
Rupee loans			(i)	14156.00	2500.00
Foreign currency loans			(j)	2247.26	-
				<b>27846.26</b>	<b>16864.00</b>
<b>UNSECURED</b>					
<b>Foreign currency loan</b>					
1	KFW, Germany		(e)	358.48	327.06
2	Sumitomo Mitsubishi Banking Corporation		(f)	-	0.01
3	Natexis Banque		(g)	15.01	14.75
4	Mizuho Coporate Bank ltd		(h)	-	322.12
<b>Steel development fund</b>				<b>204.16</b>	<b>204.16</b>
				<b>577.65</b>	<b>868.10</b>
<b>Long term maturities of finance lease obligations</b>				<b>1353.25</b>	<b>1355.38</b>
<b>Total Non Current Loans</b>				<b>29777.16</b>	<b>19087.48</b>

No loans have been guaranteed by the directors and others.

There is no default as on the balance sheet date in repayment of borrowings and interest thereon.

All bonds are repayable on the maturity date unless otherwise stated.

#### Bonds are secured, in respect of respective facilities by way of :

- Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to IISCO Steel Plant (ISP).
- Secured by charges ranking pari-passu inter-se, on all the present and future immovable property at Mouje-Wadej of City taluka, District Ahmedabad, Gujarat and Company's Plant & Machinery, including the land on which it stands, pertaining to Durgapur Steel Plant. (DSP).
- Redeemable in 12 equal yearly instalments of ₹ 14 crore each starting w.e.f 26<sup>th</sup> October, 2014. Instalment payable on 26<sup>th</sup> Oct, 2018 has been shown in Other Current Liabilities.
- Redeemable in 3 equal instalments of ₹ 50 crore each on 15<sup>th</sup> September of 2014, 2019 and 2024.
- The soft basis of the loan was drawn in 3 tranches stated as 1(a), 1(b) and 1(c) at an interest rate of 8.75% p.a. The Interest on 1(a) is 0.75% p.a and balance 8% is towards meeting Exchange fluctuation (4%) and Pollution control schemes (4%). In case of 1 (b) the Interest is 0.75% p.a and balance 8.0% p.a is towards periphery development. The Interest on 1(c) is 3.66% p.a and the balance 5.09% p.a is towards meeting periphery development. The principal and interest is repayable half yearly. The loan is guaranteed by Government of India.
- The loan is repayable in 3 equal yearly instalments on 16<sup>th</sup> November starting from 2015 at an interest rate of 6 month LIBOR +1.06%. Interest is paid half yearly.
- The loan is repayable by 2030. The principal and interest is paid half yearly, guaranteed by Government of India.
- The loan is repayable in 3 equal yearly instalments on 21<sup>st</sup> December starting from 2016 at an interest rate of 6 month LIBOR +1.75%. Interest is paid half yearly.
- Terms of repayment is to be decided by SDF management Committee.
- Secured by charges ranking pari-passu on the present and future movable plant and machinery of BSL & BSP to the extent of loan. SBIECB loan is repayable in 4 equal instalments at the end of 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> from the first draw-down i.e. 25<sup>th</sup> Sept 2017.
- Redeemable in 5 equal yearly instalments starting w.e.f 25<sup>th</sup> May, 2018. Instalment payable on 25<sup>th</sup> May, 2018 has been shown in current liabilities.

## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ crore)

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>25: TRADE PAYABLES - NON CURRENT</b>		
Due to micro, small and medium enterprise (refer note 48.2)	-	-
Amount payable to contractors/suppliers/others	<u>6.38</u>	<u>7.36</u>
	<b>6.38</b>	<b>7.36</b>

### 26: OTHER FINANCIAL LIABILITIES - NON CURRENT

Employees related dues	430.68	458.39
Interest Accrued but not due on borrowings	551.46	580.25
Other payables	<u>197.22</u>	<u>327.29</u>
	<b>1179.36</b>	<b>1365.93</b>

### 27: PROVISIONS - NON CURRENT

Provision for gratuity	-	80.75
Provision for accrued leave liability	2476.95	2436.37
Provision for post retirement medical & settlement benefits	974.69	931.02
Provision for long term service award	20.90	19.98
Provision for mines closure	61.61	53.94
Other provisions	<u>439.13</u>	<u>71.88</u>
	<b>3973.28</b>	<b>3593.94</b>

### 28: OTHER LIABILITIES - NON CURRENT

Deferred Income*	<u>138.33</u>	<u>151.29</u>
	<b>138.33</b>	<b>151.29</b>
<b>*Government grants</b>		
Opening balance	27.79	26.95
Additions	-	2.12
Released to Statement of Profit and Loss	-	(1.28)
	<u>27.79</u>	<u>27.79</u>

\*Deferred income includes award conferred by the Prime Minister of India to the Bhilai Steel Plant as best integrated steel plant in India and the earnings from the fund are utilised for the welfare of the employees in Bhilai.

### 29. BORROWINGS - CURRENT

#### Secured

##### Repayable on demand

From banks 2334.39 1302.09

##### Other loans and advances

From Banks - 250.00

#### Unsecured

Other loans 2950.00 600.00

Commercial paper 3961.88 7883.93

Foreign currency loans 2998.05 9777.02

**12244.32** **19813.04**

#### 1. Security disclosure for the outstanding short term borrowings as on 31st March, 2018:

**Borrowings from banks are secured, in respect of respective facilities by way of :**

- (i) Hypothecation of all current assets



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ crore)

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>30: TRADE PAYABLES - CURRENT</b>		
Due to micro, small and medium enterprises (refer note 48.2)	48.22	38.12
Amount payable to related parties	9.30	11.58
Amount payable to contractors/suppliers/others	<u>7482.98</u>	<u>5169.50</u>
	<b>7540.50</b>	<b>5219.20</b>
<b>31: OTHER FINANCIAL LIABILITIES - CURRENT</b>		
Employee related dues	159.95	161.73
Interest accrued but not due on borrowings	1072.54	1076.09
Other liabilities-debtors banking arrangement	325.45	228.16
Derivative liability	65.24	603.57
Current maturities of long term debts	3271.71	2381.74
Current maturities of finance lease obligations	115.53	113.39
Unclaimed matured deposits and interest accrued thereon	1.01	1.03
Security deposits	1323.33	1230.73
Less: Investments received as security deposit	<u>-</u>	<u>-</u>
Unpaid dividends	6.21	8.53
Payable for capital works	3701.83	2530.70
Other payables	<u>4127.40</u>	<u>4429.95</u>
	<b>14170.20</b>	<b>12765.62</b>
<b>32: OTHER LIABILITIES - CURRENT</b>		
Income received in advance from customers	1880.13	1760.93
Income received in advance - others	112.80	82.53
Deferred Income*	11.90	10.98
GST payable	2135.74	-
Other payables	<u>3001.85</u>	<u>3752.82</u>
	<b>7142.42</b>	<b>5607.26</b>
*Deferred income includes award conferred by the Prime Minister of India to the Bhilai Steel Plant as best integrated steel plant in India and the earnings from the fund are utilised for the welfare of the employees in Bhilai.		
<b>33: PROVISIONS - CURRENT</b>		
Provision for gratuity	31.11	236.10
Provision for accrued leave liability	308.77	303.68
Provision for post retirement medical & settlement benefits	105.60	108.95
Provision for long term service award	2.03	3.06
Provision for pollution control	40.30	39.43
Provision for foreign exchange fluctuation	-	13.02
Provision for wage revision	1216.24	1545.02
Provision for mine afforestation/ restoration etc.	319.25	341.97
Other provisions	<u>280.88</u>	<u>323.54</u>
	<b>2304.18</b>	<b>2914.77</b>
<b>34: CURRENT TAX LIABILITIES (NET)</b>		
Opening Balance	4.52	11.90
Add: Provision during the year	-	-
Less: Amount paid/transferred during the year	4.52	7.38
Less: Provision written back during the year	<u>-</u>	<u>-</u>
	<b>-</b>	<b>4.52</b>

## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ crore)

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>35. REVENUE FROM OPERATIONS</b>		
<b>Sale of products</b>		
Domestic	55971.08	47376.04
Exports	2243.70	1737.83
Export incentives	82.48	66.37
Sub Total (a)	<u>58297.26</u>	<u>49180.24</u>
<b>Sale of Services</b>		
Service charges	23.56	31.89
Sub Total (b)	<u>23.56</u>	<u>31.89</u>
<b>Other Operating Revenues</b>		
Social amenities-recoveries	337.76	334.01
Sale of empties etc.	80.00	70.74
Sundries	223.78	150.22
Sub Total (c)	<u>641.54</u>	<u>554.97</u>
Total (a+b+c)	<u>58962.36</u>	<u>49767.10</u>
<b>36. OTHER INCOME</b>		
<b>Interest income</b>		
Loans & advances to other companies	0.78	0.88
Customers	101.78	80.87
Employees	16.75	20.21
Bank deposits	4.84	0.10
Others	41.94	45.23
Sub Total (a)	<u>166.09</u>	<u>147.29</u>
<b>Dividend income</b>		
Dividend from subsidiaries	6.31	4.64
Dividend from investments	69.85	87.29
(includes dividend from investments carried at fair value through OCI)		
Sub Total (b)	<u>76.16</u>	<u>91.93</u>
<b>Net gain on sale of investments</b> Sub Total (c)	-	0.01
<b>Other non-operating Income</b>		
Subsidy, relief and concession	6.12	4.43
Grant-in-aid	0.54	0.10
Provisions no longer required written back	90.64	42.66
Write back of other liabilities	81.62	54.96
Liquidated damages	20.02	75.53
Foreign exchange fluctuations (net)	-	76.60
Others	43.26	42.10
	<u>242.20</u>	<u>296.38</u>
Less: Expenses attributable to non-operating income	-	-
Sub Total (d)	<u>242.20</u>	<u>296.38</u>
Total (a+b+c+d)	<u>484.45</u>	<u>535.61</u>



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ crore)

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>37 : COST OF MATERIALS CONSUMED</b>		
Iron ore	3818.79	3614.87
Coal	21445.07	16198.51
Coke	31.63	70.64
Limestone	1232.17	1107.24
Dolomite	474.80	450.33
Ferro manganese	337.61	340.96
Ferro silicon	201.73	193.63
Silico manganese	1193.85	904.24
Intermediary Products	-	0.01
Zinc	176.84	122.03
Aluminium	242.58	226.91
Others	1299.85	1285.87
	<u>30454.92</u>	<u>24515.24</u>
Less : Inter account adjustments	<u>3776.11</u>	<u>3389.54</u>
	<u>26678.81</u>	<u>21125.70</u>

### 38 : CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

#### Opening stock

Finished goods	5822.07	5545.82
Work in progress	3984.98	4395.10
	<u>9807.05</u>	<u>9940.92</u>

#### Less: Closing stock

Finished goods	4430.95	5822.07
Work in progress	3212.72	3984.98
	<u>7643.67</u>	<u>9807.05</u>
	2163.38	133.87
Less : Excise duty on accretion (-) /depletion to stock	<u>1027.89</u>	<u>13.24</u>
	<u>1135.49</u>	<u>120.63</u>

### 39: EMPLOYEE BENEFITS EXPENSE\*

Salaries & wages	6461.98	6876.89
Leave encashment	357.55	491.23
Company's contribution to provident & other funds	753.71	889.02
Travel concession	61.55	21.71
Welfare expenses	354.63	312.47
Gratuity	860.65	356.51
	<u>8850.07</u>	<u>8947.83</u>

#### \*Expenditure on employees's remuneration and benefits not included above and charged to:

Expenditure during construction	100.72	136.16
---------------------------------	--------	--------

\*\*For descriptive notes on disclosure of defined benefit obligation, refer note 50

## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ crore)

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>40: FINANCE COSTS</b>		
<b>Interest Cost</b>		
Foreign currency loans*	526.99	552.45
Non convertible bonds	915.78	794.54
Bank borrowings - working capital	42.97	63.12
Steel development fund loans	4.08	3.74
Others	1319.53	1105.51
Interest under Income Tax Act	-	0.01
Other borrowing costs	13.40	8.45
	<u>2822.75</u>	<u>2527.82</u>

\*Including foreign exchange fluctuations gain of ₹120.04 crore (previous year: ₹188.52 crore loss)

### Expenditure on Interest & Finance charges not included above and charged to Expenditure during Construction:

Foreign currency loans	94.89	108.06
Non convertible bonds	365.43	468.48
Steel development fund loans - Interest	4.09	4.43
Others	204.11	0.93
	<u>668.52</u>	<u>581.90</u>

(₹ crore)

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>41: OTHER EXPENSES</b>		
<b>Consumption of stores &amp; spares</b>		
Consumption	3614.23	3694.99
Less: Departmentally manufactured stores	735.15	859.64
Less: Finished products internally consumed as stores and spares	<u>473.26</u>	<u>532.15</u>
	2405.82	2303.20
<b>Repairs &amp; maintenance</b>		
Buildings	193.77	201.73
Plant & machinery	821.56	713.83
Others	<u>228.48</u>	<u>223.64</u>
	1243.81	1139.20
<b>Handling expenses</b>		
Raw material	425.91	328.79
Scrap recovery	<u>282.30</u>	<u>297.33</u>
	708.21	626.12
<b>Remuneration to auditors</b>		
Audit fees	1.79	1.94
Tax audit fees	0.51	0.47
In other services	1.16	0.96
Out of pocket expenses	<u>0.67</u>	<u>0.65</u>
	4.13	4.02
<b>Provisions</b>		
Doubtful debts, loans and advances	85.42	74.47
Investments	13.08	0.20
Stores, spares and sundries	<u>117.24</u>	<u>72.88</u>
	215.74	147.55



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ crore)

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>41: OTHER EXPENSES (CONTD.)</b>		
Power and fuel	5809.81	5233.93
Freight outward	2241.95	1161.99
Royalty and cess	1271.58	996.81
Conversion charges	306.08	454.33
Excise duty on inter-plant transfer/internal consumption	63.76	292.12
Demurrage & wharfage	38.82	53.41
Water charges & cess on water pollution	115.82	121.02
Insurance	24.87	32.47
Postage, telegram & telephone	16.76	20.42
Printing & stationery	8.22	9.80
Rates & taxes	58.30	69.64
Rent	80.52	60.72
Security expenses	512.39	490.71
Travelling expenses	157.51	156.30
Expenditure on temporary suspended mines (refer note - 49.18)	82.07	97.95
Training expenses	41.81	30.36
Expenditure on corporate social responsibility (refer note - 49.10)	25.70	29.05
Foreign exchange fluctuations (net)	3.73	-
Loss on sale/scrapping of fixed assets (net)	72.80	48.17
Cost of Audit fee and reimbursement of expenses	0.04	0.32
Write-offs - Miscellaneous	2.61	0.01
Handling expenses - finished goods	186.43	157.45
Commission to selling agents	6.53	7.34
Export sales expenses	47.01	22.97
Miscellaneous	523.41	452.83
	<u>16276.24</u>	<u>14220.21</u>

### 41A: EXCEPTIONAL ITEMS

Voluntary retirement compensation	254.20	216.74
Write back of pension liabilities	(458.16)	-
Provision for illegal mining	340.72	-
Reversal of District Mineral Fund	(261.76)	-
Reversal of wages and salary	(110.82)	-
Provision for surrender of coal blocks	209.39	-
	<u>(26.43)</u>	<u>216.74</u>



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 42. FINANCIAL INSTRUMENTS

#### i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are categorized into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

#### ii) Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ crore)

As at 31 <sup>st</sup> March, 2018	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial instruments at FVTPL</b>				
Derivative financial assets		124.39		124.39
<b>Investments at FVOCI</b>				
Equity instruments*				
Quoted	15.80			15.80
Unquoted			64.69	64.69
<b>Total financial assets</b>	<b>15.80</b>	<b>124.39</b>	<b>64.69</b>	<b>204.88</b>
<b>Financial liabilities</b>				
<b>Financial instruments at FVTPL</b>				
Derivative liability		65.24		65.24
<b>Total financial liabilities</b>	<b>-</b>	<b>65.24</b>	<b>-</b>	<b>65.24</b>

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ crore)

As at 31 <sup>st</sup> March, 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial instruments at FVTPL</b>				
Derivative financial assets		227.54		227.54
<b>Investments at FVOCI</b>				
Equity instruments*				
Quoted	13.30			13.30
Unquoted			58.39	58.39
<b>Total financial assets</b>	<b>13.30</b>	<b>227.54</b>	<b>58.39</b>	<b>299.23</b>
<b>Financial liabilities</b>				
Financial instruments at FVTPL				
Derivative liability		603.57		603.57
<b>Total financial liabilities</b>	<b>-</b>	<b>603.57</b>	<b>-</b>	<b>603.57</b>

#### iii) Financial assets and liabilities - for which fair values are disclosed

(₹ crore)

	Level	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
		Carrying value	Fair Value	Carrying value	Fair Value
<b>Financial assets</b>					
Loans	Level-3	514.87	544.76	514.99	523.40
Derivative financial assets	Level-2	124.39	124.39	227.54	227.54
<b>Equity instruments*</b>					
Quoted	Level-1	15.80	15.80	13.30	13.30
Unquoted	Level-3	64.69	64.69	58.39	58.39
<b>Total financial assets</b>		<b>719.75</b>	<b>749.64</b>	<b>814.22</b>	<b>822.63</b>
<b>Financial liabilities</b>					
Borrowings	Level-3	47358.17	47714.31	43280.15	43628.65
Other payables	Level-3	9947.63	9988.81	9148.35	9281.67
Derivative liability	Level-2	65.24	65.24	603.57	603.57
<b>Total financial liabilities</b>		<b>57371.04</b>	<b>57768.36</b>	<b>53032.07</b>	<b>53513.89</b>



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### (iv) Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Fair value of interest swap is determined based on dealer or counterparty quotes for similar instruments
- Fair value of forward foreign exchange contract and principal swap is determined using forward rate at balance sheet date.
- The carrying value of borrowings bearing variable interest rate are considered to be representative of their fair value.
- The carrying value of financial assets and liabilities with maturities less than 12 months are considered to be representative of their fair value.
- Fair value of fixed interest rate financial assets and liabilities carried at amortised cost (including finance lease obligations) is determined by discounting the cash flows using a discount rate equivalent to market interest rate applicable to similar assets and liabilities as at the balance sheet date.

### (v) Unquoted investments:

Fair value estimates of unquoted equity investments are included in level-3 and are based on information relating to value of investee company's net assets. For investments in co-operative societies, the Company has determined that cost is appropriate estimate of fair value, therefore, there have been no changes on account of fair values.

### vi) The following table presents the changes in value of financial instruments measured at fair value using level 3 inputs:

(₹ crore)

Particulars	Unlisted equity securities
<b>As at 31<sup>st</sup> March, 2016</b>	<b>58.39</b>
Gains/losses recognised in other comprehensive income	-
<b>As at 31<sup>st</sup> March, 2017</b>	<b>58.39</b>
Gains/losses recognised in other comprehensive income	6.30
<b>As at 31<sup>st</sup> March, 2018</b>	<b>64.69</b>

## 43. FINANCIAL RISK MANAGEMENT

### i) Financial instruments by category

(₹ crore)

Particulars	As at 31 <sup>st</sup> March, 2018			As at 31 <sup>st</sup> March, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Investments						
Equity instruments*		80.49			71.69	
Trade receivables			3869.94			2921.69
Cash and cash equivalents			79.45			120.93
Other Bank Balances			174.61			168.16
Loans			514.87			514.99
Derivative financial assets	124.39					
Other receivables			2828.99	227.54		2302.73
<b>Total</b>	<b>124.39</b>	<b>80.49</b>	<b>7467.86</b>	<b>227.54</b>	<b>71.69</b>	<b>6028.50</b>
<b>Financial liabilities</b>						
Borrowings			47358.17			43280.15
Trade payable			7546.88			5226.56
Derivative Liability	65.24			603.57		
Other payables			9947.63			9148.35
<b>Total</b>	<b>65.24</b>	<b>-</b>	<b>64852.68</b>	<b>603.57</b>	<b>-</b>	<b>57655.06</b>

\* Investment in equity of joint ventures and associates have been carried at cost as per Ind AS 27 "Separate financial statements" and hence are not presented here.

### ii) Risk Management

The Company is exposed to various risk in relation to financial instruments. The Company's financial asset and liabilities are by category are summarised in note 43(i). The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is co-ordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

#### A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of following types financial assets.

- Cash and cash equivalents
- Derivative financial instruments
- Trade receivables
- Other financial assets measured at amortized cost

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### a) Credit risk management

#### Cash and cash equivalent

Credit risk related to cash and cash equivalents is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

#### Derivative financial instruments

Credit risk related to derivative financial instruments is also managed by only entering into such arrangement with highly rated banks or financial institutions as counterparties. The company diversifies its holdings with multiple counterparties.

#### Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors and only sells goods to credit-worthy parties. The Company's internal systems are configured to define credit limits of customers, thereby limiting the credit risk to pre-calculated amounts.

#### Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

### b) Expected credit losses

Company provides expected credit losses based on the following

#### Trade receivables

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach and uses historical information to arrive at loss percentage relevant to each category of trade receivables:

(₹ crore)						
Ageing (As at 31 <sup>st</sup> March, 2018)	0-3 months	3-12 months	12-24 months	24-36 months	more than 36 months	Total
Gross carrying amount	2997.57	697.14	92.93	74.74	197.58	4059.96
Expected loss rate	0.03%	0.38%	2.30%	2.81%	92.26%	4.68%
Expected credit loss provision	0.84	2.66	2.14	2.10	182.28	190.02
<b>Carrying amount of trade receivables (Net of impairment)</b>	<b>2996.73</b>	<b>694.48</b>	<b>90.79</b>	<b>72.64</b>	<b>15.30</b>	<b>3869.94</b>

Ageing (As at 31 <sup>st</sup> March, 2017)	0-3 months	3-12 months	12-24 months	24-36 months	more than 36 months	Total
Gross carrying amount	2289.06	414.86	133.89	37.83	222.53	3098.17
Expected loss rate	0.03%	0.37%	1.57%	6.27%	76.33%	5.70%
Expected credit loss provision	0.59	1.54	2.10	2.37	169.86	176.48
<b>Carrying amount of trade receivables (Net of impairment)</b>	<b>2288.47</b>	<b>413.32</b>	<b>131.79</b>	<b>35.46</b>	<b>52.67</b>	<b>2921.69</b>

### Reconciliation of Expected credit loss provision

(₹ crore)	
Particulars	Unlisted equity securities
<b>As at 31<sup>st</sup> March, 2016</b>	<b>146.82</b>
Changes in provision	(29.65)
<b>As at 31<sup>st</sup> March, 2017</b>	<b>176.48</b>
Changes in provision	13.54
<b>As at 31<sup>st</sup> March, 2018</b>	<b>190.02</b>

### Other financial assets measured at amortized cost

Company provides for expected credit losses on "loans advances and other than trade receivables" by assessing individual financial instruments for expectation of any credit losses. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the company can draw to apply consistently to entire population. For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognised on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

### B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

#### Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity companying based on their contractual maturities for all non-derivative financial liabilities and the amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

(₹ crore)

Contractual maturities of financial liabilities as at 31 <sup>st</sup> March, 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings*	18348.05	5719.16	4611.01	27190.55	55868.77
Trade payable	7540.49	0.64	0.85	4.89	7546.87
Other payables	10392.85	112.45	96.56	1270.94	11872.80
<b>Total</b>	<b>36281.39</b>	<b>5832.25</b>	<b>4708.42</b>	<b>28466.38</b>	<b>75288.44</b>
<b>Derivatives</b>					
Derivative liability (Net Settled)	65.24				65.24
<b>Total</b>	<b>65.24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65.24</b>

Contractual maturities of financial liabilities as at 31 <sup>st</sup> March, 2017	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
<b>Non-derivatives</b>					
Borrowings*	24177.67	4569.02	4652.70	13282.34	46681.74
Trade payable	5226.62	1.29	5.64	0.43	5233.98
Other payables	10428.43	125.11	105.03	1445.94	12104.51
<b>Total</b>	<b>39832.72</b>	<b>4695.42</b>	<b>4763.37</b>	<b>14728.71</b>	<b>64020.22</b>
<b>Derivatives</b>					
Derivative liability	603.57				603.57
<b>Total</b>	<b>603.57</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603.57</b>

\* borrowings excludes finance lease obligations, refer note 49.11(b) for disclosure of maturity profile of finance lease obligations.

### C) Market Risk

#### a) Foreign currency risk

Most of the Company's transactions are carried out in INR. Exposures to currency exchange rates arise from the Company's overseas borrowing arrangements, which are primarily denominated in US dollars (USD).

To mitigate the Company's exposure to foreign currency risk, non-INR cash flows are monitored and forward exchange contracts are entered into in accordance with the Company's risk management policies. Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other same-currency transactions.

#### Foreign currency risk exposure:

The Company's significant exposures to foreign currency risk at the end of the reporting period expressed in ₹ crore are as follows:

Particulars	As at 31 <sup>st</sup> March, 2018		As at 31 <sup>st</sup> March, 2017	
	USD	Euro	USD	Euro
<b>Financial assets</b>				
Trade receivables	1.89		38.25	
Cash and cash equivalents				
Other Bank Balances				
Loans				
Derivative financial assets (Gross amounts, to hedge borrowings)	3343.41		10099.90	
Other receivables				
<b>Net exposure to foreign currency risk (assets)</b>	<b>3345.30</b>	<b>-</b>	<b>10138.15</b>	<b>-</b>
<b>Financial liabilities</b>				
Borrowings	3619.36	327.06	13039.83	327.06
Trade payable	90.63	330.72	57.25	307.02
Derivative Liability	29.35			
Other payables	68.30	137.27		
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>3807.64</b>	<b>795.05</b>	<b>13097.08</b>	<b>634.08</b>

#### Sensitivity

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/INR exchange rate and EUR/INR exchange rate 'all other things being equal'. It assumes a +/- 4.24% change of the INR/USD exchange rate for the year ended at 31 March, 2018 (2017:4.09%). A +/- 6.90% change is considered for the INR/EUR exchange rate (2017: 7.86%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

**Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018**

(₹ crore)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>USD sensitivity</b>		
INR/USD- increase by 4.24% (31 <sup>st</sup> March 2018)	(19.60)	
INR/USD- decrease by 4.24% (31 <sup>st</sup> March 2018)	19.60	
INR/USD- increase by 4.09% (31 <sup>st</sup> March 2017)		(121.02)
INR/USD- decrease by 4.09% (31 <sup>st</sup> March 2017)		121.02
<b>Euro sensitivity</b>		
INR/EUR- increase by 6.90% (31 <sup>st</sup> March 2018)	(54.86)	
INR/EUR- decrease by 6.90% (31 <sup>st</sup> March 2018)	54.86	
INR/EUR- increase by 7.86% (31 <sup>st</sup> March 2017)		(49.84)
INR/EUR- decrease by 7.86% (31 <sup>st</sup> March 2017)		49.84

**b) Interest rate risk**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 March, 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The Company's investments in bonds all pay fixed interest rates. The exposure to interest rates for the Company's money market funds is considered immaterial. The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2017: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

**i) Liabilities**

The company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31<sup>st</sup> March, 2018, the company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

**Interest rate risk exposure**

Below is the overall exposure of the company to interest rate risk:

(₹ crore)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Variable rate borrowing (excluding exposures offset by derivatives)	2998.05	9777.02
Fixed rate borrowing	44360.12	33503.13
<b>Total borrowings</b>	<b>47358.17</b>	<b>43280.15</b>

**Sensitivity**

Below is the sensitivity of profit or loss and equity changes in interest rates.

(₹ crore)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Interest sensitivity</b>		
Interest rates-increase by 100 basis points	473.58	432.80
Interest rates-decrease by 100 basis points	(473.58)	(432.80)

**ii) Assets**

The company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest.

**Interest rate risk exposure**

Below is the overall exposure of the financial assets:

(₹ crore)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Variable rate deposits/ loans	-	-
Fixed rate deposits/ loans	689.48	683.15
<b>Total deposits</b>	<b>689.48</b>	<b>683.15</b>

**c) Price risk**

**Exposure**

The Company is exposed to other price risk in respect of its investment shares of other companies (see Note 8). The Company does not consider changes in value of its investments in shares as insignificant, therefore is not exposed to price risks on exposures outstanding on the balance sheet date.



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 44. CAPITAL MANAGEMENT

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the company's various classes of debt. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(₹ crore)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Net debts	47104.11	42991.06
Total equity	35713.67	36009.06
<b>Net debt to equity ratio</b>	<b>1.32</b>	<b>1.19</b>
<b>Dividends</b>		
<b>(i) Equity shares</b>		
Final dividend for the year ended 31 <sup>st</sup> March, 2018 of @nil	Nil	Nil
(ii) Dividends not recognised at the end of the reporting period	Nil	Nil

### 45. DETAILS OF ASSETS PLEDGED

(₹ crore)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Current</b>		
Inventories and trade receivables (to the extent pledged)	2334.39	1552.09
<b>Non Current</b>		
Plant & Machinery (movable assets) - Durgapur steel plant (to the extent pledged)	1148.00	1162.00
Plant & Machinery (movable assets)-Bokaro & Bhilai Steel Plant (to the extent pledged)	16403.26	2500.00
Land and Plant & Machinery (at Mouje-Wadej of city taluka, District Ahmedabad, Gujarat) - ISP	10295.00	13202.00

### 46. EFFECTIVE TAX RECONCILIATION

(₹ crore)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Profit/(loss) before tax	(758.94)	(4,850.86)
Domestic tax rate for PFS	34.94%	34.61%
<b>Expected tax expense [A]</b>	<b>(265.20)</b>	<b>(1,678.79)</b>
Adjustment for tax-exempt income/ non-deductible expenses	(12.59)	(9.51)
Adjustment for difference tax rate items	(1.48)	0.47
Tax incentive on specific expenditure	(16.09)	(353.00)
Tax related to earlier years	35.73	43.64
Increase in Corporate tax rate	(28.39)	-
Others	10.79	(20.44)
<b>Total adjustments [B]</b>	<b>(12.03)</b>	<b>(338.84)</b>
<b>Actual tax expense [C=A+B]</b>	<b>(277.23)</b>	<b>(2,017.62)</b>
<b>Tax expense comprises:</b>		
Current tax expense	-	-
Deferred tax credit	(277.23)	(2,017.62)
<b>Tax expense recognized in Statement of profit and loss [D]</b>	<b>(277.23)</b>	<b>(2,017.62)</b>

## 47.1 CONTINGENT LIABILITIES

(₹ crore)

		As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
(i)	Claims against the Company pending appellate/judicial decisions :		
	a) Excise Duty	4527.42	3751.71
	b) Sales Tax on inter-state stock transfers from plants to stockyards*.	739.90	740.99
	c) Other sales tax matters	629.13	628.34
	d) Income Tax	1416.94	1288.55
	e) Other duties, cess and levies	6794.71	6311.57
	f) Civil matters **	3495.56	3178.30
	g) Entry Tax	2125.99	2173.75
	h) Miscellaneous **	2942.42	15109.38
	* No liability is expected to arise, as sales tax has been paid on eventual sales. ** includes claims of ₹60.97crore (as at 31 <sup>st</sup> March, 2017 ₹47.44crore), against which there are counter-claims of ₹35.37crore (as at 31 <sup>st</sup> March, 2017 ₹26.30crore).		
(ii)	Other claims against the Company not acknowledged as debt:		
	a) Sales Tax	64.29	43.16
	b) Duties, cess and levies	629.27	616.51
	c) Civil Matters	98.99	89.94
	d) Miscellaneous *	2757.72	2494.37
	* includes claims of ₹100.94crore (as at 31 <sup>st</sup> March, 2017 ₹100.94 crore, against which there are counter-claims of ₹103.95 crore (as at 31 <sup>st</sup> March, 2017 ₹103.95 crore).		
(iii)	Disputed income tax/service tax/other demand on joint venture company for which company may be contingently liable under the joint venture agreement	34.76	32.89
(iv)	Bills drawn on customers and discounted with banks.	68.83	37.38
(v)	Price escalation claims by contractors/suppliers and claims by employees.	441.70	408.62

- 47.2** a) (i) 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 acts enacted by the States and has laid down principles/tests for consideration. The respective regular Benches of the Apex Court would hear the matters as per laid down principles. Pending decisions by the regular Benches of the Apex Court on levy of Entry Tax in the States of Chhattisgarh, Odisha, Uttar Pradesh, and Jharkhand, the Entry Tax demands, under dispute, of ₹1092.28 crore, ₹241.00 crore, ₹92.23 crore and ₹5.15 crore respectively upto 31<sup>st</sup> March, 2018 aggregating to ₹1430.66crore (including a sum of ₹1092.28 crore, ₹352.16 crore, ₹92.23 crore and ₹5.15 aggregating to ₹1541.82 crore upto 31<sup>st</sup> March, 2017) have been treated as contingent liabilities.
- (ii) 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 ₹295.50crore upto 31<sup>st</sup> March, 2018 (upto 31<sup>st</sup> March, 2017 ₹254.21crore) have been treated as contingent liabilities.
- b) Hon'ble Supreme Court dismissed the SLP by the Company in respect of dispute with Damodar Valley Corporation (DVC) related to provisional tariff petition of electricity charges for 2009-14 vide order dated 18<sup>th</sup> January, 2017, keeping the question of law open. The Order of Central Electricity Regulatory Commission (CERC) dt.7/8/2013 related to Tariff of 2009-14 against Petition No.275/GT/2012 has been challenged before Appellate Tribunal for Electricity (APTEL) (Appeal No.18 of 2014) in which the Company has also intervened and the order of APTEL is pending. The appeal filed by DVC pertaining to tariff of 2004-09 is yet to be decided by the Hon'ble Supreme Court of India. As per legal opinion received by the Company, the decision of Hon'ble Supreme Court of India on determination of the tariff of 2004-09 may have an effect on the subsequent periods. Pending final decision in this regard, the claim of DVC of ₹587.72 crore upto 31<sup>st</sup> March, 2018 (upto 31.03.2017, ₹587.72) has been considered as Contingent Liability and included in Note No. 47.1(i)(f) above. Against the said claims, the entire amount has been paid to DVC and disclosed under Other Current Assets. Further from 1<sup>st</sup> April, 2017 onwards full invoice value has been considered in the sStatement of Profit & Loss.
- 47.3** Under the Jharkhand Mineral Area Development Authority (Amendment) Act, 2015 the State Government of Jharkhand has made a demand of ₹3374.46 crore upto 31<sup>st</sup> March, 2018 (upto 31<sup>st</sup> March, 2017 ₹3045.41 crore) towards "Market Fee" on transaction value of coal, iron and steel items. As the matter is sub-judice, the amount has been disclosed as a Contingent Liability in Note No. 47.1(i)(e) above.
- 47.4** The Company pays royalty on iron ore on the basis of quantity removed from the leased area at the rates based on notification by the Ministry of Mines, Government of India and the price published by India Bureau of Mines on a monthly basis for both iron ore lumps and fines separately. A circular was issued by the State Government of Odisha regarding payment of royalty on fines at the rate of lumps on 07.09.2010 retrospectively effective from August 2009. The Government of India, vide circular dated 23.07.2012, directed the State Government of Odisha to withdraw the circular dated 07.09.2010. Accordingly, excess royalty for fines at the rate applicable for lumps, paid in two Iron Ore Mines of the Company amounting to ₹143.54crore, has been shown as Claims Recoverable. As the Company has disputed the matter with the Appropriate Authorities, pending withdrawal of the circular of the State Government of Odisha, the amount of ₹143.54crore (As on 31<sup>st</sup> March, 2017 ₹144.34 crore) has been included in the Contingent Liability, in Note No. 47.1(ii)(b) above.
- 47.5** In its judgement, the Central Administrative Tribunal (CAT), Kolkata has directed that Ministry of Steel shall consider the aspect of payment of arrears of revised perks and allowances and take appropriate decision of payment of revised perks and allowances amounting to ₹325.13 crore to the executives for the period 26.11.2008 to 4.10.2009. Ministry of Steel intimated the matter to the Company on 7.12.2016. A stay petition in the matter has been filed on 22.12.2016 and is pending before the Hon'ble Calcutta High Court. As the matter is sub-judice, the amount has been disclosed as a Contingent Liability in Note No. 47.1(v) above.



- 47.6** Indigenous washed coking coal supplies have been claimed by Bharat Coaking Coal Limited (BCCL) and Central Coalfields Limited (CCL) at unilaterally notified price w.e.f. 13<sup>th</sup> January, 2017 and 14<sup>th</sup> January, 2017 respectively, which is in deviation from the mutually agreed price with the Company for the year 2016-17. The Company has accounted for the supplies based on agreed prices as per jointly signed Memorandum of Understanding, valid for supplies w.e.f. 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017, between SAIL and BCCL & CCL. The differential claims of BCCL & CCL, amounting to ₹334.45 crore at unilaterally notified higher rates over and above MOU rates, have been disclosed as contingent liability in the Note No. 47.1(ii)(d) above.
- 47.7** The Ministry of Environment & Forest and Climate Change (MoEF& CC) vide their letter No.- 11-599/ 2014-FC dated 1<sup>st</sup> April 2015 issued revised Guidelines for diversion of Forest Land for non-forest purpose under the Forest (Conservation) Act, 1980 (FC Act). These revised Guidelines stipulated that in case of existing mining leases having Forest Land (partially or fully), where approval for only a part of forest land has been obtained under the FC Act, the Central Government accorded general approval under Section-2(iii) of the FC Act for the remaining area also to be Forest Land, subject to certain conditions, which includes realising Net Present Value (NPV) for the entire forest land falling in the mining lease, in case NPV of such forest land has not already been realised.
- In this matter, as per legal opinion obtained by the Company, Section 2 (iii) of FC Act, 1980 will not apply to Government Corporation and NPV is required to be paid only for that limited area, which has been approved by MoEF& CC and in which mining activities are proposed to be done and not for the entire forest area. The matter of applicability of NPV for total forest land has been challenged by the Company in Hon'ble High Court of Jharkhand. The Hon'ble Court, in its order, has directed to place the matter before Division Bench of this Court.
- During the year, the Company has received a demand of ₹ 96.28 crore from Office of the Principal Chief Conservator of Forest, Chhattisgarh against which writ petition has been filed in Hon'ble high Court of Chhattisgarh.
- 47.8** Pursuant to the Hon'ble Supreme Court Judgment dated 2<sup>nd</sup> August, 2017 in the Common Cause matter regarding illegal mining, demand/Show cause notices have been issued for recovery of the price of minerals produced without and beyond the environmental clearances under Section 21(5) of Mines and Mineral Development Regulation Act, 1957, forest clearance under the Forest Conservation Act 1980, and towards excess production beyond consent to operate. The Company has challenged the purported demand before the High Court of Jharkhand and Odisha and obtained stay on demand. As the matter is pending for final determination and considering the implication of existing litigation, the Company has provided as detailed below:
- (a) In respect of Iron Ore, by the Government of Odisha and Government of Jharkhand amounting to ₹212.85crore and ₹1478.86 respectively (including interest). Based on internal judgment, the Company has provided an amount of ₹333.45crore during the year on estimated basis under exceptional item. Balance amount of ₹1358.26crore(including interest) has been treated as contingent liability in Note No. 47.1(i)(h) above.
- (b) In respect of Limestone, by the Government of Jharkhand amounting to ₹20.28crore (including interest). Based on internal judgment, the Company has provided an amount of ₹7.27crore during the year on estimated basis under exceptional item. Balance amount of ₹13.01crore (including interest) has been treated as contingent liability in Note No. 47.1(i)(h).
- 47.9** In respect of Coal, by the Government of Jharkhand amounting to ₹354.54crore (including interest) during the year. 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 to the Company. Accordingly pending disposal the amount of ₹354.54 crore (including interest) has been treated as Contingent Liability in Note No. 47.1(i)(h).
- 48.1** Estimated amount of contracts remaining to be executed and not provided for (net of advances) are:

(₹ crore)

Particulars	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Capital commitments	10747.11	13580.65
Other commitments	1824.86	1532.38

- 48.2** The amount due to Micro and Small Enterprises as defined in the The Micro, Small and Medium Enterprises Development Act, 2006 (as disclosed in Note No. 30 Trade Payables) has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31<sup>st</sup> March, 2018 are as under:

(₹ crore)

No.	Description	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
i.	The principal amount remaining unpaid to suppliers as at the end of the Year.	48.22	38.12
ii.	The amount of interest accrued during the year and remaining unpaid at the end of the Year.	-	-
iii.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.	-	-
iv.	The interest due thereon remaining unpaid to supplier as at the end of the Year.	-	-
		<b>For the Year ended</b>	
		<b>31<sup>st</sup> March, 2018</b>	<b>31<sup>st</sup> March, 2017</b>
v.	The amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during the Year.	-	-
vi.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-

- 48.3** Balances of some of the Trade Receivables, Other Assets, Trade and Other Payables are subject to confirmations/reconciliations and consequential adjustment, if any. Reconciliations are carried out on on-going basis. Provisions, wherever considered necessary, have been made. However, Management does not expect to have any material financial impact of such pending confirmations/reconciliations.

- 48.4** The Block Land and Land Reforms Office, (Faridpur-Durgapur) and Andal, District: Paschim Bardhaman, Govt. Of West Bengal has raised demand of arrears of land revenue, cess and interest for part of land of Durgapur Steel Plant henceforth referred to as 'Company' and its Township covering a period of past 40 years aggregating to ₹494.51 crore (previous year ₹nil crore) vide two demand notices dated 21.02.2018 and 08.03.2018 respectively.

The Company has contested the demands. Part of the land against which demand has been raised was acquired on behalf of the Central Government under Land Acquisition Act and such acquisition vested in Union of India, while certain other parts of its lands were transferred by State Government to the Central Government and the Company



holds such lands on behalf of President of India. As per Article 285 of the Constitution of India no land revenue is payable on such lands. Moreover, Company had also paid capitalised value of land revenue and as per judicial pronouncement, no land revenue is payable for lands for which capitalised value is paid. As such Company is of the opinion that the demand raised against the Company is not tenable at all. Representation on that effect has already been made on 26<sup>th</sup> April, 2018 and 28<sup>th</sup> April, 2018.

- 49.1 Revenue from operations for the period up to 30<sup>th</sup> June, 2017 includes excise duty of ₹1403.90 crore, which is discontinued effective 1<sup>st</sup> July, 2017 upon implementation of Goods and Services Tax (GST). In accordance with 'Ind AS 18- Revenue', GST amount of ₹7864.70 crore is not included in Revenue from Operations. In view of the aforesaid change, Revenue from operation for the year ended on 31<sup>st</sup> March, 2018 is not comparable with the previous year.
- 49.2 Sales include sale to Government Agencies recognized on provisional contract prices during the year ended 31<sup>st</sup> March, 2018: ₹4802.50 crore (Previous Year : ₹3807.78 crore) and cumulatively up to 31<sup>st</sup> March, 2018 : ₹12271.05 crore (upto Previous Year : ₹18342.41 crore).
- 49.3 Keeping in view the affordability and financial sustainability clause in Office Memorandum dated 3<sup>rd</sup> August, 2017 and 24<sup>th</sup> 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'.
- 49.4 As per the Department of Public Enterprises (DPE) guideline, the Company is required to contribute up to 30% of Salary (Basic Pay + Dearness Allowance) in respect of executive employees as superannuation benefits, which may include Contributory Provident Fund, Gratuity, Pension and Post-Superannuation Benefits. Accordingly the Company has made provision for pension benefit for executive employees @ 9% of Salary w.e.f. 1<sup>st</sup> January, 2007 and 3% of Salary w.e.f. 1<sup>st</sup> January, 2017. Further, pension benefit for non-executive employees has been provided @ 6% of Salary w.e.f. 1<sup>st</sup> January, 2012 and 2% of Salary w.e.f. 1<sup>st</sup> January, 2017. The cumulative provision/liability towards pension benefit for executive & non-executive employees, amounting to ₹2494.52 crore (₹126.59 crore during the year) and ₹47.81 crore (₹1.76 crore during the year) has been charged to 'Employee Benefits Expense' and 'Expenditure during Construction' respectively. 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 Nonexecutives and accordingly:
- (a) an amount of ₹170.02 crore provided from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> December, 2016 in earlier years in respect of pension for Executives has been written back and credited to 'Exceptional Item' during the current year.
- (b) an amount of ₹288.14 crore provided from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> December, 2016 in earlier years in respect of pension for Non-executives has been written back and credited to 'Exceptional Items' during the current year.
- 49.5 Pursuant to Notification dated 29<sup>th</sup> March, 2018 issued by the Ministry of Labour and Employment, the Central Government has enhanced the ceiling of gratuity limit from ₹0.10 crore to ₹0.20 crore w.e.f. 29.03.2018. Accordingly, the provision for gratuity as at 31<sup>st</sup> March 2018 has been made for ₹582.04 crore under Employee benefit expenses, considering the enhanced ceiling based on the actuarial report.
- 49.6 Consequent to the judgement of Hon'ble Supreme Court dated 13<sup>th</sup> October, 2017 and further interpreted by Hon'ble High Court of Bilaspur vide order dated 24<sup>th</sup> 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 has been written back under exceptional item during the year for which such levy was held not applicable.
- 49.7 The research and development expenditure charged to Statement of Profit & Loss and allocated to Fixed Assets/Capital work-in-progress (Net), during the year, amount to ₹314.71 crore (₹261.60 crore) and ₹20.79 crore (₹77.83 crore) respectively. The aggregate amount of revenue expenditure incurred on research and development is shown in the respective head of accounts. The break-up of the amount is as under:

(₹ crore)

Head of Account	For the year ended	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Raw Materials	115.05	26.93
Employees Benefits Expense	97.95	88.87
Stores & Spares Consumed	11.40	9.44
Power & Fuel	21.61	4.80
Repairs & Maintenance	6.53	4.13
Depreciation and Amortisation Expense	8.54	6.42
Other Expenses	49.53	119.01
Finance Cost	4.10	2.00
<b>Total</b>	<b>314.71</b>	<b>261.60</b>

- 49.8 The Company reviews the carrying amount of its fixed assets on each balance sheet date for the purpose of ascertaining impairment, if any, by considering assets of entire one plant as Cash Generating Unit (CGU). If any such indication exists, the assets recoverable amount is estimated, as higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The net selling price of the CGU is determined once in every three years. On such review as on 31<sup>st</sup> March, 2018, no provision is required to be made during the year, as the value in use of assets of Bhilai Steel Plant, Durgapur Steel Plant, Rourkela Steel Plant, Bokaro Steel Plant and IISCO Steel Plant, based on the present value of estimated future cash-flows expected to arise from the continuing use of an asset and from its disposal at the end its useful life, is more than the carrying amount of the respective CGU. No provision is required to be made during the year for Alloy Steels Plant, Salem Steel Plant and Visvesvarayalron and Steel Plant, as the net realisable value thereof, assessed by an independent agency, as on 31<sup>st</sup> March, 2018 for Salem Steel Plant and as on 31<sup>st</sup> March, 2017 for Alloy Steels Plant and Visvesvaraya Iron & Steel Plant, is more than the carrying amount of respective CGU.
- 49.9 (a) On the basis of Board of Directors of the Company approval dated 30<sup>th</sup> May 2017 for surrendering of three limestone mining leases under Bhawanathpur viz. Saraiya, Ghagra & Goregaon, the intangible assets of ₹37.47 crore towards NPV as Mining Right have been written off along-with the corresponding provisions.



- (b) The Board of Directors of the Company Board approved on 1<sup>st</sup> March 2018 for return of two Coal Blocks , Parbatpur and Sitanala, to Ministry of Coal. The Company has taken provision of ₹18.59 crore for Sitanala and ₹113.05 crore for Parbatpur as exceptional expenses which appeared in CWIP.
- (c) The Unit has given Bank Guarantee to Ministry of Coal as per the allotment agreement for two Coal Blocks of Parbatpur and Sitanala. After the approved on 1<sup>st</sup> March 2018 to return these two Coal Blocks to Ministry of Coal, the Company has provided Liability of ₹15.18Crore for Sitanala and ₹62.57 crore for Parbatpur Coal Block and shown as exceptional expenses.

**49.10** As per Section 135 of the Companies Act, 2013, the Company is required to spend, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years in accordance with its Corporate Social Responsibility (CSR) Policy. Since, the Company reported average net loss during the three immediately preceding financial years; no amount is required to be spent for the Financial Year 2017-18.

However, against the budgeted amount of ₹26.00 crore (previous year ₹29.05crore), the Company has spent an amount of ₹25.70 crore (previous year ₹29.05 crore) on CSR activities during the Financial Year 2017-18 under the following heads:

(₹ crore)

Particulars	2017-18	2016-17
Education	7.65	8.74
Healthcare	5.11	3.34
Livelihood Generation	3.54	2.86
Women Empowerment	0.75	0.90
Drinking Water	1.44	0.95
Sanitation	0.47	1.50
Sports	0.79	0.91
Art & Culture	1.13	2.02
Rural Development	2.07	2.68
Social Security	0.33	0.26
Environment Sustainability	2.20	3.68
Project Identification and Monitoring	0.00	0.38
Capacity Building of Personnel	0.23	0.83
<b>Total</b>	<b>25.70</b>	<b>29.05</b>

Further, no expenditure has been made involving the related parties.

**49.11** In compliance to General Financial Rule 238(5) & (6), the details of Grants received from Ministry of Steel and it's utilization for Research and Development Projects during last three years are as under :

(₹ crore)

Year	Grant Received from Central Government	Grant Utilised (from Opening Balance and Current Year)
2017-18	1.33	2.61
2016-17	2.32	2.15
2015-16	2.18	0.77

**49.12** Salem Steel Plant (SSP) had obtained 12 Export Promotion Capital Goods (EPCG) authorization between 12<sup>th</sup> November 2008 to 30<sup>th</sup> November 2009 for import of capital goods at concessional rate of customs duty under EPCG Scheme and completed the export obligation vide letter dated 13<sup>th</sup> February, 2018 received from the Office of Joint Director General of Foreign Trade, Coimbatore.

**49.13** Information on leases as per Indian Accounting Standards (Ind AS) 17 on `Leases`:

- (a) The Company has granted lease of properties to the employees and third parties for varying periods. The lease premium received up-front, after adjusting against book value, is booked to other revenues in the year of lease. Renewal premium, ground rent and service charges of properties, pending for renewal, given on lease are treated as income in the year of receipt.
- (b) Finance lease liabilities (refer note 24 and 31) are secured by the related assets held under finance lease. Future minimum finance lease payments and present value of minimum lease payments of the respective years are as follows:

(₹ crore)

	Minimum Lease Payment Due			
	Within 1 year	1-5 years	After 5 years	Total
<b>31<sup>st</sup> March, 2018</b>				
Lease payment	261.85	915.89	2068.04	3245.78
Finance charge	(156.70)	(527.49)	(1092.81)	(1777.00)
Net present value	105.15	388.40	975.23	1468.78
<b>31<sup>st</sup> March, 2017</b>				
Lease payment	251.21	913.69	2255.38	3420.28
Finance charge	(158.59)	(556.78)	(1233.81)	(1949.18)
Net present value	92.62	356.91	1021.58	1471.11

**c) Description of major leasing arrangements**

**Power plant**

The Company has accounted for certain power plants as finance lease under Appendix C of Ind AS 17 by virtue of the power purchase agreement with the supplier. Under the terms of the power purchase agreement, the Company shall continue to purchase power until the parties decide to terminate the agreement, which has been determined to be an un-economic proposition considering the specialised nature and location of the asset.

**Oxygen Plant**

The Company has accounted for certain oxygen plants as finance lease (or operating lease) under Appendix C of Ind AS 17 by virtue of the oxygen purchase agreement with the supplier. The agreement to purchase oxygen is a 15 year fixed term agreement.

**Mining land**

The Company has accounted for leasehold lands for mining as finance leases by virtue of its rights under the lease agreement after considering the right/ economic compulsion for renewal.

**d) In respect of assets taken on lease/rent:**

- (i) The Company has various operating leases for, office facilities, guest houses and residential premises for employees that are renewable on a periodic basis. Rental expenses for these leases recognised in the Statement of Profit and Loss during the year is ₹18.87crore (₹14.16crore).
- (ii) As at the Balance Sheet date, the future minimum lease payments under non-cancellable operating leases are:

(₹ crore)

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Not later than one year	43.23	43.06
Later than 1 year and not later than 5 years	172.23	172.23
Later than 5 years	258.35	301.41

**49.14** As per Government of India guidelines on payment of dividends, the Company is required to pay a minimum annual dividend of 30% of Profit After Tax or 5% of the Net-worth, whichever is higher, subject to the maximum dividend permitted under the Companies Act, 2013 and other rules, unless lower dividend proposed to be paid is justified after analysis of the various financial parameters of the Company. In case, the Company is not able to comply with the guidelines, specific exemption has to be obtained from Department of Investment & Public Asset Management (DIPAM), Government of India. Keeping in view the adverse financial position of the Company due to losses, the Company has been exempted from payment of dividend for the Financial Years 2015-16 and 2016-17. For the Financial year 2017-18, the Company has again taken up with DIPAM for exemption from payment of dividend.

**49.15** Contributions in cash and kind made for the period from the Financial Year 2006-07 to 2017-18 to Railway authorities for laying out railway line from Rajhara to Rowghat would be recovered in cash at the rate of 7% per annum for 37 years on total contribution towards redemption of SAIL's contribution after commencement and fulfilment of assured traffic from Rowghat mines. Management is of view that the criteria laid out in Memorandum of Understanding will be met and interest accrues from the date of investment. The refund amount comprises principal and interest elements. Accordingly, the interest element has been computed and recognized as income during the year, amounting to ₹15.12crore (till date ₹34.24crore). As per the opinion of Expert Advisory Committee of The Institute of Chartered Accountants of India received during the year such treatment of recognition on time proportion basis is in order as in view of Management, no significant uncertainty exists regarding collectability and measurability of revenue.

**49.16** The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 27-10-2016 has "in-principle" decided for Strategic Disinvestment of Alloy Steels Plant (ASP), Durgapur; Visvesvaraya Iron and Steel Plant (VISP), Bhadravati and Salem Steel Plant (SSP), Salem. Further, in line with "in-principle" approval of Government of India, SAIL Board in its meeting held on 9<sup>th</sup> February, 2017, approved the Strategic Disinvestment of ASP, VISP and SSP. The Company appointed various Advisors to carry out the process. Preliminary Information Memorandum (PIM) /Expression of Interest (EoI) for ASP has been published in News papers on 14<sup>th</sup> February, 2018. PIMs/EoI of SSP and VISP have been submitted to MoS (Ministry of Steel) for obtaining the clearance of Govt of India.

**49.17 Recent Accounting Pronouncements Standards issued but not yet effective:**

In March, 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers', Appendix B to Ind AS 21, 'Foreign Currency Transaction and advance consideration and amendment to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board (IASB). These amendments are applicable to the Company from 1<sup>st</sup> April, 2018. The Company will be adopting the amendments from their effective date.

**(a) Ind AS 115, Revenue from contracts with Customers.**

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. IndAS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flow arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognise revenue that demonstrate the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the Standard.

Based on the preliminary assessment performed by the Company, the impact of application of the Standard is not expected to be material.

**(b) Appendix B to Ind AS 21, 'Foreign currency transaction and advance consideration':**

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such asset, expense or income. If there are multiple payments or receipts in advance, that an entity must determine transaction date for each payment or receipts of advance consideration.

The impact of the Appendix on the financial statements, as assessed by the Company is expected to be not material.

**49.18** Based on materiality and comparability, in respect of temporarily discontinuation of operation of mines namely Barsua (w.e.f 17.05.2014), Bhawnathpur (w.e.f 29.04.2013) and Punapani (w.e.f 01.03.2004.) due to environmental/forestry clearance issues, net expenditure during the year 2017-18, excluding depreciation, of ₹82.07crore (Previous Year ₹ 97.95 crore) has been included under Note No.41 'Other Expenses' in Statement of Profit and Loss (refer Note No 41). Head wise bifurcation is as under:



(₹ crore)

Account Head	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Salary and Wages	41.05	53.41
Stores and Spares	3.80	7.77
Power purchased	10.70	11.44
Repairs and Maintenance	8.36	6.84
Miscellaneous Expenses and Provisions	21.21	22.02
<b>Total Expenditure</b>	<b>85.12</b>	<b>101.48</b>
Less: Income	3.05	3.53
<b>Net Expenditure</b>	<b>82.07</b>	<b>97.95</b>

**50.1 DEFINED BENEFIT SCHEMES**

**50.1.1 General Description of Defined Benefit Schemes:**

**Gratuity:** Payable on separation @15 days pay for each completed year of service to eligible employees who render continuous service of 5 years or more (for service beyond 30 years, one month's salary for every completed year of service beyond 30 years. Maximum amount of ₹20 lakhs for executives & non-executives joined on or after 1st July, 2014 and without any monetary limit for other non-executives, has been considered for actuarial valuation.

**Leave Encashment:** Payable on superannuation to eligible employees who have accumulated earned and half pay leave, subject to maximum limit of 300 days combined for earned leave and half pay leave. Encashment of accumulated earned leave is also allowed up to 30 days once in a financial year up to 18th November, 2015 and stopped thereafter.

**Provident Fund:** 12% of Basic Pay Plus Dearness Allowance, contributed to the Provident Fund Trusts by the Company.

**Post Retirement Medical Benefits:** Available to retired employees at company's hospitals and/or under the health insurance policy.

**Post Retirement Settlement Benefits:** Payable to retiring employees for settlement at their home town.

**Long term service Award:** Payable in kind on rendering minimum 25 years of service and also on superannuation.

**50.1.2 Other disclosures, as required under Ind AS 19 on 'Employee Benefits', in respect of defined benefit obligations are :**

**(a) Reconciliation of Present Value of Defined Benefit Obligations\*:**

(₹ crore)

Sl. No.	Particulars	Gratuity	Leave Encashment	Post Retirement Medical Benefits	Post Retirement Settlement Benefit	Long Term Service Award
i)	Present Value of projected benefit obligations, as at the beginning of the year.	6153.06 (5692.84)	2740.01 (2535.85)	936.21 (872.63)	103.73 (94.95)	23.14 (21.02)
ii)	Service Cost	288.50 (375.36)	124.27 (303.44)	- (-)	- (-)	1.52 (1.60)
iii)	Interest Cost	443.02 (381.98)	198.91 (173.00)	67.61 (60.24)	7.65 (6.52)	1.70 (1.43)
iv)	Actuarial Gains(-) / Losses(+)	-328.47 (550.79)	35.10 (28.06)	76.25 (86.89)	14.01 (11.68)	-1.03 (1.82)
v)	Past Service Cost	582.04 (-)	- (-)	- (-)	- (-)	- (-)
vi)	Benefits Paid	798.19 (847.91)	312.56 (300.34)	116.44 (83.55)	8.73 (8.92)	2.40 (2.73)
vii)	<b>Present Value of projected benefit obligations as at the end of the year. (i+ii+iii+iv+v-vi)</b>	<b>6339.96 (6153.06)</b>	<b>2785.73 (2740.01)</b>	<b>963.63 (936.21)</b>	<b>116.66 (103.73)</b>	<b>22.93 (23.14)</b>

(b) Reconciliation of Fair Value of Assets and Obligations

The Company has funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is mainly based on the information given by the insurance companies through whom the investments have been made by the Fund. The reconciliation of fair value of assets of the Gratuity Fund and defined benefit gratuity obligations is as under:

(₹ crore)

SI. No.	Particulars	2017-18	2016-17
i)	Fair Value of plan assets as at the beginning of the year	5836.33	5494.74
ii)	Expected return on plan assets	23.11	94.53
iii)	Actual Company's contribution	798.07	696.50
iv)	Interest Income/Actuarial Gain/Loss	449.45	398.35
v)	Benefits payments	798.19	847.91
vi)	Fair value of plan assets as at the end of the year	6308.85	5836.33
vii)	Present value of defined benefit obligation [50.1.2)(a)(vii)]	6339.96	6153.06
viii)	Net liability recognised in the Balance sheet (vii)-(vi) *	<b>31.11</b>	<b>316.85</b>

\*The Company does not expect to contribute any amount towards the expenses of Gratuity Fund during the year 2018-19, after considering the return on the investments.

The defined benefit obligations, other than gratuity, are unfunded.

(c) Expenses recognised in the Statement of Profit & Loss for the Year:

(₹ crore)

SI. No.	Particulars	Gratuity	Leave Encashment	Post Retirement Medical Benefits	Post Retirement Settlement Benefit	Long Term Service Award
i)	Service Cost	288.50 (375.36)	124.27 (303.44)	- (-)	- (-)	1.52 (1.60)
ii)	Interest Cost	-6.34 (-16.37)	198.91 (173.00)	67.61 (60.24)	7.65 (6.52)	1.70 (1.43)
iii)	Actuarial Gains (-)/Losses	-328.47 (550.79)	34.85 (28.06)	76.25 (86.89)	14.01 (11.68)	-1.03 (1.82)
iv)	Past Service Cost	582.04 ( - )	- ( - )	- ( - )	- ( - )	- ( - )
v)	Expected Return on Plan Assets	23.11 (93.25)	- ( - )	- ( - )	- ( - )	- ( - )
vi)	Total (i+ii+iii+iv-v)	<b>512.60</b> <b>(816.53)</b>	<b>358.02</b> <b>(504.50)</b>	<b>143.86</b> <b>(147.13)</b>	<b>21.66</b> <b>(18.20)</b>	<b>2.19</b> <b>(4.85)</b>
vii)	Employees' Benefits Expenses :					
	a) Charged to Profit & Loss Account (Note 39)	860.65 (356.51)	357.55 (491.23)	67.61 (58.34)	21.66 ( - )	2.19 (4.85)
	b) Charged to Expenditure During Construction (Note 5.1)	3.52 (-1.25)	0.47 (3.56)	- (-)	- (17.29)	- ( - )
	c) Charged to OCI	-351.58 (456.26)	- ( - )	76.25 (88.79)	- ( - )	- ( - )
	d) Charged to Profit & Loss Account- Other Expenses	- (5.01)	- (9.71)	- ( - )	- (0.91)	- ( - )
viii)	Actual Return on Plan Assets	472.50 (491.63)				



(d) Effect of half percentage point change in the Discount rate on Employees' Benefit Schemes

(₹ crore)

Sl. No.	Particulars	0.5 percentage point decrease in discount rate	0.5 percentage point increase in discount rate
i)	Gratuity	-216.53	204.24
ii)	Leave	-116.72	110.59
iii)	Post Retirement benefit	-32.26	31.16
iv)	Long Term Service Award	-0.99	0.95
v)	Retirement Travelling Allowance	-4.80	4.69

(e) Effect of one percentage point change in the salary escalation rate on Employees' Benefit Schemes

(₹ crore)

Sl. No.	Particulars	One percentage point decrease in salary escalation rate	One percentage point increase in salary escalation rate
i)	Gratuity	175.57	-182.59
ii)	Leave	117.21	-121.04

(f) Effect of one percentage point change in the assumed inflation rate in case of valuation of benefits under post-retirement medical benefits scheme.

(₹ crore)

Sl. No.	Particulars	One percentage point increase in medical inflation rate	One percentage point decrease in medical inflation rate
i)	Post-retirement Medical Benefits	-20.97	18.42

(g) Investments of Gratuity Trust

Particulars	% of Investment	
	As at 31.03.2018	As at 31.03.2017
Insurance Investments	86.25	85.03
Central Government Securities	1.36	1.54
State Government Securities	4.24	4.77
PSU Bonds	8.12	8.63
Cash at Bank	0.03	0.03
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

(h) Actuarial Assumptions

Sl. No.	Description	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
i)	Discount Rate (per annum)	7.70%	7.25%
ii)	Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
iii)	Withdrawal Rates (per annum)	Executives & Non-executives- 0.10% to 0.50% depending upon the age	Executives & Non-executives- 0.10% to 0.50% depending upon the age
iv)	Medical Cost Trend Rates (per annum)	5% for hospital cost and Nil for Medi-claim premium.	5% for hospital cost and Nil for Medi-claim premium.
v)	Estimated Rate of Return on Plan Assets	7.70%	7.25%
vi)	Salary Escalation	Executives : 6% p.a. Non-Executives : 6% p.a. All employees- 6% step-up after every 10 years of service starting 2017.	Executives : 6% p.a. Non-Executives : 6% p.a. All employees- 6% step-up after every 10 years of service starting 2017.
		The estimate of future salary increases considered in actuarial valuation, takes into account inflation rate, seniority, promotion and other relevant factors	

(i) **Maturity profile of Defined Benefit Obligations**

(₹ crore)

Period	As at 31 <sup>st</sup> March, 2018
Upto 1 year	807.50
Between 1 to 2 years	828.15
Between 2 to 3 years	832.46
Between 3 to 4 years	839.42
Between 4 to 5 years	843.26
Between 5 to 10 years	4398.70
More than 10 years	25597.36
Total Undiscounted Payments related to Past Service	34146.84
Less: Discount for Interest	27806.88
<b>Projected Benefit Obligation</b>	<b>6339.96</b>

**51. GENERAL**

**51.1 Segment Reporting**

- Business Segments: The five Integrated Steel Plants and three Alloy Steel Plants, being manufacturing units, have been considered as primary business segments for reporting under Ind AS108, Operating Segments' issued by Ministry of Corporate Affairs.
- In the opinion of the management, the captive mines are not a reportable business segment of the Company as per Para 27 of Ind AS108, Operating Segments, issued by Ministry of Corporate Affairs. As captive mines are supplying raw materials to various plants, the Mines have been treated as cost centre for accounting purpose.

**51.2 Related Party**

As per Ind AS24- 'Related Party Disclosures' issued by the Ministry of Corporate Affairs, the names of the related parties, are given below:

A. Name of the related party and nature of relationship	Other Companies
<b>Subsidiary Companies</b>	ICVL Mauritius
SAIL-Jagdishpur Power Plant Limited	Riverdale Mining (PTY) Limited (RML)
SAIL Refractory Company Limited	Minas De Banga (Mauritius) Limited Mozambique
SAIL Sindri Projects Limited	ICVL Zambeze Mauritius Limited
Chhattisgarh Mega Steel Limited	Promark Services Limited RPU
<b>Joint Venture Companies</b>	Benga Power Plant (Mauritius) Limited
NTPC-SAIL Power Company Limited	Minas De Benga LDA
Bokaro Power Supply Company Limited	Benga Energia SA
SAIL Bansal Service Centre Limited	IISCO Ujjain Pipe & Foundry Co. Limited
Mjunction Services Limited	UEC-SAIL Information Technology Limited
Bhilai Jaypee Cement Limited	<b>Post Employment Benefit Plans</b>
S&T Mining Company Private Limited	HSL BSP Provident Fund, Bhilai
SAIL&MOIL Ferro Alloys Private Limited	DSP Provident Fund, Durgapur
International Coal Ventures Private Limited	Hindustan Steel Ltd Contributory Provident Fund, Rourkela
SAIL-SCI Shipping Private Limited	Bokaro Steel Employees Provident Fund, Bokaro
SAIL SCL Kerala Limited	IISCO Limited Provident Institution, Burnpur
SAIL-RITES Bengal Wagon Industry Private Limited	IISCO Limited Provident Institution, Kolkata
SAIL Kobe Iron India Private Limited	IISCO Limited Works Provident Fund, Burnpur
TMTSAL SAIL JV Limited	SAIL ASP Provident Fund, Durgapur
SALSAIL JVC Limited	Salem Steel Provident Fund, Salem
SAIL-Bengal Alloy Castings Private Limited	Visvesvaraya Iron and Steel Plant Employees Provident Fund Trust, Bhadravati
PrimeGold-SAIL JVC Limited	SAIL Provident Fund, New Delhi
VSL SAIL JVC Limited	Hindustan Steel Provident Fund, Ranchi
Abhinav-SAIL JVC Limited	Hindustan Steel Limited, Central Purchase Organisation, Sales & Transport, Calcutta Provident Fund
N.E. Steel &Galvanising Private Limited	Bharat Refractories Provident Fund, Bokaro
North Bengal Dolomite Limited	IFICO Provident Fund, Ramgarh
Romelt-SAIL (India) Limited	CCSO Provident Fund, Dhanbad
NMDC SAIL Limited	SAIL RMD Establishment and Administrative Offices Employees Provident Fund, Kolkata
Bastar Railway Private Limited	Bolani Ores Mines Provident Fund , Bolani
<b>Associate Company</b>	SAIL Employees' Superannuation Benefit Fund
Almora Magnesite Limited	SAIL Gratuity Fund



B. Key Management Personnel	
Shri P. K. Singh	Shri C. Srikanta
Shri Anil Kumar Chaudhary	Shri S. K. Garai
Shri Raman	Shri M. R. Panda
Shri Kalyan Maity (upto 28.02.2018)	Shri Neeraj Mathur
Shri N. Mahapatra	Shri Somdev Das
Shri G. Vishwakarma	Shri Sukumar Hedge
Smt. Soma Mondal	Shri Ashoke Kumar Paul
Shri Atul Srivastava (w.e.f. 12.03.2018)	Shri P. K. Mishra
Shri P. K. Singh	Shri B. N.Thakur
Shri M. Ravi	Shri N. Ramachandran
Shri P. Saidev	Shri M. C. Jain
Shri A. Dasgupta	Shri R. Mitra
Shri A. K. Rath	Shri S. K. Das
Shri Ashwini Kumar	Shri T. S. Prakash
Smt. K. Raman	

**C. Details of transactions between the Company and the Related Parties during the Year** (₹ crore)

Sl. No.	Particulars	Subsidiary/Associate/ Joint Ventures	Key Management Personnel	Total	Note No. and Account Head
i)	Purchase of Investment	100.07 (100.92)		100.07 (100.92)	8 : Investments
ii)	Advance for purchase of shares	-0.66 (100.68)		-0.66 (100.68)	11/19 : Other Financial Assets
iii)	Services rendered	8.58 (1.92)		8.58 (1.92)	36: Other income
iv)	Rental Income	0.12 (0.12)		0.12 (0.12)	
v)	Dividend Received	74.31 (90.87)		74.31 (90.87)	
vi)	Sale of Goods	3.74 (2.26)		3.74 (2.26)	35 : Revenue from Operations
vii)	Purchase of Goods	153.51 (105.08)		153.51 (105.08)	
viii)	Purchase of Power	2134.18 (2047.53)		2134.18 (2047.53)	
ix)	Services received	44.95 (44.35)		44.95 (44.35)	42 : Other Expenses
		1.48 (3.19)		1.48 (3.19)	5 : Capital WIP
x)	Interest Income	0.74 (0.51)		0.74 (0.51)	
xi)	Managerial remuneration		8.63 (7.42)	8.63 (7.42)	39 : Employees' Benefits Expenses

**D. Balances with Related Parties as at the end of the Year** (₹ crore)

Sl. No.	Particulars	Subsidiary/Associate/ Joint Ventures	Note No. and Account Head
i)	Investments	1431.54 (1331.65)	8 : Investments
ii)	Provision for investments	17.68 (4.63)	
iii)	Other Loans and Advances	39.44 (39.60)	24/29: Loans
iv)	Provision for Loans and Advances	16.85 (4.85)	
v)	Advance for Purchase of shares	3.54 (104.27)	11/19 : Other Financial Assets
vi)	Trade Receivable	4.93 (4.39)	9/16 : Trade Receivables
vii)	Trade Payable	153.80 (141.69)	25/30 : Trade Payables
viii)	Security Deposit	0.33 (0.33)	26/31 : Other financial liabilities



E. Disclosure of Material Transactions with Related Parties

(₹ crore)

	For the year ended 31 <sup>st</sup> March 2018	For the year ended 31 <sup>st</sup> March 2017	Note No. and Account Head
<b>Purchase of Investment</b>			
VSL SAIL JVC Limited	-	0.46	8 : Investments
International Coal Ventures Pvt. Ltd.	100.00	98.73	
Bastar Railway Ltd.	0.01	-	
NMDC SAIL Ltd	0.02	-	
Chattisgarh Mega Steel Ltd.	0.04	-	
SAIL Rites Bengal Wagon Industries Pvt. Ltd	-	1.73	
<b>Advance for Purchase of Shares</b>			
VSL SAIL JVC	-	0.01	11/19 :Other Financial Assets
NMDC SAIL Limited	-	0.01	
International Coal Ventures Pvt. Ltd	-	100.00	
SAIL SCL Kerela Ltd	-0.66	0.66	
<b>Sale of Goods</b>			
Bhilai Jaypee Cement Limited	3.74	2.26	35: Revenue from Operations
<b>Purchase of Goods</b>			
SAIL Refractory Co. Ltd.	141.81	105.08	
Almora Magnesite Ltd.	11.70	-	
<b>Purchase of Power</b>			
Bokaro Power Supply Co. Pvt. Ltd.	815.72	839.61	
NTPC-SAIL Power Co. Ltd.	1318.46	1207.92	
<b>Dividend Income</b>			
Mjunction Services Limited	5.60	90.87	36: Other income
SAIL Refractory Co. Ltd.	6.31	-	
Bokaro Power Supply Co. Pvt. Ltd.	12.40	-	
NTPC-SAIL Power Co. Ltd.	50.00	-	
<b>Services Rendered</b>			
Bhilai Jaypee Cement Limited	1.46	1.67	
Mjunction Services Limited	5.65	0.15	
SAIL-Bansal Services Centre Ltd.	1.12	0.03	
Bokaro Power Supply Co. Pvt. Ltd	0.35	0.09	
<b>Auction services</b>			
Mjunction Services Limited	44.95	44.35	42 : Other Expenses
	1.48	3.19	5 : Capital WIP
<b>Conversion Charges</b>			
SAIL-Bansal Services Centre Limited	1.77	1.84	42 : Other Expenses

F. During the year, Sales and Trade Receivables include ₹11770.05 crore (₹9009.19 crore) and ₹2063.36 crore (₹1493.07 crore) for transactions with the Central Government (including Indian Railways) which constitute 20.19% (19.07 %) and 53.31% (49.97 %) of the Sales and Trade Receivables respectively.

51.3 Disclosures of provisions required by Indian Accounting Standards (Ind AS) 37 'Provisions, Contingent Liabilities and Contingent Assets:

Brief Description of Provisions :

**Mines afforestation costs** - Payable on renewal (including deemed renewal)/forest clearance of mining leases to Government authorities, towards afforestation cost at mines for use of forest land for mining purposes.

**Mines closure costs** - Estimated liability towards closure of mines, to be incurred at the time of cessation of mining activities.

**Overburden backlog removal costs** - To be incurred towards removal of overburden backlog at mines over the future years.

(₹ crore)

Movement of provisions	Mines afforestation costs	Mines closure costs	Over burden removal costs	Total
Balance as at 1 <sup>st</sup> April, 2017	238.72	59.62	103.25	401.59
Additions during the Year	-	13.19	24.27	37.46
Amounts utilised during the Year	-	(7.63)	(7.56)	(15.19)
Unused amount reversed during the Year	-	-	2.80	2.80
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>238.72</b>	<b>65.18</b>	<b>117.16</b>	<b>421.06</b>

51.4 Particulars in respect of Loans and advances as per the disclosure requirement of regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015:

(₹ crore)

Name of the subsidiary Company*	Loans and advances in the nature of loans outstanding as at the end of the year	Maximum amount of loans and advances in the nature of loans outstanding during the year
IISCO Ujjain Pipe and Foundry Co. Limited (under liquidation)	2.53* (2.53)*	2.53 (2.53)

\* ₹ 2.53 crore (₹2.53 crore), being doubtful of recovery has been provided for in the books of accounts.

ii) No loans have been given (other than loans to employees), wherein there is no repayment schedule or repayment is beyond seven years; and

iii) There are no loans and advances in the nature of loans, to firms/companies, in which directors are interested.



## Notes to the Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2018

### 52. OPERATING SEGMENT INFORMATION

(₹ crore)

PARTICULARS	BSP	DSP	RSP	BSL	ISP	ASP	SSP	VISL	OTHERS	INTER SEGMENT SALES	Total
<b>REVENUE</b>											
- <b>External Sales</b>											
Current Year ended 31 <sup>st</sup> March 2018	15994.93	7168.64	12210.22	14039.97	6811.00	442.88	1344.11	142.18	143.33		<b>58297.26</b>
Previous Year ended 31 <sup>st</sup> March 2017	14135.97	6209.54	9683.32	11796.81	4709.85	383.07	2015.72	169.15	76.81		<b>49180.24</b>
- <b>Inter segment sales</b>											
Current Year ended 31 <sup>st</sup> March 2018	299.80	184.88	217.67	211.33	73.02	206.18	12.70	18.36	3881.30	(5105.24)	-
Previous Year ended 31 <sup>st</sup> March 2017	639.75	173.36	273.76	234.89	49.44	224.61	9.52	24.78	3406.99	(5037.10)	-
- <b>Total Revenue from sale of products</b>											
Current Year ended 31 <sup>st</sup> March 2018	16294.73	7353.52	12427.89	14251.30	6884.02	649.06	1356.81	160.54	4024.63	(5105.24)	<b>58297.26</b>
Previous Year ended 31 <sup>st</sup> March 2017	14775.72	6382.90	9957.08	12031.70	4759.29	607.68	2025.24	193.93	3483.80	(5037.10)	<b>49180.24</b>
<b>RESULT</b>											
- <b>Operating Profit / (-) Loss before Interest and Exceptional items</b>											
Current Year ended 31 <sup>st</sup> March 2018	1240.52	(58.57)	398.70	804.13	(329.50)	(25.84)	(118.24)	(108.34)	234.52		<b>2037.38</b>
Previous Year ended 31 <sup>st</sup> March 2017	546.87	(724.42)	(703.22)	251.85	(1326.32)	(1.78)	(112.45)	(114.88)	78.05		<b>(2106.30)</b>
- <b>Finance cost</b>											
Current Year ended 31 <sup>st</sup> March 2018											<b>2822.75</b>
Previous Year ended 31 <sup>st</sup> March 2017											<b>2527.82</b>
- <b>Exceptional items</b>											
Current Year ended 31 <sup>st</sup> March 2018											<b>(26.43)</b>
Previous Year ended 31 <sup>st</sup> March 2017											<b>216.74</b>
- <b>Tax expenses</b>											
Current Year ended 31 <sup>st</sup> March 2018											<b>(277.23)</b>
Previous Year ended 31 <sup>st</sup> March 2017											<b>(2017.62)</b>
- <b>Profit / Loss (-) for the year</b>											
Current Year ended 31 <sup>st</sup> March 2018											<b>(481.71)</b>
Previous Year ended 31 <sup>st</sup> March 2017											<b>(2833.24)</b>
<b>OTHER INFORMATION</b>											
- <b>Segment assets</b>											
Current Year ended 31 <sup>st</sup> March 2018	28756.68	6400.05	19484.61	14524.30	18770.09	518.32	2459.07	533.47	22743.21		<b>114189.80</b>
Previous Year ended 31 <sup>st</sup> March 2017	27079.13	6006.72	18906.12	14437.15	18836.19	600.26	2554.16	678.16	17441.58		<b>106539.47</b>
- <b>Segment Liabilities (including Long Term Borrowing)</b>											
Current Year ended 31 <sup>st</sup> March 2018	7409.47	2364.33	4017.17	3746.95	1922.70	207.46	383.28	79.88	58344.89		<b>78476.13</b>
Previous Year ended 31 <sup>st</sup> March 2017	6872.38	2060.83	3821.43	3284.97	1577.12	232.30	372.66	151.41	52157.31		<b>70530.41</b>
- <b>Capital expenditure</b>											
Current Year ended 31 <sup>st</sup> March 2018	2481.46	296.50	1638.38	1362.65	599.44	2.89	7.82	2.15	386.53		<b>6777.82</b>
Previous Year ended 31 <sup>st</sup> March 2017	1683.88	403.56	1212.44	1259.91	635.67	3.71	11.91	2.43	252.43		<b>5465.94</b>
- <b>Depreciation</b>											
Current Year ended 31 <sup>st</sup> March 2018	512.86	195.57	721.75	561.87	724.35	11.44	95.74	7.30	234.04		<b>3064.92</b>
Previous Year ended 31 <sup>st</sup> March 2017	419.36	188.37	667.72	487.93	607.05	9.30	96.31	7.30	196.61		<b>2679.95</b>
- <b>Non Cash expenses other than Depreciation</b>											
Current Year ended 31 <sup>st</sup> March 2018	19.00	11.34	15.26	56.00	36.79	2.00	14.17	2.81	58.37		<b>215.74</b>
Previous Year ended 31 <sup>st</sup> March 2017	8.98	16.20	5.45	29.91	26.73	4.48	3.45	2.43	49.92		<b>147.55</b>

## SOCIAL AMENITIES

(₹ crore)

Expenses	Township	Education	Medical	Social & cultural activities	Co-operative societies	Transport & Dairy	Total	Previous Year
<b>Employees' Remuneration &amp; Benefits</b>								
- Salaries & wages	172.44	70.90	278.19	8.26	1.36	10.04	541.19	582.71
- Company contribution to Provident Fund	20.88	8.93	30.19	1.12	0.32	1.47	62.91	66.71
- Travel concessions	3.82	0.70	3.67	0.03	0.00	1.70	9.92	17.44
- Welfare expenses	9.54	71.47	73.73	3.70	0.00	1.94	160.38	168.30
- Consumption of medicines	0.00	0.00	65.45	0.80	0.00	0.00	66.25	66.83
- Gratuity	16.05	11.42	18.46	0.59	0.02	0.94	47.48	60.76
<b>Total</b>	<b>222.73</b>	<b>163.42</b>	<b>469.69</b>	<b>14.50</b>	<b>1.70</b>	<b>16.09</b>	<b>888.13</b>	<b>962.75</b>
Stores & Spares	18.83	0.22	6.30	0.44	0.55	0.52	26.86	36.22
Repair & maintenance	91.55	3.47	31.22	0.43	0.29	2.14	129.10	154.68
Power & fuel	417.95	5.54	14.91	4.32	0.00	0.43	443.15	443.65
Miscellaneous expenses	22.26	5.23	24.41	2.79	0.00	9.77	64.46	74.29
Depreciation	43.09	2.87	11.75	0.68	0.30	0.73	59.42	54.69
<b>Total</b>	<b>816.41</b>	<b>180.75</b>	<b>558.28</b>	<b>23.16</b>	<b>2.84</b>	<b>29.68</b>	<b>1611.12</b>	<b>1726.28</b>
Less: Income	263.65	4.10	69.67	0.01	0.00	0.33	337.76	334.01
<b>Net Deficit</b>	<b>552.76</b>	<b>176.65</b>	<b>488.61</b>	<b>23.15</b>	<b>2.84</b>	<b>29.35</b>	<b>1273.36</b>	<b>1392.27</b>