

Notes to Standalone Financial Statements for the Year ended 31st March, 2020

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 10th July, 2020.

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 (IndAS) 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 Company 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

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.

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)

Spare parts 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 Capital work-in-progress

Capital work-in-progress comprises of assets in the course of construction for production and/ or supply of goods or services or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. At the point when an asset is ready for management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed.

3.1.4 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.

Freehold land is not depreciated.

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

Other intangible assets are amortised on straight-line method over the expected duration of benefits. 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.

Immaterial By-products, 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 & 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 31st March, 2009 (as amended on 29th December 2011), which will continue in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st 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 and Pension 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 are net of Goods and Services Tax (GST), rebates and price concessions. Sales are recognised when it satisfy performance obligation by transferring promised goods or services (i.e. assets) to the customers and the customers obtain control of those goods or services. 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.

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

The Company has adopted Ind AS 116 Leases from 1st April, 2019. At the inception of a contract, the Company assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Certain lease arrangements include the options to extend the lease term. Right-of-use assets and lease liabilities include these options when it is reasonably certain that they will be exercised. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reviewed for indicators of impairment and reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted based on the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including Information Technology (IT) equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company as a Lessor

Finance leases

Leases which effectively transfer to the lessee substantially all the risks and rewards 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.

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 derecognised 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 on 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 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. Significant technical and commercial judgements are required to determine the Company's quality and quantity of inventories. 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 31st March, 2020

4: PROPERTY, PLANT AND EQUIPMENT

(₹ crore)

| Description | GROSS BLOCK | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|------------------------------------|-------------------------|-------------------------|---|------------------------------------|----------------|-------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2019 | Additions / Adjustments | Disposals / Adjustments | As at 31 st March, 2020 | Up to 31 st March, 2019 | For the Year | Disposals / Adjustments | Up to 31 st March, 2020 | As at 31 st March, 2020 | As at 31 st March, 2019 |
| A. PLANTS, MINES & OTHERS | | | | | | | | | | |
| Land | | | | | | | | | | |
| -Freehold land | 304.97 | - | 0.43 | 304.54 | 0.85 | - | - | 0.85 | 303.69 | 304.12 |
| -Leasehold land | 152.00 | - | - | 2.16 | 19.09 | 0.02 | 18.86 | 0.25 | 1.91 | 873.70 |
| Buildings and related equipments | 5201.93 | 25.42 | 3.81 | 5223.54 | 1962.74 | 118.71 | 2.65 | 2078.80 | 3144.74 | 3239.19 |
| Plant and machinery | | | | | | | | | | |
| -Steel plant | 81885.10 | 10305.98 | 369.97 | 91821.11 | 30769.15 | 3004.75 | 217.26 | 33556.64 | 58264.47 | 51115.95 |
| -Others - owned | 3106.31 | 175.23 | 45.89 | 3235.65 | 2071.25 | 130.50 | 42.19 | 2159.56 | 1076.09 | 1035.06 |
| -Others - Leasehold | 192.42 | - | 192.42 | - | 89.37 | - | 89.37 | - | - | 789.03 |
| Furniture and fixtures | 136.38 | 3.99 | 0.74 | 139.63 | 105.23 | 6.94 | 0.77 | 111.40 | 28.23 | 31.15 |
| Vehicles | 1376.19 | 28.31 | 21.82 | 1382.68 | 880.97 | 73.61 | 17.38 | 937.20 | 445.48 | 495.22 |
| Office equipments | 61.30 | 1.66 | 1.72 | 61.24 | 51.61 | 1.53 | 1.09 | 52.05 | 9.19 | 9.69 |
| Miscellaneous articles | 365.19 | 22.32 | 1.89 | 385.62 | 234.45 | 15.27 | 1.64 | 248.08 | 137.54 | 130.74 |
| Roads, Bridges & Culverts | 436.35 | 15.32 | 0.49 | 451.18 | 293.74 | 31.42 | (0.12) | 325.28 | 125.90 | 142.61 |
| Water Supply & Sewerage | 666.08 | 36.16 | 0.13 | 702.11 | 381.06 | 23.52 | 0.13 | 404.45 | 297.66 | 285.02 |
| EDP Equipments | 432.49 | 13.47 | 3.04 | 442.92 | 373.77 | 13.51 | 3.04 | 384.24 | 58.68 | 58.72 |
| Railway Lines and Sidings | 844.06 | 76.26 | 8.27 | 912.05 | 272.47 | 23.03 | 5.97 | 289.53 | 622.52 | 571.59 |
| Sub-total 'A' | 95160.77 | 10704.12 | 650.62 | 105064.43 | 37505.75 | 3442.81 | 400.23 | 40548.33 | 64516.10 | 59081.79 |
| Figures for the previous year | 91898.85 | 6251.67 | 378.07 | 97772.45 | 35600.87 | 3331.56 | 241.77 | 38690.66 | 59081.79 | |
| B. SOCIAL FACILITIES | | | | | | | | | | |
| Land | | | | | | | | | | |
| -Freehold land | 10.89 | - | - | 10.89 | - | - | - | - | 10.89 | 10.89 |
| -Leasehold land | 1.75 | - | 1.75 | - | 0.80 | - | 0.80 | - | - | 3.80 |
| Buildings and related equipments | 760.40 | 59.00 | 0.01 | 819.39 | 361.60 | 35.41 | 0.01 | 397.00 | 422.39 | 398.80 |
| Plant and machinery - others | 180.56 | 14.42 | 0.23 | 194.75 | 111.70 | 7.10 | 0.19 | 118.61 | 76.14 | 68.86 |
| Furniture and fixtures | 26.67 | 1.09 | 0.81 | 26.95 | 21.30 | 1.17 | 0.69 | 21.78 | 5.17 | 5.37 |
| Vehicles | 11.23 | 0.61 | 1.04 | 10.80 | 10.07 | 0.31 | 0.99 | 9.39 | 1.41 | 1.16 |
| Office equipments | 4.54 | 0.04 | 0.33 | 4.25 | 4.02 | 0.12 | 0.35 | 3.79 | 0.46 | 0.52 |
| Miscellaneous articles | 237.08 | 12.20 | 9.50 | 239.78 | 154.86 | 12.43 | 7.91 | 159.38 | 80.40 | 82.22 |
| Roads, Bridges & Culverts | 141.24 | 6.24 | - | 147.48 | 110.43 | 7.96 | - | 118.39 | 29.09 | 30.81 |
| Water Supply & Sewerage | 303.89 | 2.76 | 0.06 | 306.59 | 139.63 | 6.97 | 0.06 | 146.54 | 160.05 | 164.26 |
| EDP equipments | 11.00 | 0.55 | 0.56 | 10.99 | 9.16 | 0.56 | 0.51 | 9.21 | 1.78 | 1.84 |
| Sub-total 'B' | 1689.25 | 96.91 | 14.29 | 1771.87 | 923.57 | 72.03 | 11.51 | 984.09 | 787.78 | 768.53 |
| Figures for the previous year | 1664.03 | 38.40 | 4.93 | 1697.50 | 864.83 | 67.97 | 3.83 | 928.97 | 768.53 | |
| C. Property, plant and equipment retired from active use | | | | | | | | | | |
| Assets retired from active use | 56.94 | 28.09 | 19.49 | 65.54 | - | - | - | - | 65.54 | 56.94 |
| Figures for the previous year | 58.91 | 6.61 | 8.58 | 56.94 | - | - | - | - | 56.94 | |
| Total ('A'+ 'B'+ 'C') | 96906.96 | 10829.12 | 684.40 | 106901.84 | 38429.32 | 3514.84 | 411.74 | 41532.42 | 65369.42 | 59907.26 |
| Figures for the previous year | 93621.79 | 6296.68 | 391.58 | 99526.89 | 36465.70 | 3399.53 | 245.60 | 39619.63 | 59907.26 | |



Notes to the Standalone Financial Statements for the year ended 31st March, 2020

4: PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

(₹ crore)

| | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---|---------------------------------------|---------------------------------------|
| (a) Charged to Profit & Loss Account | 3755.05 | 3384.72 |
| (b) Amortisation on stamp duty and registration charges | - | 52.91 |
| (c) Charged to expenditure during construction | 4.02 | 4.04 |
| | 3759.07 | 3441.67 |

(i) Contractual obligations

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

(ii) Land:

- Includes 66,865.29 acres (67,305.79 acres as on 31st March, 2019) owned/possessed/taken on lease by the parent Company, in respect of which title/lease deeds are pending for registration.
- Includes 34,484.73 acres (34,484.73 acres as on 31st March, 2019) in respect of which title is under dispute.
- 10,664.93 acres (9,737.83 acres as on 31st March, 2019) 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.
- 5,775.25 acres (5,832.01 acres as on 31st March, 2019) given on lease to various agencies/employees/ex-employees.
- Includes 4,542.94 acres (4,475.75 acres as on 31st March, 2019) under unauthorised occupation.
- 1,770.89 acres (1,770.89 acres as on 31st March, 2019) of Land which is not in the actual possession, shown as deemed possession.
- ₹57.50 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.
- 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) had notified its intention to acquire 34.471 acres.
- Includes 34.471 acres freehold land notified for acquisition by Government of Jharkhand vide Gazette notification no. 42 & 43 dated 26th August, 2009, Pending determination of compensation from Land Acquisition Officer, Dist-Bokaro, Jharkhand as directed by High Court .
- Includes 5.51 acres freehold land out of 21.13 acres land notified for acquisition by Government of Jharkhand vide Gazette notification no. 42 & 43 dated 26th August, 2009, are under dispute for which no compensation was fixed in favour of RDCIS-SAIL. The compensation for the balance freehold land of 15.62 acres amounting to ₹13.07 crore has been considered in the accounts for the Financial Year ended 31st March, 2020.
- ₹0.06 crore is lying under deposits (in respect of land already acquired) with the District & Sessions Judge, Salem during the year 2013 towards compensation payable to land losers.
- 525.43 Acres Land includes 500 Acres land granted by Govt. of Maharashtra under occupancy rights subject to restrictions agreed upon by the Company towards payment of unearned increment on the property transfer as per agreed terms.

(iii) Other Assets:

- Includes 6,658 (7107 as on 31st March, 2019), residential quarters/houses under unauthorised occupation.
- The process of technical evaluation of componentisation of MSM and useful life thereof from an expert as required by para 4(a), Part C, schedule II of the Companies Act, 2013 amended by MCA notification dated 29th August, 2015 could not be completed due to restrictions/ lockdown imposed by COVID 19 Pandemic. Pending technical evaluation of componentisation of fixed assets and useful life thereof, management of the Company has capitalised various component assets of MSM based of internal estimations and judgements. The management is of the view that the experts evaluation and estimates will have no significant impact on the depreciation in respect of above PPE.

(iv) Property, Plant and Equipment comprises of owned assets, leased assets and right to use assets. Movement in right of use assets has been summarised below:

(₹ crore)

| Description | Property, Plant and Equipment | | Right of Use Assets | | | | Total |
|---|-------------------------------|---------------------|---------------------|---------------------|--------------|--------------|-----------------|
| | Leasehold Land | Plant and equipment | Leasehold Land | Plant and equipment | Vehicles | Buildings | |
| Gross carrying value | | | | | | | |
| As at March 31, 2019 | 1,319.95 | 1,643.23 | - | - | - | - | - |
| ROU recognised on April 1, 2019 | - | - | 19.22 | 368.51 | 17.82 | 24.05 | 429.60 |
| Reclassified on account of adoption of Ind AS 116 | (1,319.95) | (1,643.23) | 1,319.95 | 1,643.23 | - | - | 2,963.18 |
| Additions | - | - | 20.10 | 479.63 | 0.66 | 4.18 | 504.57 |
| Disposals | - | - | (44.02) | - | - | - | (44.02) |
| As at March 31, 2020 | - | - | 1,315.25 | 2,491.37 | 18.48 | 28.23 | 3,853.33 |
| Accumulated depreciation | | | | | | | |
| As at March 31, 2019 | 442.18 | 856.53 | - | - | - | - | - |
| ROU recognised on April 1, 2019 | - | - | 3.77 | 122.87 | 3.13 | 9.59 | 139.36 |
| Reclassified on account of adoption of Ind AS 116 | (442.18) | (856.53) | 442.18 | 856.53 | - | - | 1,299.09 |
| Charge for the year | - | - | 60.95 | 140.84 | 3.69 | 5.12 | 210.23 |
| Adjustment for disposals | - | - | (0.44) | - | - | 0.01 | (0.43) |
| As at March 31, 2020 | - | - | 506.46 | 1,120.24 | 6.82 | 14.72 | 1,648.25 |
| Net block as at March 31, 2019 | - | - | 893.22 | 1,032.34 | 14.69 | 14.46 | 1,954.33 |
| Net block as at March 31, 2020 | - | - | 808.79 | 1,371.13 | 11.66 | 13.51 | 2,205.08 |

4a: RIGHT OF USE ASSETS

(₹ crore)

| Description | GROSS BLOCK | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | NET BLOCK | | | |
|-------------------------------|-------------------------------------|----------------------------|----------------------------|---|-------------------------------------|-----------------|----------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
| | As at 1 st April 2019 | Additions / Adjustments | Disposals / Adjustments | As at 31 st March, 2020 | As at 1 st April 2019 | For the Year | Disposals / Adjustments | Up to 31 st March, 2020 | As at 31 st March, 2020 | As at 1 st April 2019 |
| Right of use assets | 3,392.78 | 504.57 | 44.02 | 3,853.33 | 1,438.45 | 210.23 | 0.43 | 1,648.25 | 2,205.08 | - |
| Total | 3392.78 | 504.57 | 44.02 | 3853.33 | 1438.45 | 210.23 | 0.43 | 1648.25 | 2205.08 | - |
| Figures for the previous year | - | - | - | - | - | - | - | - | - | - |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ crore)

| | As at 31 st March, 2020 | | As at 31 st March, 2019 | |
|---|------------------------------------|----------------|------------------------------------|-----------------|
| 5: CAPITAL WORK-IN-PROGRESS | | | | |
| Steel Plants & Units | 8581.04 | | 15785.16 | |
| Township | 86.98 | | 100.84 | |
| Ore Mines and Quarries | 330.81 | | 340.08 | |
| | <u>8998.83</u> | | <u>16226.08</u> | |
| Less: Provisions | 279.20 | 8719.63 | 236.13 | 15989.95 |
| Construction stores and spares | 32.44 | | 19.95 | |
| Less: Provision for non-moving items | 3.29 | 29.15 | 3.24 | 16.71 |
| Expenditure during construction pending allocation (Note 5.1) | | 2.78 | | 6.84 |
| | | <u>8751.56</u> | | <u>16013.50</u> |
| 5.1: EXPENDITURE DURING CONSTRUCTION PENDING ALLOCATION | | | | |
| Opening balance | (a) | 5.29 | | 15.11 |
| Expenditure incurred during the year | | | | |
| Employees' Remuneration & Benefits | | | | |
| Salaries & Wages | 72.59 | | 79.29 | |
| Company's contribution to provident fund | 2.47 | | 3.46 | |
| Travel concession | 1.94 | | 2.42 | |
| Welfare expenses | 0.05 | | 0.07 | |
| Gratuity | 3.01 | 80.06 | 1.14 | 86.38 |
| Other expenses | | | | |
| Technical consultants' fees & know-how | 3.03 | | 3.11 | |
| Power & Fuel | 68.20 | | 76.25 | |
| Other expenses | 2.98 | | 2.92 | |
| Interest & Finance charges | 581.68 | | 703.74 | |
| Depreciation | 4.02 | 659.91 | 4.04 | 790.06 |
| | | <u>739.97</u> | | <u>876.44</u> |
| Less: Recoveries | | | | |
| Interest Earned | 0.01 | | 0.01 | |
| Hire charges | 0.16 | | 0.29 | |
| Sundries | 0.24 | 0.41 | 2.68 | 2.98 |
| Net expenditure during the year | (b) | <u>739.56</u> | | <u>873.46</u> |
| | Total (a)+(b) | <u>744.85</u> | | <u>888.57</u> |
| Less : Amount allocated to Property, plant and equipment/Capital Work-in-progress | | 742.07 | | 881.73 |
| Balance carried forward | | <u>2.78</u> | | <u>6.84</u> |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020
6: INVESTMENT PROPERTY

(₹ crore)

| Description | GROSS BLOCK | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|-------------------------------|------------------------------------|-------------------------|-------------------------|---|------------------------------------|--------------|-------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2019 | Additions / Adjustments | Disposals / Adjustments | As at 31 st March, 2020 | Up to 31 st March, 2019 | For the Year | Disposals / Adjustments | Up to 31 st March, 2020 | As at 31 st March, 2020 | As at 31 st March, 2019 |
| A. BUILDINGS | | | | | | | | | | |
| Buildings | 1.94 | 0.12 | - | 2.06 | 0.85 | 0.09 | - | 0.94 | 1.12 | 1.09 |
| Sub-total 'A' | 1.94 | 0.12 | - | 2.06 | 0.85 | 0.09 | - | 0.94 | 1.12 | 1.09 |
| Figures for the previous year | 1.45 | 0.49 | - | 1.94 | 0.62 | 0.03 | (0.20) | 0.85 | 1.09 | |

(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 st March, 2020 | As at 31 st March, 2019 |
|---|------------------------------------|------------------------------------|
| Rental income | 2.02 | 1.70 |
| Direct operating expenses that generated rental income* | - | - |
| Direct operating expenses that did not generate rental income* | - | - |
| Profit from leasing of investment properties before depreciation | 2.02 | 1.70 |
| Depreciation | 0.09 | 0.03 |
| Profit from leasing of investment properties | 1.93 | 1.67 |

*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 st March, 2020 | As at 31 st March, 2019 |
|--|------------------------------------|------------------------------------|
| Within one year | 0.35 | 1.55 |
| Later than one year but not later than 5 years | 1.85 | 6.22 |
| Later than 5 years | 4.20 | 3.45 |
| | 6.40 | 11.22 |

(iv) Fair value

Fair value of Investment properties as on 31st March, 2020 is ₹32.15 crore (₹30.71 crore as on 31st March, 2019)

(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 31st March, 2020

7: INTANGIBLE ASSETS

(₹ crore)

| Description | GROSS BLOCK | | | ACCUMULATED DEPRECIATION / AMORTISATION** | | | | | NET BLOCK | |
|--------------------------------------|------------------------------------|-------------------------|-------------------------|---|------------------------------------|--------------|-------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2019 | Additions / Adjustments | Disposals / Adjustments | As at 31 st March, 2020 | Up to 31 st March, 2019 | For the Year | Disposals / Adjustments | Up to 31 st March, 2020 | As at 31 st March, 2020 | As at 31 st March, 2019 |
| A. PLANTS, MINES & OTHERS | | | | | | | | | | |
| Computer Software* | 103.76 | 12.76 | - | 116.52 | 99.96 | 3.36 | - | 103.32 | 13.20 | 3.80 |
| Mining Rights | 1823.42 | 13.64 | - | 1837.06 | 376.38 | 30.54 | - | 406.92 | 1430.14 | 1447.04 |
| Sub-total 'A' | 1927.18 | 26.40 | - | 1953.58 | 476.34 | 33.90 | - | 510.24 | 1443.34 | 1450.84 |
| Figures for the previous year | 1895.58 | 31.60 | - | 1927.18 | 440.98 | 42.10 | 6.74 | 476.34 | 1450.84 | |
| B. SOCIAL FACILITIES | | | | | | | | | | |
| Computer Software* | 0.62 | 0.07 | - | 0.69 | 0.60 | 0.01 | - | 0.61 | 0.08 | 0.02 |
| Sub-total 'B' | 0.62 | 0.07 | - | 0.69 | 0.60 | 0.01 | - | 0.61 | 0.08 | 0.02 |
| Figures for the previous year | 0.62 | - | - | 0.62 | 0.59 | 0.01 | - | 0.60 | 0.02 | |
| Total ('A'+ 'B') | 1927.80 | 26.47 | - | 1954.27 | 476.94 | 33.91 | - | 510.85 | 1443.42 | 1450.86 |
| Figures for the previous year | 1896.20 | 31.60 | 0.00 | 1927.80 | 441.57 | 42.11 | 6.74 | 476.94 | 1450.86 | |

*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 31st March, 2020

8 : INVESTMENTS - NON CURRENT

| | No of Shares | | Amount (₹ crore) | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2020 | As at 31 st March, 2019 | As at 31 st March, 2020 | As at 31 st March, 2019 |
| Investments carried at cost | | | | |
| In Subsidiaries | | | | |
| 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 |
| Chattisgarh Mega Steel Limited | 37,000 | 37,000 | 0.04 | 0.04 |
| | | | 0.19 | 0.19 |
| In Associates (unquoted) | | | | |
| Almora Meganasite Limited (Face value- ₹100/share) | 40,000 | 40,000 | 0.40 | 0.40 |
| | | | 0.40 | 0.40 |
| In Joint ventures (unquoted) | | | | |
| 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 | 1,81,41,400 | 1,29,41,400 | 18.14 | 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 | 69,37,59,279 | 693.76 | 693.76 |
| 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 | 3,52,32,600 | 3,52,32,600 | 35.23 | 35.23 |
| NMDC SAIL Ltd | 24,500 | 24,500 | 0.02 | 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 |
| GEDCOL SAIL Power Corporation Limited | 26,00,000 | 2,60,000 | 2.60 | 0.26 |
| | | | 1,473.97 | 1,466.43 |
| Total (A) | | | 1,474.56 | 1,467.02 |
| Investments carried at fair value through other comprehensive income | | | | |
| Quoted equity | | | | |
| HDFC Limited (Face value - ₹ 2/share) | - | 60,000 | - | 11.81 |
| HDFC Bank Limited (Face value - ₹ 2/share) | - | 2,500 | - | 0.58 |
| ICICI Bank Limited (Face value - ₹ 2/share) | - | 1,57,300 | - | 6.30 |
| MSTC Limited | 6,40,000 | 3,20,000 | 5.06 | 3.65 |
| | | | 5.06 | 22.34 |
| Unquoted equity | | | | |
| TRL Krozaki Refractories Limited | 22,03,150 | 22,03,150 | 44.10 | 37.21 |
| Indian Potash Limited | 7,20,000 | 3,60,000 | 78.84 | 70.54 |
| 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 | - | - |
| IISCO Ujjain Pipe & Foundry 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 |
| | | | 131.13 | 115.94 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

8 : INVESTMENTS - NON CURRENT (CONTD.)

| | No of Shares | | Amount (₹ crore) | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2020 | As at 31 st March, 2019 | As at 31 st March, 2020 | As at 31 st March, 2019 |
| In Co-operative society | | | | |
| 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 |
| | | | 0.18 | 0.18 |
| Total (B) | | | 136.37 | 138.46 |
| | | | 1,610.93 | 1,605.48 |
| Provision for impairment in the value of investments | | | 25.95 | 20.73 |
| Net investment | | | 1,584.98 | 1,584.75 |
| Aggregate amount of quoted investments (market value thereof) | | | 5.06 | 22.34 |
| Aggregate amount of unquoted investments | | | 1,605.87 | 1,583.14 |
| Aggregate amount of impairment in value of investments | | | 25.95 | 20.73 |
| | | | 1,584.98 | 1,584.75 |

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

| | (₹ crore) | |
|---|------------------------------------|------------------------------------|
| | As at 31 st March, 2020 | As at 31 st March, 2019 |
| Considered good - Unsecured | - | - |
| Receivables - credit impaired | 7.83 | 7.83 |
| | 7.83 | 7.83 |
| 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

| | | |
|-------------------------------------|---------------|--------|
| Considered good - Secured | - | - |
| Considered good - Unsecured | | |
| Security deposits | 116.14 | 103.47 |
| Loan to employees | 80.06 | 95.45 |
| Loans to related parties | - | 4.90 |
| Loan to others | 471.59 | 363.36 |
| | 667.79 | 567.18 |
| Less : Provision for doubtful loans | 3.20 | 3.20 |
| | 664.59 | 563.98 |

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ crore)

| | As at 31 st March, 2020 | | As at 31 st March, 2019 | |
|--|---------------------------------------|-----------------|---------------------------------------|----------|
| 11: OTHER FINANCIAL ASSETS - NON CURRENT | | | | |
| Derivative assets | | 338.21 | | 172.29 |
| Advance for purchase of shares | | 3.54 | | 3.54 |
| Claims recoverable | | 8.36 | | 7.89 |
| Receivable - others | | 45.48 | | 81.91 |
| Lease equalisation reserve | | 0.37 | | - |
| Receivables from employees | | 0.07 | | 0.08 |
| Bills receivable | | 58.30 | | - |
| Loans and advances to related parties | 10.53 | | 10.53 | |
| Less: Provision for doubtful related party advances | 10.53 | - | 10.53 | - |
| Fixed deposits with maturity period more than 12 months | | 0.19 | | 0.19 |
| | | 454.52 | | 265.90 |
| Less: Provision for doubtful assets | | 7.96 | | 7.49 |
| | | 446.56 | | 258.41 |
| 12 : DEFERRED TAX ASSETS (NET) | | | | |
| Tax effect of items constituting deferred tax liabilities | | | | |
| Difference between book and tax depreciation | 11,487.79 | | 10,115.99 | |
| Amortisation of financial assets/liabilities | 24.40 | | 17.40 | |
| Fair value adjustment through OCI | 27.83 | 11540.02 | 23.96 | 10157.35 |
| Tax effect of items constituting deferred tax assets | | | | |
| Finance lease obligations | - | | 94.69 | |
| Maturities of lease obligations | 105.31 | | - | |
| Lease obligations opening adjustment | 17.17 | | - | |
| Derivative adjustments | 41.17 | | 45.13 | |
| Unpaid taxes and duties to be allowed on payment | 1,321.40 | | 1121.70 | |
| Losses available for offsetting against future taxable income | 10,160.54 | | 10323.46 | |
| Others | 706.85 | 12352.44 | 418.92 | 12003.90 |
| Tax credit (minimum alternative tax) | | 1266.57 | | 1051.83 |
| Deferred tax (assets) /liabilities (net) | | 2078.99 | | 2898.38 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

12 : DEFERRED TAX ASSETS (CONTD.)

Deferred taxes arising from temporary differences and unused tax losses for year ended 31st March, 2020 are summarized as follows:

| | As at 1 st April, 2019 | Recognized in profit or loss | Recognized in Other comprehensive income | As at 31 st March, 2020 |
|--|---|------------------------------------|---|--|
| (₹ crore) | | | | |
| Tax effect of items constituting deferred tax liabilities | | | | |
| Difference between book and tax depreciation | 10115.99 | 1,371.80 | - | 11487.79 |
| Amortisation of financial assets/liabilities | 17.40 | 7.00 | - | 24.40 |
| Fair value adjustment through OCI | 23.96 | - | 3.87 | 27.83 |
| | 10157.35 | 1378.80 | 3.87 | 11540.02 |
| Tax effect of items constituting deferred tax assets | | | | |
| Retirement benefits | - | (65.77) | 65.77 | - |
| Finance lease obligations | 94.69 | - | - | - |
| Maturities of lease obligations | - | 10.62 | - | 105.31 |
| Derivative adjustments | 45.13 | (3.96) | - | 41.17 |
| Unpaid taxes and duties to be allowed on payment | 1,121.70 | 199.70 | - | 1321.40 |
| Losses available for offsetting against future taxable income | 10,323.46 | (162.92) | - | 10160.54 |
| Tax credit (minimum alternative tax) | 1051.83 | 214.75 | - | 1266.57 |
| Others | 418.92 | 287.92 | - | 706.85 |
| | 13055.73 | 480.34 | 65.77 | 13601.84 |
| Lease obligations opening adjustment | - | - | - | 17.17 |
| Deferred tax assets / (liabilities) (net) | 2,898.38 | (898.46) | 61.90 | 2,078.99 |

The Company is having accumulated business losses (including investment allowance) of ₹29076.64 crore (previous year - ₹29542.88 crore) [including accumulated unabsorbed depreciation of ₹21537.70 crore (previous year - ₹21537.70 crore)] and MAT credit of ₹1266.57 crore as on 31st March, 2020 as per the provisions of the Income Tax Act, 1961. The unabsorbed business losses amounting to ₹7538.93 crore (previous year - ₹8005.17 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.

Accordingly, deferred tax asset of ₹2634.40 crores on accumulated business losses (including nil during the year ended 31st March, 2020) and MAT credit of ₹1266.57 crores, has been recognised as on 31st March, 2020 in line with IND AS 12.

| | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---|---------------------------------------|---------------------------------------|
| (₹ crore) | | |
| 13: CURRENT TAX ASSETS (NET) | | |
| Current tax assets | | |
| Advance income tax (net of provision) | 152.35 | 153.63 |
| | 152.35 | 153.63 |
| 14: OTHER ASSETS - NON CURRENT | | |
| Advances to contractors & suppliers | 512.38 | 456.24 |
| Advances others | 1.18 | 4.18 |
| Deposit with Government authorities | 688.41 | 736.71 |
| Prepaid expenses | 19.14 | 25.35 |
| Capital advances | 350.75 | 201.87 |
| Less: Provision for doubtful capital advances | 5.34 | 4.21 |
| | 1566.52 | 1420.14 |
| Less: Provision for doubtful other assets | 85.23 | 63.54 |
| | 1481.29 | 1356.60 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ crore)

| | As at 31 st March, 2020 | | As at 31 st March, 2019 | |
|---|---------------------------------------|----------|---------------------------------------|----------|
| 15: INVENTORIES* | | | | |
| Stores & spares | | | | |
| Production | 3047.69 | | 2796.93 | |
| Fuel Stores | 161.59 | | 137.50 | |
| Others | 22.61 | | 25.48 | |
| | 3231.89 | | 2959.91 | |
| Add: In-transit | 177.67 | | 248.34 | |
| | 3409.56 | | 3208.25 | |
| Less: Provision for non moving/obsolete items | 240.72 | 3168.84 | 232.26 | 2975.99 |
| Raw Material | | | | |
| Raw material | 3573.90 | | 3690.45 | |
| Add: In-transit | 1849.98 | | 2430.24 | |
| | 5423.88 | | 6120.69 | |
| Less: Provision for unusable materials | 27.70 | 5396.18 | 15.17 | 6105.52 |
| Finished / Semi-finished products | | | | |
| Finished goods | 8912.92 | | 6964.53 | |
| Work in progress | 2478.08 | 11391.00 | 3395.76 | 10360.29 |
| Others - By-products (sub-grade fines)** | | 3791.18 | | - |
| | | 23747.20 | | 19441.80 |

*Valued as per accounting policy No. 3.6

**Refer note no 48.4 and 49.16

16: TRADE RECEIVABLES - CURRENT

| | | | | |
|------------------------------------|--|---------|--|---------|
| Considered good - Secured | | - | | - |
| Considered good-Unsecured | | 8812.39 | | 4495.05 |
| Receivables - credit impaired | | 207.57 | | 198.26 |
| | | 9019.96 | | 4693.31 |
| Provision for doubtful receivables | | 207.57 | | 198.26 |
| | | 8812.39 | | 4495.05 |

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 | | 0.10 | | 0.10 |
| Cheques in hand | | - | | 31.88 |
| Balance with Banks | | | | |
| Current accounts | 152.91 | | 2.58 | |
| Term deposits with original maturity upto 3 months | 0.40 | | 0.01 | |
| Term deposits as per court orders with maturity upto 3 months | 0.02 | 153.33 | 0.02 | 2.61 |
| | | 153.43 | | 34.59 |

17 (ii): OTHER BANK BALANCES

| | | | | |
|--------------------------|--|--------|--|--------|
| Earmarked bank balances | | 205.16 | | 179.24 |
| Unpaid dividend accounts | | 4.66 | | 5.59 |
| | | 209.82 | | 184.83 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ crore)

As at 31st
March, 2020

As at 31st
March, 2019

18: LOANS - CURRENT

| | | | | |
|------------------------------------|-------|--------------|-------|--------------|
| Considered good - Secured | | - | | - |
| Considered good - Unsecured | | | | |
| Security deposits | 11.17 | | 10.09 | |
| Loan to employees | 31.48 | | 39.61 | |
| Loan to related parties | 5.60 | | 2.10 | |
| Loan to others | 2.86 | 51.11 | 2.67 | 54.47 |
| | | <u>51.11</u> | | <u>54.47</u> |
| Less: Provision for doubtful loans | | 1.44 | | 1.23 |
| | | <u>49.67</u> | | <u>53.24</u> |

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

19: OTHER FINANCIAL ASSETS - CURRENT

| | | | | |
|---|-------|----------------|-------|----------------|
| Derivative assets | | 83.59 | | - |
| Claims recoverable | | 654.76 | | 769.62 |
| Receivable - others | | 412.55 | | 385.17 |
| Receivables from employees | | 17.19 | | 6.36 |
| Amount recoverable from Gratuity Trust | | 313.21 | | 259.15 |
| Bills receivable | | 1012.80 | | 1036.75 |
| Advances to related parties | 21.68 | | 21.68 | |
| Less: Provision for doubtful related parties advances | 13.42 | 8.26 | 13.42 | 8.26 |
| | | <u>2502.36</u> | | <u>2465.31</u> |
| Less Provision for doubtful assets | | 313.37 | | 304.43 |
| | | <u>2188.99</u> | | <u>2160.88</u> |

20: OTHER ASSETS - CURRENT

| | | | | |
|---|---------|----------------|--------|----------------|
| Gold coins in hand | | 0.23 | | 0.23 |
| Advances to contractors & suppliers | 409.42 | | 324.84 | |
| Advance others | 1033.05 | 1442.47 | 868.14 | 1192.98 |
| Deposit with Government authorities | | 2965.87 | | 2832.62 |
| Deposits - GST | | 1.25 | | 5.11 |
| GST receivable-input service | | 2.98 | | 4.53 |
| GST receivable | | 1085.85 | | 1633.13 |
| TDS deducted by customers on GST | | 0.01 | | 0.66 |
| Prepaid expenses | | 32.07 | | 31.05 |
| Claims receivable | | 143.97 | | 147.87 |
| Export incentive receivables | | 118.81 | | 74.57 |
| | | <u>5793.51</u> | | <u>5922.75</u> |
| Less: Provision for doubtful other assets | | 63.76 | | 55.34 |
| | | <u>5729.75</u> | | <u>5867.41</u> |

21: ASSETS CLASSIFIED AS HELD FOR SALE

| | | | | |
|------------------------------------|--|--------------|--|--------------|
| Assets classified as held for sale | | 27.20 | | 11.47 |
| | | <u>27.20</u> | | <u>11.47</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 31st March, 2020

22: EQUITY SHARE CAPITAL

(₹ crore)

| | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---|---------------------------------------|---------------------------------------|
| Authorised capital | | |
| Equity shares of ₹ 10 each | | |
| (5,00,00,00,000 equity shares of ₹ 10 each) | 5000.00 | 5000.00 |
| Issued and subscribed capital & fully paid-up | | |
| (4,13,05,25,289 equity shares of ₹ 10 each fully paid up) | <u>4130.53</u> | <u>4130.53</u> |

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

| Particulars | As at 31 st March, 2020 | | As at 31 st March, 2019 | |
|---|---------------------------------------|---------------------|---------------------------------------|---------------------|
| | Numbers | Amount (₹ crore) | Numbers | Amount (₹ crore) |
| Equity shares with voting rights | | | | |
| Balance at the beginning of the year | 4130408854 | 4130.41 | 4130407654 | 4130.41 |
| Shares converted to shares with voting rights during the year | 5445 | 0.01 | 1200 | - |
| Shares bought back during the year | | | | |
| Balance at the end of the year# | <u>4130414299</u> | <u>4130.42</u> | <u>4130408854</u> | <u>4130.41</u> |
| Equity shares without voting rights* | | | | |
| Balance at the beginning of the year | 116435 | 0.12 | 117635 | 0.12 |
| Shares Issued during the year | | | | |
| Shares converted to shares with voting rights during the year | (5445) | (0.01) | (1200) | - |
| Balance at the end of the year | <u>110990</u> | <u>0.11</u> | <u>116435</u> | <u>0.12</u> |
| Total Equity shares outstanding | <u>4130525289</u> | <u>4130.53</u> | <u>4130525289</u> | <u>4130.53</u> |

i) *Represented by current holding of 110990 shares in Global Depository Receipt (GDR) issued in 1996 @ US \$ 29.55 each for an aggregate amount of US \$ 125 million.

ii) #Includes 2180454 shares (previous year 1961727 shares) transferred to IEPF authority on which the voting rights are frozen.

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

iv) The Company does not have a holding Company.

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

| Name of Shareholder | As at 31 st March, 2020 | | As at 31 st March, 2019 | |
|---------------------|---------------------------------------|--------------|---------------------------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| President of India | 3097767449 | 75.00 | 3097767449 | 75.00 |
| LIC of India | 396663164 | 9.60 | 396663164 | 9.60 |

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

23: OTHER EQUITY

| | (₹ crore) | |
|--|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2020 | As at 31 st March, 2019 |
| Reserves & Surplus | | |
| Capital Reserve | | |
| Opening balance | 1.75 | 1.75 |
| Additions during the year | - | - |
| Less: Utilisation during the year | - | - |
| | <u>1.75</u> | <u>1.75</u> |
| Securities Premium | | |
| Opening balance | 235.10 | 235.10 |
| Changes during the year | - | - |
| | <u>235.10</u> | <u>235.10</u> |
| Bond Redemption Reserve | | |
| Opening balance | 1994.14 | 2340.69 |
| Transfer from retained earnings | 276.63 | 383.55 |
| Transfer to retained earnings | 895.75 | 730.10 |
| | <u>1375.02</u> | <u>1994.14</u> |
| General Reserve | | |
| Opening balance | 5095.13 | 5095.13 |
| Additions during the year | - | - |
| Less: Utilisation during the year | - | - |
| | <u>5095.13</u> | <u>5095.13</u> |
| Retained Earnings | | |
| Opening balance | 26638.87 | 23898.88 |
| Add: Net Profit/(Loss) for the year | 2,021.54 | 2,178.82 |
| Add: Other comprehensive Income/(Loss) | (128.44) | 214.62 |
| Add: Transfer from Bond Redemption Reserve | 895.75 | 730.10 |
| Less: Transfer to Bond Redemption Reserve | 276.63 | 383.55 |
| Less: Equity dividend | 206.53 | - |
| Less: Tax on Equity dividend | 41.54 | - |
| Less: Ind AS adjustments | 31.95 | - |
| Less: Transfer to General Reserve | - | - |
| | <u>28871.07</u> | <u>26638.87</u> |
| Other Comprehensive Income | | |
| Equity Instruments through Other Comprehensive Income | | |
| Opening balance | 56.05 | 11.59 |
| Change in fair value of FVOCI equity instruments | 12.73 | 44.46 |
| | <u>68.78</u> | <u>56.05</u> |
| Total other equity | <u>35646.85</u> | <u>34021.04</u> |

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, 2013.

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 opted 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 31st March, 2020

24. BORROWINGS - NON CURRENT

(₹ crore)

| | | | | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---|----------------|----------------------|--------------------|---------------------------------------|---------------------------------------|
| SECURED | | | | | |
| Redeemable Non-Convertible Bonds | | | | | |
| Rate of Interest | Maturity Date | Call/Put option (yr) | Security reference | | |
| 9.35% | 9-Sep-2026 | 12/nil | (a) | 455.00 | 455.00 |
| 9.00% | 14-Oct-2024 | | (a) | 1000.00 | 1000.00 |
| 8.75% | 15-Sep-2024 | | (b,d) | 50.00 | 50.00 |
| 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 |
| 8.80% | 26-Oct-2021 | | (b,c) | 70.00 | 84.00 |
| 9.30% | 23-Aug-2021 | | (a) | 400.00 | 400.00 |
| 8.55% | 11-Aug-2021 | | (a) | 700.00 | 700.00 |
| 9.30% | 25-May-2021 | | (a,i) | 144.00 | 216.00 |
| 8.27% | 25-Aug-2020 | | (a) | - | 265.00 |
| 8.72% | 30-Apr-2020 | | (a) | - | 660.00 |
| 8.75% | 23-Apr-2020 | | (a) | - | 545.00 |
| Total Bonds | | | | 6304.00 | 7860.00 |
| Term Loans from banks | | | | | |
| Rupee loans | | | (h) | 23235.31 | 18681.00 |
| Foreign currency loans | | | (h) | 2625.19 | 2391.57 |
| | | | | 32164.50 | 28932.57 |
| UNSECURED | | | | | |
| Foreign currency loan | | | | | |
| 1 | KFW, Germany | | (e) | 320.30 | 322.56 |
| 2 | Natexis Banque | | (f) | 10.88 | 12.32 |
| Steel development fund | | | | | |
| | | | (g) | 204.16 | 204.16 |
| | | | | 535.34 | 539.04 |
| Long term maturities of finance lease obligations | | | | | |
| | | | | - | 1331.05 |
| Long term maturities of lease liability | | | | | |
| | | | | 1860.19 | - |
| Total Non Current Loans | | | | 34560.03 | 30802.66 |

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 26th October, 2014. Instalment payable on 26th Oct, 2020 has been shown in Other Current Liabilities.
- Redeemable in 3 equal instalments of ₹50 crore each on 15th 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 by 2030. The principal and interest is paid half yearly, guaranteed by Government of India.
- 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 and RSP to the extent of loan. SBIECB loan is repayable in 4 equal installments at the end of 4th, 5th, 6th and 7th from the first draw-down i.e. 25th Sept 2017.
- Redeemable in 5 equal yearly instalments starting w.e.f 25th May, 2018. Installment payable on 25th May, 2020 has been shown in current liabilities.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ crore)

As at 31st
March, 2020

As at 31st
March, 2019

25: TRADE PAYABLES - NON CURRENT

| | | |
|---|-------------|-------------|
| Due to micro, small and medium enterprise (refer note 48.2) | - | - |
| Amount payable to contractors/suppliers/others | 6.66 | 6.82 |
| | <u>6.66</u> | <u>6.82</u> |

26: OTHER FINANCIAL LIABILITIES - NON CURRENT

| | | |
|--|----------------|----------------|
| Employees related dues | 509.20 | 535.71 |
| Interest Accrued but not due on borrowings | 567.79 | 559.63 |
| Other payables | 218.60 | 235.28 |
| | <u>1295.59</u> | <u>1330.62</u> |

27: PROVISIONS - NON CURRENT

| | | |
|---|----------------|----------------|
| Provision for gratuity | - | - |
| Provision for accrued leave liability | 2677.19 | 2683.07 |
| Provision for post retirement medical & settlement benefits | 963.52 | 962.64 |
| Provision for long term service award | 14.38 | 18.39 |
| Provision for mines closure | 87.11 | 74.98 |
| Other provisions | 366.60 | 556.33 |
| | <u>4108.80</u> | <u>4295.41</u> |

28: OTHER LIABILITIES - NON CURRENT

| | | |
|------------------|---------------|---------------|
| Deferred Income* | 397.51 | 253.19 |
| | <u>397.51</u> | <u>253.19</u> |

*Deferred income includes:

(a) 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) Central Government grant of ₹144.83 crore was received during 2019-20 (₹ 105.75 crores in 2018-19) against sanctioned budgetary provision of ₹295.79 crore for the purpose of upgradation of Ispat General Hospital, Rourkela to Super Speciality Hospital.

29. BORROWINGS - CURRENT

Secured

Repayable on demand

| | | |
|------------|---------|---------|
| From banks | 4112.33 | 3490.26 |
|------------|---------|---------|

Unsecured

| | | |
|------------------------|-----------------|-----------------|
| Other loans | 6100.00 | 2900.00 |
| Commercial paper | 3756.52 | 4240.96 |
| Foreign currency loans | 2671.93 | - |
| | <u>16640.78</u> | <u>10631.22</u> |

1. Security disclosure for the outstanding short term borrowings as on 31st March, 2020:

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 31st March, 2020

(₹ crore)

| | As at 31 st March, 2020 | As at 31 st March, 2019 |
|--|---------------------------------------|---------------------------------------|
| 30: TRADE PAYABLES - CURRENT | | |
| Due to micro, small and medium enterprises (refer note 48.2) | 47.99 | 67.45 |
| Amount payable to related parties | 150.71 | 174.47 |
| Amount payable to contractors/suppliers/others | <u>6121.68</u> | <u>7016.07</u> |
| | 6320.38 | 7257.99 |
| 31: OTHER FINANCIAL LIABILITIES - CURRENT | | |
| Employee related dues | 138.54 | 156.82 |
| Interest accrued but not due on borrowings | 612.56 | 756.89 |
| Interest accrued and due on Steel Development Fund loans | 152.00 | 152.00 |
| Other liabilities-debtors banking arrangement | 166.90 | 191.09 |
| Derivative liability | - | 4.54 |
| Current maturities of long term debts | 2602.40 | 3607.71 |
| Current maturities of finance lease obligations | - | 128.45 |
| Current maturities of lease obligations | 323.84 | - |
| Unclaimed matured deposits and interest accrued thereon | 1.01 | 1.01 |
| Security deposits | 1536.86 | 1483.84 |
| Less: Investments received as security deposit | <u>-</u> | <u>-</u> |
| Unpaid dividends | 4.66 | 5.59 |
| Payable for capital works | 3318.68 | 3598.18 |
| Other payables | <u>4874.95</u> | <u>4607.19</u> |
| | 13732.40 | 14693.31 |
| 32: OTHER LIABILITIES - CURRENT | | |
| Income received in advance from customers | 1220.62 | 1456.63 |
| Income received in advance - others | 110.27 | 94.72 |
| Deferred Income* | 13.27 | 13.46 |
| GST payable | 1432.10 | 2158.00 |
| Liab for interest on GST | 0.76 | 0.76 |
| TDS deducted from suppliers on GST | 19.50 | 21.32 |
| Other payables | <u>2927.33</u> | <u>2961.28</u> |
| | 5723.85 | 6706.17 |
| *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. | | |
| 33: PROVISIONS - CURRENT | | |
| Provision for gratuity | - | - |
| Provision for accrued leave liability | 327.84 | 285.51 |
| Provision for post retirement medical & settlement benefits | 194.91 | 107.93 |
| Provision for long term service award | 4.41 | 2.88 |
| Provision for pollution control | 33.51 | 39.48 |
| Provision for foreign exchange fluctuation | 24.96 | 12.78 |
| Provision for wage revision | 1351.56 | 1247.52 |
| Provision for mine afforestation/ restoration etc. | 121.07 | 344.33 |
| Other provisions | <u>296.67</u> | <u>268.34</u> |
| | 2354.93 | 2308.77 |
| 33A: CURRENT TAX LIABILITIES | | |
| Opening Balance | - | - |
| Add: Provision during the year | 250.67 | - |
| Less: Amount paid/transferred during the year | 71.17 | - |
| Less: Provision written back during the year | <u>-</u> | <u>-</u> |
| | 179.50 | - |
| | 179.50 | - |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ crore)

| | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 |
|---|--|--|
| 34: REVENUE FROM OPERATIONS | | |
| Sale of products | | |
| Domestic | 57281.62 | 63292.24 |
| Exports | 3620.26 | 2872.64 |
| Export incentives | 123.00 | 102.42 |
| Sub Total (a) | <u>61024.88</u> | <u>66267.30</u> |
| Sale of Services | | |
| Service charges | 22.89 | 28.53 |
| Sub Total (b) | <u>22.89</u> | <u>28.53</u> |
| Other Operating Revenues | | |
| Social amenities-recoveries | 351.48 | 335.90 |
| Sale of empties etc. | 52.40 | 54.41 |
| Sundries | 208.90 | 281.17 |
| Sub Total (c) | <u>612.78</u> | <u>671.48</u> |
| Total (a+b+c) | <u>61660.55</u> | <u>66967.31</u> |
| Desegregation of Revenue | | |
| Nature of Goods and Services | | |
| The Company is engaged in the manufacturing of Iron and Steel products and generate revenues from sale of Iron and Steel products and the same is only the reportable segment of the Company. | | |
| (1) Primary Geographical Markets | | |
| Within India | 57281.62 | 63292.24 |
| Outside India | 3743.26 | 2975.06 |
| Total | <u>61024.88</u> | <u>66267.30</u> |
| (2) Major Products | | |
| Iron and steel | 59298.35 | 62541.86 |
| Other Secondary and By-products | 1726.53 | 3725.44 |
| Total | <u>61024.88</u> | <u>66267.30</u> |
| Contract Balances | | |
| The following table provides information about receivables, contract assets and contract liabilities from contracts with customers receivables which are included in 'Trade Receivables'. | | |
| Trade receivables | 8812.39 | 4495.05 |
| Contract assets | - | - |
| Contract liabilities | 1220.62 | 1456.63 |
| 35. OTHER INCOME | | |
| Interest income | | |
| Loans & advances to other companies | 0.98 | 0.79 |
| Customers | 145.06 | 133.92 |
| Employees | 11.98 | 13.36 |
| Bank deposits | 16.83 | 5.33 |
| Others | 62.10 | 39.58 |
| Sub Total (a) | <u>236.95</u> | <u>192.98</u> |
| Dividend income | | |
| Dividend from subsidiaries | 11.55 | 4.26 |
| Dividend from investments (includes dividend from investments carried at fair value through OCI) | 75.10 | 40.18 |
| Sub Total (b) | <u>86.65</u> | <u>44.44</u> |
| Net gain on sale of investments Sub Total (c) | 0.59 | - |
| Other non-operating Income | | |
| Subsidy, relief and concession | - | 1.10 |
| Grant-in-aid | 0.97 | 0.62 |
| Provisions no longer required written back | 130.79 | 87.65 |
| Write back of other liabilities | 276.18 | 59.21 |
| Liquidated damages | 131.19 | 101.37 |
| Others | 123.36 | 45.45 |
| | <u>662.49</u> | <u>295.40</u> |
| Less: Expenses attributable to non-operating income | 1.46 | - |
| Sub Total (d) | <u>661.03</u> | <u>295.40</u> |
| Total (a+b+c+d) | <u>985.22</u> | <u>532.82</u> |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ crore)

| | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 |
|--|--|--|
| 36 : COST OF MATERIALS CONSUMED | | |
| Iron ore | 5191.70 | 5095.08 |
| Coal | 23058.44 | 26041.91 |
| Coke | 21.61 | 31.32 |
| Limestone | 1489.58 | 1355.12 |
| Dolomite | 584.91 | 591.92 |
| Ferro manganese | 323.68 | 425.17 |
| Ferro silicon | 213.22 | 236.85 |
| Silico manganese | 1378.04 | 1323.69 |
| Zinc | 117.60 | 172.30 |
| Aluminium | 297.34 | 315.65 |
| Others | 1556.26 | 1816.72 |
| | 34232.38 | 37405.73 |
| Less: Inter account adjustments | 5019.51 | 5114.82 |
| | 29212.87 | 32290.91 |

37 : CHANGES IN INVENTORIES**37A: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

| | | |
|--|------------------|------------------|
| Opening stock | | |
| Finished goods | 6964.53 | 4430.95 |
| Work in progress | 3395.76 | 3212.72 |
| | 10360.29 | 7643.67 |
| Less: Closing stock | | |
| Finished goods | 8912.92 | 6964.53 |
| Work in progress | 2478.08 | 3395.76 |
| | 11391.00 | 10360.29 |
| Accretion (-)/depletion to stock | (1030.71) | (2716.62) |
| Write down due to Covid-19 considered as exceptional items | 404.26 | - |
| | (1434.97) | (2716.62) |

37B: CHANGES IN INVENTORIES OF BY PRODUCTS*

| | | |
|--|------------------|-----------|
| Sub grade iron ore fines | | |
| Opening stock | | |
| Iron ore fines (sub-grade) | - | - |
| Less: Closing stock | | |
| Iron ore fines (sub-grade) | 3791.18 | - |
| Accretion (-)/depletion to stock | (3791.18) | - |
| Write down due to Covid-19 considered as exceptional items | 329.67 | - |
| | (4120.85) | - |
| Accretion (-)/depletion to stock | (5555.82) | (2716.62) |

* Refer Note No. 41, 48.4 and 49.16

38: EMPLOYEE BENEFITS EXPENSE*

| | | |
|---|----------------|----------------|
| Salaries & wages | 6765.87 | 6675.15 |
| Leave encashment | 278.04 | 447.61 |
| Company's contribution to provident & other funds | 919.87 | 901.62 |
| Travel concession | 198.19 | 33.35 |
| Welfare expenses | 383.71 | 524.99 |
| Gratuity | 235.64 | 247.62 |
| | 8781.32 | 8830.34 |

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

| | | |
|--|-------|-------|
| Expenditure during construction | 80.06 | 86.38 |
| For descriptive notes on disclosure of defined benefit obligation, refer note 50.1 | | |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ crore)

| | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 |
|--|--|--|
|--|--|--|

39: FINANCE COSTS

Interest Cost

| | | |
|-----------------------------------|----------------|----------------|
| Foreign currency loans* | 299.21 | 169.24 |
| Non convertible bonds | 695.25 | 834.39 |
| Bank borrowings - working capital | 10.53 | 52.08 |
| Steel development fund loans | 5.60 | 4.94 |
| Others | 2449.58 | 2075.14 |
| Other borrowing costs | 26.59 | 19.13 |
| | 3486.76 | 3154.92 |

*Including foreign exchange fluctuations loss of ₹99.74 crore (As on 31st March, 2019: ₹41.69 crore)

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

| | | |
|---|---------------|---------------|
| Foreign currency loans | 85.43 | 125.97 |
| Non convertible bonds | 118.34 | 210.97 |
| Steel development fund loans - Interest | 2.57 | 3.24 |
| Others | 375.34 | 363.56 |
| | 581.68 | 703.74 |

(₹ crore)

| | Year ended 31 st March, 2020 | Year ended 31 st March, 2019 |
|--|--|--|
|--|--|--|

40: OTHER EXPENSES

Consumption of stores & spares

| | | |
|--|----------------|----------------|
| Consumption | 4854.00 | 4429.88 |
| Less: Departmentally manufactured stores | 924.2 | 925.98 |
| Less: Finished products internally consumed as stores and spares | 494.22 | 526.62 |
| | 3435.58 | 2977.28 |

Repairs & maintenance

| | | |
|-------------------|----------------|----------------|
| Buildings | 191.50 | 204.40 |
| Plant & machinery | 1069.36 | 1003.92 |
| Others | 301.71 | 265.76 |
| | 1562.57 | 1474.08 |

Handling expenses

| | | |
|----------------|---------------|---------------|
| Raw material | 498.62 | 478.13 |
| Scrap recovery | 382.61 | 335.21 |
| | 881.23 | 813.34 |

Remuneration to auditors

| | | |
|------------------------|-------------|-------------|
| Audit fees | 1.94 | 2.12 |
| Tax audit fees | 0.54 | 0.64 |
| In other services | 1.25 | 1.30 |
| Out of pocket expenses | 0.64 | 0.84 |
| | 4.37 | 4.90 |

Provisions

| | | |
|------------------------------------|---------------|---------------|
| Doubtful debts, loans and advances | 76.12 | 65.12 |
| Investments | 5.22 | - |
| Stores, spares and sundries | 207.64 | 177.32 |
| | 288.98 | 242.44 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(₹ crore)

Year ended 31st
March, 2020Year ended 31st
March, 2019**40: OTHER EXPENSES (CONTD.)**

| | | |
|--|-----------------|-----------------|
| Power and fuel | 6191.55 | 6052.52 |
| Freight outward | 2211.07 | 2610.60 |
| Royalty and cess | 1900.98 | 2046.24 |
| Conversion charges | 210.59 | 306.43 |
| Excise duty on inter-plant transfer/internal consumption | 0.04 | 0.09 |
| Demurrage & wharfage | 38.63 | 49.79 |
| Water charges & cess on water pollution | 141.77 | 129.29 |
| Insurance | 52.66 | 27.52 |
| Postage, telegram & telephone | 15.30 | 19.62 |
| Printing & stationery | 10.45 | 8.94 |
| Rates & taxes | 34.33 | 46.24 |
| Rent | 16.69 | 82.50 |
| Security expenses | 657.67 | 591.71 |
| Travelling expenses | 113.24 | 159.98 |
| Expenditure on temporary suspended mines (refer note - 49.15) | 14.78 | 15.94 |
| Training expenses | 49.46 | 44.02 |
| Expenditure on corporate social responsibility (refer note - 49.9) | 27.56 | 31.18 |
| Foreign exchange fluctuations (net) | 245.04 | 163.56 |
| Loss on sale/scraping of fixed assets (net) | 49.43 | 45.27 |
| Cost audit fee and reimbursement of expenses | 0.12 | 0.09 |
| Write-offs - Miscellaneous | 0.06 | 0.10 |
| Handling expenses - finished goods | 169.80 | 174.25 |
| Commission to selling agents | 10.30 | 14.34 |
| Export sales expenses | 91.44 | 37.36 |
| Miscellaneous | 597.48 | 658.95 |
| | 19023.17 | 18828.57 |

41: EXCEPTIONAL ITEMS

| | | |
|---|---------------|---------------|
| Voluntary retirement compensation | - | 100.72 |
| COVID-19 impact (refer note - 49.16) | - | - |
| Raw Material | 37.83 | - |
| Finished/Semi-finished goods | 404.26 | - |
| Iron ore fines (sub-grade) | 329.67 | - |
| Entry Tax | - | 92.23 |
| Royalty Difference | - | 143.54 |
| Amortisation on stamp duty and registration charges | - | 52.91 |
| | 771.76 | 389.40 |

41A: EARNING PER SHARE

| | | |
|---|------------|------------|
| Profit for the year (₹ crore) | 2021.54 | 2178.82 |
| Number of equity shares | 4130525289 | 4130525289 |
| Earning per share - basic and diluted (₹) | 4.89 | 5.27 |
| Face value per equity share (₹) | 10.00 | 10.00 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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 st March 2020 | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|-------------|---------------|---------------|---------------|
| Financial assets | | | | |
| Financial instruments at FVTPL | | | | |
| Derivative financial assets | | 421.80 | | 421.80 |
| Investments at FVOCI | | | | |
| Equity instruments | | | | |
| Quoted | 5.06 | | | 5.06 |
| Unquoted | | | 131.31 | 131.31 |
| Total financial assets | 5.06 | 421.80 | 131.31 | 558.17 |
| Financial liabilities | | | | |
| Financial instruments at FVTPL | | | | |
| Derivative liability | | - | | - |
| Total financial liabilities | - | - | - | - |

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

(₹ crore)

| As at 31 st March, 2019 | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|--------------|---------------|---------------|---------------|
| Financial assets | | | | |
| Financial instruments at FVTPL | | | | |
| Derivative financial assets | | 172.29 | | 172.29 |
| Investments at FVOCI | | | | |
| Equity instruments | | | | |
| Quoted | 22.34 | | | 22.34 |
| Unquoted | | | 116.12 | 116.12 |
| Total financial assets | 22.34 | 172.29 | 116.12 | 310.75 |
| Financial liabilities | | | | |
| Financial instruments at FVTPL | | | | |
| Derivative liability | | 4.54 | | 4.54 |
| Total financial liabilities | - | 4.54 | - | 4.54 |

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

(₹ crore)

| | Level | As at 31 st March, 2020 | | As at 31 st March, 2019 | |
|------------------------------------|---------|------------------------------------|-----------------|------------------------------------|-----------------|
| | | Carrying value | Fair Value | Carrying value | Fair Value |
| Financial assets | | | | | |
| Loans | Level-3 | 714.26 | 843.81 | 617.22 | 630.80 |
| Derivative financial assets | Level-2 | 421.80 | 421.80 | 172.29 | 172.29 |
| Equity instruments | | | | | |
| Quoted | Level-1 | 5.06 | 5.06 | 22.34 | 22.34 |
| Unquoted | Level-3 | 131.31 | 131.31 | 116.12 | 116.12 |
| Total financial assets | | 1272.43 | 1401.98 | 927.97 | 941.55 |
| Financial liabilities | | | | | |
| Borrowings | Level-3 | 55626.30 | 55673.85 | 46829.65 | 47150.97 |
| Other payables | Level-3 | 10602.50 | 10657.62 | 10775.62 | 10817.79 |
| Derivative liability | Level-2 | - | - | 4.54 | 4.54 |
| Total financial liabilities | | 66228.80 | 66331.47 | 57609.81 | 57973.30 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

(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 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)

| Unlisted equity securities | |
|---|--------|
| As at 31 st March, 2018 | 59.99 |
| Gains/losses recognised in other comprehensive income | 56.13 |
| As at 31 st March, 2019 | 116.12 |
| Gains/losses recognised in other comprehensive income | 15.19 |
| As at 31 st March, 2020 | 131.31 |

43. FINANCIAL RISK MANAGEMENT

(i) Financial instruments by category

(₹ crore)

| Particulars | As at 31 st March, 2020 | | | As at 31 st March, 2019 | | |
|------------------------------|------------------------------------|---------------|-----------------|------------------------------------|---------------|-----------------|
| | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Investments | | | | | | |
| Equity instruments* | | 136.37 | | | 138.46 | |
| Trade receivables | | | 8812.39 | | | 4495.05 |
| Cash and cash equivalents | | | 153.43 | | | 34.59 |
| Other Bank Balances | | | 209.82 | | | 184.83 |
| Loans | | | 714.26 | | | 617.22 |
| Derivative financial assets | 421.80 | | | 172.29 | | |
| Other receivables | | | 2213.75 | | | 2247.00 |
| Total | 421.80 | 136.37 | 12103.65 | 172.29 | 138.46 | 7578.69 |
| Financial liabilities | | | | | | |
| Borrowings | | | 55626.30 | | | 46829.65 |
| Trade payable | | | 6327.04 | | | 7264.81 |
| Derivative Liability | - | | | 4.54 | | |
| Other payables | | | 10602.50 | | | 10775.62 |
| Total | - | - | 72555.84 | 4.54 | - | 64870.08 |

* 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 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 31st March, 2020

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 st March, 2020) | 0-3 months | 3-12 months | 12-24 months | 24-36 months | more than 36 months | Total |
|---|----------------|----------------|---------------|--------------|---------------------|----------------|
| Gross carrying amount | 5538.64 | 3040.40 | 143.94 | 79.54 | 225.27 | 9027.79 |
| Expected loss rate | 0.07% | 0.15% | 2.89% | 3.59% | 88.91% | 2.39% |
| Expected credit loss provision | 3.65 | 4.46 | 4.15 | 2.86 | 200.29 | 215.40 |
| Carrying amount of trade receivables (Net of impairment) | 5535.00 | 3035.95 | 139.78 | 76.68 | 24.98 | 8812.39 |

| Ageing (As at 31 st March, 2019) | 0-3 months | 3-12 months | 12-24 months | 24-36 months | more than 36 months | Total |
|---|----------------|---------------|---------------|--------------|---------------------|----------------|
| Gross carrying amount | 3770.89 | 572.15 | 124.52 | 43.46 | 182.29 | 4693.31 |
| Expected loss rate | 1.80% | 0.39% | 0.00% | 0.05% | 70.25% | 4.22% |
| Expected credit loss provision | 67.96 | 2.23 | 0.00 | 0.02 | 128.05 | 198.26 |
| Carrying amount of trade receivables (Net of impairment) | 3702.93 | 569.92 | 124.52 | 43.44 | 54.24 | 4495.05 |

Reconciliation of Expected credit loss provision

| Particulars | (₹ crore) |
|--|---------------|
| As at 31st March, 2018 | 190.02 |
| Changes in provision | 8.24 |
| As at 31st March, 2019 | 198.26 |
| Changes in provision | 17.14 |
| As at 31st March, 2020 | 215.40 |

Other financial assets measured at amortized cost

Company provides for expected credit losses on "loan 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 provide 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 31st March, 2020

(₹ crore)

| Contractual maturities of financial liabilities as at 31 st March, 2020 | Less than 1 year | 1-2 year | 2-3 year | More than 3 years | Total |
|--|------------------|----------------|----------------|-------------------|-----------------|
| Non-derivatives | | | | | |
| Borrowings | 20363.64 | 6270.55 | 6936.69 | 27650.84 | 61221.71 |
| Trade payable | 6320.38 | 0.17 | 0.65 | 14.50 | 6335.70 |
| Other payables | 8871.19 | 83.59 | 65.55 | 1044.15 | 10064.48 |
| Total | 35555.21 | 6354.31 | 7002.89 | 28709.49 | 77621.89 |
| Derivatives | | | | | |
| Derivative liability (net settled) | - | - | - | - | - |
| Total | - | - | - | - | - |

| Contractual maturities of financial liabilities as at 31 st March, 2019 | Less than 1 year | 1-2 year | 2-3 year | More than 3 years | Total |
|--|------------------|----------------|----------------|-------------------|-----------------|
| Non-derivatives | | | | | |
| Borrowings | 17626.05 | 4901.99 | 5955.80 | 27521.22 | 56005.06 |
| Trade payable | 7257.99 | 0.00 | 0.00 | 6.82 | 7264.81 |
| Other payables | 10611.18 | 111.29 | 104.45 | 1409.63 | 12236.55 |
| Total | 35495.22 | 5013.28 | 6060.25 | 28937.67 | 75506.42 |
| Derivatives | | | | | |
| Derivative liability | 4.54 | - | - | - | 4.54 |
| Total | 4.54 | - | - | - | 4.54 |

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 st March, 2020 | | As at 31 st March, 2019 | |
|--|------------------------------------|----------------|------------------------------------|---------------|
| | USD | Euro | USD | Euro |
| Financial assets | | | | |
| Trade receivables | 84.81 | - | 42.62 | - |
| Derivative financial assets (Gross amounts, to hedge borrowings) | 6.79 | - | - | - |
| Net exposure to foreign currency risk (assets) | 91.60 | - | 42.62 | - |
| Financial liabilities | | | | |
| Borrowings | 2625.19 | 363.54 | 2406.58 | 344.58 |
| Trade payable | 2517.26 | 470.35 | 3460.07 | 366.69 |
| Derivative Liability | - | - | 4.54 | - |
| Other payables | 33.13 | 175.59 | 20.34 | 191.77 |
| Net exposure to foreign currency risk (liabilities) | 5175.58 | 1009.48 | 5891.53 | 903.04 |

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 +/- 5.45% change of the INR/USD exchange rate for the year ended at 31 March, 2020 (2019: 6.82%). A +/- 7.57% change is considered for the INR/EUR exchange rate (2019: 7.26%). 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 31st March, 2020

(₹ crore)

| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
|--|------------------------------------|------------------------------------|
| USD sensitivity | | |
| INR/USD- increase by 5.45% (31 March 2020) | 282.07 | |
| INR/USD- decrease by 5.45% (31 March 2020) | (282.07) | |
| INR/USD- increase by 6.82% (31 March 2019) | | 398.90 |
| INR/USD- decrease by 6.82% (31 March 2019) | | (398.90) |
| Euro sensitivity | | |
| INR/EUR- increase by 7.57% (31 March 2020) | 76.42 | |
| INR/EUR- decrease by 7.57% (31 March 2020) | (76.42) | |
| INR/EUR- increase by 7.26% (31 March 2019) | | 65.56 |
| INR/EUR- decrease by 7.26% (31 March 2019) | | (65.56) |

b) Interest rate risk

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Long term borrowings are therefore usually at fixed rates. At 31st March, 2020, 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% (2019: +/- 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 31st March, 2020, 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 st March, 2020 | As at 31 st March, 2019 |
|---|------------------------------------|------------------------------------|
| Variable rate borrowing (excluding exposures offset by derivatives) | - | - |
| Fixed rate borrowing | 55626.30 | 46829.65 |
| Total borrowings | 55626.30 | 46829.65 |

Sensitivity

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

(₹ crore)

| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---|------------------------------------|------------------------------------|
| Interest sensitivity | | |
| Interest rates-increase by 100 basis points | 556.26 | 468.30 |
| Interest rates-decrease by 100 basis points | (556.26) | (468.30) |

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 rates.

Interest rate risk exposure

Below is the overall exposure of the financial assets:

(₹ crore)

| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
|-------------------------------|------------------------------------|------------------------------------|
| Variable rate deposits/ loans | - | - |
| Fixed rate deposits/ loans | 924.08 | 802.05 |
| Total deposits | 924.08 | 802.05 |

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 31st March, 2020

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 st March, 2020 | As at 31 st March, 2019 |
|---|------------------------------------|------------------------------------|
| Net debts | 55263.05 | 46610.23 |
| Total equity | 39777.38 | 38151.57 |
| Net debt to equity ratio | 1.39 | 1.22 |
| Dividends | | |
| (i) Equity shares | | |
| Final dividend for the year ended 31 st March, 2020 @ nil on the paid up share capital | nil | 206.53 |
| (ii) Dividends not recognised at the end of the reporting period | nil | 206.53 |

45: DETAILS OF ASSETS PLEDGED

(₹ crore)

| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
|--|------------------------------------|------------------------------------|
| Current | | |
| Inventories and trade receivables (to the extent pledged) | 4112.33 | 3490.26 |
| Non Current | | |
| Immovable property at Mouje-Wadej of city taluka, District Ahemadabad, Gujarat and Plant & Machinery - DSP including land on which it stands | 120.00 | 134.00 |
| Plant & Machinery (movable assets) - BSL, BSP & RSP (to the extent pledged) | 25860.50 | 21072.57 |
| Land at Mouje-Wadej of city taluka, District Ahemadabad, Gujarat and Plant & Machinery - ISP including land on which it stands | 6184.00 | 7726.00 |

46: EFFECTIVE TAX RECONCILIATION

(₹ crore)

| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---|------------------------------------|------------------------------------|
| Profit/(loss) before tax | 3,170.66 | 3,337.89 |
| Domestic tax rate for PFS | 34.944% | 34.944% |
| Expected tax expense [A] | 1,107.96 | 1,166.39 |
| Adjustment for tax-exempt income/ non-deductible expenses | (15.11) | 0.74 |
| Adjustment for difference tax rate items | (0.01) | (0.44) |
| Tax incentive on specific expenditure | (12.20) | (12.46) |
| Tax related to earlier years | 66.00 | 4.84 |
| Others | 2.48 | - |
| Total adjustments [B] | 41.16 | (7.32) |
| Actual tax expense [C=A+B] | 1,149.12 | 1,159.07 |
| Tax expense comprises: | | |
| Current tax expense | 224.14 | - |
| Deferred tax credit | 1,139.73 | 1,159.07 |
| MAT credit | (214.75) | - |
| Tax expense recognized in Statement of profit and loss [D] | 1,149.12 | 1,159.07 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

47.1 CONTINGENT LIABILITIES

(₹ crore)

| | As at 31 st March, 2020 | As at 31 st March, 2019 |
|--|------------------------------------|------------------------------------|
| (i) Claims against the Company pending appellate/judicial decisions : | | |
| a) Excise Duty | 5134.58 | 5080.94 |
| b) Sales Tax on inter-state stock transfers from plants to stockyards*. | 744.71 | 740.68 |
| c) Other sales tax matters | 742.27 | 591.38 |
| d) Income Tax | 903.76 | 972.39 |
| e) Other duties, cess and levies | 8063.93 | 7226.47 |
| f) Civil matters ** | 4614.82 | 3949.52 |
| g) Entry Tax | 2068.44 | 2038.21 |
| h) Miscellaneous ** | 7571.38 | 3653.27 |
| * No liability is expected to arise, as sales tax has been paid on eventual sales. ** includes claims of ₹13.65 crore (as at 31 st March, 2019 ₹26.72 crore), against which there are counter-claims of ₹9.52 crore (as at 31 st March, 2019 ₹23.26 crore). | | |
| (ii) Other claims against the Company not acknowledged as debt: | | |
| a) Sales Tax | 106.02 | 106.53 |
| b) Duties, cess and levies | 310.22 | 288.51 |
| c) Civil Matters | 134.28 | 116.64 |
| d) Miscellaneous * | 4412.69 | 2886.45 |
| * includes claims of ₹89.15 crore (as at 31 st March, 2019 ₹53.79 crore, against which there are counter-claims of ₹94.98 crore (as at 31 st March, 2019 ₹28.78 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. | 42.91 | 36.35 |
| (iv) Bills drawn on customers and discounted with banks. | 84.86 | 189.01 |
| (v) Price escalation claims by contractors/suppliers and claims by employees. | 361.98 | 401.96 |

- 47.2 a)**
- The Nine Judges Constitutional Bench of Hon'ble Supreme Court, vide its judgment dated 11.11.2016, has upheld the constitutional validity of levy of Entry Tax Acts enacted by various States and has laid down principles/tests for consideration for deciding the specific issues related to levy of Entry Tax. As on 31st March, 2020, the matters are pending before Regular Benches of Hon'ble Supreme Court/Jurisdictional High Courts/assigned authorities in this regard. Pending decisions by the regular Benches of other Courts on levy of Entry Tax in the States of Chhattisgarh, Odisha and Jharkhand, the Entry Tax demands under dispute of ₹1092.28 crore, ₹241.00 crore and ₹40.14 crore respectively upto 31st March, 2020 aggregating to ₹1373.42 crore (previous year ₹1092.28 crore, ₹241.00 crore and ₹5.15 crore respectively aggregating to ₹1338.43 crore upto 31st March, 2019) have been treated as contingent liabilities.
 - The West Bengal Finance Act, 2017 has included WB Entry Tax in the jurisdiction of West Bengal Taxation Tribunal. Further, Hon'ble Calcutta High Court, vide its Order dated 15.06.2018, transmitted the Writ Petition of DSP, ISP, ASP and SAIL Growth Works, Kulti on Entry Tax to the West Bengal Taxation Tribunal. Pending decision by West Bengal Taxation Tribunal, the disputed Entry Tax demands amounting to ₹294.93 crore (upto 31st March, 2019 ₹209.52 crore) 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 18th 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. Further, in respect of the civil appeal filed by Damodar Valley Corporation (DVC) pertaining to tariff of Financial Year 2004-05 to 2008-09 against the order of the Appellate Tribunal for Electricity (APTEL), the Hon'ble Supreme Court of India dismissed the appeal vide its Order dated 3rd December, 2018 which can also have effect on future tariff orders in view of consideration of certain parameters for fixation of tariff. Accordingly, State Electricity Regulatory Commission (SERC) will finalise the retail tariff as directed by APTEL, the financial implication of which can only be ascertained after the Tariff fixation by SERC. For the State of Jharkhand where the dispute of ₹587.72 arises, DVC has not filed its retail tariff petition before the Jharkhand State Electricity Commission on a plea that the issue of 'True-up value' and other related issues are still pending before the Id.APTEL in Appeal No.163/2017. But Pending fixation of such Electricity Tariffs, disputed demands of DVC of ₹587.72 crore upto 31st March, 2020 (upto 31st March, 2019, ₹587.72 crore) has been treated 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 retained as advance. Further from 1st April, 2017 onwards full invoice value is being paid and charged to revenue.
- 47.3** Under the Jharkhand Mineral Area Development Authority (Amendment) Act, 2015, the State Government of Jharkhand has made a demand of ₹4028.18 crore upto 31st March, 2020 (upto 31st March, 2019 ₹3701.48 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** 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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

47.5 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. 13th January, 2017 and 14th 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. 1st April, 2016 to 31st 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.

47.6 The Ministry of Environment & Forest and Climate Change (MoEF& CC) vide their letter No.- 11-599/2014-FC dated 1st 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.

A writ petition has also been filed in the Hon'ble high Court of Chhattisgarh against the demand of ₹96.28 crore received during 2017-18 from the Office of Principal Chief Conservator of Forest, Chhattisgarh.

The Company has deposited ₹96.28 crore with Principal Chief Conservator of Forest, Chhattisgarh and a Special Leave Petition has been filed in Hon'ble Supreme Court of India against the order of Hon'ble High Court of Chhattisgarh.

47.7 Pursuant to the Hon'ble Supreme Court Judgment dated 2nd 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.

(a) As the matter is pending for final determination and considering the implication of existing litigation, the Company has provided as detailed below:

(i) In respect of Iron Ore, by the Government of Odisha and Government of Jharkhand amounting to ₹278.94crore and ₹2057.97crore (₹245.89 crore and ₹1768.42 crore as on 31st March 2019) respectively (including interest). Based on internal assessment, the Company has provided an amount of ₹363.58 crore (₹15.06 crore during the year) on estimated basis. Balance amount of ₹1973.33crore (including interest) has been treated as contingent liability in Note No. 47.1(i)(h).

(ii) In respect of Limestone, by the Government of Jharkhand amounting to ₹29.47crore (including interest) (₹24.88 crore as on 31st March 2019). Based on internal assessment, the Company has provided an amount of ₹10.56crore (₹1.65crore during the Year) on estimated basis. Balance amount of ₹18.91crore (including interest) has been treated as contingent liability in Note No. 47.1(i)(h) above.

(b) In respect of Coal, by the Government of Jharkhand amounting to ₹515.08crore (including interest) (₹434.81 crore as on 31st March 2019), 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 ₹515.08crore (including interest) has been treated as Contingent Liability in Note No. 47.1(i)(h) above.

47.8 a) M/s Tata Projects Limited (TPL) & M/s Danieli Corus BV (DC)(in consortium) have filed a case before Arbitral Tribunal in International Chamber of Commerce vide case No-22326/PTA against SAIL/Rourkela Steel Plant for resolution of dispute arising out of contract No. P/PROJ/643(10)/79001/08049126 dated 01.10.2008. Arbitral Tribunal has awarded a sum of ₹626.02 crores on 16-May-2018 against SAIL/Rourkela Steel Plant.

Against the award, the management has filed an appeal before Hon'ble High Court at Delhi which has been admitted. Pending disposal of appeal, management has deposited ₹300 Crores. The sum of ₹834.53crores (including interest) has been disclosed under contingent liability in Note No. 42.1(ii)(c) above.

b) M/s JSC Cryogenmash have filed a case before Arbitral Tribunal in International Chamber of Commerce against SAIL/Bhilai Steel Plant for resolution of dispute arising out of contract. Arbitral Tribunal has awarded a sum of ₹106.92 crores on 20.07.2018 against SAIL / Bhilai Steel plant.

Against the award, the management has filed an appeal before Hon'ble High Court at Delhi which has been admitted. Pending disposal of appeal, the sum of ₹113.95crore (including interest) has been disclosed under contingent liability in Note no 47.1(ii) (d) above.

47.9 Land measuring 5.545 acres was allotted to DVC for 30 years w.e.f. 12.07.1966 on long term lease basis. The Land was given to DVC for setting up of Electrical sub-station for ensuring supply of power for the benefit of ASP. There was no lease agreement for the subsequent period, i.e., w.e.f. 13/07/1996. In absence of any agreement, the dues receivables for the said period, could not be ascertained with reasonable certainty. The same will be accounted for in the year of settlement.

47.10 Consequent to the order of Hon'bleOdisha High Court, company's claim towards renewal of lease [total area of 2599.54 acre disclosed under Note No. 4.(ii) (b)], of land at Horomoto stands rejected, except surface area of 222.54 acre for which State Govt has been directed to consider as per provisions of Law.

47.11 An award arising out of the Arbitration between M/S. Goyal Mg Gases Pvt. Ltd. (Claimant) And SAIL/Alloy Steels Plant, Durgapur (Respondent) seeking claim of ₹116.86 Crore, has been received on 22.05.2020, vide SCOPE, New Delhi letter dated 18.05.2020.

By the aforesaid award the Tribunal allowed claim no. 1 and 2 of the Claimant w.r.t. differential amount pertaining to transportation charges of Argon from DSP BOO Plant to ASP based upon market rate claimed by the Claimant and refund of withheld/ deducted amount by ASP from the bills of the Claimant on account of merchant market sale of Oxygen, Nitrogen and Argon respectively along with applicable interest thereon out of the total claimed amount.

SAIL ASP is in process of taking further steps for filing a petition for setting aside the award under Section 34 of the Arbitration and Conciliation Act 1996 (the Act) before the District Court/ Commercial Court, as the issues pertain to patent illegality committed by the Tribunal while giving the award.

In view of above and based on the amount quantified by the tribunal, the net disputed liability of ₹5.62 crore as on 31st March 2020, including interest, has been booked under Contingent Liability in Note No. 47.1(i)(b) above.

48.1 Estimated amount of contracts remaining to be executed and not provided for (net of advances) are:

(₹ crore)

| Particulars | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---------------------|------------------------------------|------------------------------------|
| Capital commitments | 5368.33 | 7031.26 |
| Other commitments | 4421.19 | 2026.68 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

- 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 31st March, 2020 are as under:

| No. | Description | As at 31 st March, 2020 | As at 31 st March, 2019 |
|------|---|------------------------------------|------------------------------------|
| i. | The principal amount remaining unpaid to suppliers as at the end of the Year. | 47.99 | 67.45 |
| 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 Year, 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. | - | - |
| | | For the Year ended | |
| | | 31st March, 2020 | 31st March, 2019 |
| 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 Company has a stock of 42.98 million tonnes (estimated in previous year at 41.52 million tonnes) of sub grade iron ore fines at various mines of the Company. The low Iron content of these Fines made them unsuitable for consumption in the Steel Plants of the company. Moreover, the Government of India, vide notification dated 19th September, 2012 prevented all captive miners (including the Company) from selling these sub-grade fines in the market. Since these materials could neither be consumed nor sold, they had no economic value, and therefore, no costs were assigned to these sub-grade fines till 2018-19 and considered as Inventory with NIL value.

In exercise of the powers conferred under Section 20A of the MMDR Act, 1957, the Ministry of Mines, Government of India, vide its order no. F.No.16/30/2019-M.VI dated 16th September, 2019 directed the concerned State Governments to allow the sale of sub-grade minerals lying at the captive mines of the Company, subject to ascertainment by the State Governments in consultation with the Indian Bureau of Mines, of the usability of such fines in the steel plant. Subsequently, by a clarification dated 4th January, 2020, Ministry of Mines has removed the condition of certification of usability.

On a clarification sought by the Company on the powers of the State Government in this matter, the Additional Solicitor General of India vide opinion dated 19th May, 2020, has opined that the above notification has been issued u/s 20A (2)(v) of the MMDR Act. The matter is under the Union List of Schedule VII of the Constitution and the power to issue directives vests entirely with the Central Government. It was specifically mentioned in the opinion that the State Governments have no power to deny SAIL the right to sell the fines.

Further, the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), on a query made by the Company has opined vide their communication dated 6th June, 2020 that the accumulated sub-grade fines should be regarded as immaterial by-product and valued as inventory at Net Realizable Value as per Ind AS 2 (Inventories). Also, the increase in the carrying amount of such inventories due to the notification of the Central Government permitting sale should be recognized in the Statement of Profit and Loss as change in accounting estimates in accordance with the requirements of Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

The Company took steps for quantitative verification of SGFs at each of the mines and carried out qualitative analysis (including gradation) for Fe content during the last quarter of current Financial Year.

Based on the aforesaid Order of the Central Government, Opinion of the Additional Solicitor General of India and the Opinion of the Expert Advisory Committee (EAC) of ICAI, the Company as at 31st March, 2020 has valued the Inventory of sub-grade fines of 42.98 million tonnes at Net Realisable Value (NRV) [net of write down due to Covid-19 impact – ₹329.67 crore considered as exceptional item – (Refer note no. 49.16)] amounting to ₹3791.18 crore by disclosing the same as a separate line item in the Financial Statements for the year ended on 31st March 2020.

- 48.5** The Company does not have taxable income in view of brought forward losses, unabsorbed depreciation and other reliefs available under the Income Tax Act, 1961 ('the Act').

Pursuant to introduction of Section 115BAA under the Taxation Laws (Amendment) Act, 2019, Company has an irreversible option of shifting to a lower tax rate along with consequent reduction in certain tax incentives including lapse of the accumulated MAT credit and carry forward of additional depreciation. The Company has not yet exercised this option and continues to recognize the taxes on income for the quarter and current year ended 31st March, 2020 as per the earlier provisions.

- 49.1** In accordance with Ind AS 115- Revenue from Contracts with Customers', GST amount of ₹9929.08crore (Previous Year: ₹10678.01 crore) is not included in Revenue from Operations.

- 49.2** Sales include sale to Government Agencies recognized on provisional contract prices during the Year ended 31st March, 2020: ₹7634.55crore (Previous Year: ₹5012.76crore) and cumulatively up to 31st March, 2020 : ₹8074.36crore (upto Previous Year : ₹17252.66crore).

- 49.3** The prices of Rails supplied by the Company to Indian Railways during the period 2015-16 2018-19 were finalized during the current year. As a result, the differential amount of ₹1411.36 crores has been recognized as revenue from operations during the year.

- 49.4** The Company has an accumulated stock of non-granulated Blast Furnace Slag and LD Slag generated in the Blast Furnaces and LD Converters. These slags contain some element of Iron and Steel scrap which are routinely extracted, and either consumed in the Company or sold. Since the embedded scrap has economic value, the estimated stock of scrap as on 31st March-20, was assessed and valued, based on a detailed survey and technical analysis conducted by the Company, as follows:

- (i) Iron and Steel scrap embedded in various slag dumps at Rourkela and Bokaro Steel Plants have been valued on estimated basis at ₹51.67 crore and ₹204.41 crore respectively and Granulated HMnO Slag & HMnO Slag fines at Chandrapur Ferro Alloy Plant have been valued at ₹32.35 crore, aggregating to ₹288.43 crore (previous year: nil) and considered as part of inventories during the current financial year.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

- (ii) Iron and Steel scrap embedded in slag generated during the year at Durgapur Steel Plants have been valued on estimated basis at ₹16.74 crore and considered as part of inventory during the current financial year.
- (iii) The Slag Dump between the Railway Tracks 4A & 4B of Bhilai Steel Plant was a live dump area where hot slag was being unloaded till 15th March, 2020. As railway tracks were in operation for slag dumping, it was impossible to access the slag and extract the scrap from it. During the financial year 2019-20, loop 4A and 4B was disconnected and declared abandoned due to safety concern of electrical tower on the side of line 4A and curvature of loop 4A-4B becoming very sharp. As a result further dumping of slag was stopped. The railway track was also dismantled, thereby making the Dump accessible for recovery of scrap. Since, the access to the Slag Dump became possible during the year, due to the events that occurred during year (namely abandonment and dismantling of railway track), Iron and Steel scrap embedded in slag dumps at Bhilai Steel Plant have been valued on estimated basis at ₹410.51 crore based on detailed survey and technical analysis conducted by Company (Previous Year : Nil).

49.5 Based on installation of Slime Beneficiation Plant at Dalli Mechanised Mines on BOO basis, 'Grant of Consent' to Operate dated 8th November, 2019 received from the Chhattisgarh Environment Conservation Board and captive consumption of beneficiated material, Bhilai Steel Plant has valued inventory of 5.60 million tonne of Slime containing the iron ore fines at ₹234.92 crore (previous year: ₹nil) during the current financial year.

49.6 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. 1st January, 2007 and 3% of Salary w.e.f. 1st April, 2015. Further, pension benefit for non-executive employees has been provided @ 6% of Salary w.e.f. 1st January, 2012 and 2% of Salary w.e.f. 1st April, 2015.

Pension Scheme was approved in the Meeting of the Board of Directors held on 9th February, 2017 with modification that from the Financial Year 2015-16 and onwards, the contribution towards Pension shall be measured, as a percentage of Profit Before Tax (PBT) to average Net-worth. If the percentage of PBT to average Net-worth is 8% or above, amount of Pension contribution shall be limited to 9% of Basic Pay plus DA for Executives and 6% of Basic Pay plus DA for Non-executive, else the amount of contribution towards Pension will be reduced proportionately. However, a minimum Pension contribution shall be kept at the rate of 3% and 2% of Basic Pay plus DA for Executive and Non-Executive employees respectively even in case of loss during a Financial Year. Since the profit earned by the Company during the Financial Year ended 31st March, 2020 is more than 8% of average Net-worth, provision for Other Benefits (including pension) has been made @ 9% and 6% (of Basic Pay plus DA) w.e.f. 1st April 2019 for Executive and Non-executive employees respectively.

The cumulative provision/liability towards Other Benefits (including pension) for Executive and Non-executive employees, amounting to ₹2662.63 crore (₹334.75 crore during the year) and ₹49.92 crore (₹3.67 crore during the year) has been charged to Employee Benefits Expense' and Expenditure during Construction' respectively. An amount of ₹50.00 crore has been transferred to Pension Fund during the Year. Further, an amount of ₹17.88 crore has been paid to retired employees during the year.

49.7 The research and development expenditure charged to Statement of Profit and Loss and allocated to Fixed Assets/Capital work-in-progress (Net), during the year, amount to ₹274.36 crore (₹305.09 crore) and ₹18.44 crore (₹14.77 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 st March, 2020 | 31 st March, 2019 |
| Raw Materials | 121.12 | 144.76 |
| Employees Benefits Expense | 66.26 | 64.81 |
| Stores & Spares Consumed | 12.11 | 12.46 |
| Power & Fuel | 26.10 | 23.37 |
| Repairs & Maintenance | 4.10 | 3.98 |
| Depreciation and Amortisation Expense | 6.84 | 7.69 |
| Other Expenses | 35.53 | 42.96 |
| Finance Cost | 2.30 | 5.06 |
| Total | 274.36 | 305.09 |

49.8 The Company considers the assets of one entire plant as Cash Generating Unit (CGU). The Company has internally reviewed whether there are any indicators that the carrying amount of its assets of CGUs may be impaired on each balance sheet date. If any such indicators exist, the asset recoverable amount is estimated as higher of the net selling price and the value in use. Value in use is based on present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amounts of assets of a CGU exceed the asset recoverable amount. Further to the internal assessment, the Company also determines net selling price of the assets of CGU, in which any such indication exists, once every three years by an independent expert.

Based on the internal assessment done by the Company at its different CGUs as per the accounting policy of the Company, no impairment loss is required to be provided.

49.9 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 2019-20.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

However, against the budgeted amount of ₹33.00crore (previous Year ₹30.00crore), the Company has spent an amount of ₹27.56crore (previous Year ₹31.18crore) on CSR activities during the Financial Year 2019-20 under the following heads:

(₹ crore)

| Particulars | For the Year ended | |
|---------------------------------------|------------------------------|------------------------------|
| | 31 st March, 2020 | 31 st March, 2019 |
| Education | 8.83 | 12.03 |
| Healthcare | 8.10 | 4.84 |
| Livelihood Generation | 1.33 | 2.71 |
| Women Empowerment | 0.51 | 0.47 |
| Drinking Water | 0.47 | 0.03 |
| Sanitation | 0.28 | 0.73 |
| Sports | 1.24 | 0.79 |
| Art & Culture | 3.52 | 5.39 |
| Rural Development | 1.56 | 1.84 |
| Social Security | 0.33 | 0.35 |
| Environment Sustainability | 1.05 | 1.62 |
| Project Identification and Monitoring | 0.05 | 0.03 |
| Capacity Building of Personnel | 0.29 | 0.36 |
| Total | 27.56 | 31.18 |

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

49.10 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) |
|---------|--|--|
| 2019-20 | 0.00 | 0.43 |
| 2018-19 | 1.47 | 1.02 |
| 2017-18 | 1.33 | 2.61 |

49.11 Central Government grant of ₹250.53 Crore (Rupees Two Hundred Fifty Crore Fifty three Lakh only) has been received up to 31.03.2020 against sanctioned budgetary provision of ₹295.79 crore for the purpose of upgradation of Ispat General Hospital, Rourkela to a Super Speciality Hospital and has been presented as a line item in the Balance Sheet under the head "Other Liabilities- Deferred Income".

49.12 Information on leases as per Indian Accounting Standards (Ind AS) 116 on "Leases":

(i) The Company has leases for Land, office building, Plant & Equipment, warehouses & related facilities and vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its Property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

Right of Use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

(₹ crore)

| Particulars | Leasehold Land | Plant and equipment | Vehicles | Buildings | Right of Use assets Total |
|-----------------------------|----------------|---------------------|--------------|--------------|---------------------------|
| As at April 1, 2019 | 893.22 | 1,032.34 | 14.69 | 14.46 | 1,955 |
| Additions | 20.10 | 479.63 | 0.66 | 4.18 | 505 |
| Adjustments/Disposals | (43.58) | - | - | (0.01) | (43.59) |
| Depreciation expense | (60.95) | (140.84) | (3.69) | (5.12) | (210.6) |
| As at March 31, 2020 | 808.79 | 1,371.13 | 11.66 | 13.51 | 2,205.08 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period.

(₹ crore)

| Particulars | Lease liabilities |
|-----------------------------|-------------------|
| As at April 1, 2019 | 1,799.01 |
| Additions | 484.47 |
| Interest accrued | 212.32 |
| Payments | (311.75) |
| Adjustments | (0.01) |
| As at March 31, 2020 | 2,184.04 |
| Current | 323.83 |
| Non Current | 1,860.21 |

a. Lease payments not included in measurement of lease liability

The expenses relating to payments not included in the measurement of the lease liability are as follows:

(₹ crore)

| Particulars | 31st March, 2020 |
|----------------------------|------------------|
| Short-term leases | 1.85 |
| Leases of low value assets | - |
| Variable lease payments | 37.60 |
| Others | 0.03 |

b. Total cash outflow for leases for the year ended 31st March, 2020 are ₹1278.18 crore.

c. The Company has total commitment for short-term leases of ₹NIL crores at 31st March, 2020.

d. Maturity of lease liabilities

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

(₹ crore)

| Particulars | Minimum lease payments due as at 31 March 2020 | | | |
|---------------------------|--|---------------|-------------------|-----------------|
| | Within 1 year | 1-5 years | More than 5 years | Total |
| Lease payments | 352.77 | 1,138.96 | 2,293.49 | 3,785.22 |
| Interest expense | (138.69) | (472.03) | (990.45) | (1,601.17) |
| Net present values | 214.08 | 666.93 | 1,303.04 | 2,184.05 |

e. Variable lease payments are expensed in the period they are incurred. Expected future cash outflow as at 31st March, 2020 is ₹NIL.

f. Information about extension and termination options :

| Right of use assets | Number of leases | Range of remaining term | Average remaining lease term | Number of leases with extension option | Number of leases With termination option |
|---------------------|------------------|-------------------------|------------------------------|--|--|
| Leasehold Land | 53 | 0.08 - 90 | 27.70 | 43 | 34 |
| Plant and equipment | 9 | 0.12 - 15.01 | 5.78 | 5 | 1 |
| Vehicles | 15 | 0.01 - 9.05 | 3.72 | - | 7 |
| Buildings | 20 | 0.08 - 49.79 | 5.39 | 14 | 18 |

g. The total future cash outflows as at 31st March, 2020 for leases that had not yet commenced is of ₹NIL crore (office premises).

h. Impact on transition

- Effective from 1st April, 2019, the Company has adopted Ind AS 116 "Leases" and applied modified retrospective approach to all lease contracts existing as at 1st April, 2019. On transition, the adoption of new standard resulted in recognition of lease liability of ₹339.36 crore and corresponding right of use asset of ₹290.23 crore. Accordingly, comparatives for the year ended 31st March, 2019 have not been restated.
- For contracts in place as at 1st April, 2019, the Company has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.
- The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of Ind AS 116, being 1st April, 2019.
- Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Company has applied the optional exemptions not to recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining leaseterm.
- For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application, at the same amounts as under Ind AS 17 immediately before the date of initial application of Ind AS 116.
- The Company has benefited from the use of hind sight for determining the lease term when considering options to extend and terminate leases.
- On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised is 8.75%.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

- (ix) The following is a reconciliation of total operating lease commitments at 31st March, 2019 (as disclosed in the Financial Statements for the year ended 31st March, 2019) to the lease liabilities recognised at 1 April 2019 :

| Particulars | ₹ in crore |
|--|-----------------|
| Operating lease commitments disclosed as at 31 March 2019 Adjustment: | - |
| Correction in amount of operating commitment disclosed as at 31 March 2019 | 517.56 |
| Total Operating lease commitments disclosed as at 31 March 2019 | 517.56 |
| Weighted average incremental borrowing rate as at 1 April 2019 | 8.75% |
| Discounted operating lease commitments as at 1 April 2019 | 341.24 |
| Less: Recognition exemptions : | |
| Commitments relating to leases of low- value assets | - |
| Commitments relating to short-term leases | (1.85) |
| Other adjustments relating to lease commitment disclosures | (0.03) |
| Add: | |
| Commitments relating to leases previously classified as finance leases under Ind AS 17 | 1,459.65 |
| Total lease liabilities recognised under Ind AS 116 at 1 April 2019 | 1,799.01 |

Company as a lessor

Operating lease as a lessor

The Company has entered into lease agreements for spaces such as banks, housing societies, hospitals, mobile towers land plots and employee quarters/flats spaces, etc. The period for such leases ranges from 11 months to 50 years depending upon terms and conditions of each lease arrangements.

Future minimum lease payments receivable under the operating lease is as below:

(₹ crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| (a) Not Later than one year | 23.83 | 24.33 |
| (b) Later than one year and not later than five years | 58.37 | 60.50 |
| (c) Later than five years | 105.86 | 93.29 |
| Total | 188.06 | 178.12 |

Total operating lease rental income recognised in the statement of profit and loss was during the year ended March 31, 2020 is ₹11.49 Crores (March 31, 2019: ₹10.85 Crores).

Finance lease as a lessor

The Company has freehold land which has been leased to various parties under finance lease arrangements.

Future minimum lease payments receivable under the finance lease is as below:

(₹ crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|----------------------|----------------------|
| (a) Not Later than one year | 0.62 | 0.62 |
| (b) Later than one year and not later than five years | 0.34 | 0.36 |
| (c) Later than five years | 2.40 | 2.50 |
| Total undiscounted lease payments | 3.36 | 3.48 |
| Unearned finance income | 3.36 | 2.40 |
| Net investment in lease | - | 1.08 |

Total finance lease rental income recognised in the statement of profit and loss was during the year ended March 31, 2020 is ₹0.50 Crores (March 31, 2019: ₹0.51 Crores).

- (II) In the comparative period under Ind AS 17 – ‘Leases’, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequently, the assets were accounted for in accordance with the accounting policy applicable to those assets.

Assets held under other leases were classified as operating leases and were not recognised in the Company’s statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(III) 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. There is no change in treatment under Ind AS 116 – Leases.

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. There is no change in treatment under Ind AS 116 – Leases.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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. There is no change in treatment under Ind AS 116 – Leases.

- 49.13** 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 recognised as income during the Year amounting to ₹36.34crore (till date ₹93.09crore). As per the opinion of Expert Advisory Committee of The Institute of Chartered Accountants of India, 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.
- 49.14** The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 27th October, 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. In line with the "in-principle" approval of Government of India, SAIL Board in its meeting held on 9th February, 2017, approved the Strategic Disinvestment of ASP, VISP and SSP. The Company appointed various Advisors to carry out the process. The entire process of Strategic Disinvestment is being overseen by an Inter-Ministerial Group (IMG). The IMG is chaired by Secretary (DIPAM) and co-chaired by Secretary (Steel). Preliminary Information Memorandum (PIM)/Expression of Interest of ASP, SSP and VISP have been issued on 4th July, 2019. The Transaction Advisor has informed that in case of ASP, no EOIs were received from prospective bidders till the scheduled date. The EOIs of SSP and VISP were opened on 10th September, 2019. Transaction Advisor, under the guidance of IMG, is evaluating the EOIs received.
- 49.15** 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 Financial Year 2019-20 excluding depreciation, of ₹14.78 crore (Previous Year ₹15.94 crore) has been included under Note No.40 'Other Expenses' in Statement of Profit and Loss (refer Note No 40). Head wise bifurcation is as under:

(₹ crore)

| Account Head | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Salary and Wages | 5.39 | 6.94 |
| Stores and Spares | 0.06 | 0.04 |
| Power purchased | 1.75 | 0.85 |
| Repairs and Maintenance | 0.44 | 0.35 |
| Miscellaneous Expenses and Provisions | 7.82 | 8.70 |
| Total Expenditure | 15.46 | 16.88 |
| Less: Income | 0.68 | 0.94 |
| Net Expenditure | 14.78 | 15.94 |

- 49.16** Estimation of uncertainties relating to the global health pandemic from COVID-19 :

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of current and noncurrent assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information. The Company has reviewed the impact of COVID-19 and expects the carrying amount of these assets will be recovered.

However, Exceptional items for the year and quarter ended 31st March, 2020 include the write down of ₹404.26 crore, ₹37.83 crore and ₹329.67 crore relating to Inventory of Finished/Semi finished goods, Inventory of Raw Material and Inventory of Sub grade Iron ore fines respectively. As per the Company's current assessment, other than the write down recorded, no significant impact on carrying amounts of property, plant and equipment, right-of-use assets, inventories intangible assets, trade receivables, investments and other financial assets is expected and it continues to monitor changes in future economic conditions. It has also been observed that the Company has adequate resources to continue operating for the foreseeable future and that the going concern basis for the preparation of its financial statements is appropriate.

The impact of COVID-19 on the Plant's/Unit's financial statements may differ from that estimated as at the date of these financial statements in view of uncertain situation.

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 was 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.

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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. | 6018.40 (6339.98) | 2968.59 (2785.70) | 937.04 (963.66) | 133.52 (116.66) | 21.29 (22.95) |
| ii) | Service Cost | 276.77 (274.04) | 566.71 (71.21) | - (-) | - (-) | 0.55 (1.16) |
| iii) | Interest Cost | 376.21 (447.86) | 187.86 (198.85) | 57.45 (67.92) | 8.58 (8.51) | 1.32 (1.62) |
| iv) | Actuarial Gains(-) / Losses(+) | 9.38 (-306.28) | -473.93 (181.63) | 193.64 (21.62) | -31.22 (14.78) | -1.92 (-1.67) |
| v) | Past Service Cost | - (-) | - (-) | - (-) | - (-) | - (-) |
| vi) | Benefits Paid | 636.20 (737.19) | 244.21 (268.81) | 133.08 (116.14) | 7.49 (6.43) | 2.44 (2.78) |
| vii) | Present Value of projected benefit obligations as at the end of the year. (i+ii+iii+iv+v-vi) | 6044.55 (6018.40) | 3005.03 (2968.58) | 1055.03 (937.06) | 103.40 (133.52) | 18.79 (21.27) |

(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)

| S I . No. | Particulars | 2019-20 | 2018-19 |
|-----------|---|----------------|----------------|
| i) | Fair Value of plan assets as at the beginning of the year | 6277.42 | 6308.85 |
| ii) | Expected return on plan assets | 8.86 | 45.27 |
| iii) | Actual Company's contribution | 293.08 | 187.28 |
| iv) | Interest Income/Actuarial Gain/Loss(-) | 414.47 | 473.17 |
| v) | Benefits payments | 636.2 | 737.19 |
| vi) | Fair value of plan assets as at the end of the year | 6357.63 | 6277.42 |
| vii) | Present value of defined benefit obligation [50.1.2)(a)(vii)] | 6044.55 | 6018.40 |
| viii) | Net liability recognised in the Balance sheet (vii)-(vi) * | -313.21 | -259.15 |

*The Company does not expect to contribute any amount towards the expenses of Gratuity Fund during the year 2020-21, after considering the return on the investments.

The defined benefit obligations, other than gratuity, are non-funded.

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

(₹ crore)

| Sl. No. | Particulars | Gratuity | Leave Encashment | Post Retirement Medical Benefits | Post retirement Settlement Benefit | Long Term Service Award |
|---------|--|----------------------------|---------------------------|----------------------------------|------------------------------------|-------------------------|
| i) | Service Cost | 276.77 (274.04) | 566.71 (71.21) | - (-) | - (-) | 0.55 (1.16) |
| ii) | Interest Cost | -38.14 (-25.31) | 187.87 (198.85) | 57.45 (67.92) | 8.58 (8.51) | 1.32 (1.62) |
| iii) | Actuarial Gains (-)/Losses | 9.38 (-306.28) | -473.93 (181.63) | 193.65 (21.62) | -31.22 (14.78) | -1.92 (1.67) |
| iv) | Past Service Cost | - (-) | - (-) | - (-) | - (-) | - (-) |
| v) | Expected Return on Plan Assets | 8.82 (45.27) | - (-) | - (-) | - (-) | - (-) |
| vi) | Total (i+ii+iii+iv-v) | 239.21 (-101.81) | 280.65 (451.69) | 251.10 (89.54) | -22.63 (23.29) | -0.06 (1.10) |
| vii) | Employees' Benefits Expenses : | | | | | |
| | a) Charged to Profit & Loss Account (Note 38) | 235.64 (-247.62) | 278.04 (447.61) | 57.45 (67.92) | -13.73 (23.29) | -0.06 (1.10) |
| | b) Charged to Expenditure During Construction (Note 5.1) | 3.01 (1.14) | 2.61 (4.08) | - (-) | - (-) | - (-) |
| | c) Charged to OCI | 0.56 (-351.54) | - (-) | 193.65 (21.63) | - (-) | - (-) |
| | d) Charged to Profit & Loss Account- Other Expenses | - (-) | - (-) | - (-) | -8.90 (-) | - (-) |
| viii) | Actual Return on Plan Assets | 423.17 (518.64) | | | | |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020
(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 | -232.13 | 199.17 |
| ii) | Leave | -156.82 | 107.48 |
| iii) | Post Retirement benefit | -52.21 | 48.26 |
| iv) | Long Term Service Award | -1.03 | 0.91 |
| v) | Retirement Travelling Allowance | -5.45 | 5.05 |

(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 | 188.07 | -218.15 |
| ii) | Leave | 101.71 | -149.28 |

(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 | -48.36 | 45.10 |

(g) Investments of Gratuity Trust

| Particulars | % of Investment | |
|-------------------------------|------------------|------------------|
| | As at 31.03.2020 | As at 31.03.2019 |
| Insurance Investments | 94.95 | 88.68 |
| Central Government Securities | 1.36 | 1.38 |
| State Government Securities | 1.61 | 3.00 |
| PSU Bonds | 2.07 | 6.93 |
| Cash at Bank | 0.01 | 0.01 |
| Total | 100.00 | 100.00 |

(h) Actuarial assumptions

| Sl. No. | Description | As at 31 st March, 2020 | As at 31 st March, 2019 |
|---------|---|---|--|
| i) | Discount Rate (per annum) | 6.60% | 7.50% |
| 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 | 6.60% | 7.50% |
| 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. The estimate of future salary increases considered in actuarial valuation, takes into account inflation rate, seniority, promotion and other relevant factors | Executives : 6% p.a. Non-Executives : 6% p.a. All employees- 6% step-up after every 10 years of service starting 2017. |

(i) Maturity profile of Defined Benefit Obligations

(₹ crore)

| Period | As at 31 st March, 2020 |
|---|------------------------------------|
| Upto 1 year | 748.98 |
| Between 1 to 2 years | 697.42 |
| Between 2 to 3 years | 743.50 |
| Between 3 to 4 years | 742.37 |
| Between 4 to 5 years | 691.51 |
| Between 5 to 10 years | 3184.82 |
| More than 10 years | 3889.85 |
| Total Undiscounted Payments related to Past Service | 10698.44 |
| Less: Discount for Interest | 4653.89 |
| Projected Benefit Obligation | 6044.55 |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

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 AS 108 -'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 AS 108 -'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 AS 24-'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 | |
|--|--|
| Subsidiary Companies | SAIL Provident Fund, New Delhi |
| SAIL -Jagdishpur Power Plant Limited | Hindustan Steel Provident Fund, Ranchi |
| SAIL Refractory Company Limited | Hindustan Steel Limited, Central Purchase Organisation, Sales & Transport, Calcutta Provident Fund |
| SAIL Sindri Projects Limited | Bharat Refractories Provident Fund, Bokaro |
| Chhattisgarh Mega Steel Limited | IFICO Provident Fund, Ramgarh |
| Joint Venture Companies | CCSO Provident Fund, Dhanbad |
| NTPC-SAIL Power Company Limited | SAIL RMD Establishment and Administrative Offices Employees Provident Fund, Kolkata |
| Bokaro Power Supply Company Private Limited | Bolani Ores Mines Provident Fund , Bolani |
| SAIL Bansal Service Centre Limited | SAIL Employees' Superannuation Benefit Fund |
| mjunction Services Limited | SAIL Gratuity Fund |
| Bhilai Jaypee Cement Limited | SAIL Pension Fund |
| S&T Mining Company Private Limited | |
| SAIL & MOIL Ferro Alloys Private Limited | |
| International Coal Ventures Private Limited | |
| SAIL-SCI Shipping Private Limited | |
| SAIL SCL Kerala Limited | |
| SAIL-RITES Bengal Wagon Industry Private Limited | |
| SAIL Kobe Iron India Private Limited | |
| TMT SAL SAIL JV Limited | |
| SAL SAIL JVC Limited | |
| SAIL -Bengal Alloy Castings Private Limited | |
| Prime Gold-SAIL JVC Limited | |
| VSL SAIL JVC Limited | |
| Abhinav-SAIL JVC Limited | |
| N.E. Steel &Galvanising Private Limited | |
| North Bengal Dolomite Limited | |
| Romelt-SAIL (India) Limited | |
| NMDC SAIL Limited | |
| Bastar Railway Private Limited | |
| GEDCOL SAIL Power Corporation Limited | |
| Associate Company | |
| Almora Magnesite Limited | |
| Other Companies | |
| ICVL Mauritius | |
| Riverdale Mining (PTY) Limited (RML) | |
| Minas De Banga (Mauritius) Limited Mozambique | |
| ICVL Zambeze Mauritius Limited | |
| Promark Services Limited RPU | |
| Benga Power Plant (Mauritius) Limited | |
| Minas De Benga LDA | |
| Benga Energia SA | |
| IISCO Ujjain Pipe & Foundry Co. Limited | |
| UEC-SAIL Information Technology Limited | |
| Post-employment Benefit Plans | |
| HSL BSP Provident Fund, Bhilai | |
| DSP Provident Fund, Durgapur | |
| Hindustan Steel Ltd Contributory Provident Fund, Rourkela | |
| Bokaro Steel Employees Provident Fund, Bokaro | |
| IISCO Limited Provident Institution, Burnpur | |
| IISCO Limited Provident Institution, Kolkata | |
| IISCO Limited Works Provident Fund, Burnpur | |
| SAIL ASP Provident Fund, Durgapur | |
| Salem Steel Provident Fund, Salem | |
| Visvesvaraya Iron and Steel Plant Employees Provident Fund Trust, Bhadravati | |
| | B. Key Management Personnel |
| | Shri Anil Kumar Chaudhary |
| | Dr. G. Vishwakarma (upto 31/01/2020) |
| | Smt. Soma Mondal |
| | Shri Harinand Rai |
| | Shri Atul Srivastava |
| | Shri Amit Sen (w.e.f 05/11/2019) |
| | Shri Vivek Gupta |
| | Shri A Dasgupta |
| | Shri K K Gupta |
| | Prof. N K Taneja |
| | CA K S Chauhan |
| | Dr. Samar Singh (upto 03/02/2020) |
| | Shri Nilanjan Sanyal (upto 03/02/2020) |
| | CA Parmod Bindal (upto 17/11/2019) |
| | Smt. Anshu Vaish (upto 17/11/2019) |
| | Prof. Ashok Gupta (upto 17/11/2019) |
| | Shri A.K. Rath (upto 31/05/2019) |
| | Shri P K Singh |
| | Shri D Chattaraj |
| | Shri A.V. Kamlakar |
| | Shri Kalyan Maity |
| | Shri Kajal Das (pto 31/10/2019) |
| | Smt. K Raman |
| | Shri Jagdish Arora (w.e.f 01/11/2019) |
| | Shri S.K. Mishra (upto 30/06/2019) |
| | Shri Sanjeev Taneja (w.e.f 10/05/2019) |
| | Shri P K Pradhan (upto 31/10/2019) |
| | Shri S Subbaraj (w.e.f 01/11/2019) |
| | Shri KLS Rao (w.e.f 01/06/2019) |
| | Shri Subir Mondal |
| | Shri Ajay Arora |
| | Shri Ram Gopal (upto 04/11/2019) |
| | M V Zode (w.e.f 05/11/2019) |
| | Shri Mukesh Chand Jain (upto 30/06/2019) |
| | Shri M B Balakrishnan (w.e.f. 01/07/2019) |
| | Shri Som Nath Nandi (w.e.f 06/11/2019) |
| | Shri C N Bhattacharya |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020
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 | 7.54 (35.48) | | 7.54 (35.48) | 8 : Investments |
| ii) | Advance for purchase of shares | - (-) | | - (-) | 11/19 : Other Financial Assets |
| iii) | Services rendered | 7.94 (11.05) | | 7.94 (11.05) | |
| iv) | Rental Income | 0.12 (0.26) | | 0.12 (0.26) | 35: Other income |
| v) | Dividend Received | 83.73 (42.71) | | 83.73 (42.71) | |
| vi) | Sale of Goods | 2.84 (6.44) | | 2.84 (6.44) | 34 : Revenue from Operations |
| vii) | Other Operating Revenues | 15.27 (5.47) | | 15.27 (5.47) | 34 : Revenue from Operations |
| viii) | Purchase of Goods | 247.99 (232.41) | | 247.99 (232.41) | 25/30 : Trade Payables |
| ix) | Purchase of Power | 2505.42 (2134.94) | | 2505.42 (2134.94) | 40 : Other Expenses |
| x) | Services received | 57.44 (58.06) | | 57.44 (58.06) | 40 : Other Expenses |
| | | 1.17 (1.31) | | 1.17 (1.31) | 5 : Capital WIP |
| xi) | Interest Income | 0.82 (0.78) | | 0.82 (0.78) | |
| xii) | Managerial remuneration | | 8.57 (8.11) | 8.57 (8.11) | 38 : 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 | 1474.56 (1467.02) | 8 : Investments |
| ii) | Provision for investments | 22.90 (17.50) | |
| iii) | Other Loans and Advances | 36.59 (43.36) | 24/29: Loans |
| iv) | Provision for Loans and Advances | 16.85 (16.85) | |
| v) | Advance for Purchase of shares | 3.54 (3.54) | 11/19 : Other Financial Assets |
| vi) | Trade Receivable | 7.17 (6.69) | 9/16 : Trade Receivables |
| vii) | Trade Payable | 166.44 (189.01) | 25/30 : Trade Payables |
| viii) | Security Deposit | 1.22 (0.39) | 26/31 : Other financial liabilities |

Notes to the Standalone Financial Statements for the year ended 31st March, 2020

E. Disclosure of Material Transactions with Related Parties

(₹ crore)

| | For the Year ended 31 st March, 2020 | For the Year ended 31 st March, 2019 | Note No. and account head |
|--------------------------------------|---|---|-----------------------------|
| Purchase of Investment | | | 8 : Investments |
| S&T Mining | 5.20 | | |
| Bastar Railway Ltd | | 35.22 | |
| GEDCOL SAIL Power Corporation Ltd. | 2.34 | 0.26 | |
| Sale of Goods | | | 34: Revenue from Operations |
| Bhilai Jaypee Cement Limited | 1.65 | 1.42 | |
| SAIL Refractory Co. Ltd | 0.01 | 3.92 | |
| NTPC-SAIL Power Supply Co. Pvt. Ltd. | 1.18 | 1.10 | |
| Other Operating Revenues | | | 34: Revenue from Operations |
| NTPC-SAIL Power Supply Co. Pvt. Ltd. | 15.27 | 5.47 | |
| Purchase of Goods | | | 25/30 : Trade Payables |
| SAIL Refractory Co. Ltd. | 233.48 | 220.67 | |
| Almora Magnesite Ltd | 14.51 | 11.74 | |
| Purchase of Power | | | 40 : Other Expenses |
| Bokaro Power Supply Co. Pvt. Ltd. | 927.37 | 839.93 | |
| NTPC-SAIL Power Supply Co. Pvt. Ltd. | 1578.05 | 1295.01 | |
| Dividend Income | | | 35: Other income |
| M junction Services Limited | 6.60 | 6.00 | |
| SAIL Refractory Co. Ltd. | 11.55 | 4.26 | |
| Bokaro Power Supply Co. Pvt. Ltd. | 15.50 | 12.40 | |
| SAIL-Bansal Services Centre Limited | 0.08 | 0.05 | |
| NTPC-SAIL Power Supply Co. Pvt. Ltd | 50.00 | 20.00 | |
| Services Rendered | | | |
| Bhilai Jaypee Cement Limited | 0.55 | 0.67 | |
| M junction Services Limited | 0.19 | 7.08 | |
| SAIL-Bansal Services Centre Ltd. | 0.05 | 0.04 | |
| Bokaro Power Supply Co. Pvt. Ltd | 0.94 | 1.91 | |
| NTPC SAIL Power Supply Co. Pvt. Ltd. | 4.80 | | |
| SAIL Refractory Co. Ltd. | | 1.35 | |
| Auction services | | | 40 : Other Expenses |
| Mjunction Services Limited | 56.12 | 58.06 | 5 : Capital WIP |
| | 0.82 | 1.31 | |

F. During the year, Sales and Trade Receivables include ₹11102.43 crore (₹10665.71 crore) and ₹6207.61 crore (₹2222.39 crore) for transactions with the Central Government (including Indian Railways) which constitute 18.19% (16.09%) and 70.44% (49.44%) 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 st April, 2019 | 202.08 | 80.67 | 151.37 | 434.12 |
| Additions during the Year | 3.97 | 14.23 | 18.49 | 36.69 |
| Amounts utilised during the Year | 175.99 | 2.09 | 32.28 | 210.36 |
| Unused amount reversed during the Year | 1.78 | 5.70 | 44.79 | 52.27 |
| Balance as at 31st March, 2020 | 28.28 | 87.11 | 92.79 | 208.18 |

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.

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2020
52. OPERATING SEGMENT INFORMATION

(₹ crore)

| PARTICULARS | BSP | DSP | RSP | BSL | ISP | ASP | SSP | VISL | OTHERS | INTER SEGMENT SALES | Total |
|--|-----------|----------|-----------|-----------|-----------|---------|----------|---------|-----------|---------------------|-------------|
| REVENUE | | | | | | | | | | | |
| - External sales | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | 18,885.03 | 7,327.45 | 11,870.03 | 13,170.18 | 7,547.79 | 543.15 | 1,555.70 | 38.90 | 86.65 | | 61,024.88 |
| Previous Year ended 31 st March 2019 | 16,463.61 | 8,788.65 | 14,510.32 | 16,167.83 | 7,762.59 | 630.85 | 1,687.49 | 122.88 | 133.08 | | 66,267.30 |
| - Inter segment sales | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | 431.72 | 348.57 | 552.24 | 41.82 | 181.61 | 166.84 | 9.67 | 56.87 | 4,587.96 | (6,377.30) | - |
| Previous Year ended 31 st March 2019 | 302.60 | 263.52 | 998.51 | 91.42 | 168.62 | 184.05 | 7.63 | 52.80 | 4,862.59 | (6,931.74) | - |
| - Total Revenue from sale of products | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | 19,316.75 | 7,676.02 | 12,422.27 | 13,212.00 | 7,729.40 | 709.99 | 1,565.37 | 95.77 | 4,674.61 | (6,377.30) | 61,024.88 |
| Previous Year ended 31 st March 2019 | 16,766.21 | 9,052.17 | 15,508.83 | 16,259.25 | 7,931.21 | 814.90 | 1,695.12 | 175.68 | 4,995.67 | (6,931.74) | 66,267.30 |
| RESULT | | | | | | | | | | | |
| - Operating Profit / (-) Loss before Interest and Exceptional items | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | 3,398.94 | (107.87) | 321.20 | 468.53 | (432.97) | (63.71) | (227.93) | (73.85) | 4,146.84 | | 7,429.18 |
| Previous Year ended 31 st March 2019 | 1,608.91 | 586.63 | 2,109.74 | 2,290.86 | 303.46 | (5.28) | (120.50) | (73.49) | 181.88 | | 6,882.21 |
| - Finance cost | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | | | | | | | | | | | 3,486.76 |
| Previous Year ended 31 st March 2019 | | | | | | | | | | | 3,154.92 |
| - Exceptional items | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | | | | | | | | | | | 771.76 |
| Previous Year ended 31 st March 2019 | | | | | | | | | | | 389.40 |
| - Tax expenses | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | | | | | | | | | | | 1,149.12 |
| Previous Year ended 31 st March 2019 | | | | | | | | | | | 1,159.07 |
| - Profit / Loss (-) for the year | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | | | | | | | | | | | 2,021.54 |
| Previous Year ended 31 st March 2019 | | | | | | | | | | | 2,178.82 |
| OTHER INFORMATION | | | | | | | | | | | |
| - Segment assets | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | 32,783.83 | 6,892.20 | 21,078.70 | 16,174.56 | 18,106.14 | 564.29 | 2,485.32 | 347.12 | 26,665.65 | | 1,25,097.81 |
| Previous Year ended 31 st March 2019 | 31,549.20 | 6,548.52 | 20,076.32 | 15,292.37 | 18,856.76 | 572.30 | 2,856.49 | 419.41 | 20,266.36 | | 1,16,437.73 |
| - Segment Liabilities (including Long Term Borrowing) | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | 8,530.29 | 2,549.61 | 4,230.47 | 3,185.82 | 1,512.93 | 202.62 | 312.33 | 56.15 | 64,740.21 | | 85,320.43 |
| Previous Year ended 31 st March 2019 | 7,709.02 | 2,451.24 | 4,421.29 | 3,418.32 | 1,693.55 | 198.85 | 368.95 | 66.57 | 57,958.37 | | 78,286.16 |
| - Capital expenditure | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | 1,297.22 | 422.59 | 1,191.41 | 932.19 | 167.73 | 3.42 | 6.45 | 2.65 | 45.77 | | 4,069.43 |
| Previous Year ended 31 st March 2019 | 1,304.73 | 139.23 | 1,012.87 | 1,121.28 | 147.21 | 2.95 | 9.18 | 1.48 | 207.91 | | 3,946.84 |
| - Depreciation | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | 968.35 | 228.46 | 815.79 | 642.73 | 759.66 | 8.82 | 98.73 | 7.38 | 225.13 | | 3,755.05 |
| Previous Year ended 31 st March 2019 | 692.29 | 200.20 | 754.72 | 611.36 | 746.73 | 9.08 | 99.23 | 7.22 | 263.89 | | 3,384.72 |
| - Non Cash expenses other than Depreciation | | | | | | | | | | | |
| Current Year ended 31 st March 2020 | 51.66 | 9.93 | 25.80 | 31.61 | 24.31 | 0.64 | 10.20 | 0.74 | 134.09 | | 288.98 |
| Previous Year ended 31 st March 2019 | 26.75 | 15.34 | 10.54 | 6.66 | 21.86 | 1.48 | 0.44 | 0.10 | 159.27 | | 242.44 |