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1. Company information

Tata Steel Limited ("the Company") is a public limited Company incorporated in India with its registered office in Mumbai, Maharashtra, India. The Company is listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The Company has presence across the entire value chain of steel manufacturing from mining and processing iron ore and coal to producing and distributing finished products. The Company offers a broad range of steel products including a portfolio of high value added downstream products such as hot rolled, cold rolled, coated steel, rebars, wire rods, tubes and wires.

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates.

As on March 31, 2020, Tata Sons Private Limited owns 32.93 % of the Ordinary Shares of the Company, and has the ability to influence the Company's operations.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on June 29, 2020.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

(a) Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time and other relevant provisions of the Act.

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair value by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(c) Use of estimates and critical accounting judgements

In the preparation of financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Key source of estimation of uncertainty at the date of financial statements, which may cause material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment, useful lives of property, plant and equipment and intangible assets, valuation of deferred tax assets, provisions and contingent liabilities, fair value measurements of financial instruments and retirement benefit obligations as discussed below:

Impairment

The Company estimates the value in use of the cash generating unit (CGU) based on future cash flows after considering current economic conditions and trends, estimated future operating results and growth rates and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The cash flows are discounted using a suitable discount rate in order to calculate the present value. Further details of the Company's impairment review and key assumptions are set out in note 3, page 240, note 5, page 244, note 6, page 245, and note 7, page 246.

Useful lives of property, plant and equipment and intangible assets

The Company reviews the useful life of property, plant and equipment and intangible assets at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods. The policy has been detailed in note 2(i), page 231.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been detailed in note 2(u), page 237 and its further information are set out in note 11, page 258.

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Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as result of a past event and it is probable that the outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Further details are set out in note 22, page 276 and note 37A, page 291.

Fair value measurements of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Discounted Cash Flow Model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. Judgements include considerations of inputs such as liquidity risks, credit risks and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Further details are set out in note 40, page 297.

Retirement benefit obligations

The Company's retirement benefit obligations are subject to number of judgements including discount rates, inflation and salary growth. Significant judgements are required when setting these criteria and a change in these assumptions would have a significant impact on the amount recorded in the Company's balance sheet and the statement of profit and loss. The Company sets these judgements based on previous experience and third party actuarial advice. Further details on the Company's retirement benefit obligations, including key judgements are set out in note 36, page 284.

Estimation of uncertainties relating to COVID-19

Post declaration of COVID-19 as a pandemic by the World Health Organization, the Government in India have taken significant measures to curtail the wide spread of virus, including country wide lockdown and restriction in economic activities. In view of such lockdowns, operations at the Company's steel making facilities have been scaled down from the end week of March 2020.

In view of the impact of COVID-19, the Company has assessed the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets, inventories, trade receivables,

investments and other financial assets. In assessing the recoverable value of such assets, the Company has considered various internal and external information such as existing long-term arrangements with customer and vendor partners, long-term business plan, cash flow forecasts and possible future uncertainties in economic conditions because of the pandemic including lockdowns and supply chain disruptions.

As per the Company's current assessment of recoverability of these assets, other than the impairment recorded, no significant impact on carrying amounts of these assets is expected.

The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company continues to closely monitor the situation including any material changes to future economic conditions and consequential impact on its financial statements.

(d) Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. This recognition principle is applied to costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment is stated at cost or deemed cost applied on transition to Ind AS, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction is capitalised as part of cost of qualifying asset.

The gain or loss arising on disposal of an item of property, plant and equipment is determined as the difference between sale proceeds and carrying value of such item, and is recognised in the statement of profit and loss.

(e) Exploration for and evaluation of mineral resources

Expenditures associated with search for specific mineral resources are recognised as exploration and evaluation assets. The following expenditure comprises cost of exploration and

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evaluation assets: The following expenditure comprises cost of exploration and evaluation assets:

- obtaining of the rights to explore and evaluate mineral reserves and resources including costs directly related to this acquisition
- researching and analysing existing exploration data
- conducting geological studies, exploratory drilling and sampling
- examining and testing extraction and treatment methods
- compiling pre-feasibility and feasibility studies
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource

Administration and other overhead costs are charged to the cost of exploration and evaluation assets only if directly related to an exploration and evaluation project.

If a project does not prove viable, all irrecoverable exploration and evaluation expenditure associated with the project net of any related impairment allowances is written off to the statement of profit and loss.

The Company measures its exploration and evaluation assets at cost and classifies as property, plant and equipment or intangible assets according to the nature of the assets acquired and applies the classification consistently. To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is capitalised as a part of the cost of the intangible asset.

As the asset is not available for use, it is not depreciated. All exploration and evaluation assets are monitored for indications of impairment. An exploration and evaluation asset is no longer classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and the development of the deposit is sanctioned by the management. The carrying value of such exploration and evaluation asset is reclassified to mining assets.

(f) Development expenditure for mineral reserves

Development is the establishment of access to mineral reserves and other preparations for commercial production. Development activities often continue during production and include:

- sinking shafts and underground drifts (often called mine development)
- making permanent excavations
- developing passageways and rooms or galleries
- building roads and tunnels and
- advance removal of overburden and waste rock

Development (or construction) also includes the installation of infrastructure (e.g., roads, utilities and housing), machinery, equipment and facilities.

Development expenditure is capitalised and presented as part of mining assets. No depreciation is charged on the development expenditure before the start of commercial production.

(g) Provision for restoration and environmental costs

The Company has liabilities related to restoration of soil and other related works, which are due upon the closure of certain of its mining sites.

Such liabilities are estimated case-by-case based on available information, taking into account applicable local legal requirements. The estimation is made using existing technology, at current prices, and discounted using an appropriate discount rate where the effect of time value of money is material. Future restoration and environmental costs, discounted to net present value, are capitalised and the corresponding restoration liability is raised as soon as the obligation to incur such costs arises. Future restoration and environmental costs are capitalised in property, plant and equipment or mining assets as appropriate and are depreciated over the life of the related asset. The effect of time value of money on the restoration and environmental costs liability is recognised in the statement of profit and loss.

(h) Intangible assets

Patents, trademarks and software costs are included in the balance sheet as intangible assets when it is probable that associated future economic benefits would flow to the Company. In this case they are measured initially at purchase cost and then amortised on a straight-line basis over their estimated useful lives. All other costs on patents, trademarks and software are expensed in the statement of profit and loss as and when incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on individual

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development projects are recognised as intangible assets from the date when all of the following conditions are met:

- (i) completion of the development is technically feasible.
- (ii) it is the intention to complete the intangible asset and use or sell it.
- (iii) ability to use or sell the intangible asset.
- (iv) it is clear that the intangible asset will generate probable future economic benefits.
- (v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available.
- (vi) it is possible to reliably measure the expenditure attributable to the intangible asset during its development.

Recognition of costs as an asset is ceased when the project is complete and available for its intended use, or if these criteria are no longer applicable.

Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred.

Subsequent to initial recognition, intangible assets with definite useful lives are reported at cost or deemed cost applied on transition to Ind AS, less accumulated amortisation and accumulated impairment losses.

(i) Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets

Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost/deemed cost of property, plant and equipment and intangible assets, including right-of-use assets to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of right-of-use assets, over the lease period, if shorter. The estimated useful lives of assets, residual values and depreciation method are reviewed regularly and, when necessary, revised.

Depreciation on assets under construction commences only when the assets are ready for their intended use.

The estimated useful lives for main categories of property, plant and equipment and intangible assets are:

	Estimated useful life (years)
Buildings	upto 60 years*
Roads	5 years
Plant and machinery	upto 40 years*
Railway sidings	upto 35 years*
Vehicles and aircraft	5 to 20 years
Furniture, fixtures and office equipments	4 to 6 years
Computer software	5 years
Assets covered under Electricity Act (life as prescribed under the Electricity Act)	3 to 34 years

Mining assets are amortised over the useful life of the mine or lease period whichever is lower.

Major furnace relining expenses are depreciated over a period of 10 years (average expected life).

Freehold land is not depreciated.

Assets value upto ₹25,000 are fully depreciated in the year of acquisition.

*For these class of assets, based on internal assessment and independent technical evaluation carried out by chartered engineers, the Company believes that the useful lives as given above best represents the period over which the 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.

(j) Impairment

At each balance sheet date, the Company reviews the carrying value of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An

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impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value 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 in the statement of profit and loss immediately.

(k) Leases

Ind AS 116 "Leases" replaces Ind AS 17 "Leases" with effect from April 1, 2019.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the right-of-use asset recognised at an amount equal to the present value of lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to those leases. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected not to carry forward the definition of leases as per Ind AS 17 and has therefore, applied the definition of a lease as per Ind AS 116 to all such arrangements.

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 to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

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 'Leases' immediately before the date of initial application.

Refer note 2(k) - Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, page 219 for the policy as per Ind AS 17 "Leases".

The Company as lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception comprises of the amount of initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date.

Certain lease arrangements include options to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that such options would be exercised.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Lease liability is measured at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company recognises the amount of the remeasurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the remeasurement in statement of profit and loss.

Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of profit and loss in the period in which the events or conditions which trigger those payments occur.

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The Company accounts for sale and lease back transaction, recognising right-of-use assets and lease liability, measured in the same way as other right-of-use assets and lease liability. Gain or loss on the sale transaction is recognised in statement of profit and loss.

The Company as lessor

- (i) **Operating lease** – Rental income from operating leases is recognised in the statement of profit and loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight-line basis over the lease term.
- (ii) **Finance lease** – When assets are leased out under a finance lease, the present value of minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

(I) Stripping costs

The Company separates two different types of stripping costs that are incurred in surface mining activity:

- developmental stripping costs and
- production stripping costs

Developmental stripping costs which are incurred in order to obtain access to quantities of mineral reserves that will be mined in future periods are capitalised as part of mining assets. Capitalisation of developmental stripping costs ends when the commercial production of the mineral reserves begins.

A mine can operate several open pits that are regarded as separate operations for the purpose of mine planning and production. In this case, stripping costs are accounted for separately, by reference to the ore extracted from each separate pit. If, however, the pits are highly integrated for the purpose of mine planning and production, stripping costs are aggregated too.

The determination of whether multiple pit mines are considered separate or integrated operations depends on each mine's specific circumstances. The following factors normally point towards the stripping costs for the individual pits being accounted for separately:

- mining of the second and subsequent pits is conducted consecutively with that of the first pit, rather than concurrently
- separate investment decisions are made to develop each pit, rather than a single investment decision being made at the outset
- the pits are operated as separate units in terms of mine planning and the sequencing of overburden and ore mining, rather than as an integrated unit
- expenditures for additional infrastructure to support the second and subsequent pits are relatively large
- the pits extract ore from separate and distinct ore bodies, rather than from a single ore body.

The relative importance of each factor is considered by the management to determine whether, the stripping costs should be attributed to the individual pit or to the combined output from the several pits.

Production stripping costs are incurred to extract the ore in the form of inventories and/or to improve access to an additional component of an ore body or deeper levels of material. Production stripping costs are accounted for as inventories to the extent the benefit from production stripping activity is realised in the form of inventories.

The Company recognises a stripping activity asset in the production phase if, and only if, all of the following are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Company
- the Company can identify the component of the ore body for which access has been improved and
- the costs relating to the improved access to that component can be measured reliably.

Such costs are presented within mining assets. After initial recognition, stripping activity assets are carried at cost/deemed cost less accumulated amortisation and impairment. The expected useful life of the identified component of the ore body is used to depreciate or amortise the stripping asset.

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(m) Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost/deemed cost applied on transition to Ind AS, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and an impairment provision is recognised, if required immediately to its recoverable amount. On disposal of such investments, difference between the net disposal proceeds and carrying amount is recognised in the statement of profit and loss.

(n) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(l) Financial assets

Cash and bank balances

Cash and bank balances consist of:

- (i) **Cash and cash equivalents** - which includes cash on hand, deposits held at call with banks and other short-term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have original maturities of less than one year. These balances with banks are unrestricted for withdrawal and usage.

- (ii) **Other bank balances** - which includes balances and deposits with banks that are restricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and 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.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if such financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell such financial assets and 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 in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments. These investments are held for medium or long-term strategic purpose. The Company has chosen to designate these investments in equity instruments as fair value through other comprehensive income as the management believes this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in the statement of profit and loss.

Financial assets not measured at amortised cost or at fair value through other comprehensive income are carried at fair value through profit and loss.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the right to receive payment has been established.

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Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

The Company recognises life time expected credit losses for all trade receivables that do not constitute a financing transaction.

For financial assets (apart from trade receivables that do not constitute of financing transaction) whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk of the financial asset has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a borrowing for the proceeds received.

(II) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost,

using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, cross currency swaps, interest rate swaps and collars. The instruments are employed as hedges of transactions included in the financial statements or for highly probable forecast transactions/firm contractual commitments. These derivatives contracts do not generally extend beyond six months, except for certain currency swaps and interest rate derivatives.

Derivatives are initially accounted for and measured at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The Company adopts hedge accounting for forward foreign exchange and interest rate contracts wherever possible. At inception of each hedge, there is a formal, documented designation of the hedging relationship. This documentation includes, *inter alia*, items such as identification of the hedged item and transaction and nature of the risk being hedged. At inception, each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at the inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss.

When hedge accounting is applied:

- for fair value hedges of recognised assets and liabilities, changes in fair value of the hedged assets and liabilities attributable to the risk being hedged, are recognised in the statement of profit and loss and compensate for the effective portion of symmetrical changes in the fair value of the derivatives.

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- for cash flow hedges, the effective portion of the change in the fair value of the derivative is recognised directly in other comprehensive income and the ineffective portion is recognised in the statement of profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the statement of profit and loss in the same period in which the hedged item affects the statement of profit and loss.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the statement of profit and loss as and when they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period.

(o) Employee benefits

Defined contribution plans

Contributions under defined contribution plans are recognised as expense for the period in which the employee has rendered the service. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each year-end balance sheet date. Remeasurement gains and losses of the net defined benefit liability/(asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/(asset) are recognised as an expense within employee costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations as reduced by the fair value of plan assets.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised based on actuarial valuation at the present value of the obligation as on the reporting date.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is ascertained on a weighted average basis. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution.

Provisions are made to cover slow-moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their product lines and market conditions.

(q) Provisions

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the time value of money is material, provisions are measured on a discounted basis.

Constructive obligation is an obligation that derives from an entity's actions where:

- by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and;

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2. Significant accounting policies (Contd.)

(ii) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge such responsibilities.

(r) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

(s) Government grants

Government grants are recognised at its fair value, where there is a reasonable assurance that such grants will be received and compliance with the conditions attached therewith have been met.

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Grants received less amounts credited to the statement of profit and loss at the reporting date are included in the balance sheet as deferred income.

(t) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a

single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.

(u) Income taxes

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

Current and deferred tax are recognised as an expense or income in the statement of profit and loss, except when they relate to items credited or debited either in other

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forming part of the financial statements

2. Significant accounting policies (Contd.)

comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(v) Revenue

The Company manufactures and sells a range of steel and other products.

Sale of products

Revenue from sale of products is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, the risks of loss has been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. Sale of products include related ancillary services, if any.

Goods are often sold with volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the most likely method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are generally made with a credit term of 30-90 days, which is consistent with market practice. Any obligation to provide a refund is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not have any contracts where the period between the transfer of the promised goods or services to the

customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Sale of power

Revenue from sale of power is recognised when the services are provided to the customer based on approved tariff rates established by the respective regulatory authorities. The Company doesn't recognise revenue and an asset for cost incurred in the past that will be recovered.

(w) Foreign currency transactions and translations

The financial statements of the Company are presented in Indian Rupees ("₹"), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on translation of long-term foreign currency monetary items recognised in the financial statements before the beginning of the first Ind AS financial reporting period in respect of which the Company has elected to recognise such exchange differences in equity or as part of cost of assets as allowed under Ind AS 101 "First-time adoption of Indian Accounting Standards" are added/deducted to/from the cost of assets as the case may be. Such exchange differences recognised as part of cost of assets is recognised in the statement of profit and loss on a systematic basis.

Exchange differences arising on the re-translation or settlement of other monetary items are included in the statement of profit and loss for the period.

(x) Borrowing costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

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forming part of the financial statements

2. Significant accounting policies (Contd.)

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is recognised in the statement of profit and loss.

Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related securities and included within borrowing costs. Premiums payable on early redemptions of debt securities, in lieu of future finance costs, are recognised as borrowing costs.

All other borrowing costs are recognised as expenses in the period in which it is incurred.

(y) Earnings per share

Basic earnings per share is computed by dividing profit or loss for the year attributable to equity holders by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up.

Diluted earnings per share is computed using the weighted average number of shares and dilutive potential shares except where the result would be anti-dilutive.

(z) Recent accounting pronouncements

Amendment to Ind AS 12 "Income Tax" - Insertion of Appendix C, "Uncertainty over Income tax treatments"

The amendment intends to bring clarity to the accounting for uncertainties on income tax treatments that have yet to be accepted by tax authorities, and to reflect it in the measurement of current and deferred taxes.

The Company has applied the amendments prospectively for annual reporting periods beginning on or after April 1, 2019. There is no material impact on the Company due to the application of the above amendment.

Amendment to Ind AS 23 "Borrowing Costs"

The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The Company has applied the amendments prospectively for annual reporting periods beginning on or after April 1, 2019. There is no material impact on the Company due to the application of the above amendment.

There is no new standard or amendment to the existing standards which would have been applicable from April 1, 2020.

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3. Property, plant and equipment

[Item No. I(a), Page 222]

	(₹ crore)						
	Land including roads	Buildings	Plant and machinery	Furniture, fixtures and office equipments	Vehicles	Railway sidings	Total
Cost/deemed cost as at April 1, 2019	14,192.96	6,109.34	63,468.68	548.90	369.92	1,080.39	85,770.19
Additions	60.44	277.26	1,425.81	44.77	73.85	15.37	1,897.50
Disposals	-	(16.70)	(204.17)	(21.15)	(9.86)	-	(251.88)
Classified as held for sale	-	(37.09)	(73.81)	(5.32)	(3.45)	-	(119.67)
Other re-classifications	-	40.25	(3,892.60)	0.11	-	-	(3,852.24)
Cost/deemed cost as at March 31, 2020	14,253.40	6,373.06	60,723.91	567.31	430.46	1,095.76	83,443.90
Impairment as at April 1, 2019	0.15	1.32	0.09	-	-	-	1.56
Accumulated impairment as at March 31, 2020	0.15	1.32	0.09	-	-	-	1.56
Accumulated depreciation as at April 1, 2019	609.16	921.82	13,148.02	363.37	177.79	131.65	15,351.81
Charge for the year	119.49	233.37	3,035.35	77.19	31.41	38.42	3,535.23
Disposals	-	(5.80)	(32.81)	(20.04)	(7.97)	-	(66.62)
Classified as held for sale	-	(32.41)	(31.34)	(4.02)	(1.74)	-	(69.51)
Other re-classifications	-	1.58	(1,702.51)	0.01	-	-	(1,700.92)
Accumulated depreciation as at March 31, 2020	728.65	1,118.56	14,416.71	416.51	199.49	170.07	17,049.99
Total accumulated depreciation and impairment as at March 31, 2020	728.80	1,119.88	14,416.80	416.51	199.49	170.07	17,051.55
Net carrying value as at April 1, 2019	13,583.65	5,186.20	50,320.57	185.53	192.13	948.74	70,416.82
Net carrying value as at March 31, 2020	13,524.60	5,253.18	46,307.11	150.80	230.97	925.69	66,392.35

	(₹ crore)						
	Land including roads	Buildings	Plant and machinery	Furniture, fixtures and office equipments	Vehicles	Railway sidings	Total
Cost/deemed cost as at April 1, 2018	14,117.17	5,902.00	60,846.29	431.26	304.62	1,056.94	82,658.28
Additions	75.79	221.14	2,613.71	118.90	86.83	23.45	3,139.82
Disposals	-	(13.80)	(0.37)	(1.26)	(12.48)	-	(27.91)
Other re-classifications	-	-	9.05	-	(9.05)	-	-
Cost/deemed cost as at March 31, 2019	14,192.96	6,109.34	63,468.68	548.90	369.92	1,080.39	85,770.19
Impairment as at April 1, 2018	0.15	1.32	0.09	-	-	-	1.56
Accumulated impairment as at March 31, 2019	0.15	1.32	0.09	-	-	-	1.56
Accumulated depreciation as at April 1, 2018	493.55	690.56	9,980.12	291.37	164.42	93.80	11,713.82
Charge for the year	115.61	233.32	3,162.19	73.19	30.51	37.85	3,652.67
Disposals	-	(2.06)	(0.29)	(1.19)	(11.14)	-	(14.68)
Other re-classifications	-	-	6.00	-	(6.00)	-	-
Accumulated depreciation as at March 31, 2019	609.16	921.82	13,148.02	363.37	177.79	131.65	15,351.81
Total accumulated depreciation and impairment as at March 31, 2019	609.31	923.14	13,148.11	363.37	177.79	131.65	15,353.37
Net carrying value as at April 1, 2018	13,623.47	5,210.12	50,866.08	139.89	140.20	963.14	70,942.90
Net carrying value as at March 31, 2019	13,583.65	5,186.20	50,320.57	185.53	192.13	948.74	70,416.82

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forming part of the financial statements

3. Property, plant and equipment (Contd.)

[Item No. I(a), Page 222]

- (i) During the year ended March 31, 2020, other re-classifications primarily include assets under finance leases of ₹2,151.32 crore (net of accumulated depreciation and impairment), reclassified to right-of-use assets on adoption of Ind AS 116 "Leases".
- (ii) Buildings include ₹2.32 crore (March 31, 2019: ₹2.32 crore) being cost of shares in co-operative housing societies and limited companies.
- (iii) During the year ended March 31, 2020, the Company has classified certain items of property, plant and equipment in respect of one of its mining locations as assets held for sale. As at March 31, 2020, the net carrying value of these assets ₹50.16 crore is expected to be recovered principally through a sale transaction, rather than through continuing use.
- (iv) Net carrying value of furniture, fixtures and office equipments comprises of:

	As at March 31, 2020	As at March 31, 2019
(₹ crore)		
Furniture and fixtures		
Cost/deemed cost	123.65	118.24
Accumulated depreciation and impairment	104.97	94.67
	18.68	23.57
Office equipments		
Cost/deemed cost	443.66	430.66
Accumulated depreciation and impairment	311.54	268.70
	132.12	161.96
	150.80	185.53

- (v) ₹103.58 crore (2018-19: ₹88.68 crore) of borrowing costs has been capitalised during the year against qualifying assets under construction using a capitalisation rate of 6.84% (2018-19: 9.00%).
- (vi) Rupee liability has increased by ₹128.72 crore (March 31, 2019: ₹106.56 crore) arising out of re-translation of the value of long-term foreign currency loans and liabilities for procurement of property, plant and equipment, generally plant and machinery. This increase is adjusted against the carrying cost of assets and depreciated over their remaining useful life. The depreciation for the current year is higher by ₹4.31 crore (2018-19: ₹3.50 crore) on account of this adjustment.
- (vii) Property, plant and equipment (including capital work-in-progress) were tested for impairment during the year where indicators of impairment existed. During the year ended March 31, 2020, the Company has recognised an impairment reversal of ₹45.97 crore (net of charge) (2018-19: ₹8.54 crore, impairment charge) in respect of expenditure incurred (included within capital work-in-progress) at one of its mining sites. The impairment recognised/reversed is included within other expenses in the statement of profit and loss.

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forming part of the financial statements

3. Property, plant and equipment (Contd.)

[Item No. I(a), Page 222]

(viii) Property, plant and equipment includes capital cost of in-house research facilities as below:

	Land including roads	Buildings	Plant and machinery	Furniture, fixtures and office equipments	Vehicles	Total
Cost/deemed cost as at April 1, 2019	-	6.35	92.93	8.24	0.09	107.61
	-	6.35	72.72	7.01	0.09	86.17
Additions	-	-	0.03	1.03	-	1.06
	-	-	20.21	1.23	-	21.44
Other re-classifications*	1.88	-	-	(1.61)	-	0.27
	-	-	-	-	-	-
Deductions	-	-	-	(0.43)	-	(0.43)
	-	-	-	-	-	-
Cost/deemed cost as at March 31, 2020	1.88	6.35	92.96	7.23	0.09	108.51
	-	6.35	92.93	8.24	0.09	107.61
Capital work-in-progress						3.50
						1.12

Figures in italics represent comparative figures for previous year.

* Other re-classifications represents ₹0.27 crore relating to in-house research facilities, regrouped from intangible assets to land including roads.

(ix) Details of property, plant and equipment pledged against borrowings is presented in note 20, page 273.

4. Leases

The Company's significant leasing arrangements include assets dedicated for use under long-term arrangements, lease of land, office space, equipment, vehicles and some IT equipment.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Extension and termination options are included in a number of property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Majority of the extension and termination options held are exercisable based on mutual agreement of the Company and the respective lessor.

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. Payments made under such leases are expensed on a straight-line basis over the lease term.

Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of sales) are excluded from the initial measurement of the lease liability and asset.

For leases recognised under long-term arrangements involving use of a dedicated asset, non-lease components are excluded based on the underlying contractual terms and conditions. A change in the allocation assumptions may have an impact on the measurement of lease liabilities and the related right-of-use assets.

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forming part of the financial statements

4. Leases (Contd.)

On adoption of Ind AS 116 “Leases” with effect from April 1, 2019, the Company elected to apply the modified retrospective transition method.

Accordingly, on transition, right-of-use assets of ₹1,200.13 crore were measured at an amount equal to lease liabilities. In addition, an amount of ₹832.92 (net of accumulated amortisation) crore in respect of right-of-use of land was re-classified from other assets to right-of-use assets. The right-of-use assets was reduced by ₹8.95 crore on account of sub-leases recognised on transition.

The weighted average incremental borrowing rate applied to lease liabilities recognised on transition to Ind AS 116 “Leases” was 8.98%

The reconciliation of total operating lease commitments as at March 31, 2019 to the lease liabilities recognised on transition is as below:

Particulars	Amount
Operating lease commitments as at March 31, 2019	1,511.23
Short-term leases	(3.08)
Extension and termination options	131.15
Changes in the index or rate affecting variable payments	143.79
Contracts recognised as leases on transition to Ind AS 116 “Leases”	185.12
Undiscounted operating lease commitments as at April 1, 2019	1,968.21
Effect of discounting	(768.08)
Lease liabilities for operating leases as at April 1, 2019	1,200.13
Finance lease obligation as at March 31, 2019	2,129.86
Lease liabilities as at April 1, 2019	3,329.99

During the year ended March 31, 2020, the Company recognised the following in the statement of profit and loss:

- (a) expense in respect of short-term leases and leases of low-value assets ₹32.18 crore and ₹1.21 crore respectively.
- (b) expense in respect of variable lease payments not included in the measurement of lease liabilities ₹81.99 crore.
- (c) income in respect of sub-leases of right-of-use assets ₹0.71 crore.
- (d) loss on sale and leaseback transaction entered during the year ₹0.45 crore.

During the year ended March 31, 2020, total cash outflow in respect of leases amounted to ₹729.29 crore.

As at March 31, 2020, commitments for leases not yet commenced was ₹335.44 crore.

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forming part of the financial statements

5. Right-of-use assets

[Item No. I(c), Page 222]

	Right-of-use land	Right-of-use buildings	Right-of-use plant and machinery	Right-of-use vehicles	Right-of-use railway sidings	Total
Cost as at April 1, 2019	-	-	-	-	-	-
Addition on account of transition to Ind AS 116 "Leases"	27.29	77.27	1,074.49	-	12.13	1,191.18
Additions	20.17	16.74	191.20	7.97	5.26	241.34
Disposals	-	(0.87)	-	-	-	(0.87)
Other re-classifications	897.62	0.59	3,851.65	-	-	4,749.86
Cost as at March 31, 2020	945.08	93.73	5,117.34	7.97	17.39	6,181.51
Accumulated impairment as at March 31, 2020	-	-	-	-	-	-
Accumulated depreciation as at April 1, 2019	-	-	-	-	-	-
Charge for the year	16.97	23.29	255.48	0.53	6.55	302.82
Disposals	-	(0.24)	-	-	-	(0.24)
Other re-classifications	64.70	0.59	1,700.33	-	-	1,765.62
Accumulated depreciation as at March 31, 2020	81.67	23.64	1,955.81	0.53	6.55	2,068.20
Total accumulated depreciation and impairment as at March 31, 2020	81.67	23.64	1,955.81	0.53	6.55	2,068.20
Net carrying value as at April 1, 2019	-	-	-	-	-	-
Net carrying value as at March 31, 2020	863.41	70.09	3,161.53	7.44	10.84	4,113.31

- (a) Other re-classifications represent assets under finance leases of ₹2,151.32 crore (net of accumulated depreciation and impairment) and prepaid payment with respect to land leases of ₹832.92 crore (net of accumulated amortisation), reclassified under right-of-use assets on adoption of Ind AS 116 "Leases".
- (b) Vehicle cost used for in-house research and development included within right-of-use vehicles is ₹0.28 crore.

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forming part of the financial statements

6. Intangible assets

[Item No. I(d), Page 222]

	Software costs	Mining assets	Total
Cost/deemed cost as at April 1, 2019	266.66	1,929.01	2,195.67
Additions	4.57	0.02	4.59
Cost/deemed cost as at March 31, 2020	271.23	1,929.03	2,200.26
Accumulated impairment as at April 1, 2019	-	40.11	40.11
Accumulated impairment as at March 31, 2020	-	40.11	40.11
Accumulated amortisation as at April 1, 2019	195.75	1,154.61	1,350.36
Charge for the year	24.74	57.33	82.07
Accumulated amortisation as at March 31, 2020	220.49	1,211.94	1,432.43
Total accumulated amortisation and impairment as at March 31, 2020	220.49	1,252.05	1,472.54
Net carrying value as at April 1, 2019	70.91	734.29	805.20
Net carrying value as at March 31, 2020	50.74	676.98	727.72

	Software costs	Mining assets	Total
Cost/deemed cost as at April 1, 2018	240.89	1,782.41	2,023.30
Additions	25.77	146.60	172.37
Cost/deemed cost as at March 31, 2019	266.66	1,929.01	2,195.67
Accumulated impairment as at April 1, 2018	-	37.05	37.05
Charge for the year	-	3.06	3.06
Accumulated impairment as at March 31, 2019	-	40.11	40.11
Accumulated amortisation as at April 1, 2018	167.74	1,032.33	1,200.07
Charge for the year	28.01	122.28	150.29
Accumulated amortisation as at March 31, 2019	195.75	1,154.61	1,350.36
Total accumulated amortisation and impairment as at March 31, 2019	195.75	1,194.72	1,390.47
Net carrying value as at April 1, 2018	73.15	713.03	786.18
Net carrying value as at March 31, 2019	70.91	734.29	805.20

- (i) Mining assets represent expenditure incurred in relation to acquisition of mines, mine development expenditure post establishment of technical and commercial feasibility and restoration obligations as per applicable regulations.
- (ii) During the year ended March 31, 2019, the Company has recognised an impairment charge of ₹5.17 crore (including intangible assets under development) for expenditure incurred in respect of certain mines which are not in operation.
- (iii) Software costs related to in-house research and development included within software costs is ₹0.01 crore (2018-19: ₹0.28 crore). During the year ended March 31, 2020, ₹0.27 crore relating to in-house research facilities has been regrouped to land including roads.

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7. Investments in subsidiaries, associates and joint ventures

[Item No. I(f), Page 222]

	No. of shares as at March 31, 2020 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2020	As at March 31, 2019
(₹ crore)			
A. Investments carried at cost/deemed cost			
(a) Equity investment in subsidiary companies			
(i) Quoted			
(1) Tata Metaliks Ltd.	1,54,64,590	205.87	205.87
(2) Tata Steel Long Products Limited (formerly Tata Sponge Iron Limited)	3,42,37,521	1,378.74	86.54
(pursuant to rights issue, 2,58,43,967 right equity shares at an issue price of ₹500 each has been subscribed during the year)			
(3) Tayo Rolls Limited	55,87,372	-	-
(4) The Tinplate Company of India Ltd	7,84,57,640	395.02	395.02
		1,979.63	687.43
(ii) Unquoted			
(1) ABJA Investment Co. Pte Ltd. (Face value of USD 1 each)	2,00,000	1.08	1.08
(2) Adityapur Toll Bridge Company Limited	4,14,00,000	26.40	26.40
(3) Bamnival Steel Limited	25,88,95,798	258.89	258.89
(4) Bhubaneshwar Power Private Limited	23,69,86,703	321.73	321.73
(5) Bistupur Steel Limited [^] (30,000 shares purchased during the year)	40,000	0.04	0.01
(6) Creative Port Development Private Limited	1,27,500	91.88	91.88
(7) Dimna Steel Limited [^] (30,000 shares purchased during the year)	40,000	0.04	0.01
(8) Jamadoba Steel Limited [^] (30,000 shares purchased during the year)	40,000	0.04	0.01
(9) Jamshedpur Football and Sporting Private Limited (88,00,000 shares purchased during the year)	4,08,00,000	40.80	32.00
(10) Jugsalai Steel Limited [^] (30,000 shares purchased during the year)	40,000	0.04	0.01
(11) Mohar Exports Services Pvt Ltd*	3,352	-	-
(12) NatSteel Asia Pte. Ltd. (Face value of SGD 1 each)	28,14,37,128	773.86	773.86
(13) Noamundi Steel Limited [^] (30,000 shares purchased during the year)	40,000	0.04	0.01
(14) Rujvalika Investments Limited	13,28,800	60.40	60.40
(15) Sakchi Steel Limited [^] (30,000 shares purchased during the year)	40,000	0.04	0.01
(16) Straight Mile Steel Limited [^] (30,000 shares purchased during the year)	40,000	0.04	0.01
(17) Subarnarekha Port Private Limited	4,24,183	17.01	17.01

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forming part of the financial statements

7. Investments in subsidiaries, associates and joint ventures (Contd.)

[Item No. I(f), Page 222]

	No. of shares as at March 31, 2020 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2020	As at March 31, 2019
			(₹ crore)
(18) T Steel Holdings Pte. Ltd. (Face value of GBP 1 each) (55,41,31,297 shares received on conversion of preference shares and 82,62,22,307 shares are purchased during the year)	7,31,21,21,292	12,724.26	-
(19) T Steel Holdings Pte. Ltd. (Face value of GBP 0.78 each) (1,25,80,00,000 shares received on conversion of preference shares during the year)	1,25,80,00,000	8,990.63	-
(20) Tata Korf Engineering Services Ltd **	3,99,986	-	-
(21) Tata Steel (KZN) (Pty) Ltd. ** (Face value of ZAR 1 each)	12,96,00,000	-	-
(22) Tata Steel Downstream Products Limited (formerly Tata Steel Processing and Distribution Limited)	6,82,50,000	274.45	274.45
(23) Tata Steel Foundation	10,00,000	1.00	1.00
(24) Tata Steel Mining Limited (formerly T S Alloys Limited)	6,57,07,544	78.64	78.64
(25) Tata Steel Odisha Limited	25,67,000	2.57	2.57
(26) Tata Steel Special Economic Zone Limited (21,42,17,870 shares purchased during the year)	39,94,60,501	374.54	160.32
(27) Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities & Services Company Limited)	2,43,50,000	24.35	24.35
(28) The Indian Steel & Wire Products Ltd	56,92,651	3.08	3.08
(29) The Tata Pigments Limited (Face value of ₹100 each)	75,000	0.70	0.70
		24,066.55	2,128.43
Aggregate provision for impairment in value of investments		(1,195.08)	(50.00)
		22,871.47	2,078.43
		24,851.10	2,765.86
(b) Investment in equity share warrants of subsidiary companies			
(i) Unquoted			
(1) Tata Metaliks Ltd.	34,92,500	56.05	56.05
		56.05	56.05
(c) Equity investment in associate companies			
(i) Quoted			
(1) TRF Limited	37,53,275	5.79	5.79
		5.79	5.79
Aggregate provision for impairment in value of investments		(5.79)	-
		-	5.79

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7. Investments in subsidiaries, associates and joint ventures (Contd.)

[Item No. I(f), Page 222]

	No. of shares as at March 31, 2020 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2020	As at March 31, 2019
(₹ crore)			
(ii) Unquoted		-	
(1) Kalinga Aquatic Ltd*	10,49,920	-	-
(2) Malusha Travels Pvt Ltd. ₹33,520 (March 31, 2019 : ₹33,520)	3,352	-	-
(3) Nicco Jubilee Park Limited*	3,40,000	-	-
(4) Strategic Energy Technology Systems Private Limited	2,56,14,500	0.91	0.91
		0.91	0.91
Aggregate provision for impairment in value of investments		(0.91)	(0.91)
		-	-
		-	5.79
(d) Equity investment in joint ventures			
(i) Unquoted			
(1) Himalaya Steel Mill Services Private Limited	36,19,945	3.62	3.62
(2) Industrial Energy Limited	17,31,60,000	173.16	173.16
(3) Jamipol Limited	36,75,000	8.38	8.38
(4) Jamshedpur Continuous Annealing & Processing Company Private Limited	68,95,20,000	689.52	628.32
(6,12,00,000 shares purchased during the year)			
(5) Medica TS Hospital Private Limited	2,60,000	0.26	0.26
(6) mjunction services limited	40,00,000	4.00	4.00
(7) S & T Mining Company Private Limited	1,81,41,400	18.14	12.94
(Amount receivable converted into 52,00,000 shares during the year)			
(8) T M Mining Company Limited #	2,29,116	0.23	0.23
(9) Tata BlueScope Steel Private Limited	43,30,00,000	433.00	433.00
(10) Tata NYK Shipping Pte Ltd. (Face value of USD 1 each)	6,51,67,500	350.14	350.14
(11) TM International Logistics Limited	91,80,000	9.18	9.18
		1,689.63	1,623.23
Aggregate provision for impairment in value of investments		(18.37)	(13.17)
		1,671.26	1,610.06
Total investments in subsidiaries, associates and joint ventures		26,578.41	4,437.76

*These investments are carried at a book value of ₹1.00

#As on March 31, 2020, Tata Steel (KZN) (Pty) Ltd. is under liquidation, Tata Korf Engineering Services Ltd is non-operative and T M Mining Company Limited is under strike off.

^ These companies have applied to Registrar of Companies (ROC), Mumbai for striking off their names from the ROC and the same is pending ROC's approval.

(i) The Company holds more than 50% of the equity share capital in TM International Logistics Limited, Jamshedpur Continuous Annealing & Processing Company Private Limited and T M Mining Company Limited. However, decisions in respect of activities which significantly affect the risks and rewards of these businesses, require unanimous consent of all the shareholders. These entities have therefore been considered as joint ventures.

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7. Investments in subsidiaries, associates and joint ventures (Contd.)

[Item No. I(f), Page 222]

(ii) Carrying value and market value of quoted and unquoted investments are as below:

	As at March 31, 2020	As at March 31, 2019
(₹ crore)		
(a) Investment in subsidiary companies:		
Aggregate carrying value of quoted investments	1,979.63	687.43
Aggregate market value of quoted investments	1,761.42	2,876.68
Aggregate carrying value of unquoted investments	22,927.52	2,134.48
(b) Investment in associate companies:		
Aggregate carrying value of quoted investments	-	5.79
Aggregate market value of quoted investments	19.25	44.87
Aggregate carrying value of unquoted investments	-	-
(c) Investment in joint ventures:		
Aggregate carrying value of unquoted investments	1,671.26	1,610.06

(iii) The Hon'ble National Company Law Tribunal (NCLT), Kolkata vide order dated April 5, 2019 has admitted the initiation of Corporate Insolvency Resolution Process (CIRP) in respect of Tayo Rolls Limited, a subsidiary of the Company.

(iv) During the year ended March 31, 2020, the Company considered indicators of impairment for investments in steel, mining and other business operations held either directly or indirectly, such as declines in operational performance or changes in the outlook of future profitability or weaker market conditions, among other potential indicators.

In respect of the overseas investments in T Steel Holdings Pte. Ltd. and NatSteel Asia Pte. Ltd. where indicators of impairment were identified, the Company estimated the recoverable amount based on the value in use of the underlying businesses. The computation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out into perpetuity. Key assumptions for the value in use computations are those regarding the discount rates, growth rates, exchange rates, market demand, expected changes to selling prices, raw material and other direct costs. Changes in selling prices, raw material costs, exchange rates and demand are based on historical experience and expectations of future changes in the market. Beyond the specifically forecasted period, a growth rate of **1.25%** is used to extrapolate the cash flow projections. This rate does not exceed the average long-term growth rate for the relevant markets.

The Company estimates discount rates using pre-tax rates that reflect the current market rates for investments of similar risk. The rate for these investments were estimated from the weighted average cost of capital of participants, which operate a portfolio of assets similar to those of the Company's assets. The weighted average pre-tax discount rates used for discounting the cash flows projections was **8.00%**.

The outcome of the test as on March 31, 2020 resulted in the Company recognizing an impairment loss of **₹860.00** crore with respect to investment in T Steel Holdings Pte. Ltd. and **₹126.00** crore with respect to investment in NatSteel Asia Pte. Ltd.

The operational and financial performance of Tata Steel Europe Limited (TSE), a wholly owned subsidiary of T Steel Holdings Pte. Ltd. is forecasted to be adversely impacted due to the downturn in steel demand on account of the COVID-19 pandemic, consequently, impacting the ability to meet its liquidity requirements. TSE as a whole, including its operations in the United Kingdom, continues to implement various measures aimed at conserving cash including but not limited to deferral of capital expenditures, reduction in administrative expenses, use of non-recourse securitisation programmes, seeking Government backed funding etc. The severity and length of the downturn in steel demand on account of the pandemic remains unpredictable and the ability of TSE to continue as a going concern is dependent on the outcome of the above measures taken.

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7. Investments in subsidiaries, associates and joint ventures (Contd.)

[Item No. I(f), Page 222]

The balance impairment charge recognised during the year ended March 31, 2020 amounting to ₹164.87 crore primarily relates to investments held Tata Steel Special Economic Zone Limited (₹150.00 crore), Jamshedpur Football and Sporting Private Limited (₹8.80 crore) and TRF Limited (₹5.79 crore).

During the year ended March 31, 2019, an impairment charge of ₹12.07 crore was recognised with respect to investment in Jamshedpur Football and Sporting Private Limited (₹12.00 crore) and T M Mining Company Limited (₹0.07 crore).

8. Investments

[Item No. I(g)(i) and II(b)(i), Page 222]

A. Non-current

	No. of shares as at March 31, 2020 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2020	As at March 31, 2019
(₹ crore)			
(I) Investments carried at fair value through other comprehensive income:			
Investment in equity shares			
(i) Quoted			
(1) Credit Analysis & Research Limited	3,54,000	11.59	35.03
(2) Housing Development Finance Corporation Ltd. (Face value of ₹2 each)	7,900	1.29	1.55
(3) Steel Strips Wheels Limited	10,86,972	38.53	93.19
(4) Tata Consultancy Services Limited (Face Value of ₹1 each)	46,798	8.55	9.37
(5) Tata Investment Corporation Limited	2,28,015	15.12	19.00
(6) Tata Motors Ltd. (Face value of ₹2 each)	1,00,000	0.71	1.74
(7) The Tata Power Company Ltd. (Face value of ₹1 each)	3,91,22,725	128.52	288.73
(8) Timken India Ltd. ₹767.20 (March 31, 2019 : ₹587.25)	1	-	-
		204.31	448.61

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8. Investments (Contd.)

[Item No. I(g)(i) and II(b)(i), Page 222]

	No. of shares as at March 31, 2020 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2020	As at March 31, 2019
(₹ crore)			
(ii) Unquoted[#]			
(1) IFCI Venture Capital Funds Ltd.	1,00,000	0.10	0.10
(2) Panatone Finvest Ltd.	45,000	0.05	0.05
(3) Steelscape Consultancy Pvt. Ltd.	50,000	-	-
(4) Taj Air Limited	42,00,000	-	-
(5) Tarapur Environment Protection Society	82,776	0.89	0.89
(6) Tata Industries Ltd. (Face value of ₹100 each)	99,80,436	202.19	202.19
(7) Tata International Ltd. (Face value of ₹1,000 each)	28,616	31.19	31.19
(8) Tata Services Ltd. (Face value of ₹1,000 each)	1,621	0.16	0.16
(9) Tata Sons Private Limited (Face value of ₹1,000 each)	12,375	68.75	68.75
(10) Tata Teleservices Ltd.	8,74,27,533	-	-
(11) Others ⁽ⁱⁱⁱ⁾		0.01	0.01
		303.34	303.34
		507.65	751.95
(II) Investments carried at fair value through profit and loss:			
Investment in preference shares			
(a) Subsidiary companies			
(i) Unquoted			
(1) Creative Port Development Private Limited 0.01% non-cumulative optionally convertible redeemable preference shares (Face value of ₹100 each)	25,10,830	25.11	25.11
(2) T Steel Holdings Pte. Ltd. 5.00% non-cumulative convertible preference shares * (Face value of GBP 1 each) (55,41,31,297 shares were converted into same number of equity shares of face value GBP 1 each during the year)	-	-	5,016.25
(3) T Steel Holdings Pte. Ltd. 5.60% non-cumulative convertible preference shares * (Face value of USD 1 each) (1,25,80,00,000 shares were converted into same number of equity shares of face value GBP 0.78 each during the year)	-	-	8,698.44
(4) Tata Steel BSL Limited 10,70,00,00,000 11.09 % non-cumulative redeemable preference shares and 9,00,00,00,000 8.89 % non-cumulative optionally convertible redeemable preference shares	19,70,00,00,000	19,700.00	19,700.00

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8. Investments (Contd.)

[Item No. I(g)(i) and II(b)(i), Page 222]

				(₹ crore)		
		No. of shares as at March 31,2020 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2020	As at March 31, 2019		
(5)	Tayo Rolls Limited 7.00% non-cumulative redeemable preference shares (Face value of ₹100 each)	43,30,000	-	-		
(6)	Tayo Rolls Limited 7.17% non-cumulative redeemable preference shares (Face value of ₹100 each)	64,00,000	-	-		
(7)	Tayo Rolls Limited 8% non-cumulative redeemable preference shares (Face value of ₹100 each)	3,00,000	-	-		
(8)	Tayo Rolls Limited 8.50% non-cumulative redeemable preference shares (Face value of ₹100 each)	2,31,00,000	-	-		
			19,725.11	33,439.80		
(b) Associate companies						
(i) Unquoted						
(1)	TRF Limited 12.50 % non-cumulative redeemable preference shares	25,00,00,000	-	250.00		
			-	250.00		
			19,725.11	33,689.80		
Investments in debentures and bonds						
(a) Investment in joint ventures						
(i) Unquoted						
(1)	Medica TS Hospital Private Limited Secured optionally convertible redeemable debentures (Face value of ₹1,000 each)	4,97,400	49.74	49.74		
			49.74	49.74		
(b) Investments in others						
(i) Unquoted						
(1)	Bharti Airtel Limited - ₹700.00 (March 31, 2019 : Nil) 10.00 % non-cumulative redeemable preference shares (Face value of ₹100 each) (7 debentures were acquired during the year)	7	-	-		
			-	-		
			49.74	49.74		
			20,282.50	34,491.49		

* During the year ended March 31, 2020, terms of the non-cumulative redeemable preference shares of T Steel Holdings Pte. Ltd. were modified to non-cumulative convertible preference shares and these preference shares were converted to equity shares. The fair value of the preference shares on the date of conversion was considered as the cost of the equity shares.

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8. Investments (Contd.)

[Item No. I(g)(i) and II(b)(i), Page 222]

B. Current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
Investments carried at fair value through profit and loss:		
Investment in mutual funds – Unquoted		
(1) Nippon MF ETF Liquid Fund	0.09	0.09
(2) Tata Liquid Fund - Growth	-	477.38
(3) Tata Overnight Fund - Reg - Growth	3,235.07	-
	3,235.16	477.47

(i) Carrying value and market value of quoted and unquoted investments are as below:

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Investments in quoted instruments:		
Aggregate carrying value	204.31	448.61
Aggregate market value	204.31	448.61
(b) Investments in unquoted instruments:		
Aggregate carrying value	23,313.35	34,520.35

(ii) During the year ended March 31, 2019, cumulative gain on de-recognition of investments which were carried at fair value through other comprehensive income amounted to ₹1.49 crore. Fair value of such investments as on the date of de-recognition was ₹1.97 crore.

Cost of unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

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8. Investments (Contd.)

[Item No. I(g)(i) and II(b)(i), Page 222]

(iii) Details of other unquoted investments carried at fair value through other comprehensive income is as below:

	No. of shares as at March 31, 2020 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2020 (₹)	As at March 31, 2019 (₹)
(a) Barajamda Iron Ore Mine Workers' Central Co-operative Stores Ltd. (Face value of ₹25 each)	200	5,000.00	5,000.00
(b) Bokaro and Ramgarh Ltd.	100	16,225.00	16,225.00
(c) Eastern Synpacks Limited (Face value of ₹25 each)	1,50,000	1.00	1.00
(d) Ferro Manganese Plant Employees' Consumer Co-operative Society Ltd. (Face value of ₹25 each)	100	2,500.00	2,500.00
(e) Investech Advisory Services (India) Limited (Face value of ₹100 each)	1,680	1.00	1.00
(f) Jamshedpur Co-operative House Building Society Ltd. (Face value of ₹100 each)	10	1,000.00	1,000.00
(g) Jamshedpur Co-operative Stores Ltd. (Face value of ₹5 each)	50	250.00	250.00
(h) Jamshedpur Educational and Culture Co-operative Society Ltd. (Face value of ₹100 each)	50	5,000.00	5,000.00
(i) Joda East Iron Mine Employees' Consumer Co-operative Society Ltd. (Face value of ₹25 each)	100	2,500.00	2,500.00
(j) Kumardhubi Fireclay and Silica Works Ltd.	1,50,001	1.00	1.00
(k) Kumardhubi Metal Casting and Engineering Ltd.	10,70,000	1.00	1.00
(l) Namtech Electronic Devices Limited	48,026	1.00	1.00
(m) Reliance Firebrick and Pottery Company Ltd. (Partly paid up)	16,800	1.00	1.00
(n) Reliance Firebrick and Pottery Company Ltd.	2,400	1.00	1.00
(o) Sanderson Industries Ltd.	3,33,876	2.00	2.00
(p) Standard Chrome Ltd.	11,16,000	2.00	2.00
(q) Sijua (Jherriah) Electric Supply Co. Ltd.	4,144	40,260.00	40,260.00
(r) Tata Construction and Projects Ltd.	11,97,699	1.00	1.00
(s) TBW Publishing and Media Pvt. Limited	100	1.00	1.00
(t) Wellman Incandescent India Ltd.	15,21,234	2.00	2.00
(u) Woodland Multispeciality Hospital Ltd.	1,25,000	1.00	1.00
(v) Unit Trust of India - Mastershares	2,229	47,477.00	47,477.00
		1,20,228.00	1,20,228.00

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9. Loans

[Item No. I(g)(ii) and II(b)(v), Page 222]

A. Non-current

	As at March 31, 2020	As at March 31, 2019
(₹ crore)		
(a) Security deposits		
Considered good - Unsecured	184.04	200.13
Credit impaired	1.96	2.02
Less: Allowance for credit losses	1.96	2.02
	184.04	200.13
(b) Loans to related parties		
Considered good - Unsecured	-	13.00
Credit impaired	558.95	558.95
Less: Allowance for credit losses	558.95	558.95
	-	13.00
(c) Other loans		
Considered good - Unsecured	15.22	18.03
Credit impaired	0.53	0.53
Less: Allowance for credit losses	0.53	0.53
	15.22	18.03
	199.26	231.16

B. Current

	As at March 31, 2020	As at March 31, 2019
(₹ crore)		
(a) Security deposits		
Considered good - Unsecured	2.47	-
(b) Loans to related parties		
Considered good - Unsecured	1,600.40	52.01
Credit impaired	67.66	68.72
Less: Allowance for credit losses	67.66	68.72
	1,600.40	52.01
(c) Other loans		
Considered good - Unsecured	4.45	3.91
Credit impaired	2.00	2.00
Less: Allowance for credit losses	2.00	2.00
	4.45	3.91
	1,607.32	55.92

- (i) Security deposits are primarily in relation to public utility services and rental agreements. It includes deposit with a subsidiary ₹14.00 crore (March 31, 2019: ₹14.00 crore) and deposits with Tata Sons Private Limited ₹1.25 crore (March 31, 2019: ₹1.25 crore).
- (ii) Non-current loans to related parties represent loans given to subsidiaries ₹558.95 crore (March 31, 2019: ₹571.95 crore), out of which ₹558.95 crore (March 31, 2019: ₹558.95 crore) is impaired.

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9. Loans (Contd.)

[Item No. I(g)(ii) and II(b)(v), Page 222]

- (iii) Current loans to related parties represent loans/advances given to subsidiaries ₹1,640.46 crore (March 31, 2019: ₹92.06 crore) and joint ventures ₹27.60 crore (March 31, 2019: ₹28.67 crore) out of which ₹67.66 crore (March 31, 2019: ₹67.65 crore) and Nil (March 31, 2019: ₹1.07 crore) is impaired respectively.
- (iv) Other loans primarily represent loans given to employees.
- (v) Disclosure as per Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186(4) of the Companies Act, 2013.
- (a) Loans/advances in the nature of loan outstanding from subsidiaries, associates and joint ventures for the year ended March 31, 2020:

Name of the Company	(₹ crore)	
	Debts outstanding as at March 31, 2020	Maximum balance outstanding during the year
Subsidiaries		
(1) Bamnival Steel Limited (interest rate 10.00%)	-	-
(2) Jamshedpur Football and Sporting Private Limited (interest rate 12.25%)	-	18,631.65
(3) Subarnarekha Port Private Limited (interest rate 10.51%)	23.00 20.00	23.00 20.00
(4) T Steel Holdings Pte. Ltd. (interest rate LIBOR+2%)	1,511.80 -	1,511.80 -
(5) Tata Steel (KZN) (Pty) Ltd. ⁽ⁱⁱ⁾	558.95 558.95	558.95 558.95
(6) Tata Steel Special Economic Zone Limited (interest rate 10.00% to 10.50%)	38.00 13.00	38.00 13.00
(7) Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities & Services Company Limited) (interest rate 10.50% to 12.50%)	-	-
(8) Tayo Rolls Limited ⁽ⁱⁱⁱ⁾ (interest rate 7.00% to 13.07%)	67.00 67.00	67.00 67.00

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forming part of the financial statements

9. Loans (Contd.)

[Item No. I(g)(ii) and II(b)(v), Page 222]

Name of the Company	(₹ crore)	
	Debts outstanding as at March 31, 2020	Maximum balance outstanding during the year
Associate		
(1) TRF Limited (interest rate 10.00% to 10.51%)	-	-
	-	242.00
Joint ventures		
(1) Industrial Energy Limited (interest rate 10.00%)	27.60	27.60
	27.60	46.22
(2) S & T Mining Company Private Limited (interest rate 12.00% to 14.00%)	-	1.07
	1.07	1.07
(3) T M Mining Company Limited (interest rate 12.40%)	-	-
	-	0.05

Figures in italics represents comparative figures of previous year.

(i) The above loans have been given for business purpose.

(ii) As at March 31, 2020, loans given to Tayo Rolls Limited and Tata Steel (KZN) (Pty) Ltd. were fully impaired.

(b) Details of investments made and guarantees provided are given in note 7, page 246, note 8, page 250 and note 37B, page 293.

(vi) There are no outstanding debts from directors or other officers of the Company.

10. Other financial assets

[Item No. I(g)(iv) and II(b)(vii), Page 222]

A. Non-current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Interest accrued on deposits and loans		
Considered good - Unsecured	1.68	0.50
(b) Earmarked balances with banks		
	54.31	34.96
(c) Others		
Considered good - Unsecured	4.43	275.19
	60.42	310.65

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10. Other financial assets (Contd.)

[Item No. I(g)(iv) and II(b)(vii), Page 222]

B. Current

	As at March 31, 2020	As at March 31, 2019
(₹ crore)		
(a) Interest accrued on deposits and loans		
Considered good - Unsecured	10.42	6.30
Credit impaired	14.30	14.32
Less: Allowance for credit losses	14.30	14.32
	10.42	6.30
(b) Others		
Considered good - Unsecured	219.99	934.46
	230.41	940.76

- (i) Non-current earmarked balances with banks represent deposits and balances in escrow account not due for realisation within 12 months from the balance sheet date. These are primarily placed as security with government bodies, margin money against issue of bank guarantees.
- (ii) During the year ended March 31, 2019, non-current other financial assets included advance against purchase of equity shares in a subsidiary ₹275.19 crore out of which ₹258.69 crore was contributed by way of transfer of assets.
- (iii) Current other financial assets include amount receivable from post-employment benefit funds ₹56.71 crore (March 31, 2019: ₹755.95 crore) on account of retirement benefit obligations paid by the Company directly.

11. Income tax

[Item No. V(e), Page 222]

A. Income tax expense/(benefit)

The Company is subject to income tax in India on the basis of its standalone financial statements. The Company can claim tax exemptions/ deductions under specific sections of the Income Tax Act, 1961 subject to fulfilment of prescribed conditions, as may be applicable. As per the Income Tax Act, 1961, the Company is liable to pay income tax based on higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT). MAT paid in excess of regular income tax during a year can be carried forward for a period of fifteen years and can be offset against future tax liabilities arising from regular income tax.

Section 115BAA has newly been inserted in the Income Tax Act, 1961 vide Taxation Laws (Amendment) Ordinance, 2019 (subsequently enacted on December 11, 2019 as The Taxation Laws (Amendment) Act, 2019) which provides a domestic company with an irrevocable option to pay tax at a lower rate of 22% (effective rate of 25.168%) for any previous year relevant to the assessment year beginning on or after April 1, 2020. The lower rate shall be applicable subject to certain conditions, including that the total income should be computed without claiming specific deduction or exemptions. MAT would be inapplicable to companies opting to apply the lower tax rate.

Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

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11. Income tax (Contd.)

[Item No. V(e), Page 222]

The reconciliation of estimated income tax to income tax expense is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	6,610.98	16,227.25
Expected income tax expense at statutory income tax rate of 25.168 % (2018-19 : 34.944 %)	1,663.85	5,670.45
(a) Income exempt from tax/Items not deductible	388.72	48.98
(b) Additional tax benefit for capital investment including research and development expenditures	-	(25.37)
(c) Impact of change in tax rate ⁽ⁱ⁾	(2,185.39)	-
Tax expense as reported	(132.82)	5,694.06

(i) The Company has elected to exercise the option permitted under new tax rate regime during the financial year ended March 31, 2020 and accordingly remeasured deferred tax balances expected to reverse in future periods based on the revised applicable tax rate.

B. Deferred tax assets/(liabilities)

(i) Components of deferred tax assets and liabilities as at March 31, 2020 are as below:

	Balance as at April 1, 2019	Recognised/ (reversed) in profit and loss during the year	Recognised in other comprehensive income during the year	Recognised in equity during the year	Balance as at March 31, 2020
Deferred tax assets:					
Investments	3,040.80	(54.30)	-	-	2,986.50
Retirement benefit obligations	186.00	(52.04)	-	-	133.96
Expenses allowable for tax purposes when paid/written off	3,011.80	(911.56)	-	-	2,100.24
	6,238.60	(1,017.90)	-	-	5,220.70
Deferred tax liabilities:					
Property, plant and equipment and intangible assets	13,700.23	(3,009.53)	-	(3.58)	10,687.12
Others	345.37	70.86	(20.37)	-	395.86
	14,045.60	(2,938.67)	(20.37)	(3.58)	11,082.98
Net deferred tax assets/(liabilities)	(7,807.00)	1,920.77	20.37	3.58	(5,862.28)
Disclosed as:					
Deferred tax liabilities (net)	(7,807.00)				(5,862.28)

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11. Income tax (Contd.)

[Item No. V(e), Page 222]

Components of deferred tax assets and liabilities as at March 31, 2019 are as below:

	Balance as at April 1, 2018	Recognised/ (reversed) in profit and loss during the year	Recognised in other comprehensive income during the year	Recognised in equity during the year	Other movements during the year	Balance as at March 31, 2019
(₹ crore)						
Deferred tax assets:						
Investments	3,040.80	-	-	-	-	3,040.80
Retirement benefit obligations	186.00	-	-	-	-	186.00
Expenses allowable for tax purposes when paid/written off	1,838.05	1,173.75	-	-	-	3,011.80
MAT credit entitlement/(utilisation)	2,158.92	-	-	-	(2,158.92)	-
	7,223.77	1,173.75	-	-	(2,158.92)	6,238.60
Deferred tax liabilities:						
Property, plant and equipment and intangible assets	13,391.83	313.21	-	(4.81)	-	13,700.23
Others	91.03	257.49	(3.15)	-	-	345.37
	13,482.86	570.70	(3.15)	(4.81)	-	14,045.60
Net deferred tax assets/(liabilities)	(6,259.09)	603.05	3.15	4.81	(2,158.92)	(7,807.00)
Disclosed as:						
Deferred tax liabilities (net)	(6,259.09)					(7,807.00)

- (ii) As at March 31, 2020, deferred tax assets amounting to ₹7,967.37 crore (March 31, 2019: ₹8,112.23 crore) on fair value adjustment recognised in respect of investments held in a subsidiary on transition to Ind AS has not been recognised due to uncertainty surrounding availability of future taxable income against which such loss can be offset.

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12. Other assets

[Item No. I(i) and II(c), Page 222]

A. Non-current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Capital advances		
Considered good - Unsecured	969.40	706.50
Considered doubtful - Unsecured	83.98	83.86
Less: Provision for doubtful advances	83.98	83.86
	969.40	706.50
(b) Advances with public bodies		
Considered good - Unsecured	1,016.92	919.44
Considered doubtful - Unsecured	12.23	12.21
Less: Provision for doubtful advances	12.23	12.21
	1,016.92	919.44
(c) Prepaid lease payments for operating leases	-	821.25
(d) Capital advances to related parties		
Considered good - Unsecured	33.99	40.89
(e) Others		
Considered good - Unsecured	41.76	47.90
	2,062.07	2,535.98



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12. Other assets (Contd.)

[Item No. I(i) and II(c), Page 222]

B. Current

	As at March 31, 2020	As at March 31, 2019
		(₹ crore)
(a) Advances with public bodies		
Considered good - Unsecured	1,179.77	1,575.77
Considered doubtful - Unsecured	2.43	2.43
Less: Provision for doubtful advances	2.43	2.43
	1,179.77	1,575.77
(b) Advances to related parties		
Considered good - Unsecured	102.27	140.03
(c) Prepaid lease payments for operating leases	-	11.67
(d) Others		
Considered good - Unsecured	433.88	482.51
Considered doubtful - Unsecured	64.52	66.10
Less: Provision for doubtful advances	64.52	66.10
	433.88	482.51
	1,715.92	2,209.98

- (i) Advance with public bodies primarily relate to input credit entitlements and amounts paid under protest in respect of demands and claims from regulatory authorities.
- (ii) Prepaid lease payments in respect of land leases has been reclassified to right-of-use assets on adoption of Ind AS 116 "Leases".
- (iii) Others include advances against supply of goods/services and advances paid to employees.

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13. Inventories

[Item No. II(a), Page 222]

	As at March 31, 2020	As at March 31, 2019
(₹ crore)		
(a) Raw materials	3,586.21	4,496.38
(b) Work-in-progress	6.90	14.54
(c) Finished and semi-finished goods	4,663.71	4,129.28
(d) Stock-in-trade	113.15	75.54
(e) Stores and spares	2,346.69	2,539.60
	10,716.66	11,255.34
Included above, goods-in-transit:		
(i) Raw materials	645.00	671.23
(ii) Finished and semi-finished goods	7.07	0.71
(iii) Stock-in-trade	39.99	66.22
(iv) Stores and spares	112.91	163.35
	804.97	901.51

Value of inventories above is stated after provisions (net of reversal) ₹110.35 crore (March 31, 2019: ₹93.07 crore) for write-downs to net realisable value and provision for slow-moving and obsolete items.

14. Trade receivables

[Item No. II(b)(ii), Page 222]

	As at March 31, 2020	As at March 31, 2019
(₹ crore)		
(a) Considered good - Unsecured	1,016.73	1,363.04
(b) Credit impaired	33.16	34.74
	1,049.89	1,397.78
Less: Allowance for credit losses	33.16	34.74
	1,016.73	1,363.04

In determining allowance for credit losses of trade receivables, the Company has used the practical expedient by computing the expected credit loss allowance based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on ageing of the receivables and rates used in the provision matrix.

(i) Movements in allowance for credit losses of receivables is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
(₹ crore)		
Balance at the beginning of the year	34.74	30.97
Charge/(release) during the year	(1.58)	3.77
Balance at the end of the year	33.16	34.74

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14. Trade receivables (Contd.)

[Item No. II(b)(ii), Page 222]

(ii) Ageing of trade receivables and credit risk arising therefrom is as below:

	(₹ crore)		
	As at March 31, 2020		
	Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due	801.91	1.46	800.45
One month overdue	146.79	3.65	143.14
Two months overdue	16.84	1.70	15.14
Three months overdue	10.86	2.03	8.83
Between three to six months overdue	28.04	5.68	22.36
Greater than six months overdue	45.45	18.64	26.81
	1,049.89	33.16	1,016.73

	(₹ crore)		
	As at March 31, 2019		
	Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due	1,243.54	2.34	1,241.20
One month overdue	65.51	1.66	63.85
Two months overdue	17.34	1.19	16.15
Three months overdue	9.65	2.69	6.96
Between three to six months overdue	16.69	2.63	14.06
Greater than six months overdue	45.05	24.23	20.82
	1,397.78	34.74	1,363.04

(iii) The Company considers its maximum exposure to credit risk with respect to customers as at March 31, 2020 to be ₹1,016.73 crore (March 31, 2019: ₹1,363.04 crore), which is the carrying value of trade receivables after allowance for credit losses.

The Company's exposure to customers is diversified and no single customer, other than a subsidiary, contributes more than 10% of the outstanding receivables as at March 31, 2020 and March 31, 2019.

(iv) There are no outstanding receivables due from directors or other officers of the Company.

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15. Cash and cash equivalents

[Item No. II(b)(iii), Page 222]

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Cash on hand	0.50	1.35
(b) Cheques, drafts on hand	0.34	7.74
(c) Remittances-in-transit	-	8.97
(d) Unrestricted balances with banks	992.80	526.79
	993.64	544.85

(i) Cash and bank balances are denominated and held in Indian Rupees.

16. Other balances with banks

[Item No. II(b)(iv), Page 222]

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
Earmarked balances with banks	233.23	173.26

(i) Earmarked balances with banks primarily includes balances held for unpaid dividends ₹64.20 crore (March 31, 2019: ₹64.88 crore), bank guarantees and margin money ₹38.90 crore (March 31, 2019: ₹66.11 crore).

(ii) Earmarked balances with banks are denominated and held in Indian Rupees.

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17. Equity share capital

[Item No. IV(a), Page 222]

		(₹ crore)	
		As at March 31, 2020	As at March 31, 2019
Authorised:			
1,75,00,00,000	Ordinary Shares of ₹10 each (March 31, 2019: 1,75,00,00,000 Ordinary Shares of ₹10 each)	1,750.00	1,750.00
35,00,00,000	'A' Ordinary Shares of ₹10 each* (March 31, 2019: 35,00,00,000 'A' Ordinary Shares of ₹10 each)	350.00	350.00
2,50,00,000	Cumulative Redeemable Preference Shares of ₹100 each* (March 31, 2019: 2,50,00,000 Shares of ₹100 each)	250.00	250.00
60,00,00,000	Cumulative Convertible Preference Shares of ₹100 each* (March 31, 2019: 60,00,00,000 Shares of ₹100 each)	6,000.00	6,000.00
		8,350.00	8,350.00
Issued:			
1,12,75,20,570	Ordinary Shares of ₹10 each (March 31, 2019: 1,12,75,20,570 Ordinary Shares of ₹10 each)	1,127.52	1,127.52
7,76,97,280	Ordinary Shares of ₹10 each (partly paid up, ₹2.504 each paid up) (March 31, 2019: 7,76,97,280 Ordinary Shares of ₹10 each, ₹2.504 each paid up)	77.70	77.70
		1,205.22	1,205.22
Subscribed and paid up:			
1,12,64,90,211	Ordinary Shares of ₹10 each fully paid up (March 31, 2019: 1,12,64,89,680 Ordinary Shares of ₹10 each)	1,126.49	1,126.48
7,76,36,788	Ordinary Shares of ₹10 each (partly paid up, ₹2.504 each paid up) (March 31, 2019: 7,76,36,705 Ordinary Shares of ₹10 each, ₹2.504 each paid up)	19.44	19.44
		0.20	0.20
		1,146.13	1,146.12

* 'A' class Ordinary Shares and Preference Shares included within the authorised share capital are for disclosure purposes and have not yet been issued.

- (i) Subscribed and paid up share capital includes **11,81,893** (March 31, 2019: 11,81,893) Ordinary Shares of face value ₹10 each fully paid up, held by subsidiaries of the Company.
- (ii) Details of movement in subscribed and paid up share capital other than forfeited shares is as below:

	Year ended March 31, 2020		Year ended March 31, 2019	
	No. of shares	₹ crore	No. of shares	₹ crore
Ordinary Shares of ₹10 each				
Balance at the beginning of the year	1,20,41,26,385	1,145.92	1,20,41,19,440	1,145.92
Fully paid shares allotted during the year ^{(a),(b),(c)}	531	0.01	4,865	0.00*
Partly paid shares allotted during the year ^(d)	83	0.00*	2,080	0.00*
Balance at the end of the year	1,20,41,26,999	1,145.93	1,20,41,26,385	1,145.92

* represents value less than ₹0.01 crore.

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17. Equity share capital (Contd.)

[Item No. IV(a), Page 222]

- (a) **210** Ordinary Shares of face value ₹10 each were allotted at a premium of ₹290 per share to the shareholders whose shares were kept in abeyance in the Rights Issue of 2007.
 - (b) **154** Ordinary Shares of face value ₹10 each were allotted at a premium of ₹590 per share in lieu of Cumulative Convertible Preference Shares of ₹100 each to the shareholders whose shares were kept in abeyance in the Rights Issue of 2007.
 - (c) **167** fully paid Ordinary Shares of face value ₹10 were allotted at a premium of ₹500 per share to the shareholders whose shares were kept in abeyance in the Rights Issue of 2018.
 - (d) **83** partly paid Ordinary Shares of face value ₹10 each (₹2.504 paid up) were allotted at a premium of ₹605 (₹151.496 paid up) per share to the shareholders whose shares were kept in abeyance in the Rights Issue of 2018.
- (iii) As at March 31, 2020, **2,98,822** Ordinary Shares of face value ₹10 each (March 31, 2019: 2,99,188 Ordinary Shares) are kept in abeyance in respect of Rights Issue of 2007.

As at March 31, 2020, **1,21,293** fully paid Ordinary Shares of face value ₹10 each (March 31, 2019: 1,21,460 fully paid Ordinary Shares) and **60,492** partly paid Ordinary Shares of face value ₹10 each, ₹2.504 paid up (March 31, 2019: 60,575 partly paid Ordinary Shares, ₹2.504 paid up) are kept in abeyance in respect of Rights Issue of 2018.

- (iv) Details of shareholders holding more than 5 percent shares in the Company is as below:

Name of shareholders	As at March 31, 2020		As at March 31, 2019	
	No. of Ordinary Shares	% held	No. of Ordinary Shares	% held
(a) Tata Sons Private Limited	39,65,08,142	32.93	38,09,73,085	31.64
(b) Life Insurance Corporation of India	10,96,96,176	9.11	10,83,88,660	9.00
(c) HDFC Trustee Company Limited	6,02,13,483	5.00	NA*	NA*

* As on March 31, 2019, HDFC Trustee Company Limited held less than 5% shares in the Company.

- (v) **1,25,61,401** shares (March 31, 2019: 1,34,73,958 shares) of face value of ₹10 per share represent the shares underlying GDRs which were issued during 1994 and 2009. Each GDR represents one underlying Ordinary Share.
- (vi) The rights, powers and preferences relating to each class of share capital and the qualifications, limitations and restrictions thereof are contained in the Memorandum and Articles of Association of the Company. The principal rights are as below:

A. Ordinary Shares of ₹10 each

- (i) In respect of every Ordinary Share (whether fully paid or partly paid), voting right and dividend shall be in the same proportion as the capital paid up on such Ordinary Share bears to the total paid up Ordinary Capital of the Company.
- (ii) The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of interim dividend.
- (iii) In the event of liquidation, the Shareholders of Ordinary Shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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17. Equity share capital (Contd.)

[Item No. IV(a), Page 222]

B. 'A' Ordinary Shares of ₹10 each

- (i) (a) The holders of 'A' Ordinary Shares shall be entitled to such rights of voting and/or dividend and such other rights as per the terms of the issue of such shares, provided always that:
- in the case where a resolution is put to vote on a poll, such differential voting entitlement (excluding fractions, if any) will be applicable to holders of 'A' Ordinary Shares.
 - in the case where a resolution is put to vote in the meeting and is to be decided on a show of hands, the holders of 'A' Ordinary Shares shall be entitled to the same number of votes as available to holders of Ordinary Shares.
- (b) The holders of Ordinary Shares and the holders of 'A' Ordinary Shares shall vote as a single class with respect to all matters submitted for voting by shareholders of the Company and shall exercise such votes in proportion to the voting rights attached to such shares including in relation to any scheme under Sections 391 to 394 of the Companies Act, 1956.
- (ii) The holders of 'A' Ordinary Shares shall be entitled to dividend on each 'A' Ordinary Share which may be equal to or higher than the amount per Ordinary Share declared by the Board for each Ordinary Share, and as may be specified at the time of the issue. Different series of 'A' Ordinary Shares may carry different entitlements to dividend to the extent permitted under applicable law and as prescribed under the terms applicable to such issue.

C. Preference Shares

The Company has two classes of preference shares i.e. Cumulative Redeemable Preference Shares (CRPS) of ₹100 per share and Cumulative Convertible Preference Shares (CCPS) of ₹100 per share.

- (i) Such shares shall confer on the holders thereof, the right to a fixed preferential dividend from the date of allotment, at a rate as may be determined by the Board at the time of the issue, on the capital for the time being paid up or credited as paid up thereon.
- (ii) Such shares shall rank for capital and dividend (including all dividend undeclared upto the commencement of winding up) and for repayment of capital in a winding up, *pari passu* inter se and in priority to the Ordinary Shares of the Company, but shall not confer any further or other right to participate either in profits or assets. However, in case of CCPS, such preferential rights shall automatically cease on conversion of these shares into Ordinary Shares.
- (iii) The holders of such shares shall have the right to receive all notices of general meetings of the Company but shall not confer on the holders thereof the right to vote at any meetings of the Company save to the extent and in the manner provided in the Companies Act, 1956, or any re-enactment thereof.
- (iv) CCPS shall be converted into Ordinary Shares as per the terms, determined by the Board at the time of issue; as and when converted, such Ordinary Shares shall rank *pari passu* with the then existing Ordinary Shares of the Company in all respects.

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18. Hybrid perpetual securities

[Item No. IV(b), Page 222]

The detail of movement in hybrid perpetual securities is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	2,275.00	2,275.00
Balance at the end of the year	2,275.00	2,275.00

(₹ crore)

The Company had issued hybrid perpetual securities of ₹775.00 crore and ₹1,500.00 crore in May 2011 and March 2011 respectively. These securities are perpetual in nature with no maturity or redemption and are callable only at the option of the Company. The distribution on these securities are 11.50% p.a. and 11.80% p.a. respectively, with a step up provision if the securities are not called after 10 years. The distribution on the securities may be deferred at the option of the Company if in the six months preceding the relevant distribution payment date, the Company has not made payment on, or repurchased or redeemed, any securities ranking *pari passu* with, or junior to the instrument. As these securities are perpetual in nature and the Company does not have any redemption obligation, these have been classified as equity.

19. Other equity

[Item No. IV(c), Page 222]



A. Retained earnings

The details of movement in retained earnings is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	27,694.90	18,700.25
Profit for the year	6,743.80	10,533.19
Remeasurement of post-employment defined benefit plans	(461.27)	5.95
Tax on remeasurement of post-employment defined benefit plans	116.09	(2.07)
Dividend	(1,489.67)	(1,145.92)
Tax on dividend	(297.71)	(224.86)
Distribution on hybrid perpetual securities	(266.15)	(266.12)
Tax on distribution on hybrid perpetual securities	66.97	92.99
Transfers within equity ⁽ⁱ⁾	-	1.49
Balance at the end of the year	32,106.96	27,694.90

(₹ crore)

- (i) Represents profit on sale of investments carried at fair value through other comprehensive income reclassified from investment revaluation reserve.

B. Items of other comprehensive income

(a) Cash flow hedge reserve

The cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the statement of profit and loss when the hedged item affects the profit or loss or are included as an adjustment to the cost of the related non-financial hedged item.

The Company has designated certain foreign currency forward contracts, interest rate swaps and interest rate caps and collars as cash flow hedges in respect of foreign exchange and interest rate risks.

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19. Other equity (Contd.)

[Item No. IV(c), Page 222]

The details of movement in cash flow hedge reserve is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	(1.77)	5.14
Other comprehensive income recognised during the year	(59.95)	(6.91)
Balance at the end of the year	(61.72)	(1.77)

(₹ crore)

(i) The details of other comprehensive income recognised during the year is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Fair value changes recognised during the year	(74.28)	(27.94)
Fair value changes re-classified to profit and loss/cost of hedged items	(5.48)	17.32
Tax impact on above	19.81	3.71
	(59.95)	(6.91)

(₹ crore)

During the year, ineffective portion of cash flow hedges recognised in the statement of profit and loss amounted to **Nil** (2018-19: Nil).

(ii) The amount recognised in cash flow hedge reserve (net of tax) is expected to impact the statement of profit and loss as below:

- within the next one year: loss ₹4.24 crore (2018-19: loss ₹2.17 crore)
- later than one year: loss ₹57.48 crore (2018-19: gain ₹0.40 crore)

(b) Investment revaluation reserve

The cumulative gains and losses arising from fair value changes of equity investments measured at fair value through other comprehensive income are recognised in investment revaluation reserve. The balance of the reserve represents such changes recognised net of amounts reclassified to retained earnings on disposal of such investments.

The details of movement in investment revaluation reserve is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	55.04	103.72
Other comprehensive income recognised during the year	(244.30)	(46.63)
Tax impact on above	0.56	(0.56)
Transfers within equity	-	(1.49)
Balance at the end of the year	(188.70)	55.04

(₹ crore)

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19. Other equity (Contd.)

[Item No. IV(c), Page 222]

C. Other reserves

(a) Securities premium

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

The details of movement in securities premium is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	27,780.25	27,779.42
Received/transfer on issue of Ordinary Shares during the year	0.03	0.26
Equity issue expenses written (off)/back during the year	-	0.57
Balance at the end of the year	27,780.28	27,780.25

(₹ crore)

(b) Debenture redemption reserve

Earlier, the provisions of the Companies Act, 2013 read with the related rules required a company issuing debentures to create a Debenture redemption reserve (DRR) of 25% of the value of debentures issued, either through a public issue or on a private placement basis, out of the profits of the company available for payment of dividend. The amounts credited to the DRR can be utilised by the company only to redeem debentures.

However, as per the recent amendment in the Companies (Share Capital and Debentures) Rules, 2014, a listed company issuing privately placed debentures on or after August 16, 2019, is not required to maintain additional amount in the DRR. Accordingly, the existing balance in the DRR shall be maintained to be utilised only for the redemption of existing debentures issued by the Company before August 16, 2019.

The details of movement in debenture redemption reserve during the year is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	2,046.00	2,046.00
Balance at the end of the year	2,046.00	2,046.00

(₹ crore)

(c) General reserve

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

The details of movement in general reserve during the year is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	11,596.35	11,596.35
Balance at the end of the year	11,596.35	11,596.35

(₹ crore)

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19. Other equity (Contd.)

[Item No. IV(c), Page 222]

(d) Capital redemption reserve

The Companies Act, 2013 requires that when a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the redemption of preference shares issued in earlier years.

The details of movement in capital redemption reserve during the year is as below:

	(₹ crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	20.78	20.78
Balance at the end of the year	20.78	20.78

(e) Others

Others primarily represent amount appropriated out of the statement of profit and loss for unforeseen contingencies. Such appropriations are free in nature.

The details of movement in others during the year is as below:

	(₹ crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	117.04	117.04
Balance at the end of the year	117.04	117.04

D. Share application money pending allotment

The details of movement in share application money pending allotment during the year is as below:

	(₹ crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	-	0.02
Application money received during the year	0.04	0.24
Allotment of Ordinary Shares during the year	(0.04)	(0.26)
Balance at the end of the year	-	-

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20. Borrowings

[Item No. V(a)(i) and VI(a)(i), Page 222]

A. Non-current

	As at March 31, 2020	As at March 31, 2019
(₹ crore)		
(a) Secured		
(i) Loans from Joint Plant Committee - Steel Development Fund	2,633.96	2,564.10
(ii) Lease obligations	2,941.15	-
	5,575.11	2,564.10
(b) Unsecured		
(i) Non-convertible debentures	12,567.07	12,195.74
(ii) Term loans from banks/financial institutions	13,239.78	9,956.98
(iii) Lease obligations	-	1,934.37
	25,806.85	24,087.09
	31,381.96	26,651.19

B. Current

	As at March 31, 2020	As at March 31, 2019
(₹ crore)		
(a) Secured		
(i) Repayable on demand from banks/financial institutions	43.67	8.09
(b) Unsecured		
(i) Loans from banks/financial institutions	4,800.00	-
(ii) Commercial papers	3,013.60	-
	7,813.60	-
	7,857.27	8.09

(i) As at March 31, 2020, ₹5,618.78 crore (March 31, 2019: ₹2,572.19 crore) of the total outstanding borrowings were secured by a charge on property, plant and equipment, right-of-use assets, inventories and receivables.

(ii) The security details of major borrowings as at March 31, 2020 is as below:

(a) Loans from Joint Plant Committee-Steel Development Fund

It is secured by mortgages on all present and future immovable properties wherever situated and hypothecation of movable assets, excluding land and building mortgaged in favour of Government of India under the deed of mortgage dated April 13, 1967 and in favour of Government of Bihar under two deeds of mortgage dated May 11, 1963, immovable properties and

movable assets of the Tube Division, Bearings Division, Ferro Alloys Division and Cold Rolling Complex (West) at Tarapur and all investments and book debts of the Company subject to the prior charges created and/or to be created in favour of the bankers for securing borrowing for the working capital requirement and charges created and/or to be created on specific items of machinery and equipment procured/to be procured under deferred payment schemes/bill rediscounting schemes/asset credit schemes.

The loan was repayable in 16 equal semi-annual instalments after completion of four years from the date of the tranche.

The Company has filed a writ petition before the High Court at Kolkata in February 2006 claiming waiver of the outstanding loan and interest and refund of the balance lying with Steel Development Fund and the matter is subjudice.

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20. Borrowings (Contd.)

[Item No. V(a)(i) and VI(a)(i), Page 222]

The loan includes funded interest ₹994.63 crore (March 31, 2019: ₹924.77 crore).

It includes ₹1,639.33 crore (March 31, 2019: ₹1,639.33 crore) representing repayments and interest on earlier loans for which applications of funding are awaiting sanction and is not secured by charge on movable assets of the Company.

(b) Lease obligations

The Company has taken certain assets on lease for business purpose. In addition, the Company has entered into long-term arrangements which conveys right to control the use of the identified assets resulting in recognition of right-of-use assets and lease obligations.

Lease obligations represent the present value of minimum lease payments payable over the lease term.

(iii) The details of major unsecured borrowings as at March 31, 2020 is as below:

(a) Commercial Paper

Commercial papers raised by the Company are short-term in nature ranging between one to three months.

(b) Non-convertible debentures

- (i) 9.84% p.a. interest bearing 43,150 debentures of face value ₹10,00,000 each are redeemable at par in 4 equal annual instalments commencing from February 28, 2031.
- (ii) 10.25% p.a. interest bearing 25,000 debentures of face value ₹10,00,000 each are redeemable at par in 3 equal annual instalments commencing from January 6, 2029.
- (iii) 10.25% p.a. interest bearing 5,000 debentures of face value ₹10,00,000 each are redeemable at par in 3 equal annual instalments commencing from December 22, 2028.
- (iv) 8.15% p.a. interest bearing 10,000 debentures of face value ₹10,00,000 each are redeemable at par on October 1, 2026.
- (v) 7.70% p.a. interest bearing 6,700 debentures of face value ₹10,00,000 each are redeemable at par on March 13, 2025.
- (vi) 2.00% p.a. interest bearing 15,000 debentures of face value ₹10,00,000 each are redeemable at a premium of 85.03% of the face value on April 23, 2022.

- (vii) 9.15% p.a. interest bearing 5,000 debentures of face value ₹10,00,000 each are redeemable at par on January 25, 2021.

(c) Term loans from banks/financial institutions

- (i) USD 330.00 million equivalent to ₹2,494.80 crore (March 31, 2019: Nil) loan is repayable in 3 equal annual instalments commencing from September 09, 2023.
- (ii) Rupee loan amounting ₹2,500.00 crore (March 31, 2019: ₹2,500.00 crore) is repayable in 9 quarterly instalments commencing from March 31, 2023.
- (iii) Rupee loan amounting ₹1,047.50 crore (March 31, 2019: ₹1,047.50 crore) is repayable in 10 semi-annual instalments, the next instalment is due on November 29, 2022.
- (iv) Rupee loan amounting ₹1,000.00 crore (March 31, 2019: Nil) is repayable in 16 semi-annual instalments, the next instalment is due on March 24, 2022.
- (v) Rupee loan amounting ₹584.58 crore (March 31, 2019: ₹584.58 crore) is repayable in 8 semi-annual instalments, the next instalment is due on June 15, 2021.
- (vi) Rupee loan amounting ₹750.00 crore (March 31, 2019: ₹750.00 crore) is repayable in 3 equal annual instalments commencing from May 29, 2021.
- (vii) USD 7.86 million equivalent to ₹59.43 crore (March 31, 2019: USD 7.86 million equivalent to ₹54.38 crore) is repayable on March 1, 2021.
- (viii) USD 133.33 million equivalent to ₹1,008.00 crore (March 31, 2019: USD 200.00 million equivalent to ₹1,383.55 crore) loan is repayable in 2 equal annual instalments, the next instalment is due on February 16, 2021.
- (ix) Rupee loan amounting ₹632.72 crore (March 31, 2019: ₹640.42 crore) is repayable in 14 semi-annual instalments, the next instalment is due on August 14, 2020.
- (x) Euro 10.81 million equivalent to ₹89.56 crore (March 31, 2019: Euro 16.21 million equivalent to ₹125.96 crore) loan is repayable in 4 equal semi-annual instalments, the next instalment is due on July 6, 2020.
- (xi) Rupee loan amounting ₹1,000.00 crore (March 31, 2019: Nil) is repayable in 15 semi-annual instalments, the next instalment is due on June 30, 2020.
- (xii) Rupee loan amounting ₹1,600.00 crore (March 31, 2019: ₹1,600.00 crore) is repayable in 8 semi-annual instalments, the next instalment is due on April 30, 2020.

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20. Borrowings (Contd.)

[Item No. V(a)(i) and VI(a)(i), Page 222]

- (xiii) Euro **47.76** million equivalent to ₹**395.80** crore (March 31, 2019: Euro 66.87 million equivalent to ₹519.58 crore) loan is repayable in 5 equal semi-annual instalments, the next instalment is due on April 30, 2020.
- (xiv) Rupee loan amounting ₹**1,447.50** crore (March 31, 2019: ₹1,485.00 crore) is repayable in 17 semi-annual instalments, the next instalment is due on April 16, 2020.

- (iv) Currency and interest exposure of borrowings including current maturities at the end of the reporting period is as below:

	As at March 31, 2020			As at March 31, 2019		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
INR	24,190.31	13,225.20	37,415.51	16,476.27	11,162.42	27,638.69
EURO	325.31	156.25	481.56	425.00	212.29	637.29
USD	-	3,525.80	3,525.80	-	1,425.49	1,425.49
Total	24,515.62	16,907.25	41,422.87	16,901.27	12,800.20	29,701.47

INR-Indian Rupees, USD-United States Dollars.

- (v) Majority of floating rate borrowings are bank borrowings bearing interest rates based on MCLR, LIBOR and EURIBOR. Of the total floating rate borrowings as at March 31, 2020, ₹**2,778.30** crore (March 31, 2019: ₹1,037.66 crore) has been hedged using interest rate swaps and interest rate caps and collars, with contracts covering period of more than one year.
- (vi) Maturity profile of borrowings including current maturities is as below:

	As at March 31, 2020			As at March 31, 2019
	Borrowings other than lease obligations	Lease obligations	Total borrowings	Total borrowings
Not later than one year or on demand	9,675.53	753.36	10,428.89	3,325.08
Later than one year but not two years	1,672.66	611.87	2,284.53	2,033.20
Later than two years but not three years	4,014.61	528.24	4,542.85	1,912.66
Later than three years but not four years	3,291.60	451.01	3,742.61	4,206.95
Later than four years but not five years	3,464.11	417.32	3,881.43	2,611.95
More than five years	16,263.34	3,716.20	19,979.54	18,625.16
	38,381.85	6,478.00	44,859.85	32,715.00
Less: Future finance charges on leases	-	3,168.20	3,168.20	2,560.34
Less: Capitalisation of transaction costs	268.78	-	268.78	453.19
	38,113.07	3,309.80	41,422.87	29,701.47

- (vii) Some of the Company's major financing arrangements include financial covenants, which require compliance to certain debt-equity and debt coverage ratios. Additionally, certain negative covenants may limit the Company's ability to borrow additional funds or to incur additional liens, and/or provide for increased costs in case of breach.

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21. Other financial liabilities

[Item No. V(a)(iii) and VI(a)(iv), Page 222]

A. Non-current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
Creditors for other liabilities	293.59	125.07

B. Current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Current maturities of long-term borrowings	1,814.99	2,846.70
(b) Current maturities of lease obligations	368.65	195.49
(c) Interest accrued but not due	385.24	569.36
(d) Unclaimed dividends	64.20	64.88
(e) Creditors for other liabilities	2,768.47	3,195.92
	5,401.55	6,872.35

(i) Non-current and current creditors for other liabilities include:

- (a) creditors for capital supplies and services ₹1,303.22 crore (March 31, 2019: ₹1,582.88 crore).
- (b) liability for employee family benefit scheme ₹195.21 crore (March 31, 2019: ₹189.87 crore).

22. Provisions

[Item No. V(b) and VI(b), Page 222]

A. Non-current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Employee benefits	1,756.69	1,556.66
(b) Others	356.87	361.52
	2,113.56	1,918.18

B. Current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Employee benefits	219.52	300.80
(b) Others	444.34	477.43
	663.86	778.23

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22. Provisions (Contd.)

[Item No. V(b) and VI(b), Page 222]

- (i) Non-current and current provision for employee benefits include provision for leave salaries ₹1,158.62 crore (March 31, 2019: ₹999.39 crore) and provision for early separation scheme ₹801.46 crore (March 31, 2019: ₹843.14 crore).
- (ii) As per the leave policy of the Company, an employee is entitled to be paid the accumulated leave balance on separation. The Company presents provision for leave salaries as current and non-current based on actuarial valuation considering estimates of availment of leave, separation of employee etc.
- (iii) Non-current and current other provisions include:
 - (a) provision for compensatory afforestation, mine closure and rehabilitation obligations ₹753.88 crore (March 31, 2019: ₹791.62 crore). These amounts become payable upon closure of the mines and are expected to be incurred over a period of 1 to 32 years.
 - (b) provision for legal and constructive commitments provided by the Company in respect of a loss-making subsidiary ₹47.33 crore (March 31, 2019: ₹47.33 crore). The same is expected to be settled within one year from the reporting date.
- (iv) The details of movement in other provisions is as below:

	(₹ crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	838.95	676.34
Recognised/(released) during the year ^(a)	8.03	190.91
Utilised during the year	(45.77)	(28.30)
Balance at the end of the year	801.21	838.95

(a) include provisions capitalised during the year in respect of restoration obligations.

23. Retirement benefit obligations

[Item No. V(c) and VI(c), Page 222]

A. Non-current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Retiring gratuities	528.76	80.21
(b) Post-retirement medical benefits	1,446.44	1,182.12
(c) Other defined benefits	249.24	168.02
	2,224.44	1,430.35

B. Current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Post-retirement medical benefits	92.66	88.89
(b) Other defined benefits	13.95	13.23
	106.61	102.12

- (i) Detailed disclosure in respect post-retirement defined benefit schemes is provided in note 36, page 284.
- (ii) Other defined benefits include post-retirement lumpsum benefits, long service awards, packing and transportation, farewell gifts, etc.

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24. Deferred income

[Item No. V(d) and VI(d), Page 222]

A. Non-current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
Grants relating to property, plant and equipment	-	747.23

B. Current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
Other deferred income	6.15	-

- (i) Grants relating to property, plant and equipment as at March 31, 2019 relate to duty saved on import of capital goods and spares under the EPCG scheme. Under the scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities. Such grants recognised are released to the statement of profit and loss based on fulfilment of related export obligations.

During the year, an amount of ₹747.23 crore (2018-19: ₹618.38 crore) was released from deferred income to the statement of profit and loss on fulfilment of export obligations.

25. Other liabilities

[Item No. V(f) and VI(f), Page 222]

A. Non-current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Statutory dues	-	19.77
(b) Other credit balances	684.76	416.39
	684.76	436.16

B. Current

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
(a) Advances received from customers	560.15	484.99
(b) Employee recoveries and employer contributions	27.91	70.22
(c) Statutory dues	5,287.89	5,810.38
	5,875.95	6,365.59

- (i) Statutory dues primarily relate to payables in respect of royalties, GST, excise duty, service tax, sales tax, VAT and tax deducted at source.

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26. Trade payables

[Item No. VI(a)(ii), Page 222]

A. Total outstanding dues of micro and small enterprises

	As at March 31, 2020	As at March 31, 2019
Dues of micro and small enterprises	118.62	149.49

B. Total outstanding dues of creditors other than micro and small enterprises

	As at March 31, 2020	As at March 31, 2019
(a) Creditors for supplies and services	9,340.32	8,995.84
(b) Creditors for accrued wages and salaries	1,142.02	1,824.23
	10,482.34	10,820.07

(i) Amount due to micro and small enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" 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 is as below:

	As at March 31, 2020	As at March 31, 2019
(i) Principal amount remaining unpaid to supplier at the end of the year	118.62	149.49
(ii) Interest due thereon remaining unpaid to supplier at the end of the year	3.10	3.55
(iii) 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	8.67	8.09
(iv) Amount of interest accrued and remaining unpaid at the end of the year	11.77	11.64

27. Revenue from operations

[Item No. I, Page 223]

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Sale of products	57,167.71	67,213.85
(b) Sale of power and water	1,647.86	1,709.51
(c) Other operating revenues ⁽ⁱⁱⁱ⁾	1,620.40	1,687.56
	60,435.97	70,610.92

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27. Revenue from operations (Contd.)

[Item No. I, Page 223]

(i) Revenue from contracts with customers disaggregated on the basis of geographical region and major businesses is as below:

	(₹ crore)		
	Year ended March 31, 2020		
	India	Outside India	Total
(a) Steel	48,764.20	5,135.81	53,900.01
(b) Power and water	1,647.86	-	1,647.86
(c) Others	1,837.84	1,429.86	3,267.70
	52,249.90	6,565.67	58,815.57

	(₹ crore)		
	Year ended March 31, 2019		
	India	Outside India	Total
(a) Steel	58,777.12	4,342.26	63,119.38
(b) Power and water	1,709.51	-	1,709.51
(c) Others	1,801.94	2,292.53	4,094.47
	62,288.57	6,634.79	68,923.36

(ii) Other operating revenues include export incentives and deferred income released to the statement of profit and loss on fulfilment of export obligations under the EPCG scheme.

28. Other income

[Item No. II, Page 223]

	(₹ crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
(a) Dividend income	89.73	96.25
(b) Interest income	73.57	1,627.24
(c) Net gain/(loss) on sale/fair value changes of mutual funds	96.19	596.79
(d) Gain/(loss) on sale of property, plant and equipment including intangible assets (net of loss on assets scrapped/written off)	(1.20)	(1.42)
(e) Gain/(loss) on cancellation of forwards, swaps and options	(1.26)	36.95
(f) Other miscellaneous income	147.09	49.27
	404.12	2,405.08

(i) Dividend income includes income from investments carried at fair value through other comprehensive income ₹20.15 crore (2018-19: ₹18.25 crore).

(ii) Interest income includes:

- (a) income on financial assets carried at amortised cost ₹73.57 crore (2018-19: ₹874.36 crore).
- (b) income on financial assets carried at fair value through profit and loss Nil (2018-19: ₹752.88 crore).

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29. Changes in inventories of finished and semi-finished goods, stock-in-trade and work-in-progress

[Item No. IV(c), Page 223]

	Year ended March 31, 2020	Year ended March 31, 2019
(₹ crore)		
Inventories at the end of the year		
(a) Work-in-progress	6.90	14.54
(b) Finished and semi-finished goods	4,663.71	4,129.28
(c) Stock-in-trade	113.15	75.54
	4,783.76	4,219.36
Inventories at the beginning of the year		
(a) Work-in-progress	14.54	6.77
(b) Finished and semi-finished goods	4,129.28	3,602.13
(c) Stock-in-trade	75.54	56.13
	4,219.36	3,665.03
Increase/(decrease)	564.40	554.33

30. Employee benefits expense

[Item No. IV(d), Page 223]



	Year ended March 31, 2020	Year ended March 31, 2019
(₹ crore)		
(a) Salaries and wages	4,231.14	4,306.68
(b) Contribution to provident and other funds	477.48	473.94
(c) Staff welfare expenses	328.00	350.44
	5,036.62	5,131.06

- (i) During the year ended March 31, 2020, the Company has recognised an amount of ₹32.96 crore (2018-19: ₹27.06 crore) as remuneration to key managerial personnel. The details of such remuneration is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
(₹ crore)		
(a) Short-term employee benefits	21.47	22.05
(b) Post-employment benefits	11.21	4.88
(c) Other long-term employee benefits	0.28	0.13
	32.96	27.06

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31. Finance costs

[Item No. IV(e), Page 223]

	Year ended March 31, 2020	Year ended March 31, 2019
(₹ crore)		
Interest expense on:		
(a) Bonds, debentures, bank borrowings and others	2,767.82	2,644.94
(b) Lease obligation	366.77	267.32
	3,134.59	2,912.26
Less: Interest capitalised	103.58	88.68
	3,031.01	2,823.58

(i) Interest on income tax was **Nil** for the year ended March 31, 2020 and March 31, 2019.

32. Depreciation and amortisation expense

[Item No. IV(f), Page 223]

	Year ended March 31, 2020	Year ended March 31, 2019
(₹ crore)		
(a) Depreciation on property, plant and equipment	3,535.23	3,652.67
(b) Depreciation on right-of-use assets	302.82	-
(c) Amortisation of intangible assets	82.07	150.29
	3,920.12	3,802.96

33. Other expenses

[Item No. IV(g), Page 223]

	Year ended March 31, 2020	Year ended March 31, 2019
(₹ crore)		
(a) Consumption of stores and spares	4,616.04	4,040.28
(b) Repairs to buildings	64.64	61.34
(c) Repairs to machinery	3,181.23	2,950.18
(d) Relining expenses	93.90	87.58
(e) Fuel oil consumed	198.39	210.87
(f) Purchase of power	2,906.01	2,822.47
(g) Conversion charges	2,795.20	2,722.06
(h) Freight and handling charges	4,046.92	4,319.64
(i) Rent	58.68	72.09
(j) Royalty	1,751.32	2,002.89
(k) Rates and taxes	832.18	1,201.05
(l) Insurance charges	147.17	133.10
(m) Commission, discounts and rebates	180.22	188.63
(n) Allowance for credit losses/provision for advances	2.13	1.42
(o) Others	2,929.15	3,809.21
	23,803.18	24,622.81

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33. Other expenses (Contd.)

[Item No. IV(g), Page 223]

- (i) Others include:
- net foreign exchange gain ₹53.04 crore (2018-19: foreign exchange loss ₹134.41 crore),
 - gain on fair value changes of financial assets carried at fair value through profit and loss ₹356.26 crore (2018-19: loss of ₹111.31 crore),
 - donations to electoral trusts Nil (2018-19: ₹175.00 crore).
- (ii) During the year ended March 31, 2020, the Company has recognised an amount of ₹6.95 crore (2018-19: ₹7.35 crore) towards payment to non-executive directors. The details are as below:

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Short-term benefits	6.55	6.87
(b) Sitting fees	0.40	0.48
	6.95	7.35

- (iii) Details of auditors' remuneration and out-of-pocket expenses is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Auditors remuneration and out-of-pocket expenses		
(i) Statutory audit fees	6.00	6.18
(ii) Tax audit fees	0.40	0.40
(iii) For other services	0.69	0.74
(iv) Out-of-pocket expenses	0.23	0.12
(b) Cost audit fees [including out of pocket expenses ₹58,035 (2018-19 : ₹6,936)]	0.21	0.18

- (iv) As per the Companies Act, 2013, amount required to be spent by the Company on Corporate Social Responsibility (CSR) activities during the year was ₹173.53 crore (2018-19: ₹82.40 crore).

During the year ended March 31, 2020, in respect of CSR activities the Company incurred revenue expenditure which was recognised in the statement of profit and loss amounting to ₹192.99 crore [₹192.83 crore has been paid in cash and ₹0.16 crore is yet to be paid], which includes ₹0.93 crore on construction of assets [paid in cash]. During the year ended March 31, 2019, similar expense incurred was ₹314.94 crore [₹301.04 crore was paid in cash and ₹13.90 crore was unpaid], which included ₹43.32 crore on construction of assets [₹30.92 crore was paid in cash and ₹12.40 crore was unpaid].

During the year ended March 31, 2020 amount spent on CSR activities through related parties was ₹80.16 crore (2018-19: ₹45.45 crore).

- (v) During the year ended March 31, 2020, revenue expenditure charged to the statement of profit and loss in respect of research and development activities undertaken was ₹255.64 crore (2018-19: ₹212.97 crore) including depreciation of ₹9.62 crore (2018-19: ₹7.80 crore). Capital expenditure incurred in respect of research and development activities during the year was ₹3.72 crore (2018-19: ₹2.82 crore).

34. Exceptional items

[Item No. VI, Page 223]

Exceptional items are those which are considered for separate disclosure in the financial statements considering their size, nature or incidence. Such items included within the statement of profit and loss are detailed below:

- (a) During the year ended March 31, 2019, profit/(loss) on sale of non-current investments ₹262.28 crore relates to profit recognised on sale of investments in TRL Krosaki Refractories Limited, an associate of the Company.

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34. Exceptional items (Contd.)

[Item No. VI, Page 223]

- (b) Provision for impairment of investments/doubtful advances ₹1,149.80 crore (2018-19: ₹12.53 crore) relates to provision recognised for impairment of investments in subsidiaries, joint ventures and associates, net of reversals of ₹1.07 crore on account of recovery of advances made to a joint venture.
- (c) Provision for demands and claims ₹196.41 crore (2018-19: ₹328.64 crore) relates to provision recognised in respect of certain statutory demands and claims.
- (d) Employee separation compensation ₹107.37 crore (2018-19: ₹35.34 crore) relates to provisions recognised in respect of employee separation scheme of employees.
- (e) Fair value gain/(loss) on preference share investments (net) ₹250.00 crore (2018-19: Nil) represents notional fair value loss on preference share investments held by the Company in some of its affiliates.

35. Earnings per share

[Item No. XII, Page 223]

The following table reflects the profit and shares data used in the computation of basic and diluted earnings per share (EPS):

	(₹ crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
(a) Profit after tax	6,743.80	10,533.19
Less: Distribution on hybrid perpetual securities (net of tax)	199.18	173.13
Profit attributable to ordinary shareholders- for basic and diluted EPS	6,544.62	10,360.06
	Nos.	Nos.
(b) Weighted average number of Ordinary Shares for basic EPS	1,14,59,30,120	1,14,59,26,020
Add: Adjustment for shares held in abeyance	89,536	1,37,496
Weighted average number of Ordinary Shares and potential Ordinary Shares for diluted EPS	1,14,60,19,656	1,14,60,63,516
(c) Nominal value of Ordinary Share (₹)	10.00	10.00
(d) Basic earnings per Ordinary Share (₹)	57.11	90.41
(e) Diluted earnings per Ordinary Share (₹)	57.11	90.40

- (i) As at March 31, 2020, 5,81,96,450 (March 31, 2019: 5,81,95,359) options in respect of partly paid shares and 1,21,523 (March 31, 2019: Nil) options in respect of fully paid shares were excluded from weighted average number of Ordinary Shares for the computation of diluted earnings per share as these were anti-dilutive.

36. Employee benefits

A. Defined contribution plans

The Company participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior months contributions that were not due to be paid until after the end of the reporting period.

The major defined contribution plans operated by the Company are as below:

(a) Provident fund and pension

The Company provides provident fund benefits for eligible employees as per applicable regulations wherein both employees and the Company make monthly contributions at a specified percentage of the eligible employee's salary. Contributions under such schemes are made either to a provident fund set up as an irrevocable trust by the Company

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36. Employee benefits (Contd.)

to manage the investments and distribute the amounts entitled to employees or to state managed funds.

Benefits provided under plans wherein contributions are made to state managed funds and the Company does not have a future obligation to make good short fall, if any, are treated as a defined contribution plan.

(b) Superannuation fund

The Company has a superannuation plan for the benefit of its employees. Employees who are members of the superannuation plan are entitled to benefits depending on the years of service and salary drawn.

Separate irrevocable trusts are maintained for employees covered and entitled to benefits. The Company contributes up to 15% of the eligible employees' salary or ₹1,50,000, whichever is lower, to the trust every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligation beyond this contribution.

The contributions recognised as an expense in the statement of profit and loss during the year on account of the above defined contribution plans amounted to ₹178.78 crore (2018-19: ₹191.18 crore).

B. Defined benefit plans

The defined benefit plans operated by the Company are as below:

(a) Provident fund and pension

Provident fund benefits provided under plans wherein contributions are made to an irrevocable trust set up by the Company to manage the investments and distribute the amounts entitled to employees are treated as a defined benefit plan as the Company is obligated to provide the members a rate of return which should, at the minimum, meet the interest rate declared by Government administered provident fund. A part of the Company's contribution is transferred to Government administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in profit and loss under employee benefits expense.

In accordance with an actuarial valuation of provident fund liabilities based on guidance issued by Actuarial Society of India and based on the assumptions as mentioned below, there is no deficiency in the interest cost as the present value of the expected future earnings of the fund is greater

than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of Government administered provident fund.

Key assumptions used for actuarial valuation are as below:

	As at March 31, 2020	As at March 31, 2019
Discount rate	6.50%	7.50%
Guaranteed rate of return	8.50%	8.65%
Expected rate of return on investment	8.40%	8.60%

(b) Retiring gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity funds established as trusts or insurance companies. The Company accounts for the liability for gratuity benefits payable in the future based on a year-end actuarial valuation.

(c) Post-retirement medical benefits

Under this unfunded scheme, employees of the Company receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company under an early separation scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The Company accounts for the liability for post-retirement medical scheme based on a year-end actuarial valuation.

(d) Other defined benefits

Other benefits provided under unfunded schemes include post-retirement lumpsum benefits, pension payable to directors of the Company on their retirement, farewell gifts and reimbursement of packing and transportation charges to the employees based on their last drawn salary.

The defined benefit plans expose the Company to a number of actuarial risks as below:

(i) **Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields. If the return on plan asset is below this rate, it will create a plan deficit.

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36. Employee benefits (Contd.)

- (ii) **Interest risk:** A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the value of plan's debt investments
- (iii) **Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability.
- (iv) **Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

C. Details of defined benefit obligations and plan assets:

(a) Retiring gratuity:

- (i) The following table sets out the amounts recognised in the financial statements in respect of retiring gratuity plan:

	(₹ crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Change in defined benefit obligations:		
Obligation at the beginning of the year	2,839.66	2,767.69
Current service cost	128.99	124.76
Interest cost	180.11	186.50
Remeasurement (gain)/loss	231.65	(3.93)
Adjustment for arrear wage settlement	192.01	-
Benefits paid	(569.52)	(235.36)
Obligation at the end of the year	3,002.90	2,839.66

	(₹ crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Change in plan assets:		
Fair value of plan assets at the beginning of the year	2,759.45	2,706.72
Interest income	188.61	196.53
Remeasurement gain/(loss) excluding amount included within employee benefits expense	15.38	28.94
Employers' contribution	80.22	62.63
Benefits paid	(569.52)	(235.37)
Fair value of plan assets at the end of the year	2,474.14	2,759.45

Amounts recognised in the balance sheet consist of:

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets	2,474.14	2,759.45
Present value of obligations	(3,002.90)	(2,839.66)
	(528.76)	(80.21)
Recognised as:		
Retirement benefit obligations - Non-current	(528.76)	(80.21)

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36. Employee benefits (Contd.)

Expense/(gain) recognised in the statement of profit and loss consists of:

	(₹ crore)	
	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefits expense:		
Current service cost	128.99	124.76
Net interest expense	(8.50)	(10.03)
	120.49	114.73
Other comprehensive income:		
Return on plan assets excluding amount included in employee benefits expense	(15.38)	(28.94)
Actuarial (gain)/loss arising from changes in financial assumption	222.89	-
Actuarial (gain)/loss arising from changes in experience adjustments	8.76	(3.93)
	216.27	(32.87)
Expense/(gain) recognised in the statement of profit and loss	336.76	81.86

(ii) Fair value of plan assets by category of investment is as below:

	(%)	
	As at March 31, 2020	As at March 31, 2019
Assets category (%)		
Equity instruments (quoted)	0.19	0.05
Debt instruments (quoted)	22.48	18.93
Insurance products (unquoted)	77.33	81.02
	100.00	100.00

The Company's investment policy is driven by considerations of maximising returns while ensuring credit quality of debt instruments. The asset allocation for plan assets is determined based on prescribed investment criteria and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan assets performance, the Company compares actual returns for each asset category with published benchmarks.

(iii) Key assumptions used in the measurement of retiring gratuity is as below:

	As at March 31, 2020	As at March 31, 2019
Discount rate	6.50%	7.50%
Rate of escalation in salary	7.50% to 10.00%	7.50% to 10.00%

(iv) Weighted average duration of the retiring gratuity obligation is **8.1** years (March 31, 2019: 9 years).

(v) The Company expects to contribute ₹**528.76** crore to the plan during the financial year 2020-21.

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36. Employee benefits (Contd.)

(vi) The table below outlines the effect on retiring gratuity obligation in the event of a decrease/increase of 1% in the assumptions used:

As at March 31, 2020

Assumption	Change in assumption	Impact on obligation
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹222.21 crore, increase by ₹258.25 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹252.24 crore, decrease by ₹222.21 crore

As at March 31, 2019

Assumption	Change in assumption	Impact on obligation
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹178.90 crore, increase by ₹204.46 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹201.62 crore, decrease by ₹178.90 crore

The above sensitivities may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(b) Post-retirement medical benefits and other defined benefits:

(i) The following table sets out the amounts recognised in the financial statements in respect of post-retirement medical benefits and other defined benefit plans:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Medical	Others	Medical	Others
Change in defined benefit obligation:				
Obligation at the beginning of the year	1,271.01	181.25	1,204.70	72.56
Current service cost	18.58	66.61	17.46	108.99
Interest cost	92.73	12.97	87.96	5.16
Remeasurement (gain)/loss				
(i) Actuarial (gains)/losses arising from changes in financial assumptions	210.83	14.92	-	-
(ii) Actuarial (gains)/losses arising from changes in experience assumptions	15.26	3.99	24.74	2.18
Benefits paid	(69.31)	(16.55)	(63.85)	(7.64)
Obligation at the end of the year	1,539.10	263.19	1,271.01	181.25

Amounts recognised in the balance sheet consist of:

	As at March 31, 2020		As at March 31, 2019	
	Medical	Others	Medical	Others
Present value of obligations	(1,539.10)	(263.19)	(1,271.01)	(181.25)
Recognised as:				
Retirement benefit obligations - Current	(92.66)	(13.95)	(88.89)	(13.23)
Retirement benefit obligations - Non-current	(1,446.44)	(249.24)	(1,182.12)	(168.02)

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36. Employee benefits (Contd.)

Expense/(gain) recognised in the statement of profit and loss consists of:

	(₹ crore)			
	Year ended March 31, 2020		Year ended March 31, 2019	
	Medical	Others	Medical	Others
Employee benefits expense:				
Current service cost	18.58	66.61	17.46	108.99
Net interest expense	92.73	12.97	87.96	5.16
	111.31	79.58	105.42	114.15
Other comprehensive income:				
Actuarial (gains)/losses arising from changes in financial assumption	210.83	14.92	-	-
Actuarial (gains)/losses arising from changes in experience adjustments	15.26	3.99	24.74	2.18
	226.09	18.91	24.74	2.18
Expense recognised in the statement of profit and loss	337.40	98.49	130.16	116.33

(ii) Key assumptions used in the measurement of post-retirement medical benefits and other defined benefit plans is as below:

	As at March 31, 2020		As at March 31, 2019	
	Medical	Others	Medical	Others
Discount rate	6.50%	6.50%	7.50%	7.50%
Rate of escalation in salary	N.A	10.00%-15.00%	N.A	10.00% - 15.00%
Inflation rate	8.00%	4.00%	8.00%	4.00%

(iii) Weighted average duration of post-retirement medical benefit obligation is **8** years (March 31, 2019: 8 years). Weighted average duration of other defined benefit obligation ranges from **3.3 to 13** years (March 31, 2019: 3.6 to 12 years)

(iv) The table below outlines the effect on post-retirement medical benefit obligation in the event of a decrease/increase of 1% in the assumptions used:

As at March 31, 2020

Assumption	Change in assumption	Impact on obligation
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹210.86 crore, increase by ₹272.42 crore
Medical cost inflation rate	Increase by 1%, decrease by 1%	Increase by ₹252.41 crore, decrease by ₹200.08 crore

As at March 31, 2019

Assumption	Change in assumption	Impact on obligation
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹160.15 crore, increase by ₹203.36 crore
Medical cost inflation rate	Increase by 1%, decrease by 1%	Increase by ₹189.38 crore, decrease by ₹152.52 crore

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36. Employee benefits (Contd.)

(v) The table below outlines the effect on other defined benefit obligations in the event of a decrease/increase of 1 % in the assumptions used:

As at March 31, 2020

Assumption	Change in assumption	Impact on obligation
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹14.90 crore, increase by ₹17.47 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹3.29 crore, decrease by ₹2.99 crore
Inflation rate	Increase by 1%, decrease by 1%	Increase by ₹6.82 crore, decrease by ₹5.97 crore

As at March 31, 2019

Assumption	Change in assumption	Impact on obligation
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹10.83 crore, increase by ₹12.47 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹2.37 crore, decrease by ₹2.12 crore
Inflation rate	Increase by 1%, decrease by 1%	Increase by ₹5.03 crore, decrease by ₹4.49 crore

The above sensitivities may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.



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37. Contingencies and commitments

A. Contingencies

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an on-going basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

It is not practicable for the Company to estimate the timings of the cash outflows, if any, pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the same.

Litigations

The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims which the Company does not believe to be of a material nature, other than those described below:

Income tax

The Company has ongoing disputes with income tax authorities relating to tax treatment of certain items. These mainly include disallowance of expenses, tax treatment of certain expenses claimed by the Company as deduction and the computation of or eligibility of the Company's use of certain tax incentives or allowances.

Most of these disputes and/or disallowances, being repetitive in nature, have been raised by the income tax authorities consistently in most of the years.

As at March 31, 2020, there are matters and/or disputes pending in appeal amounting to ₹2,260.36 crore (March 31, 2019: ₹3,160.64 crore).

The details of demands for more than ₹100 crore is as below:

- (a) Interest expenditure on loans taken by the Company for acquisition of a subsidiary has been disallowed in

assessments with tax demand raised for ₹1,551.10 crore (inclusive of interest) (March 31, 2019: ₹1,791.29 crore).

- (b) Interest expenditure on "Hybrid Perpetual Securities" has been disallowed in assessments with tax demand raised for ₹170.54 crore (inclusive of interest) (March 31, 2019: ₹459.13 crore)

In respect of above demands, the Company has deposited an amount of ₹1,165.00 crore (March 31, 2019: ₹1,065.00 crore) as a precondition for obtaining stay. The Company expects to sustain its position on ultimate resolution of the said appeals.

Customs, excise duty and service tax

As at March 31, 2020, there were pending litigations for various matters relating to customs, excise duty and service taxes involving demands of ₹365.43 crore (March 31, 2019: ₹682.53 crore).

Sales tax/VAT

The total sales tax demands that are being contested by the Company amounted to ₹563.30 crore (March 31, 2019: ₹717.02 crore).

The details of demands for more than ₹100 crore are as below:

- (a) The Company stock transfers its goods manufactured at Jamshedpur works plant to its various depots/branches located outside the state of Jharkhand across the country and these goods are then sold to various customers outside the states from depots/branches. As per the Central Sales Tax Act, 1956, these transfers of goods to depots/branches were made without payment of Central sales tax and F-Form was submitted in lieu of the stock-transfers made during the period of assessment. The value of these sales was also disclosed in the periodical returns filed as per the Jharkhand Vat Act, 2005. The Commercial Tax Department has raised demand of Central Sales tax by levying tax on the differences between value of sales outside the states and value of F-Form submitted for stock transfers. The amount involved for various assessment years beginning 2011-2012 to 2015-2016 is amounting to ₹127.00 crore (March 31, 2019: ₹127.00 crore).
- (b) The Commercial Tax Department of Jharkhand has rejected certain Input tax credit claimed by the Company on goods purchased from the suppliers within the State of Jharkhand. The Department has alleged that the goods have not been used in accordance with the provisions of Jharkhand VAT Act, 2005. The potential exposure on account of disputed tax and interest for the period beginning 2012-2013 to 2015-2016 as on March 31, 2020 is ₹74.00 crore (March 31, 2019: ₹104.00 crore).

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37. Contingencies and commitments (Contd.)

Other taxes, dues and claims

Other amounts for which the Company may contingently be liable aggregate to ₹12,450.66 crore (March 31, 2019: ₹11,639.19 crore).

The details of demands for more than ₹100 crore are as below:

- (a) Claim by a party arising out of conversion arrangement ₹195.79 crore (March 31, 2019: ₹195.79 crore). The Company has not acknowledged this claim and has instead filed a claim of ₹141.23 crore (March 31, 2019: ₹141.23 crore) on the party. The matter is pending before the Calcutta High Court.
- (b) The State Government of Odisha introduced "Orissa Rural Infrastructure and Socio Economic Development Act, 2004" with effect from February 2005 levying tax on mineral bearing land computed on the basis of value of minerals produced from the mineral bearing land. The Company had filed a writ petition in the Odisha High Court challenging the validity of the Act. The High Court held in December 2005 that the State does not have authority to levy tax on minerals. The State of Odisha filed an appeal in the Supreme Court against the order of the High Court and the case is pending in Supreme Court. The potential liability, as at March 31, 2020 is ₹8,732.29 crore (March 31, 2019: ₹7,573.53 crore).
- (c) The Company pays royalty on iron ore on the basis of quantity removed from the leased area at the rates based on notification issued by the Ministry of Mines, Government of India and the price published by Indian Bureau of Mines (IBM) on a monthly basis.

Demand of ₹411.08 crore has been raised by Deputy Director of Mines, Joda, claiming royalty at sized ore rates on despatches of ore fines. The Company has filed a revision petition on November 14, 2013, before the Mines Tribunal, Government of India, Ministry of Mines, New Delhi, challenging the legality and validity of the demand and to grant refund of royalty paid in excess by the Company. Mines Tribunal has granted stay on the total demand with directive to Government of Odisha not to take any coercive action for realisation of this demanded amount.

The Hon'ble High Court of Odisha in a similar matter held the circulars based on which demands were raised to be valid. The Company has challenged the judgment of the High Court by a separate petition in the Hon'ble Supreme Court on April 29, 2016.

On July 16, 2019, the Company has filed rejoinders to the reply filed by State of Odisha against the revision petition. The State pressed for rejection of revision applications citing the judgment of the High Court. The Company represented before the authorities and explained that the judgment was passed under a particular set of 'facts & circumstances' which cannot have blanket application on the Company considering the case of the Company is factually different. On August 7, 2019, the Mines Tribunal decided to await the outcome of Special leave petition pending before the Hon'ble Supreme Court and adjourned the matter.

Likely demand of royalty on fines at sized ore rates as on March 31, 2020 is ₹1,965.52 crore (March 31, 2019: ₹1,630.16 crore).

- (d) Demand notices were originally issued by the Deputy Director of Mines, Odisha amounting to ₹3,827.29 crore for excess production over the quantity permitted under the mining plan, environment clearance or consent to operate, pertaining to 2000-01 to 2009-10. The demand notices have been raised under Section 21(5) of the Mines & Minerals (Development and Regulations) Act, 1957 (MMDR). The Company filed revision petitions before the Mines Tribunal against all such demand notices. Initially, a stay of demands was granted, later by order dated October 12, 2017, the issue has been remanded to the state for reconsideration of the demand in the light of Supreme Court judgement passed on August 2, 2017.

The Hon'ble Supreme Court pronounced its judgement in the Common Cause case on August 2, 2017 wherein it directed that compensation equivalent to the price of mineral extracted in excess of environment clearance or without forest clearance from the forest land be paid.

In pursuance to the Judgement of Hon'ble Supreme Court, demand/show cause notices amounting to ₹3,873.35 crore have been issued during 2017-18 by the Deputy Director of Mines, Odisha and the District Mining Office, Jharkhand.

In respect of the above demands:

- as directed by the Hon'ble Supreme Court, the Company has provided and paid for iron ore and manganese ore an amount of ₹614.41 crore during 2017-18 for production in excess of environment clearance to the Deputy Director of Mines, Odisha.
- the Company has provided and paid under protest an amount of ₹56.97 crore during 2017-18 for production in excess of environment clearance to the District Mining Office, Jharkhand.

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37. Contingencies and commitments (Contd.)

- the Company has challenged the demands amounting to ₹132.91 crore in 2017-18 for production in excess of lower of mining plan and consent to operate limits raised by the Deputy Director of Mines, Odisha before the Mines Tribunal and obtained a stay on the matter. Mines Tribunal, Delhi vide order dated November 26, 2018 disposed of all the revision applications with a direction to remand it to the State Government to hear all such cases afresh and pass detailed order. Demand amount of ₹132.91 crore (March 31, 2019: ₹132.91 crore) is considered contingent liability.

- the Company has made a comprehensive submission before the Deputy Director of Mines, Odisha against show cause notices amounting to ₹694.02 crore received during 2017-18 for production in violation of mining plan, Environment Protection Act, 1986 and Water (Prevention & Control of Pollution) Act, 1981. A demand amounting to ₹234.74 crore has been received in April 2018 from the Deputy Director of Mines, Odisha for production in excess of the Environmental Clearance. The Company has challenged the demand and obtained a stay on the matter from the Revisionary Authority, Mines Tribunal, New Delhi. Demand of ₹234.74 crore has been provided and show cause notice of ₹694.02 crore had been considered as contingent as at March 31, 2019.

During the year ended March 31, 2020, based on the evaluation of current facts and circumstances, the Company has assessed and concluded that the said show cause notice of ₹694.02 crore no longer qualifies to be a contingent liability.

- The Company based on its internal assessment has provided an amount of ₹1,412.89 crore against demand notices amounting to ₹2,140.30 crore received from the District Mining Office, Jharkhand for producing more than environment clearance and the balance amount of ₹727.41 crore (March 31, 2019: ₹727.41 crore) has been considered contingent. The Company has however been granted a stay by the Revisional Authority, Ministry of Coal, Government of India against such demand notices.
- (e) An agreement was executed between the Government of Odisha (GoO) and the Company in December, 1992 for drawal of water from Kundra Nalla for industrial consumption. In December 1993, the Tahsildar, Barbil issued a show-cause notice alleging that the Company has lifted more quantity of

water than the sanctioned limit under the agreement and has also not installed the water meter.

While the proceedings in this regard were in progress, the Company had applied for allocation of fresh limits. Over the years, there has also been a steep increase in the water charges against which the Company filed writ petitions before Hon'ble High Court of Odisha.

In this regard, the Company has received demand of ₹156.62 crore considering the demand for period beginning from January, 1996 upto February, 2020. The potential exposure as on March 31, 2020, ₹162.96 crore (March 31, 2019: ₹125.98 crore) is considered as contingent.

The writ petition filed in August, 1997 was listed for hearing before the Full Bench of the Odisha High Court on May 17, 2019. SAIL, one of the petitioners, sought permission to withdraw its writ petition because the settlement arrived with the State Government in the matter. The High court allowed withdrawal of writ petition of SAIL and directed other parties to negotiate with the State Government. The Company has submitted its detailed representation to Principal Secretary, Water Resource Department, GoO on June 21, 2019, which is under consideration.

B. Commitments

- (a) The Company has entered into various contracts with suppliers and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature amounting to ₹8,682.73 crore (March 31, 2019: ₹7,265.82 crore).

Other commitments as at March 31, 2020 amount to ₹0.01 crore (March 31, 2019 : ₹0.01 crore).

- (b) The Company has given undertakings to:
 - (i) IDBI not to dispose of its investment in Wellman Incandescent India Ltd.
 - (ii) IDBI and ICICI Bank Ltd. (formerly ICICI) not to dispose of its investment in Standard Chrome Ltd
- (c) Tata Steel Limited and Bluescope Steel Limited have given undertaking to State Bank of India not to reduce collective shareholding in Tata Bluescope Steel Private Limited (TBSPL), below 51% without prior consent of the lender. Further, the Company has given an undertaking to State Bank of India to intimate them before diluting its shareholding in TBSPL below 50%.

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37. Contingencies and commitments (Contd.)

- (d) The Company, as a promoter, has pledged 4,41,55,800 (March 31, 2019: 4,41,55,800) equity shares of Industrial Energy Limited with Infrastructure Development Finance Corporation Limited.
- (e) The Company has given guarantees aggregating ₹9,329.87 crore (March 31, 2019 : ₹12,096.24 crore) details of which are as below:
- (i) in favour of Commissioner Customs for ₹1.07 crore (March 31, 2019: ₹1.07 crore) given on behalf of Timken India Limited in respect of goods imported.
 - (ii) in favour of Mizuho Corporate Bank Ltd., Japan Nil (March 31, 2019: ₹9.60 crore) against the loan granted to a joint venture Tata NYK Shipping Pte. Limited.
 - (iii) in favour of The President of India for ₹177.18 crore (March 31, 2019: ₹177.18 crore) against performance of export obligation under the various bonds executed by a joint venture Jamshedpur Continuous Annealing & Processing Company Private Limited.
 - (iv) in favour of the note holders against due and punctual repayment of the 100% amounts outstanding as on March 31, 2020 towards issued Guaranteed Notes by a subsidiary, ABJA Investment Co. Pte Ltd. for ₹7,560.00 crore (March 31, 2019 : ₹10,376.63 crore) and ₹1,591.47 crore (March 31, 2019 : ₹1,531.61 crore). The guarantee is capped at an amount equal to 125% of the outstanding principal amount of the Notes as detailed in "Terms and Conditions" of the Offering Memorandum.
 - (v) in favour of President of India for ₹0.15 crore (March 31, 2019 : ₹0.15 crore) against advance license.

38. Other significant litigations

- (a) Odisha Legislative Assembly issued an amendment to Indian Stamp Act, 1889, on May 09, 2013 and inserted a new provision (Section 3A) in respect of stamp duty payable on grant/renewal of mining leases. As per the amended provision, stamp duty is levied equal to 15% of the average royalty that would accrue out of the highest annual extraction of minerals under the approved mining plan multiplied by the period of such mining lease. The Company had filed a writ petition challenging the constitutionality of the Act on July 5, 2013. The Hon'ble High Court, Cuttack passed an order on July 9, 2013 granting interim stay on the operation of the Amendment Act, 2013. Because of the stay, as on date, the Act is not enforceable and any demand

received by the Company is not liable to be proceeded with. Meanwhile, the Company received demand notices for the various mines at Odisha totalling to ₹5,579.00 crore (March 31, 2019: ₹5,579.00 crore). The Company has concluded that it is remote that the claim will sustain on ultimate resolution of the legal case by the court.

In April 2015, the Company has received an intimation from Government of Odisha, granting extension of validity period for leases under the MMDR Amendment Act, 2015 up to March 31, 2030 in respect of eight mines and up to March 31, 2020 for two mines subject to execution of supplementary lease deed. Liability has been provided in the books of accounts as on March 31, 2020 as per the existing provisions of the Stamp Act, 1899 and the Company had paid the stamp duty and registration charges totalling ₹413.72 crore for supplementary deed execution in respect of eight mines out of the above mines.

- (b) Noamundi Iron Ore Mine of the Company was due for its third renewal with effect from January 01, 2012. The application for renewal was submitted by the Company within the stipulated time, but it remained pending consideration with the State and the mining operations were continued in terms of the prevailing law.

By a judgement of April 2014 in the case of Goa mines, the Supreme Court took a view that second and subsequent renewal of mining lease can be effected once the State considers the application and decides to renew the mining lease by issuing an express order. State of Jharkhand issued renewal order to the Company on December 31, 2014. The State, however, took a view on interpretation of Goa judgement that the mining carried out after expiry of the period of second renewal was 'illegal' and hence, issued a demand notice of ₹3,568.31 crore being the price of iron ore extracted. The said demand has been challenged by the Company before the Jharkhand High Court.

The mining operations were suspended from August 01, 2014. Upon issuance of an express order, Company paid ₹152.00 crore under protest, so that mining could be resumed.

The Mines and Minerals Development and Regulation (MMDR) Amendment Ordinance, 2015 promulgated on January 12, 2015 provides for extension of such mining leases whose applications for renewal have remained pending with the State(s). Based on the new Ordinance, Jharkhand Government revised the Express Order on February 12, 2015 for extending the period of lease up to March 31, 2030 with the following terms and conditions:

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38. Other significant litigations (Contd.)

- value of iron ore produced by alleged unlawful mining during the period January 1, 2012 to April 20, 2014 for ₹2,994.49 crore to be decided on the basis of disposal of our writ petition before Hon'ble High Court of Jharkhand.
- value of iron ore produced from April 21, 2014 to July 17, 2014 amounting to ₹421.83 crore to be paid in maximum 3 instalments.
- value of iron ore produced from July 18, 2014 to August 31, 2014 i.e. ₹152.00 crore to be paid immediately.

District Mining Officer Chaibasa on March 16, 2015 issued a demand notice for payment of ₹421.83 crore, in three monthly instalments. The Company on March 20, 2015 replied that since the lease has been extended by application of law till March 31, 2030, the above demand is not tenable. The Company paid ₹50.00 crore under protest on July 27, 2015, because the State had stopped issuance of transit permits.

The Company filed another writ petition before the Hon'ble High Court of Jharkhand which was heard on September 9, 2015. An interim order was given by the Hon'ble High Court of Jharkhand on September 17, 2015 wherein the Court has directed the Company to pay the amount of ₹371.83 crore in 3 equal instalments, first instalment by October 15, 2015, second instalment by November 15, 2015 and third instalment by December 15, 2015.

In view of the interim order of the Hon'ble High Court of Jharkhand ₹124.00 crore was paid on September 28, 2015, ₹124.00 crore on November 12, 2015 and ₹123.83 crore on December 14, 2015 under protest.

The case is pending before the Hon'ble High court for disposal. The State issued similar terms and conditions to other mining lessees in the State rendering the mining as illegal. Based on the Company's assessment of the Goa mines judgement read with the Ordinance issued in the year 2015, the Company believes that it is remote that the demand of the State would sustain.



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39. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the achievement of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long-term and short-term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long-term and short-term bank borrowings and issue of non-convertible debt securities.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Net debt includes interest bearing borrowings less cash and cash equivalents, other bank balances (including non-current earmarked balances) and current investments.

The table below summarises the capital, net debt and net debt to equity ratio of the Company:

	(₹ crore)	
	As at March 31, 2020	As at March 31, 2019
Equity share capital	1,146.13	1,146.12
Hybrid perpetual securities	2,275.00	2,275.00
Other equity	73,416.99	69,308.59
Total equity (A)	76,838.12	72,729.71
Non-current borrowings	31,381.96	26,651.19
Current borrowings	7,857.27	8.09
Current maturities of long-term borrowings and lease obligations	2,183.64	3,042.19
Gross debt (B)	41,422.87	29,701.47
Total capital (A+B)	1,18,260.99	1,02,431.18
Gross debt as above	41,422.87	29,701.47
Less: Current investments	3,235.16	477.47
Less: Cash and cash equivalents	993.64	544.85
Less: Other balances with banks (including non-current earmarked balances)	287.54	208.22
Net debt (C)	36,906.53	28,470.93
Net debt to equity ratio⁽ⁱ⁾	0.49	0.42

(i) Net debt to equity ratio as at March 31, 2020 and March 31, 2019 has been computed based on average of opening and closing equity.

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40. Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(n), page 234 to the financial statements.

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2020 and March 31, 2019:

As at March 31, 2020

	Amortised cost	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
(₹ crore)							
Financial assets:							
Cash and bank balances	1,281.18	-	-	-	-	1,281.18	1,281.18
Trade receivables	1,016.73	-	-	-	-	1,016.73	1,016.73
Investments	-	507.65	-	-	23,010.01	23,517.66	23,517.66
Derivatives	-	-	15.59	356.83	-	372.42	372.42
Loans	1,806.58	-	-	-	-	1,806.58	1,806.58
Other financial assets	236.52	-	-	-	-	236.52	236.52
	4,341.01	507.65	15.59	356.83	23,010.01	28,231.09	28,231.09
Financial liabilities:							
Trade payables	10,600.96	-	-	-	-	10,600.96	10,600.96
Borrowings other than lease obligations	38,113.07	-	-	-	-	38,113.07	38,113.37
Lease obligations	3,309.80	-	-	-	-	3,309.80	3,309.80
Derivatives	-	-	98.07	106.17	-	204.24	204.24
Other financial liabilities	3,511.50	-	-	-	-	3,511.50	3,511.50
	55,535.33	-	98.07	106.17	-	55,739.57	56,339.87

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40. Disclosures on financial instruments (Contd.)

As at March 31, 2019

	Amortised cost	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Fair value through profit and loss	Total carrying value	Total fair value
(₹ crore)							
Financial assets:							
Cash and bank balances	753.07	-	-	-	-	753.07	753.07
Trade receivables	1,363.04	-	-	-	-	1,363.04	1,363.04
Investments	-	751.95	-	-	34,217.01	34,968.96	34,968.96
Derivatives	-	-	1.27	22.74	-	24.01	24.01
Loans	287.08	-	-	-	-	287.08	287.08
Other financial assets	1,216.45	-	-	-	-	1,216.45	1,216.45
	3,619.64	751.95	1.27	22.74	34,217.01	38,612.61	38,612.61
Financial liabilities:							
Trade payables	10,969.56	-	-	-	-	10,969.56	10,969.56
Borrowings	29,701.47	-	-	-	-	29,701.47	29,543.97
Derivatives	-	-	3.83	195.56	-	199.39	199.39
Other financial liabilities	3,955.23	-	-	-	-	3,955.23	3,955.23
	44,626.26	-	3.83	195.56	-	44,825.65	44,668.15

(i) Investments in mutual funds and derivative instruments (other than those designated in a hedging relationship) are mandatorily classified as fair value through profit and loss.

(b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This Level consists of investment in quoted equity shares and mutual funds.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This Level of hierarchy includes the Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair value is determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This Level includes investment in unquoted equity shares and preference shares.

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40. Disclosures on financial instruments (Contd.)

(₹ crore)

	As at March 31, 2020			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Investment in mutual funds	3,235.16	-	-	3,235.16
Investment in equity shares	204.31	-	303.34	507.65
Investment in debentures	-	49.74	-	49.74
Investment in preference shares	-	-	19,725.11	19,725.11
Derivative financial assets	-	372.42	-	372.42
	3,439.47	422.16	20,028.45	23,890.08
Financial liabilities:				
Derivative financial liabilities	-	204.24	-	204.24
	-	204.24	-	204.24

(₹ crore)

	As at March 31, 2019			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Investment in mutual funds	477.47	-	-	477.47
Investment in equity shares	448.61	-	303.34	751.95
Investment in debentures	-	49.74	-	49.74
Investment in preference shares	-	-	33,689.80	33,689.80
Derivative financial assets	-	24.01	-	24.01
	926.08	73.75	33,993.14	34,992.97
Financial liabilities:				
Derivative financial liabilities	-	199.39	-	199.39
	-	199.39	-	199.39

- (i) Current financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.
- (ii) Derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.
- (iii) Investments carried at fair value are generally based on market price quotations. Investments in equity shares included in Level 3 of the fair value hierarchy have been valued using the cost approach to arrive at their fair value. Cost of unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Fair value of investment in preference shares is estimated through a valuation model incorporating assumptions which includes unobservable market data and by discounting the expected future cash flows using a discount rate equivalent to the expected rate of return for a similar instrument and maturity as on the reporting date. Key inputs to the valuation model are expected cash flows and discount rate expected for an instrument with similar terms and maturity as on the reporting date.

- (iv) Fair value of investments in preference share of Tata Steel BSL Limited is dependent on its profitability and cash flows available for distribution. The expected cash flows have been discounted considering a pre-tax discount rate of **11.90%**. The fair value is sensitive to changes in discount rate and profitability. An increase in cash flow by 1% would lead to an increase in fair value of preference shares by ₹**169.30** crore and increase in discount rate by 1% would lead to decrease in fair value by ₹**1,444.90** crore.

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40. Disclosures on financial instruments (Contd.)

- (v) Fair value of borrowings which have a quoted market price in an active market is based on its market price which is categorised as Level 1. Fair value of borrowings which do not have an active market or are unquoted is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for credit spread considered by lenders for instruments of similar maturities which is categorised as Level 2 in the fair value hierarchy.
- (iv) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.
- (vii) There have been no transfers between Level 1 and Level 2 for the years ended March 31, 2020 and March 31, 2019.
- (viii) Reconciliation of Level 3 fair value measurement is as below:

	Year ended March 31, 2020	Year ended March 31, 2019
		(₹ crore)
Balance at the beginning of the year	33,993.14	5,423.37
Additions during the year	-	28,698.08
Fair value changes through profit or loss	106.26	(111.31)
Reclassification within investments*	(14,070.95)	(17.00)
Balance at the end of the year	20,028.45	33,993.14

* represents investment held in preference shares of a subsidiary converted into equity shares during the year. During the year ended March 31, 2019, reclassification represents investments in Subarnarekha Port Private Limited which had become a subsidiary.

(c) Derivative financial instruments

Derivative instruments used by the Company include forward exchange contracts, interest rate swaps, currency swaps, options and interest rate caps and collars. These financial instruments are utilised to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 "Financial Instruments" wherever possible. The Company does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

The following table sets out the fair value of derivatives held by the Company as at the end of each reporting period:

	As at March 31, 2020		As at March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
(i) Foreign currency forwards, swaps and options	372.42	105.29	19.93	199.32
(ii) Interest rate swaps and collars	-	98.95	4.08	0.07
	372.42	204.24	24.01	199.39
Classified as:				
Non-current	162.46	122.55	9.05	59.82
Current	209.96	81.69	14.96	139.57

As at the end of the reporting period total notional amount of outstanding foreign currency contracts, interest rate swaps and collars that the Company has committed to is as below:

	As at March 31, 2020	As at March 31, 2019
		(US\$ million)
(i) Foreign currency forwards, swaps and options	1,345.71	1,148.92
(ii) Interest rate swaps and collars	367.50	150.00
	1,713.21	1,298.92

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40. Disclosures on financial instruments (Contd.)

(d) Transfer of financial assets

The Company transfers certain trade receivables under discounting arrangements with banks/financial institutions. Some of such arrangements do not qualify for de-recognition due to recourse arrangements being in place. Consequently, the proceeds received from transfer are recorded as short-term borrowings from banks and financial institutions. As at March 31, 2020 and March 31, 2019, there has been no such transfer of trade receivables.

(e) Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- (i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- (ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(i) Market risk:

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(a) Market risk - Foreign currency exchange rate risk:

The fluctuation in foreign currency exchange rates may have a potential impact on the statement of profit and loss and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. Such movements may also impact the fair value of preference shares investments held by the Company in its foreign subsidiaries.

A 10% appreciation/depreciation of foreign currencies with respect to functional currency of the Company would result in an increase/decrease in the Company's net profit/equity before considering tax impacts by approximately ₹158.75 crore for the year ended March 31, 2020 (2018-19: ₹1,491.07 crore) and an increase/decrease in carrying value of property, plant and equipment (before considering depreciation) by approximately ₹109.94 crore as at March 31, 2020 (March 31, 2019: ₹145.38 crore).

The foreign exchange rate sensitivity is calculated by assuming a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the Company.

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities as at March 31, 2020 and March 31, 2019 excluding trade payables, trade receivables, other derivative and non-derivative financial instruments (except investment in preference shares and loans receivable) not forming part of debt and which do not present a material exposure. The period end balances are not necessarily representative of the average balance outstanding during the period.

(b) Market risk - Interest rate risk:

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations.

Based on the composition of debt as at March 31, 2020 and March 31, 2019, a 100 basis points increase in interest rates would increase the Company's finance costs (before considering interest eligible for capitalisation) and thereby consequently reduce net profit/equity before considering tax impacts by approximately ₹149.37 crore for the year ended March 31, 2020 (2018-19: ₹128.33 crore).

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40. Disclosures on financial instruments (Contd.)

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

(c) Market risk - Equity price risk:

Equity price risk is related to change in market reference price of investments in equity securities held by the Company.

The fair value of quoted investments held by the Company exposes the Company to equity price risks. In general, these investments are not held for trading purposes.

The fair value of quoted investments in equity, classified as fair value through other comprehensive income as at March 31, 2020 and March 31, 2019 was ₹204.31 crore and ₹448.61 crore, respectively.

A 10% change in equity prices of such securities held as at March 31, 2020 and March 31, 2019, would result in an impact of ₹20.43 crore and ₹44.86 crore respectively on equity before considering tax impact.

(ii) Credit risk:

Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks.

The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults.

Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments in debt securities and mutual funds, balances with bank, bank deposits, derivatives and financial guarantees provided by the Company. None of the financial instruments of the Company result in material concentration of credit risk except preference shares investments, the Company made in its subsidiary companies.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹27,722.94 crore and ₹37,584.12 crore, as at March 31, 2020 and March 31, 2019 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments in debt securities, mutual funds, loans, derivative assets and other financial assets.

The risk relating to trade receivables is presented in note 14, page 263.

The Company's exposure to customers is diversified and no single customer, other than a subsidiary, contributes to more than 10% of outstanding trade receivables as at March 31, 2020 and March 31, 2019.

In respect of financial guarantees provided by the Company to banks/financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

(iii) Liquidity risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company have access to undrawn lines of committed and uncommitted borrowing/ facilities, funds from debt markets through commercial paper programs, non-convertible debentures and other debt instruments. The Company invests its surplus funds in bank fixed deposits and in mutual funds, which carry low market risk. The Company has also invested 15% of the non-convertible debentures (issued by the Company) falling due for repayment in the next 12 months in bank deposits, to meet the regulatory norms of liquidity requirements. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

The Company's liquidity position remains strong at ₹8,315.34 crore as at March 31, 2020, comprising ₹4,516.34 crore in the form of current investments, cash and cash equivalents and other balances with banks (including non-current earmarked balances) and ₹3,799.00 crore in committed undrawn bank lines.

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40. Disclosures on financial instruments (Contd.)

The following table shows a maturity analysis of the anticipated cash flows including interest obligations for the Company's derivative and non-derivative financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting period. Cash flows in foreign currencies are translated using the period end spot rates.

(₹ crore)

	As at March 31, 2020				
	Carrying value	Contractual cash flows	Less than one year	Between one to five years	More than five years
Non-derivative financial liabilities:					
Borrowings other than lease obligation including interest obligations	38,461.28	53,465.41	11,715.26	19,407.02	22,343.13
Lease obligations including interest obligations	3,346.83	6,478.00	753.36	2,008.44	3,716.20
Trade payables	10,600.96	10,600.96	10,600.96	-	-
Other financial liabilities	3,126.26	3,126.26	2,832.67	191.49	102.10
	55,535.33	73,670.63	25,902.25	21,606.95	26,161.43
Derivative financial liabilities	204.24	204.24	81.69	115.42	7.13

(₹ crore)

	As at March 31, 2019				
	Carrying value	Contractual cash flows	Less than one year	Between one to five years	More than five years
Non-derivative financial liabilities:					
Borrowings including interest obligations	30,270.83	47,984.98	5,366.27	18,284.95	24,333.76
Trade payables	10,969.56	10,969.56	10,969.56	-	-
Other financial liabilities	3,385.88	3,385.88	3,260.81	15.47	109.60
	44,626.27	62,340.42	19,596.64	18,300.42	24,443.36
Derivative financial liabilities	199.39	199.39	139.57	59.82	-

41. Segment reporting

The Company is primarily engaged in the business of manufacture and distribution of steel products and is operated out of India. In accordance with Ind AS 108 "Operating Segments", the Company has presented segment information on the basis of its consolidated financial statements which forms part of this report.

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42. Related party transactions

The Company's related parties primarily consist of its subsidiaries, associates, joint ventures and Tata Sons Private Limited including its subsidiaries and joint ventures. The Company routinely enters into transactions with these related parties in the ordinary course of business at market rates and terms.

The following table summarises related party transactions and balances included in the financial statements of the Company for the year ended as at March 31, 2020 and March 31, 2019:

	Subsidiaries	Associates	Joint ventures	Tata Sons Private Limited, its subsidiaries and joint ventures	Total
	(₹ crore)				
Purchase of goods	10,409.01	24.33	222.91	75.55	10,731.80
	11,805.15	268.35	133.63	153.37	12,360.50
Sale of goods	6,878.15	1.00	2,338.13	208.93	9,426.21
	8,958.58	13.71	2,500.24	138.36	11,610.89
Services received	1,963.43	86.32	746.71	217.80	3,014.26
	1,867.90	39.66	909.62	237.69	3,054.87
Services rendered	434.53	4.62	80.77	1.01	520.93
	478.74	5.82	135.94	1.13	621.63
Interest income recognised	4.33	-	2.91	-	7.24
	1,576.03	7.81	4.13	-	1,587.97
Interest expenses recognised	-	-	-	17.54	17.54
	-	-	-	19.23	19.23
Dividend paid	1.54	-	-	470.41	471.95
	1.18	-	-	361.45	362.63
Dividend received	35.38	-	34.20	13.59	83.17
	39.38	3.67	34.95	10.88	88.88
Provision/(reversal) recognised for receivables during the year	5.76	0.03	(6.62)	0.01	(0.82)
	15.33	(0.01)	(1.03)	0.02	14.31
Management contracts	108.63	27.91	1.60	100.00	238.14
	53.34	16.61	2.50	100.00	172.45
Sale of investments	-	-	-	-	-
	-	-	-	1.97	1.97

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42. Related party transactions (Contd.)

	Subsidiaries	Associates	Joint ventures	Tata Sons Private Limited, its subsidiaries and joint ventures	Total
					(₹ crore)
Finance provided during the year (net of repayments)	10,471.64	-	60.13	-	10,531.77
	<i>29,349.55</i>	<i>250.00</i>	<i>134.91</i>	<i>-</i>	<i>29,734.46</i>
Outstanding loans and receivables	2,702.13	12.45	119.96	6.19	2,840.73
	<i>1,489.08</i>	<i>10.06</i>	<i>57.09</i>	<i>9.22</i>	<i>1,565.45</i>
Provision for outstanding loans and receivables	656.76	0.06	0.84	0.03	657.69
	<i>651.00</i>	<i>0.03</i>	<i>7.46</i>	<i>0.02</i>	<i>658.51</i>
Outstanding payables	4,841.64	41.78	183.48	116.83	5,183.73
	<i>4,764.18</i>	<i>16.54</i>	<i>213.13</i>	<i>132.86</i>	<i>5,126.71</i>
Guarantees provided outstanding	9,151.47	-	177.18	-	9,328.65
	<i>11,908.24</i>	<i>-</i>	<i>186.78</i>	<i>-</i>	<i>12,095.02</i>
Sale of fixed assets	-	-	267.71	-	267.71
	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

Figures in italics represent comparative figures of previous year.

- (i) The details of remuneration paid to key managerial personnel and payment to non-executive directors are provided in note 30, page 281 and note 33, page 282 respectively.
The Company has paid dividend of ₹42,048.50 (2018-19: ₹32,345.87) to key managerial personnel and ₹8,313.50 (2018-19: ₹3,895.10) to relatives of key managerial personnel during the year ended March 31, 2020.
- (ii) During the year ended March 31, 2020, the Company has contributed ₹346.76 crore (2018-19: ₹281.57 crore) to post-employment benefit plans.
As at March 31, 2020, amount receivable from post-employment benefit fund is ₹56.71 crore (March 31, 2019: ₹755.95 crore) on account of retirement benefit obligations paid by the Company directly.
As at March 31, 2020, amount payable to post-employment benefit fund is ₹13.29 crore (March 31, 2019: ₹0.06 crore) on account of retirement benefit obligations.
- (iii) Details of investments made by the Company in preference shares of its subsidiaries and associates is disclosed in note 8, page 250.
- (iv) Commitments with respect to subsidiaries, associates and joint ventures is disclosed in note 37B page 293.
- (v) Transactions with joint ventures have been disclosed at full value and not at their proportionate share.

Standalone

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43. The Board of Directors of the Company have approved a merger of Bamnival Steel Limited and Tata Steel BSL Limited (formerly Bhushan Steel Limited) into the Company by way of a composite scheme of amalgamation and have recommended a merger ratio of 1 equity share of 10/- each fully paid up of the Company for every 15 equity shares of 2/- each fully paid up held by the public shareholders of Tata Steel BSL Limited. As part of the scheme, the equity shares held by Bamnival Steel Limited and the preference shares held by the Company in Tata Steel BSL Limited shall stand cancelled. The equity shares held by the Company in Bamnival Steel Limited shall also stand cancelled. The merger is subject to shareholders and other regulatory approvals.

44. Details of significant investments in subsidiaries, associates and joint ventures

	Country of incorporation	(% direct holding)	
		As at March 31, 2020	As at March 31, 2019
(a) Subsidiary companies			
(1) ABJA Investment Co. Pte Ltd.	Singapore	100.00	100.00
(2) Adityapur Toll Bridge Company Limited	India	88.50	88.50
(3) Bamnival Steel Limited	India	100.00	100.00
(4) Bhubaneswar Power Private Limited	India	93.58	93.58
(5) Bistupur Steel Limited	India	100.00	100.00
(6) Creative Port Development Private Limited	India	51.00	51.00
(7) Dimna Steel Limited	India	100.00	100.00
(8) Jamadoba Steel Limited	India	100.00	100.00
(9) Jamshedpur Football and Sporting Private Limited	India	100.00	100.00
(10) Jugsalai Steel Limited	India	100.00	100.00
(11) Mohar Exports Services Pvt Ltd	India	33.23	33.23
(12) NatSteel Asia Pte. Ltd.	Singapore	100.00	100.00
(13) Noamundi Steel Limited	India	100.00	100.00
(14) Rujuvalika Investments Limited	India	100.00	100.00
(15) Sakchi Steel Limited	India	100.00	100.00
(16) Straight Mile Steel Limited	India	100.00	100.00
(17) Subarnarekha Port Private Limited	India	7.07	7.07
(18) T Steel Holdings Pte. Ltd.	Singapore	100.00	100.00
(19) Tata Korf Engineering Services Ltd	India	100.00	100.00
(20) Tata Metaliks Ltd.	India	55.06	55.06
(21) Tata Steel (KZN) (Pty) Ltd.	South Africa	90.00	90.00
(22) Tata Steel Downstream Products Limited (formerly Tata Steel Processing and Distribution Limited)	India	100.00	100.00
(23) Tata Steel Foundation	India	100.00	100.00
(24) Tata Steel Long Products Limited (formerly Tata Sponge Iron Limited)	India	75.91	54.50
(25) Tata Steel Mining Limited (formerly T S Alloys Limited)	India	100.00	100.00
(26) Tata Steel Odisha Limited	India	100.00	100.00
(27) Tata Steel Special Economic Zone Limited	India	100.00	100.00
(28) Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities & Services Company Limited)	India	100.00	100.00
(29) Tayo Rolls Limited	India	54.91	54.91
(30) The Indian Steel & Wire Products Ltd.	India	95.01	95.01

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forming part of the financial statements

44. Details of significant investments in subsidiaries, associates and joint ventures (Contd.)

	Country of incorporation	As at March 31, 2020	As at March 31, 2019
(% direct holding)			
(31) The Tata Pigments Limited	India	100.00	100.00
(32) The Tinplate Company of India Limited	India	74.96	74.96
(b) Associate companies			
(1) Kalinga Aquatics Ltd.	India	30.00	30.00
(2) Malusha Travels Pvt Ltd	India	33.23	33.23
(3) Nicco Jubilee Park Limited	India	20.99	20.99
(4) Strategic Energy Technology Systems Private Limited	India	25.00	25.00
(5) TRF Limited	India	34.11	34.11
(c) Joint ventures			
(1) Himalaya Steel Mill Services Private Limited	India	26.00	26.00
(2) Industrial Energy Limited	India	26.00	26.00
(3) Jamipol Limited	India	32.67	32.67
(4) Jamshedpur Continuous Annealing & Processing Company Private Limited	India	51.00	51.00
(5) Medica TS Hospital Private Limited	India	26.00	26.00
(6) mjunction services limited	India	50.00	50.00
(7) S & T Mining Company Private Limited	India	50.00	50.00
(8) T M Mining Company Limited	India	74.00	74.00
(9) Tata BlueScope Steel Private Limited	India	50.00	50.00
(10) Tata NYK Shipping Pte Ltd.	Singapore	50.00	50.00
(11) TM International Logistics Limited	India	51.00	51.00

45. Dividend

The dividend declared by the Company is based on profits available for distribution as reported in the standalone financial statements of the Company. On June 29, 2020 the Board of Directors of the Company have proposed a dividend of ₹10.00 per Ordinary Share of ₹10 each and ₹2.504 per partly paid Ordinary Share of ₹10 each (paid up ₹2.504 per share) in respect of the year ended March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹1,145.93 crore.

46. Previous year figures have been recasted/restated wherever necessary.

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse & Co Chartered Accountants LLP Firm Registration Number: 304026E/E-300009 Chartered Accountants	sd/- N. Chandrasekaran Chairman DIN: 00121863	sd/- Mallika Srinivasan Director DIN: 00037022	sd/- O. P. Bhatt Director DIN: 00548091	sd/- Peter Blauwhoff Director DIN: 07728872	sd/- Deepak Kapoor Director DIN: 00162957	sd/- Aman Mehta Director DIN: 00009364
sd/- Russell I Parera Partner Membership Number 042190	sd/- V. K. Sharma Director DIN: 02449088	sd/- Saurabh Agrawal Director DIN: 02144558	sd/- T. V. Narendran Chief Executive Officer & Managing Director DIN: 03083605	sd/- Koushik Chatterjee Executive Director & Chief Financial Officer DIN: 00004989	sd/- Parvatheesam Kanchinadham Company Secretary & Chief Legal Officer (Corporate & Compliance) ACS: 15921	

Mumbai, June 29, 2020