

Notes to Standalone Unaudited Financial Results:

1. The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in their meetings held on 14th November, 2019.
2. The financial results have been reviewed by the Statutory Auditors, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
3. The Company has adopted Ind AS 1166 -Leasesø which is mandatory for the reporting periods beginning on or after 1st April, 2019 and applied the Standard to all lease contracts existing on the date of initial application i.e. 1st April, 2019. The Company has used the modified retrospective approach for transitioning to Ind AS 116 with right-of-use asset measured as if Ind AS 116 has been applied since the commencement date of the contract. Accordingly, the comparatives for the earlier periods have not been restated. The impact of above on the financial results for the Quarter/Half Year ended 30th September, 2019 is not material.
4. (i) Sales include sale to Government Agencies recognised on provisional contract prices during the half year ended 30th September 2019: ₹3163.36 crore (corresponding half year of previous year: ₹2214.32 crore). Cumulatively such sale pending finalization of price upto 30th September, 2019 is: ₹ 8772.92 crore (upto the corresponding half year of previous year : ₹14454.23 crore).

(ii) Based on the price finalised by the Railway Board, Ministry of Railways, to be paid to the Company for the Financial Years 2015-16, 2016-17 and 2017-18 in respect of rails supplied by Bhilai Steel Plant to Railways, sales for the quarter and half year is higher by ₹428.99 crore. Owing to such revision being made applicable from 1.4.2018 onwards, ₹298.20 crore (corresponding previous half year : ₹ Nil) pertaining to Financial Year 2018-19 is included in the sale for the quarter/half year on provisional basis.
5. In view of installation of plant for beneficiation of de-silted slime at Dalli Mechanised Mine and consumption of such beneficiated iron ore at Bhilai Steel Plant during the quarter, the Company has made an assessment of iron ore extractable from the de-silted slime and accordingly valued such inventories at ₹ 250.16 crores as at 30th September 2019.
6. Pursuant to Section 115BAA of the Income-tax Act, 1961 promulgated by Government of India through The Taxation Laws (Amendment) Ordinance, 2019, Company has an irreversible option of shifting to a lower tax rate along with consequent reduction in certain tax incentives including lapse of the accumulated MAT credit and carry forward of additional depreciation. The Company has not yet exercised this option after evaluating the same and continues to recognize the taxes on income for the quarter and half year ended 30th September, 2019 as per the earlier provisions.
7. The Nine Judges Constitutional Bench of Honøble Supreme Court, vide its judgment dated 11.11.2016, upheld the Constitutional validity of Entry Tax Act enacted by various States and laid down principles/tests for consideration for deciding the specific issues related to levy of Entry Tax. As on 30th September, 2019, the matters are pending before Regular Benches of Honøble Supreme Court/Jurisdictional High Courts/assigned authorities in this regard. Pending decision by the other Courts, disputed Entry Tax demands of ₹1621.57 crore have been treated by the Company as Contingent Liability (as on 31st March, 2019 - ₹1637.35 crore).

8. In respect of the civil appeal filed by Damodar Valley Corporation (DVC) pertaining to tariff of FY 2004-05 to 2008-09 against the order of the Appellate Tribunal for Electricity (APTEL), the Hon'ble Supreme Court of India dismissed the appeal vide its Order dated 3rd December, 2018 which can also have effect on future tariff orders in view of consideration of certain parameters for fixation of tariff. Accordingly, State Electricity Regulatory Commission (SERC) will finalise the retail tariff as directed by APTEL, the financial implication of which can only be ascertained after the Tariff fixation by SERC. Pending fixation of such Electricity Tariffs, disputed demands of DVC of ₹587.72 crore from FY 2010-11 to FY 2016-17 have been paid and retained as advance. Further, from 1st April, 2017 onwards full invoice value is being paid and charged to revenue.
9. The Auditors, in their Audit Report on the Standalone Financial Statements for the Year ended 31st March, 2019, have brought out that the Company has not provided for :
- (i) Demand for Entry tax in various states amounting to ₹1,637.35 crore as on 31st March, 2019 and
 - (ii) Amount paid to Damodar Valley Corporation (DVC) in earlier years against bills raised for supply of power and retained as advance to DVC by Bokaro Steel Plant amounting to ₹587.72 crore as on 31st March, 2019.

In respect of item stated at (i), the Company's view is that the Nine Judges Bench of Hon'ble Supreme Court, vide its judgment dated 11th November, 2016, upheld the Constitutional validity of levy of Entry Tax by the States and has laid down principles/tests on levy of Entry Tax Acts in various States. The respective regular benches of the Apex Court would hear the matters as per laid down principles. The West Bengal Finance Act, 2017 has included West Bengal Entry Tax in the jurisdiction of West Bengal Taxation Tribunal. Based on the said amendment, Hon'ble Calcutta High Court has transmitted the Writ Petition of Durgapur Steel Plant, IISCO Steel Plant, Central Marketing Organisation and Alloy Steels Plant to the West Bengal Taxation Tribunal. Pending decision by the regular benches of the Apex Court on levy of Entry Tax in the States of Chhattisgarh, Odisha, Jharkhand and in respect of the case pending before West Bengal Taxation Tribunal, the Entry Tax demands under dispute have been treated as Contingent Liability.

In respect of item stated at (ii), the Company's view is that the civil appeal filed by DVC pertaining to tariff of 2004-09 against the Order of the Appellate Tribunal for Electricity (APTEL), the Hon'ble Supreme Court of India dismissed the appeal vide its Order dated 3rd December, 2018. Accordingly, State Electricity Regulatory Commission (SERC) will finalise the retail tariff as directed by APTEL, the financial implication of which can only be ascertained after the Tariff fixation by SERC. Pending fixation of Electricity Tariffs, disputed claims of DVC of ₹ 587.72 crore from FY 2010-11 to FY 2016-17 has been paid and treated as advance. Further, from 1st April, 2017 onwards full invoice value is being paid and charged to revenue.

The disputed demands stated at (i) and (ii) above, contested on valid and bonafide grounds, have been treated as contingent liabilities as it is not probable that present obligations exist as on 30th September, 2019. Therefore, there is no adverse impact on loss for the quarter/half year.

10. Formulas used for computation of coverage ratios: Debt Service Coverage Ratio = Earnings before interest, exceptional items and tax/Interest expenses and principal repayment of long terms loans during the period; and Interest Service Coverage Ratio = Earnings before interest, exceptional items and tax/Interest expenses including transferred to Capital Work in Progress.
11. The figures for the previous periods have been re-grouped, wherever necessary, so as to conform to the current periods classification.

For and on behalf of Board of Directors

(Amit Sen)
Director (Finance)

Place: New Delhi
Dated: 14th November, 2019