

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 9th August, 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 figures for the quarter ended 31st March, 2019 are the balancing figures between the audited figures in respect of full financial year ended 31st March, 2019 and the published year to date reviewed figures up to the nine months ended 31st December, 2018.
4. The Company has adopted Ind AS 116 Leases 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 above has resulted in recognition of a right-of-use asset of ₹260.65 crore and a lease liability of ₹306.56 crore on the date of initial application, with the difference being adjusted to the balance of retained earnings as on that date. The impact on the profit for the quarter ended 30TH June, 2019 is not material.

- 5 Sales include sale to Government Agencies recognised on provisional contract prices during the quarter ended 30th June 2019: ₹1449.38 crore (corresponding quarter of previous year: ₹1143.85 crore) and cumulatively upto 30th June, 2019: ₹ 18594.70 crore (upto the corresponding quarter of previous year: ₹13383.75 crore).
6. 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 June, 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 liabilities of ₹1614.62 crore have been treated by the Company as Contingent Liability (as on 31st March, 2019 - ₹1637.35 crore).
7. In respect of the civil appeal filed by DVC pertaining to tariff of FY 2004-05 to 2008-09 against the order of the Appellate Tribunal for Electricity (APTEL), the Honøble 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 Electricity Tariffs, disputed demands of DVC of ₹587.72 crore from FY 2010-11 to FY 2016-17 have been paid and treated as Contingent Liability. Further, from 1st April, 2017 onwards full invoice value is being paid and charged to revenue.
8. 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, vide its Order dated 15th June 2018, has transmitted the Writ Petition of Durgapur Steel Plant and IISCO Steel Plant on Entry Tax 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 pertaining to West Bengal Taxation Tribunal, the Entry Tax demands under dispute have been treated as Contingent Liability.

In respect of item stated at (ii), 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 Contingent Liability. Further, from 1st April, 2017 onwards full invoice value is being paid and charged to revenue.

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

9. The figures for the previous periods have been re-grouped, wherever necessary, so as to conform to the current quarter's classification.

For and on behalf of Board of Directors

Place: New Delhi
Dated: 9th August, 2019

(Dr. G. Vishwakarma)
Director (P & BP) with additional
charge of Director (Finance)