

INDEPENDENT AUDITOR'S REPORT

To the Members of Tata Steel Limited

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of Tata Steel Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the

Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 6(vi) to the standalone financial statements which states that the ability of the Tata Steel Europe (TSE), the step-down subsidiary of TSteel Holdings Pte Ltd (TSH), a subsidiary of the Company, to continue as a going concern is dependent on the availability of future funding requirements, which could have a consequential impact on the carrying amount of investment of ₹20,854.89 crore (net of provision for impairment amounting to ₹860.00 crore) in TSH as at March 31, 2021.

Further, the auditors of TSE have, without modifying their opinion, reported a Material Uncertainty Related to Going Concern vide their report dated May 4, 2021 on the financial information of TSE for the year ended March 31, 2021.

Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of litigations and related disclosure of contingent liabilities</p> <p>[Refer to Note 2 (c) to the Standalone financial statements – "Use of estimates and critical accounting judgements – Provisions and contingent liabilities", Note 36 (A) to the Standalone Financial Statements – "Contingencies" and Note 37 to the Standalone financial statements – "Other significant litigations"].</p> <p>As at March 31, 2021, the Company has exposures towards litigations relating to various matters as set out in the aforesaid Notes.</p> <p>Significant management judgement is required to assess such matters to determine the probability of occurrence of material outflow of economic resources and whether a provision should be recognised or a disclosure should be made. The management judgement is also supported with legal advice in certain cases as considered appropriate.</p> <p>As the ultimate outcome of the matters are uncertain and the positions taken by the management are based on the application of their best judgement, related legal advice including those relating to interpretation of laws/regulations, it is considered to be a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations relating to the relevant laws and regulations; • We discussed with management the recent developments and the status of the material litigations which were reviewed and noted by the Audit Committee; • We performed our assessment on a test basis on the underlying calculations supporting the contingent liabilities/other significant litigations disclosed in the Standalone Financial Statements; • We used auditor's experts/specialists to gain an understanding and to evaluate the disputed tax matters; • We considered external legal opinions, where relevant, obtained by management; • We evaluated management's assessments by understanding precedents set in similar cases and assessed the reliability of the management's past estimates/judgements; • We evaluated management's assessment around those matters that are not disclosed or not considered as contingent liability, as the probability of material outflow is considered to be remote by the management; and • We assessed the adequacy of the Company's disclosures. <p>Based on the above work performed, the assessment in respect of litigations and related disclosures relating to contingent liabilities/other significant litigations in the Standalone Financial Statements is considered to be reasonable.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of carrying value of equity investments in subsidiaries, associates and joint ventures and fair value of other investments</p> <p>[Refer to Note 2 (c) to the Standalone Financial Statements – “Use of estimates and critical accounting judgements – Impairment and fair value measurements of financial instruments”, Note 2 (m) to the Standalone Financial Statements – “Investments in subsidiaries, associates and joint ventures”, Note 2(n)(l) to the Standalone Financial Statements – “Financial assets”, Note 6 to the Standalone Financial Statements – “Investments in subsidiaries, associates and joint ventures”, Note 7 to the Standalone Financial Statements – “Investments” and Note 39 (b) to the Standalone Financial Statements – “Fair value hierarchy”]</p> <p>The Company has equity investments in various subsidiaries, associates, joint ventures and other companies. It also has made investments in preference shares in certain subsidiaries/ associates and debentures in a joint venture.</p> <p>The Company accounts for equity investments in subsidiaries, associates and joint ventures at cost (subject to impairment assessment) and other investments at fair value.</p> <p>For investments carried at cost amounting to ₹28,444.61 crore where an indication of impairment exists, the carrying value of investment is assessed for impairment and where applicable an impairment provision is recognised.</p> <p>For investments carried at fair values, a fair valuation is done at the year-end as required by Ind AS 109. In case of certain investments, cost is considered as an appropriate estimate of fair value since there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range as permitted under Ind AS 109.</p> <p>The accounting for investments is a Key Audit Matter as the determination of recoverable value for impairment assessment/fair valuation involves significant management judgement and estimates.</p> <p>The impairment assessment and fair valuation for such investments have been carried out by the management in accordance with Ind AS 36 and Ind AS 113 respectively. The key inputs and judgements involved in the impairment/ fair valuation assessment of unquoted investments include:</p> <ul style="list-style-type: none"> • Forecast cash flows including assumptions on growth rates • Discount rates • Terminal growth rate • Economic and entity specific factors incorporated in the valuation. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company’s key controls over the impairment assessment and fair valuation of material investments. • We evaluated the Company’s process regarding impairment assessment and fair valuation by involving auditor’s valuation experts to assist in assessing the appropriateness of the valuation model including the independent assessment of the underlying assumptions relating to discount rate, terminal value etc. • We assessed the carrying value/fair value calculations of all individually material investments, where applicable, to determine whether the valuations performed by the Company were within an acceptable range determined by us and the auditor’s valuation experts. • We evaluated the cash flow forecasts (with underlying economic growth rate) by comparing them to the approved budgets and our understanding of the internal and external factors. • We checked the mathematical accuracy of the impairment model and agreed the relevant data with the latest budgets, actual past results and other supporting documents. • We assessed the sensitivity analysis and evaluated whether any reasonably foreseeable change in assumptions could lead to impairment or material change in fair valuation. • We discussed with the component auditors of certain entities to develop an understanding of the operating performance and outlook used in their own valuation model and to assess consistency with the assumptions used in the model. • We had discussions with management to obtain an understanding of the relevant factors in respect of certain investments carried at fair value where a wide range of fair values were possible due to various factors such as absence of recent observable transactions, restrictions on transfer of shares, existence of multiple valuation techniques, investee’s varied nature of portfolio of investments for which significant estimates/judgements are required to arrive at fair value. • We have discussed the key assumptions and sensitivities for certain investments with those charged with governance. • We evaluated the adequacy of the disclosures made in the Standalone Financial Statements. <p>Based on the above procedures performed, we did not identify any significant exceptions in the management’s assessment in relation to the carrying value of equity investments in subsidiaries, associates and joint ventures and fair value of other investments.</p>

Other Information

6. The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Integrated Report, Board’s Report along with its Annexures and Financial Highlights included in the Company’s Annual Report (titled as ‘Tata Steel Integrated Report & Annual Accounts 2020-21’) but does not include the financial statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

7. The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease

operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the standalone financial statements

9. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as on March 31, 2021, on its financial position in its standalone financial statements – Refer Notes 36(A) and 37 to the standalone financial statements;
 - ii. The Company has long-term contracts including derivative contracts as at March 31, 2021 for which there were no material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021 except for amounts aggregating to ₹6.09 crore, which according to the information and explanations provided by the management is held in abeyance due to dispute/pending legal cases.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

Russell I Parera
Partner

Place: Mumbai
Date: May 5, 2021

Membership Number: 042190
UDIN: 21042190AAAABM4545

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Tata Steel Limited on the standalone financial statements as on and for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of Tata Steel Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit

to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such

internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

Russell I Parera

Partner

Place: Mumbai
Date: May 5, 2021

Membership Number: 042190
UDIN: 21042190AAAABM4545

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Tata Steel Limited on the standalone financial statements as of and for the year ended March 31, 2021

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, the title deeds of immovable properties, as disclosed in Note 3 on property, plant and equipment to the Standalone Financial Statements, are held in the name of the Company, except for:
 - (i) title deeds of freehold land with gross and net carrying amount of ₹60.44 crore and title deeds of buildings with gross carrying amount and net carrying amount of ₹83.48 crore and ₹69.99 crore respectively, which are held in the name of erstwhile companies which have subsequently been amalgamated with the Company;
 - (ii) title deeds of freehold land with gross and net carrying amount of ₹202.54 crore and title deeds of buildings with gross carrying amount and net carrying amount of ₹95.62 crore and ₹68.37 crore respectively, which are not readily available.
- ii. The physical verification of inventory [excluding stocks with third parties] have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In respect of inventories of stores and spares, the Management has a verification programme designed to cover the items over a period of three years. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability

Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it, as applicable.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of income tax, the Company is generally regular in depositing undisputed statutory dues in respect of electricity duty, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. We are informed that the Company has applied for exemption from operations of Employee's State Insurance Act at some locations. We are also informed that actions taken by the authorities at some locations to bring the employees of the Company under the Employees' State Insurance Scheme has been contested by the Company and payment has not been made of the contribution demanded. Further, for the period April 1, 2020 to May 31, 2020, the Company has paid Goods and Services Tax and filed Form GSTR-3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Notifications No. 31/2020 and 36/2020 dated April 3, 2020 on fulfilment of conditions specified therein.

The extent of the arrears of statutory dues outstanding as at March 31, 2021, for a period of more than six months from the date they became payable are as follows:

Name of the Statute	Nature of dues	Amount (₹ crore)	Period to which the amount relates	Due date	Date of Payment
Income-tax Act, 1961	Income Tax (advance tax)	1,077.27	2020-2021	September 15, 2020	Not paid

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or goods and services tax as at March 31, 2021, which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of dues	Amount (net of payments) (₹ crore)	Amount paid (₹ crore)	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income Tax	404.36*	1,130.45*	1998-1999, 2006-2008, 2009-2012, 2013-2014	Tribunal
		316.11	120.09	2010-2011, 2014-2016	Commissioner (Appeals)
Customs Act, 1962	Customs duty	3.20	0.82	1993-1994, 2002-2003	High Court
		375.32	61.61	2005-2010, 2017-2019	Tribunal
Central Excise Act, 1944	Excise Duty	33.12	0.10	1989-1990, 2003-2009	High Court
		551.13	36.65	2002-2005, 2006-2017	Tribunal
		4.93	3.83	1988-1990, 1998-1999, 2013-2016	Commissioner
		1.88	1.07	2016-2017	Joint Commissioner
Sales Tax Laws	Sales Tax	26.81	10.80	1977-1979, 1983-1984, 1991-1993, 1995-1997, 2000-2004, 2008-2009	High Court
		64.51	8.32	1977-1978, 1980-1981, 1983-1985, 1987-1988, 1989-1999, 2000-2002, 2003-2010, 2013-2016	Tribunal
		179.26	4.56	1988-1990, 1991-1992, 1993-1995, 2001-2004, 2014-2015	Commissioner
		380.96	0.50	2006-2007, 2011-2012, 2013-2014, 2015-2017	Joint Commissioner
		8.48	1.00	1975-1976, 1983-1988, 1994-1995, 1997-2003, 2006-2009, 2011-2012, 2013-2014, 2016-2019	Deputy Commissioner
Sales Tax Laws	Sales Tax	27.31	2.36	1983-1984, 2002-2003, 2011-2014	Additional Commissioner
		6.55	2.15	1973-1974, 1980-1993, 1994-1997, 2004-2005, 2008-2009, 2016-2018	Assistant Commissioner
Value Added Tax Laws	Value Added Tax	252.84	1.07	2001-2002, 2003-2004, 2007-2008, 2012-2016	High Court
		21.87	2.61	2005-2010, 2012-2015, 2016-2017	Tribunal
		67.86	0.08	2006-2011, 2012-2015	Commissioner
		206.53	6.60	2011-2014, 2015-2017	Joint Commissioner
		140.52	3.91	2004-2017	Deputy Commissioner
		2.54	0.46	2005-2006, 2011-2015	Additional Commissioner
Finance Act, 1994	Service Tax	0.95	0.08	1997-1998, 2005-2007, 2014-2015, 2016-2018	Assistant Commissioner
		0.30	-	2010-2011	High Court
		372.91	14.14	2007-2018	Tribunal
		2.75	0.10	2004-2008, 2012-2013, 2015-2017	Commissioner
		3.30	-	2016-18	Joint Commissioner
Goods and Service tax Act, 2017	Goods and Services Tax	0.75	0.03	2013-2018	Assistant Commissioner
		0.05	-	2017-2018	Commissioner
		0.16	-	2017-2018	Deputy Commissioner
		0.75	0.04	2018-2020	Assistant Commissioner

*excluding net excess payments/adjustments for the years 2007-2008, 2008-2009 and 2012-13 aggregating ₹191.87 crore.

The following matter has been decided in favour of the Company although the department has preferred appeal at higher levels:

Name of the Statute	Nature of dues	Amount (net of payments) (₹ crore)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	235.48	2004-2005	Supreme Court
		16.34	2009-2010	Tribunal

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date, as applicable.
- ix. The Company has not raised any moneys by way of initial public offer and through debt instruments by way of further public offer. In our opinion, and according to the information and explanations given to us, the moneys raised by way of further public offer and term loans have been applied for the purposes for which they were obtained, other than ₹534.27 crore, out of the proceeds from further public offer in March 2021 which remains unutilised as of March 31, 2021.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009
Chartered Accountants

Russell I Parera
Partner

Place: Mumbai
Date: May 5, 2021

Membership Number: 042190
UDIN: 21042190AAAABM4545

BALANCE SHEET

as at March 31, 2021

	Note	Page	As at March 31, 2021	As at March 31, 2020
(₹ crore)				
Assets				
I Non-current assets				
(a) Property, plant and equipment	3	268	64,032.32	66,392.35
(b) Capital work-in-progress			10,057.18	8,070.41
(c) Right-of-use assets	4	271	3,905.97	4,113.31
(d) Intangible assets	5	273	839.33	727.72
(e) Intangible assets under development			408.79	176.64
(f) Investments in subsidiaries, associates and joint ventures	6	274	28,444.61	26,578.41
(g) Financial assets				
(i) Investments	7	279	22,621.66	20,282.50
(ii) Loans	8	283	7,509.33	199.26
(iii) Derivative assets			42.52	162.46
(iv) Other financial assets	9	285	91.66	60.42
(h) Non-current tax assets (net)			1,645.10	1,557.82
(i) Other assets	11	288	1,681.22	2,062.07
Total non-current assets			1,41,279.69	1,30,383.37
II Current assets				
(a) Inventories	12	289	8,603.79	10,716.66
(b) Financial assets				
(i) Investments	7	279	6,404.46	3,235.16
(ii) Trade receivables	13	289	3,863.31	1,016.73
(iii) Cash and cash equivalents	14	291	1,501.71	993.64
(iv) Other balances with banks	15	291	170.00	233.23
(v) Loans	8	283	1,555.95	1,607.32
(vi) Derivative assets			66.93	209.96
(vii) Other financial assets	9	285	351.54	230.41
(c) Other assets	11	288	854.99	1,715.92
Total current assets			23,372.68	19,959.03
III Assets held for sale			383.62	50.16
Total assets			1,65,035.99	1,50,392.56
Equity and liabilities				
IV Equity				
(a) Equity share capital	16	292	1,198.78	1,146.13
(b) Hybrid perpetual securities	17	295	775.00	2,275.00
(c) Other equity	18	295	89,293.33	73,416.99
Total equity			91,267.11	76,838.12
V Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	299	27,313.80	31,381.96
(ii) Derivative liabilities			71.20	122.55
(iii) Other financial liabilities	20	302	413.66	293.59
(b) Provisions	21	302	2,543.94	2,113.56
(c) Retirement benefit obligations	22	303	2,087.86	2,224.44
(d) Deferred tax liabilities (net)	10	286	6,111.70	5,862.28
(e) Other liabilities	24	304	5,913.40	684.76
Total non-current liabilities			44,455.56	42,683.14
VI Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	299	-	7,857.27
(ii) Trade payables	25	304		
(a) Total outstanding dues of micro and small enterprises			160.66	118.62
(b) Total outstanding dues of creditors other than micro and small enterprises			10,477.93	10,482.34
(iii) Derivative liabilities			69.39	81.69
(iv) Other financial liabilities	20	302	5,274.11	5,401.55
(b) Provisions	21	302	1,074.43	663.86
(c) Retirement benefit obligations	22	303	116.10	106.61
(d) Deferred income	23	304	34.44	6.15
(e) Current tax liabilities (net)			4,093.26	277.26
(f) Other liabilities	24	304	8,013.00	5,875.95
Total current liabilities			29,313.32	30,871.30
Total equity and liabilities			1,65,035.99	1,50,392.56
Notes forming part of the financial statements		1 - 46		

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 Independent Director DIN: 00037022	sd/- O. P. Bhatt Independent Director DIN: 00548091	sd/- Peter Blauwhoff Independent Director DIN: 07728872	sd/- Deepak Kapoor Independent Director DIN: 00162957	sd/- Aman Mehta Independent Director DIN: 00009364
sd/- Russell I Parera Partner Membership Number 042190	sd/- V. K. Sharma Non-Executive Director DIN: 02449088	sd/- Saurabh Agrawal Non-Executive 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/- Parvathesam Kanchinadham Company Secretary & Chief Legal Officer (Corporate & Compliance) ACS: 15921	

Mumbai, May 5, 2021

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

	Note	Page	Year ended March 31, 2021	Year ended March 31, 2020
(₹ crore)				
I Revenue from operations	26	305	64,869.00	60,435.97
II Other income	27	306	637.89	404.12
III Total income			65,506.89	60,840.09
IV Expenses:				
(a) Cost of materials consumed			13,868.60	17,407.03
(b) Purchases of stock-in-trade			1,146.05	1,563.10
(c) Changes in inventories of finished and semi-finished goods, stock-in-trade and work-in-progress	28	307	1,464.12	(564.40)
(d) Employee benefits expense	29	307	5,198.82	5,036.62
(e) Finance costs	30	308	3,393.84	3,031.01
(f) Depreciation and amortisation expense	31	308	3,987.32	3,920.12
(g) Other expenses	32	308	22,747.30	23,803.18
			51,806.05	54,196.66
Less: Expenditure (other than interest) transferred to capital and other accounts			1,321.24	1,671.13
Total expenses			50,484.81	52,525.53
V Profit before exceptional items and tax (III-IV)			15,022.08	8,314.56
VI Exceptional items:	33	310		
(a) Profit/(loss) on sale of non-current investments			1,084.85	-
(b) Provision for impairment of investments/doubtful advances			149.74	(1,149.80)
(c) Provision for demands and claims			-	(196.41)
(d) Employee separation compensation			(443.55)	(107.37)
(e) Gain/(loss) on non-current investments classified as fair value through profit and loss (net)			1,982.01	(250.00)
Total exceptional items			2,773.05	(1,703.58)
VII Profit before tax (V+VI)			17,795.13	6,610.98
VIII Tax expense:				
(a) Current tax			3,949.05	1,787.95
(b) Deferred tax			239.46	(1,920.77)
Total tax expense			4,188.51	(132.82)
IX Profit for the year (VII-VIII)			13,606.62	6,743.80
X Other comprehensive income/(loss)				
A (i) Items that will not be reclassified subsequently to profit and loss				
(a) Remeasurement gain/(loss) on post-employment defined benefit plans			81.97	(461.27)
(b) Fair value changes of investments in equity shares			333.55	(244.30)
(ii) Income tax on items that will not be reclassified subsequently to profit and loss			(27.40)	116.65
B (i) Items that will be reclassified subsequently to profit and loss				
(a) Fair value changes of cash flow hedges			27.56	(79.76)
(ii) Income tax on items that will be reclassified subsequently to profit and loss			(6.94)	19.81
Total other comprehensive income/(loss) for the year			408.74	(648.87)
XI Total comprehensive income/(loss) for the year (IX+X)			14,015.36	6,094.93
XII Earnings per share	34	310		
Basic (₹)			117.04	57.11
Diluted (₹)			117.03	57.11
XIII Notes forming part of the financial statements		1 - 46		

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 Independent Director DIN: 00037022	sd/- O. P. Bhatt Independent Director DIN: 00548091	sd/- Peter Blauwhoff Independent Director DIN: 07728872	sd/- Deepak Kapoor Independent Director DIN: 00162957	sd/- Aman Mehta Independent Director DIN: 00009364
sd/- Russell I Parera Partner Membership Number 042190	sd/- V. K. Sharma Non-Executive Director DIN: 02449088	sd/- Saurabh Agrawal Non-Executive 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/- Parvathesam Kanchinadham Company Secretary & Chief Legal Officer (Corporate & Compliance) ACS: 15921	

Mumbai, May 5, 2021

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

A. Equity share capital

(₹ crore)		
Balance as at April 1, 2020	Changes during the year	Balance as at March 31, 2021
1,146.13	52.65	1,198.78

(₹ crore)		
Balance as at April 1, 2019	Changes during the year	Balance as at March 31, 2020
1,146.12	0.01	1,146.13

B. Hybrid perpetual securities

(₹ crore)		
Balance as at April 1, 2020	Changes during the year	Balance as at March 31, 2021
2,275.00	(1,500.00)	775.00

(₹ crore)		
Balance as at April 1, 2019	Changes during the year	Balance as at March 31, 2020
2,275.00	-	2,275.00

C. Other equity

(₹ crore)					
	Retained earnings (refer note 18A, page 295)	Items of other comprehensive income (refer note 18B, page 296)	Other reserves (refer note 18C, page 297)	Share application money pending allotment (refer note 18D, page 298)	Total
Balance as at April 1, 2020	32,106.96	(250.42)	41,560.45	-	73,416.99
Profit for the year	13,606.62	-	-	-	13,606.62
Other comprehensive income for the year	61.34	347.40	-	-	408.74
Total comprehensive income for the year	13,667.96	347.40	-	-	14,015.36
Subscription to final call on equity shares	-	-	3,185.84	-	3,185.84
Equity issue expenses written (off)/back	-	-	(1.36)	-	(1.36)
Dividend ⁽ⁱ⁾	(1,145.93)	-	-	-	(1,145.93)
Distribution on hybrid perpetual securities	(242.34)	-	-	-	(242.34)
Tax on distribution on hybrid perpetual securities	60.99	-	-	-	60.99
Transfers within equity	(138.68)	138.68	-	-	-
Application money received	-	-	-	3.78	3.78
Balance as at March 31, 2021	44,308.96	235.66	44,744.93	3.78	89,293.33

STATEMENT OF CHANGES IN EQUITY (CONTD.)

for the year ended March 31, 2021

(₹ crore)					
	Retained earnings (refer note 18A, page 295)	Items of other comprehensive income (refer note 18B, page 296)	Other reserves (refer note 18C, page 297)	Share application money pending allotment (refer note 18D, page 298)	Total
Balance as at April 1, 2019	27,694.90	53.27	41,560.42	-	69,308.59
Profit for the year	6,743.80	-	-	-	6,743.80
Other comprehensive income for the year	(345.18)	(303.69)	-	-	(648.87)
Total comprehensive income for the year	6,398.62	(303.69)	-	-	6,094.93
Issue of Ordinary Shares	-	-	0.03	(0.04)	(0.01)
Dividend ⁽ⁱ⁾	(1,489.67)	-	-	-	(1,489.67)
Tax on dividend	(297.71)	-	-	-	(297.71)
Distribution on hybrid perpetual securities	(266.15)	-	-	-	(266.15)
Tax on distribution on hybrid perpetual securities	66.97	-	-	-	66.97
Application money received	-	-	-	0.04	0.04
Balance as at March 31, 2020	32,106.96	(250.42)	41,560.45	-	73,416.99

- (i) Dividend paid during the year ended March 31, 2021 is ₹10.00 per Ordinary share (face value ₹10 each, fully paid up) and ₹2.504 per Ordinary Share (face value ₹10 each, partly paid up ₹2.504 per share) (March 31, 2020 ₹13.00 per Ordinary Share of face value ₹10 each, fully paid up and ₹3.25 per Ordinary Share of face value ₹10 each, partly paid up ₹2.504 per share).

D. Notes forming part of the financial statements

Note 1-46

In terms of our report attached

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

sd/-
Russell I Parera
Partner
Membership Number 042190

Mumbai, May 5, 2021

For and on behalf of the Board of Directors

sd/-
N. Chandrasekaran
Chairman
DIN: 00121863

sd/-
V. K. Sharma
Non-Executive Director
DIN: 02449088

sd/-
Mallika Srinivasan
Independent Director
DIN: 00037022

sd/-
Saurabh Agrawal
Non-Executive Director
DIN: 02144558

sd/-
O. P. Bhatt
Independent Director
DIN: 00548091

sd/-
T. V. Narendran
Chief Executive Officer & Managing Director
DIN: 03083605

sd/-
Peter Blauwhoff
Independent Director
DIN: 07728872

sd/-
Koushik Chatterjee
Executive Director & Chief Financial Officer
DIN: 00004989

sd/-
Deepak Kapoor
Independent Director
DIN: 00162957

sd/-
Parvathesam Kanchinadham
Company Secretary & Chief Legal Officer (Corporate & Compliance)
ACS: 15921

sd/-
Aman Mehta
Independent Director
DIN: 00009364

STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flows from operating activities:		
Profit before tax	17,795.13	6,610.98
Adjustments for:		
Depreciation and amortisation expense	3,987.32	3,920.12
Dividend income	(68.13)	(89.73)
(Gain)/loss on sale of property, plant and equipment including intangible assets (net of loss on assets scrapped/written off)	(23.50)	1.20
Exceptional (income)/expenses	(2,773.05)	1,703.58
(Gain)/loss on cancellation of forwards, swaps and options	2.72	1.26
Interest income and income from current investments and guarantees	(451.60)	(171.58)
Finance costs	3,393.84	3,031.01
Foreign exchange (gain)/loss	(20.33)	(85.86)
Other non-cash items	(10.84)	(1,152.70)
	4,036.43	7,157.30
Operating profit before changes in non-current/current assets and liabilities	21,831.56	13,768.28
Adjustments for:		
Non-current/current financial and other assets	(2,058.17)	1,441.64
Inventories	2,105.79	533.21
Non-current/current financial and other liabilities/provisions	7,850.16	(470.69)
	7,897.78	1,504.16
Cash generated from operations	29,729.34	15,272.44
Income taxes paid (net of refund)	(360.78)	(1,818.78)
Net cash from/(used in) operating activities	29,368.56	13,453.66
B. Cash flows from investing activities:		
Purchase of capital assets	(2,122.26)	(4,749.28)
Sale of capital assets	34.32	173.07
Purchase of investments in subsidiaries	(935.82)	(8,945.16)
Purchase of other non-current investments	(64.41)	(61.20)
Sale of investments in subsidiaries	21.06	-
(Purchase)/sale of current investments (net)	(2,973.61)	(2,661.50)
Loans given	(8,114.74)	(1,527.02)
Repayment of loans given	788.94	7.76
Principal receipts under sublease	2.80	1.83
Fixed/restricted deposits with banks (placed)/realised	67.85	(80.23)
Interest and guarantee commission received	219.28	117.34
Dividend received from subsidiaries	25.22	35.38
Dividend received from associates and joint ventures	23.43	34.20
Dividend received from others	19.48	20.15
Net cash from/(used in) investing activities	(13,008.46)	(17,634.66)

STATEMENT OF CASH FLOWS (CONTD.)

for the year ended March 31, 2021

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
C. Cash flows from financing activities:		
Proceeds from issue of equity shares (net of issue expenses)	3,240.91	0.04
Proceeds from long-term borrowings (net of issue expenses)	9,777.19	5,052.88
Repayment of long-term borrowings	(14,775.68)	(2,866.18)
Proceeds/(repayments) of short-term borrowings (net)	(7,854.16)	7,846.07
Payment of lease obligations	(376.68)	(260.66)
Amount received/(paid) on utilisation/cancellation of derivatives	31.35	(5.19)
Repayment of hybrid perpetual securities	(1,500.00)	-
Distribution on hybrid perpetual securities	(266.25)	(265.76)
Interest paid	(2,982.78)	(3,084.03)
Dividend paid	(1,145.93)	(1,489.67)
Tax on dividend paid	-	(297.71)
Net cash from/(used in) financing activities	(15,852.03)	4,629.79
Net increase/(decrease) in cash and cash equivalents	508.07	448.79
Opening cash and cash equivalents	993.64	544.85
Closing cash and cash equivalents (refer note 14, page 291)	1,501.71	993.64

(i) Significant non-cash movements in borrowings during the year include:

- amortisation/effective interest rate adjustments of upfront fees ₹142.97 crore (2019-20: ₹219.82 crore).
- exchange gain ₹125.16 crore (2019-20: loss ₹268.69 crore).
- adjustments to lease obligations, increase ₹149.92 crore (2019-20: increase ₹1,440.60 crore).

D. Notes forming part of the financial statements

Note 1-46

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
Independent Director
DIN: 00037022

sd/-
O. P. Bhatt
Independent Director
DIN: 00548091

sd/-
Peter Blauwhoff
Independent Director
DIN: 07728872

sd/-
Deepak Kapoor
Independent Director
DIN: 00162957

sd/-
Aman Mehta
Independent Director
DIN: 00009364

sd/-
Russell I Parera
Partner
Membership Number 042190

sd/-
V. K. Sharma
Non-Executive
Director
DIN: 02449088

sd/-
Saurabh Agrawal
Non-Executive
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/-
Parvathesam Kanchinadham
Company Secretary &
Chief Legal Officer
(Corporate & Compliance)
ACS: 15921

Mumbai, May 5, 2021

NOTES

forming part of the financial statements

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, 2021, 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, 2021 were approved by the Board of Directors and authorised for issue on May 5, 2021.

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 judgments in the application of accounting policies; and estimates and assumptions which affects 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 268, note 4, page 271, note 5, page 273 and note 6, page 274.

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 259.

NOTES

forming part of the financial statements

2. Significant accounting policies (Contd.)

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 265, and its further information are set out in note 10, page 286.

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 21, page 302 and note 36A, page 317.

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 39, page 323.

Retirement benefit obligations

The Company's retirement benefit obligations are subject to number of assumptions including discount rates, inflation and salary growth. Significant assumptions 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 assumptions 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 35, page 311.

Estimation of uncertainties relating to COVID-19

The Company has assessed the possible impact of COVID-19 on its financial statements based on the internal and

external information available up to the date of approval of the financial statements and concluded no adjustment is required in these financial statements. The Company continues to monitor the future economic conditions.

(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 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 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

NOTES

forming part of the financial statements

2. Significant accounting policies (Contd.)

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

- completion of the development is technically feasible.
- it is the intention to complete the intangible asset and use or sell it.
- ability to use or sell the intangible asset.
- it is clear that the intangible asset will generate probable future economic benefits.

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2. Significant accounting policies (Contd.)

- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available.
- 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 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.

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2. Significant accounting policies (Contd.)

(k) Leases

The Company determines whether an arrangement contains a lease by assessing whether the fulfilment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to control the use of that asset to the Company in return for payment.

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 re-measurement 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 re-measurement 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 re-measurement 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.

In a sale and lease back transaction, the Company measures right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The gain or loss that the company recognises in the statement of profit and loss is limited to the proportion of the total gain or loss that relates to the rights transferred to the buyer.

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.

(l) 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

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2. Significant accounting policies (Contd.)

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.

(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

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2. Significant accounting policies (Contd.)

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.

(I) 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 and 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.

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

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2. Significant accounting policies (Contd.)

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.
- 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

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2. Significant accounting policies (Contd.)

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 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:

- (i) by an established pattern of past practice, published policies or a sufficiently specific current statement,

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2. Significant accounting policies (Contd.)

the entity has indicated to other parties that it will accept certain responsibilities and;

- (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 substantively 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.

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2. Significant accounting policies (Contd.)

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

(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 adjust the transaction prices for any time value of money in case of contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer does not exceeds one year.

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 upto March 31, 2020 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.

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2. Significant accounting policies (Contd.)

(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.

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 recognized 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 116 "Leases" – Insertion of practical expedient for COVID-19 related lease concessions

The amendment provides lessee with a practical expedient and an exemption to assess whether a COVID-19 related rent concession is a lease modification to payments originally due on or before June 30, 2021. Amendment also requires disclosure of the amount recognised in statement of profit and loss to reflect changes in lease payments that arise from such concession. The Company has not recognised any amount as reversal of lease liability in the statement of profit and loss.

Amendment to Ind AS 109 "Financial Instruments" and Ind AS 107 "Financial Instruments: Disclosures" – Interest rate Benchmark Reform

The Company has applied the related amendments. The amendments provide relief from the specific hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. The Company is currently evaluating the potential impact of replacement of interest rate benchmark and will accordingly manage the transition plan.

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3. Property, plant and equipment

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	Land including roads	Buildings	Plant and machinery	Furniture, fixtures and office equipments	Vehicles	Railway sidings	Total
Cost/deemed cost as at April 1, 2020	14,253.40	6,373.06	60,723.91	567.31	430.46	1,095.76	83,443.90
Additions	23.53	181.26	870.78	67.36	3.32	-	1,146.25
Disposals	(0.30)	(10.12)	(4.77)	(5.10)	(9.89)	(0.25)	(30.43)
Other re-classifications	-	-	0.60	(1.54)	0.74	-	(0.20)
Cost/deemed cost as at March 31, 2021	14,276.63	6,544.20	61,590.52	628.03	424.63	1,095.51	84,559.52
Impairment as at April 1, 2020	0.15	1.32	0.09	-	-	-	1.56
Charge for the year	-	-	6.07	-	-	-	6.07
Accumulated impairment as at March 31, 2021	0.15	1.32	6.16	-	-	-	7.63
Accumulated depreciation as at April 1, 2020	728.65	1,118.56	14,416.71	416.51	199.49	170.07	17,049.99
Charge for the year	98.52	216.22	3,025.14	80.90	30.14	38.22	3,489.14
Disposals	(0.18)	(2.40)	(3.78)	(4.49)	(8.61)	(0.10)	(19.56)
Other re-classifications	-	-	0.49	(0.75)	0.26	-	-
Accumulated depreciation as at March 31, 2021	826.99	1,332.38	17,438.56	492.17	221.28	208.19	20,519.57
Total accumulated depreciation and impairment as at March 31, 2021	827.14	1,333.70	17,444.72	492.17	221.28	208.19	20,527.20
Net carrying value as at April 1, 2020	13,524.60	5,253.18	46,307.11	150.80	230.97	925.69	66,392.35
Net carrying value as at March 31, 2021	13,449.49	5,210.50	44,145.80	135.86	203.35	887.32	64,032.32

	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

NOTES

forming part of the financial statements

3. Property, plant and equipment (Contd.)

[Item No. I(a), Page 250]

- 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), re-classified to right-of-use assets on adoption of Ind AS 116 "Leases".
- Buildings include ₹2.32 crore (March 31, 2020: ₹2.32 crore) being cost of shares in co-operative housing societies and limited companies.
- 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, the net carrying value of these assets ₹50.16 crore was recovered through a sale transaction during the year ended March 31, 2021.
- Net carrying value of furniture, fixtures and office equipment comprises of:

	As at March 31, 2021	As at March 31, 2020
Furniture and fixtures		
Cost/deemed cost	129.26	123.65
Accumulated depreciation and impairment	115.54	104.97
	13.72	18.68
Office equipments		
Cost/deemed cost	498.77	443.66
Accumulated depreciation and impairment	376.63	311.54
	122.14	132.12
	135.86	150.80

- ₹137.49 crore (2019-20: ₹103.58 crore) of borrowing costs has been capitalised during the year against qualifying assets under construction using a capitalisation rate of 4.09% (2019-20: 6.84%).
- During the year ended March 31, 2020, rupee liability increased by ₹128.72 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 was adjusted against the carrying cost of assets and depreciated over their remaining useful life. The depreciation for the year ended March 31, 2020, was higher by ₹4.31 crore on account of this adjustment.
- 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, 2021, the Company has recognised an impairment reversal of ₹3.84 crore (net of charge of ₹6.07 crore for plant and machinery) (2019-20: ₹45.97 crore, impairment reversal) 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 250]

(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, 2020	1.88	6.35	92.96	7.23	0.09	108.51
	-	6.35	92.93	8.24	0.09	107.61
Additions	-	-	2.86	0.42	-	3.28
	-	-	0.03	1.03	-	1.06
Other re-classifications*	-	-	-	-	-	-
	1.88	-	-	(1.61)	-	0.27
Deductions	-	-	-	(0.01)	-	(0.01)
	-	-	-	(0.43)	-	(0.43)
Cost/deemed cost as at March 31, 2021	1.88	6.35	95.82	7.64	0.09	111.78
	1.88	6.35	92.96	7.23	0.09	108.51
Capital work-in-progress	-	-	-	-	-	2.42
	-	-	-	-	-	3.50

Figures in italics represent comparative figures for previous year.

* During the year ended March 31, 2020, 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 19, page 299.

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forming part of the financial statements

4. Right-of-use assets

[Item No. I(c), Page 250]

	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, 2020	945.08	93.73	5,117.34	7.97	17.39	6,181.51
Additions	112.70	16.55	44.87	12.71	-	186.83
Disposals	-	(37.33)	-	(0.43)	-	(37.76)
Cost as at March 31, 2021	1,057.78	72.95	5,162.21	20.25	17.39	6,330.58
Accumulated impairment as at March 31, 2021	-	-	-	-	-	-
Accumulated depreciation as at April 1, 2020	81.67	23.64	1,955.81	0.53	6.55	2,068.20
Charge for the year	59.79	28.01	263.95	2.79	8.00	362.54
Disposals	-	(6.05)	-	(0.08)	-	(6.13)
Accumulated depreciation as at March 31, 2021	141.46	45.60	2,219.76	3.24	14.55	2,424.61
Total accumulated depreciation and impairment as at March 31, 2021	141.46	45.60	2,219.76	3.24	14.55	2,424.61
Net carrying value as at April 1, 2020	863.41	70.09	3,161.53	7.44	10.84	4,113.31
Net carrying value as at March 31, 2021	916.32	27.35	2,942.45	17.01	2.84	3,905.97

	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	-	-	-	-	-	-
Additions 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

- (i) During the year ended March 31, 2020, 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), re-classified under right-of-use assets on adoption of Ind AS 116 "Leases".
- (ii) Vehicle cost used for in-house research and development included within right-of-use vehicles is ₹0.71 crore (March 31, 2020: ₹0.28 crore).
- (iii) 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.

NOTES

forming part of the financial statements

4. Right-of-use assets (Contd.)

[Item No. I(c), Page 250]

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.

During the year ended March 31, 2021, the Company recognised the following in the statement of profit and loss:

- expense in respect of short-term leases and leases of low-value assets ₹6.73 crore (2019-20: ₹32.18 crore) and ₹0.33 crore (2019-20: ₹1.21 crore) respectively.
- expense in respect of variable lease payments not included in the measurement of lease liabilities ₹60.96 crore (2019-20: ₹81.99 crore).
- income in respect of sub-leases of right-of-use assets ₹0.53 crore (2019-20: ₹0.71 crore).
- loss on sale and leaseback transaction entered during the year Nil (2019-20: ₹0.45 crore).

During the year ended March 31, 2021, total cash outflow in respect of leases amounted to ₹799.64 crore (March 31, 2020: ₹729.29 crore).

As at March 31, 2021, commitments for leases not yet commenced was ₹201.13 crore (March 31, 2020: ₹335.44 crore).

NOTES

forming part of the financial statements

5. Intangible assets

[Item No. I(d), Page 250]

	(₹ crore)		
	Software costs	Mining assets	Total
Cost/deemed cost as at April 1, 2020	271.23	1,929.03	2,200.26
Additions	5.31	238.38	243.69
Disposals	(0.14)	(97.31)	(97.45)
Other re-classifications	0.20	-	0.20
Cost/deemed cost as at March 31, 2021	276.60	2,070.10	2,346.70
Accumulated impairment as at April 1, 2020	-	40.11	40.11
Charge for the year	-	(3.62)	(3.62)
Accumulated impairment as at March 31, 2021	-	36.49	36.49
Accumulated amortisation as at April 1, 2020	220.49	1,211.94	1,432.43
Charge for the year	24.57	111.07	135.64
Disposals	(0.15)	(97.04)	(97.19)
Accumulated amortisation as at March 31, 2021	244.91	1,225.97	1,470.88
Total accumulated amortisation and impairment as at March 31, 2021	244.91	1,262.46	1,507.37
Net carrying value as at April 1, 2020	50.74	676.98	727.72
Net carrying value as at March 31, 2021	31.69	807.64	839.33

	(₹ crore)		
	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

- 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.
- During the year ended March 31, 2021, the Company has recognised an impairment reversal of ₹3.62 crore (2019-20: Nil) for expenditure incurred in respect of certain mines.
- Software costs related to in-house research and development included within software costs is ₹0.13 crore (2019-20: ₹0.01 crore). During the year ended March 31, 2020, ₹0.27 crore relating to in-house research facilities had been regrouped to land including roads.

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forming part of the financial statements

6. Investments in subsidiaries, associates and joint ventures

[Item No. I(f), Page 250]

	No. of shares as at March 31, 2021 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2021	As at March 31, 2020
(₹ crore)			
A. Investments carried at cost/deemed cost			
(a) Equity investment in subsidiary companies			
(i) Quoted			
(1) Tata Metaliks Ltd.	1,89,57,090	430.09	205.87
(34,92,500 equity shares received on conversion of warrants during the year)			
(2) Tata Steel Long Products Limited	3,37,86,521	1,360.58	1,378.74
(4,51,000 equity shares sold 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
		2,185.69	1,979.63
(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) Bhubaneswar Power Private Limited	23,69,86,703	321.73	321.73
(5) Bistupur Steel Limited^	40,000	0.04	0.04
(6) Creative Port Development Private Limited	1,27,500	91.88	91.88
(7) Dimna Steel Limited^	40,000	0.04	0.04
(8) Jamadoba Steel Limited^	40,000	0.04	0.04
(9) Jamshedpur Football and Sporting Private Limited	4,08,00,000	40.80	40.80
(10) Jugsalai Steel Limited^	40,000	0.04	0.04
(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^	40,000	0.04	0.04
(14) Rujuvalika Investments Limited	13,28,800	60.40	60.40
(15) Sakchi Steel Limited^	40,000	0.04	0.04
(16) Straight Mile Steel Limited^	40,000	0.04	0.04
(17) Subarnarekha Port Private Limited	4,24,183	17.01	17.01
(18) T Steel Holdings Pte. Ltd. (Face value of GBP 1 each)	7,31,21,21,292	12,724.26	12,724.26
(19) T Steel Holdings Pte. Ltd. (Face value of GBP 0.78 each)	1,25,80,00,000	8,990.63	8,990.63
(20) Tata Korf Engineering Services Ltd*#	3,99,986	-	-
(21) Tata Steel (KZN) (Pty) Ltd. ~ (Face value of ZAR 1 each)	-	-	-
(22) Tata Steel Downstream Products Limited	24,23,27,940	2,520.06	274.45
(17,40,77,940 equity shares received during the year)			

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forming part of the financial statements

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

[Item No. I(f), Page 250]

	No. of shares as at March 31, 2021 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2021	As at March 31, 2020
(₹ crore)			
(23) Tata Steel Foundation	10,00,000	1.00	1.00
(24) Tata Steel Mining Limited	48,50,71,068	905.62	78.64
(41,93,63,524 shares purchased during the year)			
(25) Tata Steel Odisha Limited	25,67,000	2.57	2.57
(26) Tata Steel Special Economic Zone Limited	39,94,60,501	-	374.54
(27) Tata Steel Utilities and Infrastructure Services 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
		26,763.90	24,066.55
Aggregate provision for impairment in value of investments		(1,045.08)	(1,195.08)
		25,718.82	22,871.47
		27,904.51	24,851.10
(b) Investment in equity share warrants of subsidiary companies			
(i) Unquoted			
(1) Tata Metaliks Ltd.	-	-	56.05
(34,92,500 warrants converted into equity shares during the year)			
		-	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)
		-	-
(ii) Unquoted			
(1) Kalinga Aquatic Ltd*	10,49,920	-	-
(2) Kumardhubi Fireclay and Silica Works Ltd.**	1,50,001	-	-
(3) Kumardhubi Metal Casting and Engineering Ltd.**	10,70,000	-	-
(4) Malusha Travels Pvt Ltd: ₹33,520 (March 31, 2020: ₹33,520)	3,352	-	-
(5) Strategic Energy Technology Systems Private Limited	2,56,14,500	0.91	0.91
(6) Tata Construction Projects Limited**	11,97,699	-	-
		0.91	0.91
Aggregate provision for impairment in value of investments		(0.91)	(0.91)
		-	-
		-	-

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forming part of the financial statements

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

[Item No. I(f), Page 250]

	No. of shares as at March 31, 2021 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2021	As at March 31, 2020
(₹ crore)			
(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
(4) Jamshedpur Continuous Annealing & Processing Company Private Limited	-	-	689.52
(4,08,00,000 shares were acquired during the year and subsequently 73,03,20,000 shares were sold)			
(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) Nicco Jubilee Park Limited	3,40,000	-	-
(8) S & T Mining Company Private Limited	1,81,41,400	18.14	18.14
(9) T M Mining Company Limited [#]	2,29,116	0.23	0.23
(10) Tata BlueScope Steel Private Limited	-	-	433.00
(43,30,00,000 shares were sold during the year)			
(11) Tata NYK Shipping Pte Ltd. (Face value of USD 1 each)	6,51,67,500	350.14	350.14
(12) TM International Logistics Limited	91,80,000	9.18	9.18
		558.73	1,689.63
Aggregate provision for impairment in value of investments		(18.63)	(18.37)
		540.10	1,671.26
Total investments in subsidiaries, associates and joint ventures		28,444.61	26,578.41

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

[#] As on March 31, 2021, Kumardhubi Fireclay and Silica Works Ltd., Kumardhubi Metal Casting and Engineering Ltd. and Tata Construction Projects Limited 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.

[~] During the year ended March 31, 2021, Tata Steel (KZN) (Pty) Ltd. has been voluntarily liquidated and necessary filing in respect of overseas direct investment has been done.

- (i) The Company holds more than 50% of the equity share capital in TM International Logistics 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.
- (ii) During the year ended March 31, 2021, the Company has transferred investments held in Joint Ventures namely Jamshedpur Continuous Annealing & Processing Company Private Limited and Tata BlueScope Steel Private Limited to Tata Steel Downstream Products Limited, a wholly owned subsidiary of the Company against issue of shares by Tata Steel Downstream Products Limited. The gain on such transfer has been recognised within exceptional items.

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forming part of the financial statements

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

[Item No. I(f), Page 250]

- (iii) As at March 31, 2021, pursuant to Group restructuring, investments held in The Tata Pigments Limited, Tata Steel Special Economic Zone Limited, Jamipol Limited and Nicco Jubilee Park Limited have been classified as "held for sale". Such investments have been subsequently sold on April 3, 2021.

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

	As at March 31, 2021	As at March 31, 2020
(₹ crore)		
(a) Investment in subsidiary companies:		
Aggregate carrying value of quoted investments	2,185.69	1,979.63
Aggregate market value of quoted investments	5,270.36	1,761.42
Aggregate carrying value of unquoted investments	25,718.82	22,927.52
(b) Investment in associate companies:		
Aggregate carrying value of quoted investments	-	-
Aggregate market value of quoted investments	31.92	19.25
Aggregate carrying value of unquoted investments	-	-
(c) Investment in joint ventures:		
Aggregate carrying value of unquoted investments	540.10	1,671.26

- (v) 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.

- (vi) During the year ended March 31, 2021, 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. (TSH) 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%** (March 31, 2020: 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.

Tata Steel Europe (TSE) (a wholly owned subsidiary of T Steel Holdings Pte. Ltd.) is exposed to climate risks through the EU Emission Trading Scheme (ETS) which is applicable to all steel plant within Europe. Given that most European steel producers have not been heavily affected by CO₂ compliance costs to date, TSE's best estimate is that the increased costs of future CO₂ compliance will be passed on to end customers through higher steel selling prices. TSE has a stated ambition to be carbon neutral by 2050 and is considering its future strategy on operating processes while continuing to serve its customers. The technology transition and investments will be dependent on national and international policy which is evolving. Further, the Netherlands' government has enacted legislation for a local additional carbon tax (linked to the EU ETS scheme CO₂ allowances and traded prices), but costs under this tax is not expected until financial year 2024-25 at the earliest and are not included in the annual plan. Management's assessment is that generally, these potential carbon-related costs would be borne by the society, either through higher steel prices or through public spending/ subsidies.

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forming part of the financial statements

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

[Item No. 1(f), Page 250]

Impairment assessment of the Company's investment in TSH is dependent on the operational and financial performance of TSE. Given the improvement in outlook for European steel market, while there is a reasonable expectation that TSE has adequate resources to continue operating for the foreseeable future and that the going concern basis for the preparation of its financial statements remains appropriate, there exists a material uncertainty in respect of Tata Steel UK Limited (TSUK), a subsidiary of the Company held through TSE. The management, however, continues to implement various measures aimed at conserving cash and improving the liquidity requirements at TSUK.

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 **8.10%** (March 31, 2020: 8.00%).

The outcome of the test as on March 31, 2021 resulted in the Company recognizing no impairment loss with respect to investment in T Steel Holdings Pte. Ltd. (TSH) (2019-20: ₹860.00 crore) and NatSteel Asia Pte. Ltd. (2019-20: ₹126.00 crore). The Company has conducted sensitivity analysis on the impairment tests in respect of investment held in TSH, including sensitivity in respect of inability to fully pass on the Netherlands carbon tax through higher selling prices. The management believes that no reasonably possible change in any of the key assumptions used in the assessment would cause the carrying value of such investment to exceed its recoverable amount.

In respect of the Company's investment in Tata Steel Special Economic Zone Limited, a wholly owned subsidiary of the Company, which has been classified as held for sale as on March 31, 2021, an impairment reversal ₹**150.00** crore (2019-20: impairment loss ₹150.00 crore) has been recognized during the year based on the fair value which is higher than the current carrying amount.

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7. Investments

[Item No. I(g)(i) and II(b)(i), Page 250]

A. Non-current

	No. of shares as at March 31, 2021 (face value of ₹10 each fully paid-up unless otherwise specified)	As at March 31, 2021	As at March 31, 2020
(₹ 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	14.55	11.59
(2) Housing Development Finance Corporation Ltd. (Face value of ₹2 each)	7,900	1.97	1.29
(3) Steel Strips Wheels Limited	10,86,972	75.89	38.53
(4) Tata Consultancy Services Limited (Face Value of ₹1 each)	46,798	14.87	8.55
(5) Tata Investment Corporation Limited	2,28,015	23.61	15.12
(6) Tata Motors Ltd. (Face value of ₹2 each)	1,00,000	3.02	0.71
(7) The Tata Power Company Ltd. (Face value of ₹1 each)	3,91,22,725	403.94	128.52
(8) Timken India Ltd. ₹ 1,296.50 (March 31, 2020 : ₹767.20)	1	-	-
		537.85	204.31
(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) (pursuant to rights issue, 14,308 right equity shares at an issue price of ₹16,500 each has been subscribed during the year)	42,924	54.80	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 equity shares sold during the year)	-	-	-
(11) Others ⁽ⁱⁱⁱ⁾		0.01	0.01
		326.95	303.34
		864.80	507.65

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forming part of the financial statements

7. Investments (Contd.)

[Item No. I(g)(i) and II(b)(i), Page 250]

	No. of shares as at March 31, 2021 (face value of ₹10 each fully paid-up unless otherwise specified)	As at March 31, 2021	As at March 31, 2020
(₹ crore)			
(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	25,10,830	25.11	25.11
0.01% non-cumulative optionally convertible redeemable preference shares (Face value of ₹100 each)			
(2) Tata Steel BSL Limited	19,70,00,00,000	21,731.75	19,700.00
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			
(3) Tayo Rolls Limited	43,30,000	-	-
7.00% non-cumulative redeemable preference shares (Face value of ₹100 each)			
(4) Tayo Rolls Limited	64,00,000	-	-
7.17% non-cumulative redeemable preference shares (Face value of ₹100 each)			
(5) Tayo Rolls Limited	3,00,000	-	-
8% non-cumulative redeemable preference shares (Face value of ₹100 each)			
(6) Tayo Rolls Limited	2,31,00,000	-	-
8.50% non-cumulative redeemable preference shares (Face value of ₹100 each)			
		21,756.86	19,725.11
(b) Associate companies			
(i) Unquoted			
(1) TRF Limited	25,00,00,000	-	-
12.50 % non-cumulative redeemable preference shares			
(c) Investments in others			
(i) Unquoted			
(1) Bharti Airtel Limited - (March 31, 2020 : ₹700)	-	-	-
10.00 % non-cumulative redeemable preference shares (Face value of ₹100 each)			
(7 shares redeemed during the year)			
		-	-
		21,756.86	19,725.11

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forming part of the financial statements

7. Investments (Contd.)

[Item No. I(g)(i) and II(b)(i), Page 250]

	No. of shares as at March 31, 2021 (face value of ₹10 each fully paid-up unless otherwise specified)	As at March 31, 2021	As at March 31, 2020
(₹ crore)			
(III) Investments in debentures and bonds			
(a) Investment in joint ventures			
(i) Unquoted			
(1) Medica TS Hospital Private Limited	4,97,400	-	49.74
Secured optionally convertible redeemable debentures (Face value of ₹1,000 each)			
		-	49.74
		22,621.66	20,282.50

B. Current

	As at March 31, 2021	As at March 31, 2020
(₹ crore)		
Investments carried at fair value through profit and loss:		
Investment in mutual funds – Unquoted		
(1) Aditya Birla Sun Life Liquid Fund - Growth	964.29	-
(2) DSP Liquidity Fund - Growth	631.43	-
(3) HDFC Liquid Fund - Growth	930.55	-
(4) IDFC Cash Fund - Growth	428.55	-
(5) L&T Liquid Fund - Growth	356.24	-
(6) Nippon India Mutual Fund ETF Liquid Bees	0.09	0.09
(7) SBI Liquid Fund - Growth	856.48	-
(8) Tata Liquid Fund - Growth	1,081.67	-
(9) Tata Overnight Fund - Regular - Growth	-	3,235.07
(10) UTI Liquid Cash Plan - Growth	1,155.16	-
	6,404.46	3,235.16

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

	As at March 31, 2021	As at March 31, 2020
(₹ crore)		
(a) Investments in quoted instruments:		
Aggregate carrying value	537.85	204.31
Aggregate market value	537.85	204.31
(b) Investments in unquoted instruments:		
Aggregate carrying value	28,488.27	23,313.35

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forming part of the financial statements

7. Investments (Contd.)

[Item No. I(g)(i) and II(b)(i), Page 250]

- (ii) Cumulative loss on de-recognition of investments during the year which were carried at fair value through other comprehensive income amounted to ₹138.68 crore (2019-20: Nil). Fair value of such investments as on the date of de-recognition was ₹0.00* crore (2019-20: Nil).

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.

* represents value less than ₹0.01 crore.

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

	No. of shares as at March 31, 2021 (face value of ₹10 each fully paid up unless otherwise specified)	As at March 31, 2021 (₹)	As at March 31, 2020 (₹)
(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) Namtech Electronic Devices Limited	48,026	1.00	1.00
(k) Reliance Firebrick and Pottery Company Ltd. (Partly paid up)	16,800	1.00	1.00
(l) Reliance Firebrick and Pottery Company Ltd.	2,400	1.00	1.00
(m) Sanderson Industries Ltd.	3,33,876	2.00	2.00
(n) Standard Chrome Ltd.	11,16,000	2.00	2.00
(o) Sijua (Jherriah) Electric Supply Co. Ltd.	4,144	40,260.00	40,260.00
(p) TBW Publishing and Media Pvt. Limited	100	1.00	1.00
(q) Wellman Incandescent India Ltd.	15,21,234	2.00	2.00
(r) Woodland Multispeciality Hospital Ltd.	1,25,000	1.00	1.00
(s) Unit Trust of India - Mastershares	2,229	55,401.00	47,477.00
		1,28,149.00	1,20,225.00

NOTES

forming part of the financial statements

8. Loans

[Item No. I(g)(ii) and II(b)(v), Page 250]

A. Non-current

	As at March 31, 2021	As at March 31, 2020
(a) Security deposits		
Considered good - Unsecured	187.30	184.04
Credit impaired	2.74	1.96
Less: Allowance for credit losses	2.74	1.96
	187.30	184.04
(b) Loans to related parties		
Considered good - Unsecured	7,310.50	-
Credit impaired	558.95	558.95
Less: Allowance for credit losses	558.95	558.95
	7,310.50	-
(c) Other loans		
Considered good - Unsecured	11.53	15.22
Credit impaired	0.52	0.53
Less: Allowance for credit losses	0.52	0.53
	11.53	15.22
	7,509.33	199.26

B. Current

	As at March 31, 2021	As at March 31, 2020
(a) Security deposits		
Considered good - Unsecured	2.45	2.47
(b) Loans to related parties		
Considered good - Unsecured	1,550.10	1,600.40
Credit impaired	67.67	67.66
Less: Allowance for credit losses	67.67	67.66
	1,550.10	1,600.40
(c) Other loans		
Considered good - Unsecured	3.40	4.45
Credit impaired	2.00	2.00
Less: Allowance for credit losses	2.00	2.00
	3.40	4.45
	1,555.95	1,607.32

- (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, 2020: ₹14.00 crore) and deposits with Tata Sons Private Limited ₹1.25 crore (March 31, 2020: ₹1.25 crore).
- (ii) Non-current loans to related parties represent loans given to subsidiaries ₹7,869.45 crore (March 31, 2020: ₹558.95 crore), out of which ₹558.95 crore (March 31, 2020: ₹558.95 crore) is impaired.

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forming part of the financial statements

8. Loans (Contd.)

[Item No. I(g)(ii) and II(b)(v), Page 250]

- (iii) Current loans to related parties represent loans/advances given to subsidiaries ₹1,617.77 crore (March 31, 2020: ₹1,640.46 crore) and joint ventures Nil (March 31, 2020: ₹27.60 crore) out of which ₹67.67 crore (2019-20: ₹67.66 crore) and Nil (March 31, 2020: Nil) 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 venture for the year ended March 31, 2021:

Name of the Company	(₹ crore)	
	Debts outstanding as at March 31, 2021	Maximum balance outstanding during the year
Subsidiaries		
(1) Subarnarekha Port Private Limited (interest rate 10.51%)	29.00 <i>23.00</i>	29.00 <i>23.00</i>
(2) T Steel Holdings Pte. Ltd. ⁽ⁱⁱ⁾ (interest rate LIBOR + 2 to 6.75%)	8,772.60 <i>1,511.80</i>	8,815.80 <i>1,511.80</i>
(3) Tata Steel (KZN) (Pty) Ltd. ⁽ⁱⁱⁱ⁾	558.95 <i>558.95</i>	558.95 <i>558.95</i>
(4) Tata Steel Mining Limited (interest rate 9.01%)	- <i>-</i>	756.60 <i>-</i>
(5) Tata Steel Special Economic Zone Limited (interest rate 10.00 % to 10.50%)	59.00 <i>38.00</i>	59.00 <i>38.00</i>
(6) Tayo Rolls Limited ⁽ⁱⁱⁱ⁾ (interest rate 7.00 % to 13.07 %)	67.00 <i>67.00</i>	67.00 <i>67.00</i>
Joint ventures		
(1) Industrial Energy Limited (interest rate 10.00%)	- <i>27.60</i>	27.60 <i>27.60</i>
(2) S & T Mining Company Private Limited (interest rate 12.00% to 14.00%)	- <i>-</i>	- <i>1.07</i>

Figures in italics represents comparative figures of previous year.

- (i) The above loans have been given for business purpose.
- (ii) Includes inter-company loan of ₹7,310.50 crore (March 31, 2020: Nil) extended during the year, for a period of 6 years including moratorium of interest for two and a half years.
- (iii) As at March 31, 2021, 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 6, page 274, note 7, page 279 and note 36B, page 319.
- (vi) There are no outstanding debts from directors or other officers of the Company.

NOTES

forming part of the financial statements

9. Other financial assets

[Item No. I(g)(iv) and II(b)(vii), Page 250]

A. Non-current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Interest accrued on deposits and loans		
Considered good - Unsecured	35.43	1.68
(b) Earmarked balances with banks	53.37	54.31
(c) Others		
Considered good - Unsecured	2.86	4.43
	91.66	60.42

B. Current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Interest accrued on deposits and loans		
Considered good - Unsecured	15.18	10.42
Credit impaired	14.30	14.30
Less: Allowance for credit losses	14.30	14.30
	15.18	10.42
(b) Others		
Considered good - Unsecured	336.36	219.99
	351.54	230.41

- (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, etc.
- (ii) Current other financial assets include amount receivable from post-employment benefit funds ₹91.31 crore (March 31, 2020: ₹56.71 crore) on account of retirement benefit obligations paid by the Company directly.

NOTES

forming part of the financial statements

10. Income tax

[Item No. V(d), Page 250]

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. The Company during the year ended March 31, 2020 have opted for the new tax regime under Section 115BAA of the Act, which provides a domestic company with an option to pay tax at a rate of 22% (effective rate of 25.168%). The lower rate shall be applicable subject to certain conditions, including that the total income should be computed without claiming specific deduction or exemptions.

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.

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

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	17,795.13	6,610.98
Expected income tax expense at statutory income tax rate of 25.168 % (2019-20 : 25.168 %)	4,478.68	1,663.85
(a) Income exempt from tax/ Items not deductible	(290.17)	388.72
(b) Impact of change in tax rate ⁽ⁱ⁾	-	(2,185.39)
Tax expense as reported	4,188.51	(132.82)

(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.

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forming part of the financial statements

10. Income tax (Contd.)

[Item No. V(d), Page 250]

B. Deferred tax assets/(liabilities)

(i) Components of deferred tax assets and liabilities as at March 31, 2021 is as below:

	Balance as at April 1, 2020	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, 2021
Deferred tax assets:					
Investments	2,986.50	-	-	-	2,986.50
Retirement benefit obligations	133.96	-	-	-	133.96
Expenses allowable for tax purposes when paid/written off	2,100.24	160.22	-	-	2,260.46
	5,220.70	160.22	-	-	5,380.92
Deferred tax liabilities:					
Property, plant and equipment and intangible assets	10,687.12	(3.18)	-	(3.75)	10,680.19
Others	395.86	402.86	13.71	-	812.43
	11,082.98	399.68	13.71	(3.75)	11,492.62
Net deferred tax assets/(liabilities)	(5,862.28)	(239.46)	(13.71)	3.75	(6,111.70)
Disclosed as:					
Deferred tax liabilities (net)	(5,862.28)				(6,111.70)

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)

(ii) Deferred tax assets amounting to ₹7,967.37 crore as at March 31, 2021 (March 31, 2020: ₹7,967.37 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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forming part of the financial statements

11. Other assets

[Item No. I(i) and II(c), Page 250]

A. Non-current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Capital advances		
Considered good - Unsecured	567.91	969.40
Considered doubtful - Unsecured	80.60	83.98
Less: Provision for doubtful advances	80.60	83.98
	567.91	969.40
(b) Advances with public bodies		
Considered good - Unsecured	1,006.82	1,016.92
Considered doubtful - Unsecured	22.01	12.23
Less: Provision for doubtful advances	22.01	12.23
	1,006.82	1,016.92
(c) Capital advances to related parties		
Considered good - Unsecured	31.97	33.99
(e) Others		
Considered good - Unsecured	74.52	41.76
	1,681.22	2,062.07

B. Current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Advances with public bodies		
Considered good - Unsecured	523.31	1,179.77
Considered doubtful - Unsecured	2.47	2.43
Less: Provision for doubtful advances	2.47	2.43
	523.31	1,179.77
(b) Advances to related parties		
Considered good - Unsecured	77.98	102.27
(c) Others		
Considered good - Unsecured	253.70	433.88
Considered doubtful - Unsecured	83.23	64.52
Less: Provision for doubtful advances	83.23	64.52
	253.70	433.88
	854.99	1,715.92

(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) Others include advances against supply of goods/services and advances paid to employees.

NOTES

forming part of the financial statements

12. Inventories

[Item No. II(a), Page 250]

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Raw materials	2,990.25	3,586.21
(b) Work-in-progress	-	6.90
(c) Finished and semi-finished goods	3,293.89	4,663.71
(d) Stock-in-trade	25.75	113.15
(e) Stores and spares	2,293.90	2,346.69
	8,603.79	10,716.66
Included above, goods-in-transit:		
(i) Raw materials	594.52	645.00
(ii) Finished and semi-finished goods	0.09	7.07
(iii) Stock-in-trade	0.73	39.99
(iv) Stores and spares	41.62	112.91
	636.96	804.97

Value of inventories above is stated after provisions (net of reversal) for slow-moving and obsolete items and write-downs to net realisable value ₹113.52 crore (March 31, 2020: ₹110.35 crore).

13. Trade receivables

[Item No. II(b)(ii), Page 250]

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Considered good - Unsecured	3,863.31	1,016.73
(b) Credit impaired	43.04	33.16
	3,906.35	1,049.89
Less: Allowance for credit losses	43.04	33.16
	3,863.31	1,016.73

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:

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	33.16	34.74
Charge/(release) during the year	9.88	(1.58)
Balance at the end of the year	43.04	33.16

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13. Trade receivables (Contd.)

[Item No. II(b)(ii), Page 250]

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

	As at March 31, 2021		
	Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due	2,773.09	4.68	2,768.41
One month overdue	510.21	2.90	507.31
Two months overdue	403.09	4.05	399.04
Three months overdue	124.33	2.28	122.05
Between three to six months overdue	34.29	5.89	28.40
Greater than six months overdue	61.34	23.24	38.10
	3,906.35	43.04	3,863.31

(₹ 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)

(iii) The Company considers its maximum exposure to credit risk with respect to customers as at March 31, 2021 to be ₹3,863.31 crore (March 31, 2020: ₹1,016.73 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, 2021 and March 31, 2020.

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

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14. Cash and cash equivalents

[Item No. II(b)(iii), Page 250]

	As at	
	March 31, 2021	March 31, 2020
(a) Cash on hand	0.97	0.50
(b) Cheques, drafts on hand	0.69	0.34
(c) Unrestricted balances with banks	1,500.05	992.80
	1,501.71	993.64

(₹ crore)

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

15. Other balances with banks

[Item No. II(b)(iv), Page 250]

	As at	
	March 31, 2021	March 31, 2020
Earmarked balances with banks	170.00	233.23
	170.00	233.23

(₹ crore)

(i) Earmarked balances with banks primarily includes balances held for unpaid dividends ₹64.08 crore (March 31, 2020: ₹64.20 crore), bank guarantee and margin money ₹47.26 crore (March 31, 2020: ₹38.90 crore).

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

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16. Equity share capital

[Item No. IV(a), Page 250]

		(₹ crore)	
		As at March 31, 2021	As at March 31, 2020
Authorised:			
1,75,00,00,000	Ordinary Shares of ₹10 each (March 31, 2020: 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, 2020: 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, 2020: 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, 2020: 60,00,00,000 Shares of ₹100 each)	6,000.00	6,000.00
		8,350.00	8,350.00
Issued:			
1,19,78,30,303	Ordinary Shares of ₹10 each (March 31, 2020 : 1,12,75,20,570 Ordinary Shares of ₹10 each)	1,197.83	1,127.52
73,87,547	Ordinary Shares of ₹10 each (partly paid up, ₹2.504 each paid up) (March 31, 2020 : 7,76,97,280 Ordinary Shares of ₹10 each, ₹2.504 each paid up)	7.39	77.70
		1,205.22	1,205.22
Subscribed and paid up:			
1,19,67,39,452 **	Ordinary Shares of ₹10 each fully paid up (March 31, 2020 : 1,12,64,90,211 Ordinary Shares of ₹10 each)	1,196.74	1,126.49
73,87,547	Ordinary Shares of ₹10 each (partly paid up, ₹2.504 each paid up) (March 31, 2020 : 7,76,36,788 Ordinary Shares of ₹10 each, ₹2.504 each paid up)	1.84	19.44
	Amount paid up on 3,89,516 Ordinary Shares of ₹10 each forfeited (March 31, 2020 : 3,89,516 Ordinary Shares of ₹10 each)	0.20	0.20
		1,198.78	1,146.13

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

** Includes 1,51,732 equity shares on which first and final call money has been received and the partly paid-up equity shares have been converted to fully paid-up equity shares but are pending listing and trading approval for fully paid-up shares, and hence continue to be listed under partly paid-up shares.

(i) Subscribed and paid up capital includes **11,81,893** (March 31, 2020: 11,81,893) Ordinary Shares of face value ₹10 each fully paid up, held by subsidiaries of the Company.

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16. Equity share capital (Contd.)

[Item No. IV(a), Page 250]

(ii) Details of movement in subscribed and paid up share capital other than forfeited shares is as below:

	Year ended March 31, 2021		Year ended March 31, 2020	
	No. of shares	₹ crore	No. of shares	₹ crore
Ordinary Shares of ₹10 each				
Balance at the beginning of the year	1,20,41,26,999	1,145.93	1,20,41,26,385	1,145.92
Fully paid shares allotted during the year	-	-	531	0.01
Partly paid shares allotted during the year	-	-	83	0.00*
Partly paid-up shares converted to fully paid-up shares during the year ^(a)	-	52.65	-	-
Balance at the end of the year	1,20,41,26,999	1,198.58	1,20,41,26,999	1,145.93

* represents value less than ₹0.01 crore.

(a) During the year ended March 31, 2021, the Company made call on first and final call money payable on **7,76,36,788** partly paid-up equity shares. As on March 31, 2021, **7,02,49,241** partly paid-up equity shares were converted into fully paid-up equity shares.

(iii) As at March 31, 2021, **2,98,822** Ordinary Shares of face value ₹10 each (March 31, 2020: 2,98,822 Ordinary Shares) are kept in abeyance in respect of Rights Issue of 2007.

As at March 31, 2021, **1,21,293** fully paid Ordinary Shares of face value ₹10 each (March 31, 2020: 1,21,293 fully paid Ordinary Shares) are kept in abeyance in respect of Rights Issue of 2018.

As at March 31, 2021, **60,492** fully paid Ordinary Shares of face value of ₹10 each (March 31, 2020: 60,492 partly paid-up shares) are kept in abeyance in respect of Rights Issue of 2018. Pursuant to the first and final call on the partly paid-up equity shares, the right on 60,492 partly paid-up Ordinary shares as on March 31, 2020, is presently the right on fully paid-up equity shares.

(iv) Proceeds from subscription to the first and final call on partly paid-up shares for the Rights Issue of 2018, made during the year ended March 31, 2021 have been utilised in the following manner:

Particulars	(₹ crore)		
	Proposed to be utilised during 2020-21	Utilised till March 31, 2021	To be utilised during 2021-22
Repayment/ prepayment of loans	2,670.60	2,670.60	13.38
Expenses towards general corporate purpose	32.26	32.26	520.89
Issue expenses	1.36	1.36	-
Total	2,704.22	2,704.22	534.27

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

Name of shareholders	As at March 31, 2021		As at March 31, 2020	
	No. of Ordinary Shares	% held	No. of Ordinary Shares	% held
(a) Tata Sons Private Limited	39,65,08,142	32.93	39,65,08,142	32.93
(b) Life Insurance Corporation of India	10,67,23,335	8.86	10,96,96,176	9.11
(c) HDFC Trustee Company Limited	NA*	NA*	6,02,13,483	5.00

*As on March 31, 2021, HDFC Trustee Company Limited holds less than 5 percent shares in the Company.

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16. Equity share capital (Contd.)

[Item No. IV(a), Page 250]

(vi) **1,00,14,395** shares (March 31, 2020: 1,25,61,401 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.

(vii) 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 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.

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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17. Hybrid perpetual securities

[Item No. IV(b), Page 250]

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

	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	2,275.00	2,275.00
Repayments during the year	(1,500.00)	-
Balance at the end of the year	775.00	2,275.00

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.

During the year ended March 31, 2021, the Company has exercised its call option and redeemed the perpetual securities worth ₹1,500.00 crore issued during March 2011.

18. Other equity

[Item No. IV(c), Page 250]

A. Retained earnings

The details of movement in retained earnings is as below:

	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	32,106.96	27,694.90
Profit for the year	13,606.62	6,743.80
Remeasurement of post-employment defined benefit plans	81.97	(461.27)
Tax on remeasurement of post-employment defined benefit plans	(20.63)	116.09
Dividend	(1,145.93)	(1,489.67)
Tax on dividend	-	(297.71)
Distribution on hybrid perpetual securities ⁽ⁱ⁾	(242.34)	(266.15)
Tax on distribution on hybrid perpetual securities	60.99	66.97
Transfers within equity ⁽ⁱⁱ⁾	(138.68)	-
Balance at the end of the year	44,308.96	32,106.96

(i) During the year ended March 31, 2021, distribution of ₹16.97 crore post exercise of the call option on hybrid perpetual securities has been recognised in the statement of profit & loss.

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

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18. Other equity (Contd.)

[Item No. IV(c), Page 250]

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.

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

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	(61.72)	(1.77)
Other comprehensive income recognised during the year	20.62	(59.95)
Balance at the end of the year	(41.10)	(61.72)

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

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
Fair value changes recognised during the year	34.65	(74.28)
Fair value changes re-classified to profit and loss/cost of hedged items	(7.09)	(5.48)
Tax impact on above	(6.94)	19.81
	20.62	(59.95)

During the year, ineffective portion of cash flow hedges recognised in the statement of profit and loss amounted to **Nil** (2019-20: 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 ₹**12.10** crore (2019-20: loss ₹4.24 crore).
- later than one year: loss ₹**29.00** crore (2019-20: loss ₹57.48 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.

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18. Other equity (Contd.)

[Item No. IV(c), Page 250]

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

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	(188.70)	55.04
Other comprehensive income recognised during the year	333.55	(244.30)
Tax impact on above	(6.77)	0.56
Transfers within equity	138.68	-
Balance at the end of the year	276.76	(188.70)

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:

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	27,780.28	27,780.25
Received/transfer on issue of Ordinary Shares during the year	3,185.84	0.03
Equity issue expenses written (off)/back during the year	(1.36)	-
Balance at the end of the year	30,964.76	27,780.28

(b) Debenture redemption reserve

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.

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 utilized 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:

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
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

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18. Other equity (Contd.)

[Item No. IV(c), Page 250]

(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:

	(₹ crore)	
	Year ended March 31, 2021	Year ended March 31, 2020
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

(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, 2021	Year ended March 31, 2020
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, 2021	Year ended March 31, 2020
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, 2021	Year ended March 31, 2020
Balance at the beginning of the year	-	-
Application money received during the year	3.78	0.04
Allotment of Ordinary Shares during the year	-	(0.04)
Balance at the end of the year	3.78	-

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19. Borrowings

[Item No. V(a)(i) and VI(a)(i), Page 250]

A. Non-current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Secured		
(i) Loans from Joint Plant Committee - Steel Development Fund	2,677.40	2,633.96
(ii) Lease obligations	2,717.41	2,941.15
	5,394.81	5,575.11
(b) Unsecured		
(i) Non-convertible debentures	13,567.60	12,567.07
(ii) Term loans from banks/financial institutions	8,351.39	13,239.78
	21,918.99	25,806.85
	27,313.80	31,381.96

B. Current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Secured		
(i) Repayable on demand from banks/financial institutions	-	43.67
(b) Unsecured		
(i) Loans from banks/financial institutions	-	4,800.00
(ii) Commercial papers	-	3,013.60
	-	7,813.60
	-	7,857.27

- (i) As at March 31, 2021, ₹5,394.81 crore (March 31, 2020: ₹5,618.78 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, 2021 is as below:

(a) Loan 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 re-discounting 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

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19. Borrowings (Contd.)

[Item No. V(a)(i) and VI(a)(i), Page 250]

outstanding loan and interest and refund of the balance lying with Steel Development Fund and the matter is subjudice.

The loan includes funded interest ₹1,038.07 crore (March 31, 2020: ₹994.63 crore).

It includes ₹1,639.33 crore (March 31, 2020: ₹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 a lease. 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, 2021 is as below:

(a) 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) 8.15% p.a. interest bearing 10,000 debentures of face value ₹10,00,000 each are redeemable at par on October 1, 2026.
- (iii) 7.70% p.a. interest bearing 6,700 debentures of face value ₹10,00,000 each are redeemable at par on March 13, 2025.
- (iv) 7.95% interest bearing 5,000 debentures of face value ₹10,00,000 each are redeemable at par on October 30, 2023.
- (v) Repo rate plus 4.08% interest bearing 4,000 debentures of face value ₹10,00,000 each are redeemable at par on June 2, 2023.
- (vi) 8.25% interest bearing 10,000 debentures of face value ₹10,00,000 each are redeemable at par on May 19, 2023.

- (vii) Repo rate plus 3.45% interest bearing 5,000 debentures of face value ₹10,00,000 each are redeemable at par on April 28, 2023.
- (viii) Repo rate plus 3.30% interest bearing 10,000 debentures of face value ₹10,00,000 each are redeemable at par on April 27, 2023.
- (ix) 7.85% interest bearing 5,100 debentures of face value ₹10,00,000 each are redeemable at par on April 21, 2023.
- (x) 7.85% interest bearing 10,250 debentures of face value ₹10,00,000 each are redeemable at par on April 17, 2023.
- (xi) 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.

(b) Term loans from banks/financial institutions

- (i) Rupee loan amounting ₹400.00 crore (March 31, 2020: ₹1,000.00 crore) is repayable in 3 semi-annual instalments, the next instalment is due on September 22, 2028.
- (ii) Rupee loan amounting ₹2,600.00 crore (March 31, 2020: Nil) is repayable in 7 semi-annual instalments, the next instalment is due on August 27, 2027.
- (iii) Rupee loan amounting ₹595.00 crore (March 31, 2020: ₹1,447.5 crore) is repayable in 4 semi-annual instalments, the next instalment is due on October 16, 2026.
- (iv) Rupee loan amounting ₹520.00 crore (March 31, 2020: ₹1,000.00 crore) is repayable in 5 semi-annual instalments, the next instalment is due on June 30, 2025.
- (v) USD 440.00 million equivalent to ₹3,217.06 crore (March 31, 2020: USD 330.00 million equivalent to ₹2,494.80 crore) loan is repayable in 3 equal annual instalments commencing from September 9, 2023.
- (vi) USD 66.67 million equivalent to ₹487.43 crore (March 31, 2020: USD 133.33 million equivalent to ₹1,008.00 crore) loan is repayable on February 16, 2022.
- (vii) Rupee loan amounting ₹990.00 crore (March 31, 2020: Nil) is repayable in 19 semi-annual instalments, the next instalment is due on May 14, 2021.
- (viii) Euro 28.66 million equivalent to ₹245.87 crore (March 31, 2020: Euro 47.76 million equivalent to ₹395.80 crore) loan is repayable in 3 equal semi-annual instalments, the next instalment is due on April 30, 2021.

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19. Borrowings (Contd.)

[Item No. V(a)(i) and VI(a)(i), Page 250]

- (iv) Commercial papers raised by the Company are short-term in nature ranging between one to three months.
- (v) Currency and interest exposure of borrowings including current maturities is as below:

	As at March 31, 2021			As at March 31, 2020		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
INR	14,756.87	9,674.07	24,430.94	24,190.31	13,225.20	37,415.51
EURO	203.01	42.15	245.16	325.31	156.25	481.56
USD	-	3,672.20	3,672.20	-	3,525.80	3,525.80
Total	14,959.88	13,388.42	28,348.30	24,515.62	16,907.25	41,422.87

(₹ crore)

INR-Indian Rupees, USD-United States Dollars.

- (vi) Majority of floating rate borrowings are bank borrowings and debentures bearing interest rates based on MCLR, Repo rate, LIBOR and EURIBOR. Of the total floating rate borrowings as at March 31, 2021, ₹3,703.27 crore (March 31, 2020: ₹2,778.30 crore) has been hedged using interest rate swaps and interest rate cap and collars, with contracts covering period of more than one year.

- (vii) Maturity profile of borrowings including current maturities is as below:

	As at March 31, 2021			As at March 31, 2020		
	Borrowings other than lease obligations	Lease obligations	Total borrowings	Borrowings other than lease obligations	Lease obligations	Total borrowings
Not later than one year or on demand	671.35	719.27	1,390.62	9,675.53	753.36	10,428.89
Later than one year but not two years	2,879.91	536.85	3,416.76	1,672.66	611.87	2,284.53
Later than two years but not three years	6,042.35	462.82	6,505.17	4,014.61	528.24	4,542.85
Later than three years but not four years	1,804.85	429.15	2,234.00	3,291.60	451.01	3,742.61
Later than four years but not five years	1,322.35	398.60	1,720.95	3,464.11	417.32	3,881.43
More than five years	12,707.40	3,519.60	16,227.00	16,263.34	3,716.20	19,979.54
	25,428.21	6,066.29	31,494.50	38,381.85	6,478.00	44,859.85
Less: Future finance charges on leases	-	2,983.26	2,983.26	-	3,168.20	3,168.20
Less: Capitalisation of transaction costs	162.94	-	162.94	268.78	-	268.78
	25,265.27	3,083.03	28,348.30	38,113.07	3,309.80	41,422.87

(₹ crore)

- (viii) 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. Further, certain current year tax have not been not paid as a part of the Company's strategic planning which has no consequential impact on the financial statements.

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20. Other financial liabilities

[Item No. V(a)(iii) and VI(a)(iv), Page 250]

A. Non-current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
Creditors for other liabilities	413.66	293.59
	413.66	293.59

B. Current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Current maturities of long-term borrowings	668.88	1,814.99
(b) Current maturities of lease obligations	365.62	368.65
(c) Interest accrued but not due	580.85	385.24
(d) Unclaimed dividends	64.08	64.20
(e) Creditors for other liabilities	3,594.68	2,768.47
	5,274.11	5,401.55

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

- (a) creditors for capital supplies and services ₹1,788.85 crore (March 31, 2020: ₹1,303.22 crore).
 (b) liability for employee family benefit scheme ₹209.07 crore (March 31, 2020: ₹195.21 crore).

21. Provisions

[Item No. V(b) and VI(b), Page 250]

A. Non-current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Employee benefits	2,085.50	1,756.69
(b) Others	458.44	356.87
	2,543.94	2,113.56

B. Current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Employee benefits	285.14	219.52
(b) Others	789.29	444.34
	1,074.43	663.86

(i) Non-current and current provision for employee benefits include provision for leave salaries ₹1,230.54 crore (March 31, 2020: ₹1,158.62 crore) and provision for early separation scheme ₹1,122.62 crore (March 31, 2020: ₹801.46 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.

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21. Provisions (Contd.)

[Item No. V(b) and VI(b), Page 250]

(iii) Non-current and current other provisions include:

- (a) provision for compensatory afforestation, mine closure, stamp duty and rehabilitation obligations ₹1,200.40 crore (March 31, 2020: ₹753.88 crore). These amounts become payable upon closure of the mines and are expected to be incurred over a period of 1 to 40 years.
 (b) provision for legal and constructive commitments provided by the Company in respect of a loss-making subsidiary ₹47.33 crore (March 31, 2020: ₹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, 2021	Year ended March 31, 2020
Balance at the beginning of the year	801.21	838.95
Recognised/(released) during the year ^(a)	456.35	8.03
Other re-classifications	7.41	-
Utilised during the year	(17.24)	(45.77)
Balance at the end of the year	1,247.73	801.21

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

22. Retirement benefit obligations

[Item No. V(c) and VI(c), Page 250]

A. Non-current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Retiring gratuities	275.05	528.76
(b) Post-retirement medical benefits	1,530.32	1,446.44
(c) Other defined benefits	282.49	249.24
	2,087.86	2,224.44

B. Current

	(₹ crore)	
	As at March 31, 2021	As at March 31, 2020
(a) Post-retirement medical benefits	100.20	92.66
(b) Other defined benefits	15.90	13.95
	116.10	106.61

(i) Detailed disclosure in respect post-retirement defined benefit schemes is provided in note 35, page 311.

(ii) Other defined benefits include post-retirement lumpsum benefits, long service awards, packing and transportation, farewell gifts, etc.

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23. Deferred income

[Item No. VI(d), Page 250]

	As at March 31, 2021	As at March 31, 2020
Other deferred income	34.44	6.15
	34.44	6.15

24. Other liabilities

[Item No. V(e) and VI(f), Page 250]

A. Non-current

	As at March 31, 2021	As at March 31, 2020
(a) Advances received from customers	4,971.82	-
(b) Other credit balances	941.58	684.76
	5,913.40	684.76

B. Current

	As at March 31, 2021	As at March 31, 2020
(a) Advances received from customers	1,885.67	560.15
(b) Employee recoveries and employer contributions	25.17	27.91
(c) Statutory dues	6,102.16	5,287.89
	8,013.00	5,875.95

(i) Non-current and current advance received from customers include an interest-bearing advance of ₹6,304.69 crore (March 31, 2020: Nil) which will be adjusted over a period of 5 years against export of steel products. Out of such advance outstanding as at March 31, 2021 ₹1,332.87 crore will be recognised by March 31, 2022, and remaining thereafter.

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

25. Trade payables

[Item No. VI(a)(ii), Page 250]

A. Total outstanding dues of micro and small enterprises

	As at March 31, 2021	As at March 31, 2020
Dues of micro and small enterprises	160.66	118.62
	160.66	118.62

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25. Trade payables (Contd.)

[Item No. VI(a)(ii), Page 250]

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

	As at March 31, 2021	As at March 31, 2020
(a) Creditors for supplies and services	9,316.72	9,340.32
(b) Creditors for accrued wages and salaries	1,161.21	1,142.02
	10,477.93	10,482.34

(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, 2021	As at March 31, 2020
(i) Principal amount remaining unpaid to supplier at the end of the year*	241.89	118.62
(ii) Interest due thereon remaining unpaid to supplier at the end of the year	3.50	3.10
(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	14.73	8.67
(iv) Amount of interest accrued and remaining unpaid at the end of the year	18.23	11.77

* Includes dues of micro, small and medium enterprises included within other financial liabilities.

26. Revenue from operations

[Item No. I, Page 251]

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Sale of products	62,276.67	57,167.71
(b) Sale of power and water	1,466.73	1,647.86
(c) Other operating revenues ⁽ⁱⁱⁱ⁾	1,125.60	1,620.40
	64,869.00	60,435.97

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

	Year ended March 31, 2021		
	India	Outside India	Total
(a) Steel	51,461.20	8,223.91	59,685.11
(b) Power and water	1,466.73	-	1,466.73
(c) Others	1,292.80	1,298.76	2,591.56
	54,220.73	9,522.67	63,743.40

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26. Revenue from operations (Contd.)

[Item No. I, Page 251]

	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

(ii) Other operating revenues includes export incentives and deferred income released to statement of profit and loss.

27. Other income

[Item No. II, Page 251]

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Dividend income	68.13	89.73
(b) Interest income	255.92	73.57
(c) Net gain/(loss) on sale/fair value changes of mutual funds	195.68	96.19
(d) Gain/(loss) on sale of property, plant and equipment including intangible assets (net of loss on assets scrapped/written off)	23.50	(1.20)
(e) Gain/(loss) on cancellation of forwards, swaps and options	60.06	(1.26)
(f) Other miscellaneous income	34.60	147.09
	637.89	404.12

(i) Dividend income includes income from investments carried at fair value through other comprehensive income ₹19.48 crore (2019-20: ₹20.15 crore).

(ii) Interest income includes income on financial assets carried at amortised cost ₹255.92 crore (2019-20: ₹73.57 crore).

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

[Item No. IV(c), Page 251]

	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the end of the year		
(a) Work-in-progress	-	6.90
(b) Finished and semi-finished goods	3,293.89	4,663.71
(c) Stock-in-trade	25.75	113.15
	3,319.64	4,783.76
Inventories at the beginning 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
Increase/(decrease)	(1,464.12)	564.40

29. Employee benefits expense

[Item No. IV(d), Page 251]

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Salaries and wages	4,376.10	4,231.14
(b) Contribution to provident and other funds	548.07	477.48
(c) Staff welfare expenses	274.65	328.00
	5,198.82	5,036.62

(i) During the year ended March 31, 2021, the Company has recognised an amount of ₹34.28 crore (2019-20: ₹32.96 crore) as remuneration to key managerial personnel. The details of such remuneration is as below:

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Short-term employee benefits	28.19	21.47
(b) Post-employment benefits	5.82	11.21
(c) Other long-term employee benefits	0.27	0.28
	34.28	32.96

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30. Finance costs

[Item No. IV(e), Page 251]

	Year ended March 31, 2021	Year ended March 31, 2020
(₹ crore)		
Interest expense on:		
(a) Bonds, debentures, bank borrowings and others	3,178.79	2,767.82
(b) Lease obligation	352.54	366.77
	3,531.33	3,134.59
Less: Interest capitalised	137.49	103.58
	3,393.84	3,031.01

(a) Interest expense includes interest on income tax ₹181.84 crore (2019-20: Nil).

31. Depreciation and amortisation expense

[Item No. IV(f), Page 251]

	Year ended March 31, 2021	Year ended March 31, 2020
(₹ crore)		
(a) Depreciation on property, plant and equipment	3,489.14	3,535.23
(b) Depreciation on right-of-use assets	362.54	302.82
(c) Amortisation of intangible assets	135.64	82.07
	3,987.32	3,920.12

32. Other expenses

[Item No. IV(g), Page 251]

	Year ended March 31, 2021	Year ended March 31, 2020
(₹ crore)		
(a) Consumption of stores and spares	4,111.91	4,616.04
(b) Repairs to buildings	17.42	64.64
(c) Repairs to machinery	2,966.77	3,181.23
(d) Relining expenses	73.39	93.90
(e) Fuel oil consumed	124.84	198.39
(f) Purchase of power	2,634.18	2,906.01
(g) Conversion charges	2,249.91	2,795.20
(h) Freight and handling charges	3,865.58	4,046.92
(i) Rent	71.47	58.68
(j) Royalty	2,195.31	1,751.32
(k) Rates and taxes	1,101.92	832.18
(l) Insurance charges	145.82	147.17
(m) Commission, discounts and rebates	172.15	180.22
(n) Allowance for credit losses/provision for advances	39.84	2.13
(o) Others	2,976.79	2,929.15
	22,747.30	23,803.18

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32. Other expenses (Contd.)

[Item No. IV(g), Page 251]

- (i) Others include:
- (a) net foreign exchange gain ₹89.14 crore (2019-20: foreign exchange gain ₹53.04 crore),
- (b) gain on fair value changes of financial assets carried at fair value through profit and loss Nil (2019-20: gain of ₹356.26 crore).
- (ii) During the year ended March 31, 2021, the Company has recognised an amount of ₹8.29 crore (2019-20: ₹6.95 crore) towards payment to non-executive directors. The details are as below:

	Year ended March 31, 2021	Year ended March 31, 2020
(₹ crore)		
(a) Short-term benefits	7.80	6.55
(b) Sitting fees	0.49	0.40
	8.29	6.95

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

	Year ended March 31, 2021	Year ended March 31, 2020
(₹ crore)		
(a) Auditors remuneration and out-of-pocket expenses		
(i) Statutory audit fees	7.45	6.00
(ii) Tax audit fees	0.60	0.40
(iii) For other services	0.43	0.69
(iv) Out-of-pocket expenses	0.37	0.23
(b) Cost audit fees [including out of pocket expenses Nil (2019-20 : ₹58,035)]	0.20	0.21

- (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 ₹189.85 crore (2019-20: ₹173.53 crore).

During the year ended March 31, 2021 amount approved by the Board to be spent on CSR activities was ₹270.17 crore (2019-20: ₹272.00 crore).

During the year ended March 31, 2021, in respect of CSR activities the Company incurred revenue expenditure which was recognised in the statement of profit and loss for amount amounting to ₹221.98 crore [₹217.23 crore has been paid in cash and ₹4.75 crore is yet to be paid]. The amounts spent relates to purpose other than construction or acquisition of any asset and out of the above, ₹87.34 crore was spent on ongoing projects during the year. There was no amount unspent for year ended March 31, 2021 and the Company does not propose to carry forward any amount spent beyond the statutory requirement.

During the year ended March 31, 2020, similar expense incurred was ₹192.99 crore [₹192.83 crore was paid in cash and ₹0.16 crore was unpaid], which included ₹0.93 crore on construction of assets [paid in cash].

During the year ended March 31, 2021, amount spent on CSR activities through related parties was ₹104.80 crore (2019-20: ₹80.16 crore).

- (v) During the year ended March 31, 2021, revenue expenditure charged to the statement of profit and loss in respect of research and development activities undertaken was ₹228.29 crore (2019-20: ₹255.64 crore) including depreciation of ₹9.43 crore (2019-20: ₹9.62 crore). Capital expenditure incurred in respect of research and development activities during the year was ₹2.75 crore (2019-20: ₹3.72 crore).

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33. Exceptional items

[Item No. VI, Page 251]

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:

- Profit/(loss) on sale of non-current investments ₹**1,084.85** crore (2019-20: Nil) relates to profit recognised on sale of investments in a subsidiary and two joint ventures of the Company.
- Provision for impairment of investments/doubtful advances ₹**149.74** crore (2019-20: charge ₹1,149.80 crore) relates to provision reversed for impairment of investments in a subsidiary, net of charge of ₹**0.26** crore in a joint venture.
- During the year ended March 31, 2020, provision for demands and claims ₹196.41 crore relates to provision recognised in respect of certain statutory demands and claims.
- Employee separation compensation ₹**443.55** crore (2019-20: ₹107.37 crore) relates to provisions recognised in respect of employee separation scheme of employees.
- Gain/(loss) on non-current investments classified as fair value through profit and loss (net) ₹**1,982.01** crore (2019-20: loss ₹250.00 crore) represents notional fair value gain (net) on investments in preference share and debenture held by the Company in a subsidiary and a joint venture respectively.

34. Earnings per share

[Item No. XII, Page 251]

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, 2021	Year ended March 31, 2020
(a) Profit after tax	13,606.62	6,743.80
Less: Distribution on hybrid perpetual securities (net of tax)	181.35	199.18
Profit attributable to ordinary shareholders- for basic and diluted EPS	13,425.27	6,544.62
	Nos.	Nos.
(b) Weighted average number of Ordinary Shares for basic EPS	1,14,70,84,629	1,14,59,30,120
Add: Adjustment for shares held in abeyance	1,08,181	89,536
Weighted average number of Ordinary Shares and potential Ordinary Shares for diluted EPS	1,14,71,92,810	1,14,60,19,656
(c) Nominal value of Ordinary Share (₹)	10.00	10.00
(d) Basic earnings per Ordinary Share (₹)	117.04	57.11
(e) Diluted earnings per Ordinary Share (₹)	117.03	57.11

- As at March 31, 2021, **5,70,42,370** (March 31, 2020: 5,81,96,450) options in respect of partly paid and **1,22,619** (March 31, 2020: 1,21,523) 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.

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35. 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 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 ₹**171.01** crore (2019-20: ₹178.78 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, 2021	As at March 31, 2020
Discount rate	6.50%	6.50%
Guaranteed rate of return	8.50%	8.50%
Expected rate of return on investment	8.00%	8.40%

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35. Employee benefits (Contd.)

(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.
- (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:

	Year ended March 31, 2021	Year ended March 31, 2020
(₹ crore)		
Change in defined benefit obligations:		
Obligation at the beginning of the year	3,002.90	2,839.66
Current service cost	158.13	128.99
Interest costs	183.19	180.11
Remeasurement (gain)/loss	(113.78)	231.65
Adjustment for arrear wage settlement	1.62	192.01
Benefits paid	(364.20)	(569.52)
Obligation at the end of the year	2,867.86	3,002.90

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35. Employee benefits (Contd.)

	Year ended March 31, 2021	Year ended March 31, 2020
(₹ crore)		
Change in plan assets:		
Fair value of plan assets at the beginning of the year	2,474.14	2,759.45
Interest income	158.99	188.61
Remeasurement gain/(loss) excluding amount included within employee benefit expense	15.80	15.38
Employers' contribution	308.08	80.22
Benefits paid	(364.20)	(569.52)
Fair value of plan assets at the end of the year	2,592.81	2,474.14

Amounts recognised in the balance sheet consist of:

	As at March 31, 2021	As at March 31, 2020
(₹ crore)		
Fair value of plan assets	2,592.81	2,474.14
Present value of obligations	(2,867.86)	(3,002.90)
	(275.05)	(528.76)
Recognised as:		
Retirement benefit obligations - Non-current	(275.05)	(528.76)

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

	Year ended March 31, 2021	Year ended March 31, 2020
(₹ crore)		
Employee benefits expense:		
Current service cost	158.13	128.99
Net interest expense	24.20	(8.50)
	182.33	120.49
Other comprehensive income:		
Return on plan assets excluding amount included in employee benefits expense	(15.80)	(15.38)
Actuarial (gain)/loss arising from changes in demographic assumption	(5.60)	-
Actuarial (gain)/loss arising from changes in financial assumption	(30.48)	222.89
Actuarial (gain)/loss arising from changes in experience adjustments	(77.70)	8.76
	(129.58)	216.27
Expense/(gain) recognised in the statement of profit and loss	52.75	336.76

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35. Employee benefits (Contd.)

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

Assets category (%)	(%)	
	As at March 31, 2021	As at March 31, 2020
Equity instruments (quoted)	0.34	0.19
Debt instruments (quoted)	21.02	22.48
Insurance products (unquoted)	78.64	77.33
	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, 2021	As at March 31, 2020
Discount rate	6.50%	6.50%
Rate of escalation in salary	7.00% to 12.00%	7.50% to 10.00%

(iv) Weighted average duration of the retiring gratuity obligation is **8.00** years (March 31, 2020: 8.10 years).(v) The Company expects to contribute **₹275.05** crore to the plan during the financial year 2021-22

(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, 2021

Assumption	Change in assumption	Impact on obligation
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹211.58 crore, increase by ₹245.08 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹238.60 crore, decrease by ₹210.35 crore

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

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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35. Employee benefits (Contd.)

(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, 2021		Year ended March 31, 2020	
	Medical	Others	Medical	Others
Change in defined benefit obligation:				
Obligation at the beginning of the year	1,539.10	263.19	1,271.01	181.25
Current service cost	25.37	44.47	18.58	66.61
Interest cost	97.59	16.16	92.73	12.97
Remeasurement (gain)/loss				
(i) Actuarial (gains)/losses arising from changes in demographic assumptions	(11.90)	(0.40)	-	-
(ii) Actuarial (gains)/losses arising from changes in financial assumptions	-	6.79	210.83	14.92
(iii) Actuarial (gains)/losses arising from changes in experience adjustments	55.64	(2.52)	15.26	3.99
Benefits paid	(75.28)	(29.30)	(69.31)	(16.55)
Obligation at the end of the year	1,630.52	298.39	1,539.10	263.19

Amounts recognised in the balance sheet consist of:

	As at March 31, 2021		As at March 31, 2020	
	Medical	Others	Medical	Others
Present value of obligations	(1,630.52)	(298.39)	(1,539.10)	(263.19)
Recognised as:				
Retirement benefit obligations - Current	(100.20)	(15.90)	(92.66)	(13.95)
Retirement benefit obligations - Non-current	(1,530.32)	(282.49)	(1,446.44)	(249.24)

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

	Year ended March 31, 2021		Year ended March 31, 2020	
	Medical	Others	Medical	Others
Employee benefits expense:				
Current service cost	25.37	44.47	18.58	66.61
Net interest expense	97.59	16.16	92.73	12.97
	122.96	60.63	111.31	79.58
Other comprehensive income:				
Actuarial (gains)/losses arising from changes in demographic assumptions	(11.90)	(0.40)	-	-
Actuarial (gains)/losses arising from changes in financial assumption	-	6.79	210.83	14.92
Actuarial (gains)/losses arising from changes in experience adjustments	55.64	(2.52)	15.26	3.99
	43.74	3.87	226.09	18.91
Expense recognised in the statement of profit and loss	166.70	64.50	337.40	98.49

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35. Employee benefits (Contd.)

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

	As at March 31, 2021		As at March 31, 2020	
	Medical	Others	Medical	Others
Discount rate	6.50%	6.50%	6.50%	6.50%
Rate of escalation in salary	N.A	10.50%-15.00%	N.A	10.00%-15.00%
Inflation rate	8.00%	5.00%	8.00%	4.00%

(iii) Weighted average duration of post-retirement medical benefit obligation is **8.00** years (March 31, 2020: 8.00 years). Weighted average duration of other defined benefit obligation ranges from **2.9 to 13** years (March 31, 2020: 3.3 to 13 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, 2021

Assumption	Change in assumption	Impact on obligation
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹220.01 crore, increase by ₹284.05 crore
Medical cost inflation rate	Increase by 1%, decrease by 1%	Increase by ₹262.98 crore, decrease by ₹208.60 crore

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

(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, 2021

Assumption	Change in assumption	Impact on obligation
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹16.25 crore, increase by ₹18.95 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹3.49 crore, decrease by ₹3.21 crore
Inflation rate	Increase by 1%, decrease by 1%	Increase by ₹7.75 crore, decrease by ₹6.79 crore

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

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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36. 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, 2021, there are matters and/or disputes pending in appeal amounting to **₹2,360.77** crore (March 31, 2020: ₹2,260.36 crore).

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

- 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, 2020: ₹1,551.10 crore).
- Interest expenditure on "Hybrid Perpetual Securities" has been disallowed in assessments with tax demand raised for **₹170.54** crore (inclusive of interest) (March 31, 2020: ₹170.54 crore)

In respect of above demands, the Company has deposited an amount of **₹1,250.54** crore (March 31, 2020: ₹1,165.00 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, 2021, there were pending litigations for various matters relating to customs, excise duty and service taxes involving demands of **₹304.48** crore (March 31, 2020: ₹365.43 crore).

Sales tax /VAT

The total sales tax demands that are being contested by the Company amounted to **₹823.37** crore (March 31, 2020: ₹563.30 crore).

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

- 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 2016-2017 as on March 31, 2021 is amounting to **₹188.65** crore (March 31, 2020: ₹127.00 crore).

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36. Contingencies and commitments (Contd.)

Other taxes, dues and claims

Other amounts for which the Company may contingently be liable aggregate to ₹13,736.46 crore (March 31, 2020: ₹12,450.66 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, 2020: ₹195.79 crore). The Company has not acknowledged this claim and has instead filed a claim of ₹141.23 crore (March 31, 2020: ₹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, 2021 is ₹9,709.73 crore (March 31, 2020: ₹8,732.29 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, 2021 is ₹2,207.31 crore (March 31, 2020: ₹1,965.52 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.

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36. Contingencies and commitments (Contd.)

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.
- 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, 2020: ₹132.91 crore) is considered contingent.
- 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, 2020: ₹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 drawl 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 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 ₹183.46 crore considering the demand for period beginning from January, 1996 upto November, 2020. The potential exposure as on March 31, 2021 ₹206.63 crore (March 31, 2020: ₹162.96 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 ₹6,711.59 crore (March 31, 2020: ₹8,682.73 crore).

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

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36. Contingencies and commitments (Contd.)

- (b) The Company has given undertakings to:
- IDBI not to dispose of its investment in Wellman Incandescent India Ltd.
 - 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%.
- During the year ended March 31, 2021, the Company after obtaining a 'no objection certificate' from the lenders of TBSPL, has transferred its stake of 50% in TBSPL to its 100% owned subsidiary Tata Steel Downstream Products Limited.
- (d) Tata Steel, as a promoter, had pledged **4,41,55,800** (March 31, 2020: 4,41,55,800) equity shares of Industrial Energy Limited (IEL) with Infrastructure Development Finance Corporation Limited. IEL has repaid the entire loan taken from IDFC in financial year 2020-21 and the pledge is in the process of being released.
- (e) The Company has given guarantees aggregating **₹9,121.69** crore (March 31, 2020 : ₹9,329.87 crore) details of which are as below:
- in favour of Commissioner Customs for **₹1.07** crore (March 31, 2020: ₹1.07 crore) given on behalf of Timken India Limited in respect of goods imported.
 - in favour of The President of India for **₹177.18** crore (March 31, 2020: ₹177.18 crore) against performance of export obligation under the various bonds executed by a joint venture Jamshedpur Continuous Annealing & Processing Company Private Limited.
 - in favour of the note holders against due and punctual repayment of the 100% amounts outstanding as on March 31, 2021 towards issued Guaranteed Notes by a subsidiary, ABJA Investment Co. Pte Ltd. for **₹7,311.50** crore (March 31, 2020 : ₹7,560.00 crore) and **₹1,631.79** crore (March 31, 2020 : ₹1,591.47 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.

- in favour of President of India for **₹0.15** crore (March 31, 2020 : ₹0.15 crore) against advance license.

37. Other significant litigations

- (a) Odisha Legislative Assembly issued an amendment to Indian Stamp Act, 1889, on May 9, 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, 2020: ₹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 1, 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

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37. Other significant litigations (Contd.)

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 1, 2014. Upon issuance of an express order, Company paid ₹152.00 crore under protest, so that mining can 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:

- 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, has 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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38. 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 and 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, 2021	As at March 31, 2020
Equity share capital	1,198.78	1,146.13
Hybrid perpetual securities	775.00	2,275.00
Other equity	89,293.33	73,416.99
Total equity (A)	91,267.11	76,838.12
Non-current borrowings	27,313.80	31,381.96
Current borrowings	-	7,857.27
Current maturities of long-term borrowings and lease obligations	1,034.50	2,183.64
Gross debt (B)	28,348.30	41,422.87
Total capital (A+B)	1,19,615.41	1,18,260.99
Gross debt as above	28,348.30	41,422.87
Less: Current investments	6,404.46	3,235.16
Less: Cash and cash equivalents	1,501.71	993.64
Less: Other balances with banks (including non-current earmarked balances)	223.37	287.54
Net debt (C)	20,218.76	36,906.53
Net debt to equity ratio⁽ⁱ⁾	0.24	0.49

(i) Net debt to equity ratio as at March 31, 2021 and March 31, 2020 has been computed based on average of opening and closing equity.

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39. 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 261 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, 2021 and March 31, 2020:

As at March 31, 2021

	(₹ crore)						
	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
Financial assets:							
Cash and bank balances	1,725.08	-	-	-	-	1,725.08	1,725.08
Trade receivables	3,863.31	-	-	-	-	3,863.31	3,863.31
Investments	-	864.80	-	-	28,161.32	29,026.12	29,026.12
Derivatives	-	-	6.96	102.49	-	109.45	109.45
Loans	9,065.28	-	-	-	-	9,065.28	9,065.28
Other financial assets	389.83	-	-	-	-	389.83	389.83
	15,043.50	864.80	6.96	102.49	28,161.32	44,179.07	44,179.07
Financial liabilities:							
Trade payables	10,638.59	-	-	-	-	10,638.59	10,638.59
Borrowings other than lease obligations	25,265.27	-	-	-	-	25,265.27	26,097.42
Derivatives	-	-	64.62	75.97	-	140.59	140.59
Other financial liabilities	4,653.27	-	-	-	-	4,653.27	4,653.27
	40,557.13	-	64.62	75.97	-	40,697.72	41,529.87

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39. Disclosures on financial instruments (Contd.)

As at March 31, 2020

	(₹ crore)						
	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
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 obligation	38,113.07	-	-	-	-	38,113.07	38,713.37
Derivatives	-	-	98.07	106.17	-	204.24	204.24
Other financial liabilities	3,511.50	-	-	-	-	3,511.50	3,511.50
	52,225.53	-	98.07	106.17	-	52,429.77	53,030.07

(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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39. Disclosures on financial instruments (Contd.)

	(₹ crore)			
	As at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investment in mutual funds	6,404.46	-	-	6,404.46
Investment in equity shares	537.85	-	326.95	864.80
Investment in preference shares	-	-	21,756.86	21,756.86
Derivative financial assets	-	109.45	-	109.45
	6,942.31	109.45	22,083.81	29,135.57
Financial liabilities:				
Derivative financial liabilities	-	140.59	-	140.59
	-	140.59	-	140.59
	(₹ crore)			
	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
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

(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 **13.84%** (March 31, 2020: 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 ₹**452.35** crore (March 31, 2020: ₹169.30 crore) and increase in discount rate by 1% would lead to decrease in fair value by ₹**1,376.01** crore (March 31, 2020: ₹1,444.90 crore).

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39. 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.
- (vi) 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, 2021 and March 31, 2020.
- (viii) Reconciliation of Level 3 fair value measurement is as below:

	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	20,028.45	33,993.14
Additions during the year	23.61	-
Fair value changes through profit or loss	2,031.75	106.26
Reclassification within investments*	-	(14,070.95)
Balance at the end of the year	22,083.81	20,028.45

* During the year ended March 31, 2020, reclassification represents investment held in preference shares of a subsidiary converted into equity shares.

(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, 2021		As at March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
(i) Foreign currency forwards, swaps and options	103.04	75.97	372.42	105.29
(ii) Interest rate swaps and collars	6.41	64.62	-	98.95
	109.45	140.59	372.42	204.24
Classified as:				
Non-current	42.52	71.20	162.46	122.55
Current	66.93	69.39	209.96	81.69

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, 2021	As at March 31, 2020
(i) Foreign currency forwards, swaps and options	2,322.17	1,345.71
(ii) Interest rate swaps and collars	506.50	367.50
	2,828.67	1,713.21

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39. 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, 2021 and March 31, 2020, 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:

- create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- 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 realising 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.

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 ₹832.49 crore for the year ended March 31, 2021 (March 31, 2020: ₹158.75 crore) and an increase/decrease in carrying value of property, plant and equipment (before considering depreciation) by approximately Nil as at March 31, 2021 (March 31, 2020: ₹109.94 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, 2021 and March 31, 2020 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, 2021 and March 31, 2020 a 100 basis points increase in interest rates would increase the Company's finance costs (before considering interest eligible for capitalisation) and thereby reduce net profit/equity before considering tax impacts by approximately ₹100.91 crore for the year ended March 31, 2021 (2019-20: ₹149.37 crore).

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This

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39. Disclosures on financial instruments (Contd.)

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, 2021 and March 31, 2020 was ₹537.85 crore and ₹204.31 crore, respectively.

A 10% change in equity prices of such securities held as at March 31, 2021 and March 31, 2020, would result in an impact of ₹53.79 crore and ₹20.43 crore respectively on equity before considering tax impact.

(ii) Credit risk:

Credit risk is the risk of financial loss arising from counterparty 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 and loans, 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 ₹43,313.30 crore and ₹27,722.94 crore, as at

March 31, 2021 and March 31, 2020 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 13, page 289.

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, 2021 and March 31, 2020.

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 no or 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 ₹14,180.59 crore as at March 31, 2021, comprising ₹8,130.47 crore in the form of current investments, cash and cash equivalents and other balances with banks (including non-current earmarked balances) and ₹6,050.12 crore in committed undrawn bank lines.

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39. 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:

	As at March 31, 2021				
	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	25,813.66	35,324.47	2,117.01	16,704.44	16,503.02
Lease obligations including interest obligations	3,115.49	6,066.29	719.27	1,827.42	3,519.60
Trade payables	10,638.59	10,638.59	10,638.59	-	-
Other financial liabilities	4,072.42	4,072.42	3,658.76	311.80	101.86
	43,640.16	56,101.77	17,133.63	18,843.66	20,124.48
Derivative financial liabilities	140.59	140.59	69.39	71.20	-

(₹ 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 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)

40. 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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41. 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, 2021 and March 31, 2020:

	(₹ crore)				
	Subsidiaries	Associates	Joint ventures	Tata Sons Private Limited, its subsidiaries and joint ventures	Total
Purchase of goods	7,741.46	20.93	157.85	120.64	8,040.88
	<i>10,409.01</i>	<i>24.33</i>	<i>222.91</i>	<i>75.55</i>	<i>10,731.80</i>
Sale of goods	9,329.60	0.07	2,395.67	129.59	11,854.93
	<i>6,878.15</i>	<i>1.00</i>	<i>2,338.13</i>	<i>208.93</i>	<i>9,426.21</i>
Services received	1,967.18	32.80	822.74	257.55	3,080.27
	<i>1,963.43</i>	<i>86.32</i>	<i>746.71</i>	<i>217.80</i>	<i>3,014.26</i>
Services rendered	351.50	2.45	81.80	3.24	438.99
	<i>434.53</i>	<i>4.62</i>	<i>80.77</i>	<i>1.01</i>	<i>520.93</i>
Interest income recognised	96.48	-	2.75	-	99.23
	<i>4.33</i>	-	<i>2.91</i>	-	<i>7.24</i>
Interest expenses recognised	-	-	-	8.55	8.55
	-	-	-	<i>17.54</i>	<i>17.54</i>
Dividend paid^(vi)	1.18	-	-	379.06	380.24
	<i>1.54</i>	-	-	<i>470.41</i>	<i>471.95</i>
Dividend received	25.22	-	23.43	12.92	61.57
	<i>35.38</i>	-	<i>34.20</i>	<i>13.59</i>	<i>83.17</i>
Provision/(reversal) recognised for receivables during the year	1.50	0.02	1.52	0.02	3.06
	<i>5.76</i>	<i>0.03</i>	<i>(6.62)</i>	<i>0.01</i>	<i>(0.82)</i>
Management contracts	135.01	5.32	3.00	100.00	243.33
	<i>108.63</i>	<i>27.91</i>	<i>1.60</i>	<i>100.00</i>	<i>238.14</i>
Sale of investments	2,245.61	-	-	-	2,245.61
	-	-	-	-	-
Finance provided during the year (net of repayments)	8,353.29	-	13.20	23.61	8,390.10
	<i>10,471.64</i>	-	<i>60.13</i>	-	<i>10,531.77</i>

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41. Related party transactions (Contd.)

	(₹ crore)				
	Subsidiaries	Associates	Joint ventures	Tata Sons Private Limited, its subsidiaries and joint ventures	Total
Outstanding loans and receivables	11,642.77	8.47	355.07	5.49	12,011.80
	<i>2,702.13</i>	<i>12.45</i>	<i>119.96</i>	<i>6.19</i>	<i>2,840.73</i>
Provision for outstanding loans and receivables	658.26	0.08	2.36	0.05	660.75
	<i>656.76</i>	<i>0.06</i>	<i>0.84</i>	<i>0.03</i>	<i>657.69</i>
Outstanding payables	4,597.90	21.92	201.52	141.00	4,962.34
	<i>4,841.64</i>	<i>41.78</i>	<i>183.48</i>	<i>116.83</i>	<i>5,183.73</i>
Guarantees provided outstanding	8,943.29	-	177.18	-	9,120.47
	<i>9,151.47</i>	-	<i>177.18</i>	-	<i>9,328.65</i>
Subscription to first and final call on partly paid-up equity shares^(vi)	-	-	-	1,767.91	1,767.91
	-	-	-	-	-
Purchase of Assets	10.32	-	-	-	10.32
	-	-	-	-	-
Sale of fixed assets	62.43	-	2.01	-	64.44
	-	-	<i>267.71</i>	-	<i>267.71</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 29, page 307 and note 32, page 308 respectively.
- During the year ended March 31, 2021, value of shares subscribed by key managerial personnel and their relatives under final call to rights issue is ₹1,12,484.00 (2019-20: Nil)
- The Company has paid dividend of ₹32,346.00 (2019-20: ₹42,048.50) to key managerial personnel and ₹6,395.00 (2019-20: ₹8,313.50) to relatives of key managerial personnel during the year ended March 31, 2021.
- (ii) During the year ended March 31, 2021, the Company has contributed ₹553.88 crore (2019-20: ₹346.76 crore) to post employment benefit plans.
- As at March 31, 2021, amount receivable from post-employment benefit fund is ₹91.31 crore (March 31, 2020: ₹56.71 crore) on account of retirement benefit obligations paid by the Company directly.
- As at March 31, 2021, amount payable to post-employment benefit fund is Nil (March 31, 2020: ₹13.29 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 7, page 279.
- (iv) Commitments with respect to subsidiaries, associates and joint ventures is disclosed in note 36B, page 319.
- (v) Transactions with joint ventures have been disclosed at full value and not at their proportionate share.
- (vi) Subscription to first and final call on partly paid-up equity shares includes ₹1,744.00 crore (2019-20: Nil) received from Tata Sons Private Limited. Dividend paid includes ₹368.15 crore (2019-20: ₹458.38 crore) paid to Tata Sons Private Limited.

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42. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

43. The Board of Directors of the Company, at its meeting held on April 25, 2019, had approved a Composite Scheme of Amalgamation of Bamnipal Steel Limited and Tata Steel BSL Limited (formerly known as Bhushan Steel Limited) into and with the Company subject to the requisite statutory and regulatory approvals. Pursuant to the orders of the Hon'ble NCLT, Mumbai Bench a meeting of the equity shareholders of the Company was convened on Friday, March 26, 2021 to consider and if thought fit, approve the Scheme. The Scheme was approved by the equity shareholders by requisite majority at the said meeting and the necessary disclosures in this regard have been made to the stock exchanges.

Pursuant to the shareholders' approval, "Company Scheme Petition" has been filed with the Hon'ble NCLT, Mumbai Bench with the prayer that the Scheme of Amalgamation be sanctioned with effect from the Appointed Date as defined in the Scheme. The Scheme will be implemented upon its sanction by the NCLT. The Scheme will enable the companies to realize greater synergies between their businesses, yield beneficial results and avail pooled resources in the interest of maximizing value to the shareholders and other stakeholders. The equity shareholders of Tata Steel BSL Limited will be entitled to fully paid-up equity shares of the Company in the ratio as set out in the Scheme.

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

	Country of incorporation	(% direct holding)	
		As at March 31, 2021	As at March 31, 2020
(a) Subsidiary companies			
(1) ABA Investment Co. Pte Ltd.	Singapore	100.00	100.00
(2) Adityapur Toll Bridge Company Limited	India	88.50	88.50
(3) Bamnipal Steel Limited	India	100.00	100.00
(4) Bhubaneshwar 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	60.03	55.06
(21) Tata Steel (KZN) (Pty) Ltd.	South Africa	-	90.00
(22) Tata Steel Downstream Products Limited	India	100.00	100.00
(23) Tata Steel Foundation	India	100.00	100.00
(24) Tata Steel Long Products Limited	India	74.91	75.91
(25) Tata Steel Mining Limited	India	100.00	100.00
(26) Tata Steel Odisha Limited	India	100.00	100.00

NOTES

forming part of the financial statements

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

	Country of incorporation	(% direct holding)	
		As at March 31, 2021	As at March 31, 2020
(27) Tata Steel Special Economic Zone Limited	India	100.00	100.00
(28) Tata Steel Utilities and Infrastructure Services 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
(31) The Tata Pigments Limited	India	100.00	100.00
(32) The Tinsplate Company of India Limited	India	74.96	74.96
(b) Associate companies			
(1) Kalinga Aquatics Ltd.	India	30.00	30.00
(2) Kumardhubi Fireclay and Silica Works Ltd	India	27.78	27.78
(3) Kumardhubi Metal Casting and Engineering Ltd	India	49.31	49.31
(4) Malusha Travels Pvt Ltd	India	33.23	33.23
(5) Strategic Energy Technology Systems Private Limited	India	25.00	25.00
(6) Tata Construction and Projects Ltd.	India	27.19	27.19
(7) TRF Limited.	India	34.11	34.11
(c) Joint ventures			
(1) Himalaya Steel Mills 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
(5) Medica TS Hospital Pvt Ltd.	India	26.00	26.00
(6) mjunction services limited	India	50.00	50.00
(7) Nicco Jubilee Park Limited	India	20.99	20.99
(8) S & T Mining Company Private Limited	India	50.00	50.00
(9) T M Mining Company Limited	India	74.00	74.00
(10) Tata BlueScope Steel Private Limited	India	-	50.00
(11) Tata NYK Shipping Pte Ltd.	Singapore	50.00	50.00
(12) 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 May 5, 2021 the Board of Directors of the Company have proposed a dividend of ₹25.00 per Ordinary share of ₹10 each and ₹6.25 per partly paid Ordinary share of ₹10 each (paid up ₹2.504 per share) in respect of the year ended March 31, 2021 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of approximately ₹2,996.60 crore.

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

In terms of our report attached

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009
Chartered Accountants

sd/-
Russell I Parera
Partner
Membership Number 042190

Mumbai, May 5, 2021

For and on behalf of the Board of Directors

sd/- N. Chandrasekaran Chairman
DIN: 00121863
sd/- Mallika Srinivasan Independent Director
DIN: 00037022
sd/- O. P. Bhatt Independent Director
DIN: 00548091
sd/- Peter Blauwhoff Independent Director
DIN: 07728872
sd/- Deepak Kapoor Independent Director
DIN: 00162957
sd/- Aman Mehta Independent Director
DIN: 00009364

sd/- V. K. Sharma Non-Executive Director
DIN: 02449088
sd/- Saurabh Agrawal Non-Executive 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/- Parvathesam Kanchinadham Company Secretary & Chief Legal Officer (Corporate & Compliance)
ACS: 15921