INDEPENDENT AUDITOR'S REPORT

To the Members of Tata Steel BSL Limited (formerly known as Bhushan Steel Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Tata Steel BSL Limited (formerly known as Bhushan Steel Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the 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.

Key Audit Matter

4. 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recoverability of amounts paid against on-going litigations Refer Note 32(A) to the standalone financial statements. Prior to the approval of the resolution plan ('the Resolution Plan') under the Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code, 2016 on 15 May 2018 as described in the aforesaid note, the Company was a party to certain litigations. Pursuant to the approval of the Resolution Plan, it was determined that no amounts are payable in respect of those litigations as they stand extinguished. The Company had also made certain payments to the relevant authorities in respect of those litigations which were presented as recoverable under "Other non-current assets" in the standalone financial statements. The estimates related to expected outcome of litigations and recoverability of payments made in respect thereof have high degree of inherent uncertainty due to insufficient judicial precedents in India in respect of disposal of litigations involving companies admitted to Corporate Insolvency Resolution Process. The application of significant judgment in the aforementioned matter required substantial involvement of senior personnel on the audit engagement including individuals with expertise in tax related matters.	We have performed the following procedures, among others, to test the recoverability of payments made by the Company in relation to litigations instituted against it prior to the approval of the Resolution Plan: ● Verified the underlying documents related to litigations and other correspondences with the statutory authorities; ● Involved direct and indirect tax specialists to review the process used by the management to determine estimates and to test the judgments applied by management in developing the accounting estimates; ● Assessed management's estimate of recoverability, supported by an opinion obtained by the management from a legal expert, by determining whether; - The method of measurement used is appropriate in the circumstances; and - The assumptions used by management are reasonable in light of the measurement principles of Ind AS. ● Determined whether the methods for making estimates have been applied consistently; ● Evaluated whether the accounting principles applied by the management fairly present the amounts recoverable from relevant authorities in financial statements in accordance with the principles of Ind AS.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 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 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.

9. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing 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 financial statements.

11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. 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.

13. 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.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

15. As required by section 197(16) of the Act, based on our audit we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying standalone financial statements;

    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 standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 21 April 2021 as per Annexure B expressed unmodified opinion; and

    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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note [*] to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

        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 31 March 2021;

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

sd/-
Siddharth Talwar
Partner
Membership No.: 512752
UDIN:

Place: Faridabad
Date: 21 April 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF TATA STEEL BSL LIMITED (FORMERLY KNOWN AS BHUSHAN STEEL LIMITED), ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner 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. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company except for the following properties:

- title deeds to freehold land with gross carrying amount and net carrying amount of ₹ 1,265.55 lakhs and ₹ 1,265.55 lakhs respectively were not readily available.
- title deeds to building with gross carrying amount and net carrying amount of ₹ 245.24 lakhs and ₹ 151.24 lakhs respectively were not readily available.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and discrepancies noticed on physical verification have been properly dealt with in the books of account.

(iii) The Company has granted unsecured loans to a company covered in the register maintained under Section 189 of the Act and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.

(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of principal and interest amounts are regular.

(c) there is no overdue amount in respect of loans granted to such company.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of investments and loans. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) As mentioned in note (**) to the standalone financial statements, pursuant to the implementation of the Resolution Plan, there are no dues in respect of income-tax, goods and services tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has no loans or borrowings payable to financial institution or government and no dues payable to debenture-holders during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

sd/-
Siddharth Talwar
Partner
Membership No.: 512752
UDIN:

Place: Faridabad
Date: 21 April 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF TATA STEEL BSL LIMITED (FORMERLY KNOWN AS BHUSHAN STEEL LIMITED) ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Tata Steel BSL Limited (formerly known as Bhushan Steel Limited) ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors 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 ('the Guidance Note') 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 the Company's business, including adherence to the 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.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note 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 were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 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 with reference to 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 include 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 authorisations 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 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, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 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 issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

sd/-
Siddharth Talwar
Partner
Membership No.: 512752
UDIN:

Place: Faridabad
Date: 21 April 2021

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in lacs)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3A	2,697,703.43	2,793,557.50
(b) Right-of-use assets	3B	133,931.39	150,010.86
(c) Capital work-in-progress	3C	44,231.38	68,171.13
(d) Intangible assets	4	1,640.04	2,080.16
(e) Investments in subsidiaries and associates	6A	1,140.00	1,015.00
(f) Financial assets			
(i) Investments	6A	140.14	66.95
(ii) Loans	6B	29,914.86	37,611.03
(iii) Other financial assets	6C	1,162.45	41,763.60
(g) Other non-current assets	8	94,564.63	61,250.69
(h) Income tax assets	9	5,104.22	3,771.71
Total non current assets		**3,009,532.54**	**3,159,298.63**
II Current assets			
(a) Inventories	10	436,753.14	483,492.54
(b) Financial assets			
(i) Investments	6A	69,161.34	-
(ii) Trade receivables	11	42,265.64	70,238.62
(iii) Cash and cash equivalents	12	71,949.48	72,358.48
(iv) Other balances with banks	13	558.76	12,598.81
(v) Loans	6B	2,066.82	2,496.08
(vi) Derivative assets	7	-	5,142.54
(vii) Other financial assets	6C	49,568.88	11,924.01
(c) Other current assets	8	22,893.44	65,789.31
Total current assets		**695,217.50**	**724,040.39**
Total assets		**3,704,750.04**	**3,883,339.02**
EQUITY & LIABILITIES			
I Equity			
(a) Equity share capital	14	21,868.80	21,868.80
(b) Other equity	15	1,990,697.09	1,743,758.29
Total Equity		**2,012,565.89**	**1,765,627.09**
II Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16A	1,120,235.13	1,653,436.55
(ii) Other financial liabilities	16C	4,494.27	3,620.35
(b) Provisions	18	8,487.97	7,418.23
(c) Deferred Income	19	150.73	189.21
Total non current liabilities		**1,133,368.10**	**1,664,664.34**
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16A	25,000.00	88,700.00
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	16B	15,607.60	5,486.99
- Total outstanding dues of creditors other than micro enterprises and small enterprises	16B	409,686.82	281,484.12
(iii) Derivative liabilities	7	1,504.63	763.77
(iv) Other financial liabilities	16C	52,994.22	54,005.62
(b) Other current liabilities	17	53,774.56	22,406.23
(c) Provisions	18	248.22	200.86
Total current liabilities		**558,816.05**	**453,047.59**
Total equity and liabilities		**3,704,750.04**	**3,883,339.02**
The accompanying notes forming part of the financial statements	**1-46**		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. :
001076N/N500013

sd/-
Siddharth Talwar
Partner
Membership No. 512752

sd/-
Mr. T. V. Narendran
Chairman (DIN: 03083605)
Place:
Date: April 21, 2021

sd/-
Mr. Krishnava Dutt
Independent Director (DIN: 02792753)
Place:
Date: April 21, 2021

sd/-
Ms. Neera Saggi
Independent Director (DIN: 00501029)
Place:
Date: April 21, 2021

sd/-
Mr. Shashi Kant Maudgal
Independent Director (DIN: 00918431)
Place:
Date: April 21, 2021

sd/-
Mr. Srikumar Menon
Independent Director (DIN: 00470254)
Place:
Date: April 21, 2021

sd/-
Mr. Anand Sen
Director (DIN: 00237914)
Place:
Date: April 21, 2021

sd/-
Mr. Koushik Chatterjee
Director (DIN: 00004989)
Place:
Date: April 21, 2021

sd/-
Mr. Rajeev Singhal
Managing Director (DIN: 02719570)
Place:
Date: April 21, 2021

sd/-
Mr. Sanjib Nanda
Chief Financial Officer
Place:
Date: April 21, 2021

sd/-
Nisha Anil Seth
Company Secretary
(Membership No. 27019)
Place:
Date: April 21, 2021

Place: Faridabad
Date: April 21, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lacs)

			Note	Year ended March 31, 2021	Year ended March 31, 2020
I	**Income:**				
	(a)	Revenue from operations	20	2,141,862.70	1,819,914.18
	(b)	Other income	21	11,742.10	10,651.49
		Total income		**2,153,604.80**	**1,830,565.67**
II	**Expenses:**				
	(a)	Raw materials consumed	22	1,002,400.10	1,059,204.21
	(b)	Purchases of finished, semi-finished steel and other products	23	-	287.56
	(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	69,431.94	(25,379.95)
	(d)	Employee benefit expense	25	46,525.53	40,129.87
	(e)	Finance costs	26	162,225.51	169,591.50
	(f)	Depreciation and amortisation expense	27	147,977.44	143,163.44
	(g)	Other expenses	28	478,445.67	515,388.32
		Total expenses		**1,907,006.19**	**1,902,384.95**
III	**Profit/(Loss) before exceptional items and tax (I-II)**			246,598.61	(71,819.28)
IV	**Exceptional items**		29	-	6,901.84
V	**Profit/(Loss) before tax (III+IV)**			246,598.61	(64,917.44)
VI	**Tax expense:**				
	(a)	Current tax		-	-
	(b)	Deferred tax		-	-
		Total tax expense		**-**	**-**
VII	**Profit/(Loss) for the year (V-VI)**			246,598.61	(64,917.44)
VIII	**Other comprehensive income**				
	(a)	Items that will not be reclassified to profit or loss		340.19	(746.62)
		(i) Remeasurement gains/(losses) on post employment defined benefit plans		266.99	(712.70)
		(ii) Fair value changes of investments in equity shares		73.20	(33.92)
	(b)	Income tax relating to items that will not be reclassified to profit or loss		-	-
	(c)	Items that will be reclassified to profit or loss		-	-
	(d)	Income tax relating to items that will be reclassified to profit or loss		-	-
		Total other comprehensive income		**340.19**	**(746.62)**
IX	**Total comprehensive income for the year (VII+VIII)**			246,938.80	(65,664.06)
X	**Earnings per share**		30		
	Basic (₹)			22.55	(5.94)
	Diluted (₹)			6.44	(5.94)
	The accompanying notes forming part of the financial statements		**1-46**		

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. :
001076N/N500013

sd/-
Siddharth Talwar
Partner
Membership No. 512752

sd/-
Mr. T. V. Narendran
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Place:
Date: April 21, 2021

sd/-
Ms. Neera Saggi
Independent Director (DIN: 00501029)
Place:
Date: April 21, 2021

sd/-
Mr. Shashi Kant Maudgal
Independent Director (DIN: 00918431)
Place:
Date: April 21, 2021

sd/-
Mr. Srikumar Menon
Independent Director (DIN: 00470254)
Place:
Date: April 21, 2021

sd/-
Mr. Anand Sen
Director (DIN: 00237914)
Place:
Date: April 21, 2021

sd/-
Mr. Koushik Chatterjee
Director (DIN: 00004989)
Place:
Date: April 21, 2021

sd/-
Mr. Rajeev Singhal
Managing Director (DIN: 02719570)
Place:
Date: April 21, 2021

sd/-
Mr. Sanjib Nanda
Chief Financial Officer
Place:
Date: April 21, 2021

sd/-
Nisha Anil Seth
Company Secretary
(Membership No. 27019)
Place:
Date: April 21, 2021

Place: Faridabad
Date: April 21, 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

(₹ in lacs)

	As at April 1, 2020	Changes during the period	As at March 31, 2021
Equity shares of ₹ 2 each issued, subscribed and fully paid.	21,868.80	-	21,868.80

(₹ in lacs)

	As at April 1, 2019	Changes during the period	As at March 31, 2020
Equity shares of ₹ 2 each issued, subscribed and fully paid.	21,868.80	-	21,868.80

B. Other Equity

(₹ in lacs)

	Capital redemption reserve	Securities premium	General reserve	Retained earnings	Equity component of compound financial instruments	Capital contribution	Equity instruments at fair value through other comprehensive income	Total Equity
As at April 1, 2020	693.34	72,576.10	564,350.09	(3,142,019.99)	1,729,582.05	2,518,550.72	25.98	1,743,758.29
Profit for the year	-	-	-	246,598.61	-	-	-	246,598.61
Other comprehensive income	-	-	-	266.99	-	-	73.20	340.19
As at March 31, 2021	693.34	72,576.10	564,350.09	(2,895,154.39)	1,729,582.05	2,518,550.72	99.18	1,990,697.09

(₹ in lacs)

	Capital redemption reserve	Securities premium	General reserve	Retained earnings	Equity component of compound financial instruments	Capital contribution	Equity instruments at fair value through other comprehensive income	Total Equity
As at April 1, 2019	693.34	72,576.10	564,350.09	(3,076,389.82)	1,729,582.05	2,518,550.72	59.90	1,809,422.38
Profit for the year	-	-	-	(64,917.47)	-	-	-	(64,917.47)
Other comprehensive income	-	-	-	(712.70)	-	-	(33.92)	(746.62)
As at March 31, 2020	**693.34**	**72,576.10**	**564,350.09**	**(3,142,019.99)**	**1,729,582.05**	**2,518,550.72**	**25.98**	**1,743,758.29**

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. :
001076N/N500013

sd/-
Siddharth Talwar
Partner
Membership No. 512752

sd/-
Mr. T. V. Narendran
Chairman (DIN: 03083605)
Place:
Date: April 21, 2021

sd/-
Mr. Krishnava Dutt
Independent Director (DIN: 02792753)
Place:
Date: April 21, 2021

sd/-
Ms. Neera Saggi
Independent Director (DIN: 00501029)
Place:
Date: April 21, 2021

sd/-
Mr. Shashi Kant Maudgal
Independent Director (DIN: 00918431)
Place:
Date: April 21, 2021

sd/-
Mr. Srikumar Menon
Independent Director (DIN: 00470254)
Place:
Date: April 21, 2021

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Date: April 21, 2021

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Mr. Sanjib Nanda
Chief Financial Officer
Place:
Date: April 21, 2021

sd/-
Nisha Anil Seth
Company Secretary
(Membership No. 27019)
Place:
Date: April 21, 2021

Place: Faridabad
Date: April 21, 2021

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lacs)

	Year ended March 31, 2021		Year ended March 31, 2020	
(A) Cash Flow From Operating Activities:				
Profit/(Loss) before taxes		**246,598.61**		**(64,917.47)**
Adjustments for:				
Depreciation & amortisation expenses	147,977.44		143,163.43	
Finance cost	162,225.51		169,591.49	
Exceptional gains	-		(6,901.84)	
Gain on fair valuation/sale of current investments	(2,458.38)		(3,781.15)	
Loss/(Gain) on settlement/cancellation of forward exchange contracts	5,883.40		(8,306.27)	
Interest income / Dividend income	(6,250.46)		(4,920.56)	
Provision for doubtful debts / Bad debts written off (net of write back)	694.90		(3,336.87)	
Provisions (retirement benefit)	1,384.10		932.58	
Others	616.11		(4,434.12)	
		310,072.62		**282,006.69**
Operating cash flows before changes in inventories and operating receivables and payables		**556,671.23**		**217,089.22**
Adjustments for:				
Trade receivables	27,363.14		3,542.21	
Inventories	46,739.41		(26,202.40)	
Loans, other financial assets and other assets	13,731.95		(16,205.15)	
Trade payables, other financial liabilities and other liabilities	171,015.07		(5,818.09)	
		258,849.57		**(44,683.43)**
Cash generated from operations		**815,520.80**		**172,405.79**
Direct taxes paid		(1,332.51)		(589.74)
Net cash generated from operating activities		**814,188.29**		**171,816.05**
(B) Cash Flow From Investing Activities:				
Payments made for purchase of property, plant and equipment	(14,397.14)		(61,991.85)	
Proceeds from sale of property, plant and equipment	193.93		626.57	
(Purchase)/sale of current investments (Net)	(66,702.96)		163,271.43	
Loans given	-		(75,500.00)	
Repayment of loans given	7,800.00		42,900.00	
Acquisition of interest in subsidiaries	(125.00)		(1,000.00)	
Interest received	7,498.12		1,563.43	
Movement in other bank balances	11,184.75		2,922.12	
Dividend received	-		1.76	
Net cash from/(used in) investing activities		**(54,548.30)**		**72,793.46**

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lacs)

	Year ended March 31, 2021		Year ended March 31, 2020	
(C) Cash Flow From Financing Activities:				
Proceeds/repayment of current borrowings (Net)	(63,716.73)		88,700.00	
Repayment of borrowings	(550,000.00)		(143,090.77)	
Payment of lease liabilities	(13,500.67)		(6,884.85)	
Interest paid (Interest paid on lease liabilities - ₹ 21,093.65 lacs (March 31, 2020 : ₹ 17,220.71 lacs))	(132,831.59)		(138,717.13)	
Net cash used in financing activities		**(760,048.99)**		**(199,992.75)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)		**(409.00)**		**44,616.76**
Opening cash and cash equivalents		72,358.48		27,741.72
Closing cash and cash equivalents (Refer note no 12)		**71,949.48**		**72,358.48**

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. :
001076N/N500013

sd/-
Siddharth Talwar
Partner
Membership No. 512752

sd/-
Mr. T. V. Narendran
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Mr. Sanjib Nanda
Chief Financial Officer
Place:
Date: April 21, 2021

sd/-
Nisha Anil Seth
Company Secretary
(Membership No. 27019)
Place:
Date: April 21, 2021

Place: Faridabad
Date: April 21, 2021

ACCOUNTING POLICIES UNDER IND AS

STANDALONE FINANCIAL STATEMENTS OF TATA STEEL BSL LIMITED FOR THE YEAR ENDED MARCH 31, 2021

1. Company Information and basis of preparation

TATA Steel BSL Limited ("the Company") is a public limited Company incorporated in India with its registered office in Ground Floor, Mira Corporate Suites, Plot No. 1&2, Ishwar Nagar, Mathura Road, New Delhi-110065, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company is the 3rd largest secondary steel producer with an overall steel producing capacity of 5.6 million tonne per annum. The Company has presence across the entire value chain of steel manufacturing. The Company offers a broad range of steel products including a portfolio of high value added downstream products such as hot rolled, cold rolled and coated steel, cold rolled full hard, galvanised coils and sheets, high tensile steel strips, colour coated tiles, precision tubes etc. The Company has the unique facilities of producing cold roll and sheets up to a width of 1700 mm and galvanised coil and steel up to a width of 1350 mm.

Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013, read with Companies (Indian Accounting Standard) Rules, as amended time to time.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except:

(a) certain assets and liabilities that are required to be carried at fair values by Ind AS; and

(b) property, plant & equipment which have been fair valued at the transition date (i.e. April 01, 2015) as 'deemed cost' upon transition to Ind AS.

The financial statements are presented in INR and all values are rounded to the nearest Lacs (INR 00,000), except when otherwise indicated.

These are standalone financial statements (the 'financial statements') for the year ended March 31, 2021 were approved by the Board of Directors and approved for issue on April 21, 2021. The Company has also prepared consolidated financial statements for the year ended March 31, 2021 in accordance with Ind AS 110 and the same were also approved for issue by the Board of Directors on April 21, 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) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset /liability is treated as current when it is expected to be realised/ settled, sold, consumed within the normal operating cycle. Having regard to the nature of business being carried out by the Company the Company has determined its operating cycle as twelve months. The Company classifies all other assets/liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

b) 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 derecognised. 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 and capital work in progress are stated at cost/, net of accumulated depreciation and accumulated impairment losses. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction is capitalised as part of cost of qualifying asset.

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

c) Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation or amortisation is provided on a straight line basis to the cost/deemed cost of property, plant and equipment and intangible assets, including those held under finance leases to their residual value. Depreciation on all assets commences 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 leased assets, over the lease period or estimated useful life whichever is less. The estimated useful lives of assets and residual values are regularly reviewed and, when necessary, revised.

The estimated useful life of main category of property plant and equipment and intangible assets are:-

	Estimated useful Life (years)
Buildings	Upto 60 years*
Roads	30 years
Plant and Machinery	Upto 40 years*
Railway Sidings	Upto 30 years*
Vehicles	8 to 10 years
Furniture, Fixtures and Office Equipment	5 to 10 years
Computer Software	3 years

* for these class of assets useful lives are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. Based on the technical evaluation carried by a chartered engineer and internal assessments made, the Company believes that useful lives mentioned above are best representative of the period over which the Company expects to use the assets.

d) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

e) **Impairment of non-financial assets**

The Company, at each balance sheet date, reviews carrying values of its property plant and equipment and assesses whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount being higher of fair value less costs to sell and value in use of the assets, is estimated to determine the impairment losses and are recognised in the statement of profit and loss. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets an assessment is made at each balance sheet date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

f) **Inventories**

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, wherever considered necessary. Cost is ascertained on a weighted average basis. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business based on market price at the balance sheet date and discounted for the time value of money if material, less estimated costs of completion and estimated costs necessary to make the sale.

Spare parts including other items are carried on weighted average basis.

g) **Revenue Recognition**

A customer of the Company is a party that has contracted with the Company to obtain goods or services that are an output of the Company's ordinary activities in exchange for consideration. The core principle of recognizing revenue from contracts with customers is that the Company recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

At contract inception, the Company assesses the goods or services promised in a contract with a customer to identify as a performance obligation each promise to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, indirect taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

If there is variable consideration, the Company includes in the transaction price some or all of that amount of estimated variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

The transaction price is allocated by the Company to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer.

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

For each performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction is measured using appropriate methods which include input and output methods.

The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. However, as a practical expedient, the incremental costs of obtaining a contract are recognized as an expense when incurred if the amortisation period of the asset otherwise would have been one year or less.

The costs to fulfil a contract are recognized as an asset if the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify; the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered.

h) Foreign currencies

The Company's financial statements are presented in INR, which is also its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange at the balance sheet date.

For foreign currency loans taken before 31 March 2016 for, adjustments arising from exchange rate variations relating to long term monetary items attributable to the depreciable fixed assets are capitalised. For foreign currency loans taken after 31 March 2016, exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or statement of profit or loss are also recognised in other comprehensive income or statement of profit or loss, respectively).

i) Income Taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted in India, at the balance sheet date.

Current tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets is offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date.

Deferred tax liabilities are generally recognised for all the temporary differences. On the contrary, deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Employee benefits

Short-term benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the service rendered by employees are recognised during the period when the employee renders the services.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Company's contribution to state defined contribution plans namely Employee State Insurance and Maharashtra Labour Welfare Fund are made in accordance with the Statute, and are recognised as an expense when employees have rendered services entitling them to the contribution.

Defined benefits plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. Gratuity is a defined benefit obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. In respect of post-retirement benefit re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit or loss in subsequent periods.

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.

Other long term benefits

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. Actuarial gains/ losses on the compensated absences are immediately taken to the statement of profit and loss and are not deferred.

k) Leases

Company as a lessee

The Company assesses if a contract is or contains a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less and leases for which the underlying asset is of low value, which are expensed in the statement of operations on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if not readily determinable, the incremental borrowing rate specific to the country, term and currency of the contract.

Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date, as well as any extension or purchase options, if the Company is reasonably certain to exercise these options. The lease liability is subsequently measured at amortized cost using the effective interest method and remeasured with a corresponding adjustment to the related right-of-use asset when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessments of options.

The right-of-use asset comprises, at inception, the initial lease liability, any initial direct costs and, when applicable, the obligations to refurbish the asset, less any incentives granted by the lessors. The right-of-use asset is subsequently depreciated, on a straight-line basis, over the lease term, if the lease transfers the ownership of the underlying asset to the Company at the end of the lease term or, if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, over the estimated useful life of the underlying asset. Right-of-use assets are also subject to testing for impairment if there is an indicator for impairment. Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of operations in the period in which the events or conditions which trigger those payments occur. In the statement of financial position right-of-use assets and lease liabilities are classified respectively as part of property, plant and equipment and short-term/long-term debt.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rentals are recognised as revenue in the period in which they are earned.

On March 30, 2019, Ministry of Corporate Affairs ("MCA") had notified the Ind AS 116, Leases which has replaced Ind AS 17 "Leases". Ind AS 116 'Leases' eliminates the classification of leases as either finance leases or operating leases. All leases are required to be reported on an entity's balance sheet as assets and liabilities. Leases are capitalised by recognising the present value of the lease payments and showing them either as right of use of the leased assets or together with property, plant and equipment. Rent expense is replaced by depreciation and interest expense in the income statement.

l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises when there is a presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

m) Earnings per share

Basic earnings per equity share is computed by dividend net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

n) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

o) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost i.e. purchase cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

p) Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

q) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. The benefit of a government loan at below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on the prevailing market interest rates.

r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting done to the chief operating decision maker. The Company operates in a single operating segment and geographical segment.

s) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below:

Non-derivative financial assets

Subsequent measurement

i. **Financial assets carried at amortised cost** – a financial asset is measured at the amortised cost, if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. **Investments in mutual funds** – Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

iii. **Investments in equity instruments of subsidiaries, joint ventures and associates** - Investments in equity instruments of subsidiaries, joint ventures and associates are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

Investments in equity instruments - Investments in equity instruments, where the Company has opted to classify such instruments at fair value through other comprehensive income (FVOCI) are measured at fair value through other comprehensive income. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Compound Financial Instrument

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. The conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. ECL is the weighted-average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables: In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets: In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

De-recognition of financial assets

A financial asset is primarily de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Derivative financial instruments

In the ordinary course of business, the Company uses derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange. The instruments are confined principally to forward foreign exchange contracts and these contracts do not generally extend beyond six months.

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

Non-derivative financial liabilities

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

t) Accounting standards or amendments in the accounting standards adopted on/from April 1, 2020:

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has notified new Company (Indian Accounting Standards) Amendment Rules, 2020. These amendments are applicable for the accounting year beginning on or after April 01, 2020.

Ind AS 116, Leases:

In Indian Accounting Standard (Ind AS) 116, Leases, in Appendix C after paragraph C20, the COVID-19 related rent concessions for lessees has been inserted. This amendment provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to Ind AS 116. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

Ind AS 103, Business Combination

The amendment provides the detailed guidance on term 'Business' and 'Business Combination', introduced an Optional test to identify concentration of Fair Value.

Definition of business is narrowed to focus on providing goods or services to customers, generating investment income or generate other income from ordinary activities instead of the earlier wider focus of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

The amendments provides clarity, to be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs and outputs are not essential for an integrated set of activities and assets to qualify as a business.

Optional concentration test: This is a simplified assessment that would result in an acquisition to qualify as an asset acquisition. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If the concentration test is not met or if the entity elects not to apply the test, then it assesses whether the set of assets and activities meet the definition of a business, such that it consists of an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments also prescribe how to assess whether an acquired process is substantive where a set of activities and assets have outputs at the acquisition date or do not have outputs at the acquisition date on fulfilling the prescribed criteria.

Ind AS 109, Financial Instruments

The amendment clarifies the temporary exceptions to financial statement preparers from the effects of the forthcoming IBOR (Interbank Offered Rate) and from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting. The temporary exceptions notified are:

a) For the purpose of determining whether a forecast transaction is highly probable an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of interest rate benchmark reform.

b) In order to determine whether the hedged future cash flows are expected to occur, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of interest rate benchmark reform.

c) An entity shall assume that the interest rate benchmark on which the hedged cash flows and/or the hedged risk are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

d) For a hedge of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement in paragraphs 6.3.7(a) and B6.3.8—that the risk component shall be separately identifiable—only at the inception of the hedging relationship.

Ind AS 107 Financial Instruments: Disclosures

Ind AS 107 has been amended to require disclosure of significant interest rate benchmark, the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

The disclosures are applicable to companies applying exceptions in respect of interest rate benchmark reforms as inserted in Ind AS 109, Financial Instruments.

Ind AS 1 Presentation of Financial Statements

Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments refined the definition of material to be included in Ind AS 1 and Ind AS 8. The amendments clarify the impact on financial statement and Obscure information. An entity needs to assess whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole. An information is considered to be obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information.

The existing amendment of materiality has been deleted from Ind AS 8. Instead, now a reference has been made to the amended definition of materiality in Ind AS 1.

3A. Property, Plant And Equipment

(₹ in lacs)

Particulars	Freehold land	Building	Railway siding	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Total
Gross carrying amount as at April 01, 2020	68,651.35	1,716,656.24	85,650.38	3,558,110.21	2,507.77	1,631.31	3,215.96	5,436,423.22
Additions during the year	-	331.84	-	34,723.43	129.27	49.69	675.13	35,909.36
Deletions during the year	-	(27.14)	-	(467.12)	-	(322.64)	(3.36)	(820.26)
Gross carrying amount as at March 31, 2021	**68,651.35**	**1,716,960.94**	**85,650.38**	**3,592,366.52**	**2,637.04**	**1,358.36**	**3,887.73**	**5,471,512.32**
Accumulated impairment & depreciation as at April 01, 2020	9,211.61	811,119.70	77,080.46	1,741,626.07	1,246.40	1,008.23	1,573.25	2,642,865.72
Depreciation for the year	-	31,919.16	997.06	97,742.49	235.11	104.68	519.87	131,518.37
Deletions during the year	-	(0.33)	-	(312.63)	-	(261.38)	(0.86)	(575.20)
Accumulated impairment & depreciation as at March 31, 2021	**9,211.61**	**843,038.53**	**78,077.52**	**1,839,055.93**	**1,481.51**	**851.53**	**2,092.26**	**2,773,808.89**
Net carrying amount as on April 01, 2020	59,439.74	905,536.54	8,569.92	1,816,484.14	1,261.37	623.08	1,642.71	2,793,557.50
Net carrying amount as on March 31, 2021	**59,439.74**	**873,922.41**	**7,572.86**	**1,753,310.59**	**1,155.53**	**506.83**	**1,795.47**	**2,697,703.43**

NOTES TO FINANCIAL STATEMENTS

Property, Plant And Equipment (contd...)

(₹ in lacs)

Particulars	Freehold land	Building	Railway siding	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Total
Gross carrying amount as at April 01, 2019	68,651.35	1,703,899.37	85,650.38	3,588,619.83	5,051.99	2,134.17	1,315.35	5,455,322.44
Reclassified as right-of-use assets on transition to Ind AS 116	-	-	-	(75,406.25)	-	-	-	(75,406.25)
Additions during the year	-	12,756.87	-	52,530.01	431.62	208.60	1,340.28	67,267.38
Deletions during the year	-	-	-	(6,802.72)	(2,975.84)	(711.46)	(270.33)	(10,760.35)
Other re-classifications	-	-	-	(830.66)	-	-	830.66	-
Gross carrying amount as at March 31, 2020	**68,651.35**	**1,716,656.24**	**85,650.38**	**3,558,110.21**	**2,507.77**	**1,631.31**	**3,215.96**	**5,436,423.22**
Accumulated impairment & depreciation as at April 01, 2019	9,211.61	780,218.53	76,081.90	1,668,303.90	3,864.67	1,424.21	776.59	2,539,881.41
Reclassified as right-of-use assets on transition to Ind AS 116	-	-	-	(19,050.00)	-	-	-	(19,050.00)
Depreciation for the year	-	30,901.17	998.56	97,602.86	221.24	133.07	261.89	130,118.79
Impairment for the year	-	-	-	2,174.90	-	-	-	2,174.90
Deletions during the year	-	-	-	(6,631.03)	(2,839.51)	(549.05)	(239.79)	(10,259.38)
Other re-classifications	-	-	-	(774.56)	-	-	774.56	-
Accumulated impairment & depreciation as at March 31, 2020	**9,211.61**	**811,119.70**	**77,080.46**	**1,741,626.07**	**1,246.40**	**1,008.23**	**1,573.25**	**2,642,865.72**
Net carrying amount as on April 01, 2019	59,439.74	923,680.84	9,568.48	1,920,315.94	1,187.32	709.96	538.76	2,915,441.03
Net carrying amount as on March 31, 2020	**59,439.74**	**905,536.54**	**8,569.92**	**1,816,484.14**	**1,261.37**	**623.08**	**1,642.71**	**2,793,557.50**

NOTES TO FINANCIAL STATEMENTS

3B. Right-of-Use Assets

(₹ lacs)

	Land	Building	Plant & Machinery	Total
Cost as at April 01, 2020	20,484.66	2,610.07	158,856.62	181,951.35
Derecognition of ROU assets for leases vacated during the year	(103.24)	(74.06)	-	(177.30)
Cost as at March 31, 2021	**20,381.42**	**2,536.01**	**158,856.62**	**181,774.05**
Accumulated depreciation as at April 1, 2020	306.43	572.28	31,061.78	31,940.49
Depreciation for the year	268.29	618.16	15,132.46	16,018.91
Derecognition of ROU assets for leases vacated during the year	(60.60)	(56.14)	-	(116.74)
Accumulated depreciation as at March 31, 2021	**514.12**	**1,134.30**	**46,194.24**	**47,842.66**
Net carrying value as on April 1, 2020	20,178.23	2,037.79	127,794.84	150,010.86
Net carrying value as on March 31, 2021	**19,867.30**	**1,401.71**	**112,662.38**	**133,931.39**

	Land	Building	Plant & Machinery	Total
Reclassified from Property, Plant & Equipment on transition to Ind AS 116	-	-	75,406.25	75,406.25
Additions on account of transition to Ind AS 116	19,547.13	2,124.76	169.84	21,841.73
Additions during the year	937.53	509.38	83,317.55	84,764.46
Derecognition of ROU assets for leases vacated during the year	-	(24.07)	(37.02)	(61.09)
Cost as at March 31, 2020	**20,484.66**	**2,610.07**	**158,856.62**	**181,951.35**
Reclassified from Property, Plant & Equipment on transition to Ind AS 116	-	-	19,050.00	19,050.00
Depreciation for the year	306.43	575.54	12,030.58	12,912.55
Derecognition of ROU assets for leases vacated during the year	-	(3.26)	(18.80)	(22.06)
Accumulated depreciation as at March 31, 2020	**306.43**	**572.28**	**31,061.78**	**31,940.49**
Net carrying value as on March 31, 2020	**20,178.23**	**2,037.79**	**127,794.84**	**150,010.86**

3C. Capital Work-In-Progress

Capital work in progress (CWIP) as at March 31, 2021 comprises expenditure for the plant in the course of construction. Total amount of CWIP is ₹ 44,231.38 lacs (March 31, 2020 ₹ 68,171.13 lacs). This includes expenditure capitalised and comprises of direct material cost, labour charges, supervision charges.

No borrowing cost has been capitalised during the current year. During the previous year ₹ 6,418.64 lacs of borrowing costs has been capitalised on qualifying asset using a annualized capitalisation rate of 9.34%.

Notes :

(i) For details of capital commitments, refer note 32.

(ii) Property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note 16A pertaining to borrowings.

NOTES TO FINANCIAL STATEMENTS

4. Intangible Assets

(₹ in lacs)

	Software Costs	Other Intangible Assets	Total
Cost as at April 01, 2020	2,270.49	978.59	3,249.08
Additions during the year	0.04	-	0.04
Gross carrying amount as at March 31, 2021	**2,270.53**	**978.59**	**3,249.12**
Accumulated amortisation as at April 01, 2020	190.33	978.59	1,168.92
Amortisation during the year	440.16	-	440.16
Accumulated amortisation as at March 31, 2021	**630.49**	**978.59**	**1,609.08**
Net carrying value as at April 01, 2020	2,080.16	-	2,080.16
Net carrying value as at March 31, 2021	**1,640.04**	**-**	**1,640.04**

(₹ in lacs)

	Software Costs	Other Intangible Assets	Total
Cost as at April 01, 2019	75.29	978.59	1,053.88
Additions during the year	2,195.68	-	2,195.68
Deletions during the year	(0.48)	-	(0.48)
Gross carrying amount as at March 31, 2020	**2,270.49**	**978.59**	**3,249.08**
Accumulated amortisation as at April 01, 2019	58.23	978.59	1,036.82
Amortisation during the year	132.10	-	132.10
Accumulated amortisation as at March 31, 2020	**190.33**	**978.59**	**1,168.92**
Net carrying value as at April 01, 2019	17.06	-	17.06
Net carrying value as at March 31, 2020	**2,080.16**	**-**	**2,080.16**

5. Leases

(i) The Company as a lessee operates certain land, building and plant & machineries under various lease arrangements.

(ii) 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. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

NOTES TO FINANCIAL STATEMENTS

6. Financial Assets

A. Investments

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
(I) Non-current investments		
i) Investments in equity instruments of subsidiaries and associates at cost		
a) Investment in subsidiaries		
Bhushan Steel (Australia) Pty Limited - 47,369,796 (March 31, 2020 47,369,796) equity shares of AUD 1 each fully paid up - unquoted	24,441.85	24,441.85
Less: Impairment	(24,441.85)	(24,441.85)
	-	-
Tata Steel Technical Services Limited (Formerly known as Bhushan Steel Madhya Bharat Limited) - 49,990 (March 31, 2020: 49,990) equity shares of ₹ 10/- each fully paid up - unquoted	5.00	5.00
Tata Steel Support Services Limited (Formerly known as Bhushan Steel (Orissa) Limited) - 49,990 (March 31, 2020: 49,990) equity shares of ₹ 10/- each fully paid up - unquoted	5.00	5.00
Bhushan Steel (South) Limited - 1,300,000 (March 31, 2020: 50,000) equity shares of ₹10/- each fully paid up - unquoted	130.00	5.00
Angul Energy Limited (Formerly known as Bhushan Energy Limited) - 10,000,065 (March 31, 2020: 10,000,065) equity shares of ₹ 10/- each fully paid up - unquoted	1,000.00	1,000.00
Total investment in subsidiaries	**1,140.00**	**1,015.00**
b) Investment in associates		
Jawahar Credit & Holdings Private Limited - 8,643,742 (March 31, 2020: 8,643,742) equity shares of ₹ 10/- each fully paid up - unquoted (Refer sub-note (iii))	940.31	940.31
Less: Impairment	(940.31)	(940.31)
Bhushan Capital & Credit Services Private Limited - 8,643,742 (March 31, 2020: 8,643,742) equity shares of ₹ 10/- each fully paid up - unquoted (Refer sub-note (iii))	940.31	940.31
Less: Impairment	(940.31)	(940.31)
Total investment in associates	-	-
Investments in subsidiaries and associates	**1,140.00**	**1,015.00**
ii) Other non-current investment in equity instruments at fair value through other comprehensive income		
Andal East Coal Company Private Limited - 330,000 (March 31, 2020: 330,000) equity shares of ₹ 10/- each fully paid up - unquoted (refer sub-note (ii) below)	-	-
Tata Steel Limited - 13,500 (March 31, 2020: 13,500) equity shares of ₹ 10/- each fully paid up - quoted	109.58	36.39
Bhushan Buildwell Private Limited - 4,900 (March 31, 2020: 4,900) equity shares of ₹ 10/- each fully paid up - unquoted	24.74	24.74
Saraswat Co-operative Bank Limited - 2,500 (March 31, 2020: 2,500) equity shares of ₹ 10/- each fully paid up - unquoted	0.82	0.82
Bhushan Steel Bengal Limited - 50,000 (March 31, 2020: 50,000) equity shares of ₹ 10/- each fully paid up - unquoted	5.00	5.00
Total other investment	**140.14**	**66.95**
Aggregate carrying amount and market value of quoted investments	109.58	36.39
Aggregate carrying amount of unquoted investments		
- In Subsidiaries	1,140.00	1,015.00
- In Others	30.56	30.56
Aggregate amount of impairment in value of investments	26,322.47	26,322.47

NOTES TO FINANCIAL STATEMENTS

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(II)	**Current investments**		
	(a) Investment carried at fair value through profit or loss		
	Investment in mutual funds - Unquoted		
	TATA Liquid Fund	7,805.22	-
	Aditya Birla Sunlife Liquid Fund	9,283.84	-
	DSP Liquidity Plan - Growth	6,271.65	-
	SBI Mutual Fund - Growth	8,424.34	-
	UTI Liquid Cash Plan - Growth	11,354.74	-
	HDFC Liquid Fund - Growth	9,213.65	-
	L & T Liquid Fund - Growth	6,303.42	-
	IDFC Cash Fund - Growth	10,504.48	-
		69,161.34	**-**

Notes:

(i) Refer note 39B for determination of fair values of current & non-current investments.

(ii) The Company held investment in equity shares of Andal East Coal Company Private Limited (AECPL) which was classified as a joint venture till January 24, 2017. The Company recognised impairment loss on such investment during the year 2017-2018 aggregating to ₹ 145.50 lacs which was disclosed under 'exceptional items' in statement of profit and loss. As per the order dated January 24, 2017, Calcutta High Court had directed winding-up of AECPL and subsequently liquidators were appointed to carry on such liquidation process. Pursuant to this, the Company had lost joint control over AECPL and its investment was classified as FVTOCI with fair value of ₹ Nil upon initial recognition.

(iii) Tata Steel BSL Limited (TSBSL) (formerly known as Bhushan Steel Limited) was being shown as promoter of Jawahar Credit & Holdings Private Limited ("JCHPL") and M/s Bhushan Capital & Credit Services Private Limited ("BCCSPL"). These are entities connected to the previous management of the company.

The Company has written to JCHPL, BCCSPL and the Registrar of Companies (National Capital Territory of Delhi & Haryana) intimating that TSBSL should not be identified as promoter in these two companies.

B. Loans

Non-Current (Unsecured, considered good unless otherwise stated)

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Security deposits	5,108.69	5,002.95
(b)	Loans to employees	6.17	8.08
(c)	Loans to related parties		
	- Inter corporate deposits	24,800.00	32,600.00
(d)	Other loans		
	- Balances - credit impaired	523.75	523.75
	Less: Allowance for expected credit losses	(523.75)	(523.75)
		-	-
		29,914.86	**37,611.03**

NOTES TO FINANCIAL STATEMENTS

Current (Unsecured, considered good unless otherwise stated)

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Security deposits		
	- Unsecured, considered good	1,979.83	2,406.28
	- Balances - credit impaired	8,126.78	6,151.94
	Less: Allowance for expected credit losses	(8,126.78)	(6,151.94)
		1,979.83	**2,406.28**
(b)	Loans to employees	86.99	89.80
(c)	Inter corporate deposits		
	- Balances - credit impaired	760.00	760.00
	Less: Allowance for expected credit losses	(760.00)	(760.00)
		-	**-**
		2,066.82	**2,496.08**

(i) Carrying amounts of current loans are a reasonable approximation of their fair values.

C. Other Financial Assets

Non Current

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Recoverable for coal block (Refer sub-note (i))		
	- Unsecured, considered good	-	41,456.44
	- Unsecured, considered doubtful	-	14,833.52
	Less: Allowance for expected credit losses	-	(14,833.52)
		-	**41,456.44**
(b)	Earmarked bank balances (Refer sub-note (ii))	1,162.45	307.16
		1,162.45	**307.16**
		1,162.45	**41,763.60**

(i) For details of coal block advance, refer note 32C.

(ii) Non-current earmarked bank balances represent deposits and balances with bank not due for realisation within 12 months from the balance sheet date. These are primarily placed as security with government bodies and as margin money against issue of bank guarantees. Earmarked bank balances includes interest accrued but not due.

Current

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Recoverable for coal block (Refer sub-note (i))		
	- Unsecured, considered good	41,456.44	-
	- Unsecured, considered doubtful	13,873.52	-
	Less: Allowance for expected credit losses	(13,873.52)	-
		41,456.44	**-**
(b)	Interest accrued	2,263.15	3,459.67
(c)	Export benefit receivable		
	- Unsecured, considered good	5,849.28	8,014.48
	- Unsecured, considered doubtful	173.81	185.98
	Less: Allowance for expected credit losses	(173.81)	(185.98)
		5,849.28	**8,014.48**
(d)	Others	-	449.86
		49,568.88	**11,924.01**

(i) For details of coal block advance, refer note 32C.

(ii) Carrying amounts of other current financial assets are a reasonable approximation of their fair values.

NOTES TO FINANCIAL STATEMENTS

7. Derivative Instruments

(₹ in lacs)

		As at March 31, 20201	As at March 31, 2020
(a)	Derivative assets		
	Forward Contracts	-	5,142.54
	Total derivative assets	**-**	**5,142.54**
(b)	Derivative liabilities		
	Forward Contracts	1,504.63	763.77
	Total derivative liabilities	**1,504.63**	**763.77**

8. Other Assets

Non current (Unsecured, considered good unless otherwise stated)

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Capital advances		
	Unsecured, considered good	5,065.02	3,804.80
	Unsecured, considered doubtful	3,509.57	3,509.57
	Less: Allowance for credit losses	(3,509.57)	(3,509.57)
		5,065.02	**3,804.80**
(b)	Balances with statutory authorities		
	Unsecured, considered good	85,831.09	53,942.29
	Unsecured, considered doubtful	31,970.77	32,091.12
	Less: Allowance for credit losses	(31,970.77)	(32,091.12)
		85,831.09	**53,942.29**
(c)	Advance to suppliers	3,431.38	3,255.70
(d)	Prepaid expenses	**237.14**	**247.90**
	Total (a+b+c+d)	**94,564.63**	**61,250.69**

Current (Unsecured, considered good unless otherwise stated)

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Balances with statutory authorities	11,130.23	39,055.89
(b)	Advance to suppliers		
	Unsecured, considered good	10,185.55	25,225.40
	Unsecured, considered doubtful	2,315.02	1,640.63
	Less: Allowance for credit losses	(2,315.02)	(1,640.63)
		10,185.55	**25,225.40**
(c)	Prepaid expenses	1,505.24	1,436.13
(e)	Other advances	72.42	71.89
	Total (a+b+c+d)	**22,893.44**	**65,789.31**

NOTES TO FINANCIAL STATEMENTS

9. Income Tax Assets

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Advance tax and tax deducted at source receivable (net of tax provisions)	5,104.22	3,771.71
		5,104.22	**3,771.71**

10. Inventories

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Raw materials	147,546.54	133,975.87
(b)	Finished and semi-finished goods	147,215.27	216,180.84
(c)	Stores and spares	129,031.67	120,143.80
	Less : Provision	(664.00)	(898.00)
(d)	Others	13,623.66	14,090.03
		436,753.14	**483,492.54**
	Included above, goods-in-transit:		
(i)	Raw materials	22,615.32	19,265.89
(ii)	Stores and spares	3,474.39	8,442.40
		26,089.71	**27,708.28**

(i) Value of inventories above is stated after provisions (net of reversal) ₹ 664.00 lacs (March 31, 2020: ₹ 898.00 lacs) for write-downs to net realisable value and provision for slow moving and obsolete items.

11. Trade Receivables (Unsecured)

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Trade Receivables considered good	42,265.64	70,238.62
Trade Receivables - credit impaired	10,237.53	9,542.63
	52,503.17	**79,781.25**
Less: Allowance for expected credit losses	(10,237.53)	(9,542.63)
	42,265.64	**70,238.62**

(i) For details of receivables from related parties, refer note 36.

(ii) Trade receivables relate to Company's contracts with its customers, are non-interest bearing and are generally on credit terms not exceeding 12 months.

(iii) The Company recognises lifetime expected credit losses on trade receivables using a simplified approach by computing the expected credit loss allowance for trade receivables 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 the ageing of the receivables that are due and rates used in provision matrix.

(iv) Movement in allowance for credit losses of receivables is as follows:

(₹ in lacs)

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	**9,542.63**	**18,345.33**
Charge in statement of profit & loss	694.90	-
Release to statement of profit & loss	-	(8,802.70)
Balance at the end of the year	**10,237.53**	**9,542.63**

NOTES TO FINANCIAL STATEMENTS

(v) Ageing of trade receivables and credit risk arising there from is as below:

(₹ in lacs)

	As at March 31, 2021			
	Gross carrying amount	% of expected credit losses	Allowance for expected credit losses	Net carrying amount
Amount not yet due	32,041.74	0%	89.96	31,951.78
Less than three months overdue	6,142.69	1%	75.59	6,067.11
Between three to six month overdue	2,139.56	13%	275.06	1,864.50
Between six month to one year overdue	711.60	38%	271.78	439.82
Greater than one year overdue	11,467.58	83%	9,525.14	1,942.43
Balance at the end of the year	**52,503.17**		**10,237.53**	**42,265.63**

(₹ in lacs)

	As at March 31, 2020			
	Gross carrying amount	% of expected credit losses	Allowance for expected credit losses	Net carrying amount
Amount not yet due	45,779.96	0%	89.96	45,690.00
Less than three months overdue	19,668.26	0%	82.48	19,585.78
Between three to six month overdue	1,104.40	18%	197.86	906.54
Between six month to one year overdue	527.22	27%	141.73	385.49
Greater than one year overdue	12,701.41	71%	9,030.60	3,670.81
Balance at the end of the year	**79,781.25**		**9,542.63**	**70,238.62**

(vi) The Company considers its maximum exposure to credit risk with respect to customers as at March 31, 2021 to be ₹ 52,503.17 lacs (March 31, 2020: ₹ 79,781.25 lacs). The Company's exposure to customers is diversified and no single customer contributes more than 10% of the outstanding receivables as at March 31, 2021 and March 31, 2020.

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

12. Cash and Cash Equivalents

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Cash in hand	4.80	50.32
(b)	Balances with banks		
	- In current accounts	23,920.01	37,308.16
	- Deposits with original maturity of less than three months	48,024.67	35,000.00
		71,949.48	**72,358.48**

(i) The carrying amounts of cash and cash equivalents closely approximate their fair values.

NOTES TO FINANCIAL STATEMENTS

13. Other Balances With Banks

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Earmarked balances with banks		
	- Unpaid dividend	5.00	6.85
	- Deposit with original maturity of more than three months but less than twelve months	553.76	12,591.96
		558.76	**12,598.81**

(i) Earmarked balances with banks represent balances held for unpaid dividends and margin money/fixed deposits against issue of bank guarantees.

(ii) The carrying amounts of other balances with banks closely approximate their fair values.

14. Equity Share Capital

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
Authorised:			
46,500,000,000	Ordinary equity shares of ₹ 2 each (March 31, 2020: 46,500,000,000)	930,000.00	930,000.00
		930,000.00	**930,000.00**
Issued:			
1,097,530,242	Ordinary equity shares of ₹ 2 each (March 31, 2020: 1,097,530,242)	21,950.60	21,950.60
		21,950.60	**21,950.60**
Subscribed and Paid up:			
1,093,439,768	Ordinary equity shares of ₹ 2 each (March 31, 2020: 1,093,439,768)	21,868.80	21,868.80
		21,868.80	**21,868.80**

a) Reconciliation of number of shares outstanding and the amount of share capital:

(₹ in lacs)

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount (₹ in lacs)	Number of shares	Amount (₹ in lacs)
Shares outstanding at the beginning of the year	1,093,439,768	21,868.80	1,093,439,768	21,868.80
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	**1,093,439,768**	**21,868.80**	**1,093,439,768**	**21,868.80**

b) Rights, preferences and restrictions attached to the equity shares

The Company has only one class of issued, subscribed and paid up equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holder.

NOTES TO FINANCIAL STATEMENTS

c) Details of the shareholders holding more than 5% share in the Company

	As at March 31, 2021	
	Number of shares held	% of holding
Equity shares of ₹ 2/- each fully paid up		
Bamnipal Steel Limited	794,428,986	72.65%

	As at March 31, 2020	
	Number of shares held	% of holding
Equity shares of ₹ 2/- each fully paid up		
Bamnipal Steel Limited	794,428,986	72.65%

d) Details of shares held by the Holding Company

	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of ₹ 2/- each fully paid up				
Bamnipal Steel Limited	794,428,986	72.65%	794,428,986	72.65%

15. Other Equity

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
a)	**Capital redemption reserve**		
	Balance as at the beginning of the period	693.34	693.34
	Changes during the year	-	-
	Balance as at the end of the period	**693.34**	**693.34**
b)	**Securities premium**		
	Balance as at the beginning of the period	72,576.10	72,576.10
	Changes during the year	-	-
	Balance as at the end of the period	**72,576.10**	**72,576.10**
c)	**General reserve**		
	Balance as at the beginning of the period	564,350.09	564,350.09
	Changes during the year	-	-
	Balance as at the end of the period	**564,350.09**	**564,350.09**
d)	**Retained earnings**		
	Balance as at the beginning of the period	(3,142,019.99)	(3,076,389.82)
	Profit/(Loss) during the year	246,598.61	(64,917.47)
	Remeasurement of defined employee benefit plans	266.99	(712.70)
	Balance as at the end of the period	**(2,895,154.39)**	**(3,142,019.99)**

NOTES TO FINANCIAL STATEMENTS

e) Equity component of compound financial instruments

The compound financial instruments relate to the Optionally Convertible Redeemable Preference shares (OCRPS) and Non Convertible Redeemable Preference Shares (NCRPS) issued by the Company.

A. Details of authorised, issued, subscribed and paid-up capital

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Authorised:		
22,000,000 Preference shares of ₹ 100 each (March 31, 2020: 22,000,000)	22,000.00	22,000.00
12,000,000,000 Non Convertible Redeemable Preference Shares of ₹ 10 each (March 31, 2020: 12,000,000,000)	1,200,000.00	1,200,000.00
12,000,000,000 Optionally Convertible Redeemable Preference shares of ₹ 10 each (March 31, 2020: 12,000,000,000)	1,200,000.00	1,200,000.00
	2,422,000.00	**2,422,000.00**
Issued:		
10,700,000,000 Non Convertible Redeemable Preference Shares of ₹ 10 each (March 31, 2020: 10,700,000,000)	1,070,000.00	1,070,000.00
9,000,000,000 Optionally Convertible Redeemable Preference shares of ₹ 10 each (March 31, 2020: 9,000,000,000)	900,000.00	900,000.00
	1,970,000.00	**1,970,000.00**
Subscribed and Paid up:		
10,700,000,000 Non Convertible Redeemable Preference Shares of ₹ 10 each (March 31, 2020: 10,700,000,000)	1,070,000.00	1,070,000.00
9,000,000,000 Optionally Convertible Redeemable Preference shares of ₹ 10 each (March 31, 2020: 9,000,000,000)	900,000.00	900,000.00
	1,970,000.00	**1,970,000.00**

B. Reconciliation of number of shares outstanding:

Non Convertible Redeemable Preference Shares

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Shares outstanding at the beginning of the year	10,700,000,000	10,700,000,000.00
Changes during the year	-	-
Shares outstanding at the end of the year	**10,700,000,000**	**10,700,000,000**

Optionally Convertible Redeemable Preference shares

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Shares outstanding at the beginning of the year	9,000,000,000	9,000,000,000
Changes during the year	-	-
Shares outstanding at the end of the year	**9,000,000,000**	**9,000,000,000**

NOTES TO FINANCIAL STATEMENTS

C. Rights, preferences and restrictions attached to the preference shares

The Company has issued preference shares having a par value of ₹ 10/- per share. Preference shares carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

The Company declares and pays dividend in Indian Rupees. The preference shares shall carry a preferential right vis-à-vis equity shares of the Company with respect to payment of dividend and repayment of capital. However, the holders of the preference shares shall be paid dividend on a non-cumulative basis.

The preference shares shall be non-participating in the surplus funds and also in the surplus assets and profits which may remain after the entire capital has been repaid, on winding up of the Company.

For terms of redemption, refer sub-note (ii) of Note 16A - Borrowings.

D. Equity shares reserved for issue under option to convert Optionally Convertible Redeemable Preference shares to equity shares

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Equity shares reserved for issue under option	2,957,607,624	2,957,607,624

E. Terms of conversion attached to Optionally Convertible Redeemable Preference shares

OCRPS shall be convertible into equity shares at the option of Tata Steel Limited ("TSL") at ₹ 30.43 per share.

F. Details of the shareholders holding more than 5% preference shares in the Company

Non Convertible Redeemable Preference Shares

	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% of holding	Number of shares held	% of holding
Preference shares of ₹ 10/- each fully paid up				
Tata Steel Limited	10,700,000,000	100.00%	10,700,000,000	100.00%

Optionally Convertible Redeemable Preference shares

	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% of holding	Number of shares held	% of holding
Preference shares of ₹ 10/- each fully paid up				
Tata Steel Limited	9,000,000,000	100.00%	9,000,000,000	100.00%

G. Equity component of compound financial instruments

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the period	1,729,582.05	1,729,582.05
Changes during the year	-	-
Balance as at the end of the period	**1,729,582.05**	**1,729,582.05**

f) Capital contribution

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the period	2,518,550.72	2,518,550.72
Changes during the year	-	-
Balance as at the end of the period	**2,518,550.72**	**2,518,550.72**

NOTES TO FINANCIAL STATEMENTS

g) Equity instruments at fair value through other comprehensive income

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Balance as at the beginning of the period	25.98	59.90
Fair value changes during the period	73.20	(33.92)
Balance as at the end of the period	**99.18**	**25.98**
Total other equity	**1,990,697.09**	**1,743,758.29**

h) Description of the nature of reserves existing in the Company:-

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 year.

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

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 mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

Retained earnings - Retained earnings are created from the profit/ loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

Equity component of compound financial instruments - The Company has issued Optionally Convertible Redeemable Preference Shares (OCRPS) & Non Convertible Redeemable Preference shares (NCRPS) during the financial year ended March 31, 2019. Considering the accounting principles to be followed in line with Indian Accounting Standards, the Company has computed the liability portion of NCRPS & OCRPS as the present value of the contractual obligations associated with the instrument. The difference between the issue amount of the OCRPS & NCRPS and the liability so computed has been treated as the 'Equity component of compound financial instruments' and grouped under other equity.

Capital contribution - During financial year 2018-19, post implementation of the approved resolution plan dated May 15, 2018, Bamnipal Steel Limited (Holding Company), in its capacity as the promoter of the Company, had waived off novated debts (reduced by the cost of novation) amounting to ₹ 2,518,550.72 lacs. The Company recognised such waiver as a capital contribution made during the financial year 2018-19 as an item of 'Other equity'. Refer Note 43 for details of accounting of resolution plan.

Other comprehensive income - The Company has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within FVTOCI reserve within equity. The Company transfers amount from this reserve to retained earnings when the relevant equity instruments are derecognised.

NOTES TO FINANCIAL STATEMENTS

16. Financial Liabilities

A. Borrowings

Non - Current

(₹ in lacs)

			As at March 31, 2021	As at March 31, 2020
(a)	**Secured**			
	(i)	Term loans from banks		
		- Indian Rupees loans (Refer sub-note (i))	694,903.26	1,242,244.52
	(ii)	Lease liabilities (Refer sub-note(iii))	145,236.32	158,797.55
			840,139.58	**1,401,042.07**
(b)	**Unsecured**			
	(i)	Liability component of compound financial instruments (Refer sub-note(ii))	295,711.84	265,911.64
			295,711.84	**265,911.64**
	Less: Current maturities of lease liabilities classified under 'other financial liabilities'		15,616.31	13,517.16
			1,120,235.13	**1,653,436.55**

Current

(₹ in lacs)

			As at March 31, 2021	As at March 31, 2020
(a)	**Secured (Refer sub-note(iv))**			
	(i)	Working capital facilities from banks		
		- Indian rupees loans	25,000.00	39,700.00
	(ii)	Cash credit / Packing credits	-	4,000.00
			25,000.00	**43,700.00**
(b)	**Unsecured**			
	(i)	Working capital facilities from banks		
		- Indian rupees loans	-	30,000.00
	(ii)	Other loans	-	15,000.00
			-	45,000.00
			25,000.00	**88,700.00**

(i) Rupee Term Loans as at March 31, 2021 amounting to ₹ 694,903.26 lacs (March 31, 2020 : ₹ 1,242,244.52 lacs) are secured by a charge on all of the Company's immovable & movable properties including movable machinery, spares, tools & accessories, ranking *pari passu inter-se*. The term loan were originally payable across 18 half yearly instalments starting from March 2022.The interest rate on such term loans is 0.55% spread over MCLR (Marginal Cost of funds based Lending Rate). The Company has made ₹ 5,50,000 lacs (March 31, 2020 : ₹ 143,000 lacs) as prepayments during the current year, the next scheduled repayment will fall due in March 2027.

(ii) During the financial year 2018-19, the Company had issued 11.09% Non-Convertible Redeemable Preference Shares ("NCRPS") and 8.89% Optionally Convertible Redeemable Preference Shares ("OCRPS") to Tata Steel Limited ("TSL"), on private placement basis. The NCRPS and OCRPS are redeemable at par value at maturity, i.e. 20 years from the date of allotment. The Company has an option to early redeem the NCRPS and OCRPS at 3 monthly intervals from the date of allotment. OCRPS shall be convertible into equity shares at the option of TSL at ₹ 30.43 per share. The coupon payment is discretionary and accordingly these are accounted for as compound financial instruments.

(iii) As a result of the adoption of Ind AS 116 "Leases" as of April 1, 2019, the Company has recognised right–of–use assets and lease liabilities related to non–cancellable operating leases. Lease Liabilities are secured against the assets against which the lease liability is arising. Lease liabilities as at March 31, 2021 have been determined using an incremental borrowing rate ranging from 9% to 11.5%.

(iv) Working capital facilities from banks as at March 31, 2021 amounting to ₹ 25,000 lacs (March 31, 2020 : ₹ 39,700 lacs) are secured by a first pari passu charge on all of the stock of raw materials, finished goods, stock in process, consumable stores and book debts of the Company. Cash credit / Packing credit as at March 31, 2020 amounting to ₹ 4,000 lacs was secured by a first *pari passu* charge on all of the stock of raw materials, finished goods, stock in process, consumable stores and book debts and other current assets.

NOTES TO FINANCIAL STATEMENTS

(v) Reconciliation of liabilities arising from financing activities:

(₹ in lacs)

	Term loans from banks	Liability component of compound financial instruments	Other Loans	Lease Liability (including current maturities of lease liabilities)	Total
Balance as at April 01, 2020	**1,242,244.52**	**265,911.65**	**88,700.00**	**158,797.55**	**1,755,653.72**
Cash Flows	**(550,000.00)**	**-**	**(63,716.73)**	**(13,500.67)**	**(627,217.40)**
Non-Cash Changes	**2,658.74**	**29,800.19**	**16.73**	**(60.56)**	**32,415.10**
Accretion of interest and other adjustments as per effective interest method	2,658.74	29,800.19	16.73	(60.56)	32,415.10
Balance as at March 31, 2021	**694,903.26**	**295,711.84**	**25,000.00**	**145,236.32**	**1,160,851.42**

B. Trade Payables

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Total outstanding dues of micro enterprises and small enterprises (refer note 33)	15,607.60	5,486.99
(b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	409,686.82	281,484.12
		425,294.42	**286,971.11**

(i) The Company considers its maximum exposure to liquidity risk with respect to vendors as at March 31, 2021 to be ₹ 425,294.42 lacs (March 31, 2020: ₹ 286,971.11 lacs), which is the fair value of trade payables.

C. Other Financial Liabilities

Non Current

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Deferred sales tax payable	2,005.94	1,802.35
(b)	Other payables	2,488.33	1,818.00
		4,494.27	**3,620.35**

Current

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Current maturities of lease liabilities	15,616.31	13,517.16
(b)	Interest accrued on borrowings	6,138.48	9,430.02
(c)	Liability for capital goods	3,119.25	4,275.07
(d)	Security deposits	53.36	147.74
(e)	Unclaimed dividend	5.00	6.85
(f)	Other payables (Refer sub-note (i))	28,061.82	26,628.78
		52,994.22	**54,005.62**

(i) Other payables includes:

(a) Trade rebate provided to customers ₹ 10,552.90 lacs (March 31, 2020: ₹ 9,738.37 lacs).

(b) Collection from customers pending remittance to bank ₹ 3,164.71 lacs (March 31, 2020: ₹ 9,502.09 lacs).

(c) Liability for employee payables ₹ 7,640.24 lacs. (March 31, 2020: ₹ 3,028.64 lacs).

(d) Liability due towards Bhushan Steel (Australia) PTY Ltd. ₹ 1,449.73 lacs (March 31, 2020: ₹ 1,202.02 lacs).

(ii) Carrying amounts of other current financial liabilities are a reasonable approximation of their fair values.

NOTES TO FINANCIAL STATEMENTS

17. Other Liabilities

Current

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Advances received from customers	23,551.08	9,866.49
(b)	Statutory Dues	30,223.48	12,539.74
		53,774.56	**22,406.23**

(i) The advances received from customers represents contract liability balance outstanding as at the respective dates. The advance received from customers outstanding as at April 1, 2020 were fully recognised as revenue during the year ended March 31, 2021 upon satisfaction of the associated performance obligations.

18. Provisions

Non Current

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Provision for employee benefits		
	- Gratuity (Refer note 35)	5,659.26	4,835.75
	- Compensated absences	2,828.71	2,582.48
		8,487.97	**7,418.23**

Current

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Provision for employee benefits		
	- Compensated absences	248.22	200.86
		248.22	**200.86**

19. Deferred Income

Non Current

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
(a)	Deferred income	150.73	189.21
		150.73	**189.21**

20. Revenue From Operations

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Sale of products to customers	1,997,689.51	1,723,779.36
(b)	Other operating revenue		
	- Other sales to customers	122,837.30	74,145.99
	- Export and other incentives (Refer sub-note (i))	21,335.89	21,988.83
		2,141,862.70	**1,819,914.18**

(i) This includes amount recognised on account of Maharashtra Package Scheme of Incentives, 1993 amounting to ₹ 11,003.06 lacs (March 31, 2020 ₹ 9,599.10 lacs). Refer Note 44 for further details.

NOTES TO FINANCIAL STATEMENTS

Geographical information

Revenue from contracts with customers disaggregated on the basis of geographical region is as below:

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	India	1,720,562.09	1,468,168.03
(b)	Asia excluding India	339,824.10	236,761.76
(c)	Europe	37,118.00	59,776.38
(d)	Rest of world	23,022.62	33,219.18
		2,120,526.81	**1,797,925.35**

Details of performance obligation associated with revenue recognition

Satisfaction of performance obligations:-

The Company's revenue is derived from the single performance obligation to transfer steel products. Revenue from sale of products is recognised when control of the products has transferred, being when the goods are made available to the carrier or the buyer has taken the possession of the goods, depending on the delivery terms, the risk 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.

In case of export sales, for delivery conditions whereby the Company arranges the logistics of the goods to its premises, the Company charges the freight on actual basis (actuals as levied by the transporter). In this case, the Company acts as an agent in arranging such logistics services. Hence, revenue from such services are netted off with the expenses as levied by the transporter.

Payment terms

The sale of goods is typically made under credit payment terms differing from customer to customer and ranges between 0-60 days.

Variable considerations associated with such sales

Periodically, the Company enters into volume or other rebate programs where once a certain volume or other conditions are met, it refunds the customer some portion of the amounts previously billed or paid. For such arrangements, the Company only recognises revenue for the amounts it ultimately expects to realize from the customer. The Company estimates the variable consideration for these programs using the most likely amount method and updates its estimates in each reporting period.

21. Other Income

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Interest income on:		
	- Fixed deposits	2,647.18	757.86
	- Others	3,603.28	4,160.94
(b)	Net Gain on sale/fair valuation of investments	2,458.38	3,781.15
(c)	Dividend income on long term investments	1.35	1.76
(d)	Miscellaneous income	3,031.91	1,949.78
		11,742.10	**10,651.49**

NOTES TO FINANCIAL STATEMENTS

22. Raw Materials Consumed

(₹ in lacs)

	Year ended March 31, 2021	Year ended March 31, 2020
Cost of raw materials consumed	1,002,400.10	1,063,311.14
Less: Expenses transferred to CWIP	-	(4,106.93)
	1,002,400.10	**1,059,204.21**

23. Purchases Of Finished, Semi-Finished Steel & Other Products

(₹ in lacs)

	Year ended March 31, 2021	Year ended March 31, 2020
Purchase of Finished products	-	287.56
	-	**287.56**

24. Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Closing stock		
	- Finished and semi-finished goods	147,215.27	216,180.84
	- Others	13,623.66	14,090.03
		160,838.93	**230,270.87**
(b)	Opening stock		
	- Finished and semi-finished goods	216,180.84	196,304.65
	- Others	14,090.03	8,586.27
		230,270.87	**204,890.92**
	Net (Increase)/Decrease [(b) - (a)]	**69,431.94**	**(25,379.95)**

25. Employee Benefit Expense

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Salaries and wages	44,786.20	38,730.07
(b)	Contribution to provident and other funds	947.02	1,074.85
(c)	Staff welfare expenses	792.31	418.40
		46,525.53	**40,223.32**
	Less: Expenses transferred to CWIP	-	(93.45)
		46,525.53	**40,129.87**

26. Finance Costs

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Interest on borrowings	137,693.86	154,566.16
(b)	Interest on lease obligations	21,093.65	17,220.71
(c)	Other borrowing cost	3,438.00	4,223.27
		162,225.51	**176,010.14**
	Less: Expenses transferred to CWIP	-	(6,418.64)
		162,225.51	**169,591.50**

NOTES TO FINANCIAL STATEMENTS

27. Depreciation And Amortisation Expense

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Depreciation on tangible assets	131,518.37	130,118.79
(b)	Depreciation of right-of-use assets	16,018.91	12,912.55
(b)	Amortisation of intangible assets	440.16	132.10
		147,977.44	**143,163.44**

28. Other Expenses

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Consumption of stores, spares and consumables	132,113.34	140,872.43
(b)	Packing material consumed	7,604.76	7,778.39
(c)	Purchase of power and consumption of fuel	106,728.94	107,514.64
(d)	Rent (Refer sub-note (ii))	180.46	43,637.58
(e)	Insurance charges	5,129.71	4,285.01
(f)	Rates and taxes	5,174.65	1,163.63
(g)	Repairs and maintenance:		
	Building	1,974.14	1,168.26
	Machinery	29,729.41	15,996.68
(h)	Payment to auditors:		
	Audit fees	300.00	340.00
	Tax audit fee	40.00	40.00
	Out-of-pocket expenses	29.39	59.49
	For other services	7.86	9.04
(i)	Freight and handling charges	91,625.28	92,555.03
(j)	Commission to selling agent	6,480.82	7,110.06
(k)	Loss on sale of property, plant and equipment	62.66	-
(l)	Administrative expenses	9,648.85	6,035.52
(m)	Contractual manpower costs	34,135.23	38,337.61
(n)	Miscellaneous expenses (Refer sub-note (i))	47,480.17	48,516.93
		478,445.67	**515,420.30**
	Less: Expenses transferred to CWIP	-	(31.98)
		478,445.67	**515,388.32**

(i) Miscellaneous expenses includes :

a) Losses on account of foreign exchange fluctuation amounting to ₹ 3,795.72 lacs (March 31, 2020: ₹ 3,440.26 lacs).

b) Expected credit loss amounting to ₹ 1,611.62 lacs (March 31, 2020: (₹ 1,052.14 lacs))

(ii) Expenses related to short-term leases and leases of assets of low value included in Rent expenses were ₹ 147.12 lacs (March 31, 2020: ₹ 181.23 lacs) and ₹ 1.08 lacs (March 31, 2020: ₹ 2.40 lacs), respectively, for the year ended March 31, 2021. Expenses related to variable lease payments not included in the measurement of lease liabilities were ₹ NIL for the year ended March 31, 2021 (March 31, 2020: ₹ 42,507.95 lacs).

NOTES TO FINANCIAL STATEMENTS

28.1 Corporate Social Responsibility (CSR)

(i) The Company has incurred an amount of ₹ 798.93 lacs (March 31, 2020: ₹ 920.65 lacs) towards Corporate Social Responsibility (CSR):

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Infrastructure	220.21	481.65
(b)	Education	160.91	204.08
(c)	Livelihood	158.29	80.45
(d)	Health & Drinking water	95.42	106.91
(e)	Contingency	62.50	12.31
(f)	Contribution to Tata Relief Committee for COVID-19	52.51	-
(g)	Sports & Community engagement	11.09	21.05
(h)	Others	38.00	14.20
		798.93	**920.65**

29. Exceptional Items

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Effects of implementation of resolution plan (Refer sub-note - (i))	-	15,359.67
(b)	Provision for impairment on property, plant and equipment and other assets (Refer sub-note - (ii))	-	(8,457.83)
		-	**6,901.84**

i) Effects of implementation of resolution plan during the previous year (Refer Note 43 for details of effects of resolution plan)

As per the Resolution Plan approved by the NCLT, settlement of operational creditors had been done over a period of 12 months from the Closing Date, as defined in the Resolution Plan. Further, as per the Resolution Plan, the contingent liabilities and commitments, claims and obligations, stand extinguished and accordingly no outflow of economic benefits is expected in respect thereof.

ii) Impairment provision created in previous year financial statements

During the previous year, impairment provision was created on CRM extension project in capital work in progress amounting to ₹ 2,081.30 lacs and induction furnace in Angul plant amounting to ₹ 2,174.90 lacs. Also impairment provision was created on advance to suppliers and capital advances extended prior to the corporate insolvency resolution process ('CIRP') of the Company amounting to ₹ 1,365.42 lacs and ₹ 2,836.21 lacs respectively.

30. Earning Per Share

Basic and diluted earning per share ("EPS") amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/ (loss) attributable to equity holders of the Company (including the potential savings/expenses that would result from the conversion of the dilutive potential ordinary share) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following table reflects the income and shares data used in computation of the basic and diluted earnings per share:

(₹ in lacs)

		Year ended March 31, 2021	Year ended March 31, 2020
(a)	Profit/ (Loss) after tax (₹ in lacs)	246,598.61	(64,917.44)
	Add:- Reversal of expense that would result from the conversion of the dilutive potential ordinary share (₹ in lacs)	13,568.62	12,213.17
(b)	**Profit/(Loss) after tax to be considered for computation of Diluted Earnings Per Share (DEPS) (₹ in lacs)**	**260,167.23**	**(52,704.27)**
(c)	Weighted average number of equity shares - Basic (Nos.)	1,093,439,768	1,093,439,768
	Add:- Weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares (Refer sub note (i))	2,957,607,624	2,957,607,624
(d)	**Weighted average number of equity shares - Diluted (Nos.)**	**4,051,047,392**	**4,051,047,392**

NOTES TO FINANCIAL STATEMENTS

(₹ in lacs)

	Year ended March 31, 2021	Year ended March 31, 2020
Earning Per Share		
Basic (₹ / share) [(a)/(c)]	22.55	(5.94)
Diluted (₹/ share) [(b)/(d)]	6.44	(5.94)
Face value per share (₹)	2.00	2.00

(i) During the current year, the dilution is on account of:-

Potential equity shares which may be issued on account of conversion option that exists in the Optionally Convertible Redeemable Preference Shares (OCRPS). OCRPS shall be convertible into equity shares at the option of the investor (being Tata Steel Limited) at ₹ 30.43 per share.

During the previous year, earning per share is anti-dilutive hence diluted earning per share is equal to basic earning per share.

31. Tax Expenses

a) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for year ended March 31, 2021 and March 31, 2020:

(₹ in lacs)

	Year ended March 31, 2021	Year ended March 31, 2020
Profit / (loss) before tax	246,598.61	(64,917.44)
At India's statutory income tax rate of 25.168% (March 31, 2020: 25.168%)	62,063.94	(16,338.42)
(a) Incremental deferred tax assets on losses and unabsorbed depreciation not recognised	-	7,590.53
(b) Income exempt from tax/Items not deductible	7,776.95	7,687.28
(c) Deferred taxes (assets)/liabilities relating to earlier years recognised during the year	(47,021.03)	-
(d) Deferred taxes for current year	(22,819.86)	-
(e) Others	-	1,060.61
	-	-
	-	-

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

A new section 115BAA has been inserted in the Income Tax Act, 1961, vide Taxation Laws (Amendment) Ordinance, 2019 (subsequently enacted on December 11, 2019 as The Taxation Laws (Amendment) Act, 2019) which provides domestic company with an option to pay tax at a lower rate of 22% (effective rate of 25.168%) for any previous years relevant to the assessment year beginning on or after April 01, 2020. The rate shall be applicable subject to certain conditions , including that the total income should be computed without claiming any deduction or exemptions. MAT would not be applicable to companies opting to apply the lower tax rate. New tax regime once opted, can not be reversed.

Based on above, the Company has opted to new tax regime and computed its tax liability on lower tax rate for assessment year 2020-21 and onwards. The statutory tax rate applicable for assessment year 2020-21 was 25.168% (including surcharge and cess).

NOTES TO FINANCIAL STATEMENTS

(b) Movement of deferred tax liability from beginning to end of financial year is as follows:

(₹ in lacs)

	As at April 01, 2019	Provided during the year	As at March 31, 2020	Provided during the year	As at March 31, 2021
Deferred tax liability:					
(a) Related to property plant & equipment	498,361.25	(174,998.90)	323,362.35	20,533.77	343,896.12
(b) Investments carried at Fair value through profit or loss	258.65	(258.65)	-	4.49	4.49
Total deferred tax liability	**498,619.90**	**(175,257.55)**	**323,362.35**	**20,538.26**	**343,900.61**
Deferred tax assets:					
(a) Accumulated business loss and unabsorbed depreciation	438,549.53	(174,531.75)	264,017.78	23,477.26	287,495.04
(b) Provision for doubtful debts	6,410.59	(4,008.90)	2,401.69	174.89	2,576.58
(c) Amount deductible on payment basis	31,294.32	10,589.42	41,883.74	(3,638.07)	38,245.67
(d) Others	22,365.46	(7,306.32)	15,059.14	524.18	15,583.32
Total deferred tax assets	**498,619.90**	**(175,257.55)**	**323,362.35**	**20,538.26**	**343,900.61**
Deferred tax liability (net)	-	-	-	-	-

(i) Deferred tax assets have not been recognised in respect of business losses and unabsorbed depreciation aggregating to ₹ 224,944.76 lacs as at March 31, 2021 (March 31, 2020: ₹ 291,923.97 lacs), where it is not probable that sufficient taxable income will be available in the future against which such the deferred tax assets can be realised in the normal course of business of the Company.

(ii) The amounts and expiry dates, if any, of unutilised tax losses and deductible temporary differences for which no deferred tax asset is recognised in the balance sheet are given below:

(₹ in lacs)

	Year of expiry	As at March 31, 2021	As at March 31, 2020
Unabsorbed depreciation	No expiry	893,971.54	1,159,937.08
		893,971.54	**1,159,937.08**

32. Commitments And Contingencies

A. Contingent liabilities

As per the approved Resolution Plan, contingent liabilities (which have / are capable of being crystallized) prior to May 18, 2018 ("Effective Date") stand extinguished.

Furthermore, the Resolution Plan, among other matters, provides that except to the extent of the amount payable to the relevant Operational Creditors in accordance with the Resolution Plan, all liabilities of the Company relating in any manner to the period prior to the Effective Date, immediately, irrevocably and unconditionally stand fully and finally discharged and settled and there being no further claims whatsoever, and all the rights of the Operational Creditors and Other Creditors to invoke or enforce the same stands waived off. It is provided that any and all legal proceedings initiated before any forum by or on behalf of any Operational Creditor (including Governmental Authorities) or any Other Creditors to enforce any rights or claims against the Company also stands extinguished. Further, in terms of the Resolution Plan, no Governmental Authority has any further rights or claims against the Company, in respect of the period prior to the Effective Date and / or in respect of the amounts written off and all legal proceedings initiated before any forum by or on behalf of any Operational Creditor (including Governmental Authorities) or any Other Creditors, to enforce any rights or claims against the Company will immediately, irrevocably and unconditionally stand withdrawn, abated, settled and/or extinguished. Further, the Operational Creditors of the Company (including Governmental Authorities) and Other Creditors will have no further rights or claims against the Company (including but not limited to, in relation to any past breaches by the Company), in respect of any liability for period prior to the Effective Date, and all such claims shall immediately, irrevocably and unconditionally stand extinguished.

The Company has been legally advised that while the Resolution Plan provides for extinguishment of all liabilities of the Company owed to Operational Creditors and Other Creditors as of the Insolvency Commencement Date i.e. July 26, 2017, the implementation of the Resolution Plan does not have any such similar effect over claims or receivables owed to the Company. Accordingly, the Company has concluded that any receivables due to the Company, evaluated based on merits of underlying litigations, from various governmental agencies (presented under Other Assets - Non current) continue to subsist.

NOTES TO FINANCIAL STATEMENTS

B. Commitments

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	36,769.52	5,546.38
	36,769.52	**5,546.38**

C. Other matters

(i) The Supreme Court of India vide its order dated September 24, 2014, cancelled coal blocks allocated to various entities which includes a coal block, namely, New Patrapara Coal Block, allocated to the Company. Subsequently, the Coal Mines (Special Provision) Act 2015 was enacted, which, inter-alia, deals with the payment of compensation to prior allottees in regard to investment made in their respective coal block(s).

Receivable in respect of de-allocated/cancelled coal block amounting to ₹ 56,289.95 lacs includes expenditure incurred of ₹ 14,819.92 lacs and advance given of ₹ 41,470.03 lacs. During the previous year, Company has provided for receivable in respect of expenses incurred. In the opinion of the management, the Company will receive back the payments/expenditure paid/made, including borrowing cost and other incidental expenditure relating to de-allocated coal block. The Company filed its claim for compensation with the Government of India, Ministry of Coal. Subsequently, the Company filed a Writ Petition bearing No 6293 of 2016, inter-alia, for compensation of the amount before the Hon'ble Delhi High Court in which notices were issued on July 22, 2016 to Ministry of Coal, Union of India and other respondents. The Counter Affidavit(s) was filed by Union of India and IDCO. Rejoinders to the same were filed by the Company and the pleadings were accordingly completed. During the Course of proceedings before Delhi High Court, it was pointed out by the Company that an amount of Rs. 370 Crore (approximately) has been paid to IDCO, out of which Rs.140 crore is still lying with IDCO. On September 27, 2018, Delhi High Court passed the order, wherein it has been clarified that whether Company should be awarded interest on the money lying deposited with IDCO, rate of interest and the period for which it is payable, would be subject to final outcome of the proceedings.

While the writ petition was pending before Delhi High Court, the de-allocated Coal Block i.e. New Patrapara Coal Block, was allotted to Singareni Collieries Company Limited " (SCCL") on October 30, 2019.

Pursuant thereto, the MoC vide its letter dated February 10, 2020, informed to the Company that an amount of ₹ 960.50 lacs (approximately) has been sanctioned against cost of Geological Reports & Consents and asked Company to submit undertaking in the prescribed format. The Company has submitted undertaking and thereafter above amount of ₹ 960.50 lacs (approximately) has been paid to the Company.

On February 11, 2020, MoC /Union of India, filed supplementary affidavit before Delhi High Court vide which it informed that payment of compensation can be paid to prior allottee after the mine is successfully allotted and compensation is deposited by successful allottee, following the sequence mentioned in section 9 of Coal Mine (Special Provisions) Act, 2015. It further informed that New Patrapara Coal Block has been allocated to Singareni Collieris Company Ltd (a state Government Undertaking) and compensation to the prior allottee will be released very shortly.

Subsequently, pursuant to the meeting held between representatives of MoC, Company, IDCO & Govt of Odisha for resolution/working out the modalities for reimbursement of expenditure incurred by the Company towards land acquisition for New Patrapara Coal Block, Company submitted its representation dated 4th August, 2020 to IDCO for refund of amount deposited by it towards land acquisition, along with interest.

On 15th September 2020, MoC, directed IDCO, to issue necessary directions for expediting the transfer of land acquired by prior allottee to SCCL, in regard to New Patrapara Coal Mine, in line of transfer of land done to NALCO for Utkal D Coal Mine.

Thereafter Office of Nominated Authority, MoC, passed order dated 11th December, 2020, pursuant thereto direction was made to prior allottee and subsequent allottee to contact IDCO and Govt of Odisha for settlement of amount deposited by prior allottee for land to be acquired for New Patrapara Coal Block. Vide its letter dated 12th January 2021, MoC sought details of amount deposited by the Company with IDCO, in respect of New Patrapara Coal Mine. The Company under its letter dated 17th January 2021, furnished details of principal amount of Rs. 414.70 Crores as deposited by it (including Rs 44 crore with Land Acquisition Officer, Angul), along with supporting documents and requested refund of above amount along with interest @ 12% p.a.

Thereafter IDCO vide its letter dated 25th March, 2021 had communicated to the Company that prior to de-allocation of New Patrapara Coal Block, no lease deed was executed in favour of Prior allottee for transfer/allotment of land, hence payment of interest for the invested amount is not considered as per the Act. It has considered payment made to IDCO and ex-gratia as paid to District Authority i.e. INR 414.70 crore only ("Demand Amount"). In the said letter IDCO has also sought confirmation from Company on the aforesaid amount before proceeding with the further action. Accordingly, without prejudice to the Company's claims towards interest on the above amount, the said amount of ₹ 414.70 Crores has been classified as a current financial asset as at March 31, 2021 in these financial statements.

The Company is evaluating an appropriate course of action in response to the aforementioned communication from IDCO. The original matter is listed for hearing before the Hon'ble High Court of Delhi on April 28, 2021.

NOTES TO FINANCIAL STATEMENTS

33. Dues To Micro, Small And Medium Enterprises

The dues to micro, small and medium enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006 to the extent information available with the Company is given below:

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
a)	The principal amount and the interest due thereon remaining unpaid to supplier as at the end of year		
	- Principal amount due to micro, small and medium enterprises	20,120.94	5,482.75
	- Interest due	-	4.24
b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 (27 of 2006) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	6.93
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

34. Segment Reporting

The business activity of the Company falls within one operating segment viz. "Steel" and substantially sale of the product is within the country. Hence the disclosure requirement of Indian Accounting Standard 108 of "Segment Reporting" issued by the Ministry of Corporate Affairs is not considered applicable.

35. Employee Benefits

Defined Contribution Plans - General Description

Provident Fund:

During the year, the Company has recognised ₹ 895.75 Lacs (2019-20: ₹ 873.77 Lacs) as contribution to Employee Provident Fund in the statement of profit and loss.

Defined Benefit Plans - General Description

Gratuity:

Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the monthly emoluments for every completed year of service at the time of separation from the Company.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Indian Parliament's 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 stakeholders' suggestions were invited. 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.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plan:

NOTES TO FINANCIAL STATEMENTS

a) **Balance of fair value of plan assets and defined benefit obligation:**

(₹ in lacs)

	Gratuity (Funded)
March 31, 2020	
Fair value of plan assets	1,769.34
Defined benefit obligation	6,605.09
Net asset/ (liability) as at March 31, 2020	**(4,835.75)**
March 31, 2021	
Fair value of plan assets	1,617.16
Defined benefit obligation	7,276.42
Net asset/ (liability) as at March 31, 2021	**(5,659.26)**

b) **Changes in the present value of the defined benefit obligation are, as follows:**

(₹ in lacs)

	Gratuity (Funded)
Defined benefit obligation as at April 1, 2019:	5,471.45
Current service cost	723.18
Interest expense	427.32
Benefits paid	(694.02)
Actuarial (gain)/ loss on obligations - OCI	677.16
Defined benefit obligation as at March 31, 2020	**6,605.09**
Current service cost	753.93
Interest expense	459.71
Benefits paid	(264.21)
Actuarial (gain)/ loss on obligations - OCI	(278.10)
Defined benefit obligation as at March 31, 2021	**7,276.42**

c) **Changes in the fair value of plan assets are, as follows:**

(₹ in lacs)

	Gratuity (Funded)
Fair value of plan assets as at April 1, 2019:	2,054.86
Claim received but not settled	(55.92)
Benefits paid	(354.54)
Expected Return	160.48
Return on plan assets excluding amounts included in net interest on net defined benefit obligation	(35.54)
Fair value of plan assets as at March 31, 2020	**1,769.34**
Claim received but not settled	9.90
Benefits paid	(274.11)
Expected Return	123.14
Return on plan assets excluding amounts included in net interest on net defined benefit obligation	(11.11)
Fair value of plan assets as at March 31, 2021	**1,617.16**

NOTES TO FINANCIAL STATEMENTS

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Break up of fair value of plan assets		
- SBI Life	575.44	635.54
- LIC	464.10	599.23
- PNB Metlife	443.54	415.03
- Trust	134.08	119.54
Total fair value of plan assets	**1,617.16**	**1,769.34**

(d) Amount recognised in Statement of Profit and Loss:

(₹ in lacs)

	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	753.93	723.18
Net interest expense	336.57	266.84
Amount recognised in statement of profit and loss	**1,090.50**	**990.02**

(e) Remeasurement of net defined benefit obligation recognised in other comprehensive income:

(₹ in lacs)

	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial (gain)/ loss on obligations		
Actuarial (gain)/ loss arising from change in demographic assumptions	-	(3.30)
Actuarial (gain)/ loss arising from change in financial assumptions	88.21	504.77
Actuarial (gain)/ loss arising from change in experience adjustment	(366.31)	175.69
Return on plan assets (excluding amounts included in net interest on net defined benefit obligation)	11.11	35.54
Amount recognised in other comprehensive Income	**(266.99)**	**712.70**

The principal assumptions used in determining obligations for the Company's gratuity benefit plans are shown below:

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Discount rate (in %)	6.83%	6.96%
Salary escalation (in %)	5.00%	5.00%
Rate of return on plan assets (in %)	6.33%	6.08%
Retirement age (in years)	60.00	60.00
Expected average remaining working lives of employees (in years)*	21.14	21.82
Expected contribution for the next annual reporting period (₹ in Lacs)	1,198.12	1,133.69

* Mortality & Morbidity rates - 100% of IALM (2012-14)

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 and March 31, 2020 is as shown below:

(₹ in lacs)

Gratuity	As at March 31, 2021			
	Discount rate		Salary escalation	
Sensitivity level	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Impact on defined benefit obligation	(330.43)	358.24	362.95	(337.51)

(₹ in lacs)

	As at March 31, 2020			
	Discount rate		Salary escalation	
Sensitivity level	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Impact on defined benefit obligation	(306.50)	332.52	337.32	(313.42)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Maturity profile of defined benefit obligation (gratuity)

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Within the next twelve months (next annual reporting period)	526.26	392.09
Between two and five years	2,128.20	2,212.60
Between five and ten years	2,817.51	2,823.80
Beyond ten years	5,925.79	4,819.83
Total expected payments	**11,397.76**	**10,248.32**

36. Related Party Transactions & Balances

A. Names of related parties having transactions during the year and description of relationship

i) Entity having significant influence over the Ultimate Holding Company

Tata Sons Private Limited

ii) Ultimate holding Company

Tata Steel Limited

iii) Holding Company ("Parent Company")

Bamnipal Steel Limited

iv) Subsidiary companies:

Indian subsidiaries

Tata Steel Support Services Limited (Formerly known as Bhushan Steel (Orissa) Limited)

Tata Steel Technical Services Limited (Formerly known as Bhushan Steel Madhya Bharat Limited)

Bhushan Steel (South) Ltd.

Angul Energy Limited (Formerly Bhushan Energy Limited) (w.e.f. June 01, 2019)

Overseas subsidiaries

Bhushan Steel (Austrailia) PTY Ltd.

Step-down subsidiaries:-

Bowen Energy PTY Ltd., Australia

Bowen Coal PTY Ltd.

Bowen Consolidated PTY Ltd.

The Company's related parties principally consist of its Ultimate Holding Company (Tata Steel Limited including its subsidiaries, associates and joint ventures), subsidiaries, joint ventures and entity having significant influence over the Ultimate Holding Company (Tata Sons Private Limited). The

NOTES TO FINANCIAL STATEMENTS

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 & March 31, 2020.

(₹ in lacs)

Transactions	Year ended	Entity having significant influence over the Ultimate Holding Company	Ultimate Holding Company	Subsidiary companies	Key Management Personnel (KMP)/ Directors	Other related parties	Grand Total
Directors sitting fees	**March 31, 2021**	-	-	-	**13.50**	-	**13.50**
	March 31, 2020	-	-	-	12.00	-	12.00
Inter Corporate Deposit Given*	**March 31, 2021**	-	-	-	-	-	-
	March 31, 2020	-	-	74,500.00	-	-	74,500.00
Inter Corporate Deposit Returned*	**March 31, 2021**	-	-	**7,800.00**	-	-	**7,800.00**
	March 31, 2020	-	-	42,900.00	-	-	42,900.00
Interest on Inter Corporate Deposits Given*	**March 31, 2021**	-	-	**2,823.44**	-	-	**2,823.44**
	March 31, 2020	-	-	3,728.19	-	-	3,728.19
Novation Loan Given	**March 31, 2021**	-	-	-	-	-	-
	March 31, 2020	-	-	1,000.00	-	-	1,000.00
Investments in Equity of Subsidiary	**March 31, 2021**	-	-	**125.00**	-	-	**125.00**
	March 31, 2020	-	-	1,000.00	-	-	1,000.00
Purchase of goods/ services (Refer sub-note D)	**March 31, 2021**	**5,355.58**	**253,533.00**	**33,604.01**	-	**348,917.45**	**641,410.04**
	March 31, 2020	-	106,575.74	36,255.67	-	427,178.79	570,010.20
Dividend Received	**March 31, 2021**	-	**1.35**	-	-	-	**1.35**
	March 31, 2020	-	-	-	-	-	-
Sales of goods/ services	**March 31, 2021**	-	**3,848.67**	**233.72**	-	**78,183.56**	**82,265.95**
	March 31, 2020	-	1,549.17	2.75	-	39,516.57	41,068.48
Balances							
Inter Corporate Deposit given and interest thereon*	**March 31, 2021**	-	-	**26,907.72**	-	-	**26,907.72**
	March 31, 2020	-	-	37,328.19	-	-	37,328.19
Advance to supplier	**March 31, 2021**	-	-	-	-	**7.00**	**7.00**
	March 31, 2020	-	-	-	-	27.30	27.30
Payable (Refer sub-note D)	**March 31, 2021**	**4,953.53**	**145,538.04**	**11,069.74**	-	**158,312.37**	**319,873.68**
	March 31, 2020	-	20,293.56	6,608.60	-	136,357.91	163,260.08
Receivables	**March 31, 2021**	-	**1,064.97**	**50.23**	-	**815.59**	**1,930.79**
	March 31, 2020	-	161.47	1.77	-	910.80	1,074.03
Preference shares (Refer sub-note B)	**March 31, 2021**	-	**1,970,000.00**	-	-	-	**1,970,000.00**
	March 31, 2020	-	1,970,000.00	-	-	-	1,970,000.00
Advance from Customer	**March 31, 2021**	-	-	-	-	**53.77**	**53.77**
	March 31, 2020	-	73.27	-	-	-	73.27
Dividend Receivables	**March 31, 2021**	-	**6.48**	-	-	-	**6.48**
	March 31, 2020	-	6.48	-	-	-	6.48

* All the transactions and balances related to Inter Corporate Deposits are with Angul Energy Limited (formerly known as Bhushan Energy Limited).

NOTES TO FINANCIAL STATEMENTS

B. The Preference shares outstanding include -

a) Liability component of preference shares - ₹ 295,711.84 lacs

b) Equity component of preference shares - ₹ 1,729,582.05 lacs

Refer Note 16A for disclosure of Preference Shares.

C. Interest accrued on the compound financial instruments (being preference shares) amounting to ₹ 29,800.20 lacs (March 31, 2020 : ₹ 26,662.70 lacs) is not considered as interest paid as the same represents unwinding of interest considered in statement of profit and loss during the year on account of accounting for compound financial instruments in accordance with Ind-AS 32. The same does not represent cash outflow in respect of interest expense payable to the holder of such instrument (being Tata Steel Limited).

D. Purchase of goods/services from and payables to other related parties includes:-

i) Purchases of goods from TS Global Procurement Pte Limited amounting to ₹ 314,550.27 lacs and

ii) Amount payable to TS Global Procurement Pte Limited amounting to ₹ 151,233.80 lacs respectively.

37. Accounting Judgements, Estimates And Assumptions

Use of estimates and critical accounting judgements

In the preparation of financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Key source of estimation of uncertainty at the date of standalone 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, contingent liabilities and fair value measurements of financial instruments as discussed below. Key source of estimation of uncertainty in respect of revenue recognition and employee benefits have been discussed in the respective policies.

Significant management judgments

(a) Evaluation of indicators for impairment of non-financial assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. Post declaration of COVID-19 as a pandemic by the World Health Organization in year ended March 31, 2020, the Government of India took significant measures to curtail the spread of virus, including country wide lockdown and restriction in economic activities. In view of such lockdowns, operations at the Company's steel making facilities were scaled down for certain period during the year ended March 31, 2021. Further, subsequent to March 31, 2021, certain state governments in India have imposed lockdowns to curtail the second wave of spread of virus.

In view of the impact of COVID-19, the Company has assessed whether there are any indicators of impairment in the carrying amounts of its non-financial assets. That assessment included: (a) management's experience of impact on its business activity during the year particularly after the easing of lockdowns following the first wave of spread of virus, (b) domestic and international macroeconomic indicators and (c) other developments such as availability of vaccines. As per the Company's current assessment of such indicators, no significant impact on carrying amounts of these assets is expected.

(b) Provisions & 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. Contingent assets are neither recognised nor disclosed in the financial statements.

(c) Valuation of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(d) Identification of Leases

The Company enters into leasing arrangements for various assets. As a lessee, the Company assesses if a contract is or contains a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period time in exchange for consideration. The Company recognises a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less and leases for which the underlying asset is of low value, which are expensed in the statement of profit and loss on a straight-line basis over the lease term.

(e) Sale of goods/services to other related parties includes sale made to Tata International Metal (Asia) Limited - ₹ 37,028.85 lacs, Tata Steel Downstream Products Ltd. - ₹ 26,577.88 lacs and Tata International West Asia DMCC - ₹ 8,644.38 lacs.

NOTES TO FINANCIAL STATEMENTS

Significant management estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Allowance for expected credit loss

The allowance for expected credit loss reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

Refer Note 11 for methodology to estimate allowance for expected credit losses in respect of Company's trade receivables.

(b) Allowance for obsolete and slow-moving inventory

The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value, and has been determined on the basis of past experience and historical and expected future trends. A worsening of the economic and financial situation could cause a further deterioration in conditions compared to that taken into consideration in calculating the allowances recognised in the financial statements.

Refer Note 10 for disclosure of such allowance.

(c) Useful lives of property, plant and equipment and intangible assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain plant and equipments.

Refer Note 2(c) for management's estimate of useful lives.

(d) Defined benefit obligations (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Refer Note 35 for key assumptions used in developing estimate of DBO.

(e) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. There is significant estimation uncertainty in determining recoverable value.

38. Disclosure Of Interest In Subsidiaries, Joint Arrangements And Associates:

1) Disclosure of interest in the following Subsidiaries:

(₹ in lacs)

			Ownership interest of Tata Steel BSL Limited (%)	
		Country of Incorporation	As at March 31, 2021	As at March 31, 2020
(i)	Tata Steel Support Services Limited (Formerly known as Bhushan Steel (Orissa) Limited)	India	99.98%	99.98%
(ii)	Tata Steel Technical Services Limited (Formerly known as Bhushan Steel Madhya Bharat Limited)	India	99.98%	99.98%
(iii)	Bhushan Steel (South) Limited	India	100.00%	100.00%
(iv)	Bhushan Steel (Australia) Pty Limited	Australia	100.00%	100.00%
(v)	Angul Energy Limited (Formerly known as Bhushan Energy Limited)*	India	99.99%	99.99%

* The Company has invested in equity shares of Angul Energy Limited (Formerly known as Bhushan Energy Limited) and is classified as a subsidiary company w.e.f June 01, 2019.

2) **Disclosure of interest in the following Associates:**

(₹ in lacs)

		Country of Incorporation	Ownership interest of Tata Steel BSL Limited (%) As at March 31, 2021	Ownership interest of Tata Steel BSL Limited (%) As at March 31, 2020
(i)	Jawahar Credit & Holdings Private Limited	India	39.89%	39.89%
(ii)	Bhushan Capital & Credit Services Private Limited	India	42.58%	42.58%

Tata Steel BSL Limited (TSBSL) (formerly known as Bhushan Steel Limited) was being shown as promoter of Jawahar Credit & Holdings Private Limited ("JCHPL") and M/s Bhushan Capital & Credit Services Private Limited ("BCCSPL"). These are entities connected to the previous management of the Company.

The Company has written to JCHPL, BCCSPL and the Registrar of Companies (National Capital Territory of Delhi & Haryana) intimating that TSBSL should not be identified as promoter in these two companies.

39. Financial Instruments

A. Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Financial assets measured at fair value		
Investments measured at		
Fair value through other comprehensive income	140.14	66.95
Fair value through profit and loss	69,161.34	-
Derivative assets	-	5,142.54
Financial assets measured at amortised cost		
Trade receivables	42,265.64	70,238.62
Loans	31,981.68	40,107.11
Cash and cash equivalents	71,949.48	72,358.48
Other bank balances	558.76	12,598.81
Other financial assets	50,731.33	53,687.62
Total	**266,788.37**	**254,200.13**
Financial liabilities measured at fair value		
Derivative liabilities	1,504.63	763.77
Financial liabilities measured at amortised cost		
Borrowings and lease liabilities (including interest accrued)	1,166,989.92	1,765,083.73
Trade payables	425,294.42	286,971.11
Other financial liabilities	35,733.71	34,678.80
Total	**1,629,522.68**	**2,087,497.41**

B Fair value hierarchy

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

NOTES TO FINANCIAL STATEMENTS

The categories used are as follows:

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.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or 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.

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in lacs)

	As at March 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets at fair value				
Investments measured at				
Fair value through other comprehensive income	109.58	-	30.56	140.14
Fair value through profit and loss	69,161.34	-	-	69,161.34
Liabilities at fair value				
Derivative liabilities	-	1,504.63	-	1,504.63

(₹ in lacs)

	As at March 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets at fair value				
Investments measured at Fair value through other comprehensive income	36.39	-	30.56	66.95
Derivative assets	-	5,142.54	-	5,142.54
Liabilities at fair value				
Derivative liabilities	-	763.77	-	763.77

a. Valuation process and technique used to determine fair value of financial assets and liabilities classified under fair value hierarchy other than Level 1:-

(i) For investments held by Company as of reporting date, costs of such unquoted equity instruments has been considered as an appropriate estimate of fair value because of wide range of fair value measurements and cost represents the best estimate of fair value within that range.

(ii) Derivatives are fair valued using forward rates for the remaining period to expiry provided by counterparty banks which are also observable from financial markets data sources.

b. The following table presents the changes in level 3 items for the periods ended March 31, 2021 and March 31, 2020:

(₹ in lacs)

	Unquoted Equity shares
As at April 01, 2019	30.56
Change in fair value	-
As at March 31, 2020	**30.56**
Change in fair value	-
As at March 31, 2021	**30.56**

B.2 Fair value of instruments measured at amortised cost

Fair value of financial instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ in lacs)

As at March 31, 2021	Carrying value	Fair value
Loans	31,981.68	31,981.68
Trade receivables	42,265.64	42,265.64
Cash and Cash equivalents	71,949.48	71,949.48
Other balances with bank	558.76	558.76
Other financial assets	50,731.33	50,731.33
Borrowings	1,166,989.92	968,587.01
Trade payables	425,294.42	425,294.42
Other financial liabilities	35,733.71	35,733.71

(₹ in lacs)

As at March 31, 2020	Carrying value	Fair value
Loans	40,107.11	40,107.11
Trade receivables	70,238.62	70,238.62
Cash and Cash equivalents	72,358.48	72,358.48
Other balances with bank	12,598.81	12,598.81
Other financial assets	53,687.62	53,687.62
Borrowings	1,765,083.73	1,691,078.72
Trade payables	286,971.11	286,971.11
Other financial liabilities	34,678.80	34,678.80

For the purpose of disclosing fair values of financial instruments measured at amortised cost, the management assessed that fair values of short term financial assets and liabilities approximate their respective carrying amounts largely due to the short-term maturities of these instruments. Further, the fair value of long term financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate receivables are evaluated by the Company based on parameters such as interest rates, individual credit worthiness of the customer and other market risk factors.

(ii) Fair value of borrowings has been 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.

40. Financial Risk Management

Risk Management

Particulars	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, other balances with banks, loans and other financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other financial liabilities including trade payables	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian Rupee (INR) and derivative assets and liabilities	Sensitivity analysis	Forward contract, if required
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors
Market risk - price	Investments in equity securities and Mutual Funds	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

NOTES TO FINANCIAL STATEMENTS

The Company's risk management is carried out by a central treasury department (of the Company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Company provides for expected credit loss based on the following:

	Type of financial asset	Measurement
Low credit risk	Cash and cash equivalents, other bank balances, derivative assets, loans and other financial assets	12 month expected credit loss
Moderate credit risk	Other financial assets	12 month expected credit loss
High credit risk	Other financial assets	Life time expected credit loss (when there is significant increase in credit risk or objective evidence of impairment) or specific provision, whichever is higher

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

Exposure to credit risk

The exposure of credit risk over the financial assets of the Company except trade receivables has been summarized below*:-

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
I.	**Low credit risk on financial reporting date**		
	Loans	31,981.68	40,107.11
	Cash and cash equivalents	71,949.48	72,358.48
	Other bank balances	558.76	12,598.81
	Other financial assets	50,731.33	53,687.62
	Derivative Assets	-	5,142.54
II.	**High credit risk**		
	Loans	9,410.53	7,435.69
	Other financial assets	14,047.33	15,019.49
	Total	**178,679.11**	**206,349.74**

*These represent gross carrying values of financial assets, without deduction for expected credit losses

Credit Risk Management policies

Cash and cash equivalents, bank deposits and derivatives

Credit risk related to cash and cash equivalents, bank deposits and derivatives is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

Credit risk related to trade receivables are mitigated by taking bank guarantees/letter of credit, from customers where credit risk is high. The Company closely monitors the credit-worthiness of the debtors through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become one year past due.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes loans and advances to employees, security deposits, inter corporate deposits and recoverable for coal block. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses for financial assets

i) Financial assets (other than trade receivables)

Company provides for expected credit losses on loans and advances by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- For loans comprising security deposits paid - Credit risk is considered low because the Company is in possession of the underlying asset or the deposits are made to government authorities.
- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Company can draw to apply consistently to entire population. For such financial assets, the Company's policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The reconciliation of expected credit loss recorded for all sub categories of financial assets (other than trade receivables) are disclosed below.

(₹ in lacs)

	As at March 31, 2021		
	Gross carrying amount	Expected credit losses	Carrying amount net of impairment provision
Loans	41,392.21	9,410.53	31,981.68
Other financial assets	64,778.66	14,047.33	50,731.33

(₹ in lacs)

	As at March 31, 2020		
	Gross carrying amount	Expected credit losses	Carrying amount net of impairment provision
Loans	47,542.80	7,435.69	40,107.11
Other financial assets	68,707.10	15,019.49	53,687.61

ii) Trade receivables

Refer Note 11 for details

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

NOTES TO FINANCIAL STATEMENTS

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

a) Financing arrangements

Undrawn borrowing facilities at the end of the reporting year to which the Company had access is ₹ 283,219.55 lacs (March 31, 2020: ₹ 95,394.69 lacs).

b) Maturities of financial liabilities

The following table shows a maturity analysis of the contractual 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:

(₹ in lacs)

	As at March 31, 2021			
	Less than 1 year	**1-3 year**	**More than 3 years**	**Total**
Borrowings including interest accrued thereon (excluding lease obligations)	79,235.06	108,437.24	2,932,159.73	3,119,832.03
Lease obligations	34,495.52	68,612.51	147,600.92	250,708.95
Trade payables	425,294.42	-	-	425,294.42
Derivative liabilities	1,504.63	-	-	1,504.63
Other financial liabilities	37,377.91	-	9,878.04	47,255.95
	577,907.54	**177,049.75**	**3,089,638.69**	**3,844,595.98**

(₹ in lacs)

	As at March 31, 2020			
	Less than 1 year	**1-3 year**	**More than 3 years**	**Total**
Borrowings including interest accrued thereon (excluding lease obligations)	202,441.34	223,090.55	3,699,491.64	4,125,023.53
Lease obligations	34,610.12	68,981.33	181,774.16	285,365.61
Trade payables	286,971.11	-	-	286,971.11
Derivative liabilities	763.77	-	-	763.77
Other financial liabilities	40,488.46	-	9,207.71	49,696.17
	565,274.80	**292,071.88**	**3,890,473.51**	**4,747,820.19**

C Market risk

a) Foreign currency risk

Exposures to currency exchange rates primarily arise from the business transactions carried out by the Company in other than functional currency i.e. INR.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are as follows. The amounts shown are those reported to key management personnel translated into INR at the closing exchange rate:

(₹ in lacs)

	As at March 31, 2021	**As at March 31, 2020**
Financial assets		
- USD	9,494.62	30,120.30
- EURO	3,506.09	3,219.73
- AED	536.63	960.66
	13,537.34	**34,300.69**
Financial liabilities		
- USD	159,541.31	141,247.48
- EURO	3,173.43	1,334.95
- GBP	205.50	78.92
- JPY	37.74	88.55
- SEK	2.22	1.41
- AUD	1,449.73	1,202.02
-CHF	0.75	-
	164,410.68	**143,953.33**

The following table summarises the volatility in the following exchange rates during the year.

	As at March 31, 2021	As at March 31, 2020
INR/USD	5.28%	5.45%
INR/ EUR	7.57%	7.57%
INR/ GBP	8.54%	10.26%
INR/ JPY	7.27%	10.65%
INR/ SEK	8.97%	9.34%
INR/ AUD	9.61%	9.48%
INR/AED	5.35%	6.49%
INR/CHF	7.86%	13.68%

These percentages have been determined based on the average market volatility in exchange rates during the respective years.

The sensitivity analysis given in the table below is based on the Company's foreign currency financial instruments held at each reporting date. The table illustrates the impact of sensitivity over profit/loss and equity in regards to the Company's financial assets and financial liabilities and the movement of exchange rates of respective foreign currencies against INR, assuming 'all other variables being constant'.

Had the respective foreign currencies strengthened against the INR by the aforementioned percentage of market volatility, then this would have had the following impact on profit/(loss) and equity:

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
- USD	(7,925.59)	(6,059.98)
- EURO	25.19	142.60
- GBP	(17.55)	(8.10)
- JPY	(2.74)	(9.43)
- SEK	(0.20)	(0.13)
- AUD	(139.36)	(113.90)
- AED	28.70	62.33
- CHF	(0.06)	-
Total	**(8,031.61)**	**(5,986.61)**

If the respective functional currencies had depreciated against the INR by the aforementioned percentage of market volatility, then this would have had equal and opposite effect on the basis that all other variables remain constant.

b) Interest rate risk

i) Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on external financing. At March 31, 2021 and March 31, 2020, the Company is exposed to changes in interest rates through bank borrowings carrying variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Variable rate borrowing	694,903.26	1,242,244.52
Other borrowings	472,086.64	522,839.21
Total borrowings	**1,166,989.90**	**1,765,083.73**
Amount disclosed under other current financial liabilities (Refer Note - 16C)	21,754.79	22,947.18
Amount disclosed under borrowings (Refer Note - 16A)	1,145,235.11	1,742,136.55

Other borrowings of the Company include such borrowings which do not carry a variable interest rate and hence not exposed to the interest rate volatility.

NOTES TO FINANCIAL STATEMENTS

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Interest sensitivity*		
Interest rates – increase by 100 basis points (March 31, 2020 100 bps)	11,218.42	13,279.41
Interest rates – decrease by 100 basis points (March 31, 2020 100 bps)	(11,218.42)	(13,279.41)

* Holding all other variables constant

ii) Assets

The Company's interest bearing financial assets consist of Inter company deposits and fixed deposits which are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

c) Price risk

The Company is not an active investor in equity markets; It continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through other comprehensive income. The value of investments in such equity instruments as at March 31, 2021 is ₹ 140.14 lacs (2020 – ₹ 66.95 lacs). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

The Company also invests in mutual fund schemes of leading fund houses. Such investments are susceptible to market price risks that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the mutual fund schemes in which the Company has invested, such price risk is not significant.

41. Capital Management

The Company' s capital management objectives are :

- to ensure the Company's ability to continue as a going concern

- to provide an adequate return to shareholders

The Company monitors 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 and current investments.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(a) Debt equity ratio

(₹ in lacs)

	As at March 31, 2021	As at March 31, 2020
Net debts	1,025,879.10	1,692,725.24
Total equity	2,012,565.89	1,765,627.09
Net debt to equity ratio	**0.51**	**0.96**

(b) Dividend - During the year ended March 31, 2021, no dividend has been recognised as distributions to equity shareholders (March 31, 2020: ₹ Nil).

NOTES TO FINANCIAL STATEMENTS

42. In compliance of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the required information is given as under:

(₹ in lacs)

		As at March 31, 2021	As at March 31, 2020
I.	**Loans and Advances in the nature of loans:**		
	A) To Subsidiary Companies - Angul Energy Limited (formerly known as Bhushan Energy Limited)	24,800.00	32,600.00
	B) To Associates /Joint Venture	-	-
	C) To Firms/Companies in which directors are interested	-	-
	D) Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 186 of Companies Act.	-	-
II.	**Investment by the loanee (as detailed above) in the shares of TSBSL and its subsidiaries**	-	-
	Total	**24,800.00**	**32,600.00**

43. During the financial year 2018-19, Corporate insolvency resolution process ("CIRP") was initiated pursuant to a petition filed by one of its financial creditors, State Bank of India ("SBI") under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC"). SBI filed the petition before the National Company Law Tribunal, Principal Bench, New Delhi ("Adjudicating Authority") vide Company Petition No. (IB)-201 (PB)/2017 on July 03, 2017. The Adjudicating Authority admitted the said petition and the CIRP for the Company commenced on July 26, 2017. The CIRP culminated into the approval of the Resolution Plan submitted by Tata Steel Ltd ("TSL") by the Adjudicating Authority vide its order dated May 15, 2018 ("Order").

Accordingly, keeping in view the Order dated May 15, 2018:

i. On May 18, 2018 ("Effective Date"), Bamnipal Steel Limited, (wholly owned subsidiary of TSL) ("BNPL") deposited ₹ 3,513,258 lacs, for subscription to equity shares of the Company, payment of CIRP cost and employee related dues, and payment to financial creditors in terms of the approved Resolution Plan.

ii. The reconstituted board of directors in its meeting held on May 17, 2018 approved allotment of 794,428,986 fully paid equity shares of ₹ 2 each to BNPL, aggregating to ₹ 15,888.58 lacs, representing 72.65% of the equity share capital of the Company.

iii. The remaining amount of ₹ 3,497,369.42 lacs was treated as Inter Corporate Deposits.

iv. Out of the amount received from BNPL, ₹ 3,258 lacs were utilised towards payment of CIRP cost and employee related dues. The balance amount of ₹ 3,510,000 lacs were paid to the Financial Creditors between May 18, 2018 to May 31, 2018.

v. The financial creditors invoked the pledge created in their favour by the erstwhile promoters of the Company over 67,654,810 equity shares of the Company held by them ("Pledged Shares"). The market value of Pledged Shares amounted to ₹ 18,157.58 lacs and, the same has been recorded as an exceptional item in these financial statements. Refer Note 29 for the details of exceptional items.

vi. The eligible financial creditors were further allotted 72,496,036 equity shares at face value of ₹ 2 each aggregating to ₹ 1,449.92 lacs.

vii. After adjusting the amounts as mentioned in para no. v and vi above, the balance due to Financial Creditors, amounting to ₹ 2,528,550.72 lacs were novated to BNPL for an aggregate consideration of ₹ 10,000 lacs. BNPL, in its capacity as the promoters of TSBSL, has waived off the debts less cost of novation, and the same has been considered as capital contribution. Refer Note 15 for details of other equity.

viii. 10% Redeemable Cumulative Preference shares of ₹ 100 each amounting to ₹ 242,557.39 lacs were redeemed for a total sum of ₹ 4,700/- only. Gain arising out of redemption of such preference shares has been recorded as an exceptional item in these financial statements. Refer Note 29 for the details of exceptional items.

ix. In respect of Operational Creditors, the Company has provided for liabilities based on the amount of claims admitted pursuant to CIRP. Further, the Company had proposed to pay an amount of ₹ 120,000 lacs to Operational Creditors, in the manner mentioned in the Resolution Plan, within 12 months from the closing date (May 18, 2018) i.e. on or before May 17, 2019. Accordingly, in the ended year March 31, 2020 the company had recognised a gain of ₹ 15,359.67 lacs (March 31, 2019 - ₹ 55,212.35 lacs) on account of extinguishment of such financial liabilities as an exceptional item in these financial statements. Refer Note 29 for the details of exceptional items.

44. The Company is eligible under Package Scheme of Incentives, 1993, and accordingly as per the provisions of the Scheme the Company has obtained eligibility certificate from Directorate of Industries. As per the Scheme the Company has an option to defer the payment of sales tax for a period of fourteen years upto a specified limit (twenty one years in case the specified limit is not availed in fourteen years). The said tax collected shall be paid after fourteen years in five annual equal instalments and has been recognised as deferred sales tax liability, which as at March 31, 2021 amounts to ₹ 2,005.94 lacs (March 31, 2020: ₹ 1,802.35 lacs). Post-introduction of GST, the Maharashtra government modified the scheme, whereby the Company needs to deposit the GST & claim refunds of the same. During the year, the Company has recognised ₹ 11,003.06 lacs as an income (Refer Note 20) on account of such scheme.

NOTES TO FINANCIAL STATEMENTS

45. The Board of Directors of the Company, at its meeting held on April 25, 2019, had approved a Composite Scheme of Amalgamation of TSBSL and Bamnipal Steel Limited, a wholly owned subsidiary of Tata Steel Limited and TSBSL's Holding Company, into and with Tata Steel Limited ('Scheme'), subject to the requisite statutory and regulatory approvals. The Company received 'No Observation Letters' from both BSE Limited and the National Stock Exchange of India Limited on August 26, 2019. The said Scheme was also filed with the Hon'ble National Company Law Tribunal ('NCLT'). Pursuant to the orders of the Hon'ble NCLT, a meeting of the equity shareholders of the Company was convened and held on Friday, March 26, 2021 to consider and if thought fit, approve the Scheme. The Scheme was approved by the shareholders by requisite majority at the said meeting and the necessary disclosures in this regard have been made by the Company to the stock exchanges.

Pursuant to the shareholders' approval, the Company has filed the "Company Scheme Petition" with the NCLT, Mumbai Bench with the prayer that the Scheme of Amalgamation of Tata Steel BSL Limited into and with Tata Steel Limited be sanctioned with effect from the Appointed Date as defined in the Scheme and be binding on the Petitioner Companies and all its shareholders, creditors, stakeholders and all concerned persons. The Scheme will be implemented upon its sanction by the NCLT.

The Scheme would enable the companies to realize benefits of greater synergies between their businesses, yield beneficial results and avail pooled resources in the interest of maximizing value to the shareholders and other stakeholders. Upon implementation of the Scheme, the equity shareholders of the Company would be entitled to fully paid shares of Tata Steel Limited in the ratio as set out in the Scheme. Necessary accounting effect of the Scheme will be given upon receipt of the requisite regulatory approvals.

Due to outbreak of Covid-19 globally and in India, the Company had on March 30, 2020 made a disclosure in terms of Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Further, the Company has carried out its initial assessment of the likely adverse impact on economic environment in general and financial risk because of Covid-19. The Company is in the business of manufacturing steel/steel products, which are connected with activities that are fundamental to the Indian economy. The demand for the Company's products are expected to be lower in the short term, though the same is not likely to have a continuing impact on the business of the Company. Further, the Management believes that there may not be significantimpact of Covid-19 pandemic on the financial position and performance of the Company, in the long-term.

46. Due to outbreak of Covid-19 globally and in India, the Company had on March 30, 2020 made a disclosure in terms of Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Post declaration of COVID-19 as a pandemic by the World Health Organization in year ended March 31, 2020, the Government of India took significant measures to curtail the spread of virus, including country wide lockdown and restriction in economic activities. In view of such lockdowns, operations at the Company's steel making facilities were scaled down for certain period during the year ended March 31, 2021. Further, subsequent to March 31, 2021, certain state governments in India have imposed lockdowns to curtail the second wave of spread of virus.

Further, the Company has carried out its initial assessment of the likely adverse impact on economic environment in general and financial risk because of Covid-19. The Company is in the business of manufacturing steel/steel products, which are connected with activities that are fundamental to the Indian economy. Further, the Management believes that there may not be significant impact of Covid-19 pandemic on the financial position and performance of the Company, in the long-term.

As per our report of even date attached.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. :
001076N/N500013

sd/-
Siddharth Talwar
Partner
Membership No. 512752

sd/-
Mr. T. V. Narendran
Chairman (DIN: 03083605)
Place:
Date: April 21, 2021

sd/-
Mr. Krishnava Dutt
Independent Director (DIN: 02792753)
Place:
Date: April 21, 2021

sd/-
Ms. Neera Saggi
Independent Director (DIN: 00501029)
Place:
Date: April 21, 2021

sd/-
Mr. Shashi Kant Maudgal
Independent Director (DIN: 00918431)
Place:
Date: April 21, 2021

sd/-
Mr. Srikumar Menon
Independent Director (DIN: 00470254)
Place:
Date: April 21, 2021

sd/-
Mr. Anand Sen
Director (DIN: 00237914)
Place:
Date: April 21, 2021

sd/-
Mr. Koushik Chatterjee
Director (DIN: 00004989)
Place:
Date: April 21, 2021

sd/-
Mr. Rajeev Singhal
Managing Director (DIN: 02719570)
Place:
Date: April 21, 2021

sd/-
Mr. Sanjib Nanda
Chief Financial Officer
Place:
Date: April 21, 2021

sd/-
Nisha Anil Seth
Company Secretary
(Membership No. 27019)
Place:
Date: April 21, 2021

Place: Faridabad
Date: April 21, 2021