

Notes to Financial Results:

1. The results have been reviewed by the Audit Committee in its meeting held on 8th November, 2017 and have been approved by the Board of Directors in its meeting held on 9th November, 2017.
2. The results have been reviewed by the Statutory Auditors, as required under Clause 33 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.
3. Revenue from operations for the periods up to 30th June, 2017 includes excise duty, which is discontinued effective 1st July, 2017 upon implementation of Goods and Service Tax (GST). In accordance with 'Ind AS 18- Revenue', GST is not included in Revenue from Operations. In view of the aforesaid change, Revenue from Operations for the quarter and half year ended on 30th September, 2017 is not comparable with the previous periods.
4. Sales include sale to Government Agencies recognized on provisional contract prices during the Half Year ended 30th September, 2017: ₹2396.27 crore (corresponding Half Year of previous year: ₹1820.93 crore) and cumulatively up to 30th September, 2017: ₹9865.64 crore (30th September, 2016: ₹15698.71 crore).
5. The Nine Judges Constitutional Bench of Hon'ble Supreme Court, vide its judgement dated 11.11.2016, has upheld the constitutional validity of Entry Tax Act enacted by various States and had laid down principles/ tests for consideration for deciding the specific issues related to levy of Entry Tax. As on 30th September, 2017, the matters are pending before Regular Bench of Hon'ble Supreme Court/jurisdictional High Courts. Pending decisions of the said Courts, disputed entry tax liabilities of ₹1706.84 crores have been treated by the Company as contingent liabilities. (Amount of disputed entry tax liabilities as on 30th September 2016 was ₹1735.03 crores).
6. Pending decision by various judicial authorities in the determination of the electricity tariff, claims of ₹587.72 crore up to 31st March, 2017 made by Damodar Valley Corporation (DVC) in respect of electricity supplied to one Plant of the Company, the amount whereof has been paid to DVC, have been treated as contingent liabilities. Further, from 1st April, 2017 onwards, full invoice value has been considered in the above Financial Results.
7. Exceptional Items for the current quarter and half year includes :
 - (a) Pursuant to the Hon'ble Supreme Court Judgement dated 2nd August, 2017 in the Common Cause matter regarding illegal mining, the Government of Odisha and Government of Jharkhand have issued demand/Show cause notices amounting to ₹204.58 Crores and ₹1486.61 Crores respectively for recovery of the price of minerals produced without and beyond the Environmental Clearances under Section 21 (5) of Mines and Mineral Development Regulation Act, 1957 and towards excess production beyond Consent to Operate. Based on internal judgement, the Company has provided an amount

of ₹329.67 crore on estimated basis under exceptional item during the current quarter. The differential amount of ₹1361.52 crore is treated as contingent liability.

(b) Consequent to the judgement of Hon'ble Supreme Court dated 13th October, 2017, an amount of ₹240.91 crore on account of excess provision towards contribution to District Mineral Fund (DMF) is written back under exceptional item during the current quarter.

(c) Compensation paid on Voluntary Retirement of employees as per the Scheme amounting to ₹208.78 crore and ₹218.90 crore during current quarter and half year respectively.

8. Pending finalization of Salary and Wage agreements w.e.f. 1st January 2017, an all-inclusive cumulative provision towards salary & wage revision (including consequential benefits) of ₹311.56 crore up to 30th September 2017 (up to 31st March, 2017: ₹107.15 crore) has been charged to 'Employee benefits expense' on estimated basis.
9. In view of the various measures being implemented by the Government to up lift the Steel Industry and to boost the demand coupled with steps being taken by the Company to reduce the cost, improvement in the efficiency/productivity, the Company is certain that it will be able to improve its physical and financial performance in future. Accordingly, the Company is of the opinion that it is probable that sufficient future taxable profit would be available against which the unabsorbed tax losses can be set off. Consequent to which, Deferred Tax Assets (net) of ₹686.18 crore (including ₹nil crore on unabsorbed business losses) during the current half year and ₹4692.02 crore (including ₹3352.42 crore on unabsorbed business losses) up to 30th September, 2017, have been recognised.
10. (a) Pending finalisation of domestic coal prices of Washed Medium Coking Coal (MCC) with Central Coalfields Limited (CCL) for the FY 2017-18, the same has been accounted for in line with prices settled with Bharat Coking Coal Limited (BCCL) for washed MCC, which is lower by ₹90.49 Crore as against the billed amount.

(b) Differential price as claimed by Bharat Coking Coal Limited (BCCL) and Central Coalfields Limited (CCL) for coal supplies from 13/14th January, 2017 to 31st March, 2017, amounting to ₹334.45 crore, being the amount billed over and above MoU agreed prices has not been accounted for.

(c) Pending discussion and finalisation, the above liability of ₹424.94 crore has been considered as contingent liability.
11. The Auditors, in their Audit Report on the Standalone Financial Statement for the Year ended 31st March, 2017, have brought out that the Company has not provided for:
 - i) Entry Tax amounting to ₹1092.28 crore, ₹352.16 crore, ₹92.23 crore, ₹5.15 crore and ₹254.21 crore in the State of Chhattisgarh, Odisha, Uttar Pradesh, Jharkhand and West Bengal respectively.;
 - ii) Demands of ₹587.72 crore by DVC for supply of electricity.

In respect of items stated at (i) above, the matters are pending before Hon'ble Supreme Court/ various jurisdictional High Courts as on 30th September 2017. Pending decisions of the said Courts, disputed entry tax liabilities have been treated by the Company as contingent liabilities.

In respect of item stated at (ii) above, the Company's view is that the cases are sub-judice and pending for adjudication before the various judicial authorities for a long time and outcome is pending.

The above stated disputed demands, contested on valid and bonafide grounds, have been treated as contingent liabilities as it is not probable that present obligations exist as on 30th September, 2017. Therefore, there is no adverse impact on loss for the quarter/half year.

12. The figures of previous periods have been re-grouped, wherever necessary, so as to conform to the current periods classification.

Place: New Delhi
Dated: 9th November, 2017

(Anil Kumar Chaudhary)
Director (Finance)

