

Notes to Consolidated Unaudited Financial Results:

1. The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in their meetings held on 29th January, 2021.
2. The financial results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. The consolidated unaudited financial results include the result of 1 (One) subsidiary which have not been reviewed/audited by their auditors and does not include results of 1 (One) subsidiary as the same is under liquidation. The consolidated unaudited financial results also includes the share of net profit/ loss after tax and total comprehensive income /loss of 1 (One) associate and 11 (Eleven) jointly controlled entities which have not been reviewed/ audited by their auditors and does not include the share of net profit/(loss) after tax and share of total comprehensive income of 5 (Five) jointly controlled entities including 4 (four) entities under closure, as the same are not available.

These financial results are not material and impact not significant to the Consolidated Unaudited Financial Results.

4. In respect of Steel Authority of India Limited (the Parent)
 - a. The COVID-19 pandemic outbreak and measures to curtail it had caused significant disturbances and slow down of economic activities, as a result of which the Company's operations had to be scaled down during the first quarter of financial year ended 31st March 2021. Following the gradual normalization of economic activities, the Company is operating at normal capacity. In view of the positive economic environment seen across sectors, the management is of the belief that the trend is likely to continue in subsequent periods as well and the impact of COVID-19, if any, is not likely to be material.
 - b. As per the terms of sales with certain Government agencies, the invoicing to these agencies is done at provisional prices, till a final price is subsequently agreed. The revenue recognized on aforementioned provisional prices basis is as under:

₹ crores

Quarter ended 31 st December 2020	Nine months ended 31 st December 2020	Cumulative till 31 st December 2020	Quarter ended 31 st December 2019	Nine months ended 31 st December 2019	Cumulative till 31 st December 2019
1675.37	5370.06	13420.00	1867.35	4981.37	5421.19

- c. The Company has valued approximately 5.82 lakh tonnes of extractable iron and steel scrap embedded in BF Slag and LD Slag at Bhilai, Bokaro, Rourkela and Durgapur Steel Plants as on 31st December, 2020 at ₹576.36 crore (corresponding inventory as on 31st March, 2020 estimated quantity of 6.59 lakh tonnes valued at ₹683.33 crore) and an estimated 4.91 million tonnes of Iron Ore Tailings at Dalli mines of Bhilai Steel Plant as on 31st December 2020 at ₹205.87 crore (corresponding inventory as on 31st March, 2020 estimated at 5.60 million tonnes valued at ₹234.92 crore). Valuation of such inventory was considered by the Company in accordance with IND AS 2.

However, Comptroller and Auditor General of India, in its Supplementary Audit, had commented on the recognition of such material as inventory in terms of Ind AS 2. In view of the difference in opinion on the interpretation of IND AS 2 in respect of recognition of such material as inventory, the Company has referred both the matters to Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) to obtain an opinion on such

issue. Pending receipt of opinion from EAC of ICAI, the Company continues to recognize such stocks as inventory and value the same as on 31st December, 2020.

- d. Pursuant to the introduction of Section 115BAA under the Taxation Laws (Amendment) Act, 2019, the Company has, during the current quarter, opted for lower tax regime under the said Section for the financial year ended 31st March 2020 and onwards. Consequently, the Company has charged off the Deferred Tax Assets arising due to MAT credit and restated the Deferred Tax Assets, based on the revised effective tax rate, resulting in one time charge of ₹1288.88 crore in the Statement of Profit and Loss, for the quarter and nine months ended 31st December, 2020.
- e. The Nine Judges Constitutional Bench of Hon'ble Supreme Court, vide its judgment dated 11.11.2016, upheld the Constitutional validity of Entry Tax Act enacted by various States and laid down principles/tests for consideration for deciding the specific issues related to levy of Entry Tax. As on 31st December, 2020, the matters are pending before Regular Benches of Hon'ble Supreme Court/Jurisdictional High Courts/assigned authorities in this regard. Pending decision by the other Courts, disputed Entry Tax liabilities of ₹1682.71 crore have been treated by the Company as Contingent Liability (as on 31st March, 2020 - ₹1668.35 crore).
- f. Hon'ble Supreme Court dismissed the SLP by the Company in respect of dispute with Damodar Valley Corporation(DVC) related to provisional tariff petition of electricity charges for 2009-2014 vide order dated 18th January, 2017, keeping the question of law open. The Order of Central Electricity Regulatory Commission (CERC) dt.7/8/2013 related to Tariff of 2009-2014 against Petition No.275/GT/2012 has been challenged before Appellate Tribunal for Electricity (APTEL) (Appeal No.18 of 2014) in which the Company has also intervened and the order of APTEL is pending. Further, in respect of the civil appeal filed by Damodar Valley Corporation (DVC) pertaining to tariff of Financial Year 2004-05 to 2008-09 against the order of the Appellate Tribunal for Electricity (APTEL), the Hon'ble Supreme Court of India dismissed the appeal vide its Order dated 3rd December, 2018, which could also have an effect on future tariff orders in view of consideration of certain parameters for fixation of tariff. Accordingly, State Electricity Regulatory Commission (SERC) will finalise the retail tariff as directed by APTEL, the financial implication of which can only be ascertained after the Tariff fixation by SERC. For the State of Jharkhand where the dispute of ₹587.72 crore arises, DVC has filed its Retail Tariff Application in November, 2020 along with application for Annual Revenue Requirement before the Jharkhand State Electricity Regulatory Commission for the period of 2006-07 to 2011-12 and also seeking adjustment of Revenue Gap/Surplus in the period of 2012-13 to 2014-15. The Company has also filed their objections on 28.12.2020 to the aforesaid Application of DVC. Pending fixation of such Electricity Tariffs, disputed demands of DVC of ₹587.72 crore upto 31st December, 2020 (upto 31st March, 2020, ₹587.72 crore) has been treated as Contingent Liability. Against the said claims, the entire amount has been paid to DVC and retained as advance. Further from 1st April, 2017 onwards full invoice value is being paid and charged to revenue.
- g. The Board of Directors on 29th January, 2021 have declared an interim dividend of ₹1.00 per equity share with the record date of 6th February, 2021.
- h. Pursuant to notice dated January 13, 2021 ("Notice") filed with the Stock Exchanges, President of India (Promoter), acting through the Ministry of Steel, Government of India proposed to sell up to 20,65,26,264 equity shares of Steel Authority of India Limited (the Company) having face value of ₹10 each of the Company, representing 5% of the total paid-up equity share capital of the Company with an option to additionally sell up to 20,65,26,264 Equity Shares (representing 5% of the total paid-up equity share capital of the Company) (the "Oversubscription Option") through the separate designated window of BSE Limited ("BSE") and National Stock Exchange of India Limited. The promoter has exercised the

Oversubscription Option, to the extent of additional 20,65,26,264 equity shares and in total sold 41,30,52,528 equity shares of the Company. Consequently, the Promoters holding in the Company has come down from 309,77,67,449 equity shares (75% of the Paid-up Equity Share Capital) to 268,47,14,921 equity shares (65% of Paid-up Equity Share Capital). The sale of equity shares took place on a separate designated window of BSE Limited and National Stock Exchange of India Limited and was undertaken in accordance with the “Comprehensive Guidelines on Offer for Sale (OFS) of shares by promoters through the Stock Exchange Mechanism” issued by the Securities and Exchange Board of India (“SEBI”).

- i. The Auditors, in their Audit Report on the Standalone Financial Statements for the Year ended 31st March, 2020, have brought out that

The Company has not provided for:

- (i) Demand for Entry tax in various states amounting to ₹1,668.35 crore as on 31st March, 2020 and
- (ii) Amount paid to Damodar Valley Corporation (“DVC”) in earlier years against bills raised for supply of power and retained as advance to DVC by Bokaro Steel Plant amounting to ₹587.72 crore as on 31st March, 2020.

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

In respect of item stated at (ii), the Company’s view is that on the civil appeal filed by DVC pertaining to tariff of 2004-09 against the Order of the Appellate Tribunal for Electricity (APTEL), the Hon’ble Supreme Court of India dismissed the appeal vide its Order dated 3rd December, 2018. Accordingly, State Electricity Regulatory Commission (SERC) will finalise the retail tariff as directed by APTEL, the financial implication of which can only be ascertained after the Tariff fixation by SERC. For the State of Jharkhand where the dispute of ₹587.72 crore arises, DVC filed its Retail Tariff Application in November, 2020 along with application for Annual Revenue Requirement before the Jharkhand State Electricity Regulatory Commission for the period of 2006-07 to 2011-12 and also seeking adjustment of Revenue Gap/Surplus in the period of 2012-13 to 2014-15. The Company has also filed their objections on 28.12.2020 to the aforesaid Application of DVC. Pending fixation of Electricity Tariffs, disputed claims of DVC of ₹587.72 crore from FY 2010-11 to FY 2016-17 has been paid and treated as advance. Further, from 1st April, 2017 onwards full invoice value is being paid and charged to revenue.

The disputed demands stated at (i) and (ii) above are being contested on valid and bona fide grounds and in view of the management, no provision is considered necessary in the financial results and the matters have been treated as contingent liabilities as it is not probable that present obligations exist as on 31st December, 2020.

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

For and on behalf of Board of Directors

Place: New Delhi
Dated: 29th January, 2021

(Amit Sen)
Director (Finance)