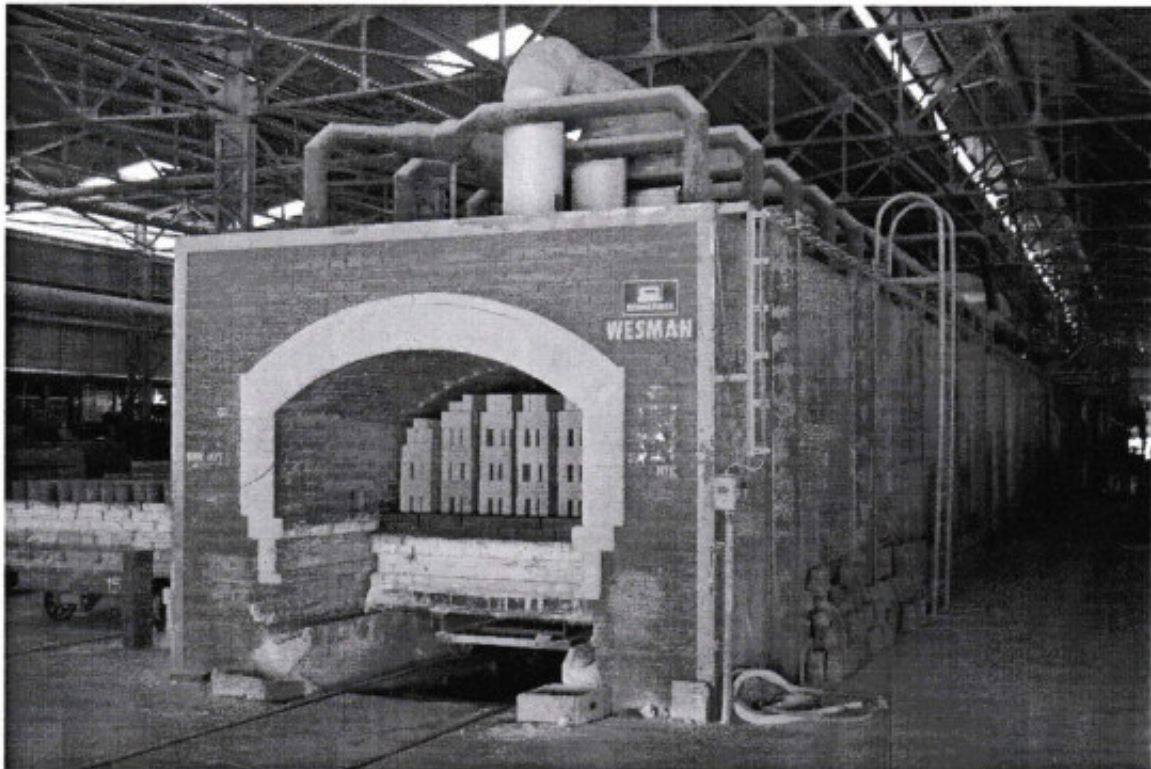




SAIL REFRACTORY COMPANY LIMITED

**Annual Accounts for the year ended
31-03-2020**



**SUBRAMANIAM VASUDEV AND CO.,
CHARTERED ACCOUNTANTS**

Phone : 2263750

SAUBHAGYA

168, Second Agraharam

Salem - 636 001.

subvas@gmail.com

S. SUBRAMANIAM, B.Sc., FCA.,

R. VASUDEV, B.Com., FCA.,

Phone : 28275108

11, Second Street

Dr. Tirumurthi Nagar

Nungambakkam

Chennai - 600 034.

vasustays@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Members of **SAIL REFRACTORY COMPANY LIMITED**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **SAIL REFRACTORY COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit/loss, and its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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.

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of



the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 Companies Act, 2013, 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.

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.

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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure- A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (a) 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
- (b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (c) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (d) As per the Notification No. GSR 463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company.
- (e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - C".

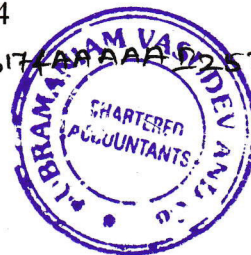


- a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 45 to the Standalone Financial Statements.
- b. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Salem
Date: 15.06.2020

(S.Subramāniam)
Partner.
M.No. 013174

UDIN: 20013174AA 12574



ANNEXURE - 'A' to the Independent Auditor's Report

Annexure referred to in our report of even date to the members of **SAIL REFRACTORY COMPANY LIMITED** on the Ind AS Financial Statements for the year ended 31st March 2020

i) In respect of its fixed assets:

- a) The Unit has maintained proper records showing in most cases, full particulars including quantitative details and situation of its fixed assets.
- b) The fixed assets of the Unit have been physically verified by the management at reasonable intervals in a phased manner so as to generally cover all the assets other than land holdings once in three years. As informed to us, no material discrepancies have been noticed on such verification wherever reconciliation has been carried out.

In respect of Freehold Land holdings, the Company has partially surveyed them to ensure that they are free from any encumbrance and encroachments. In rest of the cases survey is yet to be completed. The Company is following up with survey department for completion of full survey

- c) *According to the information and explanations given to us and on the basis of our examination of the records of the Plant/Unit, the title/lease deeds of immovable properties are held in the name of the erstwhile Burn Standard Company Ltd and are yet to be transferred in the name of the Company.*
- ii) As explained to us, the inventories have been physically verified by the management with reasonable frequency during the year. In certain cases, the stocks have been verified on the basis of visual survey/estimates. The discrepancies between physical stocks and book records arising out of physical verification, which were not material, have been dealt with in the books of account.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, the clauses (iii) (a), (iii) (b) and (iii) (c) of the paragraph 3 of the order are not applicable to the Company.
- iv) The Company has not granted any loans or made any investment or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013
- v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under. Therefore the provision of clause (v) of the paragraph 3 & 4 of the order are not applicable.
- vi) We have broadly reviewed the books of accounts and records maintained by the company pursuant to the rules made by the Central Government for maintenance of



cost record under Sub-section (1) of section 148 of the Companies Act, 2013 read with Companies (Cost Records & Audit) Rules, 2014 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. we have, however not made a detailed examination of the records with a view to determining whether they are accurate and complete;

vii) According to the information and explanations given to us and on the basis of our examination of the books of the accounts and records:

- a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Goods and Services Tax and other Statutory Dues with the appropriate authorities.
- b. According to the information and explanations given to us, there are no undisputed amounts payable in respect of the above were in arrears as at 31st March, 2020 for a period of more than 6 months from the date on when they become payable.
- c. Details of dues of Excise duty and Central Sales Tax which have not been deposited 31st March, 2020 on account of disputes are as follows:
- d.

Statute	Nature of Dues	Amount (Rs. in crore)	Forum where disputes are pending.
Central Excise Act, 1944	Excise Duty Year : 2011-2018	1.28	Commissioner of Appeals, Salem.

- viii) In our opinion and according to the information and explanations given to us the company has not defaulted in the repayment of banks dues. The Company has not taken any loan either from financial institutions or from the Government and has not issued any debentures.
- ix) Based upon the audit procedures performed and as per the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans.
- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) As per Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 197 is not applicable to the Government Companies. Accordingly, provisions of paragraph 3 (xi) of the Order are not applicable to the Company.
- xii) The provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii) The Company has complied with the provisions of Sec. 187 & 188 of the Companies Act 2013 with reference to the transactions with the related parties, where applicable, details of the transaction with the related parties have been disclosed in Note No.43 of

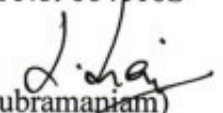


the Ind AS Financial Statements as required by the applicable Indian Accounting Standard.

- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv) The Company has not entered into non-cash transactions with directors or persons connected with him, as covered under Section 192 of the Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Salem
Date: 15.06.2020

For **Subramaniam Vasudev and Co.,**
Chartered Accountants
Firm No: 004110S


(S. Subramaniam)
Partner.
M.No. 013174

UDIN: 20013174 AAAAAT2574



“Annexure C” to the Independent Auditor’s Report of even date on the Standalone Ind AS Financial Statements of SAIL REFRACTORY COMPANY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of SAIL Refractory Company Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Salem
Date: 15.06.2020

For **Subramaniam Vasudev and Co.,**
Chartered Accountants
Firm No: 004110S


(S. Subramaniam)

Partner.

M.No. 013174

UDIN: 20013174 AAAA 12574

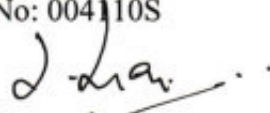


Annexure-B to the Independent Auditor's Report

	Directions under section 143(5) of Companies Act 2013	
	QUESTIONS	AUDITOR'S COMMENTS
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Plant/Unit has strong system in place to process all the accounting transactions through IT system. The Plant/Unit has authentic procedure for processing of accounting transactions outside the IT system and there is no doubt on the integrity of the accounts.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	Not applicable.
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Not applicable.

Place: Salem
Date: 15.06.2020

For Subramaniam Vasudev and Co.,
Chartered Accountants
Firm No: 004110S


(S. Subramaniam)
Partner.
M.No. 013174

UIN: 20013174 AAAA 2574



SAIL REFRACTORY COMPANY LIMITED, Salem

Balance Sheet as at 31st March 2020

(All amounts in ₹ Crores, unless otherwise stated)



Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	15.05	15.01
(b) Capital work-in-progress	5	1.77	0.11
(c) Intangible assets	6	0.19	0.28
(d) Financial Assets			
(i) Trade receivables	7	0.92	1.72
(ii) Loans	8	0.69	0.69
(iii) Other financial assets	9	5.56	0.01
(e) Deferred tax assets (net)	10	0.88	0.46
(f) Current tax assets (net)	11	0.96	0.46
(g) Other non-current assets	12	2.63	1.53
Current assets			
(a) Inventories	13	89.07	68.53
(b) Financial Assets			
(i) Trade receivables	14	32.34	42.76
(ii) Cash and cash equivalents	15 (i)	37.09	30.96
(iii) Other bank balances	15 (ii)	44.66	37.28
(iv) Loans	16	-	0.35
(v) Other financial assets	17	0.26	0.32
(c) Other current assets	18	3.57	1.89
TOTAL ASSETS		235.64	202.36
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	19	0.10	0.10
(b) Other equity	20	138.58	140.00
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Trade payables	21	4.04	3.17
(ii) Other financial liabilities	22	72.92	38.60
(b) Provisions	23	7.01	4.50
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	24	1.99	6.13
(ii) Other financial liabilities	25	8.49	7.11
(b) Other current liabilities	26	0.20	0.39
(c) Provisions	27	2.31	2.36
TOTAL EQUITY & LIABILITIES		235.64	202.36


Significant Accounting Policies

1 - 3

The accompanying notes are an integral part of these standalone financial statements.

For and on behalf of the Board of Directors


(P.K.ROUT)
GM(F&A)



(V.V.R.RAO)
ED-COO


(SANJEEV TANEJA)
CHAIRMAN
(DIN: 08525165)

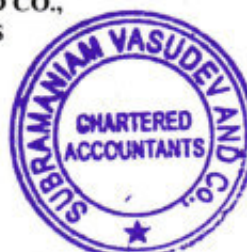

(V. NANDAGOPAL)
INDEPENDENT DIRECTOR
(DIN: 07476973)

As per our report of even date
for SUBRAMANIAM VASUDEV AND CO.,
CHARTERED ACCOUNTANTS

Place: Salem
Date: 12.06.2020


(S. SUBRAMANIAM)
Partner, M.No. 013174
Firm No: 0041105

UDIN: 20013174AAAAA12574



SAIL REFRACTORY COMPANY LIMITED, Salem

Statement of Profit & Loss for the year ended 31st March 2020

(All amounts in ₹ Crores, unless otherwise stated)



Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
Income			
Revenue from Operations	28	202.17	197.20
Other Income	29	4.30	4.41
Total Income		206.47	201.61
Expenses			
Cost of materials consumed	30	158.86	112.06
Changes in inventories of finished goods and work in progress	31	(21.81)	0.46
Employee benefits expense	32	16.00	18.76
Depreciation and amortisation expense		0.68	0.62
Other expenses	33	32.40	38.51
Total expenses		186.13	170.41
Profit before tax		20.34	31.20
Tax expense			
Current tax		5.65	8.67
Deferred tax		0.16	0.69
Earlier years		0.31	0.03
Total tax expense		6.12	9.39
Profit for the year		14.22	21.81
Other comprehensive income			
(i) Items that will not be reclassified to profit and loss			
Remeasurement of defined benefit plans		(2.29)	0.10
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.58	(0.03)
Other Comprehensive Income/Loss (-) for the year		(1.71)	0.07
Total Comprehensive Income/Loss (-) for the year		12.51	21.88
Earning per equity share			
Number of equity shares (face value ₹10/- each)		1,00,000	1,00,000
Basic and diluted earnings per share (₹)		1.422	2.181

Significant Accounting Policies

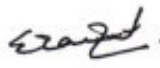
1 - 3

The accompanying notes are an integral part of these standalone financial statements.

For and on behalf of the Board of Directors

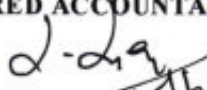

(P.K.ROUT)
GM(F&A)


(V.V.R.RAO)
ED-COO


(SANJEEV TANEJA)
CHAIRMAN
(DIN: 08525165)


(V. NANDAGOPAL)
INDEPENDENT DIRECTOR
(DIN: 07476973)

As per our report of even date
for SUBRAMANIAM VASUDEV AND CO.,
CHARTERED ACCOUNTANTS


(S. SUBRAMANIAM)
Partner, M.No. 013174
Firm No: 004110S



Place: Salem
Date: 12.06.2020

UDIN: 20013174AAAA52574

SAIL REFRACTORY COMPANY LIMITED, Salem

Cash Flow Statement for the year ended 31st March 2020

(All amounts in ₹ Crores, unless otherwise stated)



Particulars	31st March 2020	31st March 2019
Cash flow from operating activities		
Net profit before tax	20.34	31.20
Adjustments for:		
Depreciation and amortisation	0.68	0.62
Provision for doubtful trade receivables	0.08	-
Provision for slow moving and obsolete inventory	(0.16)	0.20
Interest income	(3.93)	(4.37)
Operating cash flows before working capital changes	17.01	27.65
Changes in operating assets and liabilities		
(Increase) in trade receivables	11.22	(25.00)
(Increase) in inventories	(20.54)	(40.90)
(Increase) in other short term financial assets	0.41	(0.18)
(Increase) in other assets	(3.28)	1.94
Increase/(Decrease) in trade payables	(3.27)	4.73
Increase/(Decrease) in long term provisions	2.51	(0.92)
Increase/(Decrease) in short term provisions	(0.05)	(1.81)
Increase/(Decrease) in other financial liabilities	35.73	24.66
Increase/(Decrease) in other liabilities	(0.22)	(1.24)
Cash flow generated from operations	39.52	(11.07)
Income taxes paid (net of refunds)	(6.61)	(9.31)
Net cash flow from operating activities	32.91	(20.38)
Cash flow from investing activities		
Purchase or construction of Property, plant and equipment	(2.29)	(2.03)
Bank deposits (having original maturity of more than three months) (net)	(12.93)	39.66
Interest received	2.37	4.37
Net cash generated from investing activities	(12.85)	42.00
Cash flow from financing activities		
Dividend paid (including tax on dividend)	(13.93)	(5.14)
Net cash used by financing activities	(13.93)	(5.14)
Net cash increase in cash and cash equivalents (A+B+C)	6.13	16.48
Cash and cash equivalents at the beginning of the year	30.96	14.48
Cash and cash equivalents at the end of the year	37.09	30.96
Movement in cash balance	6.13	16.48
Reconciliation of cash and cash equivalents as per cash flow statement		
Balances with banks		
On current accounts	17.98	22.17
On deposits with original maturity upto 3 months	19.11	8.79
	37.09	30.96

For and on behalf of the Board of Directors

(P.K.ROUT)
GM(F&A)

(V.V.R.RAO)
ED-COO

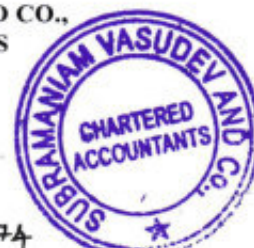
(SANJEEV TANEJA)
CHAIRMAN
(DIN: 08525165)

(V. NANDAGOPAL)
INDEPENDENT DIRECTOR
(DIN: 07476973)

As per our report of even date
for SUBRAMANIAM VASUDEV AND CO.,
CHARTERED ACCOUNTANTS

(S. SUBRAMANIAM)
Partner, M.No. 013174
Firm No: 004110S

UDIN: 20013174-AAAAA 22574



Place: Salem
Date: 12.06.2020

SAIL REFRACTORY COMPANY LIMITED, Salem

Statement of changes in equity for the year ended 31st March, 2020

(All amounts in ₹ Crores, unless otherwise stated)

**A Equity Share Capital**

Particulars	Balance as at 1st April, 2019	Changes in equity share capital	Balance as at 31st March, 2020
Equity shares with voting rights	0.10	-	0.10

B Other Equity

	Capital Reserve	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2019	43.70	11.23	85.07	140.00
Profit/(loss) for the year	-	-	14.22	14.22
Other comprehensive (loss) for the year	-	-	(1.71)	(1.71)
Equity Dividend & Tax			7.90	7.90
Interim Dividend & Tax			6.03	6.03
Transfer	-	1.42	(1.42)	-
Balance as at 31st March, 2020	43.70	12.65	82.23	138.58

Significant Accounting Policies

1 - 3

The accompanying notes are an integral part of these standalone financial statements.

For and on behalf of the Board of Directors

(P.K.ROUT)
GM(F&A)

(V.V.R.RAO)
ED-COO

(SANJEEV TANEJA)
CHAIRMAN
(DIN: 08525165)

(V. NANDAGOPAL)
INDEPENDENT DIRECTOR
(DIN: 07476973)As per our report of even date
for SUBRAMANIAM VASUDEV AND CO.,
CHARTERED ACCOUNTANTSPlace: Salem
Date: 12.06.2020

(S. SUBRAMANIAM)
Partner, M.No. 013174
Firm No: 004110S


UDIN: 20013174 AAAA 22574

SAIL REFRACTORY COMPANY LIMITED, Salem

Notes to Standalone Financial Statements for the Year ended 31st March, 2020

1. Corporate and General Information

SAIL Refractory Company Limited ("the Company") was incorporated on 23 August 2011. On 16 December 2011, the Company acquired Salem refractory works of Burn Standard Company Limited ('BSCL') as part of the financial restructuring of BSCL approved by the cabinet committee of Economic Affairs (Government of India). The Company is engaged in production of calcined magnesite, mag-carb bricks and dunite. The Company is having production facility at Salem, Tamil Nadu. The registered office of the Company is situated at Salem steel plant, Salem Tamil Nadu, India.

These financial statements were approved by the Board of Directors of the Company in their meeting held on 12th June 2020.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements of the Company have been prepared on accrual basis of accounting in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India. The Company has uniformly applied the accounting policies during the periods presented.

2.2 Basis of Measurement

The financial statements are prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value:

- certain financial assets and liabilities which are classified as fair value through profit and loss or fair value through other comprehensive income;
- assets held for sale, at the lower of the carrying amounts and fair value less cost to sell;
- defined benefit plans and plan assets.

2.3 Functional and Presentation Currency

The Financial Statements have been presented in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in ₹ have been rounded off to the nearest two decimals of Crore unless otherwise stated.

2.4 Use of Estimates and Management Judgement

In preparing the financial statements in conformity with Company's Accounting Policies, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements, the amounts of revenue and expenses during the reported period and notes to the Financial Statements. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period in which the same is determined.

2.5 Current versus Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:



SAIL REFRACTORY COMPANY LIMITED, Salem

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements is given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

3.1 Property, Plant and Equipment

3.1.1 Recognition and Measurement

Tangible Assets

Property, plant and equipment held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any subsequent accumulated depreciation and impairment losses. The initial cost at cash price equivalence of property, plant and equipment acquired comprises its purchase price, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the assets to its working condition and location and present value of any obligatory decommissioning costs for its intended use. Plant and Machinery also include assets held under finance lease.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of overheads, directly attributable borrowing costs including trial run expenses (net of revenue)

Spares having useful life of more than one year and having value of Rs. 10 lakhs or more in each case, are capitalised under the respective heads as and when available for use.

Profit or loss arising on the disposal of property, plant and equipment is recognised in the Statement of Profit and Loss.



3.1.2 Subsequent Cost

Subsequent expenditure is recognised as an increase in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits derived from the cost incurred will flow to the Company and the cost of the item can be measured reliably. The carrying amount of replaced item (s) is derecognised. .

Any repair of Rs. 50 lakhs or more of property, plant and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits of the costs incurred will flow to the Company. The carrying amount of the replaced item (s) is derecognised.

3.1.3 Depreciation

Depreciation on tangible assets and investment property is provided on straight line method, considering residual value of 5% of the cost of the asset, over the useful lives of the assets, as specified in Schedule II of the Companies Act, 2013 except in case of Factory Buildings, Plant and Machinery, Water Supply & Sewerage and Railway Lines & Sidings and components thereof, where useful life is determined by technical experts. The useful life assumed by the technical experts is as under:

Asset category	Estimated useful life (in years)
Factory Buildings	35 to 40
Plant and Machinery	10 to 40
Water Supply & Sewerage	25 to 40
Railway Lines & Sidings	35 to 40

For these classes of assets, based on technical evaluation carried out by external technical experts, the Company believes that the useful lives as given above best represent the period over which Company expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

The estimated useful lives and residual values of depreciable/ amortisable assets are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Where the historical cost of a depreciable asset undergoes a change, the depreciation on the revised unamortised depreciable amount is provided over the residual useful life of the asset. Depreciation on addition/ deletion during the year is provided on pro-rata basis with reference to the month of addition/ deletion. Assets costing up to Rs. 5000/- are fully depreciated in the year in which they are put to use.

Depreciation on capital spares is provided over the useful life of the spare or remaining useful life of the mother asset, as reassessed, whichever is lower.

3.2 Intangible assets

3.2.1 Recognition and measurement

Mining Rights

Mining Rights are treated as Intangible Assets and all related costs thereof are amortised on a basis of annual production to the total estimated mineable reserves. In case the



mining rights are not renewed, the balance related cost will be charged to revenue in the year of decision of non- renewal.

Acquisition Cost i.e. cost associated with acquisition of licenses, and rights to explore including related professional fees, payment towards statutory forestry clearances, as and when incurred, are treated as addition to the Mining Rights.

Other Intangible Assets

Software which is not an integral part of related hardware, is treated as intangible asset and amortised over a period of five years or its licence period, whichever is less.

Research and development

Development expenditure is capitalised only if it can be measured reliably and the related asset and process are identifiable and controlled by the Company. Research and other development expenditure is recognised as revenue expenditure as and when incurred.

3.2.2 Subsequent Cost

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit and Loss.

3.3 Impairment of Non-Financial Assets

The Company reviews the carrying amount of its assets on each Balance Sheet date for the purpose of ascertaining impairment indicators if any, by considering assets of entire one Plant as Cash Generating Unit (CGU). If any such indication exists, the assets' recoverable amount is estimated, as higher of the Net Selling Price and the Value in Use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

3.4 Stripping Cost

The stripping cost incurred during the production phase of a surface mine is recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and following criteria are met:

- It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity,
- The entity can identify the component of an ore body for which access has been improved, and
- The costs relating to the improved access to that component can be measured reliably.

The expenditure, which cannot be specifically identified to have been incurred to access ore is charged to revenue, based on stripping ratio as per 5 year mining plan for mines, except collieries which is based on project report.



3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset, which takes substantial period of time, are capitalised as a part of the cost of that asset, during the period of time that is necessary to complete and prepare the asset for its intended use.

The Company considers a period of twelve months or more as a substantial period of time.

Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Other borrowing costs are recognised in the Statement of Profit & Loss in the period in which these are incurred.

3.6 Inventories

Raw materials, Stores & Spares and Finished/Semi-finished products (including process scrap) are valued at lower of cost and net realisable value of the items of the respective Plants/Units. In case of identified obsolete/ surplus/ non-moving items, necessary provision is made and charged to revenue. The net realisable value of semi-finished special products, which have realisable value at finished stage only, is estimated for the purpose of comparison with cost.

Residue products and other scrap are valued at estimated net realisable value.

The basis of determining cost is:

Raw materials - Periodical weighted average cost

Minor raw materials - Moving weighted average cost

Stores & Spares - Moving weighted average cost

Materials in-transit - at cost

Finished/Semi-finished products - material cost plus appropriate share of labour, related overheads and duties.

3.7 Government Grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in 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. Where the Grant relates to an asset value, it is recognised as deferred income, and amortised over the expected useful life of the asset. Other grants are recognised in the statement of Profit & Loss concurrent to the expenses to which such grants relate/ are intended to cover.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at fair amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset.

3.8 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement and re-measurement of monetary items



denominated in foreign currency are recognised in the Statement of Profit and Loss at period-end exchange rates.

The Company opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will continue in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2016. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.9 Employee Benefits

Defined Contribution Plan

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Contributions towards Provident Funds are charged to the Statement of Profit and Loss of the period when the contributions to the Funds are due.

Defined Benefit Plan

Defined benefit plans are the amount of the benefit that an employee will receive on completion of services by reference to length of service, last drawn salary or direct costs related to such benefits. The legal obligation for any benefits remains with the Company.

The liability recognised for Defined Benefit Plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Management estimates the present value of the DBO annually through valuations by an independent actuary using the projected unit credit method. Actuarial gains and losses are included in Statement of Profit and Loss or Other Comprehensive Income of the year.

Remeasurement, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss.

Short Term Employee Benefits

Short term employee benefits comprise of employee costs such as salaries, bonus, ex-gratia, annual leave and sick leave which are accrued in the year in which the associated services are rendered by employees of the Company.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.



Expenditure incurred on Voluntary Retirement Scheme is charged to the Statement of Profit and Loss immediately.

3.10 Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable.

Sale of goods

Sales are net of Goods and Services Tax (GST), rebates and price concessions. Sales are recognised when it satisfy performance obligation by transferring promised goods or services (i.e. assets) to the customers and the customers obtain control of those goods or services. Where the contract prices are not finalised with government agencies, sales are accounted for on provisional basis.

Marine export sales are recognised on:

- i) the issue of bill of lading, or
- ii) negotiation of export bills upon expiry of laycan period, in cases where realisation of material value without shipment is provided in the letters of credit of respective contracts, whichever is earlier.

Export incentives under various schemes are recognised as income on certainty of realisation.

The iron ore fines not readily useable/saleable are included in inventory and revenue is recognised on disposal.

Interest and dividend income

Interest income is reported on an accrual basis using the effective interest method. Dividends are recognised at the time the right to receive is established.

3.11 Adjustment pertaining to Earlier Years

Income/Expenditure relating to prior period, which do not exceed 0.5% of Turnover in each case, is treated as income/expenditure of current year.

3.12 Claims for Liquidated Damages and Price Escalation

Claims for liquidated damages are accounted for as and when these are considered recoverable by the Company, on final settlement. These are adjusted to the capital cost or recognised in Statement of Profit and Loss, as the case may be on final settlement of Liquidated damages.

Suppliers' and Contractors' claims for price escalation are accounted for to the extent such claims are accepted by the Company.

3.13 Leases

Company as a Lessee

Finance leases

Finance leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair



value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments under such leases are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to statement of profit and loss on straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

Company as a Lessor

Finance leases

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Lease rental receipts are apportioned between the finance income and capital repayment based on the implicit rate of return. Contingent rents are recognised as revenue in the period in which they are earned.

Operating leases

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

3.14 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of investment property is determined as the difference between net disposal proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.

3.15 Non-current assets held for sale

Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction. This condition is regarded as met only when the asset is available for immediate sale in its present condition and its sale is highly probable.

Non-current assets including discontinued operations, classified as held for sale are measured at the lower of the carrying amounts and fair value less costs to sell and presented separately in the financial statements. Once classified as held for sale, the assets are not subject to depreciation or amortisation.



Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item in statement of profit and loss.

3.16 Mine Closure

Mine Closure Provision includes the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas for mines. This provision is based on all regulatory requirements and related estimated cost based on best available information. Mine closure costs are provided for in the accounting period when the obligation arises based on the net present value of the estimated future costs of restoration to be incurred during the life of the operation and post closure.

The initial close-down and restoration provision is capitalised within "Property, Plant and Equipment". Subsequent movements in the close-down and restoration provisions for on-going operations, including those resulting from new disturbance related to expansions or other activities qualifying for capitalisation, updated cost estimates, changes to the estimated lives of operations, changes to the timing of closure activities and revisions to discount rates are also capitalised within "Property, Plant and Equipment". These costs are depreciated over the lives of the assets to which they relate. Any changes in closure provisions relating to closed operations are charged /credited to the Statement of Profit and Loss. The amortisation or "unwinding" of the discount applied in establishing the provisions is charged as Finance Cost.

3.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions and Contingent Liabilities

A Provision is recognised when the Company has present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are discounted to their present value, where the time value of money is material.

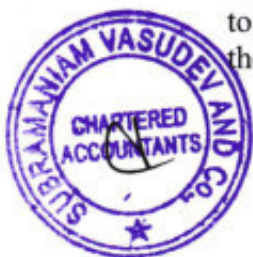
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as a separate asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in Other Notes to Financial Statements.

In cases where the possible outflow of economic resources as a result of present obligation is considered improbable or remote, no Provision is recognised or disclosure is made.

Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognised though are disclosed, where an inflow of economic benefits is probable.



3.18 Income Taxes

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised in Other Comprehensive Income (OCI) or directly in equity.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income-tax Act. Current income tax relating to items recognised outside statement of profit and loss is recognised either in OCI or in equity.

Deferred income taxes are calculated using the liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss, unused tax credits (MAT Credit entitlement) or deductible temporary difference will be utilised against future taxable income. Unrecognised deferred tax assets are re-assessed at each reporting 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 reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised either in OCI or in equity.

3.19 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments (original maturity less than 3 months) that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in value.

3.20 Equity and Reserves

Share Capital represents the nominal value of shares that have been issued. Securities premium includes any premium received on issue of Share Capital. Components of other equity include the following:

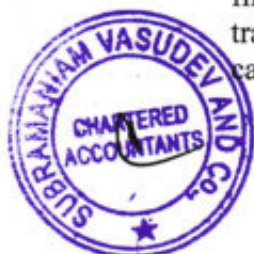
- Re-measurement of defined benefit liability comprises the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets.
- Bond Redemption Reserve.
- Other transactions recorded directly in Other Comprehensive Income.
- Retained earnings include all current and prior period retained profits

3.21 Financial Instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised and are measured initially at fair value adjusted by transactions costs, except for those financial assets which are classified at Fair Value through Profit & Loss (FVTPL) at inception.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.



Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- financial assets at fair value through profit or loss (FVTPL)
- financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date.

Amortised cost

A financial asset is measured at amortised cost using effective interest rates if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortised cost classification or that are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets are either debt instruments that are managed under hold to collect and sell business model or are non-trading equity instruments that are irrevocable designated to this category at inception.

FVOCI financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in statement of profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All derivative financial instruments are accounted for at FVTPL.



Embedded Derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

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 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.

Trade Receivables

The Company applies approach as specified in Indian Accounting Standards (Ind AS) 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other Financial Assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

3.22 Significant Judgements, Assumptions, and Estimations in applying Accounting Policies

3.22.1 Classification of Leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

3.22.2 Close-down and Restoration Obligations

Close-down and restoration costs are normal consequence of mining or production, and majority of close-down and restoration expenditure are incurred in the years following the closure of mine, although the ultimate cost to be incurred is uncertain, the Company estimate their costs using current restoration techniques.

3.22.3 Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax



assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

3.22.4 Inventories

The Company estimates the cost of inventories taking into account the most reliable evidence, such as cost of materials and overheads considered attributable to the production of such inventories including actual cost of production, etc. Management also estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

3.22.5 Defined Benefit Obligation (DBO)

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

3.22.6 Fair Value Measurements

The Company applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Company's assumptions are based on observable data as far as possible, otherwise on the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

3.22.7 Provisions and Contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

3.22.8 Mine Closure and Restoration Obligations

Environmental liabilities and Asset Retirement Obligation (ARO): Estimation of environmental liabilities and ARO require interpretation of scientific and legal data, in addition to assumptions about probability and future costs.

3.22.9 Useful lives of depreciable/ amortisable assets (tangible and intangible)

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 actual normal wear and tear that may change the utility of plant and equipment.



SAIL REFRACTORY COMPANY LIMITED, Salem

Note forming part of Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Crores, unless otherwise stated)

4: PROPERTY, PLANT AND EQUIPMENT

Description	GROSS BLOCK			ACCUMULATED DEPRECIATION/AMORTISATION			NET BLOCK	
	As at 31st March, 2019	Additions / Adjustments	Disposals / Adjustments	As at 31st March, 2020	Up to 31st March, 2019	For the year	As at 31st March, 2020	As at 31st March, 2019
A. PLANTS, MINES & OTHERS								(₹ crore)
Land								
-Freehold land	5.11	-	-	5.11	-	-	5.11	5.11
-Leasehold land	-	-	-	-	-	-	-	-
Buildings and related equipments	2.41	-	-	2.41	0.43	0.04	1.94	1.98
Plant and machinery	13.93	0.26	-	14.19	8.79	0.32	5.08	5.14
Furniture and fixtures	0.19	-	-	0.19	0.05	0.02	0.12	0.14
Vehicles	0.84	0.14	-	0.98	0.10	0.09	0.79	0.74
Office equipments	0.86	0.09	-	0.95	0.44	0.08	0.43	0.42
Miscellaneous articles	0.16	0.13	-	0.29	0.07	0.02	0.20	0.09
Roads, Bridges & Culverts	0.08	-	-	0.08	0.07	-	0.01	0.01
Water Supply & Sewerage	0.09	-	-	0.09	0.08	-	0.01	0.01
EDP Equipments	0.16	0.01	-	0.17	0.12	0.01	0.04	0.04
Sub-total 'A'	23.83	0.63	-	24.46	10.15	0.58	13.73	13.68
Figures for the previous year	21.76	2.07	-	23.83	9.63	0.52	13.68	
B. SOCIAL FACILITIES								
Buildings and related equipments	0.27	-	-	0.27	0.06	0.01	0.20	0.21
Sub-total 'B'	0.27	-	-	0.27	0.06	0.01	0.20	0.21
Figures for the previous year	0.27	-	-	0.27	0.05	0.01	0.21	
C. Property, plant and equipment retired from active use								
Assets retired from active use (Net Block)	1.12	-	-	1.12	-	-	1.12	1.12
Figures for the previous year	4.86	-	2.51	2.35	1.23	-	1.12	
Total ('A'+ 'B'+ 'C')	25.22	0.63	-	25.85	10.21	0.59	15.05	15.01
Figures for the previous year	26.89	2.07	2.51	26.45	10.91	0.53	15.01	

6 : INTANGIBLE FIXED ASSETS

Description	GROSS BLOCK			ACCUMULATED DEPRECIATION/AMORTISATION			NET BLOCK	
	As at 31st March, 2019	Additions / Adjustments	Disposals / Adjustments	As at 31st March, 2020	Up to 31st March, 2019	For the year	As at 31st March, 2020	As at 31st March, 2019
D. PLANTS, MINES & OTHERS								(₹ crore)
Computer Software	0.45	-	-	0.45	0.19	0.09	0.17	0.26
Patent Rights	0.02	-	-	0.02	-	-	0.02	0.02
Sub-total 'A'	0.47	-	-	0.47	0.19	0.09	0.19	0.28
Figures for the previous year	0.47	-	-	0.47	0.10	0.09	0.28	0.38



SAIL REFRACTORY COMPANY LIMITED, Salem
(All amounts in ₹ Crores, unless otherwise stated)
Note forming part of Financial Statements for the year ended 31st March 2020


		As at 31st March 2020		As at 31st March 2019
5: CAPITAL WORK-IN-PROGRESS				
Dedicated power line	1.77		0.11	
Less: Provisions	-	1.77	-	0.11
		1.77		0.11
7: TRADE RECEIVABLES - NON CURRENT				
(Unsecured, considered good unless otherwise stated)*				
Unsecured, considered good		0.92		1.72
Unsecured, considered doubtful		6.76		6.68
		7.68		8.40
Provision for doubtful receivables		6.76		6.68
		0.92		1.72
* Receivables due by directors and its officers of the company is nil (previous year nil)				
8: LOANS NON-CURRENT				
(Unsecured, considered good unless otherwise stated)				
Security deposits		0.62		0.62
Loan to others		0.07		0.07
		0.69		0.69
9: OTHER FINANCIAL ASSETS - NON CURRENT				
Claims recoverable		0.25		0.25
Fixed deposits with maturity period more than 12 months		5.55		-
		5.80		0.25
Less: Provision for Doubtful - Other Non-Current Assets		0.24		0.24
		5.56		0.01
10 : DEFERRED TAX ASSETS (NET)				
Tax effect of items constituting deferred tax liabilities				
Difference between book and tax depreciation	(1.50)		(1.51)	
Fair value adjustment through OCI	-	(1.50)	-	(1.51)
Retirements benefits	0.68		0.02	
Others - Provision for Bad Debts	1.70	2.38	1.95	1.97
Deferred tax (assets) /liabilities (net)		0.88		0.46

Deferred taxes arising from temporary differences and unused tax losses for year ended 31st March, 2020 are summarized as follows:

	As at April 1, 2019	Recognized in profit or loss	Recognized in Other comprehensive income	As at March 31, 2020
Tax effect of items constituting deferred tax liabilities				
Difference between book and tax depreciation	(1.51)	0.01		(1.50)
	(1.51)	0.01	-	(1.50)
Tax effect of items constituting deferred tax assets				
Retirement benefits	0.02	0.66		0.68
Others - Provision for Bad Debts	1.95	(0.25)		1.70
	1.97	0.41	-	2.38
Deferred tax (assets) /liabilities (net)	0.46	0.42	-	0.88



SAIL REFRACTORY COMPANY LIMITED, Salem

(All amounts in ₹ Crores, unless otherwise stated)

Note forming part of Financial Statements for the year ended 31st March 2020



		As at 31st March 2020		As at 31st March 2019 (₹ crore)
11: CURRENT TAX ASSETS / LIABILITIES (NET)				
Advance income tax (net of provision)		0.96		0.46
		0.96		0.46
12: OTHER ASSETS - NON CURRENT				
Advances to contractors & suppliers		2.85		1.75
Less : Provision for other non current assets		0.22		0.22
		2.63		1.53
13: INVENTORIES				
Stores & spares				
Production	6.77		7.19	
Fuel Stores	0.44		0.09	
	7.21		7.28	
Add: In-transit	-		0.33	
	7.21		7.61	
Less: Provision for non moving/obsolete items	1.52	5.69	1.68	5.93
Raw material				
Raw materials	51.81		42.47	
Add: In-transit	-		10.37	
	51.81		52.84	
Less: Provision for unusable materials	-	51.81	-	52.84
Finished / Semi-finished products				
Finished Goods	28.08		8.96	
Work in Progress	3.49	31.57	0.80	9.76
		89.07		68.53
14: TRADE RECEIVABLES - CURRENT				
(Unsecured, considered good unless otherwise stated)*				
Unsecured, considered good		32.34		42.76
Unsecured, considered doubtful		32.34		42.76
Provision for doubtful receivables		-		-
		32.34		42.76
* Receivables due by directors and its officers of the company is nil (previous year nil)				
15 (i): CASH AND CASH EQUEVALENTS				
Cash and Stamps on hand		-		-
Cheques in hand		-		-
Balance with Banks				
Current accounts	17.98		22.17	
Term Deposits with original maturity upto 3 months	19.11		8.79	
Term Deposits as per court orders with maturity upto 3 months	-	37.09	-	30.96
		37.09		30.96
15 (ii): OTHER BANK BALANCES				
Fixed deposits with maturity for more than 3 months but less than 12 months		44.66		37.28
		44.66		37.28



SAIL REFRACTORY COMPANY LIMITED, Salem

(All amounts in ₹ Crores, unless otherwise stated)

Note forming part of Financial Statements for the year ended 31st March 2020



	As at 31st March 2020		As at 31st March 2019
16: LOANS - CURRENT			
(Unsecured, considered good unless otherwise stated)*			
Security deposits	-		0.01
Loan to others	-		0.34
	-		0.35
Less: Provision for doubtful loans	-		-
	-		0.35
* Receivables includes amounts due from Directors - nil			
17: OTHER FINANCIAL ASSETS - CURRENT			
Receivables from employees	0.26		0.32
Less Provision for doubtful assets	-		-
	0.26		0.32
18: OTHER CURRENT ASSETS			
Advances to contractors & suppliers	3.57		1.71
Less: Provision for doubtful other asset	-		-
	3.57		1.89

	As at 31st March 2020		As at 31st March 2020
19: EQUITY SHARE CAPITAL			
Authorised capital			
Equity shares of ₹ 10 each (1,00,000 equity shares of ₹10 each)	0.10		0.10
Issued and subscribed capital & fully paid-up (1,00,000 equity shares of ₹10 each fully paid up)	0.10		0.10

(i) Reconciliation of equity shares at the end of the year

Particulars	As at 31st March 2020		As at 31st March 2019	
	Numbers	Amount	Numbers	Amount
-- Equity shares with voting rights				
Balance at the beginning of the year	1,00,000.00	0.10	1,00,000.00	0.10
during the year				
Shares bought back during the year				
Balance at the end of the year				
-- Equity shares without voting rights *				
Balance at the beginning of the year				
Shares Issued during the year				
during the year				
Balance at the end of the year	1,00,000.00	0.10	1,00,000.00	0.10

(iv) Details of the shareholders holding more than 5% of the shares in the company

Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Steel Authority of India Limited	99988	99.988	99,988.00	99.988



SAIL REFRACTORY COMPANY LIMITED, Salem

(All amounts in ₹ Crores, unless otherwise stated)

Note forming part of Financial Statements for the year ended 31st March 2020



		As at 31st March 2020		As at 31st March 2019
20: OTHER EQUITY				
Reserves & Surplus				
Capital Reserve				
Opening balance	43.70		43.70	
Additions during the year	-		-	
Less: Utilisation during the year	-	43.70	-	43.70
General Reserve				
Opening balance	11.23		9.05	
Additions during the year	1.42		2.18	
Less: Utilisation during the year	-	12.65	-	11.23
Retained Earnings				
Opening balance	85.07		70.51	
Add: Net profit / loss (-) for the period	14.22		21.81	
Add: Other comprehensive income/loss (-)	(1.71)		0.07	
Less: Equity dividend	6.55		4.26	
Less: Interim dividend paid	5.00		-	
Less: Tax on Equity dividend	1.35		0.88	
Less: Tax on interim dividend paid	1.03		-	
Less: Transfer to General Reserve	1.42	82.23	2.18	85.07
Total other equity		138.58		140.00
21: TRADE PAYABLES - NON CURRENT				
Amount payable to contractors/suppliers/others		4.04		3.17
		4.04		3.17
22: OTHER FINANCIAL LIABILITIES - NON CURRENT				
Employees related dues		4.34		3.00
Other payables		68.58		35.60
		72.92		38.60
23: PROVISIONS - NON CURRENT				
Provision for gratuity		2.60		0.07
Provision for accrued leave liability		0.11		0.01
Provision for post retirement medical & settlement benefits		-		0.12
Provision for mines closure		0.03		0.03
Other provisions		4.27		4.27
		7.01		4.50



SAIL REFRACTORY COMPANY LIMITED, Salem

(All amounts in ₹ Crores, unless otherwise stated)

Note forming part of Financial Statements for the year ended 31st March 2020



		As at 31st March 2020		As at 31st March 2019
NON CURRENT PROVISIONS				
<u>Gratuity</u>				
Opening Balance	0.07		0.01	
Add : Provision during the year	2.53		0.06	
Less: Amount paid / utilised during the year	-		-	
Less: Provision written back during the year	-	2.60	-	0.07
<u>Accrued Leave Liability</u>				
Opening Balance	0.01		0.99	
Add : Provision during the year	0.10		-	
Less: Amount paid / utilised during the year	-		0.98	
Less: Provision written back during the year	-	0.11	-	0.01
<u>Post Retirement Medical and Settlement Benefits</u>				
Opening Balance	0.12		0.12	
Add : Provision during the year	-		-	
Less: Amount utilised during the year	-		-	
Less: Provision written back during the year	0.12	-	-	0.12
<u>Mines closure</u>				
Opening Balance	0.03		0.03	
Add : Provision during the year	-		-	
Less: Amount utilised during the year	-		-	
Less: Provision written back during the year	-	0.03	-	0.03
<u>Others</u>				
Opening Balance	4.27		4.27	
Add : Provision during the year	-		-	
Less: Amount utilised during the year	-		-	
Less: Provision written back during the year	-	4.27	-	4.27
		7.01		4.50
24: TRADE PAYABLES - CURRENT				
Amount payable to contractors/suppliers/others		1.99		6.13
		1.99		6.13
25: OTHER FINANCIAL LIABILITIES - CURRENT				
Security deposits		2.59		3.34
Other payables		5.90		3.77
		8.49		7.11
26: OTHER LIABILITIES - CURRENT				
Other Payables		0.20		0.39
		0.20		0.39
27: PROVISIONS - CURRENT				
Other provisions		2.31		2.36
		2.31		2.36
CURRENT PROVISIONS				
Opening Balance	2.36		3.90	
Less: Amount utilised during the year	0.05	2.31	1.54	2.36
		2.31		2.36





		Year ended 31st March 2020		Year ended 31st March 2019
28: REVENUE FROM OPERATIONS				
Sale of products				
Domestic		202.11		196.95
Sub Total (a)		202.11		196.95
Sale of Services				
Service charges (Gross)		-		0.08
Sub Total (b)		-		0.08
Other Operating Revenues				
Social amenities-recoveries		0.06		0.07
Sale of empties etc.		-		0.10
Sub Total (c)		0.06		0.17
Total (a+b+c)		202.17		197.20
29. OTHER INCOME				
Interest income				
Bank deposits		3.93		4.37
Sub Total (a)		3.93		4.37
Other Non-operating income				
Provisions no longer required written back				-
Stores & spares	0.15		-	
Others	0.12	0.27	-	
Others		0.10		0.04
Sub Total (b)		0.37		0.04
Total (a+b)		4.30		4.41
30 : COST OF MATERIALS CONSUMED				
Raw Material - DBM / QMAG / Sea Water / FM		158.86		112.06
Total		158.86		112.06
31: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS				
Opening stock				
- Finished Goods	8.96		9.30	
- Work in Progress	0.80		0.92	
- Stock in Trade	-	9.76	-	10.22
Less : Closing stock				
- Finished Goods	28.08		8.96	
- Work in Progress	3.49		0.80	
- Stock in Trade	-	31.57	-	9.76
Net Accretion(-)/Depletion to stock		(21.81)		0.46



SAIL REFRACTORY COMPANY LIMITED, Salem

Note forming part of Financial Statements for the year ended 31st March 2020

(All amounts in ` Crores, unless otherwise stated)



		Year ended 31st March 2020		Year ended 31st March 2019
32: EMPLOYEE BENEFITS EXPENSE				
Salaries & wages		11.93		15.17
Leave encashment		0.37		0.59
Company's contribution to provident & other funds		0.91		0.90
Travel concession		-		0.19
Welfare expenses		1.26		1.67
Gratuity		1.53		0.24
		16.00		18.76
33: OTHER EXPENSES				
Consumption of stores & spares				
Consumption		3.37		5.25
Repairs & maintenance				
Buildings	0.32		0.41	
Plant & Machinery	0.32		0.33	
Others	0.09	0.73	0.06	0.80
Handling expenses				
Raw material		2.00		2.08
Remuneration to Auditors				
Audit fees	0.01		0.01	
Tax audit fees	-		-	
In other services	0.01		-	
Out of pocket expenses	-	0.02	-	0.01
Provisions				
Doubtful debts, loans and advances		0.07		-
Stores, spares and sundries		-		0.20
Power and Fuel		7.41		7.64
Freight outward		5.50		7.65
Royalty and cess		0.15		0.80
Insurance		0.06		0.08
Law charges		0.02		0.03
Postage, telegram & telephone		0.08		0.09
Printing & stationery		0.15		0.14
Rates & Taxes		0.11		0.21
Security expenses		2.06		2.08
Travelling expenses		0.16		0.25
Training expenses		0.08		0.26
Expenditure on corporate social responsibility		0.57		0.56
Foreign exchange fluctuations (net)		0.15		0.03
Cost Audit fee and reimbursement expense		-		0.01
Handling expenses - Finished goods		1.13		1.37
Miscellaneous		8.58		8.97
		32.40		38.51



Note forming part of Financial Statements for the year ended 31st March 2020

34. Estimated amount of contracts remaining to be executed and not provided for (net of advances) are:

Particulars	As at 31st March, 2020 (₹ Crore)
Capital Commitments	3.26
Other Commitments	20.47

35. The amount due to Micro and Small Enterprises as defined in the The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31st March, 2020 are as under:

(₹ crore)			
No.	Description	As at 31st March, 2020	As at 31st March, 2019
i.	The principal amount remaining unpaid to suppliers as at the end of the Year.	NIL	NIL
ii.	The amount of interest accrued during the Year and remaining unpaid at the end of the Year..	-	-
iii.	The amount of further interest remaining due and payable even in the succeeding Year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23.	-	-
iv.	The interest due thereon remaining unpaid to supplier as at the end of the Year.	-	-
		For the Year ended	
		31st March, 2020	31st March, 2019
v.	The amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during the Year.	-	-
vi.	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 this Act.	-	-

36. Balances of some of the Trade Receivables, Other Assets, Trade and Other Payables are subject to confirmations/reconciliations and consequential adjustment, if any. Reconciliations are carried out on on-going basis. Provisions, wherever considered necessary, have been made. However, Management does not expect to have any material financial impact of such pending confirmations/reconciliations.



Note forming part of Financial Statements for the year ended 31st March 2020

37. As per the Department of Public Enterprises (DPE) guideline, the Company is required to contribute up to 30% of Salary (Basic Pay + Dearness Allowance) in respect of executive employees as superannuation benefits, which may include Contributory Provident Fund, Gratuity, Pension and Post-Superannuation Benefits. Accordingly the Company has made provision for pension benefit for executive employees @ 9% of Salary w.e.f. 1st January, 2012. Further, pension benefit for non-executive employees has been provided @ 6% of Salary w.e.f. 1st January, 2012.

Pension Scheme was approved in the Meeting of the Board of Directors held on 24th September, 2018.

The cumulative provision/liability towards pension benefit for executive & non-executive employees, amounting to ₹3.73 crore (₹0.45 crore during the year) has been charged to 'Employee Benefits Expense'.

38. The Company internally reviews the carrying amount of its fixed assets on each balance sheet date for the purpose of ascertaining impairment, if any, by considering assets of entire one plant as Cash Generating Unit (CGU). If any such indication exists, the assets recoverable amount is estimated, as higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The net selling price of the CGU is determined once in every three years.

On such review as on 31st March, 2020, no provision is required to be made during the year.

39. As per Section 135 of the Companies Act, 2013, the Company is required to spend, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years in accordance with its Corporate Social Responsibility (CSR) Policy.

The Company has spent an amount of ₹0.57crore on CSR activities during the Financial Year 2019-20 under the following heads:

Particulars	₹ Crore
Education	0.19
Healthcare	0.09
Women Empowerment	0.07
Sanitation	0.19
Others	0.03
Total	0.57



40. Information on leases as per Indian Accounting Standards (Ind AS) 17 on Leases:

Mining land

The Company has accounted for leasehold lands for mining as finance leases by virtue of its rights under the lease agreement after considering the right/ economic compulsion for renewal.

DEFINED BENEFIT SCHEMES

41. General Description of Defined Benefit Schemes:

Gratuity : Payable to Executives on separation @15 days pay (Basic plus DA) last drawn for each completed year of service to eligible employees who render continuous service of 5 years or more. For Non-executives, the gratuity is payable on separation @15 days pay (Basic plus DA) last drawn for each completed year of service to eligible employees who render continuous service of 5 years or more. Gratuity shall be calculated @ one month pay (Basic plus DA) last drawn for each completed year of service beyond 30 years for Non-executives. The maximum amount of gratuity of ₹20 lakhs for both executives & non-executives has been considered for actuarial valuation.

Leave Encashment : Payable on superannuation to eligible Executive employees who have accumulated earned and half pay leave, subject to maximum limit of 300 days combined for earned leave and half pay leave. For Non Executive employees to a maximum limit of 200 days of earned leave. Encashment of accumulated earned leave is also allowed up to 30 days once in a financial year.

Provident Fund : 12% of Basic Pay Plus Dearness Allowance, contributed to the Provident Fund Trusts by the company.



42. Disclosures required under Ind AS 19 on 'Employee Benefits', in respect of defined benefit obligations are :

(a) Reconciliation of Present Value of Defined Benefit Obligations :

(₹ crore)

Sl. No.	Particulars	Gratuity	Leave Encashment
i)	Present Value of projected benefit obligations, as at the beginning of the year.	9.15	1.25
ii)	Service Cost	0.33	0.13
iii)	Interest Cost	0.51	0.07
iv)	Actuarial Gains(-) / Losses(+)	3.02	0.26
v)	Past Service Cost	-	-
vi)	Benefits Paid	2.93	0.41
vii)	Present Value of projected benefit obligations as at the end of the year. (i+ii+iii+iv-v-vi)	10.07	1.29

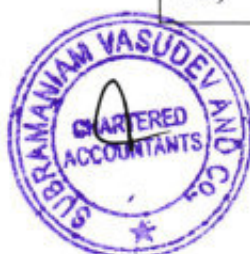
(b) Reconciliation of Fair Value of Assets and Obligations

The Company has funded the gratuity liability through a separate Gratuity Fund. The fair value of the plan assets is mainly based on the information given by the insurance companies through whom the investments have been made by the Fund.

The reconciliation of fair value of assets of the **Gratuity Fund** and defined benefit gratuity obligations is as under:

(₹ crore)

Sl.No	Particulars	2019-20	2018-19
i)	Fair Value of plan assets as at the beginning of the year	9.08	10.81
ii)	Expected return on plan assets	0.60	0.80
iii)	Actual Company's contribution	0.00	0.04
iv)	Interest Income/Actuarial Gain/Loss	0.73	-0.08
v)	Benefits payments	2.93	-2.49
vi)	Fair value of plan assets as at the end of the year	7.48	9.08
vii)	Present value of defined benefit obligation	10.07	9.15
viii)	Net liability recognised in the Balance sheet (vii)-(vi)	2.59	0.07



Note forming part of Financial Statements for the year ended 31st March 2020

The reconciliation of fair value of assets of the **Leave Encashment Fund** and defined benefit Leave Encashment obligations is as under:

Sl.No	Particulars	2019-20	2018-19
i)	Fair Value of plan assets as at the beginning of the year	1.24	0.00
ii)	Expected return on plan assets	0.08	0.00
iii)	Actual Company's contribution	0.00	1.84
iv)	Interest Income/Actuarial Gain/Loss	0.27	0.02
v)	Benefits payments	0.41	-0.62
vi)	Fair value of plan assets as at the end of the year	1.18	1.24
vii)	Present value of defined benefit obligation	1.29	1.25
viii)	Net liability recognised in the Balance sheet (vii)-(vi)	0.11	0.01

(c) Expenses recognised in the Statement of Profit & Loss for the Year :

(₹ Crore)

Sl. No.	Particulars	Gratuity	Leave Encashment
i)	Service Cost	0.33	0.13
ii)	Interest Cost	-0.09	-0.01
iii)	Actuarial Gains (-)/Losses	3.02	-0.02
iv)	Past Service Cost	0.00	0.00
v)	Expected Return on Plan Assets	-	0.00
vi)	Total (i+ii+iii+iv-v)	3.26	0.10
vii)	Employees' Benefits Expenses :		
	a) Charged to Profit & Loss Account	0.24	0.10
	b) Charged to Expenditure During Construction	-	-
	c) Charged to OCI	2.29	-
	d) Charged to Profit & Loss Account- Other Expenses	-	-
viii)	Actual Return on Plan Assets excluding interest income	0.73	0.00

(d) Effect of 0.5 percentage point change in the Discount rate on Employees' Benefit schemes

(₹ crore)

Sl. No	Particulars	0.5 percentage point decrease in discount rate	0.5 percentage point increase in discount rate
i)	Gratuity	10.30	9.85
	Leave	1.33	1.26



Note forming part of Financial Statements for the year ended 31st March 2020

(e) Effect of 0.5 percentage point change in the salary escalation rate on Employees' Benefit schemes

(₹ crore)

Sl. No	Particulars	0.5 percentage point decrease in discount rate	0.5 percentage point increase in discount rate
i)	Gratuity	9.87	10.28
ii)	Leave	1.26	1.33

(f) Investments of Gratuity Trust / Leave Encashment Fund

Particulars	% of Investment	
	As at 31.03.2020	As at 31.03.2019
Gratuity Trust	74.24	99.23
Leave Encashment Trust	91.44	99.23

(g) Actuarial assumptions

Sl. No.	Description	As at 31 st March, 2020	As at 31 st March, 2019
i)	Discount Rate (per annum)	6.60%	7.50%
ii)	Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
iii)	Retirement Age - Executives - Non Executives	58 Years 60 Years	58 Years 60 Years
iv)	Salary Escalation	Executives: 6.25 % p.a. Non-Executives: 6.25 % p.a.	Executives : 6.25% p.a. Non-Executives : 6.25% p.a.

(h) Maturity profile of Defined Benefit Obligations

(₹ Crore)

Period	As at 31st March 2020	
	Gratuity	Leave Encashment
Upto 1 year	0.30	0.23
Between 1 to 2 years	1.69	0.13
Between 2 to 3 years	1.30	0.11
Between 3 to 4 years	0.99	0.12
Between 4 to 5 years	1.14	0.16
Between 5 to 10 years	4.82	0.77
More than 10 years	17.78	0.45
Total Undiscounted Payments related to Past Service	12.02	1.97
Less: Discount for Interest	1.95	0.72
Projected Benefit Obligation	10.07	1.25



Note forming part of Financial Statements for the year ended 31st March 2020

43. Disclosure of Material Transactions with Related Parties :-

Sales to SAIL Units

(₹ in Crores)

Plant	Qty / Ton	Gross	GST	Net Sales (Less GST)
ALLOY STEEL PLANT	17124.660	2.14	0.33	1.81
BHILAI STEEL PLANT	701318.744	140.76	21.47	119.29
BOKARO STEEL PLANT	601.686	6.12	0.93	5.18
CHANDRAPUR FERRO ALLOY PLANT	120.091	1.35	0.21	1.15
DURGAPUR STEEL PLANT	121350.065	35.21	5.37	29.84
IISCO STEEL PLANT	69103.975	30.06	4.58	25.47
ROURKELA STEEL PLANT	87464.220	17.84	2.72	15.12
Total		233.48	35.61	197.86

Procurement from SAIL Units ₹ 0.70 Crores.

44. Disclosures of provisions required by Indian Accounting Standards (Ind AS) 37 'Provisions, Contingent Liabilities and Contingent Assets:

Brief Description of Provisions :

- Mines afforestation costs** - Payable on renewal (including deemed renewal)/forest clearance of mining leases to Government authorities, towards afforestation cost at mines for use of forest land for mining purposes.
- Mines closure costs** - Estimated liability towards closure of mines, to be incurred at the time of cessation of mining activities.
- Overburden backlog removal costs** - To be incurred towards removal of overburden backlog at mines over the future years.

(₹ crore)

Movement of provisions	Mines afforestation costs	Mines closure costs	Over burden removal costs	Total
Balance as at 1 st April, 2019		0.03		
Additions during the Year		-		
Amounts utilised during the Year		-		
Unused amount reversed during the Year		-		
Balance as at 31 st March, 2020		0.03		

Note : Since mining operation was closed for want of Environment Clearance no additional provision has been made.



Note forming part of Financial Statements for the year ended 31st March 2020

45. Contingent Liabilities:-

Particulars	(₹crore)	
	As at 31st March 2020	As at 31st March 2019
Disputed Tax matters	1.28	8.96
Bank Guarantee furnished	10.36	10.36
Total	11.64	19.32

Government of Tamil Nadu has raised Demand Notice towards surface rent compensation for Mining lease hold lands for the period 1943 to 2010 for an amount of Rs.458 Crores during Aug 2010 on SRCL based on GO No.460 dt 14.06.98 which was issued under Tamil Nadu Panchayat Act 1994 subsequently the Government of Tamil Nadu has revised the demand to Rs.1153 Crores by including the interest portion on 08.02.2017.

SRCL has filed a writ petition with Madras High Court stating that surface rent compensation was not payable for Government Poromboke lands and the demand notice is not issued under the provisions of Mineral Concession Rules 1960 and hence not sustainable and obtained interim stay on the above during April 2017.

46. The Mining operations in SRCL have been stopped from January 2017 for want of Environment Clearance from Ministry of Environment and Forest and Climate Change (MoEF). SRCL has submitted application for Environment Clearance to MoEF during January 2017.

MoEF has directed SRCL to obtain No Objection Certificate from Mines & Geology Department in respect of settlement of compensation amount payable against operation of mining activities, in the absence of Environment Clearance, in terms of provision under section 21(5) of the MMDR Act 1957 as directed by the Hon'ble Supreme Court in their judgment dated 2nd August, 2017 for similar cases.

The State Government has issued three nos. of Memo vide no.ROC No.45/2018/M-5/Mines-A, ROC No.45/2018/M-6/Mines-A and ROC No.45/2018/M-7/Mines-A all dated 04.03.2020 directing SRCL to deposit Rs.49,07,14,243/- towards compensation with respect to Environment Clearance for the period from 01.04.2000 to 31.03.2017. Liability to the tune of Rs.15.66 Crores for the partial period from 15.01.2016 to 10.01.2017 was made in the SRCL Accounts during the year 2018-19 as per demand received from the State Government. The balance amount of liability amounting to Rs.33.41 Crores has been made in the accounts of current year and included under non-current liability.



Note forming part of Financial Statements for the year ended 31st March 2020**47. Financial Risk Management****i) Financial instruments by category**

(₹crore)

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-
Trade receivables	-	-	33.26	-	-	44.48
Cash and cash equivalents	-	-	37.09	-	-	30.96
Other Bank Balances	-	-	50.21	-	-	37.28
Loans	-	-	0.69	-	-	1.04
Derivative financial assets	-	-	-	-	-	-
Other receivables	-	-	0.27	-	-	0.33
Total	-	-	121.52	-	-	114.09
Financial liabilities						
Borrowings	-	-	-	-	-	-
Trade payable	-	-	6.03	-	-	9.30
Derivative Liability	-	-	-	-	-	-
Other payables	-	-	80.50	-	-	44.77
Total	-	-	86.53	-	-	54.07

ii) Risk Management

The Company is exposed to various risk in relation to financial asset and liabilities. The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of following types financial assets.

-Cash and cash equivalents

-Derivative financial instruments

-Trade receivables

-Other financial assets measured at amortized cost



Note forming part of Financial Statements for the year ended 31st March 2020

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

a) Credit risk management

Cash and cash equivalent

Credit risk related to cash and cash equivalents is managed by accepting highly rated scheduled banks only.

Derivative financial instruments

SRCL do not have any Derivative financial instruments.

Trade receivables

Credit risk related to trade receivables are very less as most of sales are made to SAIL plants only. There is no credit sale to private parties.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost include advances to employees and others. 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 is in place to ensure the amounts are within defined limits.

b) Expected credit losses

Company provides expected credit losses based on the following

Trade receivables

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach and uses historical information to arrive at loss percentage relevant to each category of trade receivables:



Note forming part of Financial Statements for the year ended 31st March 2020

(₹crore)

Ageing (As at 31st March, 2020)	0-3 months	3-12 months	12-24 months	24-36 months	more than 36 months	Total
Gross carrying amount	25.82	6.51	0.16	0.77	6.76	40.02
Expected loss rate					100%	
Expected credit loss provision					6.76	6.76
Carrying amount of trade receivables (Net of impairment)	25.82	6.51	0.16	0.77	0.00	33.26

(₹crore)

Ageing (As at 31st March, 2019)	0-3 months	3-12 months	12-24 months	24-36 months	more than 36 months	Total
Gross carrying amount	39.37	3.34	1.24	0.53	6.68	51.16
Expected loss rate					100%	
Expected credit loss provision					6.68	6.68
Carrying amount of trade receivables (Net of impairment)	39.37	3.34	1.24	0.53	0.00	44.48

Reconciliation of Expected credit loss provision

(₹crore)

Particulars	Unlisted equity securities
As at 31st March, 2019	6.68
Changes in provision (+)	0.08
As at 31st March, 2020	6.76

Other financial assets measured at amortized cost

Company provides for expected credit losses on "loans advances and other than trade receivables" by assessing individual financial instruments for expectation of any credit losses. 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 provides for lifetime expected credit losses upon significant increase in credit risk. The Company does not have any expected loss based impairment recognized on such assets considering their low credit risk nature, though incurred loss provisions are disclosed under each sub-category of such financial assets.

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. 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. In addition, the Company's liquidity management policy



Note forming part of Financial Statements for the year ended 31st March 2020

involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity companying based on their contractual maturities for all non-derivative financial liabilities and the amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹crore)

Contractual maturities of financial liabilities as at 31st March, 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Security Deposit	2.59	0.43	0.03	1.44	4.49
Trade payable	1.99	0.08	0.27	3.69	6.03
Other payables	7.49	20.27	1.11	47.14	76.01
Total	12.07	20.78	1.41	52.27	86.53

(₹crore)

Contractual maturities of financial liabilities as at 31st March, 2019	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Security Deposit	3.34	0.17	0.41	0.62	4.54
Trade payable	6.13	0.02	0.27	2.88	9.30
Other payables	3.77	0.00	0.00	36.46	40.23
Total	13.24	0.19	0.68	39.96	54.07

48. Segment Information :

The Company's operations mainly relate to One Primary Segment and there are no Secondary geographical segments.



49. 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 capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

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 liabilities. 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.

(₹crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total equity	138.68	140.10
Total equity	138.68	140.10

Dividends

(₹crore)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Equity shares		
- Final dividend paid (Net of Dividend Distribution Tax)	6.55	4.26
(ii) Dividends not recognised at the end of the reporting period	-	6.55
(iii) Interim dividend paid (Net of Dividend Distribution Tax)	5.00	-

50. Regrouping :

Previous year figures have been rearranged/regrouped wherever necessary.

51. The Figures appearing in the Financial Statements have been given in rupees (₹) rounded off to Crores (with two decimal).



SAIL REFRACTORY COMPANY LIMITED, Salem

Note forming part of Financial Statements for the year ended 31st March 2020

(All amounts in ₹ Crores, unless otherwise stated)



	Current year	Previous year
52. Expenditure incurred in foreign currency on account of		
Know-how	Nil	Nil
Interest	Nil	Nil
Raw Material and Components & Spares	Nil	Nil
Total	Nil	Nil

53. Earnings in foreign exchange on account of

Export of goods(Calculated on FOB basis)

Nil	Nil
Nil	Nil

54. Value of imports during the period (Calculated on CIF basis)

Raw materials	104.40	103.19
Capital goods	-	-
Components and spares parts	0.18	1.67
Total	104.58	104.86

55. VALUE OF RAW MATERIALS , SPARE PARTS COMPONENTS CONSUMED DURING THE YEAR

RAW MATERIALS

Imported value	107.96	76.40
Percentage	67.96	68.18
Indigenous value	50.90	35.66
Percentage	32.04	31.82
Total-value	158.86	112.06
Percentage	100.00	100.00
Less: Inter Account Adjustment	-	-
	158.86	112.06

COMPONENTS AND SPARE PARTS

Imported-value	0.18	1.67
Percentage	5.34	31.81
Indigenous-value	3.19	3.58
Percentage	94.66	68.19
	3.37	5.25
Percentage	100.00	100.00
Less: Inter Account Adjustment	-	-
	3.37	5.25

