ANNUAL
REPORT
2019-20

balco
Bharat Aluminium
Company Limited

vedanta
transforming elements

GROWING STRATEGICALLY, CONSISTENTLY

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Know BALCO

Business Overview

Statutory Reports

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While businesses relentlessly emphasize on growth strategies, we understand its true essence.

At BALCO, growth is not a mere business function, it encompasses a broader meaning - defining how an organization rallies as a team, applies intelligent decisions and activates a methodical order to consistently thrive and sustain.

At BALCO, we trust our capabilities to strengthen our core while fostering a culture of mutual trust and respect, enabling a transparent and professional environment, conducive for all round growth and development. With a keen focus on sustaining excellence through innovation, we look ahead with a zeal to set new benchmarks as we remain steadfast on growing strategically, consistently.

MORE ABOUT BALCO

Our vision

To be a world class Integrated Aluminium and Power producer generating sustainable value for all stakeholders.

Our mission

- To be amongst top decile in global cost curve
- Operational excellence
- Ensure resource security with efficient supply chain management.
- Effective collaboration with stakeholders
- Unleash employee potential
- Build and strengthen brand equity

Legacy

Bharat Aluminium Company Limited (BALCO) remains the first integrated Indian aluminium manufacturer, established in 1965, engaged in mining smelting, fabricating and selling aluminium products primarily in India and internationally.

Presence

Over the years, we have been an integral part of the Indian Aluminium Industry, playing a crucial role in making Aluminium - a preferred metal with several downstream applications. Our manufacturing plants are situated in Korba (Chhattisgarh), whilst our mines, supplying bauxite, are situated at Kawardha and Mainpat; and our Coal mine is located in Chotia.

Captive resources

We own captive bauxite mines, a coal mine at Chotia (Chhattisgarh) and smelters producing primary aluminium. BALCO also owns a captive power plant with a capacity of 2010 MW.

2,443
Employees

5,61,653 MT
Aluminium production

ZERO
Power sourced from third-party

DRIVEN BY VALUES AND ACCREDITATIONS

Trust:

We actively foster a culture of mutual trust in our interaction with our stakeholders and encourage an open dialogue which ensures mutual respect.

Integrity:

We place utmost importance to engaging ethically and transparently with all our stakeholders, taking accountability of our actions to maintain the highest standards of professionalism and complying with international policy and procedures.

Excellence:

Our primary focus is delivering value of the highest standard to our stakeholders. We are constantly motivated on improving cost and our quality of production in each of our business through a culture of best practice benchmarking.

Care:

As we continue to grow, we are committed to the triple bottom line of People, Planet and Prosperity to create a sustainable future in a zero-harm environment for our communities.

Respect:

We lay consistent emphasis on human rights, respect the principle of free, prior, informed consent. While our engagement with stakeholders give local communities the opportunity to voice their opinion and concerns.

Innovation:

We embrace a conducive environment for encouraging innovation that leads to a zero harm environment and exemplifying optimal utilization of natural resources, improved efficiencies and recoveries of by-products.

Entrepreneurship:

At Vedanta, our people are our most important assets. We actively encourage their development and support them in pursuing their goals.

CERTIFIATION

Our operations are certified with domestic and international certifications resonating quality, safety and environment.

ISO 9001:201

The certificate for effective quality management system illustrates enhanced customer satisfaction, improved customer loyalty leading to repeat business. This translates into increased revenue and market share obtained through flexible and fast responses to market opportunities with consistency in the delivery of our product or service.

ISO 14001:2015

The certificate for environment management system has put greater emphasis on resource optimisation, waste and energy management helping identify cost saving centres. This is in line with the compliances of current and future statutory regulatory requirements.

OHSAS 18001:2007

The occupational health & safety management system certification validates our commitment to protecting all stakeholder needs and provides trust to our stakeholders.

ISO 50001:2011

The Certification for energy management system validates our commitment to reduce costs via a structured approach to conserve energy and optimise costs.

ISO 55001:2014

The certificate for Asset Management System showcases our competency to manage risk better with our enhanced brand reputation, resulting in improved financial performance.

IATF 16949

The certificate provides us the necessary impetus to penetrate the market for auto sector with our wide range of products

Best Importer award

ISO/IEC 27000:2013

The Information Security Management System(ISMS) certificate helps safeguard our valuable data and intellectual property

ISO 17025:2005

Our NABL accredited laboratory illustrates our reliable testing, measurement and calibration services

SA8000

The social accountability certificate helps address social and labour risks, encouraging employee engagement levels.

Global Sustainability Award 2019

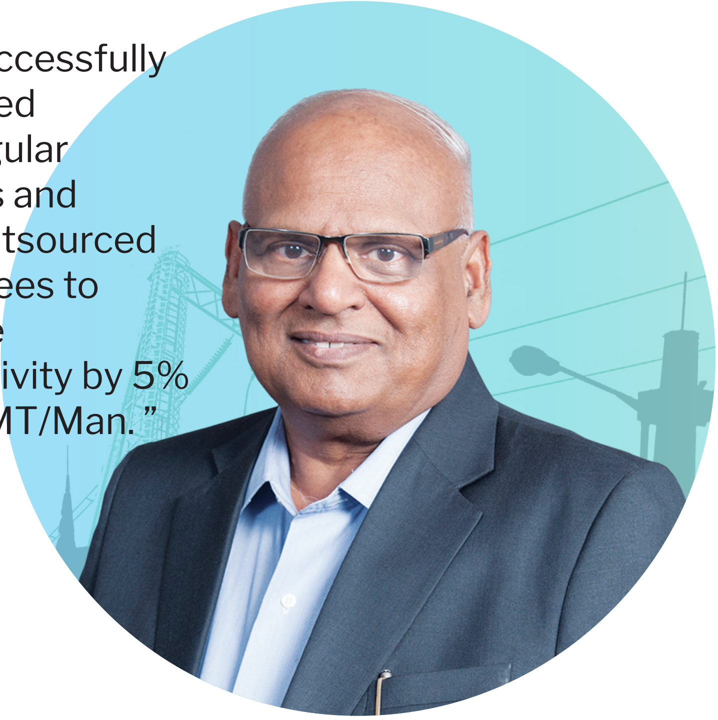
IMEA Future Factory Ready Award

CHAIRMAN'S MESSAGE

Dear Shareholders,

I am honoured to share with you all, your Company's performance for the year 2019-20. During the year, the company delivered optimistic results despite the challenges posed due to a softening economy.

" We successfully optimized 200 regular workers and 1100 outsourced employees to improve productivity by 5% to 167 MT/Man. "



Industry Performance

Aluminium industry is the second most important metallurgical industry in India. India has nearly 10% of the world's bauxite reserves and a growing aluminium sector that leverages this. Demand in the domestic market is expected to rise by 8-10%. Recent measures like a tax cut, infrastructure spending and increased automotive production are likely to translate into firmer demand for base metals in the coming quarters in India. The Indian government is investing over US$ 1 billion in its "Make in India" initiative. The aluminium industry is anticipated to benefit from this. The domestic market is expected to show robust growth, supported by increased industrial activity and favourable government policies.

Aluminium is the second most used metal in the world after steel. It is also the fastest growing metal globally and has grown by nearly 20 times in the last 60 years. The share of integrated aluminium smelters has grown from 14% in 1984 to 40% in 2019. The global demand for primary aluminium in CY 2019 was 62.27 million tonnes, 1032 kt less than CY 2018. There was also a decline of 0.7% in overall production in CY 19, as compared to 2018. The global primary aluminium production stood at 5,255 thousand metric tonnes as of April 2020[1]. The trade war between the U.S. and China, and the uncertainty around Brexit were some of the major reasons to affect the industry and led to headwinds in the world economy.

China's bauxite production started declining in CY 2019 due to depleting bauxite reserves, lower grades and environmental constraints. Its output was estimated at 35044 kt, which currently accounts for 56% of the world production. The demand in China was apparently 0.8% lower in CY 2019 as compared to CY 2018. Whereas, production in the EU28 was 0.7% higher than the previous year and NAFTA output rose by 4.2%. However, demand in EU28 was 315 kt lower than CY 2018.

In Q1 of 2020, the industry faced severe challenges due to the sudden outbreak of COVID-19 globally. As the pandemic fades, government initiatives are likely to play a vital role in reviving the industry.

How Do We Look Back on FY 2020?

Despite the headwinds witnessed in FY 20, we remain encouraged to perform better and bounce back even stronger. We succeeded at reducing overall cost of production owing to the steps taken towards digitalization. Projects like Centralized Security Operation Center, V-MILAP Integrated Application, SAP ARIBA, Diesel Dispensing System and Smart Metal Tapping & Logistics, majorly contributed to the

[1] http://www.world-aluminium.org/statistics/#map

digitalization process. The aluminium production of your company stood at 561 KT in FY 20, against 571 KT in FY 19 on account of floods and an overall economic slowdown. We also witnessed the highest ever efficiency of 94.45% in Potline#1.

During FY 20, we also launched new products like - 13 mm wire rod 11.7 to 12.5 kg/mm, Very low UTS EC Wire Rod and SRC (Semi Rigid Container). PFA production also increased to 33.9 KT in FY 20 as compared to 24.9 KT in FY 19. We are proud to share that we witnessed highest ever sale of Value-Added products in FY 20 as your company constantly works to reduce costs and increase profit margins.

Power plays a vital role in the production of aluminium and there has been uninterrupted power supply to the smelters. Your company successfully survived and revived smelters during the heavy floods on 6th August, 2019. This year also recorded zero import of power. Our power EBITDA was achieved at Rs 335 Cr.

We also had key wins in terms of our people and the community. We successfully optimized 200 regular workers and 1100 outsourced employees to improve productivity by 5% to 167 MT/Man. BALCO also achieved 2nd position in the Vedanta Group this year, in terms of measuring People Performance through the HR Scorecard.

We identified and groomed 13 females with multiple qualifications to occupy lead positions in the plant. To contribute to women empowerment, we worked with 275 SHGs in FY 20 and will add 100 more SHGs in FY 21.

“ This year also recorded zero import of power. Our power EBITDA was achieved at Rs 335 Cr. ”

We also have 1250 women engaged in income generation activities and a total of 2200 women engaged in income generation activities in FY 21. BALCO also tried to help the farmers' community by increasing 100% income of 310 farmers in FY 20 and aims to increase it to 450 farmers in FY 21. Our dedication to serve society in every possible way, continues to enthuse us to make meaningful contributions to improve lives and enrich livelihoods.

Safety

At BALCO, safety is our utmost priority. We constantly work to improve safety standards while spreading awareness among our employees. We reinforced life-saving rules and installed fall protection arrangement in 44 locations across BALCO, for loading & unloading activity. Your company had a VSAP score of 73% in FY 20 and we remain committed to improve our safety standards further.

Market drivers and opportunities

Indian aluminium industry will witness many opportunities to grow in the years ahead due to the constant support from the government, through various initiatives, investments and an emphasis on self-sustenance of goods and services. The slowdown of the Chinese aluminium industry, due to factors such as depleting bauxite reserves and increasing environmental issues is likely to open up opportunities for the Indian aluminium industry.

Outlook

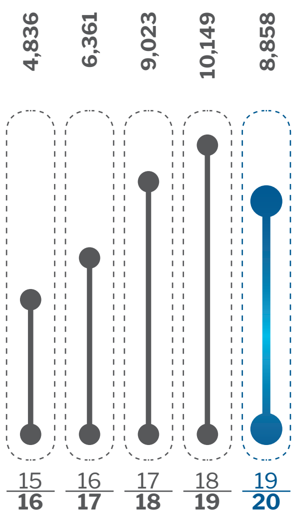
As we move forward battling the pandemic COVID-19, we must be prepared for challenges unlike before. While the government continues to unlock the economic growth with phased lockdowns, we do expect challenges in demand and supply for several core manufacturing industries. At Balco, we are prepared to withstand these tough times and emerge stronger to deliver sustained value for our stakeholders.

S. K. Roongta
Chairman

FINANCIAL & OPERATIONAL HIGHLIGHTS

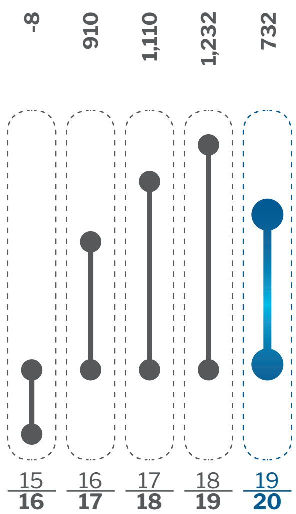
Revenue from Operations

(₹ In Crore)



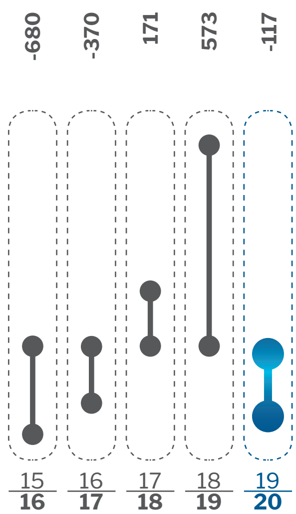
EBITDA

(₹ In Crore)



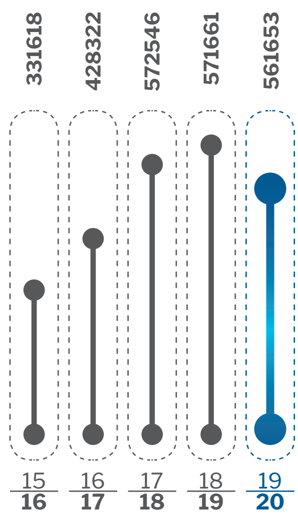
PAT

(₹ In Crore)



Production

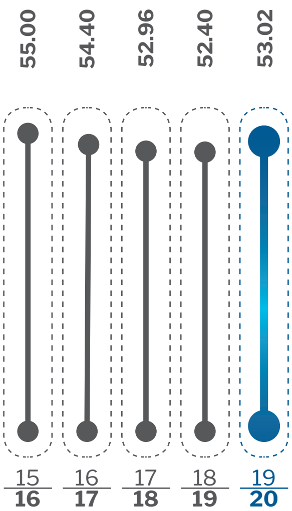
(in MT)



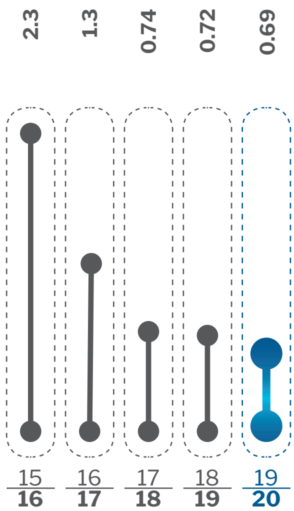
Operational highlights

- Highest ever sale of Value-Added products (Alloy ingot - **33 KT**/Alsi – **11 KT**,Flip Coil-**7 KT**)
- PFA production increased to **33.9 KT** in FY 20 as compared to **24.9 KT** of FY 19
- Highest ever current efficiency of **94.45 %** in Potline#1 FY 20 as compared to **94.30%** in FY 19.
- Achieved **564 KT** of Hot Metal in FY 20
- New Products
    - Production of 13 mm wire rod 11.7 to 12.5kg/mm
    - Very low UTS EC Wire Rod
    - SRC (Semi Rigid Container)
- Zero Power Import.

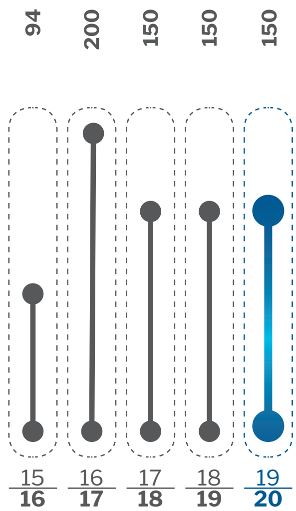
Energy Consumption
(in GJ/MT)



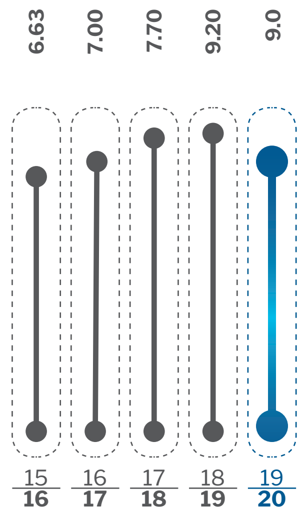
Water Consumption
(in m3/MT)



CSR Beneficiaries
(in '000)



Women Workforce
(% of total)



Coal & Logistics

Coal inventory improved to

25 Days

as on Mar'20 exit

Chotia coal mine Produced targeted quantity of

1 Million

Metric Tonne.

Coal cost per GCV

Rs 0.84/ GCV

People

BALCO achieved

2nd

position across the Vedanta Group this year while measuring People Performance through HR Scorecard

Amicable renewal of

10th

LTS with all the unions in the first month itself

Optimized

Rs. 60 crore

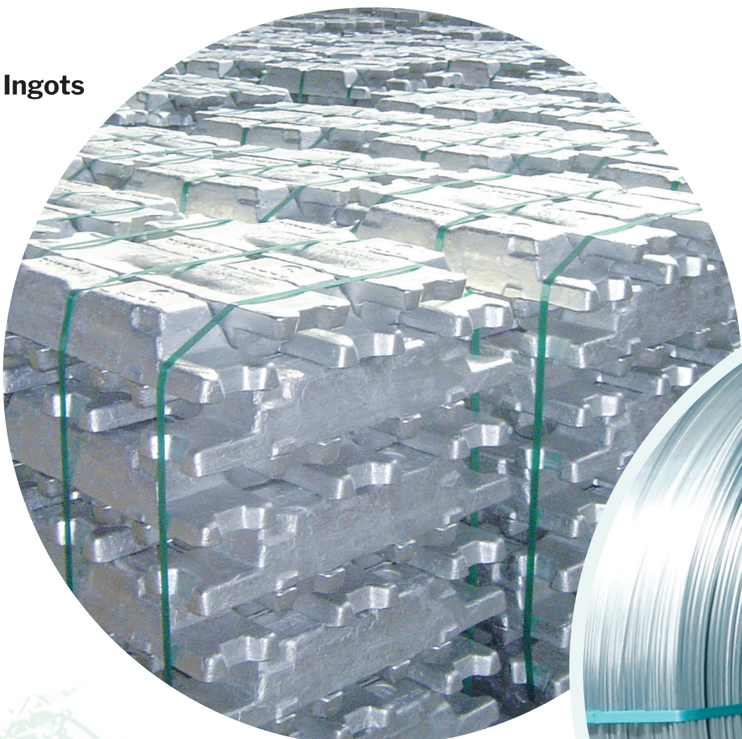
Manpower Cost against a target of Rs. 93 crore

PRODUCT PORTFOLIO

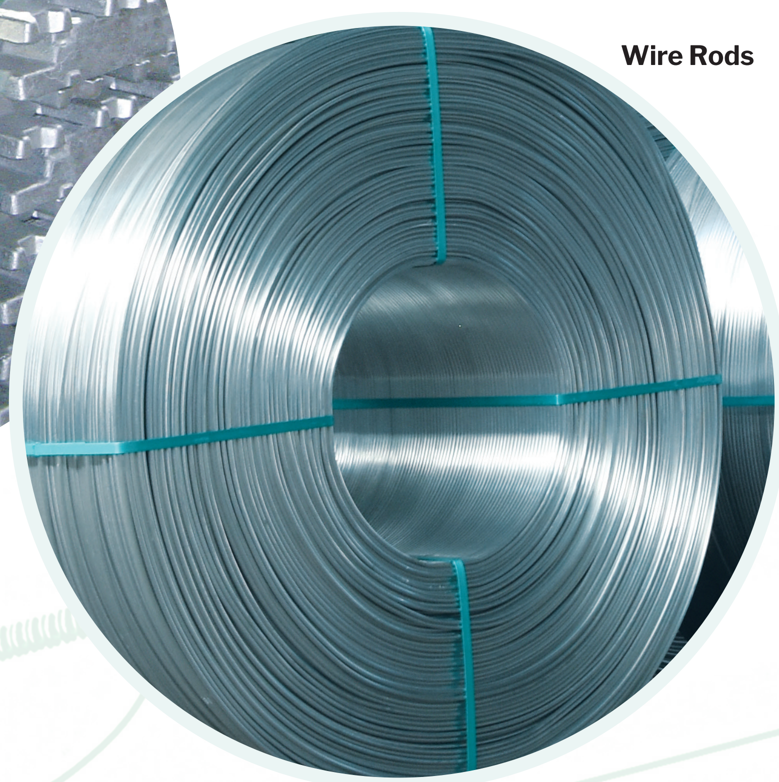
BALCO's products can be primarily categorised into two major segments – Primary and Rolled products. As a renowned player in the local aluminium industry, the Company explores

Primary Products

Ingots



Wire Rods

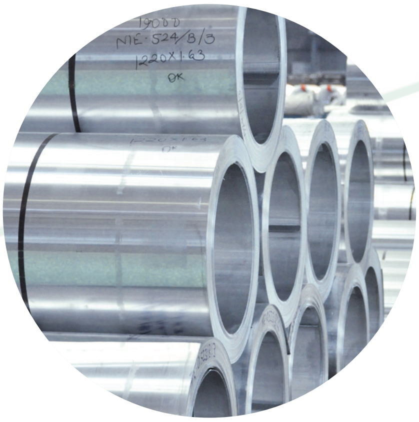


various applications of aluminium to make it useful for a wide range of day-to-day requirements.

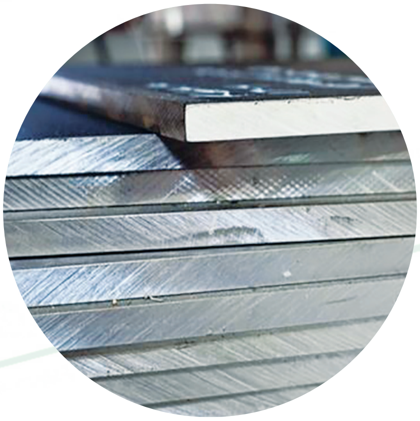
Rolled Products

Hot Rolled Coils

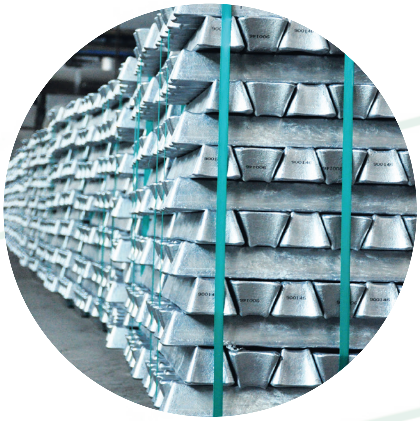
Cold Rolled Coils And Strips



Cold Rolled Sheets



Hot Rolled Plates



Primary Foundry Alloy

HUMAN RESOURCES

The foundation of our success and future achievements are set by an efficient and highly skilled workforce. With our constant emphasis on attracting and retaining the best talent, we remain committed to foster an inclusive and engaged working environment, conducive for professional development and growth. It is the competence, expertise and deep domain knowledge of our people that provide us an edge over our peers.

Our people feel even more inspired, engaged and committed, as we continue to focus on improving our work culture. We continued our efforts to improving levels of inclusion and diversity across our operations. We also focused on keeping safety awareness levels high, proactively adopting international standards.

2443

Employees

Training courses

The new recruits undergo a detailed SBU-wise induction where they learn the process, practices and procedures of the SBU through a month-long guided overview of the area. They are also guided to ensure a proper Campus to Corporate transition. Team Building activities are also initiated to bring out their best.

For existing employees, training initiatives include technical and behavioural aspects of their work, which are covered both centrally and internally, within departments. The behavioural trainings include programs to improve the quality of life and ensure work-life balance. It also focuses on managerial and leadership skills, emphasising on the application of Vedanta competencies to their work life.

Average man-days of training

Achieved FY 19-20

4.5
Executives

1.5
Workmen

0.5
Contract Workforce

Employee welfare

We maintain a 'V-Fitness' calendar to focus on overall health and well-being of the employees. In FY 19-20, we conducted Blood donation camps, talks to generate awareness about heart health and initiated Cycle to work day, yoga camp, etc.

Safety

Safety trainings are conducted on a regular basis for all employees at the shop floor, with centrally co-ordinated sessions to improve behavioural safety and awareness (Chetna). As per Vedanta Sustainability Assurance Program guidelines, training is provided for specific job roles to develop a culture of safety. In case of incidents or long absenteeism (more than 90 days), the employee is offered a refresher training on safety, before returning to work.

DIGITIZATION - TRANSFORMING THE BUSINESS MODEL

Digitizing the business model offers BALCO attractive possibilities for sustainably increasing customer value and for improving efficiency. In doing so, we are building on strong IT and logistics capabilities.

The potential for digitizing the business model is to be harnessed along the entire value chain. By leveraging digital technologies, we have made our processes more efficient, quicker, more flexible and better informed.

Some of the major initiatives undertaken during the year include: -

Centralized Security Operation Center

Leveraging digital technologies enabled us with automated dashboards that led to ease of monitoring, quick detection & assessment of intrusions, and effective monitoring of KPIs, thereby reducing the physical manpower required.

~2 Crore

Saved through this initiative

Integrated Vehicle Management System

We automated inbound and outbound logistics except coal. Moreover, we undertook automation of SAP activities that included, Prod Booking, OBD, PGI and Invoicing. We also developed mobile applications for warehouse management.

Smart Metal Tapping & Logistics

We enabled automated operation of Hot Metal Weighbridge which helped us reduce Ladle TAT. Automation also enabled us to access customer specs by tapping details captured from source, thereby reducing manual error. Additionally, it also helped in Ladle Grade declaration based on Pot Chemical and actual tapped quantity.

Diesel Dispensing System

We automated diesel dispensing system that helped us to reduce manual intervention and enable manpower optimization, increase transportation efficiency and more importantly helped us save diesel.

V MILAP Integrated Application

We integrated V Milap Application with single sign in - Sign ON in One Go. This helped us to increase efficiency of employees. All Apps were taken under one frame, reducing complexity with respect to all available facilities of Vedanta Portals. Through this one integrated application, employees can manage their leaves and attendance, enabling ease of use.

SAP ARIBA

Through implementation of SAP ARIBA, all commercial processes were made cloud based that automated eProcurement. The initiated enabled us to offer features like supplier self-registration and an automated source to pay for better control & tracking. This led to increased transparency, ease of use and helped in collaborating with all our vendors via the Ariba Network.

MARKETING

Our accomplishments are carefully wired to the success of our marketing function and it therefore, plays a pivotal role in the growth of the organization. It enables us to identify and recognize markets, source new clients and forge deeper connections with our existing clients.

BALCO has always focused on customer satisfaction to build a strong brand. We continue to leverage technology to ease the daily processes and bring in more transparency and efficiency in our sales operation. The use of the following strategies have helped report excellent operational and financial numbers during the year. Some of these initiatives were:

Customer Connect portal

With an aim to improve transparency in functioning and customer experience, BALCO and Vedanta Ltd together introduced a web based customer portal VITAL. It acts as a platform for customers to connect with the company. The portal provides important information to customers, starting from product details to current pricing and relevant data about earlier complaints, feedbacks and account details.

Customer Technical Support (CTS)

Recently a dedicated Customer Technical Support (CTS) team has been formed with an objective to focus more on the technical needs of the customers. The team is responsible for anchoring all technical and quality requirements of customers, in terms of the existing product portfolio and to assure the highest levels of quality and services.

New product development

BALCO continues to focus on introducing new products as per customer requirements and market demand. We are continuously maximising domestic sales with higher Value Added Products. Going forward, we aim to engage better with existing as well as new customers to increase awareness about the benefits of Aluminium, compared to other metals.

Innovation Centre

We understand the relevance of technology and innovation in our quest for excellence and sustainable growth. The formation of Innovation centre ensures inter-linkages across business functions, including Sales and Marketing. Under Sales and Marketing, three innovation centres have been formed to focus on Products, Processes and Perception. The respective teams have been entrusted with the responsibility to develop new ideas and convert them into actionable missions to achieve business objectives.

Regular customer feedback

The aim of the company is to provide quality products to customers based on final consumption patterns, with provision for regular feedbacks. This is achieved through:

- **Annual Customer Feedback**

  The Company collects a detailed feedback in a structured manner every year, from all its customers, by means of an online survey.

- **Sales force meeting**

  Every customer of BALCO is mapped to a Product Manager or a Key Account Manager and their priority is to understand the need and requirement of customers to ensure fulfilment of obligations and specific requirements.

- **Technical team or Logistics Team visit to Customers**

  In case of specific technical or logistics related feedbacks or complaints from customers, the technical team or logistics team visits customers to understand their problems and provide necessary solutions.

- **Senior management Interaction**

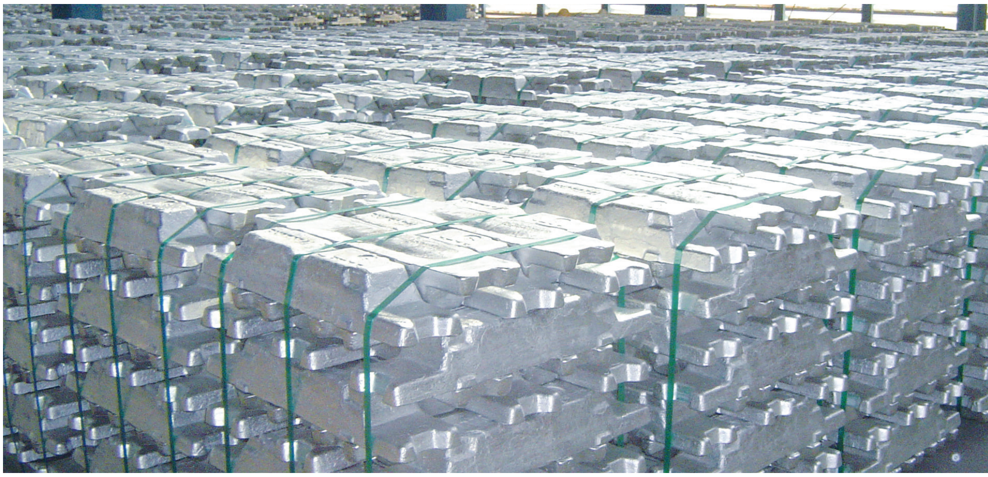
  BALCO has a unique practice of allowing its Senior Management team to meet customers at defined intervals to understand the company's on-going business relationships and address high priority issues.

- **Grievance Management Portal**

  BALCO along with Vedanta Ltd has developed a separate grievance management portal to track and resolve the complaints/ feedbacks raised by the customer in a structured and timely manner.

Highlights FY 19-20

- Total sales from BALCO for FY 20 was **551** kT and **58**% of sales were in the domestic market.
- Export sales jumped nearly **~10**% over FY 19 to reach **234** kT.
- VAP products constituted **44**% of the sales.
- FY 20 saw higher penetration in automobile sector by virtue of **~34**% higher sales of PFA, over FY 19.
- There was a **5**% increase in sale of rolled products in FY 20, which mainly caters to the packaging industry.



EMPOWERING LIVES

The desire to make meaningful contributions to empower communities and people lies at the core of BALCO's corporate social responsibility policy. With an aim to improve standards of living and ensure better access to healthcare and education, BALCO realizes its responsibility towards the holistic development of society at large, to transform people's lives and promote sustainable living.

1.5

Lakh beneficiaries impacted through multiple programs

Infrastructure

To improve the living conditions in villages within the vicinity of operations, BALCO conducted the following activities during the year:

- Local area development. Eg construction of roads, community centres.
- Regular maintenance of Sulabh Sauchalaya (community toilets)
- Drinking water was provided in nearby areas through water tankers to tackle the issue of water scarcity and provide respite to villagers – to offer access to clean and safe potable water at their doorstep

Education

To improve literacy rates, our CSR team initiated a program in 2016, whereby our employees voluntarily educate children from nearby communities. In FY 20 we had 50 volunteers and 120 students working on this project, empowering young minds to work towards a greater cause.

120

Students participated

EMPOWERING LIVES

Health

Project Rural Health Post

Rural Health Post are units which provide primary health care services to the nearby villages and urban areas around the plant. Equipped with a test lab and medicine disbursement facilities, the Rural Health Post serves as the primary point of medical treatment for people in nearby communities. This program aims to make primary healthcare affordable and accessible, thus making health care facilities easily available for a large section. The RHP also organizes health check-up and awareness camps to promote preventive acts which can lead to early identification and cure, especially in cases of Malaria, TB and other seasonal diseases.

17664

People benefitted

Menstrual Health Management

The program was initiated to create awareness on menstrual hygiene among adolescent girls and women and to improve their economic and social conditions to ensure proper Menstrual Health & Hygiene. The program emphasizes on bringing about a behavioural change and encourages women of all ages to use sanitary pads.

Reached out

4000

household

13

Schools covered

28

Adolescent group framed

Project Aarogya

Project Arogya (Vedanta Health Services) is a comprehensive health project with the objective to improve the health and wellbeing of children, women, adolescent girls, youth, pregnant and lactating women. Activities like health camps (seasonal diseases, child and women), mother's meeting, school programs for awareness on HIV-AIDS, gender/social issues are provided under this initiative. Special focus is given on the physical, mental and social development of children under the age of five through two Anganwadi centers. Rural women are also offered skill development trainings through Nari Sakthi Kendra, to aid income generation, self-reliance and women empowerment.

3429

People covered through HIV awareness campaign

24996

People benefitted by Primary Health Services

Livelihoods

We continued to focus on programs by providing livelihood opportunities targeting youth, women and farmers.

Vedanta skill school is training youth in different trades like Welding, Fitter, Hospitality Sewing & stitching and Electrical sector to ensure 80% placements till [month, year]

8000+

Youth placed

Project Unnati

Under this project, we focused on strengthening Self Help Groups (SHG) and linking women to income generation activities like mushroom and millet cultivation, Art & craft etc.

1087

women have been linked to different income generation activities

3044

SHG covered

Project Land & water management

This project supported 600 farmers and 790 acres today has been brought under secured irrigation due to this initiative.

PROFILE OF BOARD OF DIRECTORS

1


Mr. S K Roongta
Chairman

2


Mr. Abhijit Pati
CEO & Whole Time Director

3


Mr. Tarun Jain
Director

4


Mr. Gurminder Singh Kang
Independent Director

5


Mr. R. Kannan
Independent Director

6


Mr. A R Narayanaswamy
Independent Director

7


Ms. Reena Sinha Puri
Government Nominee Director

8


Mr. Alok Chandra
Government Nominee Director

9


Mr. Amit Saran
Government Nominee Director

1 Mr. S K Roongta

Chairman

Mr. Sushil Kumar Roongta, has been on the Board of the Company since 31st January 2012 and as Chairman of the Company since 17th Oct 2014. He has done his BE (Electrical) from BITS Pilani and is a gold medalist in PGDBM (International Trade) from IIFT, New Delhi. He is also a fellow member of All India Management Association. Mr Roongta holds important positions in various apex chambers. Mr. Roongta is a Member of National Executive Committee of FICCI and National Council of ASSOCHAM and a Jury Member for various prestigious awards including Lakshmipat Singhania - IIM Lucknow Leadership Awards, BML Munjal Awards for excellence in learning and development, ICWAI National Awards for Excellence in Cost Management, AIMA Awards etc. He is the recipient of a number of awards including SCOPE gold awards for Excellence & Outstanding Contribution to the Public Sector Management - Individual Category from 2007 to 2008. He is also a member of Corporate Social Responsibility and Nomination & Remuneration Committee of Board.

2 Mr. Abhijit Pati

CEO & Director

Mr. Abhijit Pati joined as Whole Time Director and CEO of Bharat Aluminium Company Limited on 19th July,2019. He is member of CSR Committee and Finance Standing Committee of Bharat Aluminium Company Limited .Mr. Abhijit Pati started his career with Indian Aluminium Company (subsidiary of ALCAN in Indian Aluminium Company) in the year 1989. After working with Hindalco for years with numerous laurels, he joined Vedanta in 2008, as the COO of one of the largest Greenfield Aluminium cum Power complexes of the world at Jharsuguda, Odisha. Mr. Pati was elevated to the position of the President and CEO, Aluminum & Power Business of Vedanta Limited (Jharsuguda) from March'12.

Mr. Abhijit Pati holds MBA degree from International Management Institute (IMI), New Delhi (Gold Medalist) and B Tech (Chemical Engineering) from Institute of Science & Technology,Calcutta University.

3 Mr. Tarun Jain

Director

Mr. Tarun Jain, has been on the Board of the Company since March 2, 2001. He is member of Audit and finance Standing Committee of Company. Mr. Jain has over 26 years of experience in the corporate finance, audit and accounting, tax and secretarial practice, strategic financial matters, including corporate finance, corporate strategy, business development and mergers and acquisitions. He is a fellow member of the Institute of

Chartered Accountants of India and Institute of Company Secretaries of India, besides being a Graduate of the Institute of Cost and Works Accountants of India. He is also on the Board, Cairn India Limited and Vedanta Medical Research Foundation as their Director. He is also on the Board of Sterlite Opportunities and Ventures Limited, Vedanta Aluminium Limited.

4 Mr. Gurminder Singh Kang

Independent Director

Mr. G S Kang holds a master's degree in History and English from the University of Punjab and was a member of the Indian Administrative Services (IAS). Between 1970 and 2006, Mr. Kang served the Government of Bihar in various capacities, and retired as chief secretary in September 2006. He is also on the Board of TSPL. He is also member of Nomination and Remuneration Committee of Board of Company.

5 Mr. R. Kannan

Independent Director

Mr. R. Kannan, was appointed as Director of the Company on 21st July 2011. He is a Post Graduate in Mathematics from Madras University, PGDMS from Bombay University and Certified Associate of Indian Institute of Bankers with Industrial Finance. He has nearly 30 years' experience in the areas of banking, merchant banking, mutual funds, stock broking and venture capital. He has been member of High Power Committees, appointed by the Government of India, for Stock Transfer Reforms, Bank Finance against stocks, entry norms for private sector mutual funds, Safety Net Mechanism for equity offerings, Bank finance for diamond trade, SEBI Deregulation for recognition of SROs in financial services. He is also a Chairman of Audit Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

6 Mr. A R Narayanaswamy

Independent Director

Mr. A R Narayanaswamy joined the Board in 2015, bringing with him more than 40 years of management consulting experience across accounting, financial management and information technology. He is inter alia an Independent Director at Hindustan Zinc Limited and Sterlite Power Grid Ventures Limited. He is a Fellow Member of the Institute of Chartered Accountants of India (ICAI) and a commerce graduate from Sydenham College, Mumbai. He is also a member of Audit Committee of Board of Company.

7 Ms. Reena Sinha Puri

Government Nominee Director

Ms. Reena Sinha Puri is an officer of the Indian Revenue Service. She has held various positions in the Income tax Department and has worked in Mumbai, Kolkata, Delhi, Nagpur and Muzaffarnagar. She has also worked on secondment with the Department of Taxes, Government of Botswana. She completed her Bachelor and Masters in Political Science from Punjab University. She holds Bachelor law degree from Delhi University and Master's Degree in public policy, NUS, Singapore.

8 Mr. Alok Chandra

Government Nominee Director

Mr. Alok Chandra is appointed as Government Nominee Director on the Board of the Company under Section 161 of the Companies Act, 2013, w.e.f. 23rd May, 2018. Mr. Chandra is a Post Graduate in Economics with specialization in Econometrics and belongs to the Indian Economic Service (IES) 1992 batch. He has a working experience of about 25 years during which he has developed expertise in the finance functions having worked in the Department of Expenditure, Department of Economic Affairs, (Capital Markets Division) and Foreign Trade Division of the Ministry of Finance. He has also worked in the Department of Consumer Affairs, Government of India. He is currently Economic Advisor in the Ministry of Mines, Government of India.

9 Mr. Amit Saran

Government Nominee Director

Mr. Ait Saranis an officer of the Indian Railway Service of Mechanical Engineers, currently working as Director in ministry of mines, Govt. of India. He is a Post Graduate in Management with specialization in Operations Management and Bachelors in Mechanical Engineering. He has a working experience of 22 years during which he has held various positions in the Ministry of Mines, Ministry of Railways (Railway Board) and Indian Railways and has worked in New Delhi, Bengaluru, Lucknow, Yamuna Nagar, Mysore, Chennai and Tiruchirappalli.

BOARD'S REPORT

Dear Members

Your Directors have pleasure in presenting the 54th Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

The Company's financial performance for the financial year ended 31st March 2020 is summarised below:

₹ Crore

Particulars	FY 20	FY 19
Turnover	**8,747**	**10,049**
EBITDA	**732**	**1,232**
Depreciation	490	513
Other income (net of expenses)	-48	-2
Operating profit before finance Cost	291	721
Finance Cost	496	517
Exceptional Item	-	-
Profit/(loss) before tax	**-206**	**204**
Tax Expense	-88	-369
Profit/(loss) after tax	**-117**	**573**
Other comprehensive income/(loss)	4	-36
Total comprehensive income/(loss)	**-114**	**538**
Paid up Equity Share Capital	221	221
Opening reserves	**3,841**	**3,304**
Debenture redemption Reserve	70	42
Capital reserve	9	9
Other Free Reserves	3,762	3,253
Transfer to DRR from free reserves	-20	28
Other receipts in Free reserves	-	-
Closing Reserves	**3,728**	**3,841**
Debenture redemption Reserve	50	70
Capital reserve	9	9
Other Free Reserves	3,668	3,762

1. OVERVIEW AND STATE OF THE COMPANY'S AFFAIRS

Company's revenue of ₹ 8,747 Cr for the FY 2020 vs ₹ 10,049 in the previous financial year. EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) stood at ₹ 732 crore, down 7 percent (excluding onetime revenue recognised in FY 19) compared to the previous year, due to lower realisations in Aluminium on account of lower LME and high input costs. The Finance Cost was down by 4 percent at ₹ 496 crore on account of repayment of long-term loans and reduction of Commercial papers in FY 20.

Profit/(loss) before Tax (and Before Exceptional Items) stood at ₹ (206) crore compared to the previous year Profit/(loss) before Tax of ₹ 204 Cr

The other key highlights of FY-20 are as follows:

Health, Safety & Environment:

- 3224 MT of SPL & 6517 MT of Dross disposed to authorized re- processors in FY20

Operational:

- Highest ever current efficiency of 94.45 % in Potline#1 FY20 as compared to 94.30% in FY19.
- Improved CRR (Carbon reactive residue) of 90.67% in FY20 as compared to 87.57% in FY19.
- New Products:
    - First time production of 13 mm wire rod 11.7 to 12.5 kg/mm2 which is used in steel industries (Tata, Bhushan, Essar, JSW & Sunflag. It is used in DE oxidation of steel)
    - Production of very low UTS EC Wire Rod (Annealed), High Conductivity-62% for Drawing less than 0.1 mm. Specific requirement for special conductors by APAR, STL
    - Successful trial of 9.65 mm T4 Alloy rod for M/S KJV alloys, Nagpur
    - Successfully developed, established and delivered new product in RP – Trimmed HRC (2.5 mm)
- PFA production increased to 33.9 KT in FY20 as compared to 24.9 KT of FY19
- Highest ever sale of Value-Added products (Alloy ingot - 33 KT/Alsi-11 KT, Flip Coil-7 KT)
- Developed Chinese cathodes equivalent to European cathodes at lower cost by $1047/mt (23% reduction)- saving by ₹9.5 Cr in FY20
- Installed 116 energy saving cathodes – saving of ₹ 5.5 Cr in FY20
- Chotia coal mine Produced targeted quantity of 1 Million Metric Tonne

People & Community:

- Optimized 200 regular manpower and 1100 outsourced workforce resulting in a productivity improvement by 5% to 167 MT/Man
- Balco provides vocational training to unemployed youths through “Vedanta IL&FS Skill School”. Till this year more than 8600 youths have been trained and are working in different parts of the country and earning their livelihood.
- Optimized 200 regular manpower and 1100 outsourced workforce resulting in a productivity improvement by 5% to 167 MT/Man.
- Women Empowerment-
- FY20 - Working with 275 SHG’s and would be adding 100 more SHG in FY21.
- 1250 women are engaged in income generation activities and total 2200 women will be engaged in income generation activities in FY21

Digitalization

- ICTMS (Integrated Coal Transport Management System) Implemented.
- CSOC: AI camera based centralized security operation centre for proactive action and online application for capturing and maintaining security incident record.
- As process efficiency project, SAP ARIBA a e-procurement cloud-based system implemented to automate all Commercial process

Awards and Accolades

In the financial year 2019-20, your Company has been recognised for achievement in its ability to positively impact its Stakeholder’s, Customers and the Society it serves. During the year FY 20, major awards won by Balco are as below:

- Balco bags “AON Best Employer Award 2019” given by Aon Hewitt India
- Balco Mines received “National Safety Award” for Kawardha Bauxite Mines
- Balco won “IMEA Future Factory Ready Award” for manufacturing excellence practices in Organisation awarded by Frost & Sullivan
- Balco won “Indirect Outstanding procurement of the Year Award” from NASSCOM COF for best implementation of E.M.1.2 project

2. EXPORTS

Domestic sales were the focus during the year for ensuring better sales realisation. The aluminium exports during the financial year (2019-20) is 2,33,962 MT, generating revenue of ₹ 3,082.79 Cr. (including export incentive of ₹ 80.59 Cr.).

3. CONTRIBUTION TO GOVERNMENT EX-CHEQUER

During the FY 2019-20, Company has contributed ₹ 2,252 Cr. to State and Central Government treasury as compared to contribution of ₹ 2,407 Crore made in FY 2018-19.

4. TRANSFER OF RESERVE

The Board of Directors of your Company has decided not to transfer any amount to the Reserves for the financial year under review.

5. DIVIDEND

The Board of Directors of your company, after considering holistically the relevant circumstances and keeping in view the company's profit, has decided that it would be prudent, not to recommend any Dividend for the financial year under review.

6. CREDIT RATING

Your Company's credit rating is AA- (pronounced as ICRA double A minus) Outlook Negative for non-convertible debentures issued by Company rated by ICRA Limited. The details of credit rating is available on the website at http://www.balcoindia.com/media-corner/pdf/Balco_NCD_Letter_Signed_30_3_2020.pdf .

7. DEBENTURES

The aggregate outstanding amount of Non-Convertible Debentures ("NCDs") of the Company as on March 31, 2020 was ₹ 300 Crore details of which is as follows:

Coupon Rate	Date of Allotment	No. of NCD	Total Amt (₹ Cr)	Tenor	Maturity Date
7.90% Secured Redeemable non-Convertible Debenture	August 2,2017	3000	300	2 Yrs. & 363 Days	July 31,2020

During FY'20, NCDs amounting to ₹ 200 Crore has been redeemed. There is no delay in servicing of NCDs interest during FY' 2019-20. The Company had paid all the dues including interest on NCDs during FY'2019-20. Necessary Disclosures in this connection under Listing Regulations have been made to the Stock Exchange where the debentures of the Company are listed.

8. HEALTH, SAFETY & ENVIRONMENT

In line with the principle of sustainable development, the Company continues to focus on Health, Safety & Environment as one of its focus areas of business. The Company is certified by IRQS for OHSAS 18001:2007, ISO 9001:2015, ISO 14001: 2015, ISO 55001:2014 and ISO 50001:2011 certifications.

The Key highlights for year 2019-20 are as under:

- VFL round by senior management along with owner & in-charges of Business partners. Highest ever VFL round (208) in Balco.
- SI (MBRD) reporting by all executives & front line in-charges & supervisors of business partner. Highest ever reporting of SI (48313) in Balco (750% more than FY18-19(6505)).
- Highest ever hazards (87758) reporting (250% more than FY18-19 (34976)).
- Highest ever Near Miss (2589) reporting (250% more than FY18-19(1010)).
- Competency Building of Executives & Supervisors:
  - IOSH Managing Safely – 92 Executives
  - MBRD – 1330 Executives & Supervisors
  - Safety Leadership – 900+ Executives & Supervisors

- Achieved highest ever HSE training Man-days of 16,435 Man-days.
- Training on Chetna Behaviour "Line of Fire" and "Eyes on path" conducted for all employees. More than 4200 employees & 3500 employees covered respectively.
- Training on rescue procedure for rescue team of working at Height & confined space entry by external party.
- Care Drives and Suraksha Goth to motivate and engage employees and family members. 06 Suraksha Ke Goth & 18 Care Drive conducted.
- Installation of fall protection arrangement in 44 location across Balco for loading & unloading activity
- Identification and audit of 905 critical task by cross functional teams. Bow Tie for 23 identified critical risk at BALCO.
- Basic Driving awareness training @BALCO initiated to improve the skills and behaviour of the employees and workers while driving till date 4200 covered. "Behind the wheel" driver competency assessment: 615 drivers assessed
- Launching of Plastic elimination program from BALCO Township – 'PAHAL'
- Initiated Green School Concept.
- Water Study for efficient reuse and recycle of water carried out by 3rd party
- 100 % Ash Utilization
- Planted 15000 saplings during 19-20.
- Tie-up with NUVOCO in process for disposal of plastic waste.

Awards won in area of Safety, Health and Environment include-

- BALCO selected in Gold Category for the "Energy and Environment Foundation Global Sustainability Award 2019" in August 2019
- Balco secured "Sustainable Leadership Awards" in the Category of Global Sustainability Leadership Awards scheduled on 24th October 2019 at Jakarta, Indonesia.
- Chotia Coal Mines received first prize in Overall Survey and Runner-up award for general safety consciousness to contract workers from DGMS during annual coal mines safety fortnight-2019

The Company had an unfortunate fatality at Chotia Mine Coal on 26th October 2019. The accident was fully investigated, and preventive actions were taken across sites. LTIFR & TRIFR for FY 2019-20 is 0.73 & 1.12 respectively.

9. INFORMATION TECHNOLOGY & COMMUNICATION

The innovation & technology largely shapes the roadmap & sustainability of an enterprise. For IT enablement followings initiatives has been taken –

- CSOC: AI camera based centralized security operation centre for proactive action and online application for capturing and maintaining security incident record.
- ICTMS (Integrated Coal Transport Management System) Implemented.
- Dashboard and Analytics project completed using SAP Lumira technology for enabling and operation function.
- Drone technology to strengthen security & safety.
- Mobile application for business using SAP Fiori technology.
- Vedanta Smart Manufacturing Mobile App for Pot Room.
- 'V-Milap' Implemented: A Unified Mobile, Bot & Web Application, a Secure Single Sign-on for all applications.
- Microsoft O365 implemented.
- All In-plant and Mines WB operational unmanned using RFID technology.
- Setup of Video Conferencing at remote locations Mines, Regional offices and VMRF.
- Mobile App for Equipment History and Material Requisition.
- Implemented SAP ARIBA covering SLP, Sourcing with reverse auction, Commerce Automation, Catalogue Management and Contract Management.
- Smart Metal Tapping and Logistics for Potline and Cast House.
- Safety mobile app for manpower mustering in case of Emergency.

- Virtual town hall facilitated using technology- to address employees directly by CEO.
- Autonomous operation of one portion of Cast House which addresses safety.
- Diesel Dispensing System for Balco and Chotia.

10. HUMAN RESOURCES, TRAINING AND DEVELOPMENT

Your Company continued to focus on attracting new talent while investing in talent development to help employees acquire new skills, explore new roles and realize their potential.

In the FY 2019-20, total 7900 training man-days were covered in 133 comprehensive training interventions, with a participation of 6373 employees.

To familiarise with policies, its adherence, actions on non-compliance of Code of Conduct and reporting mechanism for Whistle Blowing to ensure utmost ethical behaviour, corporate governance and to make employees aware about Human Rights in the Organizational functioning, an Online Awareness Module of Mandatory Sessions on 'Code of Conduct Business Ethics & WBP, ABAC, Anti-Trust Guidance Laws and Human Rights' was launched through E-Learning Portal, which has coverage of 100% as on date.

Additionally, classroom sessions on the same was organized during the ethics compliance month observed in during July covering more than 150 employees.

To educate employees on the various aspects of POSH law, an online E-Learning module was launched in the month of February-2020. Further classroom sessions on POSH by external agency was conducted for the ICC members and contract employees during the month of September-2019 and February-2020 respectively.

11. INDUSTRY OUTLOOK

LME Prices and World Trade Scenario

FY 2019-20 has been a bearish year for LME Aluminium prices and it has been below $1800/MT since May 2019 with an average of $1749/MT for this FY, experiencing a decline of ~14% over FY 2018-19 average of $2035/MT. Global Aluminium industry saw dip in prices due to excessive supply in the market, with demand not spiking up to that extent. When it comes to supply, the lifting of sanctions by US Government on UC RUSAL along with restart of Alunorte Alumina refinery at Brazil resulted in impacting the balance of Aluminium demand and supply. Alternatively, when it comes to the demand the bearish sentiments triggered due to the escalating trade war between USA & China and the demand growth slowdown in China leading to rise of exports from the country. This combined with the impact of sharp slowdown in vehicle sales in Europe & Asian region has accelerated the LME price downfall for the financial year. During March 2020, the LME prices touched the 4-year low as the lockdown of major economies of the world due to Covid-19 pandemic created the economic disruption, hence significantly reducing the demand of aluminium. All the major end use sectors for aluminium – automotive, building & construction, consumer durables and packaging have been hit hard by lockdowns, contributing to this decline in global aluminium prices.

Global demand for primary Aluminium for the year 2019 was around 64.5 mio MT and overall Aluminium demand was around 90 mio MT which is expected to fall by a massive 9% to around 82 mio MT in 2020 due to lockdowns in various parts of the world due to Covid-19 pandemic. It is estimated that total primary demand outside of China will fall by 20% y/y in Q1 FY21, which is the biggest quarterly decline since 2009, the time of financial crisis, during when the demand declined by over 25% over two quarters. Also, as per estimates, total primary demand in China will fall by 11% y/y in Q1 FY21, which equals the quarterly contraction seen in Q4 2008.

Nevertheless, India has a competitive advantage at this point of time and the country can effectively change the dynamics of World trade going forward. Some of the prominent Nations around the World are thinking seriously to shift their manufacturing set-up outside China and some of them have even made plans and financial projections to move their supply chain out of China to a more reliable and stable Country. India, with its pre-established set-ups, stable geo-political climate and knowledgeable workforce, could be the Country of Choice for many Nations in years to come. Though the current year looks bit unpredictable, the future for India looks clear and bright. Indian Aluminium industry would also benefit majorly when such a shift in World supply chain results.

Products and Consumers

Balco's integrated smelter in India with 0.57 MTPA installed capacity is a market leader in primary aluminium with a 21% market share in FY2019-20 as compared to 22% in FY 2018-19. Balco's product range includes Aluminium Ingots, Primary Foundry Alloys, Wire Rods and Rolled Products. The company is poised to accelerate its reach to automotive downstream industry in India through variety of its value-added products portfolio, which is on increasing trend as days pass by.

For this financial year, 58% of the company's total sales were to the Indian markets, specifically for the use in the electrical and transportation industries. This was lower by 5% compared to last year. About 74% of this domestic sale comprised of Value-Added Product portfolio of Vedanta Ltd, which saw a decrease of 2% compared to last year. The company sold an overall of 44% of its total sales as Value Added Product in this financial year, which saw a decrease of 6% compared to last year.

Domestic Market Drivers and Opportunities

In line with global economy, India is staring at an unprecedented economic crisis and the country likely to record its worst growth performance since 1991, post liberalization, at just 1.5-2.8% growth this financial year. Accordingly, India's total aluminium consumption is expected to fall to 3.1 MnT in the FY 2019-20 from 3.4 MnT in 2018-19. All the major sectors like transport, electrical, building & construction have suffered severely due to lockdown imposed by Government of India and their Q1 performance has taken a toll due to the recent pandemic. This will have its impact on the overall aluminium consumption for this financial year

12. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

A.) Changes in Directors and KMP

Board of director at their meeting held on 19th July, 2019 took note of resignation of Mr. Vikas Sharma from the post of Director and CEO from the board of the company w.e.f. closure of business hours of 19th July, 2019. In line with recommendations of the Nomination and Remuneration Committee Board of Directors at their Meetings held on 19th July 2019, approved the appointment of Mr. Abhijit Pati (DIN-08457230) was appointed as CEO & Whole Time Director subject to approval of Shareholder in ensuing Annual General Meeting. Board places on record the deep appreciation for valuable services and guidance provided by Mr. Vikas Sharma during the tenure of her Directorship as CEO and Whole Time Director.

B.) Directors liable to retiring by rotation

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 and the Company's Articles of Association Mr. S. K. Roongta (DIN-00309302), Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. S. K. Roongta has given required declaration under Companies Act, 2013. Brief resume of the Director being reappointed forms part of the notice of ensuing Annual General Meeting. The Board/ Committee recommend the reappointment of Mr. S. K. Roongta.

The Nomination and Remuneration Policy of the Company is attached herewith as **Annexure E**.

C.) Key Managerial Personnel

In terms of provisions of Section 203 of Companies Act, 2013 as on March 31, 2020 Mr. Abhijit Pati (Chief Executive Officer & Whole Time Director); Mr. Rohit Soni (Chief Financial Officer) and Mr. Vinod Kumar Mathur (Company Secretary) are Key Managerial Personnel of the Company.

D.) Separate Meeting of Independent Directors

The Independent Directors met on 16th May 2020, without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

E.) Declaration of Independent Directors u/s 149

In compliance of provision of section 149(7) of Companies act 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014, a declaration has been received from Independent Director, to the effect that they meet the criteria of Independence as provided in Section 149(6) of Companies Act 2013. In terms of provisions of Section 134(3)(d) of the Companies Act, 2013, the Board of Directors of your Company have taken note of these declarations of independence received from all the Independent Directors after undertaking due assessment of the veracity of the same.

F.) Familiarisation Programmes for Board Members

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments are made in the separate meetings of the Independent Directors from time to time.

Quarterly updates on relevant statutory, regulatory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. Visits to plant locations and Corporate Social Responsibility activity locations are organised for the Independent Directors to enable them to understand and get acquainted with the operations of the Company.

G.) Number of Meetings of the Board

The Board met four times during the financial year 2019-20 on 2nd May 2019; 19th July 2019; 21st October 2019 & 20th January 2020. The maximum interval between any two meetings did not exceed 120 days.

13. DIRECTOR RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, Directors hereby confirm that: -

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) They have prepared the annual accounts on a going concern basis;

(e) They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is following the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

15. INTERNAL FINANCIAL CONTROLS

Your Board has devised systems, policies and procedures/ frameworks, which are currently operational within your Company for ensuring the orderly and efficient conduct of its business, which includes adherence to policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. In line with best practices, the Audit Committee and the Board reviews these internal control systems to ensure they remain effective and are achieving their intended purpose. Where weaknesses, if any, are identified as a result of the reviews, new procedures are put in place to strengthen controls. These controls are in turn reviewed at regular intervals.

The systems/frameworks include proper delegation of authority, operating philosophies, policies and procedures, effective IT systems aligned to business requirements, an internal audit framework, an ethics framework, a risk management framework and adequate segregation of duties to ensure an acceptable level of risk. Documented controls are in place for business processes and IT general controls. Key controls are tested by entities to assure that these are operating effectively. Besides, the Company has also adopted an SAP GRC (Governance, Risk and

Compliance) framework to strengthen the internal control and segregation of duties/ access.

The Company has documented Standard Operating Procedures (SOP) for procurement, project/ expansion management capital expenditure, human resources, sales and marketing, finance, treasury, compliance, Safety, Health and Environment (SHE), and manufacturing.

The Group's internal audit activity is managed through the Management Assurance Services ('MAS') function. It is an important element of the overall process by which the Audit Committee and the Board obtains the assurance on the effectiveness of relevant internal controls.

The scope of work, authority and resources of MAS are regularly reviewed by the Audit Committee. Besides, its work is supported by the services of leading international accountancy firms.

The Company's system of internal audit includes monthly physical verification of inventory, a monthly review of accounts and a quarterly review of critical business processes. To enhance internal controls, the internal audit follows a stringent grading mechanism, focussing on the implementation of recommendations of internal auditors. The internal auditors make periodic presentations on audit observations, including the status of follow-up to the Audit Committee.

The Company is also required to comply with the Sarbanes Oxley Act Sec 404, which pertains to Internal Controls over Financial Reporting (ICOFR). Through the SOX 404 compliance programme, which is aligned to the COSO framework, the Audit Committee and the Board also gains assurance from the management on the adequacy and effectiveness of ICOFR.

In addition, as part of their role, the Board and its Committees routinely monitor the Company's material business risks. Due to the limitations inherent in any risk management system, the process for identifying, evaluating, and managing the material business risks is designed to manage, rather than eliminate risk. Besides it created to provide reasonable, but not absolute assurance against material misstatement or loss.

Your Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been assessed during the year taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

Based on the information provided, nothing has come to the attention of the Directors to indicate that any material breakdown in the function of these controls, procedures or systems occurred during the year under review. There have been no significant changes in the Company's internal financial controls during the year that have materially affected or are reasonably likely to materially affect its internal financial controls.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their objectives. Moreover, in the design and evaluation of the Company's disclosure controls and procedures, the management was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures. Further, the Audit Committee annually evaluates the internal financial controls for ensuring that the Company has implemented robust systems/ framework of internal financial controls viz. the policies and procedures adopted by the Company 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

16. AUDITOR AND AUDITOR'S REPORT:

(A). STATUTORY AUDITORS

M/s S. R. Batliboi & Co., LLP, (Firm Registration Number 301300E) Chartered Accountants were appointed as Statutory Auditors of the Company for a term of 5(five) consecutive years at the Annual General Meeting ("AGM") of the Company held on Tuesday 21st June 2016. The Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

The observations made in the Auditors' Report are dealt with separately in the notes to the Profit and Loss Account and the Balance Sheet. These are self-explanatory and do not call for any further comments.

(B.) SECRETARIAL AUDITOR

Pursuant to provision of Section 204 of Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Person) Rules 2014, the Company has appointed M/s Chandrasekaran Associates to undertake the Company's Secretarial Audit for FY 2019-20.

The Report of the Secretarial Audit in Form MR-3 is annexed herewith as **Annexure-B**. The Auditor reported the observation with respect to publication of financial results as per Regulation 52 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for half year ended 31st March,2019 . Board deliberate on the remark and explained that based on the understanding that BALCO has issued debentures on private placement basis and Govt. of India and Vedanta Limit are only Shareholders to whom financial results are shared separately along with the debenture holders. Furthermore, financials are also available in public domain i.e. website of the company. However, for better governance and disclosure practices, going forward company has started publishing financial in newspaper.

A confirmation eligibility and willingness to act as Secretarial Auditor of Company has been received from M/s Chandrasekaran Associates to conduct Secretarial Audit for FY 2020-21. The Audit Committee recommends to the Board their appointment for FY 2020-21.

(C.) COST AUDITOR

As per the requirement of the Central Government and in pursuance of Section 148 of the Companies Act, 2013 read with the Companies (Cost Record and Audit) Amendment Rules 2014, Company has appointed M/s R J Goel & Co., Cost Accountants as cost auditors of the Company to carry out the audit of cost accounting records for FY 2019-20.

A confirmation of eligibility and willingness to act as Cost Auditor of Company has been received from M/s R J Goel & Co., to conduct Cost Audit for FY 2020-21. The Audit Committee recommends to the Board their re-appointment for the year 2020-2021.

As required under the Companies Act 2013, the remuneration payable to Cost Auditor is required to be placed before members in General meeting for their approval. Accordingly, a resolution seeking Member's approval for the remuneration payable to M/s R J Goel & Co. is included at Item No. 3 of the Notice Convening the Annual General Meeting.

The Company maintains necessary cost records as specified by Central Government under sub-section 1 of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014.

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Information as required under Section 134 of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014, viz. a report on conservation of energy, technology absorption, foreign exchange earnings and outgo are given in the Annexure-A attached hereto and form part of this report.

18. EMPLOYEE INFORMATION AND RELATED DISCLOSURES

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules") is appended as "**Annexure F**" to the Report.

The information, as per Rule 5(2) forms part of this Report. However, as per provision of Section 136 of the Act and Rule 5(2), the Report and the Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2). The statement shall be available for inspection at the Company's Registered Office and any Member interested in obtaining a copy of the said statement may write to the Company Secretary.

19. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. A separate report on Corporate Governance, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') forms a part of this annual report.

20. EXTACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure-D".

21. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

Your Company has zero tolerance for sexual harassment at workplace and has adopted Policy on prevention, prohibition and Redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and Redressal of complaints of sexual harassment at workplace. The Company is committed to providing equal opportunities irrespective of race, caste, sex, religion, colour, nationality, disability, etc. All women associate (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

To build awareness in this area, the Company has been conducting induction / refresher programme in the organization on a continuous basis.

The company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year:

Number of cases pending as on the beginning of the financial year	Nil
Number of complaints filed during the year	2
Number of complaints disposed off during the year	2
Number of cases pending as on the end of the financial year	Nil

22. RELATED PARTY TRANSACTION

All contracts or arrangements entered by the Company with its related parties during the financial year were in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All such contracts or arrangements have been approved by the Audit Committee, as applicable. There were no materially significant Related Party Transactions entered-into by the Company with Promoters, Directors, Key Managerial Personnel or other related parties which may have a potential conflict with the interest of the Company. Requisite prior approval of the Audit Committee of the Board of Directors was obtained for Related Party Transactions. Therefore, disclosure of Related Party Transactions in Form AOC-2 as per the provisions of Section 134(3)(h) and Section 188 of the Companies Act, 2013 read with the Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable.

All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013, and Listing Regulations.

The details of the transactions with the related parties are provided in the accompanying financial statements. There were no related party transactions made during the year required to be disclosed in the Form AOC-2.

23. VIGIL MECHANISM

Your Company's Whistle Blower Policy encourages Directors and employees to bring to the Company's attention, instances of unethical behaviour, actual or suspected incidents of fraud, or any violation of the Code of Conduct, that could adversely impact your Company's operations, business performance and / or reputation. It is your Company's Policy to ensure that no employee is victimised or harassed for bringing such incidents to the attention of the Company.

As per the whistle-blower policy adopted by the Company, all complaints are reported to Director–Management Assurance who is independent of operating management and businesses.

In line with global practices, dedicated email IDs and centralized database have been created to facilitate receipt of complaints. A 24X7 whistle blower hotline cum web-based portal is available to report genuine concerns. All employees and stakeholders can register their integrity related concerns either by calling on a toll -free number or by writing on the web-based portal that is managed by a third party. The hotline provides multiple local language options. After the investigation, established cases are brought to Group Ethics Committee for decision making. Whistle Blower Policy is also posted on the website of the Company.

24. BOARD EVALUATION

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board is undertaken, where the Board formally assesses its own performance with an aim to improve the effectiveness of the Board and the Committees, individual Director. During the year, Board Evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and Peer evaluation of the Directors. The evaluation process focused on various aspects of the functioning of the Board and Committees, such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. The guidance note issue by SEBI on Board Evaluation was duly considered while conducting the evaluation exercise. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgement.

As an outcome of the above exercise, it was noted that the Board is functioning as a cohesive body which is well engaged with different perspectives. The Board Members from different backgrounds bring about different complementarities that help Board discussions to be rich and value adding. It was also noted that the Committees are functioning well and besides the Committee's terms of reference as mandated by law, important issues are brought up and discussed in the Committee Meetings.

Outcome of the evaluation exercise:

1. The Board as a whole performed satisfactorily.
2. Independent Directors are rated high in understanding the Company's business and expressing their view during the Board meetings.
3. The Non-Executive Directors scored well in all aspects.
4. Directors rated Executive Directors as action oriented and good in implementing Board decisions.
5. Board members rated high to the Chairman in leading the Board effectively.
6. Board members had shown satisfaction in functioning of the Committees.

25. DEPOSIT

During the year under review, your Company has not accepted any fixed deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on 31st March 2020, there were no deposits which were unpaid or unclaimed and due for repayment.

26. LOANS AND INVESTMENT U/S 186

Details of Loans, Guarantee and Investments covered under the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 are given in the notes to Financial Statements.

27. COMMITTEES OF THE BOARD

Currently, there are three Board Committees – Audit Committee, Nomination and Remuneration Committee Corporate Social Responsibility Committee and Finance standing Committee. Meetings of Board Committees are convened by the respective Committee Chairman. Matters requiring the Board's attention / approval, as emanating from the Board Committee meetings, are placed before the Board with clearance of the Committee Chairman. All the recommendations made by Board Committees during the year were accepted by the Board. Minutes of Board Committee meetings are placed before the Board for its information. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

A.) Audit Committee:

The Audit Committee of the Board of Directors constituted in compliance of Section 177 of Companies Act, 2013 comprises:

1. Mr. R Kannan-Chairman (Independent Director)
2. Mr. A. R. Narayanaswamy-Member (Independent Director)
3. Mr. Tarun Jain - Member (Non-Executive Director)

Besides reviewing the internal audit, control and procedures, it reviews the un-audited and audited financials of the Company before submission to the Board. The Audit Committee also reviews the implementation of the risk management policy and the whistle blower policy and all other activities as stipulated in Audit Committee Charter.

Four Audit Committee Meetings were held during the financial year ended 31^{st} March 2020 and dates on which the Audit Committee Meetings were held are as follows;

2^{nd} May 2019; 19^{th} July 2019; 21^{st} October 2019 & 20^{th} January 2020.

The Board has accepted all recommendation of the Audit Committee.

B.) Nomination and Remuneration Committee:

The Nomination & Remuneration Committee establishes the principles for the selection of candidates to the Board of Directors, selects candidates for the election or re-election to the Board of Directors and prepares a proposal for the Board of Directors' decision.

In terms of provisions of Section 134(3) (e) of the Companies Act, 2013, the Company has adopted the Nomination and Remuneration Policy.

Composition, names of members and number of meetings held during the year:

In terms of provisions of Section 178 of the Companies Act, 2013, the Company has duly constituted Nomination and Remuneration Committee and as on 31^{st} March 2020, the Nomination & Remuneration Committee comprised of the following Independent Directors & Non-Executive Directors.

1. Mr. R Kannan -Chairman (Independent Director)
2. Mr. Gurminder Singh Kang-Member (Independent Director)
3. Mr. S K Roongta-Member (Non-Executive Director)

During the year FY 2019-20, Nomination & Remuneration Committee met 3(three) times i.e. on 2^{nd} May 2019; 19^{th} July 2019 & 21^{st} October 2019.

In terms of provisions of Section 134(3) (e) of the Companies Act, 2013, the Company has adopted the revised Nomination and Remuneration Policy on 2^{nd} May 2019.

C.) Corporate Social Responsibility Committee

In Compliance with Section 135 of Companies Act, 2013 the company has duly constituted Corporate Social Responsibility (CSR) Committee and as on March 31, 2020, the Committee comprises of following Independent Director, Non-Executive and Executive Director: -

1. Mr. R Kannan- Chairman (Independent Director)
2. Mr. S K Roongta- Member (Non-Executive Director)
3. Mr. Abhijit Pati- Member (CEO and Whole Time Director)

The role of CSR Committee includes formulating and During the financial year ended 31^{st} March, 2020, the Committee recommending to the Board the CSR Policy and activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on CSR activities of the Company, reviewing the performance of Company in the area of CSR.

During FY 2019-20, CSR Committee has met one time i.e. on 2^{nd} May,2019.

28. CORPORATE SOCIAL RESPONSIBILITY

Your Company's overarching commitment to create significant and sustainable societal value is manifest in its CSR initiatives that embrace the most disadvantaged sections of society, especially in rural India, through economic empowerment based on grassroots capacity building. CSR for Balco is an integral part of its business strategy, which includes creating an organisation intended to maximise wealth of shareholders and establish productive and lasting relationship with all stakeholders, with an emphasis on fulfilling our responsibility towards the entire community and society.

In terms of the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee which is chaired by Mr. R Kannan: Independent Director. The other Members of the Committee for the Financial Year ending March 31, 2020 were Mr. S K Roongta and Mr. Abhijit Pati.

The role of CSR Committee includes formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on CSR activities of the Company, reviewing the performance of Company in the area of CSR.

The Corporate Social Responsibility Policy is available on the website of the Company at: http://www.balcoindia.com/about-us/doc/policies/CSR_Policy.pdf.

Your Company is a caring corporate citizen and lays significant emphasis on development of the communities around which it operates. During the FY 2019-20 the Company has spent ₹ 83.39 crore under Section 135 of the Act on CSR activities,

During the financial year ended 31st March, 2020, the Committee meeting was held on 2nd May 2019.

29. RISK MANAGEMENT

Your businesses are exposed to a variety of risks, which are inherent to a global natural resource's organisation. Risk management is embedded in the organisation's processes and the risk framework helps the organisation meet its objectives by aligning operating controls with the mission and vision of the Company. Risk evaluation and management is an ongoing process within the Organization. Your Company has comprehensive risk management policy which is periodically reviewed by the Risk Management Committee.

Our management systems, organisational structures, processes, standards and code of conduct together form the system of internal controls that govern how we conduct business and manage associated risks.

Formal discussion on risk management happens in business level review meetings at least twice in a year. Major risks identified by businesses and functions are systematically addressed through mitigating actions. Risk officers have also been formally nominated at operating businesses level, to develop the risk-management culture within the businesses. The recent COVID-19 outbreak created considerable strain and uncertainty and impact over Operational and financial performance is assessed and discussed along with its mitigation plan to overcome this pandemic.

In the opinion of the Board, none of the risks faced by the Company threaten its existence.

30. CORPORATE SOCIAL RESPONSIBILITY

At Bharat Aluminium Company Limited (BALCO), Corporate Social Responsibility is all about developing a business model that not only creates economic value but also contributes to a healthy ecosystem and strong communities. Our endeavour is to evolve and develop appropriate business processes and strategies to achieve a common goal which contributes to the greater good.

Our CSR projects are spread across 117 villages in 3 districts of Chhattisgarh and touches lives of more than 1.5 lakh people.

CSR projects includes

- Balco provides vocational training to unemployed youths through "Vedanta Skill School". Till this year more than 8,600 youths have been trained and are working in different parts of the country and earning their livelihood.
- Balco reaches to over 70 villages through its Rural Health Post and Health Camps organized every alternate day and provide primary health services.
- Watershed development project in partnership with NABARD, where more than 1566 Hectares of land covered under this project. This has helped in increase in yield by 30% and has also positively contributed to water table of the area.
- Land and water management project in partnership of NABARD where water conservation structures like check dams, wells etc. and regular trainings on modern agriculture techniques are done, which resulted in bringing 790 acres of land under secured irrigation and helped farmers to take second and third crops.
- Wheat cultivation was started for the first time in the area under Land and water Management. Wheat was cultivated in 110 acres this year.
- A Farmer Producer Organization (FPO) named Korba Krushak Unnayan Producers Company Limited had been formed and registered under Companies Act.

- A Biofloc unit, a modern fish farming technique, one of its kind in Korba and an Agri-input center has been developed in Vedanta Agriculture Resource Centre, which is a training cum demonstration center developed, benefitting farmers from 6 villages.
- Empowering women through Self Help Group (SHG) under Project 'Unnati'- 330 SHG's are formed and doing the regular saving and are gradually being linked to income generation activities. 1087 SHG women have been linked to income generation activities like mushroom cultivation, art and crafts, paper plate making, millet processing etc.
- 790 women were engaged in mushroom cultivation has produced 20,710 kg and earned approx. ₹ 41 lakhs by selling it in the local market.

Balco is committed towards bringing positive change in lives of people residing near its area of operation and will continue to work towards their upliftment.

Our CSR initiative received Golden Peacock Award, Best CSR practises award by Economic Times Now Stars of the Industries and CSR award by Dainik Jagaran in FY 2019-20.

31. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION AND CHANGE IN BUSINESS

There have been no material change(s) and commitment(s), except elsewhere stated in this report, affecting the financial position of the Company between the end of the financial year of the Company i.e. March 31, 2020 and the date of this Report. There has been no change in the nature of business of the Company during the financial year ended on March 31, 2020.

32. OTHER DISCLOSURES

- There was no revision in the financial statements.
- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
- There were no frauds reported by the Auditors u/s 143(12) of the Companies Act, 2013.

APPRECIATIONS AND ACKNOWLEDGMENTS

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be your Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests.

Your Directors also take this opportunity to thank all Shareholders, Customers, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	SK Roongta	**Abhijit Pati**
	(DIN-00309302)	(DIN-00227980)
Dated: 20th May 2020	(Director)	(CEO & WTD)

Annexure A:

ANNEXURE'S TO DIRECTORS' REPORT

A) CONSERVATION OF ENERGY:

(a) Energy conservation measures taken:

- Various initiative taken and trials conducted in Pot line on energy saving cathodes resulting into reduction in Specific Energy consumption to ever lowest 13794 kwh/MT in March 2020. Balco Pot line 1 is benchmark (13608 KWH/MT – March 2020) in India and is in top decile across all World class Smelters. Balco received Energy Leaders Award by CII (only Aluminium Smelter to receive this award).

  Key Projects-

  - 100% graphitised pots installation-116 no in FY20.
  - Installation on new design of cathodes – Mtesol, Ruc and Sumitomo- achieved DC power consumption – 12850 kwh/ mt. Optimisation ongoing in these pots to reduce energy consumption further.
  - Slot height increased from 200-207 to 230-237 mm- savings 20 kwh/ MT
  - Idle running of equipment's during non-production hours were stopped by automation saving 25MWH per month
  - Speed reduction of ID fan by2% saving 22MWH per month
  - Compressor operating set points Optimized. (4 MWH/Day Saving)
  - Conversion of HP airline to LP air line for alumina handling. (12 MWH/Day Saving)
  - All pumps upgraded to VFD in compressor pump house line 2. (0.6 MWH/day saving)

- Reduction in Specific Energy consumption in Cast houses from 77 KWH/MT (FY19) to 72 KWH/MT (FY20) by following initiatives:

  - Converting 4 no. cooling tower fan to light weight Corrugated FRP blade
  - Optimising of water flow through VFD in pump house
  - Installation of VFD in Dross process machine ID fan
  - Optimisation of running hours of EMS

- Reduction in Specific Energy Consumption in Sheet Rolling Shop from 906 KWH/MT (FY19) to 905 KWH/MT (FY20)
- Energy saving through LED replacement by conventional light - 274 Kwh/Day.
- 3.1% reduction in diesel consumption in FY 20.
- Reduction in Auxiliary power consumption of 540MW from 9.90% (FY19) to 9.75% (FY20) (Lowest ever) due to following initiatives: -

Key Projects-

- CW Pipe-line interconnection in 540MW.
- VFD Installed for CEP and Ash Slurry pump in 540MW.
- One CW Pump operation in 540MW.

- 540MW-oil consumption reduced from 0.36 mL/ KWHR (FY19) to 0.23 mL/ KWHR(FY20)
- Reduction in Specific water consumption of 540MW 2.26 m3/ MWHR (FY19) to 2.04 m3/ MWHR (FY20) (Lowest ever).
- Reduction in Specific water consumption of 1200MW 2.53 m3/ MWHR (FY19) to 2.17 m3/ MWHR (FY20) (Lowest ever)

(b) Additional Investment:

- Installation of 116 nos of energy savings cathodes with investment of approx. ₹ 140 Cr.
- Investment of ₹ 8.5 Cr for preheating furnace revamping resulting into High density coil production. (Average slab weight increased from 2.8 MT to 4.2 MT)

- VFD installation in CEP and ash slurry pump in 540MW

Recognition and system implementation for energy Improvements

- "Golden Peacock Energy Efficiency Award" in 19th National Award for Excellence in Energy Management".
- "Energy Efficient Unit Award - Metal Sector" by CII- for Energy conservation
- 540 MW power plant Received – "National Award for Energy efficient unit" by CII –Power sector.

The above measures have contributed to reduction of energy consumption in Aluminium.

Energy consumption per unit of production:

SL No.	Particular	Unit	2019-20	2018-19
1	**Hot Metal**			
i	Electricity	Kwh	13,949	13,903
2	**Propenzi Rod (Including Alloy Rods)**			
i	Electricity	Kwh	125.78	113.66
ii	Funance Oil	Ltr	4.78	5.64
3	**Ingots**			
i	Electricity	Kwh	41.92	44.93
ii	Funance Oil	Ltr	7.10	8.18
4	**Rolled Product**			
i	Electricity	Kwh	851.60	826.71
ii	Funance Oil	Ltr	84.82	72.88

SL No.	Particular	Unit	2019-20	2018-19
1	**Electricity**			
a)	**Purchase from**			
	CSEB/Grid(Units)	M. KWH	-	33.30
	Total Amount	Rs in Crs	-	24
	Average Rate (Note 1)	Rs/KWH	-	7.42
b)	**Own Generation**			
	Units	M. KWH	10,985	10,610
	Total Amount	Rs in Crs	2,847	2,953
	Average Rate	Rs/KWH	2.59	2.78
2	**Coal (Used in Boiler House)**			
	Quantity	MT	76,13,465	74,98,393
	Total Amount	Rs in Crs	2,535	2,631
	Average Rate	Rs/MT	3,330	3,509
3	**Furnace Oil & Light Diesel Oil**			
	Quantity	KL	25,326	24,996.66
	Total Amount	Rs in Crs	91	95
	Average Rate	Rs/KL	36,198	38,368

Note 1 - Excludes Fixed and Parallel charges

B) TECHNOLOGY ABSORBTION

FORM B

Research and Development (R&D)

a) Specific areas in which R&D carried out by the Company

- Detoxification of SPL through outside party. 3224 MT SPL dispatched to Greenmec technology in FY20.
- Potline1 survival after 6.5 hrs. power outage due to flood with focused & dedicated approach. This is first of its kind in world scenario.
- Increase Anode height 600 to 620 mm- savings in logistic for one day, trial done in one section.
- Modification of tapping hook insulation pin online-2 PTMs for better reliability of the equipment's for risk mitigation of fall of ladle.
- Online welding of anode beam joining plates.
- Replacement of existing PLC WAGO module with XTR module, which can withstand high temp & vibration & thus better reliability.
- In Cast HOUSE -3 in house automatic metal level control done in both wire rod mill for lower tundish
- In house Logix developed for double ingot transfer for increasing throughput of ICM running
- Automatic level control in metal flow in casting stations using float and pin-plug system in Foundry.
- Modification of Shelving: Cooling of annealed coil in hanging Position to avoid damages
- Product Development
  - 12mm/13 mm Wire Rod development in CH#3 (Earlier it has been produced at low productive mill of CH#1 at a speed of 4.5 MT/hr. and after this development in CH#3 its getting produced at a speed of 12.5 mt/hr.) with improved coil surface quality, build up and uniformity.
  - First time production of 13 mm wire rod 11.7 to 12.5 kg/mm2 which is used in steel industries (Tata, Bhushan, Essar, JSW & Sunflag. It is used in DE oxidation of steel)
  - Production of very low UTS EC Wire Rod (Annealed), High Conductivity - 62% for Drawing less than 0.1 mm. Specific requirement for special conductors by APAR, STL
  - Successful trial of 9.65 mm T4 Alloy rod for M/S KJV alloys, Nagpur
  - Successfully developed, established and delivered new product in RP – Trimmed HRC (2.5 mm)

b) Benefits derived as result of the Wire Rod R&D:

- Developed Chinese cathodes equivalent to European cathodes at lower cost by - saving by ₹ 9.5 Cr in FY20
- Benefit due to installation of 116 energy saving cathodes – ₹ 5.5 Cr in FY20
- Benefit due to increase in slot height from 200-207 to 230-237 mm- savings 20 kwh/ MT resulting into ₹ 1.5 Cr in FY20

c) Future plan of action:

- Pot controller up-gradation by implementation of ALPSYS Pot controller to reduce Pot room specific power consumption in Pot line 2 by 417 kwh/ MT.
- Alternate fuel development for HFO, Implementation of producer gas.
- Increase Anode slot height 237 to 350 mm- Saving 50 KWH/MT.
- Fully graphitized 120 pots relining planned in FY21
- Smart Pot by GE – Operational from process improvement to reduce sp. Power consumption and sp. Alf3 consumption
- Further optimization on energy consumption with various trials of energy savings cathode from Metsol, Sumitomo, RuC (Cobex) to achieve specific DC power consumption less than 12500 Kwh/MT.
- Trial on Metsol APC (Pot feed controller) with expected reduction in specific power consumption of 200 Kwh/MT.

- Increase Anode height 600 to 620 mm.
- Increase in pot line current by 5 KA.
- Trial on Star type bag filters for FTP- Alumina enrichment improvement.
- Online roof top emission monitoring device installation-fluoride emission monitoring to reduce emission and reduction in Alf3 consumption.
- Developing T4 wire rod, Installation of Roof sheeting and trimming of HRC machine.
- Unit # 4 of 540 MW capital Over Hauling for performance improvement.
- Installation of Side Stream Filter in 1200MW.
- Condenser online tube cleaning system installation in 1200MW.

d.) Expenditure on Research and Development (R&D)

₹ Crore

Particulars	FY 20	FY 19
Capital Expenditure	-	0.02
Recurring Expenses	0.32	1.19
Total Expenditure	0.32	1.22
R&D Expenditure as a % of total turnover	0.004%	0.012%

e.) Technology absorption, adaptation and innovation

- Cold straightening of bend stubs by modifying the hot stub straightening M/C will save 36MWH/month
- Installation of Pyrometer in rodding furnace to save 30MW/month
- Energy saving cathode being implemented in pot line. About 412 pots (66%) installed with Graphitized cathode blocks (500 units/MT energy saving).
- New 80 MT AIFL make melting furnace installed in Cast house 3
- Automatic dewatering unit installation for casting basement water in foundry
- Centralized control and monitoring station implemented for box furnaces in SRS
- Turbine force cooling to reduce overhauling time
- Eco coil addition in 1200MW Boiler

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans:

The initiatives taken by the Company in product development / production of new products have improved the export potential of the Company's products.

Total foreign exchange used and earned during FY 2019-20 is as below:

Foreign exchange earnings: ₹ 2,689 Cr.

Foreign exchange outflow: ₹ 2,599 Cr.

Annexure B:

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

To,
The Members,
Bharat Aluminium Company Limited
Aluminium Sadan,
Core -6 Scope Office Complex 7,
Lodhi Road, New Delhi -110003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Bharat Aluminium Company Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the "Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 (" SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; Not Applicable

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act"): -

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not Applicable

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable

(vi) The Management has identified and confirmed the following laws as being specifically applicable to the Company:

a) The Mines Act 1952 and Rules made thereunder;

b) The Mines and Minerals (Development and Regulation) Act 1957, and the Rules made thereunder;

c) The Electricity Act, 2003 and rules and regulations made thereunder.

We have also examined compliance with the applicable clauses/ Regulations of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as mentioned below:

1. As per Regulation 52(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company was required to publish its each half year ended financial Results in at least one English national daily newspaper circulating in the whole or substantially the whole of India. However, result for half year ended 31st March 2019 was not published in the said new paper. Going forward company has started publishing the financial Results in the said newspaper.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board/ Committee Meetings. Agenda and detailed notes on agenda were sent in advance except in case where meetings were convened at shorter notice. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, no specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Chandrasekaran Associates
Company Secretaries

Shashikant Tiwari
Partner
Membership No. A28994
Certificate of Practice No. 13050
UDIN:

Date: 23.04.2020
Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as **Annexure-A** and forms an integral part of this report.

Annexure-A to Secretarial Audit report

To,
The Members,
Bharat Aluminium Company Limited
Aluminium Sadan,
Core -6 Scope Office Complex 7,
Lodhi Road, New Delhi -110003

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Whenever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on random test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

Shashikant Tiwari
Partner
Membership No. A28994
Certificate of Practice No. 13050
UDIN:

Date: 23.04.2020
Place: New Delhi

Annexure C:

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Bharat Aluminium Company Limited firmly believes in the coexistence of business and communities and is committed to the development of an eco-system of prosperity in the society around operations.

As a responsible corporate citizen, we believe that our neighbourhood communities are our primary stakeholders and we seek to build mutually supportive relationships with them. It is this integration of business and CSR which provides us the social licence to operate and ushers in a different developmental paradigm towards sustainable change in society. As part of our CSR policy, we believe in partnering with government agencies, development organisations, corporates, civil societies & community-based organisations to implement durable and meaningful initiatives.

We also believe that our employees have the potential to contribute towards building strong communities through sharing their knowledge and expertise. Hence, we proactively create opportunities whereby employees can also connect and contribute.

The Company complies with Section 135 of the Act and the approach is focused on long-term programmes aligned with community needs and national priorities, including Sustainable Development goals.

At Bharat Aluminium Company limited, business success is not just about profits and shareholder returns. We believe in pursuing wider socioeconomic and cultural objectives and have always endeavoured to not just live up to it, but to try and exceed the expectations of the communities in which we operate.

The detailed CSR Policy of the Company is available on Company's website at: http://balcoindia.com/about-us/doc/policies/CSR_Policy.pdf

1. **The composition of CSR Committee is as under:**

   a.) Mr. R Kannan (Chairman and Independent Director)

   b.) Mr. S K Roongta (Director)

   c.) Mr. Abhijit Pati (CEO & Whole Time Director)

2. **Average Net Profit of Company for Last three Financial years:**

   Average Net Profit : 17.86 Cr.

3. **Prescribed CSR Expenditure (two per cent of the amount as in item 2 above)**

   The Company is required to spend : 0.36 Cr.

4. **Details of CSR Spent for Financial year 2019-20**

   a. Total Amount to be spent during the financial Year: 0.36 Cr

   b. Amount unspent if any : Nil

   c. Total Amount Spent for the financial year : ₹ 83.39 Crore

5. & 6 Manner in which the amount spent during the financial year 2019-20 is detailed below:

Project Name	Sector	Location	Location	Spent	Implementing Partner
Vedanta Skill School	Livelihood	Korba, Kawardha and Mainpat	0.65	0.61	Learnet Education
Land and water Management	Livelihood	Korba	0.63	0.60	Action For food Production
Project Arogya	Health	Korba	0.70	0.60	SROUT
Project Mamta	Health	Kawardha,Mainpat and Chotia	0.60	0.62	MSSVP
Project Unnati	Women Empowerment	Korba, Kawardha,Mainpat and Chotia	0.92	0.83	Drishtee Foundation
Child Care Centre	Education	Korba	0.18	0.13	Vedanta Foundation
Support to School	Education	Korba	0.68	0.07	Direct
Community Toilet	Health	Korba	0.04	0.03	Sulabh Sauchalaya
Drinking water Chotia	Health	Chotia	0.18	0.15	Direct
Mensural Health	Health	Korba	0.32	0.28	Sarthak
Rural Infrastructure	Infrastructure	Korba, Chotia	0.44	0.33	Direct
Rural Sports	Sports	Korba, Kawardha	0.10	0.06	Direct
Skill School for differently abled	Livelihood	Korba	0.15	0.09	Inner Wheel Education Society
Balco Medical Centre	Health	Raipur	84.00	77.53	Direct
Overheads	Admin		1.50	1.46	Direct
Grand Total			**91.09**	**83.39**	

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Abhijit Pati
CEO & WTD
DIN: 08457230

R Kannan
Non-Executive Independent Director
(Chairman of CSR Committee)
DIN: 00227980

Date: 20th May 2020

Annexure D:

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1	CIN	U74899DL1965PLC004518
2	Registration Date	27/11/1965
3	Name of the Company	Bharat Aluminium Company Limited
4	Category/Sub-category of the Company	Category-Public Company Sub-Category- Limited by Shares
5	Address of the Registered office & contact details	Aluminium Sadan Core-6, Scope Office Complex,7 Lodhi Road, New Delhi- 110 003
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	RCMC Share Registry Pvt. Ltd. B-25/1, First Floor, Okhla Industrial Area, Phase – 2 New Delhi – 110 020.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	Total turnover of the Company (₹ Cr)	% to total turnover of the company
1	Aluminium Production	24202	7,544	86%
2	Power Generation & Transmission	35102	1,202	14%
	Total		**8,747**	**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND SUBSIDIARY COMPANIES

S. No.	Name of Company	Address of Company	CIN	Holding	% of Shares	Applicable Section
1.	Vedanta Ltd.	1st Floor, 'C' wing, Unit 103, Corporate Avenue, Atul Projects, Chakala, Andheri (East), Mumbai 400093, Maharashtra Email id: Comp.Sect@vedanta.co.in T:+91 22 66434500:Fax: +91 22 66434530;Website: www.vedantalimited.com	L13209MH1965PLC291394	Holding	51%	2(46)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 1st April 2019				No. of Shares held at the end of the year 31-March-2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF									
b) Central Govt.					NIL				
c) State Govt.(s)									
d) Bodies Corp.-Vedanta Ltd.	112518495	-	112518495	51%	112518495	112518495	112518495	51%	-
e) Banks / FI					NIL				
f) Any other									
Total shareholding of Promoter (A)	**112518495**	**-**	**112518495**	**51%**	**112518495**	**112518495**	**112518495**	**51%**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds					NIL				
b) Banks / FI									
c) Central Govt.	-	108106005	108106005	49%	-	108106005	108106005	49%	-
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies					NIL				
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others –Vedanta Ltd.									
Sub-total (B)(1):-	**-**	**108106005**	**108106005**	**49%**	**-**	**108106005**	**108106005**	**49%**	**-**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)					NIL				
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**-**	**108106005**	**108106005**	**49%**	**-**	**108106005**	**108106005**	**49%**	**-**
C. Shares held by Custodian for GDRs & ADRs					NIL				
Grand Total (A+B+C)	**112518495**	**108106005**	**220624500**	**100%**		**220624500**	**220624500**	**100%**	

B) Shareholding of Promoter-

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Vedanta Limited	112518495	51%	NA	112518495	51%	NA	NA

C) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
3	At the end of the year				

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
3	At the end of the year				

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
3	At the end of the year				

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits (₹in Cr.)	Unsecured Loans (₹ in Cr.)	Deposits	Total Indebtedness (₹ In Cr.)
Indebtedness at the beginning of the financial year				
i) Principal Amount	3806.25	420.5	-	4226.75
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	43.09	-		43.09
Total (i + ii+ iii)	**3849.34**	**420.5**	**0**	**4269.84**
Change in Indebtedness during the financial year				
Addition	700	255	-	955
Reduction	463.23	420.5		883.73
Net Change	**236.77**	**-165.5**	**-**	**71.27**
Indebtedness at the end of the financial year				
i) Principal Amount	4043.02	255		4298.02
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	49.52	-	-	49.52
Total (i + ii+ iii)	**4092.54**	**255**	**0**	**4347.54**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in Lakhs

S. No.	Particulars of Remuneration	Mr. Vikas Sharma CEO & Director[1]
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	58.05
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8.54
2	Stock Option	
3	Others, please specify	
	Total (A)	**66.60**
	Ceiling as per Act	66.60

[1]Mr. Vikas Sharma stepped down from position of WTD w. e. f. 19th July,2019

B. Remuneration to Managing Director, Whole-time Directors and/or Manager

₹ in Lakhs

S. No.	Particulars of Remuneration	Mr. Abhijit Pati CEO & WTD[2]
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	161.18
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	18.83
2	Stock Option	-
3	Others, please specify	
	Total (A)	**180.01**
	Ceiling as per the Act-As per amended provisions of Section II Part II of the Schedule V of the Companies Act, 2013, a Managerial personnel, can be paid, any amount as remuneration with the approval of the members by way of passing special resolution and in compliance of the other conditions of Section II Part II of the Schedule V of the Companies Act, 2013.	

[2]Mr. Abhijit Pati was appointed as CEO & WTD w.e.f. 19th July,2019

C. REMUNERATION TO OTHER DIRECTORS

₹ in Lakhs

S. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	**Mr. R Kannan**	**Mr. A R Narayanaswamy**	**Mr. G S Kang**	
	a) Fee for attending Board/ Committee meetings	4.00	3.00	2.75	9.75
	b) Commission	0.00	0.00	0.00	0.00
	Total (1)	**4.00**	**3.00**	**2.75**	**9.75**
2	Other Non-Executive Directors	**Mr. S K Roongta**			
	Fee for attending Board/ Committee meetings	3.00	-	-	3.00
	b) Commission	0.00	-	-	0.00
	Others, please specify	-	-	-	-
	Total (2)	**3.00**	**-**	**-**	**12.75**
	Total Managerial Remuneration				12.75
	Overall Ceiling as per the Act	NA	NA	NA	NA

D. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

₹ in Lakhs

S. No.	Particular's of Remuneration	Key Managerial Personnel		
		Mr. Rohit Soni CFO	**Mr. Vinod Mathur (Company Secretary)**	**Total**
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	97.55	26.90	124.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10.19	1.89	12.09
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option	3.61	0.00	3.61
	Total	**111.36**	**28.79**	**140.15**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act, 2013	Brief Description	Details of penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any (give details
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment			NIL		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

Annexure E:

NOMINATION POLICY

1. Legal Framework & Objective

Legal framework and Objectives Section 178 of the Companies Act, 2013 ("Act") read with the applicable Rules thereto require the Nomination and Remuneration Committee ("NRC") of the Board of Directors of every listed company, among other classes of companies, to:

a. Identify persons who are qualified to become directors and who may be appointed in a KMP role in accordance with the criteria laid down and recommend to the Board their appointment and removal.

b. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

c. Devising a policy on diversity of board of directors.

d. Specify the manner and criteria for effective evaluation of the performance of the Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance. Basis the performance evaluation results of independent directors, decide whether to extend or continue their term of appointment or not.

e. Recommend to the board of directors a policy relating to the remuneration of the directors, KMP and other employees including SMP.

This policy shall act as a guideline on some of the above-mentioned objectives of the NRC.

2. Definitions:

a. Board means Board of Directors of the Company.

b. Committee means the Nomination & Remuneration Committee

c. Directors mean Directors of the Company.

d. Independent Director means as provided under clause 49 of the Listing Agreement and/or under the Companies Act, 2013.

e. Key Managerial Personnel (KMP) means: -

- Chief Executive Officer or the Managing Director or the Manager;
- Whole Time Director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed

f. Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors and including Functional Heads, viz., the Executive Committee (EXCO) of the Company.

3. Composition and Chairmanship

The membership of the Committee shall consist of at least three non-executive directors, out of which not less than one half shall be Independent Directors. The Chairperson of the Company (whether executive or non-executive) may be appointed as a Member but shall not chair such committee. The Chairperson of the committee shall be an independent director and shall be appointed by the Board. In case the Chairperson is not present at any committee meeting, the members present at the meeting shall, amongst themselves, elect a Chairperson for that meeting. The membership of the Committee shall be disclosed in the annual report.

4. Appointment and removal of Director & KMP:

The Committee shall evaluate the balance of knowledge, skill, professional & functional expertise, industry orientation, gender, age etc. on the Board and, in the light of this evaluation, prepare and recommend to the Board, a description of the role and capabilities required for a particular appointment. In case of Directors, and KMPs, in addition to the above specifications the NRC shall ensure that the potential candidates possess the requisite qualifications and attributes as per the Applicable Laws. With respect to removal of any Director and KMP , the NRC shall in consultation with either the Chairman, other Directors or CEO (as appropriate), review the performance and/or other factors meriting a removal and subject to the provisions of the applicable Laws and the Articles of Association of the Company, recommend to the Board its course of action.

5. Board Familiarization and learning:

The NRC will adopt a structured program for orientation and training of Independent & Non-Executive Directors at the time of their joining so as to enable them to understand the Company - its operations, business, industry and environment in which it operates. The company has a separately defined Familiarization Program for the Directors which also focus to update the Directors on a continuing basis on any significant changes therein so as to be in a position to take well-informed and timely decisions.

6. Performance Evaluation of the Board, its committees and individual directors:

Each year, the NRC will formulate the criteria and the process for evaluation of performance of the Board, Individual Directors, Chairperson and the Committees of the Board and recommend the same to the Board. The evaluation shall be carried out either by the Board, by the Committee or by an independent external agency and the NRC shall review its implementation and compliance with Applicable laws as well as the criteria and process lay out.

The evaluation of the Independent Directors shall be done by the entire board of directors which shall include:

a. Performance of the directors; and

b. Fulfilment of the independence criteria as specified and their independence from the management as specified under Applicable Laws.

Directors who are subject to this evaluation shall not participate in their own evaluation. The independent directors of the Company shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting. The independent directors in their separate meeting shall, inter alia:

i) Review the performance of non-independent directors and the board of directors as a whole

ii) Review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors

iii) Assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

Basis the evaluation results, the NRC will make its recommendations to the Board on the appointment / re-appointment / continuation of Directors on the Board.

7. Board Diversity:

The Committee in their nomination process and while making recommendations to the Board shall endeavour to have an optimum combination of directors from different fields/walks such as Management, Legal, Finance, Marketing, Human Resources, Bureaucracy, Public Policy etc. and adequate representation of Women directors on the Board. While reviewing the composition of the Board, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above.

8. Succession Planning:

The NRC shall draft and recommend to the Board a succession plan for the appointments made to the Board of Directors as well as KMPs. The NRC shall review such plan on an annual basis and recommend revisions, if any, to the Board. The NRC shall work with the management and follow the following process for effective succession planning:

i.) Assessment of potential employees and creation of a leadership pool.

ii.) Development of the talent pool through actions such as involvement in strategic meetings, leadership workshops with top management, coaching, anchoring, job rotations, role enhancement, council memberships and involvement in cross function projects etc.

REMUNERATION POLICY

The Committee will recommend policy relating to remuneration payable to Directors, Key Managerial personnel and Senior Management. The same shall be subject to the approval of the shareholders of the Company and the Central Government, wherever required.

Guiding Principles of the Executive compensation program are:

- **Alignment with Business Strategy and Level of Responsibility & Impact:** As employees progress to higher levels in the organisation, their performance has a greater direct impact on the strategic initiatives and business results.

- **Fixed/ Base Salary Decisions:** The Executives' fixed salary shall be competitive and based upon the industry practice and benchmarks considering the skill & knowledge, experience and job responsibilities

- **Pay-for-Performance:** A large portion of each Executive's total compensation is linked to the achievement of Company and individual performance goals. Such variable compensation is "at risk", and rewards performance and contributions to both short-term and long-term financial performance of the Company.

    - Performance Bonus Plan: The Performance Bonus Plan rewards contribution to the achievement of the Company's annual financial, strategic and operational goals and individual KRAs. The Performance Bonus drives high performance culture to achieve the organisation's objectives by differentiating rewards based on performance. The performance will be related to the fulfilment of various targets and attainment of business objectives, both at the Company and individual level.

    - Short/Long Term Incentives: Executives' compensation is linked to long-term stock price appreciation, and shareholder value creation through the Company's Long- term Incentives (LTI) plan. The LTI Plan balances Executives' performance orientation and decisions to deliver on the short-term business outcomes with the long-term performance of the Company, both on financial and non-financial parameters.

- **Competitive in Market place:** We compete for talent globally. In order to attract and retain a highly skilled workforce, we must remain competitive with the pay of other employers who compete with us for talent.

Remuneration to Non-Executive / Independent Director

a) Sitting Fees

The Non-Executive Director/Independent Director may receive remuneration by way of fees for attending the meetings of the Board or Committee thereof provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

b) Stock Options

An Independent Director shall not be entitled to any stock options of the Company.

c) Yearly Fee/Commission

The yearly fee/commission may be paid within the monetary limit approved by the shareholders subject to the limit not exceeding 1% of the net profit of the Company as per the applicable provisions of Companies Act 2013.

Interpretation

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and rules prescribed therein, as may be amended from time to time and per the Listing Agreement with Stock Exchange(s)as may be amended from time to time, shall have the meaning respectively assigned to them therein.

Amendments in Law

Any subsequent amendment/modification in the Companies Act, 2013 and/or the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy.

Annexure F:

DISCLOSURE ON THE REMUNERATION OF THE MANAGERIAL PERSONNEL

Disclosure in Board's report as per provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of Director	Mr. Vikas Sharma
Mean	1:15
Median	1:20

(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Name	Annual Increment %
Mr. Vikas Sharma	10%
Mr. Rohit Soni	11%
Mr. Vinod Mathur	9%

(iii) The percentage increase in the median remuneration of employees in the financial year:

Mean 8.9 %, Median 8.0%.

(iv) The number of permanent executive employees on the rolls of Company:1236

(v) Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

a. Average increase in the remuneration of all employees excluding KMPs: 9.3 %

b. Average increase in the remuneration of KMPs: 10.2 %

c. Justification: KMP salary increases are decided based on the Company's performance, individual performance, inflation, prevailing industry trends and benchmarks.

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company: The remuneration of Directors is as per the Remuneration Policy of the Company.

Note: For Director, only CEO & Director has been considered. All remuneration figures are for Executives only.

REPORT ON CORPORATE GOVERNANCE

Company's Governance Philosophy

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. The Company, as a continuous process, strengthens the quality of disclosures, on the Board composition and its functioning, remunerations paid and level of compliance with various Corporate Governance Codes.

The Board of Directors ('the Board') are responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons. It is crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex inter-relationship among the Board of Directors, Board Committees, Finance, Compliance and Assurance teams, Auditors and the senior management.

Compliance with Corporate Governance Guidelines

The Company is fully compliant with the requirements under Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015, hereinafter referred to the "Listing Regulations" Your Company's compliance with these requirements is presented in the subsequent sections of this report.

Role of the Company Secretary in overall Governance Process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available decision-making at the meetings. The Company Secretary is primarily responsible to assist and advice the Board in the conduct of affairs of Company, to ensure compliance with applicable statutory requirements, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

The Board of Directors

The Board of Directors ('the Board') have ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board has delegated the operational conduct of the business to the Chief Executive Officer (CEO) of the Company.

At the core of our corporate governance practices is the Board of Directors, who is committed to maintaining a high standard of corporate governance practices within the Company and devotes considerable effort to identify and formalize best practices.

Composition

The Board of your Company has a good mix of Executive and Non-Executive Directors with one third of the Board of the Company comprising Independent Directors. As at 31st March 2020, the Board consists of nine Directors comprising two Non-Executive Chairman, three Independent Directors, three GOI Nominee Directors and one Executive Directors. The composition of the Board represents an optimal mix of professionalism, knowledge, experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Board, as part of its succession planning exercise, periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company.

On an annual basis, the Company obtains from each Director details of the Board and Board Committee positions she / he occupies in other Companies and changes, if any, regarding their Directorships. In addition, the Independent Directors provide an annual confirmation that they meet the criteria of independence as defined under Section 149(6) on an annual basis of the Companies Act, 2013. The same is within permissible limits as provided by the Companies Act, 2013 and Listing Regulations. The detailed profile of all Directors can be viewed on the Company's website at http://www.balcoindia.com/about-us/team/.

Mr. Abhijit Pati, Chief Executive Officer & Whole Time Director, Mr. Rohit Soni, Chief Financial Officer and Mr. Vinod Mathur, Company Secretary are the Key Managerial Personnel (KMPs) of the Company.

Board Meetings

The Company Secretary drafts the agenda for each meeting along with the explanatory notes. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Various Board Committees meet as per the legal requirement or otherwise to transact the business delegated by Board of Directors. Since the Companies Act 2013, read with the relevant rules made thereunder, facilitates the participation of Director in Board/Committee Meetings through video conferencing or other audio visual mode, option to participate in the Meeting through video conferencing was made available for the Directors except in respect of such Meetings/Items which are not permitted to be transacted through video conferencing. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussion. Total four (4) board meetings were held during the financial year. All Directors have demonstrated high levels of availability and responsiveness for additional meetings and discussions whenever these have been required. The maximum gap between any two meetings was not more than one hundred and twenty (120) days.

Table1: Details of attendance at Board Meeting:

Date of Board Meeting	No of Director present
2nd May 2019	8 out of 9
19th July 2019	8 out of 9
21st October 2019	8 out of 9
20th January 2020	8 out of 9

Attendance and Directorships Held

Composition of the Board, other Directorship(s)/ Committee Membership(s)/ Chairmanship(s) as on 31st March, 2020 and attendance of directors at Board Meetings, Last Annual General Meeting (AGM) are as given in **Table 1**.

S.N	Full Name	Category	Relationship with Other Director	DIN	No. of Board meeting held during his/her tenure and attended in 2019-20		Weather Attended Last AGM	No. Of Directorship in Public Companies *	No.of committee Position held @	
					Held	Attended			Chairman	Member
1	Mr.S.K.Roongta	NED	None	00309302	4	4	No	9	7	9
2	Mr. Tarun Jain	NED	None	00006843	4	4	No	3	1	6
3	Mr.Vikas Sharma [1]	ED	None	00761202	2	2	No	1		1
4	Mr. Abhijit Pati [1]	ED	None	08457230	2	2	No	1		1
5	Mr. R. Kannan	ID & NED	None	00227980	4	4	Yes	7	3	4
6	Mr. G.S.Kang	ID & NED	None	02818868	4	4	No	2	3	1
7	Mr.A R Narayanswamy	ID & NED	None	00818169	4	4	No	7	6	12
8	Ms.Reena Sinha Puri	NED	None	07753040	4	2	No	3		2
9	Mr. Alok Chandra	NED	None	06929789	4	3	No	2		
10	Mr. Amit Saran	NED	None	08334094	4	3	No	1		

ID: Independent Director, ED: Executive Director , NED: Non executive Director

* Excluding private limited companies, Foreign companies , Section 8 compnies & alternate Directorship

@Considered Audit Committee, NRC Committee, Stakeholder relationship ,Risk management & Financing Standing Committee Balco

1 Mr. Abhijit Pati appointed Whole Time Director Bharat Aluminium Company Limited w.e.f. 19th July 2019 in place of Mr. Vikas Sharma

Information given to the Board

One of the prerequisites for value-generating work by the Board is that the Board has a firm grasp on the operations and on events in the outside world. We achieve this through a well-structured body of material for the Board.

The Board has complete access to all the relevant information within the Company. All Board meetings are governed by a structured agenda which is backed by comprehensive background information.

Compliance reports of all laws applicable to Company are presented before the Board on quarterly basis. The minutes of the Board meetings of the Company and a statement of all significant related party transactions and arrangements entered into are also placed before the Board.

Expositions covering various aspects of business, global and domestic business environment, safety and environment related matters, strategy and risk management practices are given to the Board.

Throughout the year, Directors are also provided with detailed briefing materials on the performance of the Company and market analysis on the performance of, and prospects for, the business. Updates on relevant statutory changes and judicial pronouncements around industry related laws are regularly circulated to the directors. Each director has complete access to any Company information and full freedom to interact with senior management.

Business reviews by the Group EXCO, Business EXCO and SBU EXCO on the performance and operation of the Company is conducted on monthly basis and update to the Board is given in the quarterly meetings. Board has constituted various committees and sub-committees with clearly agreed reporting procedures and are guided by the charter prescribing the terms of reference.

Important decisions taken by the Board and its committees are promptly communicated to the concerned departments or divisions.

The Company also has an effective post Board Meeting follow up procedure. Action taken report on the decisions taken in a meeting is placed at the immediately succeeding meeting for information of the Board.

Remuneration to Directors

All fees/commission including sitting fee paid to the Non-Executive directors of the Company are fixed by Board of Directors within the limits approved by the shareholders.

The Company pays sitting fees of ₹ 50,000/- per meeting of the Board and ₹ 25,000/- per meeting of the Audit Committee and any other Committee thereof, to the Non-Executive/Independent Directors (except Govt. Nominee Director).

Remuneration to Executive Director

The remuneration of the Mr. Abhijit Pati, CEO and Whole Time Director is in consensus with the Company's size, industry practice and overall performance of the Company. The Nomination and Remuneration Committee submits its recommendation to the Board, which after considering the recommendation takes decision on the remuneration payable to Mr. Abhijit Pati, CEO and Whole Time Director (which also includes annual increments and performance bonus) in accordance with the provisions of the Companies Act, 2013, subject to approval of the Members in ensuing general meeting by way of special resolution to that effect.

For FY 2020, the total remuneration is as shown in Table 2A and Table 2B.

Table 2 A: Sitting fee and Commission paid to Directors (NED & ID) for FY 2020 (₹)

Name	Category	Sitting Fees Paid	Total Payment paid/ payable (FY 2019-20)
Mr. S K Roongta	NED	3,00,000	3,00,000
Mr. R Kannan	ID & NED	4,00,000	4,00,000
Mr. A R Narayanaswamy	ID & NED	3,00,000	3,00,000
Mr. G S Kang	ID & NED	2,75,000	2,75,000

NED- Non-Executive Director;
ID-Independent Director

Table 2 B: Remuneration paid to Executive Director for FY 2020(₹)

In Lakhs

Name of Director	Category	Salary, perquisite & other	Stock Option	Total
Mr. Vikas Sharma (From Apr 19 to July 19)	CEO & WTD	66.59	-	66.59
Mr. Abhijit Pati (From July 19 to Mar 20)	CEO & WTD	180.01	-	180.01

* Mr. Abhijit Pati was appointed as CEO & WTD in place of Mr. Vikas Sharma w.e.f. 19th July , 2019

Non-executive Directors do not hold any shares of the Company and there are no pecuniary relationships or transactions of them, vis-à-vis the Company, except as mentioned above.

The Company has not granted any stock option to any of its Directors.

During FY 2019-20, the Company did not advance any loan to any of its Directors.

Selection / Appointment procedure

The Nominations and Remuneration Committee has in place a formal and transparent process for the appointment of new Independent Directors on the Board. The committee, based on defined criteria, makes recommendations to the Board on the induction of new directors.

The Nomination and Remuneration Committee of the Company follows defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:-

- composition of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- desired age and diversity on the Board;
- size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- professional qualifications, expertise and experience in specific area of relevance to the Company;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

Board Independence

The independent directors bring an element of objectivity to the board processes and an objective view in the board deliberations. They provide a valuable outside perspective to the deliberations of the board and contribute significantly to the decision making process.

All Independent Directors have provided an affirmation of their independence as required under the provisions of the Companies Act, 2013 and Listing Regulations.

There are no material pecuniary relationships or transactions between the Independent Directors and the Company, except for sitting fees and commission drawn by them for attending the meeting of the Board and Committee(s) thereof. None of the Non-Executive Directors hold any shares or convertible instruments in the Company.

Separate Independent Directors' Meetings

Section 149 read with Schedule IV of Companies Act, 2013 mandates that the Independent Directors of the Company shall hold at least one meeting in a year, without the presence of Non-Independent Directors and members of the management and requires all the Independent Directors to be present at such meeting.

Your Company recognises the crucial role that the Independent Directors play in ensuring an efficient and transparent work environment, hence all the Independent Directors of the Company separately met on 16th May,2020 without the presence of any of Non-Independent Directors and/or any of the members of the management.

At such meetings the Independent Directors discuss, among other matters flow of information to the Board, governance, compliances, various other Board related matters, identify areas where they need clarity or information from management and to annually review the performance of Non-Independent Directors, the Board as a whole and the Chairman.

The Independent Directors update the Audit and the Board about the outcome of the meetings and actions, if any, required to be taken by the Company.

Director's Induction and Familiarisation

The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices A formal and comprehensive induction about the Company, its operations and the industry in which the Company operates, is given to all the new directors including site visits and meetings with members of the Board and other key senior executives including Business CEOs and CFOs. They are also introduced to the organization structure, strategy, constitution, policies and board procedures.

All new Independent Directors are taken through a detailed induction and familiarisation programme when they join the Board of your Company. The induction programme is an exhaustive one that covers the history and culture of Bharat Aluminium Company Limited, background of the Company and its growth over the last several decades, various milestones in the Company's existence since its incorporation, the present structure and an overview of the businesses and functions.

Director Retiring by Rotation

In accordance with the provisions of Act and the Articles of Association of the Company, Mr. S. K. Roongta (DIN-00309302) would retire in upcoming AGM and being eligible, is retiring by rotation and has offered himself for re- appointment. The Board has recommended his re-appointment.

Committees of the Board

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable regulation; which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board, as a part of good governance practice. The Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review.

The Board has established the following statutory and non-statutory Committees: -

1. Audit Committee

Your Company has an Audit Committee at the Board level which acts as a link between the management, the statutory and the internal auditors and the Board of Directors and oversees the financial reporting process. The Committee is governed by a Charter which is line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations. The Committee comprises of three Non-Executive Directors, out of which two (2) are Independent Directors. The followings are the members of Audit Committee:

The Audit Committee of the Board, inter-alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

The Board has accepted all recommendations made by the Audit Committee during the year.

The meetings of Audit Committee are also attended by the Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditor as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed in the next meeting of the Board. Other invitees are invited on need basis to brief the Audit Committee on important matters.

The time gap between any two meetings was less than four months. The Committee met four times on 2nd May, 2019, 19th July, 2019, 21st October, 2019 and 20th January, 2020. The details of Audit Committee are given in Table 3.

Table 3: Attendance Record of Audit Committee meeting (₹):

Name of Member	Position	Status	No. of Meeting held	No. of Meeting Attended	Sitting Fees(₹)
Mr. R Kannan	Chairman	ID & NED	4	4	1,00,000
Mr. A R Narayanaswamy	Member	ID & NED	4	4	1,00,000
Mr. Tarun Jain	Member	NED	4	4	-

The role and terms of reference of the Audit Committee are set out in Section 177 of the Companies Act, 2013, besides other terms as may be referred to by the Board of Directors of the Company. The terms of reference of the Audit Committee broadly are:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
- Recommending to the Board, the appointment, re- appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- Approval of payment to statutory auditors for any other services rendered by them
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    - matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134 of the Companies Act, 2013
    - Changes, if any, in accounting policies and practices and reasons for the same
    - Major accounting entries involving estimates based on the exercise of judgement by management
    - Significant adjustments made in the financial statements arising out of audit findings
    - Compliance with listing and other legal requirements relating to financial statements
    - Approval of related party transactions
    - Qualifications if any in the draft statutory auditor report
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal Control systems
- Reviewing the adequacy of Internal Audit plan
- Discussion with internal auditors on any significant findings and follow up thereof
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors, if any
- Reviewing the functioning of the whistle blower mechanism
- Appointment of the Chief Financial Officer of the Company
- Carrying out any other function, as is mentioned in the terms of reference of the Audit Committee

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management Discussion and Analysis of Financial Condition and result of Operations.

- Statement of Significant related party transactions (as defined by the Audit Committee) submitted by the management.
- Internal Control Weakness as identified by Statutory Auditors.
- Internal Auditor Report relating to Internal Control Weakness.

The Audit Committee is also appraised on information with regard to Related Party transactions by being presented with:

- A Statement in summary form of transactions with related parties in the Ordinary Course of Business.
- Details of material individual transactions with related parties.
- Details of material individual transactions with related parties or others which are not on arm's length basis along with the management justification for the same.

All related party transactions are pre-approved by the Audit Committee.

During the year all transaction(s) with related parties were at arm's length and in the ordinary course of business and there was no significant material transaction with any of the related parties of the Company.

2. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee comprises Mr. R Kannan as the Chairman, Mr. S K Roongta and Mr. Abhijit Pati as the Members of the Committee.

The role of CSR Committee includes formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on CSR activities of the Company, reviewing the performance of Company in the area of CSR.

The detailed terms of reference of the Corporate Social Responsibility Committee is contained in the 'Corporate Governance Code' which is available on the website of the Company at http://www.balcoindia.com/about-us/doc/policies/CSR_Policy.pdf.

During the financial year ended 31st March, 2020, the Committee met on 2nd May, 2019.

Table 4: Attendance Record of Corporate Social Responsibility Committee meeting (₹):

Name of Member	Position	Status	No. of Meeting held	No. of Meeting Attended	Sitting Fees(₹)
Mr. R Kannan	Chairman	ID & NED	1	1	25,000
Mr. S K Roongta	Member	NED	1	1	25,000
Mr. Abhijit Pati	Member	WTD	1	1	-

The Committee oversees, inter-alia, corporate social responsibility and other related matters as may be referred by the Board of Directors and discharges the roles as prescribed under Section 135 of the Act which includes formulating and recommending to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company, as per Schedule VII to the Act; recommending the amount of expenditure to be incurred; and monitoring the CSR Policy of the Company.

During the financial year, the Company has spent ₹ 83.39 Crore on CSR activities.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Mr. R. Kannan as the Chairman, and Mr. S K Roongta and Mr. G. S. kang as Members of the Committee.

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments. The role of

Nomination and Remuneration Committee, inter alia, includes:-

- Determine / recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine / recommend the criteria for qualifications, positive attributes and independence of Director;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc.;
- Formulate criteria and carry out evaluation of each Director's performance and performance of the Board as a whole.

During the year, the Nomination and Remuneration Committee met three times on 2nd May, 2019, 19th July and 2019, 21st October, 2019. The details of Nomination and Remuneration Committee are given in Table 5.

Table 5: Attendance Record of Nomination and Remuneration Committee meeting (₹):

Name of Member	Position	Status	No. of Meeting held	No. of Meeting Attended	Sitting Fees(₹)
Mr. R Kannan	Chairman	ID & NED	3	3	75,000
Mr. G. S. Kang	Member	ID & NED	3	3	75,000
Mr. S K Roongta	Member	NED	3	3	75,000

The Committee expressed its overall satisfaction on the performance of the individual Board member and the Board in totality.

4. Finance Standing Committee

The Finance Standing Committee (FSC) of Directors is entrusted with the responsibility to consider and approve the finance and treasury related proposal within the overall limits approved by the Board. The Committee comprises of Mr. Tarun Jain as Chairman and Mr. Abhijit Pati as CEO and Whole Time Director. The Company meets as and when required. During FY 2019-20, the committee met two times on 27th Sep 2019 and 23rd March, 2020.

Board Evaluation

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with an aim to improve the effectiveness of the Board and the Committees. During the year, Board Evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and Peer evaluation of the Directors.

The evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc.

As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. The Board Members from different backgrounds bring about different complementarities that help Board discussions to be rich and value adding. It was also noted that the Committees are functioning well and besides the Committee's terms of reference as mandated by law, important issues are brought up and discussed in the Committee Meetings. The evaluation exercise also suggested that the Board succession planning exercise has been embedded well in the Board processes. The exercise highlighted that the Board's support and guidance on key issues such as demonetisation and implementation of GST helped the management in validating its approach and decision taken in this regard.

Succession Planning:

The Company strives to ensure adequate succession planning of its leadership talent pool.

The company uses succession management and planning to ensure that it identifies and develops future leaders to face the challenges of growth effectively and successfully. This ensures the systematic and long-term development of the individuals and provides a continuous flow of talented people to meet the organization's management needs.

General Body meeting: Location and time, where last three AGMs were held:

FY ended On	Date	Time	Venue	Special Resolution passed
31st March 2019	24th June 2019	03:00 P.M.	Aluminium Sadan, Scope office Complex, Core-6,7 Lodhi Road, New Delhi-110003	-
31st March 2018	20th June 2018			yes
31st March 2017	21st June 2017			yes

The 54th Annual General Meeting of the Company will be held through Video Conferencing ("VC") or any other audit visual mode("OAVM") on Wednesday 26th August,2020 at 03:00 p.m.

Investor Complaints

The Registrar & Transfer Agent of the Company viz. Karvy Computershare Private Limited (Karvy) handles investor grievances in coordination with the Compliance Officer. All grievances can be addressed to Karvy. The Company monitors the work of Karvy, to ensure that the investor grievances are settled expeditiously and satisfactorily. During the FY 2019-20 Company has not received any Investor Complaint. The status of complaints is reported to the Board on a quarterly basis and also filed with the stock exchanges.

Governance and Compliance

I. Code of Business Conduct & Ethics

The Company has in place a comprehensive Code of Conduct ('the Code') applicable to the Directors and employees. The Code is applicable to Non-Executive Directors including Independent Directors to such an extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The code reflects the core values of the Company viz. respect, Integrity, enterpreneurship, Care, Innovation, trust and excellence.

II. Whistle Blower Policy

Your Company is committed to highest standards of ethical, moral and legal business conduct. The Company has in place a Whistle Blower Policy, as part of vigil mechanism which provides appropriate avenues to the Directors and employees to bring to the attention of the management instances of unethical behaviour, actual or suspected incidents of fraud or violation of the Company's Code of Conduct that could adversely impact the Company's operations, business performance and / or reputation.

The Audit Committee has laid down certain procedures governing the receipt, retention and treatment of complaints regarding the Company's accounting, internal accounting controls or auditing matters, and protecting the confidential, anonymous reporting by Director(s) or employee(s) or any other person regarding questionable accounting or auditing matters

The Company has adopted a Whistle Blower Policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the Code of Business Principles of the Company.

The Company also has a designated email id balco.whistleblower@vedanta.co.in for reporting complaints. Further, the complaints can also be lodged on the web-based portal www.vedanta.ethicspoint.com.

The Whistle Blower Policy forms part of the Code of Business Conduct and Ethics, and the same has been displayed on the Company's website at http://www.balcoindia.com.

It is also affirmed that no personnel has been denied access to the Audit Committee.

III. Internal Control System

The Board of Directors of the Company is responsible for ensuring that Internal Financial Controls have been laid down in the Company and that such controls are adequate and operating effectively.

The Company has IFC framework, commensurate with the size, scale and complexity of its operations. The framework has been designed to provide reasonable assurance with respect

to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with corporate policies.

The controls, based on the prevailing business conditions and processes have been tested during the year and no reportable material weakness in the design or effectiveness was observed. The framework on IFC over Financial Reporting has been reviewed by the internal and external auditors.

The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Audit team develops an annual audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the plan. The Audit Committee reviews the reports submitted by the Internal Auditors in each of its meeting. Also, the Audit Committee at frequent intervals has independent sessions with the external auditor and the Management to discuss the adequacy and effectiveness of IFC.

IV. Risk Mitigation Plan

Your Company has in place comprehensive risk assessment and minimization procedures, which are reviewed by the Risk Management Committee periodically to ensure that management controls risk through means of properly defined framework. The Audit Committee of the Company also reviews the risk matrix and mitigation plan from time to time.

V. Compliance

Our compliance systems cover a multitude of statutory obligations and ensures adherence to all applicable laws and regulations. During FY 2020, no material and uncontested financial or non-monetary sanctions were imposed upon the Company except as disclosed in the Financial Statements. Some of the key compliance aspects are dealt with below:

(a) Disclosure of Related party transaction:

Pursuant to Section 188 of the Companies Act, 2013, all the Related Party Transactions were at arm's length price and the same were duly approved by the Audit Committee.

(b) Disclosure of Accounting Treatment in Preparation of Financial Statements:

The Company follows the guidelines of Accounting Standards referred to in section 133 of Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014 together with early adoption of Accounting Standard (AS) 30 'Financial instruments: Recognition and Measurement' and the consequential limited revisions to certain Accounting Standards issued by the Institute of Chartered Accountants of India

(c) CEO & CFO Certificate:

The CEO and CFO certification of the Financial Statements for FY 2020 is enclosed at the end of this report. (Annexure-1)

(d) The Company is complied with all mandatory requirements of SEBI (LODR) Regulations, 2015 including discretionary requirements.

Shareholding Pattern by Ownership as on March 31, 2020

		Category of Shareholders	No. of Shares Held	% of Total Shares
A		**Promoter's Holding**		
	1	Indian promoter-Vedanta Ltd.	1,12,518,495	51.00
		Sub Total	1,12,518,495	51.00

	Category of Shareholders	No. of Shares Held	% of Total Shares
B	**Non-Promoter Holding**		
2	Non Institutional		
	a.) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-
	b) Central Govt.	1,08,106,005	49.00
	Sub-total	**1,08,106,005**	**49.00**
	Grand Total	**2,20,624,500**	**100.00**

Non-Convertible Debentures

The following Secured Redeemable Non-Convertible Debentures (NCDs) are listed with the NSE Limited , Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400051, and ISIN number with National Securities Depositories Limited:

Debenture Holder's	ISIN No.	Face Value (₹)	No. of NCD	Debenture Value (₹ Cr.)
UTI FTIF- SERIES XXVII - PLAN II (1161 DAYS)	INE738C07069	1000000.00	250	25
UTI FTIF- SERIES XXVII - PLAN VI (1113 DAYS)	INE738C07069	1000000.00	150	15
UTI - FTIF SERIES XXVII - PLAN IX (1160 DAYS)	INE738C07069	1000000.00	40	4
UTI- FTIF SERIES XXVIII- PLAN III (1203 DAYS)	INE738C07069	1000000.00	60	6
UTI - FTIF SERIES XXVIII - PLAN V (1190 DAYS)	INE738C07069	1000000.00	30	3
UTI - FTIF SERIES XXVIII - PLAN VII (1169 DAYS)	INE738C07069	1000000.00	100	10
UTI - FTIF SERIES XXVIII - PLAN X (1153 DAYS)	INE738C07069	1000000.00	100	10
UTI - FTIF SERIES XXVIII - PLAN XIII (1134 DAYS)	INE738C07069	1000000.00	270	27
SBI CREDIT RISK FUND	INE738C07069	1000000.00	2000	200
Total			**3000**	**300**

The Company has paid Annual Listing fees for FY 2019-20 to the Stock Exchanges where the Company's NCD's are listed.

ANNEXURE-I CEO & CFO CERTIFICATION

We, Abhijit Pati, Chief Executive Officer & Whole Time Director and Rohit Soni, Chief Financial Officer, certify that:

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have not noticed any deficiency in the design of operation of such internal controls, or of which we are aware that needs to be rectified, or informed to the auditors and the Audit Committee.

D. During the year it was disclosed to the Auditors and the Audit Committee that:

   (1) There were no significant changes in internal control over financial reporting;

   (2) No significant changes in accounting policies were made during the year; and

   (3) No instances of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting, has come to our notice.

Abhijit Pati
Chief Executive Officer & WTD

Rohit Soni
Chief Financial Officer

Place: Gurugram
Date: 20th May, 2020

Operations

I. Korba

i. 2.45 -LTPA pre-bake Aluminium smelter
ii. 3.25 -LTPA pre-bake Aluminium smelter
iii. 810-MW Captive power plants, comprising 4x67.5-MW(270-MW) and 4x135-MW(540-MW) units
iv. 1200 MW TPP (3x300 CPP & 1x300 IPP)

II. Bauxite Mines at Bodai Daldali (Kabirdham District)& Mainpat Mines

III. Chotia Coal Mines

Address of Correspondence

Mr. Vinod Kumar Mathur
Company Secretary
Bharat Aluminium Company Limited,
Aluminium Sadan, Scope Office Complex, Core-6,
7 Lodhi Road, New Delhi 110003.

Independent Auditor's Report

To the Members of
Bharat Aluminium Company Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Bharat Aluminium Company Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Revenue recognition: incorrect Period *(as described in note 4(a) and 29 of the Ind AS financial statements)*	
For the year ended March 31, 2020, the Company has recognized revenue from operations of ₹ 8,746.54 crores. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer. The Company uses a variety of shipment terms across its operating markets and this has an impact on the timing of revenue recognition. There is a risk that revenue may not be recognised in the correct period for sales transactions occurring in and around the year end.	Our audit procedures included • Obtained an understanding of the Company's revenue recognition accounting policies and assessed for its compliance with Ind AS 115. • Performed walkthroughs and test of controls, assisted by IT specialists, of the revenue recognition processes and assessed the design and operating effectiveness of key controls. • Selected a sample of sales made pre and post year end to verify the date of revenue recognition from third party documents evidencing transfer of control to confirm sales are recognized according to contract conditions.
Recoverability of disputed receivables *(as described in note 7 and 9 of the Ind AS financial statements)*	
As of March 31, 2020, the value of disputed receivables in the power segment aggregated to ₹ 260.24 crores. Due to disagreements regarding quantification or timelines of applicability of regulatory amendments, including retrospective increase in tariffs by Central Electricity Regulatory Commission, the recovery of said receivables are subject to increased risk and litigation	Our audit procedures included the following:- • Examined the underlying power purchase agreements and noted terms therein including applicability of regulations passed by relevant authorities on both parties and interest on unpaid dues. • Obtained and read the relevant rulings of the state regulatory commission and appellate tribunal. • Inspected external legal opinions in respect of the merits of the case and assessed management's position through discussions with the legal counsel and Company's inhouse legal team to determine the basis of their conclusion. • Assessed the adequacy of the disclosures made in this regard.
Recognition and recoverability of deferred tax assets *(as described in note 38 of the Ind AS financial statements)*	
The Company's ability to recognize deferred tax assets is assessed by management at the end of each reporting period. This assessment involves determination of future taxable profits to ascertain whether it is reasonably certain that taxable profits will be available against which the deferred tax assets can be utilized. As at and for the year ended March 31, 2020, the Company has recognized deferred tax assets of ₹ 471.04 crores mainly on tax losses including unabsorbed tax depreciation which would be realized subject to availability of future taxable profits. Determination of future taxable profits is complex and involves significant management judgments and estimates related to the assumptions / projections used for determination of revenue and taxable profits of future years. Accordingly, the same is considered to be a key audit matter.	Our audit procedures included the following:- • Obtained and analysed the future business projections estimated by management, assessed the key assumptions used, including the analysis of the consistency of the actual results obtained with those projected in the previous year. We further obtained evidence of the approval of the budgeted results included in the current year's projections, and the reasonableness of the future cash flow projections and the consistency of those projections with those used in other areas of estimation such as those used for assessing the recoverability of assets. • Performed sensitivity analysis on key assumptions like input prices, discount rate and selling prices to determine their impact on the projections of future cash flows including possible impact of prevailing global pandemic. • We involved internal valuation specialists to evaluate the method and reasonableness of assumptions underlying the projections used by management.

Key audit matters	How our audit addressed the key audit matter
	• Obtained deferred tax computation and assessed management assumptions in estimating future tax liability including the applicable tax rates considered by management and tested arithmetical accuracy. • Assessed the adequacy of the disclosures made by the Company in accordance with the requirement of Ind AS 12
Recoverability of carrying value of property plant and equipment *(as described in note 44(ii) of the Ind AS financial statements) –*	
As at March 31, 2020, the carrying value of property, plant and equipment is ₹ 10,434.84 crores. Recoverability of property, plant and equipment, has been identified as a key audit matter due to: • The significance of the carrying value of assets being assessed. • The assessment of the recoverable amount of the property, plant and equipment using Discounting Cash Flow method involves significant judgements about the future cash flow including future economic conditions on account of prevailing global pandemic and the discount rate that is applied. Accordingly, the same is considered to be a key audit matter.	Our audit procedures included the following: • Performed assessment through an analysis of internal and external factors impacting the Company, whether there were any indicators of impairment in line with Ind AS 36. • Obtained and evaluated the valuation models used to determine the recoverable amount by challenging the key assumptions used by management including: - Corroborating the price assumptions of inputs and finished goods used in the models with reference analyst consensus forecast and other evidences considered appropriate. - Testing the weighted average cost of capital used to discount the impairment models against the key market related assumptions. - Performed sensitivity analysis on key assumptions like input prices, discount rate and selling prices to determine their impact on the projections of future cash flows including possible impact of prevailing global pandemic. - Testing the integrity of the model together with arithmetical accuracy. • We involved our internal valuation specialists to evaluate the method and reasonableness of assumptions underlying the projections used by management. • We assessed the adequacy of the disclosures related to the impairment tests and their compliance with accounting standard Ind-AS 36.
Evaluation of going concern assumption of accounting *(as described in note 46 of the Ind AS financial statements)*	
The evaluation of the appropriateness of adoption of going concern assumption for preparation of these financial statements performed by the management of the Company is identified as a key audit matter because as at March 31, 2020, the Company had net current liabilities of ₹ 3,502.92 crores.	Our procedures in relation to evaluation of going concern included the following: - Obtained an understanding of the process followed by the management and tested the internal controls over the liquidity assessment, compliance with the debt covenants and preparation of the cash flow forecast, and validation of the assumptions and inputs used in the model to estimate the future cash flows;

Key audit matters	How our audit addressed the key audit matter
The Company has prepared a cash flow forecast for next twelve months from year end which involves judgement and estimation of key variables and market conditions including future economic conditions on account of prevailing global pandemic. The Company is confident that the net cash inflows from operating activities in conjunction with the available line of credit and normal cyclical nature of working capital receipts and payment will provide sufficient liquidity to meet its financial obligation as the fall due for the following twelve months. Hence, these financial statements have been prepared adopting the going concern assumption.	- Tested the inputs and assumptions used by the management in the cash flow forecast against historical performance, budgets, economic and industry indicators, publicly available information, the Company's strategic plans and benchmarking of key market related conditions. - Obtained understanding of management assumptions regarding timing of settlement of certain current liabilities. - Performed sensitivity analysis on key assumptions like input prices, discount rate and selling prices to determine their impact on the projections of future cash flows including possible impact of prevailing global pandemic. - Agreed the details of the companies' credit facilities to the supporting documentation. - Reviewed management assessment regarding timing of settlement of certain current liabilities. - Also, refer note 46 to the standalone Ind AS financial statements for details regarding management's assessment of going concern assumption.
Claims and exposures relating to litigations and taxation *(as described in note 5, 27 & 40(ii) of the Ind AS financial* statements)	
The Company is subject to number of legal and tax related claims which have been disclosed / provided for in the financial statements based on the facts and circumstances of each case. Taxation and litigation exposures have been identified as a key audit matter due to the complexities involved in these matters, timescales involved for resolution and the potential financial impact of these on the financial statements. Further, significant management judgement is involved in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed.	Our audit procedures included the following: - • Gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. For selected controls, we have tested the operating effectiveness of the controls. • Obtained listing of pending litigations from management and evaluated the movements during the year by comparing with previous year litigation details . • Assessed management's position through discussions with the Head of Legal, Head of Tax and operational management, on both the probability of success in significant cases, and the magnitude of any potential loss. • Inspected external legal opinions (where considered necessary) and other evidence to corroborate management's assessment of the risk profile in respect of legal claims. • Involved tax specialists to technically appraise the tax positions taken by the management with respect to tax matters. • Assessed the disclosures made in the financial statements to ensure they appropriately reflect the facts and circumstances of the respective legal and tax exposures and are in accordance with the requirements of relevant accounting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, managerial remuneration aggregating ₹ 1.80 crores to a wholetime director for the year ended March 31 2020, is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by ₹ 0.46 crores. The said appointment and remuneration has already been approved by Board of Directors of the Company and is subject to approval of shareholders in the forthcoming Annual General Meeting. The Company is in the process of obtaining approval from its shareholders by way of special resolution at the forthcoming Annual General Meeting in compliance of provision of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013 as explained in Note 42C to these financial statements.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 5, 27 & 40(ii) to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Bhaswar Sarkar

Partner

Membership Number: 055596

UDIN:20055596AAAABA7979

Place of Signature: Kolkata

Date: May 20, 2020

Annexure 1

referred to in paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date

TO THE MEMBERS OF
BHARAT ALUMINIUM COMPANY LIMITED

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

(b) All fixed assets were physically verified by the management in earlier year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of certain immovable properties, included in property, plant and equipment, are pledged with the banks and are not available with the Company and have not been independently confirmed by the bank. Further, as explained to us:

- For freehold land of 949 acres acquired by the Government and handed over to the Company, the Company has copies of certificates issued by the Tehsildar for 920 acres only.

- The land transferred to the Company by National Thermal Power Corporation Limited (NTPC) vide agreement dated June 20, 2002, comprising 171.44 acres land for the Company's 270 MW captive power plant and its allied facilities and 34.74 acres land for its staff quarters, is yet to be registered in favour of the Company due to non-availability of title deeds from NTPC.

- In respect of 1804 acres of Government leasehold land (which includes forest land), we are informed that Division Bench of Hon'ble High Court of Chhattisgarh has upheld that the Company is in legal possession of this land. Subsequent to the said order, the State Government has decided to issue the lease deed in favour of the Company after clearance of forest land diversion issue, which is sub-judice before the Hon'ble Supreme Court.

(ii) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them and no material discrepancies were noticed in such confirmations.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of sections 185 and 186 of the Act are applicable and hence not commented upon.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of Company's products and generation of electrical energy and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, value added tax, goods and services tax, cess and other statutory dues have generally been regularly deposited with appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, excise duty, value added tax, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding in respect of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and services tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of expenditure at the time of filing of return by system	163.32	2017-18	Assistant Director of IncomeTax, CPC , Bangalore
Income Tax Act, 1961	Demand on income tax for interest on account of delayed payment of income tax at the time of filing of return	1.15	2004-05 2007-08 2009-10 2011-12	Central Processing Center - Assessing Officer
Central Excise Act, 1956	Excise duty including interest and penalty, as applicable	49.32	2007-08, 2009-10	CESTAT, New Delhi
The Finance Act, 1994	Service Tax including interest and penalty, as applicable	11.54	2013-14	CESTAT, New Delhi
The Finance Act, 1994	Service Tax including interest and penalty, as applicable	2.06	2015-16, 2016-17	Commissioner CGST and Central Excise, Raipur (Appeals)
Chhattisgarh VAT Act, 2003	Sales Tax including interest and penalty, as applicable	3.88	2011-12	Commercial Sales Tax Officer,
Chhattisgarh VAT Act, 2003	Sales Tax including interest and penalty, as applicable	1.54	2014-15	Commissioner of Commercial tax, Raipur
Goods and Service Tax Act, 2017	Goods and Service Tax including interest and penalty, as applicable	0.38	2018-19	Commissioner of Commercial tax, Raipur
Goods and Service Tax Act, 2017	Goods and Service Tax including interest and penalty, as applicable	38.08	2019-20	Joint Commissioner, SGST
Central Sales Tax Act,1956	Sales Tax including interest and penalty, as applicable	0.01	2002-03	Deputy Appellate Commissioner, Kolkata
West Bengal Value Added Tax Act, 2003	Sales Tax including interest and penalty, as applicable	0.04	2007-08	Commercial Tax Tribunal, Kolkata

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to bank or dues to debenture holders, based on the revised repayment schedules, for some such loans, which has been drawn after taking effects of the moratorium granted by the banks and availed by the Company, in view of the Covid-19 pandemic. The Company did not have any outstanding dues to financial institutions. The Company did not have any outstanding dues in respect of a financial institution or to Government, during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money during the year by way of initial public offer or further public offer or debt instruments. Further, term loans were applied for the purpose for which the loans were obtained.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to information and explanations provided to us and as fully explained in Note 42C to these financial statements, we report that managerial remuneration aggregating ₹ 1.80 crores for the year ended March 31, 2020 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by₹ 0.46 crores. The said appointment and remuneration has already been approved by Board of Directors of the Company and is subject to approval of shareholders in the forthcoming Annual General Meeting.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Bhaswar Sarkar
Partner
Membership Number: 055596
UDIN:20055596AAAABA7979

Place of Signature: Kolkata
Date: May 20, 2020

Annexure 2

Referred to in Paragraph 2 (F) of the Section on "Report on Other Legal And Regulatory Requirements" of Our Report of Even Date

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

To the Members of
Bharat Aluminium Company Limited

We have audited the internal financial controls over financial reporting of Bharat Aluminium Company Limited ("the Company") as of March 31, 2020 which is based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO 2013 criteria) in conjunction with our audit of the 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 based on the internal control over financial reporting criteria established under the COSO 2013 criteria which considers 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. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls system 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, the Company has, in all material respects, adequate internal financial controls 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 in COSO 2013 criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Bhaswar Sarkar
Partner
Membership Number: 055596
UDIN:20055596AAAABA7979

Place of Signature: Kolkata
Date: May 20, 2020

Balance Sheet as at March 31, 2020

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	10,434.83	10,608.46
(b) Capital work-in-progress		66.91	88.00
(c) Intangible assets	6	1.20	3.05
(d) Financial assets			
(i) Trade receivables	7	217.95	237.72
(ii) Loans	8	0.34	0.80
(iii) Others	9	78.72	48.23
(e) Income tax assets (net)	38	25.89	9.86
(f) Deferred tax assets (net)	38	471.04	396.65
(g) Other assets	10	181.42	264.48
Total non-current assets		**11,478.30**	**11,657.25**
Current assets			
(a) Inventories	11	1,159.13	1,370.51
(b) Financial assets			
(i) Investments	12	250.03	100.11
(ii) Trade receivables	13	619.57	496.92
(iii) Cash and cash equivalents	14	163.98	336.11
(iv) Other bank balances	15	0.14	0.13
(v) Loans	16	1.61	1.43
(vi) Derivatives	43	81.24	1.51
(vii) Others	17	21.24	9.34
(c) Other assets	18	424.72	414.18
Total current assets		**2,721.66**	**2,730.24**
TOTAL ASSETS		**14,199.96**	**14,387.49**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	220.62	220.62
Other equity		3,727.50	3,841.33
Total Equity		**3,948.12**	**4,061.95**
Liabilities			
Non-current Liabilities			
(a) Financial liabilities			
(i) Borrowings	20	3,071.28	3,425.33
(ii) Derivatives	43	36.19	98.89
(iii) Others	21	0.17	-
(b) Provisions	22	191.53	129.26
(d) Other liabilities	23	728.09	748.66
Total non-current liabilities		**4,027.26**	**4,402.14**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	24	356.47	503.11
(ii) Trade payables			
a) Total outstanding dues of micro, small and medium enterprises	25	66.63	38.21
b) Total outstanding dues of creditors other than micro, small and medium enterprises	25	2,362.51	2,652.40
(iii) Derivatives	43	22.45	46.43
(iv) Others	26	1,497.45	910.74
(b) Provisions	27	139.58	117.29
(c) Income tax liabilities (net)		0.07	10.51
(d) Other liabilities	28	1,779.42	1,644.71
Total current liabilities		**6,224.58**	**5,923.40**
TOTAL EQUITY AND LIABILITIES		**14,199.96**	**14,387.49**

See accompanying notes to the financial statements
As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Bhaswar Sarkar
Partner
Membership No. 55596

Place: Kolkata
Date: May 20, 2020

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rohit Soni
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: May 20, 2020

Statement of Profit and Loss for the year ended March 31, 2020

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Income:			
Revenue from operations	29	8,746.54	10,049.12
Other operating income	30	111.95	99.88
Other income	31	62.54	400.49
Total income		**8,921.03**	**10,549.49**
Expenses:			
Cost of materials consumed		3,443.28	4,480.80
Purchases of stock-in-trade		-	82.86
(Increase)/decrease in inventories of finished goods and work-in-progress	32	(82.75)	(13.27)
Power and fuel charges		3,092.41	2,904.17
Employee benefits expense	33	354.92	396.70
Finance costs	34	496.15	517.21
Depreciation and amortisation expense	35	489.74	513.34
Other expenses	36	1,332.85	1,463.49
Total expenses		**9,126.60**	**10,345.30**
Profit/(loss) before tax		**(205.57)**	**204.19**
Tax expense/(credit):	38		
-Net current tax expense		-	11.71
-Net deferred tax (credit)/expense		(88.07)	(380.60)
Profit/(loss) for the year		**(117.50)**	**573.08**
Other comprehensive income/(loss)			
Item that will not be subsequently reclassified to profit or loss		**(24.62)**	**6.02**
(a) Re-measurement gains/(losses) on defined benefit obligations		(37.85)	(5.67)
(b) Tax credit		13.23	11.69
Item that will be subsequently reclassified to profit or loss:		**28.29**	**(41.61)**
(a) Net gain/(loss) on cash flow hedges		43.49	(45.97)
(b) Tax credit/(expense)		(15.20)	4.36
Total other comprehensive income/(loss) for the year		**3.67**	**(35.59)**
Total comprehensive income/(loss) for the year		**(113.83)**	**537.49**
Earnings/(loss) per share (of ₹ 10/- each)	37		
Basic and Diluted (in ₹ per share)		(5.33)	25.98

See accompanying notes to the financial statements
As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Bhaswar Sarkar
Partner
Membership No. 55596

Place: Kolkata
Date: May 20, 2020

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rohit Soni
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: May 20, 2020

Statement of Cash Flows for the year ended March 31, 2020

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from operating activities		
Profit/(loss) before tax	**(205.57)**	**204.19**
Adjusted for :		
- Depreciation and amortisation expense	489.74	513.34
- Leasehold prepayments amortisation	-	2.15
- Interest income	(31.22)	(27.36)
- Finance cost	489.33	514.59
- Profit on sale of current investments	(1.35)	(0.41)
- Gain on mark to market of investments	(0.03)	(0.03)
- Loss on sale/discard of property, plant and equipment (net)	10.75	40.28
- Unrealised net loss/(gain) on foreign currency transactions and translation	11.05	(25.88)
- Provision for doubtful debts/advances/claims provision	-	36.32
- Unclaimed liabilities written back (net)	(1.89)	(348.30)
- Deferred government grant	(20.57)	(20.57)
	945.81	**684.13**
Operating profit before changes in assets and liabilities	**740.24**	**888.32**
Adjusted for :		
- (Increase) in trade receivables	(102.95)	(321.53)
- (Increase)/Decrease in inventories	211.29	(349.43)
- (Increase)/Decrease in financial and other assets	(94.04)	59.11
- Increase/(Decrease) in trade payables	(223.98)	878.58
- Increase in other liabilities	22.99	552.53
- Increase in provisions	48.87	11.95
	(137.82)	**831.21**
Cash generated from operations	**602.42**	**1,719.53**
Income taxes (paid)	(13.06)	(4.74)
Net cash from operating activities	**589.36**	**1,714.79**
B. Cash flow from investing activities		
Purchases of property, plant and equipment (including intangibles)	(190.68)	(205.31)
Proceeds from sale of property, plant and equipment	0.87	0.15
Purchases of short-term investments	(3,796.14)	(735.00)
Sale of short-term investments	3,647.63	685.47
Interest received	31.22	27.36
Short term deposits made	(0.50)	(0.01)
Net cash used in investing activities	**(307.60)**	**(227.33)**

Statement of Cash Flows for the year ended March 31, 2020

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. Cash flow from financing activities		
Repayment of short term loan (net)	(244.55)	(602.09)
Proceeds from short-term borrowings	310.11	-
Repayment of short-term borrowings	(208.69)	-
Proceeds from long-term borrowings	700.00	-
Repayment of long-term borrowings	(543.50)	(51.00)
Interest and finance charges paid	(466.73)	(502.07)
Repayment of lease liability	(0.53)	-
Net cash used in financing activities	**(453.89)**	**(1,155.16)**
Net (decrease) / increase in cash and cash equivalents	**(172.13)**	**332.29**
Cash and cash equivalents as at the beginning of the year (refer note 14)	**336.11**	**3.82**
Cash and cash equivalents as at the end of the year (refer note 14)	**163.98**	**336.11**

See accompanying notes to the financial statements
As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Bhaswar Sarkar
Partner
Membership No. 55596

Place: Kolkata
Date: May 20, 2020

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rohit Soni
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: May 20, 2020

Statement of Changes in Equity for the year ended March 31, 2020

A Equity share capital

Particulars	Numbers of shares	Amount in ₹ Crore
Equity shares of ₹ 10 each issued, subscribed and fully paid:		
As at March 31, 2020 and March 31, 2019	22,06,24,500	220.62

B Other equity

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Reserve and Surplus					OCI		Total
	Capital reserve	Retained earnings	Debenture redemption reserve [2]	General reserve [1]	Total reserves (other than OCI)	Effective portion of cash flow hedge	Total OCI	
Balance as at April 1, 2018	**9.20**	**2,789.16**	**41.67**	**430.31**	**3,270.34**	**33.50**	**33.50**	**3,303.84**
Profit for the year	-	573.08	-	-	573.08	-	-	573.08
Other comprehensive income/ (loss) for the year[3]	-	6.02	-	-	6.02	(41.61)	(41.61)	(35.59)
Total comprehensive income/ (loss) for the year	-	579.10	-	-	579.10	(41.61)	(41.61)	537.49
Transferred from Retained earnings to Debenture redemption reserve	-	(28.38)	28.38	-	-	-	-	-
Balance as at April 1, 2019	**9.20**	**3,339.88**	**70.05**	**430.31**	**3,849.44**	**(8.11)**	**(8.11)**	**3,841.33**
Profit /(Loss) for the year	-	(117.50)	-	-	(117.50)	-	-	(117.50)
Other comprehensive income/ (loss) for the year	-	(24.62)	-	-	(24.62)	28.29	28.29	3.67
Total comprehensive income/ (loss) for the year	-	(142.12)	-	-	(142.12)	28.29	28.29	(113.83)
Transferred from Debenture redemption reserve to Retained earnings	-	20.15	(20.15)	-	-	-	-	-
Balance as on March 31, 2020	**9.20**	**3,217.91**	**49.90**	**430.31**	**3,707.32**	**20.18**	**20.18**	**3,727.50**

Statement of Changes in Equity for the year ended March 31, 2020

1 General reserves

Under the erstwhile Indian Companies Act 1956, a general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations, to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn.

2 Debenture redemption reserve

The Indian Companies Act requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Companies are required to maintain 25% as a reserve of outstanding redeemable debentures. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. Consequent to MCA notification dated August 16, 2019, the company has stopped creating further Debenture Redemption Reserve (DRR) from August 2019 onwards and DRR created in books till July 31, 2019 continues. During the year, the company has repaid debentures amounting to ₹ 300 Crore and hence proportionate amount of DRR has been transferred from DRR to retained earnings.

3 Amount considered in Retained Earnings represent Re-measurement of defined benefit obligation (net of tax).

See accompanying notes to the financial statements
As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Bhaswar Sarkar
Partner
Membership No. 55596

Place: Kolkata
Date: May 20, 2020

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rohit Soni
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: May 20, 2020

Notes to the Financial Statements as at and for the year ended March 31, 2020

1. Company Overview

Bharat Aluminium Company Limited (referred to as "BALCO" or "the Company" hereinafter) was incorporated under the laws of the Republic of India with its registered office at Aluminium Sadan, Core-6, Scope Office Complex, 7, Lodhi Road, New Delhi – 110 003 having 5.70 lakhs mtpa aluminium plants comprising 2.45 lakhs mtpa and 3.25 lakhs mtpa plants with 2,010 MW of power plants comprising captive power plant of 270 MW, 540 MW, 900 MW and independent power plant of 300 MW at Korba (Chhattisgarh). BALCO has captive Bauxite mines at Mainpat and Bodai Daldali and a Coal mine at Chotia in Chhattisgarh. Vedanta Limited and the Government of India respectively hold 51% and 49% of the paid up equity share capital of BALCO.

2. Basis of Preparation and Measurement of Financial Statements

a) Basis of preparation

(i) These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 (the Act) (as amended from time to time).

These financial statements have been prepared in accordance with the accounting policies, set out below and were consistently applied to all periods presented unless otherwise stated.

(ii) These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional currency. All financial information presented in Rupees has been rounded to the nearest Crore with two decimals.

b) Basis of measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, which are measured at fair value at the end of each reporting period as explained in the accounting policies in Sl. No. 4.

3. Application of New Standards and Amendments

a) The Company has adopted with effect from April 1, 2019, the following new standards and amendments:

(i) Ind AS 116: Leases

Ind AS 116, Leases, replaces the existing standard on accounting for leases, Ind AS 17, with effect from April 01, 2019. This standard introduces a single lessee accounting model and requires a lessee to recognize a 'right of use asset' (ROU) and a corresponding 'lease liability' for all leases except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. Lease costs are to be recognised in the income statement over the lease term in the form of depreciation on the ROU asset and finance charges representing the unwinding of the discount on the lease liability. In contrast, the accounting requirements for lessors remain largely unchanged.

The Company acts as a lessee in lease arrangements mainly involving office premises and other properties. The Company has elected to apply the modified retrospective approach on transition, and accordingly the comparative numbers have not been restated. Under this option, the Company has continued to apply its existing definition of leases as under Ind AS 17 ("grandfathering") for contracts in place as at April 01, 2019, instead of reassessing whether existing contracts are or contain a lease at that date. Further, the Company has elected to avail the exemption in Ind AS 116 from applying the requirements of Ind AS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements as at and for the year ended March 31, 2020

Transition to Ind AS 116 did not have a material effect on the Company's financial statements.

Prior period accounting policy

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments are structured to increase in line with general inflation to compensate for the lessor's expected inflationary cost increase.

4. Significant Accounting Policies

The Company has applied following accounting policies in these Ind AS Financial Statements.

a) Revenue recognition

- **Sale of goods/rendering of services (Revenue from contracts with customers)**

The Company's revenue from contracts with customers comprises main streams being the sale of aluminium and power. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer which coincides with delivery of the goods to the shipping agent at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and endorsement of documents pertaining to ownership in favour of the customer. Revenue is recognised net of discounts, volume rebates, outgoing goods and service tax and other indirect taxes. Revenues from sale of by-products are included in revenue.

Certain of the Company's sales contracts provide for provisional pricing based on the price on the London Metal Exchange (LME), as specified in the contract. Revenue in respect of such contracts is recognised when control passes to the customer and is measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features are accounted in accordance with Ind AS 109 'Financial Instruments' rather than Ind AS 115 and therefore the Ind AS 115 rules on variable consideration do not apply. These 'provisional pricing' adjustments i.e. the consideration received post transfer of control are included in total revenue from operations on the face of

Notes to the Financial Statements as at and for the year ended March 31, 2020

the Statement of Profit and loss and disclosed by way of note to the financial statements. Final settlement of the price is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Revenue from sale of power is recognised when transmitted and measured based on rates as per bilateral contractual agreements with buyers and at a rate arrived at based on the principles laid down under the relevant power purchase agreements/tariff/regulations in vogue, as applicable.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Company's future performance.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

- **Export benefits**

Export benefits are accounted on recognition of export sales.

- **Interest Income**

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

- **Dividend Income**

Dividend income is recognized when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

b) Property, Plant and Equipment

(i) Property, plant and equipment

The Company has applied Ind AS 16 with retrospective effect for all of its property, plant and equipment as at the transition date, viz., 1 April 2015.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to its working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

Notes to the Financial Statements as at and for the year ended March 31, 2020

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(ii) Assets under construction

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

(iii) Depreciation

Assets in the course of development or construction and freehold land are not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is calculated using the straight-line method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives (determined by the management), as given below. Management's assessment takes into account, inter alia, the nature of the assets, the estimated usage of the assets, the operating conditions of the assets, past history of replacement and maintenance support.

The estimated useful lives of assets are as follows:

• Buildings	3-60 years
• Plant and equipments	15-40 years
• Furniture and fixtures	5-10 years
• Vehicles	8-10 years
• Office equipments	3-6 years
• Railway sidings	15 years
• Pot relining cost	4- 5 years

Major periodic inspection and overhaul costs are depreciated over the estimated life of the economic benefit derived from such costs. The carrying amount of the remaining previous inspection and overhaul cost is charged to the statement of profit and loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

Mining properties are amortized on a unit-of-production basis over the total estimated remaining commercial proved and probable reserves of each property or group of properties and are subject to impairment review. Costs used in the unit of production calculation comprise the net book value of capitalized costs plus the estimated

Notes to the Financial Statements as at and for the year ended March 31, 2020

future capital expenditure required to access the commercial reserves. Changes in the estimates of commercial reserves or future capital expenditure are dealt with prospectively. Leasehold land and buildings are depreciated on a straight-line basis over the period of the lease or, if shorter, their useful economic life.

When significant spare parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

c) Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Software is amortized over the estimated useful life of license term ranging from 0-5 years. The amortization expense on intangible assets is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Recognition and subsequent measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost

  A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

  a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

  b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

  After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by

Notes to the Financial Statements as at and for the year ended March 31, 2020

taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

- Debt instrument at FVTOCI

A 'debt instrument' is classified as at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

- Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has designated its investments in debt instruments as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

- Equity instruments

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. For equity instruments which are classified as FVTPL all subsequent fair value changes are recognised in the statement of profit and loss.

Financial Assets - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Notes to the Financial Statements as at and for the year ended March 31, 2020

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 on the following financial assets:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities and deposits

b) Financial assets that are debt instruments and are measured as at FVOCI

c) trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, contract assets and lease receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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 entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured as at amortized cost:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The Company does not reduce impairment allowance from the gross carrying amount.

- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities – Recognition and subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Notes to the Financial Statements as at and for the year ended March 31, 2020

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through statement of profit and loss

  Financial liabilities at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

  Financial liabilities designated upon initial recognition at fair value through statement of profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

- Financial liabilities at amortised cost (Loans & Borrowings and Trade and other payables)

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial liabilities - Derecognition

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

Offsetting of financial instruments

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

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the

Notes to the Financial Statements as at and for the year ended March 31, 2020

cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, futures and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to statement of profit and loss when the hedge item affects profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in statement of profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedged item is derecognized, the unamortized fair value is recognized

Notes to the Financial Statements as at and for the year ended March 31, 2020

immediately in statement of profit and loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in statement of profit and loss. Hedge accounting is discontinued when the Company revokes the hedge relationship, the hedging instrument or hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit and loss.

Amounts recognized as OCI are transferred to statement of profit and loss when the hedged transaction affects statement of profit and loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

e) Financial guarantees

Financial guarantees issued by the Company on behalf of group companies are designated as 'Insurance Contracts'. The Company assesses at the end of each reporting period whether its recognised insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the statement of profit and loss.

f) Cash and cash equivalents

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

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

g) Borrowing Costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly relating to the construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use i.e. when they are capable of commercial production. Where funds are borrowed specifically to finance a qualifying capital project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year.

All other borrowing costs are recognised in the statement of profit and loss in the year in which they are incurred.

Notes to the Financial Statements as at and for the year ended March 31, 2020

Capitalisation of interest on borrowings related to construction or development of capital projects is ceased when substantially all activities that are necessary to make the asset ready for their intended use are complete or when delay occurs outside of the normal course of business.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

h) Impairment of Non-financial assets

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The Company assesses, at each reporting date, whether there is an indication that an a CGU may be impaired. The Company conducts an annual internal review of the value of CGUs, which is used as a source of information to assess for any indications of impairment or reversal of previously recognised impairment losses. Internal and external factors, such as worse economic performance than expected, changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognised impairment losses.

If any indication exists then an impairment review is undertaken and the recoverable amount is calculated, as the higher of fair value less costs of disposal and the CGU's value in use.

Fair value less costs of disposal is the price that would be received to sell the assets included in the CGU in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. These cash flows are discounted at an appropriate post tax discount rate to arrive at the net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the CGU in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined.

If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Any reversal of the previously recognised impairment loss is limited to the extent that the carrying amount of the assets comprising the CGU does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

i) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is treated as deferred income and released to the statement of profit and loss over the expected useful lives of the assets concerned. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

Notes to the Financial Statements as at and for the year ended March 31, 2020

j) Inventories

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value.

Costs incurred in bringing the inventory to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of raw materials plus costs of conversion, comprising labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity and are moved out of inventory on a weighted average basis.
- By-products and scrap are valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete inventories are identified and written down to net realisable value.

k) Taxation

Tax expense represents the sum of current tax and deferred tax.

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Notes to the Financial Statements as at and for the year ended March 31, 2020

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

l) Employee benefit schemes

(i) Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

Compensated absences:

Compensated absences accruing to employees and which can be carried to future periods but where there are restrictions on availment or encashment or where the availment or encashment is not expected to occur wholly in the next twelve months, the liability on account of the benefit is determined actuarially using the projected unit credit method.

(ii) Post-employment benefits

- Defined contribution plan

  Retirement benefits in form of superannuation is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the superannuation fund. The Company recognizes contribution payable to the superannuation scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

- Defined benefit plans – Gratuity and Provident fund

Gratuity

The Company has a defined benefit plan (the “Gratuity Plan”). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee’s last drawn salary and the number of years of employment with the Company. Presently the Company’s gratuity plan is unfunded.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

The liability recognized in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Notes to the Financial Statements as at and for the year ended March 31, 2020

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

Provident Fund

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Balco Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the Government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Post-retirement medical benefits (PRMB)

The Company has framed a scheme with a view to provide medical benefits to the regular employees of the Company and their spouses subsequent to their retirement on completion of tenure including retirement on medical grounds and voluntary retirement on contributory basis.

Based on actuarial valuations conducted as at year end, a provision is recognized in full for the benefit obligation.

(iv) Share-based payments

Vedanta Limited offered certain share based incentives under the Long-Term Incentive Plan ("LTIP") to employees and directors of the Company. It recovers the proportionate cost (calculated based on the grant date fair value of the options granted) from the Company, which is charged to the statement of profit and loss.

m) Provisions, contingent liabilities and contingent assets

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Notes to the Financial Statements as at and for the year ended March 31, 2020

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Balance Sheet.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet.

n) Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of mines. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as finance cost in the statement of profit and loss.

Costs for the restoration of subsequent site damage, which is caused on an ongoing basis during production, are provided for at their net present value and charged to the statement of profit and loss as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

o) Foreign currency transactions

In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the statement of profit and loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

The Company had applied paragraph 46A of AS 11 under Indian GAAP. Ind AS 101 gives an option, which has been exercised by the Company, whereby a first time adopter can continue its Indian GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items. Hence, foreign exchange gain/loss on long-term foreign currency monetary items recognized upto March 31, 2016 has been capitalized. Such exchange differences arising on translation/settlement of long-term foreign currency monetary items and pertaining to the acquisition of a depreciable asset are amortised over the remaining useful lives of the assets.

Exchange differences arising on translation/ settlement of long-term foreign currency monetary items, acquired post April 01, 2016, pertaining to the acquisition of a depreciable asset are charged to the statement of profit and loss.

Notes to the Financial Statements as at and for the year ended March 31, 2020

p) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

q) Buyers' Credit/ Suppliers' Credit

The Company enters into arrangements whereby banks and financial institutions make direct payments to suppliers for raw materials and project materials. The banks and financial institutions are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled up to twelve months to thirty-six months. Where these arrangements are for raw materials and project materials with a maturity of up to twelve months, the economic substance of the transaction is considered to be operating in nature and these are recognised as operational buyers' credit/ suppliers' credit (under trade payables or other financial liabilities). Where these arrangements are for project materials with a maturity of more than twelve months, the economic substance of the transaction is considered to be financing in nature, and these are presented within borrowings in the balance sheet. Interest expense on these are recognised as finance cost.

r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue are accounted for based on the cost price. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue/ expenses/ assets/ liabilities".

s) Cash Flow Statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

t) Research and development

Revenue expenditure towards research and development is charged to the statement of profit and loss in the year it is incurred. Capital expenditure on research and development related to property, plant and equipments is included in the cost of related property, plant and equipments.

u) Leases

Lease costs are recognised in the statement of profit and loss over the lease term in the form of depreciation on the ROU asset and finance charges representing the unwinding of the discount on the lease liability.

v) Current and 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 satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle.
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Notes to the Financial Statements as at and for the year ended March 31, 2020

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle.
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non current only.

w) Exceptional items

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges and acquisition and restructuring related costs), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior years. Also tax charges related to exceptional items and certain one-time tax effects are considered exceptional. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.

x) Use of Estimates and Judgments

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are elaborated in note no. 44..

Notes to the Financial Statements as at March 31, 2020

5 Property, Plant and Equipments[4,5,6]

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Gross block				Accumulated depreciation				Net block
	As at April 1, 2019	Additions	Deductions	As at March 31, 2020	As at April 1, 2019	Charge for the year	Deductions	As at March 31, 2020	As at March 31, 2020
Tangible assets									
Land- freehold[1,2,3]	17.31	0.98	-	18.29	-	-	-	-	18.29
(Previous year)	14.52	2.79	-	17.31	-	-	-	-	17.31
Buildings[2]	2,063.51	11.12	-	2,074.63	820.74	55.27	-	876.01	1,198.62
(Previous year)	2,021.62	43.21	1.32	2,063.51	769.76	52.17	1.19	820.74	1,242.77
Plant and equipment	14,231.26	230.73	30.55	14,431.44	5,163.70	404.75	19.32	5,549.13	8,882.31
(Previous year)	13,952.31	396.39	117.44	14,231.26	4,797.18	440.37	73.85	5,163.70	9,067.56
Furniture and fixtures	23.36	0.80	0.08	24.08	18.77	0.86	0.03	19.60	4.48
(Previous year)	23.52	1.40	1.56	23.36	19.44	0.83	1.50	18.77	4.59
Vehicles	27.59	0.42	0.53	27.48	16.49	0.70	0.16	17.03	10.45
(Previous year)	29.40	0.44	2.25	27.59	17.72	0.70	1.93	16.49	11.10
Office equipment	32.74	1.17	0.04	33.87	26.12	1.80	0.02	27.90	5.97
(Previous year)	40.17	3.10	10.53	32.74	34.78	1.49	10.15	26.12	6.62
Railway Sidings	228.74	1.30	-	230.04	64.17	12.24	-	76.41	153.63
(Previous year)	201.06	27.68	-	228.74	52.60	11.57	-	64.17	164.57
Mining properties	99.85	42.13	-	141.98	5.91	7.01	-	12.92	129.06
(Previous year)	99.56	0.29	-	99.85	2.09	3.82	-	5.91	93.94
Right of Use assets[7]	-	36.58	-	36.58	-	4.56	-	4.56	32.02
(Previous year)	-	-	-	-	-	-	-	-	-
Total	**16,724.36**	**325.23**	**31.20**	**17,018.39**	**6,115.90**	**487.19**	**19.53**	**6,583.56**	**10,434.83**
Total -Previous Year	**16,382.16**	**475.30**	**133.10**	**16,724.36**	**5,693.57**	**510.95**	**88.62**	**6,115.90**	**10,608.46**

1. The land transferred to the Company by National Thermal Power Corporation Ltd. (NTPC) vide agreement dated June 20, 2002 comprising 171.44 acres land for the Company's 270 MW captive power plant and its allied facilities and 34.74 acres land for staff quarters of the said captive power plant is yet to be registered in favour of the Company due to non availability of title deeds from NTPC.

   In the matter, arbitration was held between BALCO and NTPC and the Ld. Arbitrator passed the award in favour of BALCO. But with respect to transfer of title deeds of land, Ld. Arbitrator has directed that transfer of land will be effected by the Central Government with the assistance of State Government. The matter is sub-judice before the Delhi High Court.

2. Certain land and quarters of the Company including 40 nos. of Company's quarters at Bidhan Bagh Unit and 300.88 acres of land at Korba and Bidhan Bagh have been unauthorisedly occupied for which the Company is evaluating the options for evacuation.

Notes to the Financial Statements as at March 31, 2020

5 Property, Plant and Equipments[4,5,6] (Contd..)

3. The Division Bench of the Hon'ble High Court of Chhattisgarh has vide its order dated February 25, 2010, upheld that the Company is in legal possession of 1804.67 acres of Government land. Subsequent to the said order, the State Government has decided to issue the lease deed in favour of the Company after the issue of forest land is decided by the Hon'ble Supreme Court. In the proceedings before the Hon'ble Supreme Court, pursuant to public interest litigations filed, it has been alleged that land in possession of the Company is being used in contravention of the Forest Conservation Act, 1980 even though the said land has been in its possession prior to the promulgation of the Forest Conservation Act, 1980 on which its Aluminium complex, allied facilities and township were constructed between 1971-76. The Central Empowered Committee of the Supreme Court has already recommended ex-post facto diversion of the forest land in possession of the Company. The matter is presently sub-judice before the Hon'ble Supreme Court.

4. Exchange differences arising on translation/settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset of ₹ 23.65 Crore (March 31, 2019: ₹ 55.17 Crore) capitalised, are grouped under property, plant and equipments and capital work in progress.

5. For lien/charge against property, plant and equipment refer note no. 20 and 24.

6. During the previous year, the Company had re-estimated the remaining useful lives of 270 MW captive power plant from 9 years to 2 years. Also, Alumina plant had been fully depreciated to bring down its resiual value to 5% of the acquisition cost. Accordingly, the Company has charged accelerated depreciation amounting to ₹ 25.00 Crore (March 31, 2019: ₹ 25.00 Crore) and Nil (March 31, 2019: ₹ 17.79 Crore) respectively on these assets.

7. Disclosure of Right of Use (ROU) Assets as per IndAS 116 - "Leases"

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	ROU Land	ROU Building	Total
Depreciation charged during the period	3.95	0.61	4.56
Carrying book value as on March 31, 2020	31.35	0.67	32.02

6 Intangible Assets

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Gross block				Accumulated depreciation				Net block
	As at April 1, 2019	Additions	Deductions	As at March 31, 2020	As at April 1, 2019	Charge for the year	Deductions	As at March 31, 2020	As at March 31, 2020
Software license	9.02	0.70	-	9.72	5.97	2.55	-	8.52	1.20
Previous year	8.38	0.64	-	9.02	3.58	2.39	-	5.97	3.05

Notes to the Financial Statements as at March 31, 2020

7 Financial assets - Non current : Trade receivables

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good	217.95	237.72
Credit impaired	34.10	34.10
Less: allowance for credit impairment	(34.10)	(34.10)
Total	**217.95**	**237.72**

1. Carrying value of trade receivable may be affected by the changes in the credit risk of counterparties as explained in note no. 43.
2. Maturity profile is as per note no. 43.
3. For lien/charge against trade receivable refer note nos. 20 and 24.
4. No trade receivable is due from directors or other officers of the Company either severally or jointly with any other person (March 31, 2019- ₹ Nil). No trade receivable is due from firms or private companies respectively in which any director is a partner, a director or a member.
5. Trade receivables considered good includes ₹ 155.20 Crore (March 31, 2019: ₹ 155.20 Crore) on account of differential energy charges for supply of power to customers under power supply agreements, pursuant to amendment in escalation rates of domestic coal by Central Electricity Regulatory Commission (CERC) for the period October 1, 2012 to September 30, 2014 which is disputed in Honourable Delhi High Court. This receivable carries interest as per the power supply agreement.
6. Trade receivables considered good includes ₹ 62.75 Crore (March 31, 2019: ₹ 82.52 Crore) on account of differential duties and taxes recognised by the Company for supply of power to customers under power supply agreements, inline with Central Electricity Regulatory Commission (CERC) order which is disputed in Honourable Appellate for Electricity, New Delhi. This receivable carries interest as per the power supply agreement.

8 Financial assets - Non current : Loans

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Loans to employees	0.34	0.80
Total	**0.34**	**0.80**

1. For details of classification of financial assets and fair value hierarchy refer note no. 43.

Notes to the Financial Statements as at March 31, 2020

9 Financial assets - Non Current : Others

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security deposits	27.75	27.74
Site restoration asset[1]	8.68	8.19
Other receivables[3]	42.29	12.30
Total	**78.72**	**48.23**

1. Represents deposits with Ministry of Coal pertaining to coal block which earns interest at fixed rate based on respective deposit rate.
2. For details of classification of financial assets and fair value hierarchy refer note no. 43.
3. Other receivables represent receivables on account of differential duties and taxes recognised by the Company for supply of power to customers under power supply agreements, inline with Central Electricity Regulatory Commission (CERC) order for which invoice is yet to be raised by the Company.

10 Other non-current assets

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Leasehold land prepayments[1]	-	28.11
Capital advances	1.49	45.38
Claims and other receivables[2]	179.73	190.88
Security deposits	0.20	0.11
Total	**181.42**	**264.48**

1. Leasehold land prepayments pertain to bauxite mines at Kawardha and Mainpat and it is amortised as per Unit of Production Method. After application of IndAS 116 with effect from April 01, 2019, the same has been regrouped to Property, Plant and Equipment as part of Right of Use assets (Refer note no. 5).
2. Claims and other receivables includes following :
   a. Pursuant to the Supreme Court decision dated September 24, 2014, the Company's Taraimar coal block stands deallocated. Prior to deallocation, the Company had incurred an amount of ₹ 84.48 Crore towards land, forest clearance and other directly attributable costs. Based on Coal Mines (Special Provisions) Act, 2015, the Company made an assessment of the expenditure incurred for its recoverability and consequently transferred from Capital work in process to claims receivable ₹ 53.67 Crore. (March 31, 2019: ₹ 53.67 Crore). The said claim is interest-bearing as per the provisions of the abovementioned Act.

   b. Receivables pertaining to energy development cess levied by Government of Chhatisgarh ₹ 34.54 Crore (March 31, 2019: ₹ 34.54 Crore) which has been challenged by the Government of Chattiagarh in the Honourable Supreme Court of India.

   c. Claims recoverable from Madhya Pradesh Electricity Board (MPEB)/Chhattisgarh State Electricity Board (CSEB) amounting to ₹ 10.08 Crore (March 31, 2019 : ₹ 10.08 Crore), which are disputed by them. The Company is also disputing the claim for Electricity duty/surcharge made by MPEB/CSEB amounting to ₹ 13.23 Crore (March 31, 2019: ₹ 13.23 Crore). The net amount recoverable/payable can be ascertained on settlement of the disputes. The said claim is interest-bearing.

Notes to the Financial Statements as at March 31, 2020

11 Inventories

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Raw materials	217.07	357.35
Goods-in transit	153.32	224.04
	370.39	**581.39**
(b) Fuel stock	237.09	230.46
Goods-in transit	2.64	106.52
	239.73	**336.98**
(c) Work-in-progress	249.17	249.38
Goods-in transit	3.60	45.89
	252.77	**295.27**
(d) Finished goods[1]	**162.16**	**37.64**
(e) By-product[1]	**2.03**	**1.30**
(f) Stores and spares[2]	130.62	115.67
Goods-in transit	1.43	2.26
	132.05	**117.93**
Total	**1,159.13**	**1370.51**

1. Finished goods and By-product held at net realizable value amounted to ₹ 9.60 Crore (March 31, 2019: ₹ 164.89 Crore). The write down on inventories amounted to ₹ 2.57 Crore for the year (March 31, 2019: ₹ 4.78 Crore).
2. The provision in respect of excess, slow-moving, damaged, or obsolete inventories of stores and spares lying in books on March 31, 2020 is ₹ 22.93 Crore (March 31, 2019: ₹ 23.48 Crore).
3. Entire inventory has been hypothecated as security against certain bank borrowings of the Company. For more details of lien/charge against inventories refer note no. 20 and 24.
4. For mode of valuation for each class of inventories, refer note no. 4(j).

12 Financial assets - Current : Investments

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Investments in mutual funds at Fair value through profit and loss (unquoted)		
SBI Overnight Fund- Reg - Growth (153,692 units at par value of ₹ 1000 each)	50.01	-
HDFC Overnight Fund - Growth (168,418 units at par value of ₹ 1000 each)	50.01	-
ABSL Overnight Fund- Growth (462,910 units at par value of ₹ 1000 each)	50.01	-
Pru ICICI Overnight Fund- Growth (46,41,000 units at par value of ₹ 100 each)	50.00	-
Kotak Overnight Fund- Growth (469,160 units at par value of ₹ 1000 each)	50.00	-

Notes to the Financial Statements as at March 31, 2020

12 Financial assets - Current : Investments (Contd..)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
SBI Liquid Fund- Reg - Growth (68,379 units at par value of ₹ 1000 each)	-	20.03
HDFC Liquid Fund - Growth (54,428 units at par value of ₹ 1000 each)	-	20.02
ABSL Liquid Fund- Growth (6,66,424 units at par value of ₹ 100 each)	-	20.02
Pru ICICI Liquid Fund- Growth (7,24,304 units at par value of ₹ 100 each)	-	20.02
Reliance Liquid Fund- Growth (43,887 units at par value of ₹ 1000 each)	-	20.02
Total	**250.03**	**100.11**

1. For determination of fair value refer note no. 43.

13 Financial Assets- Current : Trade receivables

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good	619.57	496.92
Credit impaired	0.22	0.22
Less: allowance for credit impairment	(0.22)	(0.22)
Total	**619.57**	**496.92**

1. Carrying value of trade receivables may be affected by the changes in the credit risk of counterparties as explained in note no. 43.
2. Maturity profile is as per note no. 43.
3. For lien/charge against trade receivables refer note nos. 20 and 24.
4. No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. No trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member (March 31, 2019 : Nil). For amount due from related parties, refer note no. 42.

14 Financial Assets- Current : Cash and cash equivalents

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks[1]	163.84	335.74
Cash on hand	0.14	0.37
Total	**163.98**	**336.11**

1. Includes remittance in transit amounting to ₹ Nil (March 31, 2019: ₹ 309.24 Crore).

Notes to the Financial Statements as at March 31, 2020

15 Financial Assets- Current : Other Bank Balances

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Bank deposits with original maturity greater than 3 months but less than 12 months[1]	0.14	0.13
Total	**0.14**	**0.13**

1. Fixed deposit issued in favour of a third party in the ordinary course of business.

16 Financial assets - Current : Loans

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Loans to employees	1.61	1.43
Total	**1.61**	**1.43**

17 Financial Assets- Current : Others

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Interest receivable	-	1.83
Security deposits	0.06	1.99
Advances to related parties (refer note no. 42)	0.08	0.51
Other receivables2	21.10	5.01
Total	**21.24**	**9.34**

1. For details of classification of financial assets and fair value hierarchy refer note no. 43.
2. Represents MTM receivable on commodity hedging. Refer note no. 43.

Notes to the Financial Statements as at March 31, 2020

18 Other Current Assets

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Advances to suppliers	250.25	241.84
Prepaid expenses	22.10	16.10
Claims and other receivables	4.05	-
Balances with statutory/Government authorities	102.01	107.34
Export incentives receivable	46.31	41.71
Leasehold land prepayments[1]	-	7.19
Total	**424.72**	**414.18**

1. Leasehold land prepayments pertain to bauxite mines at Kawardha and Mainpat and it is amortised as per Unit of Production Method. After application of IndAS 116 with effect from April 01, 2019, the same has been regrouped to Property, Plant and Equipment as part of Right of Use assets (Refer note no. 5).

19 Share capital

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Opening/Closing balance (equity shares of ₹ 10 each)	50,00,00,000	500.00	50,00,00,000	500.00
Issued, subscribed and fully Paid up				
Opening/Closing balance (equity shares of ₹ 10 each)	22,06,24,500	220.62	22,06,24,500	220.62
Total	**22,06,24,500**	**220.62**	**22,06,24,500**	**220.62**

i) Reconciliation of the number of shares and amount outstanding as at the beginning and at the end of the reporting period :

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity shares outstanding at the beginning and end of the year	22,06,24,500	220.62	22,06,24,500	220.62

Notes to the Financial Statements as at March 31, 2020

ii) Details of shares held by each shareholder holding more than 5% shares

(All amounts in ₹ Crore, unless otherwise stated)

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
a) Vedanta Limited[1] and their nominees	11,25,18,495	51%	11,25,18,495	51%
b) Government of India - President of India	10,81,06,005	49%	10,81,06,005	49%
Total	22,06,24,500	100%	22,06,24,500	100%

1) Vedanta Limited, Holding Company holds 112,518,495 shares in the Company. The subsidiaries and associates of Vedanta limited do not hold any equity shares in the Company.

Ultimate holding company Volcan Investments Limited and its subsidiaries and associates do not hold any equity shares in the Company.

iii) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is paid as and when declared by the Board of Directors. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

20 Financial liabilities - Borrowings : Non current

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Redeemable non convertible debentures[1]	-	499.73
Term loans from banks[2]	2,528.38	2,156.51
External commercial borrowings[3,4,5]	394.36	563.23
Foreign currency term loan[6]	148.54	205.86
Total	**3,071.28**	**3,425.33**

(All amounts in ₹ Crore, unless otherwise stated)

Repayment terms and security details of long-term borrowings	As at March 31, 2020	As at March 31, 2019
1. 3,000 7.90% (March 31, 2019: 5,000 7.94%) Non Convertible Debentures of Rs 10 Lacs each redeemable at par in single installment on July 31, 2020. Secured by first pari passu charge over Property, Plant & Equipment (excluding coal block) of the Company.	-	499.73
2. Rupee term loans from various banks secured by first pari passu charge on moveable property, plant and equipments (excluding coal block) of the Company. Weighted average rate of interest is 8.75% (March 31, 2019: 8.72%) and are repayable in 292 quarterly installments.	2,528.38	2,156.51

Notes to the Financial Statements as at March 31, 2020

20 Financial liabilities - Borrowings : Non current (Contd..)

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Repayment terms and security details of long-term borrowings	As at March 31, 2020	As at March 31, 2019
3. External commercial borrowings from ICICI Bank Dubai of USD 14.8 Million, Kotak Mahindra Bank Limited IFSC unit of USD 11.1 Million and Union Bank HongKong Branch of USD 11.1 Million is repayable in two instalments: first instalment of USD 14 Million on August 19, 2020 and final instalment of USD 23 Million on August 19, 2021. The rate of interest payable on this facility is 3 month LIBOR plus 240 basis points (March 31, 2019-3 month LIBOR plus 240 basis points).The facility is secured by first pari passu charge on all movable project assets related to 1200 MW power plant and 3.25 LTPA Aluminium Smelter located at korba both present and future along with secured lenders.	171.44	254.55
4. External commercial borrowings from Canara Bank London Branch of USD 10 million and USD 5 million from Syndicate Bank London Branch is repayable in three equal installments in 4th, 5th and 6th year from first utilisation dated March 10, 2017. The rate of interest payable on this facility is 3 month LIBOR plus 280 basis points (March 31, 2019-3 month LIBOR plus 280 basis points).The facility is secured by first pari passu charge on all movable property, plant and equipments related to power plants and aluminium smelters located at Korba both present and future along with secured lenders.	74.38	102.82
5. External commercial borrowings from ICICI Bank Limited IFSC Banking Unit of USD 6 million, Union Bank of India (UK) Limited USD 9 million and USD 15 million from AFR Asia Mauritius repayable in three equal installments in 4th, 5th and 6th year from first utilisation dated November 10, 2016. The rate of interest payable on this facility is 3 month LIBOR plus 280 basis points (March 31, 2019-3 month LIBOR plus 280 basis points).The facility is secured by first pari passu charge on all movable property, plant and equipments related to entire power plants and aluminium smelters located at Korba both present and future along with secured lenders.	148.54	205.86
6. Foreign Currency Term Loan from Export Import Bank of India of USD 30 million is repayable in three equal installments in 4th, 5th and 6th year from first utilisation dated November 10, 2016. The rate of interest payable on this facility is 3 month LIBOR plus 280 basis points (March 31, 2019-3 month LIBOR plus 280 basis points).The facility is secured by first pari passu charge on all movable property, plant and equipments related to entire power plants and aluminium smelters located at Korba both present and future along with secured lenders.	148.54	205.86
	3,071.28	**3,425.33**

The amount appearing in the non current portion as on the respective reporting date are exclusive of loan classified under Current maturities of long term borrowing disclosed under note no. 26.

The Company facilities are subject to certain financial and non- financial covenants. The primary covenants which must be complied with include debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio, ratio of total term liabilities to net worth and net debt to EBITDA. The Company has complied with the covenants as per the terms of the loan agreement.

Notes to the Financial Statements as at March 31, 2020

20A Movement in borrowings during the year is provided below:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Borrowings due within one year	Borrowings due after one year	Total
Opening Balance as on April 1, 2018	1156.20	3,758.33	4,914.53
Net cash inflow/(outflow)	(602.09)	(51.00)	(653.09)
Other Non cash changes	329.92	(282.00)	47.92
As at April 1, 2019	**884.03**	**3,425.33**	**4,309.36**
Net cash inflow/(outflow)	(143.13)	156.50	13.37
Other Non cash changes	586.46	(510.55)	75.91
As at March 31, 2020	**1,327.36**	**3,071.28**	**4,398.64**

Other non-cash changes comprises of amortisation of borrowing costs, foreign exchange difference on borrowings and reclassification between borrowings due within one year and borrowings due after one year.

21 Financial liabilities - Others : Non current

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities	0.17	-
Total	**0.17**	**-**

22 Provisions : Non current

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits[1]	136.37	111.21
Provision for site restoration and rehabilitation[2]	55.16	18.05
Total	**191.53**	**129.26**

1. Includes gratuity and Post Retirement Medical Benefits (PRMB). Also refer note no. 39.

2. Provision for site restoration and rehabilitation

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	18.05	17.15
Unwinding of discount	1.41	0.90
Revision in estimates	35.70	-
Closing balance	**55.16**	**18.05**

Notes to the Financial Statements as at March 31, 2020

23 Other liabilities : Non current

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Government grants[1]	728.09	748.66
Total	**728.09**	**748.66**

1. Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on import of plant and equipments accounted for as government grant and being amortised over the useful life of such assets.

24 Financial liabilities - Borrowings : Current

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Loans repayable on demand from banks[1]	0.05	82.61
Others[2]	82.42	-
	82.47	**82.61**
Unsecured		
Commercial papers[3]	-	420.50
Packing credit[4]	175.00	-
Others[6]	19.00	-
Working Capital Loan[5]	80.00	-
	274.00	**420.50**
Total	**356.47**	**503.11**

(All amounts in ₹ Crore, unless otherwise stated)

Repayment terms and security details of short-term borrowings	As at March 31, 2020	As at March 31, 2019
1. Loans repayable on demand from Banks: Cash Credit secured by way of hypothecation of stock of raw materials, work-in-progress, finished products, consumable stores and spares, bills receivables(excluding bills discounted considered as working capital loan from banks), book debts and all other movable PPE, both present and future. The charges rank pari passu among banks under the multiple banking arrangements, both for fund based and non fund based facilities. Weighted average interest on cash credit utilization is 8.48%. (March 31, 2019 : 8.45%).	0.05	82.61

Notes to the Financial Statements as at March 31, 2020

24 Financial liabilities - Borrowings : Current (Contd..)

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Repayment terms and security details of short-term borrowings	As at March 31, 2020	As at March 31, 2019
2. Secured by way of hypothecation of stock of raw materials, work-in-progress, finished products, consumable stores and spares, bills receivables, book debts and all other movable PPE, both present and future are repayable within 180 days. Weighted average rate of interest for the amount as on March 31, 2020 is 7.85%.	82.42	-
3. Commercial Papers issued to Asset Management Companies for a period less than 90 days. Weighted average rate of interest for the amount as on March 31, 2019 was 7.78%. Maximum amount outstanding during the year was ₹700 Crore (March 31, 2019 : ₹ 1,495 Crore).	-	420.50
4. Unsecured export packing credit are for 90 days at an average rate of 9.00%.	175.00	-
5. Unsecured working capital loans are for 30 days at an average rate of 7.90%.	80.00	-
6. Unsecured amounts are for 180 days at an average rate of 7.85%.	19.00	-
Total	**356.47**	**503.11**

25 Financial liabilities - Trade payables : Current[1]

(at amortised cost)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro, small and medium enterprises	66.63	38.21
Total (a)	**66.63**	**38.21**
Total outstanding dues of creditors other than micro, small and medium enterprises	929.80	830.66
Dues to related parties (refer note no. 42)	42.34	76.69
Operational buyers credit/suppliers credit[2]	1,390.37	1,745.05
Total (b)	**2,362.51**	**2,652.40**
Total (a+b)	**2,429.14**	**2,690.61**

1. Operational buyers' credit/suppliers' credit from ICICI Bank, YES Bank (upto ₹ 300 Crore), HDFC Bank (upto ₹ 200 Crore) and State Bank of India are secured by way of hypothecation of stock of raw materials, work-in-progress, finished products, consumable stores and spares, bills receivables, book debts and all other movable PPE, both present and future. The charges rank pari passu among banks under the multiple banking arrangements, both for fund based and non fund based facilities. Unsecured buyers' credit/suppliers' credit is from HDFC Bank (beyond ₹ 200 Crore), Yes Bank (beyond ₹ 300 Crore), IndusInd Bank and Federal Bank.

Notes to the Financial Statements as at March 31, 2020

25 Financial liabilities - Trade payables : Current[1] (Contd..)

(at amortised cost)

2. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2020 and March 31, 2019. This information as required to be disclosed under Micro Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company . Information in terms of Section 22 of Micro, Small and Medium enterprises Development Act, 2006 are given below:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	66.63	38.21
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

26 Financial liabilities- Others : Current

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of secured long term borrowings[1,2]	970.89	380.92
Interest accrued but not due	49.52	43.09
Capital creditors[3]	317.71	309.70
Dues to related parties (refer note no. 42)	76.78	85.62
Security deposits from vendors and others	34.66	33.77
Lease liabilities	0.57	-
Employee Liabilities	34.74	57.47
Other liabilities[4]	12.58	0.17
Total[5]	**1,497.45**	**910.74**

Notes to the Financial Statements as at March 31, 2020

26 Financial liabilities- Others : Current (Contd..)

1. Current maturities of long term borrowings

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Reedemable non convertible debentures	300.00	-
External commercial borrowings	216.95	89.92
Term loans from banks	379.13	291.00
Foreign currency term loan	74.81	-
Total	**970.89**	**380.92**

2. Interest, security and payment terms as detailed in note no. 20.

3. Includes ₹ 24.92 Crore (March 31, 2019: Nil) in the form of acceptances for capital expenditure.

4. Other liabilities represents mark to market liability balance of closing derivative of ₹ 12.58 Crore (March 31, 2019: ₹ 0.17 Crore).

5. For details of classification of financial liabilities and fair value hierarchy refer note no. 43.

27 Provisions : Current

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer note 39)	86.02	65.17
Provision for disputed cases and claims[1]	53.56	52.12
Total	**139.58**	**117.29**

1. Provision for disputed cases and claims

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	52.12	50.91
Addition made during the year (interest accrued on outstanding amount)	1.44	1.21
Closing balance[1]	**53.56**	**52.12**

1. Represents provision for disputed case with Madhya Pradesh Electricity Board (MPEB)/Chhattisgarh State Electricity Board (CSEB) for electricity duty/surcharge pending in Chattisgarh High Court.

Notes to the Financial Statements as at March 31, 2020

28 Other liabilities : Current

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Government grants (refer note no. 23(1))	20.57	20.57
Statutory liabilities[1]	1,673.86	1,211.89
Advance from customers[2]	84.99	412.25
Total	**1,779.42**	**1,644.71**

1. During the year ended March 31, 2019, Chhattisgarh State Electricity Regulatory Commission had issued Order dated January 01, 2019 agreeing to the Company's application to convert 300 MW Independent Power Plant to Captive Power Plant with effect from April 1, 2017 on the basis of ownership and the utilisation of power for captive purposes. Consequently, the excess liability towards cross subsidy charges of ₹ 98.60 Crore for the year 2017-18, had been reversed and credited to "Power and fuel charges" for the year then ended.

2. Advance from customers are contract liabilities and include amounts received under supply agreements. The advance payment plus interest/discount will be settled by supplying respective commodity over a period up to twelve months under an agreed delivery schedule as per the terms of the respective agreements. As these are contracts that the Company expects, and has the ability, to fulfil through delivery of a non-financial item, these are recognised as advance from customers and will be released to the income statement as respective commodity is delivered under the agreements. The portion of the advance that is expected to be settled within the next 12 months has been classified as a current liability.

29 Revenue from operations

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Sale of products and supply of power	8,746.54	10,049.12
Total	**8,746.54**	**10,049.12**

1. Revenue from sale of products comprises of revenue from contracts with customers of ₹ 8,571.04 Crore (March 31, 2019: ₹ 10,010.31 Crore) and a net gain of ₹ 175.50 Crore (March 31, 2019: ₹ 38.81 Crore) on account of gains on finalisation of provisional selling prices including in respect of sales recognised based on provisional price in the previous year. It further includes ₹ 403.70 Crore (March 31, 2019: ₹ 121.70 Crore) for which contract liabilities existed at the beginning of the year.

2. Unsatisfied performance obligations as a percentage of total revenue is immaterial and hence not disclosed separetely.

Notes to the Financial Statements for the year ended March 31, 2020

30 Other operating income

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
(i) Export incentives	80.59	62.53
(ii) Scrap sales	26.77	34.94
(iii) Miscellaneous income	4.59	2.41
Total	**111.95**	**99.88**

31 Other income

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Net gain on investments measured at FVTPL	0.03	0.03
Interest Income from financial assets at amortised cost		
(i) Bank deposits	0.49	0.39
(ii) Others	30.73	26.97
Net gain on sale of current investments measured at fair value through profit or loss	1.35	0.41
Other non-operating income[1]	-	346.17
Rent	7.48	3.82
Unclaimed liabilities written back (net)	1.89	2.13
Deferred Government grant income[2]	20.57	20.57
Total	**62.54**	**400.49**

1. During the year ended March 31, 2019 the Company had entered into a settlement agreement with one of its EPC contractors against its various claims on the contractor. Basis such agreement, the EPC contractor had agreed to reimburse a part of additional operational costs incurred by the Company in the earlier years as full and final settlement. Accordingly, the Company had written back the excess liability of ₹ 346.17 Crore in 'other income' for the year.

2. Income from deferred government grants is amortised over the useful life of related assets. For nature of Government grant refer note no 23(1).

32 Changes in inventories of finished goods and work-in-progress

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Opening inventories		
Finished goods	37.64	18.33
Work in progess	295.27	299.90
By products	1.30	2.71
	334.21	**320.94**

Notes to the Financial Statements for the year ended March 31, 2020

32 Changes in inventories of finished goods and work-in-progress (Contd..)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Closing inventories		
Finished goods	162.16	37.64
Work in progess	252.77	295.27
By products	2.03	1.30
	416.96	**334.21**
Total	**(82.75)**	**(13.27)**

33 Employee benefits expense

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
(a) Salaries and wages (refer note no. 42)	299.55	335.22
(b) Contributions to provident and other funds (refer note no. 39)	26.81	24.47
(c) Staff welfare expenses	19.40	27.18
(d) Long term incentive plan (LTIP)[1]	9.16	9.83
Total	**354.92**	**396.70**

1. Long term incentive plan (LTIP)

The Company offers equity-based incentives to its employees, officers and directors as part of similar incentive plan of its parent, Vedanta Resources Limited (earlier known as Vedanta Resources Plc), [The Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Stock Ownership Plan ("ESOP") and Performance Share Plan ("PSP")] and Vedanta Limited [Vedanta Limited - Employee Stock Option Scheme ("Vedanta Limited- ESOS")]. During the previous year, through an open offer all the outstanding equity settled options were bought back by Vedanta Resources Limited's parent, Volcan Investments Limited. On account of delisting of Vedanta Resources Limited, the cash based options were also early settled.

Vedanta Limited- Employee Stock Option Scheme 2016 ("ESOS"), was approved by the Vedanta Limited shareholders to provide equity settled incentive to all employees of the Company including subsidiary companies. The ESOS scheme includes tenure based, business performance based, sustained individual performance based and market performance based stock options. The maximum value of options that can be awarded to members of the wider management group is calculated by reference to the grade average cost-to-company ("CTC") and individual grade of the employee. The performance conditions attached to the option is measured by comparing Company's performance in terms of Total Shareholder Return ("TSR") over the performance period with the performance of two group of comparator companies (i.e. Indian and global comparator companies) defined in the scheme. The extent to which an option vests will depend on the Company's TSR rank against a group or groups of peer companies at the end of the performance period and as moderated by the Remuneration Committee. In respect of options granted during the year ended March 31, 2020, business performances will be measured using Volume, Cost, Net Sales Realisation, EBITDA or a combination of these for the respective business/ SBU entities. Further, vesting of some of the options will be based on sustained individual performance. The exercise price of the options is ₹ 1 per share and the performance period is three years, with no re-testing being allowed.

Notes to the Financial Statements for the year ended March 31, 2020

33 Employee benefits expense (Contd..)

The fair value of all options has been determined at the date of grant of the option allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of options that will eventually vest as a result of non-market conditions, is expensed over the vesting period.

The fair values were calculated using the Black-Scholes Model for tenure based and EBIDTA based options and Monte Carlo simulation model for TSR based options.

Further, in accordance with the terms of the agreement between the Parent and the Company, the fair value of the awards as on the grant date is recovered by the Parent from its subsidiaries. Amount recovered by Vedanta Limited and recognized by the Company in the Statement of Profit and Loss for the year ended March 31, 2020 is ₹ 9.20 Crore (March 31, 2019 : ₹ 9.83 Crore). The Company considers these amounts as not material and accordingly has not provided further disclosures.

34 Finance cost

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Interest expense[1]	464.87	500.34
Other finance cost	14.20	4.09
Net interest on defined benefit arrangement	10.26	10.16
Net loss on foreign currency transactions and translation (considered as finance cost)	6.82	2.62
Total	**496.15**	**517.21**

1. Interest expense on lease liabities amounts to ₹ 0.09 Crore.

35 Depreciation and amortisation expense

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Tangible assets (Refer note no. 5)	487.19	510.95
Intangible assets (Refer note no. 6)	2.55	2.39
Total	**489.74**	**513.34**

1. Also refer note nos. 5.6 and 5.7

Notes to the Financial Statements for the year ended March 31, 2020

36 Other expenses

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Consumption of stores and spare parts	176.30	154.10
Machinery repairs	245.85	239.28
Building repairs	14.03	5.85
Other repairs	55.06	51.15
Conversion charges	204.48	220.78
Inward Freight	98.46	96.19
Royalty and taxes	11.19	13.05
Other manufacturing and operating expenses	89.95	123.38
Leasehold prepayments amortisation	-	2.15
Rent	2.39	1.72
Rates and taxes	14.66	13.11
Insurance	19.91	14.30
Conveyance and travelling expenses	14.65	17.14
Loss on sale/discard of property, plant and equipments	10.75	40.28
Directors' sitting fees	0.13	0.40
Payments to auditors[1]	1.27	1.25
Net loss on foreign currency transactions and translation (other than considered as finance cost	34.06	29.67
Consultants and professional fees	23.45	44.32
Contribution to Cancer Research Hospital (VMRF)[2,3]	77.52	99.80
Corporate Social Responsibility Expenses [3]	5.11	4.77
Advertisement and publicity expenses	8.62	6.42
Carriage outwards	87.59	126.47
Packing expenses	43.29	36.06
Other selling expenses	10.96	10.32
Power scheduling charges	41.59	28.25
Miscellaneous expenses	41.58	83.28
Total	**1,332.85**	**1,463.49**

1. **Payments to auditors**

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
For statutory audit	0.38	0.38
For parent company reporting	0.78	0.78
For other services	0.04	0.04
Reimbursement of expenses	0.07	0.05
Total	**1.27**	**1.25**

Notes to the Financial Statements for the year ended March 31, 2020

36 Other expenses (Contd..)

2. The Company has made contribution towards BALCO Medical Centre being set up by Vedanta Medical Research Foundation (VMRF - related party) at Raipur (Chhattisgarh) as a part of its Corporate Social Responsibility initiative in healthcare as approved by CSR committee (Also refer note no. 42).

3. **Corporate Social Responsibility**

   The provisions of Section 135 of the Companies Act, 2013 are applicable to the Company, according to which, the Company is required to spend ₹ 0.36 Crore (March 31, 2019: NIL) towards corporate social responsibility (CSR). The Company has incurred and paid ₹ 82.63 Crore during the year (March 31, 2019 : ₹ 104.57 Crore) including ₹77.52 Crore (March 31,2019: ₹ 99.80 Crore) to a related party as above in note no. 36(2) , on account of expenditure towards the same. No expenses have been incurred in construction of a capital asset under CSR during the current year and the previous year.

37 Earnings per share (EPS)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	**March 31, 2019**
Net profit/(loss) after tax for the year	(117.50)	573.08
Weighted number of ordinary shares for basic EPS	22,06,24,500	22,06,24,500
Nominal value of ordinary share (in ₹ per share)	10	10
Basic and Diluted earnings/(loss) for ordinary shares (in ₹ per share)	(5.33)	25.98

38 Tax expense

(a) Tax charge/(credit) recognised in profit or loss

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	**March 31, 2019**
Current tax:		
Current tax on profit for the year	-	**11.71**
Total current tax (a):	-	11.71
Deferred tax:		
Origination and reversal of temporary differences	(88.07)	158.70
MAT credit entitlement	-	(11.71)
Credit in respect of deferred tax for earlier years	-	(527.59)
Total deferred tax (b):	**(88.07)**	**(380.60)**
Total tax credit (a+b):	**(88.07)**	**(368.89)**
Accounting profit before tax	**(205.57)**	**204.19**
Effective income tax rate	**42.84%**	**-180.66%**

Notes to the Financial Statements for the year ended March 31, 2020

38 Tax expense (Contd..)

(b) A reconciliation of income tax expense/ (credit) applicable to accounting profits before tax/ (loss) at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Accounting profit / (loss) before tax for the year ended	**(205.57)**	**204.19**
Indian statutory income tax rate (%)	34.944%	34.944%
Tax at Indian statutory income tax rate	(71.83)	71.35
Disallowable expenses	29.87	87.32
Tax holidays and similar exemptions	(32.66)	-
Recognition of deferred tax on brought forward tax losses & unabsorbed depreciation	(13.45)	(527.56)
Tax charge/(credit) for the year	**(88.07)**	**(368.89)**

Certain power plants of the Company are eligible for specified tax incentives which are included in the table above as tax holidays and similar exemptions. To encourage the establishment of power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any ten consecutive years within the 15 years period following commencement of the power plant's operation. However, such undertakings generating power would continue to be subject to the MAT provisions

There are certain income-tax related legal proceedings which are pending against the Company. Potential liabilities, if any have been adequately provided for, and the Company does not currently estimate any probable material incremental tax liabilities in respect of these matters.

Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 (Ordinance) issued, the income tax rates have changed with effect from April 1, 2019. The company does not expect to opt for the new tax rates in the near future, hence, old tax rates continues to be considered for deferred tax computation purpose.

(c) Deferred tax assets/liabilities

The Company has recognised deferred tax assets on unabsorbed depreciation and carry forward business losses based on reasonable evidence of future taxable profits based on the Company's present estimates and business plans.

Significant components of deferred tax (assets) & liabilities recognized in the financial statements

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	April 1, 2019	Charged / (credited) to statement of profit and loss	Charged / (credited) to other comprehensive income	Reclassed to income tax assets	March 31, 2020
Property, Plant and Equipment	916.99	110.65	-	-	1,027.64
Voluntary retirement scheme	(6.92)	5.35	-	-	(1.57)
Employee benefits	(55.46)	2.96	(13.23)	-	(65.73)
Fair valuation of derivative asset/liability	(4.31)	0.42	15.20	-	11.31
Fair valuation of other asset/liability	(11.93)	(0.00)	-	-	(11.93)
Unabsorbed depreciation/business losses*	(1,034.26)	(145.04)	-	-	(1,179.30)
Others temporary differences	(189.04)	(62.41)	-	-	(251.45)
MAT credit entitlement	(11.71)	-	-	11.71	-
Total	**(396.65)**	**(88.07)**	**1.97**	**11.71**	**(471.04)**

Notes to the Financial Statements for the year ended March 31, 2020

38 Tax expense (Contd..)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	April 1, 2018	Charged / (credited) to statement of profit and loss	Charged / (credited) to other comprehensive income	Reclassed to income tax assets	March 31, 2019
Property, Plant and Equipment	722.41	194.58	-	-	916.99
Voluntary retirement scheme	(20.43)	13.51	-	-	(6.92)
Employee benefits	(52.99)	9.22	(11.69)	-	(55.46)
Fair valuation of Derivative asset/liability	(48.38)	48.43	(4.36)	-	(4.31)
Unabsorbed depreciation/business losses*	(477.04)	(557.22)	-	-	(1,034.26)
Others temporary differences	(123.57)	(77.41)	-	-	(200.98)
MAT credit entitlement	-	(11.71)	-	-	(11.71)
Total	**-**	**(380.60)**	**(16.05)**	**-**	**(396.65)**

*During the previous year, deferred tax on entire unsorbed depreciation/business loss had been recognised based on reasonable evidence of future taxable profits.

The Company has unused Minimum Alternate Tax(MAT) credit amounting to ₹ 399.49 Crore as at March 31, 2020 (March 31, 2019: ₹ 399.49 Crore). Such tax credits have not been recognised following prudent accounting principle. Unrecognised MAT credit expires, if unutilized, based on the year of origination as follows:

(All amounts in ₹ Crore, unless otherwise stated)

Year of expiry as on year ending March 31, 2020	Amount
2022	103.56
2023	13.67
2024	52.05
2025	51.67
2026	103.50
2027	63.33
2028	8.12
2029	3.59
Total	**399.49**

(d) Non-current tax assets

Non-current tax assets represent income tax receivable from Indian tax authorities by the Company.

Notes to the Financial Statements for the year ended March 31, 2020

39 Employee benefit plans

A Defined contribution plans

Family pension scheme

The Company offers its employees benefits under defined contribution plan in the form of family pension scheme. Family pension scheme covers all employees on the roll. Contributions are paid during the year into the fund under statutory arrangements. The contribution to family pension fund is made only by the Company based on prescribed rules of family pension scheme. The contributions are based on a fixed percentage of the employee's salary, subject to a ceiling, as prescribed in the respective scheme.

A sum of ₹ 3.25 Crore (March 31, 2019: ₹ 3.46 Crore) towards family pension scheme has been charged to the statement of profit and loss during the year under the head employee benefit expense.

Superannuation

The Company offers benefits under defined contribution plan in the form of Superannuation fund for certain specified employees. Contributions are paid during the year into the fund.

A sum of ₹ 2.20 Crore (March 31, 2019: ₹ 2.18 Crore) towards superannuation fund premium has been charged to the Statement of Profit and Loss during the year under the head employee benefit expense.

B Defined benefit plans

(I) Provident fund

Bharat Aluminium Company Limited Employee's Contributory Provident Fund' ('Trust') is exempted under section 17 of Employees Provident Fund Act, 1952. The conditions for grant of exemption stipulate that the employer shall make good the deficiency, if any, between the return guaranteed by the statute and actual earning of the Fund. Based on actuarial valuation in accordance with Ind AS 19 and Guidance note issued by the Institute of Actuaries of India for interest rate guarantee of exempted profident fund liability of employees, there is no interest shortfall in the funds managed by the Trust that is required to be met by the Company as of March 31, 2020 and March 31, 2019. Having regard to the assets of the Trust and the return in the investments, the Company also does not expect any deficiency in the foreseeable future. A sum of ₹ 16.43 Crore (March 31, 2019: ₹ 13.80 Crore) has been charged to the statement of profit and loss in this respect during the year under the head employee benefit expense. The discount rate used for calculating the present value of the obligation is 6.8% (March 31, 2019: 7.8%). Expected rate of return on plan assets is 8.50% (March 31, 2019: 8.65%).

The present value of obligation and fair value of plan assets of the trust are summarised below:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Fair value of plan assets	570.39	569.33
Present value of defined benefit obligations	532.44	497.83
Net liability arising from defined benefit obligation of the trust	**Nil**	**Nil**

Percentage allocation of plan assets of trust are as below:

(All amounts in ₹ Crore, unless otherwise stated)

Assets by category	March 31, 2020	March 31, 2019
Government securities	56.74%	55.53%
Debentures/bonds	38.78%	41.58%
Equity	4.48%	2.89%

Notes to the Financial Statements for the year ended March 31, 2020

39 Employee benefit plans (Contd..)

(II) Defined benefit plans- Unfunded

Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of the defined benefit obligation as at and for the year ended are as follows:

(All amounts in ₹ Crore, unless otherwise stated)

Assets by category	March 31, 2020	March 31, 2019
Discount rate	6.8%	7.8%
Expected rate of increase in compensation level of covered employees	5% to 7%	5% to 7%
Medical inflation	5% to 7%	5% to 7%

Assumptions regarding mortality rates are based on mortality tables of 'Indian Assured Lives Mortality (2012-2014)' published by the Institute of Actuaries of India. Assumptions regarding post retirement mortality are based on LIC a (96-98) ultimate.

(1) Gratuity - long term defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company (also refer note no. 33).

(2) Post Retirement Medical Benefits (PRMB)

The scheme is framed with a view to provide medical benefits to the regular employees of the Company and their spouses subsequent to their retirement on completion of tenure, retirement on medical grounds and voluntary retirement on contributory basis subject to provisions as detailed hereunder:

Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation.

Details of Acturial Valuation carried out on balance sheet date are as under:

Amount recognised in the balance sheet consists of:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	Gratuity	PRMB	Gratuity	PRMB
Present value of defined benefit obligations	113.65	48.82	99.53	31.99
Net liability arising from defined benefit obligations	**113.65**	**48.82**	**99.53**	**31.99**

Notes to the Financial Statements for the year ended March 31, 2020

39 Employee benefit plans (Contd..)

Amounts recognised in the statement of profit and loss are as follows:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	Gratuity	PRMB	Gratuity	PRMB
Current service cost	4.93	0.60	5.03	0.29
Net Interest cost	7.76	2.49	8.03	2.13
Total charge to the statement of profit and loss	**12.69**	**3.09**	**13.06**	**2.42**

Amounts recognised in other comprehensive income are as follows:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	Gratuity	PRMB	Gratuity	PRMB
Re-measurement losses/(gains) arising from changes in demographic assumptions	0.06	0.02	-	-
Re-measurement losses/(gains) arising from changes in financial assumptions	5.59	0.39	(0.72)	(0.40)
Re-measurement losses/(gains) arising from experience adjustments	16.30	15.48	2.85	3.94
Re measurement losses/(gains) of the net defined benefit liability	**21.95**	**15.89**	**2.13**	**3.54**

The movement during the year of the present value of the defined benefit obligation was as follows:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
	Gratuity	PRMB	Gratuity	PRMB
Opening balance	99.53	31.99	104.23	27.78
Current service cost	4.93	0.60	5.03	0.29
Benefits (paid)	(20.52)	(2.15)	(19.89)	(1.75)
Interest cost of scheme liabilities	7.76	2.49	8.03	2.13
Re-measurement losses/(gains) arising from changes in demographic assumptions	0.06	0.02	-	-
Re-measurement losses/(gains) arising from changes in financial assumptions	5.59	0.39	(0.72)	(0.40)
Re-measurement losses /(gains) arising from experience adjustments	16.30	15.48	2.85	3.94
Closing balance	**113.65**	**48.82**	**99.53**	**31.99**
Current liability	18.03	8.06	17.47	2.82
Non Current liability	95.62	40.76	82.06	29.17

The weighted average duration of the defined benefit obligation is 17.35 years for the year ended March 31, 2020 and 16.76 years for year ended March 31, 2019.

The gratuity scheme of the Company is unfunded, hence there was no plan asset as at March 31, 2020 and March 31, 2019.

Notes to the Financial Statements for the year ended March 31, 2020

39 Employee benefit plans (Contd..)

C Sensitivity analysis

Sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised in the balance sheet.

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

(All amounts in ₹ Crore, unless otherwise stated)

Increase / (decrease) in defined benefit obligation	March 31, 2020		March 31, 2019	
	Gratuity	PRMB	Gratuity	PRMB
Discount rate				
Increase by 0.50%	(5.00)	(2.15)	(3.43)	(1.83)
Decrease by 0.50%	5.50	2.36	3.73	2.08
Expected rate of change in compensation level of covered employees				
Increase by 0.50%	3.07	2.18	3.32	2.10
Decrease by 0.50%	(3.60)	(2.41)	(3.20)	(1.81)

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

D Risk analysis

Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

(1) Salary growth risks

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. Salary increase considered @ 7%/5% (executive and workman) (March 31, 2019 7% for executives and 5% for workmen). As such, an increase in the salary of the plan participants will increase the plan's liability. Effect of salary revisions through Long Term Settlements for workmen have also been considered.

(2) Life expectancy / Longevity risks

The present value of the defined benefit plan liability is calculated by reference to the best estimates of the mortality of plan participants both during and after their employment. Mortality tables as per Indian Assured Lives Mortality (2012-14) modified Ult. and LIC a(96-98) ultimate is used for during the employment and post retirement period respectively. An increase in the life expectancy of the plan participants will increase the plan's liability.

(3) Interest rate risks

A decrease in the bond interest rate will increase the plan liability.

Notes to the Financial Statements for the year ended March 31, 2020

39 Employee benefit plans (Contd..)

(4) Inflation risks

The present value of the defined benefit plan liability is calculated using 6.8% inflation rate (March 31, 2019: 7.8%). As such, a decrease in the inflation rate will increase the plan's liability.

E Compensated Absences

The Company has provided for the liability on the basis of actuarial valuation using the projected unit credit method. Entire provision of ₹ 59.93 Crore as on March 31, 2020 and ₹ 44.88 Crore as on March 31, 2019 has been presented as current, since the Company does not have an unconditional right to defer the settlement of these obligations.

40 Commitments, Contingencies and Guarantees

(to the extent not provided for)

(i) Commitments

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at	
	March 31, 2020	March 31, 2019
a. Capital and other commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances).	81.36	205.92
b. Other commitments		
Export obligations against the import licenses taken for import of capital goods under the Export Promotion Capital Goods Scheme which is to be fulfilled over the next eight /six years. If the Company is unable to meet these obligations, its liability would be Nil (March 31, 2019: ₹ 23.83 Crore) which will reduce in proportion to actual exports. The Company has met its export obligations in the current year ended March 31, 2020.	-	147.28
Total	**81.36**	**353.20**

(ii) Contingencies

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at	
	March 31, 2020	March 31, 2019
a. Claims against the Company not acknowledged as debts are as follows :		
i. Energy Development Cess claimed by the Government of Chhattisgarh - matter pending final hearing by the Supreme Court on Special Leave Petition filed by the Government of Chhattisgarh.*	875.25	785.13
ii. Property tax matter.*#	-	98.22
iii. Relating to Suppliers and Contractors - Matter pending in Court / arbitration.*	24.19	24.19
iv. Electricity surcharge - Matter pending with Chhattisgarh State Electricity Board*	2.00	2.00

Notes to the Financial Statements for the year ended March 31, 2020

40 Commitments, Contingencies and Guarantees (Contd..)

(to the extent not provided for)

(ii) Contingencies (Contd..)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at	
	March 31, 2020	March 31, 2019
b. Relating to various Indirect Tax matters decided in favour of the Company against which the department is in appeal or the Company is in appeal against various notices received from department (Mainly on account of various show cause notices received from Commissioner of Central Excise for availment of Cenvat credit on various inputs/capital goods used for production of finished goods and entry tax demand for various raw materials procured.)*	52.59	31.38
c. Relating to application filed alleging the use of forest land for non-forest purposes	156.00	156.00
d. Relating to coal block matters	197.00	197.00
e. Custom duty against fulfillment of export obligation (Also refer note 40(i)(b))	-	23.83
f. Other matters	71.19	46.29
Total	**1,378.22**	**1,364.04**

*Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.Based on discussions with the solicitors/favourable decisions in similar cases/ legal opinions taken by the Company, the management believes that the Company has good chance of success in above mentioned matters and hence no provision against them is considered necessary.

#Based on the favourable decision by Honourable Chhattisgarh High Court for one of the cases and legal opinion obtained in the current financial year, the Company has reassessed the probability of success in this matter and hence the same has been classified from “possible” to “remote” in the current financial year. Hence, the same has not been considered in the contingent liability as on March 31, 2020 (March 31, 2019: ₹ 98.22 Crore).

(iii) Guarantees

i) Corporate guarantee given to Vedanta Medical Research Foundation (VMRF) in respect of certain long-term borrowings amounts to ₹ 25.45 Crore (March 31, 2019: ₹ 50.71 Crore).

ii) Bank guarantees given to various agencies, suppliers and government authorities for various purposes amount to ₹ 199.60 Crore (March 31, 2019: ₹199.24 Crore).

(iv) Other matters

i) During the financial year 2009-10, the Company had received a demand from the Chief Electrical Inspector, Government of Chhattisgarh to pay ₹ 240.43 Crore on account of electricity duty on generation of power from its 540 MW power plant due to non submission of Eligibility certificate. The Company has already applied for the eligibility certificate. On the basis of legal opinion obtained, the Company is of the view that it is legally entitled to receive the exemption from payment of electricity duty under the Industrial Policy 2001-06 and the demand raised by the Chief Electrical Inspector is misconceived in law. The amount for the period subsequent to March 31, 2009 till March 31, 2020 amounts to ₹ 953.01 Crore (March 31, 2019: ₹ 826.31 Crore). Therefore, based on the grounds stated above, the Company has neither recognised a provision nor disclosed this as a contingent liability considering the possibility of an outflow of resources embodying economic benefits as remote.

Notes to the Financial Statements for the year ended March 31, 2020

40Commitments, Contingencies and Guarantees (Contd..)

(to the extent not provided for)

ii) The Ministry of Environment, Forest and Climate Change (MOEF&CC) has amended Environment (Protection) Amendment Rules 2015 with the primary aim of minimizing pollution in Thermal Power plants. Accordingly, the Company is required to install Flue Gas Desulphurization (FGD) units by June 30, 2020 for CPP Units and by September 30, 2021 for IPP Unit as per deadline stated by Central Pollution Control Board (CPCB). The Company has conducted techno-economic feasibility study through external consultants and has initiated bidding process for selection of vendors for supply of FGD equipment. However, progress of initiatives undertaken by the Company in this regard has been adversely affected by ongoing global pandemic. The Company has also applied to the CPCB, vide multiple letters for extension of FGD installation till December 31, 2022. Management expects that such application will be considered favourably by the CPCB and the Company will be able to continue to operate its thermal power plants beyond the currently prescribed deadlines, as mentioned above.

iii) In terms of various notifications issued by the Ministry of Environment, Forest and Climate Change (MoEF&CC), ash produced from thermal power plant is required to be disposed of by the Company in the manner specified in those notifications. However compliance with manner of disposal as specified in those notifications is not fully achieved due to lack of demand from user agencies. Consequently, the Company is storing some of the ash produced in ash dyke in accordance with conditions of the Environmental Clearance & Consent to Operate granted by the MOEF&CC & Chhattisgarh Environment Conservation Board (CECB) respectively while giving preference to supplying the same to user agencies. Management believes storage of ash in ash dykes/ash pond in accordance with environmental clearances received by the Company are sufficient compliance with the applicable notifications issued by MoEF&CC which is supported by a legal opinion obtained.

The National Green Tribunal (NGT) has also taken cognizance of the matter and vide its order dated February 12, 2020 has ordered for levy of environmental compensation on generating companies on account of their failure to comply the aforesaid notifications.The Company is in the process of filling an appeal with the Hon'ble Supreme Court of India (Apex Court) against the said order of NGT on the grounds that it is not in accordance with directions given by the Apex Court vide its orders dated December 13, 2018 and February 04, 2019 and methodology for determination of compensation is not reasonable. Management believes that the outcome of the appeal will not have any material adverse financial impact on the Company which is supported by a legal opinion obtained.

iv) Income tax demands have been raised mainly on account of depreciation allowance, tax holiday benefits and interest thereon which are pending at various levels of appeals. Management considers these disallowances as not tenable against the Company, and therefore no provision for tax has been created.

41 Segment information

A Basis of segmentation

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015, as amended). For management purposes, the Company is organized into business units based on its products and services and has two reportable segments as follows:

(a) Aluminium ; (b) Power

Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amount allocated on a reasonable basis. Unallocated expenditure consists of common expenditure incurred for all the segments and expenses incurred at corporate level. The assets and liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and liabilities respectively.

Notes to the Financial Statements for the year ended March 31, 2020

40 Segment information (Contd..)

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 4. Segment profit (Earnings before interest, depreciation and amortization, and tax) amounts are evaluated regularly by the Board that has been identified as its chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance. The Company's financing (including finance costs and finance income) and income taxes are reviewed on an overall basis and are not allocated to operating segments. Transfer prices between operating segments are on cost basis.

During the year ended March 31, 2019, the Company had reclassified one of its 300 MW Independent Power Plant to Captive Power Plant with effective from January 01, 2019 on the basis of Chattishgarh State Electricity Regulatory Commision order dated January 01, 2019.

B Information about reportable segments

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2020				March 31, 2019			
	Aluminium	Power	Eliminations	Total	Aluminium	Power	Eliminations	Total
Revenue								
External revenue	8,036.47	710.07		8,746.54	9,257.49	791.63	-	10,049.12
Inter segment revenue	-	-	-	-	-	67.28	(67.28)	-
Segment revenue	**8,036.47**	**710.07**	**-**	**8,746.54**	**9,257.49**	**858.91**	**(67.28)**	**10,049.12**
Results								
Profit before other income, depreciation, finance costs, unallocated income/expense and tax	**453.22**	**279.10**	**-**	**732.32**	**977.43**	**275.53**	**-**	**1,252.96**
Depreciation and amortisation expense	454.73	35.01	-	489.74	456.85	56.49	-	513.34
Other income[a]	14.87	5.70	-	20.57	14.87	5.70	-	20.57
Segment results	**13.36**	**249.79**	**-**	**263.15**	**535.45**	**224.74**	**-**	**760.19**
Less : Finance costs	-	-	-	(496.15)	-	-	-	(517.21)
Less : Unallocated income/ expenses	-	-	-	27.43	-	-	-	(38.79)
Net profit / (loss) before tax	**13.36**	**249.79**	**-**	**(205.57)**	**535.45**	**224.74**	**-**	**204.19**
Segment assets	11,606.15	1,673.99	-	13,280.14	11,791.05	1,744.99	-	13,536.04
Investments	-	-	-	250.03	-	-	-	100.11
Income tax assets	-	-	-	496.94	-	-	-	406.51
Cash & Cash Equivalents (including other bank balances & bank deposits)	-	-	-	172.80	-	-	-	344.43
Others	-	-	-	0.05	-	-	-	0.40
Total assets	**11,606.15**	**1,673.99**	**-**	**14,199.96**	**11,791.05**	**1,744.99**	**-**	**14,387.49**
Segment liabilities	5,511.66	159.06	-	5,670.72	5,603.84	160.34	-	5,764.18
Borrowings	-	-	-	4,398.65	-	-	-	4,309.36
Others	-	-	-	182.47	-	-	-	252.00
Total liabilities	**5,511.66**	**159.06**	**-**	**10,251.84**	**5,603.84**	**160.34**	**-**	**10,325.54**

a) Amorisation of duty benefits relating to assets recognised as government grant.

Notes to the Financial Statements for the year ended March 31, 2020

40 Segment information (Contd..)

C Geographical segment analysis

a. Geographical revenue is allocated based on the location of the customer. Information regarding geographical revenue is as follows:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Revenue based on geographical information for the year ended		
India	5,744.33	6,918.71
Outside India	3,002.21	3,130.41
Total	**8,746.54**	**10,049.12**
Carrying amount of non current assets[1] based on location of assets as at		
India	10,710.25	10,973.85
Outside India	-	-
Total	**10,710.25**	**10,973.85**

1. Excluding financial assets and deferred tax assets.

D Information about major customers

Revenue from one customer amounted to ₹ 1,250.86 Crore (March 31, 2019: ₹ 671.73 Crore) arising from sales made in the aluminium segment.

E Disaggregation of revenue

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Aluminium Ingot, Alloy Ingots	4,675.53	4,797.31
Wire rods	2,377.97	3,604.91
Rolled products	424.95	452.99
By product	6.00	7.36
Power wheeling	1,202.56	994.75
Commodity hedging gain/(loss)	59.53	105.54
Others	-	86.26
Total	**8,746.54**	**10,049.12**

Notes to the Financial Statements for the year ended March 31, 2020

42 Related party disclosures

A Names of related parties and description of relation :

(i) Holding companies (having control over the Company) :

Vedanta Limited (VL)- Immediate Holding Company (Holding 51 % shares in the Company)

Volcan Investments Limited (Ultimate Holding Company)

(ii) Related parties other than holding companies with whom transactions have taken place during the year

(a) Fellow subsidiaries

Hindustan Zinc Limited (HZL)

Maritime Ventures Private Limited (MVPL)

Talwandi Sabo Power Limited (TSPL)

Vizag General Cargo Berth Pvt. Limited (VGCB)

Sterlite Power Transmission Limited (SPTL)

Electrosteel Steels Limited (ESL)

Namzinc (proprietary) Limited (Namzinc)

(b) Other related parties

Vedanta Medical Research Foundation (VMRF) - Public Company (registered under section 8 of The Companies Act, 2013) with common director

BALCO Employee Provident Fund Trust- Post employment benefit plan

(iii) Government as a related party

Government of India - President of India (Holding 49 % shares in the Company)

(iv) Key management personnel

(a) Non Executive Director	Mr. Sushil Kumar Roongta Mr. Tarun Jain Ms. Reena Sinha Puri (Government nominee) Mr. Prithul Kumar (Government nominee) (Till January 10, 2019) Mr. Amit Saran (Government nominee) (w.e.f. January 16, 2019) Mr. Ram Karan (Government nominee) (Till May 23, 2018) Mr. Alok Chandra (Government nominee) (w.e.f. May 23, 2018)
(b) Independent Directors	Mr. Ramamirtham Kannan Mr. A R Narayanaswamy Mr. Gurminder Singh Kang
(c) CEO and Whole-time Director	Mr. Vikas Sharma (Till July 19, 2019) Mr. Abhijit Pati (w.e.f. July 19, 2019)
(d) Chief financial officer	Mr. Rohit Soni
(e) Company Secretary	Mr. Vinod Mathur

Notes to the Financial Statements for the year ended March 31, 2020

42 Related party disclosures (Contd..)

B Transactions with related parties

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	**March 31, 2019**
Revenue from operations		
Vedanta Limited	615.83	666.40
HZL	17.81	19.94
SPTL	152.09	48.85
ESL	6.59	0.14
Namzinc	0.72	0.76
Total	**793.04**	**736.09**
Rent income		
Vedanta Limited	0.57	-
Total	**0.57**	**-**
Purchase of raw material		
Vedanta Limited	615.26	1,476.69
Total	**615.26**	**1,476.69**
Purchase of power and fuel		
VGCB	9.90	18.09
MVPL	12.07	8.26
Total	**21.97**	**26.35**
Employee benefit expenses		
Vedanta Limited		
Total	**19.46**	**31.21**
Other expenses (including conversion charges of alumina)		
Vedanta Limited	469.33	367.64
Total	**469.33**	**367.64**
Donations given		
VMRF	77.52	99.80
Total	**77.52**	**99.80**
Corporate Guarantee Given to VMRF	**25.45**	**50.71**
Interest income		
HZL	-	0.06
Total	**-**	**0.06**
Recovery/(reimbursement) of Expenses		
Vedanta Limited	(13.18)	0.11
HZL	0.12	0.66
TSPL	(0.79)	0.48
ESL	0.05	-
VMRF	(0.13)	-
Total	**(13.93)**	**1.25**
Puchase of Property, Plant and Equipments		
Vedanta Limited	0.02	-
Total	**0.02**	**-**

Notes to the Financial Statements for the year ended March 31, 2020

42 Related party disclosures (Contd..)

The receivables from and payables to related parties as at March 31, 2020 and March 31, 2019 are set out below:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at	
	March 31, 2020	March 31, 2019
Receivable from:		
Vedanta Limited	-	0.77
HZL	5.85	3.70
TSPL	-	0.51
ESL	1.97	0.15
Total	**7.82**	**5.13**
Payable to:		
Vedanta Limited*	113.92	158.10
MVPL	1.17	1.64
TSPL	0.11	-
VGCB	0.03	1.15
SPTL	0.34	1.41
Total	**115.57**	**162.30**

*It excludes payable related to supply of material whereby financial institution has made payment to suppliers and the same is payable to financial instituition by the company of ₹ 165.21 Crore (March 31, 2019: ₹ 106.85 Crore).

C Remuneration of key management personnel

The remuneration of key management personnel and a relative of key management personnel of the Company are set out below in aggregate for each of the categories specified in Ind AS 24 Related party disclosures.

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Short term employee benefits*	3.75	5.68
Post employment benefits#	0.16	0.13
Other long term benefits	0.10	0.08
Directors' sitting fees	0.13	0.40
Total	**4.14**	**6.29**

* Managerial remuneration paid to a wholetime director for the year ended March 31 2020, is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by ₹ 0.46 Crore. The said appointment and remuneration has already approved by Board of Directors of the Company and is subject to approval of shareholders in the forthcoming Annual General Meeting. The Company is in the process of obtaining approval from its shareholders by way of special resolution at the forthcoming Annual General Meeting in compliance of provision of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013.

#Does not include gratuity and compensated absences as these are provided in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

Notes to the Financial Statements for the year ended March 31, 2020

42 Related party disclosures (Contd..)

D Contribution to post employment benefit plan

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Balco Employees Provident Fund Trust	16.43	13.80

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at	
	March 31, 2020	March 31, 2019
Balco Employees Provident Fund Trust	5.70	5.14

E Government of India as a related party

Government of India (GOI), is also a related party as it holds 49% equity shareholding in the Company. The Company has entered into multiple transactions including but not restricted to purchase/sale of goods and services and availed loans and paid/accrued interest on the same to GOI and entities which are related parties of the GOI.

43 Financial instruments

Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in note no. 4.

I Financial assets and liabilities as at

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2020				
	Fair value through profit or loss	Fair value through other comprehensive income	Amotised Cost	Carrying Value	Fair Value
Finacial assets					
Cash and cash equivalents	-	-	163.98	163.98	163.98
Other bank balances	-	-	0.14	0.14	0.14
Investments	250.03	-	-	250.03	250.03
Loans	-	-	1.95	1.95	1.95
Trade receivables	-	-	837.53	837.53	837.53
Derivatives	30.87	50.37	-	81.24	81.24
Other financial assets	-	-	99.96	99.96	99.96
Total	**280.90**	**50.37**	**1,103.56**	**1,434.83**	**1,434.83**

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2020				
	Fair value through profit or loss	Fair value through other comprehensive income	Amotised Cost	Carrying Value	Fair Value
Financial liabilities					
Borrowings	-	-	3427.76	3427.76	3,441.75
Trade payables	-	-	2429.14	2429.14	2,429.14
Derivatives	58.64	-	-	58.64	58.64
Other financial liabilities	-	-	1,497.62	1497.62	1,497.62
Total	**58.64**	**-**	**7,354.52**	**7,413.16**	**7,427.15**

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	March 31, 2019				
	Fair value through profit or loss	Fair value through other comprehensive income	Amotised Cost	Carrying Value	Fair Value
Finacial assets					
Cash and cash equivalents	-	-	336.11	336.11	336.11
Other bank balances	-	-	0.13	0.13	0.13
Investments	100.11	-	-	100.11	100.11
Loans	-	-	2.23	2.23	2.23
Trade receivables	10.11	-	724.53	734.64	734.64
Derivatives	1.51	-	-	1.51	1.51
Other financial assets	-	-	57.57	57.57	57.57
Total	**111.73**	**-**	**1,120.57**	**1,232.30**	**1,232.30**
Financial liabilities					
Borrowings	-	-	3,928.44	3,928.44	3,947.60
Trade payables	-	-	2,690.61	2,690.61	2,690.61
Derivatives	137.21	8.11	-	145.32	145.32
Other financial liabilities	-	-	910.74	910.74	910.74
Total	**137.21**	**8.11**	**7,529.79**	**7,675.11**	**7,694.27**

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

Fair Value Hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(All amounts in ₹ Crore, unless otherwise stated)

Financial Instruments	As at March 31, 2020		
	Level 1	Level 2	Level 3
Financial assets			
Investments at fair value through profit and loss	250.03	-	-
Derivative financial assets at fair value through profit and loss	-	30.87	-
Derivative financial assets at fair value through other comprehensive income	-	50.37	-
Total	**250.03**	**81.24**	**-**
Financial liabilities			
Derivative financial liabilities at fair value through profit and loss	-	58.64	-
Total	**-**	**58.64**	**-**

(All amounts in ₹ Crore, unless otherwise stated)

Financial Instruments	As at March 31, 2019		
	Level 1	Level 2	Level 3
Financial assets			
Investments at fair value through profit and loss	100.11	-	-
Derivative financial assets at fair value through profit and loss	-	1.51	-
Trade receivables at fair value through profit and loss	-	10.11	-
Total	**100.11**	**11.62**	**-**
Financial liabilities			
Derivative financial liabilities at fair value through profit and loss	-	137.21	-
Derivative financial liabilities at fair value through other comprehensive income	-	8.11	-
Total	**-**	**145.32**	**-**

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

The below table summarises the fair value of financial liabilities which are carried at amortised cost as at March 31, 2020 and March 31, 2019:

(All amounts in ₹ Crore, unless otherwise stated)

Financial instruments	Level 1	Level 2	Level 3
As at March 31, 2020			
Non-current and current borrowings	-	3,441.75	-
Current maturities of long term borrowings	-	970.89	-
Total	**-**	**4,412.64**	**-**
As at March 31, 2019			
Non-current and current borrowings	-	3,947.60	-
Current maturities of long term borrowings	-	380.92	-
Total	**-**	**4,328.52**	**-**

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

- Non-current borrowings including current maturity of long term borrowings: Fair value has been determined by the Company based on parameters such as interest rates, specific country risk factors, and the risk characteristics of the financed project.

- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.

- Derivative financial assets/liabilities: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques for such derivatives include forward pricing using present value calculations, foreign exchange spot and forward premium rates. Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (U.K.).

- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments. Fair value of investments are on the basis of net asset value as declared by mutual fund house as on the balance sheet date.

There has been no transfer between level 1 and level 2 during the year or previous year.

II Risk Management Framework (Also refer note no. 47 below)

The Company's businesses are subject to several risks and uncertainties including financial risks. The Company's documented risk management polices act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. The Company has in place risk

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

management processes in line with the Company's policy. Each significant risk has a designated 'owner' within the Company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The Audit Committee is aided by the CFO Committee and the Risk Management Committee, which meets regularly to review risks as well as the progress against the planned actions Key business decisions are discussed at the periodic meetings of the CFO Committee and the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

III Treasury Management (Also refer note no. 47 below)

The Company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations are managed by Company's finance teams within the framework of the overall Company's treasury policies. Long-term fund raising including strategic treasury initiatives are handled by a central team. A monthly reporting system exists to inform senior management of investments, debt, currency, commodity and interest rate derivatives. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies. The internal control measures are effectively supplemented by regular internal audits.

The Company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates and commodity prices. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward/future contracts and these are subject to the Company's guidelines and policies.

IV Commodity Price Risk (Also refer note no. 47 below)

The Company is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Company produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Company aims to sell the products at

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

prevailing market prices. The commodity price risk in import Alumina is hedged on back-to back basis ensuring no price risk for the business. The Company aims to achieve the monthly average of the commodity prices for sales realization. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and as per strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the Company.

Whilst the Company aims to achieve average LME prices for a month or a year, average realised prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

Financial instruments with commodity price risk are entered into in relation to following activities:

- economic hedging of prices realised on commodity contracts
- purchases and sales of physical contracts
- cash flow hedging of revenues,

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present the Company on selective basis hedges the aluminium content in outsourced alumina to protect its margins.

The Company also enters into hedging arrangements for its aluminium sales to realise month of sale LME prices. Since all of the provisionally priced financial instruments of the company are hedged, movement in aluminium prices at London metal exchange would have no impact on profit after tax for the year ended March 31, 2020 and March 31, 2019.

V Financial Risk (Also refer note no. 47 below)

The Company's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest and commodity pricing through proven financial instruments.

(i) Liquidity Risk

The Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term. The Company has been rated by ICRA, (unit of ICRA Group of Companies) for its banking facilities in line with Basel II norms. During the year, ICRA rated the Company's long-term bank facilities and its Non-Convertible Debentures (NCD) programme a rating of AA-Negative (pronounced ICRA double A minus).

The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

(All amounts in ₹ Crore, unless otherwise stated)

Financial liabilities	<1 year	1-3 years	3-5 years	>5 years	Total
As at March 31, 2020					
Borrowings*	1,327.36	1,683.49	1,243.25	156.00	4,410.10
Trade payables and other financial liabilities	2,906.18	0.17	-	-	2,906.35
Derivative financial liabilities	22.45	36.19	-	-	58.64
Contractual interest obligation	303.06	366.89	135.06	6.52	811.53
Total	**4,559.05**	**2,086.74**	**1,378.31**	**162.52**	**8,186.62**
As at March 31, 2019					
Borrowings	889.42	1,888.29	1,187.18	360.00	4,324.89
Trade payables and other financial liabilities	3,177.34	-	-	-	3,177.34
Derivative financial liabilities	46.43	98.89	-	-	145.32
Contractual interest obligation	462.58	467.98	222.14	47.91	1,200.61
Total	**4,575.76**	**2,455.17**	**1,409.32**	**407.91**	**8,848.16**

*After taking effects of the moratorium availed by the Company, granted by the banks after the notification issued by Reserve Bank of India in view of the COVID-19 pandemic.

The company had access to following funding facilities:

(All amounts in ₹ Crore, unless otherwise stated)

Funding facility	Total Facility	Drawn	Undrawn
As at March 31, 2020			
Fund based limit	4,657.14	4,008.86	648.28
Non fund based limit	2,893.75	2,189.66	704.09
Total	**7,550.89**	**6,198.52**	**1,352.37**
As at March 31, 2019			
Fund based limit	3,001.38	2,534.36	467.02
Non fund based limit	2,560.00	2,393.90	166.10
Total	**5,561.38**	**4,928.26**	**633.12**

Collateral

The Company has hypothecated all of its trade receivables and cash and cash equivalents in order to fulfill the collateral requirements for the financial facilities in place. The counterparties have an obligation to return the securities to the Company. There are no other significant terms and conditions associated with the use of collateral.

(ii) Foreign exchange Risk

Fluctuations in foreign currency exchange rates may have an impact on the statements of profit and loss, the statement of change in equity, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency.

Exposures on foreign currency loans are managed through the Company's hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

The Company uses forward exchange contracts to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies as well as financing transactions and loans denominated in foreign currencies. The Company is also exposed to foreign exchange risk on its exports. Most of these transactions are denominated in US dollars. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns and hedged as per Company's hedging policy. However, all new long-term borrowing exposures are being hedged. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the statements of profit and loss and statements of other comprehensive income. The exposure summarised below is mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on "Derivative financial instruments".

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Financial assets		Financial liabilities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
INR	1,221.44	1,164.21	5,019.66	4,926.99
USD	212.72	68.09	2,392.90	2,744.37
Others	0.67	-	0.60	3.75
Total	**1,434.83**	**1,232.30**	**7,413.16**	**7,675.11**

The Company's exposure to foreign currency arises where a Company entity holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity, with US dollar being the major non-functional currency. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, liquidity and other market changes.

The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 10% against the functional currency of the respective entities.

A 10% appreciation/depreciation of the respective foreign currencies with respect to the functional currency would result in net decrease/increase in the Company's profit or loss and equity for the year by ₹ 18.12 Crore (March 31, 2019: ₹ 68.98 Crore).

(iii) Interest rate risk

The Company is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Company's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The borrowings of the Company are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The US dollar debt is split between fixed and floating rates (linked to US dollar LIBOR) and the Indian Rupee debt is principally at fixed interest rates. These exposures are reviewed by appropriate levels of management on a monthly basis. The Company invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

Floating rate financial assets are mainly interest bearing trade receivables and mutual fund investments if any which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Company's financial assets and financial liabilities to interest rate risk is as follows;

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Floating rate	Fixed rate	Non-interest bearing	Total	Weighted average interest rate (fixed rate)	Weighted average period for which the rate is fixed (in year)
Financial assets						
As at March 31, 2020	**250.03**	**504.63**	**680.18**	**1434.83**	**1.37%**	**0.10**
As at March 31, 2019	**100.11**	**389.09**	**743.10**	**1232.30**	**1.31%**	**0.10**
Financial liabilities						
As at March 31, 2020	**3,742.17**	**2,046.84**	**1,624.14**	**7,413.16**	**7.09%**	**0.21**
As at March 31, 2019	**3,389.14**	**2,665.27**	**1,620.70**	**7,675.11**	**5.68%**	**0.51**

The table below illustrates the impact of a 0.5% to 2.0% movement in interest rates on interest expense on loans and borrowings. The risk estimate provided assumes that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

(All amounts in ₹ Crore, unless otherwise stated)

Movement in interest rates	As at March 31, 2020	As at March 31, 2019
0.50%	17.46	16.45
1.00%	34.92	32.89
2.00%	69.84	65.78

(iv) Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company is exposed to credit risk from its operating activities (primarily trade receivables and also from its investing activities including deposits with banks, forex transactions and other financial instruments) for receivables, cash and cash equivalents, short-term investments, financial guarantees and derivative financial instruments.

Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks of national standing. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties.

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes and bonds. The carrying value of the financial assets other than cash represents the maximum credit exposure.

The Company's maximum exposure to credit risk is ₹ 1270.71 Crore and ₹ 896.06 Crore as at March 31, 2020 and March 31, 2019 respectively.

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2020, that defaults in payment obligations will occur except as described in note nos. 7 and 13 on trade and other receivables.

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Neither impaired nor past due	521.58	428.90
Past due		
-Less than 1 month	152.01	357.10
-Between 1-3 months	28.15	57.61
-Between 3-12 months	351.01	52.45
-Greater than 12 months	217.95	0.00
Total	**1,270.70**	**896.06**

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'Past due' in the above table are those that have not been settled within the terms and conditions that have been agreed with those customers. However, considering the facts of those cases, the Company considers them as fully recoverable within one year except for certain power trade receivable of ₹ 217.95 Crore, recovery of which depends on resolution of the coal wholesale price indexation and change in law matter with the customer.

The credit quality of the Company's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The solvency of customers and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables are impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

VI Derivative Financial Instruments

The Company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and these are subject to the Company's guidelines and policies.

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

All derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value, generally based on quotations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current and noncurrent assets and liabilities. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

The Company uses derivative instruments as part of its management of exposures to fluctuations in foreign currency exchange rates and commodity prices. The use of derivatives can give rise to credit and market risk. The Company tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

(i) Cash Flow Hedges

The Company also enters into forward exchange contracts and commodity price contracts for hedging highly probable forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognized in equity until the hedged transaction occurs, at which time, the respective gain or losses are reclassified to the statements of profit or loss. These hedges have been effective for the year ended March 31, 2020 and March 31, 2019.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions.

The majority of cash flow hedges taken out by the Company during the year comprise derivative hedging instruments for hedging the commodity price risk of highly probable forecast transactions.

The cash flows related to above are expected to occur during the year ending March 31, 2021 and consequently may impact the statement of profit or loss for that year depending upon the change in the commodity prices and foreign exchange rates movements.

(ii) Fair Value Hedges

The fair value hedges relate to forward covers taken to hedge currency exposure and commodity price risks.

The Company's part of sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Company enters into futures contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. Fair value changes on such forward contracts are recognized in the statement of profit or loss.

(iii) Non Qualifying Hedges

The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include aluminium future contracts on the LME and certain other derivative instruments. Fair value changes on such derivative instruments are recognized in the statements of profit or loss.

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

The fair value of the Company's derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

(All amounts in ₹ Crore, unless otherwise stated)

Derivative Financial Instrument [c]	As at March 31, 2020		As at March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Current				
Cash flow hedge[a]				
- Commodity contracts	50.37	-	-	6.02
Fair Value hedge[b]				
- Commodity contracts	-	0.45	1.34	0.35
- Forward foreign currency contracts	27.57	19.87	0.17	40.06
Non - qualifying hedges[b]				
- Commodity contracts	-	-	-	-
- Forward foreign currency contracts	3.30	2.13	-	-
Total Current	**81.24**	**22.45**	**1.51**	**46.43**
Non-current				
Fair value hedge[b]				
- Forward foreign currency contracts	-	36.19	-	98.89
Total Non-current	**-**	**36.19**	**-**	**98.89**
Total	**81.24**	**58.64**	**1.51**	**145.32**

Refer statement of profit and loss and statement of changes in equity for the change in the fair value of cash flow hedges.

Refer Balance Sheet for non-current and current derivative receivables and payables.

Derivative contracts entered into by the Company and outstandings as at Balance Sheet date :

(a) Hedged Foreign currency exposure :

(i) To hedge currency risks and interest related risks, the Company has entered into various derivatives contracts. The category wise break up of amount outstanding as on Balance Sheet date is given below :

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Forex forward cover (buy)	2,202.28	2,450.83
Forex forward cover (sell)	-	61.26

(ii) For hedging commodity related risks: - Category wise break up is given below:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Purchase	Sale	Purchase	Sale
Forwards / Futures				
Aluminium (MT)	500	41,250	1,000	42,650

All derivative and financial instruments acquired by the Company are for hedging purposes only.

Notes to the Financial Statements for the year ended March 31, 2020

43 Financial instruments (Contd..)

(b) Unhedged foreign currency exposure is as under:-

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Payables	328.72	757.93
Receivables	212.72	68.09

(c) The Company enters into certain contracts where the prices are provisional.

Outstanding position of such contracts are as follows:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020		As at March 31, 2019	
	MT	Amount	MT	Amount
Sale of Aluminium	-	-	2,925	38.44

44 Critical estimates and judgements in applying accounting policies

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Information about estimates and judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

i) Property, plant and equipment and useful life of property, plant and equipment and intangible assets

The carrying value of property, plant and equipment is arrived at by depreciating the assets over the useful life of assets. The estimate of useful life is reviewed at the end of each financial year and changes are accounted for prospectively.

ii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cashflow (DCF) model. The cash flows are derived from the budget for the next 35 Years. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other intangibles with indefinite useful lives recognised by the Company. During the year, Management assessed indicators of impairment in the Aluminium business of the company, considering that as a single cash-generating unit, and identified profits being lower than the business targets & lower LME price as two triggers to test the assets for impairment. The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/Assumptions	Basis
Future production/generation	Proved and probable reserves, production facilities, resource estimates
Commodity prices	management's best estimate benchmarked with external sources of information, to ensure they are within the range of available analyst forecast
Discount to price	management's best estimate based on historical prevailing discount
Discount rates	cost of capital risk-adjusted for the risk specific to the asset CGU

Notes to the Financial Statements for the year ended March 31, 2020

44 Critical estimates and judgements in applying accounting policies (Contd..)

The Company has carried out an impairment analysis considering the key variables and concluded that there exists no impairment. The Company has done an additional sensitivity on key assumptions like LME prices, Exchange rates & WACC by 5%, 5% & 1% respectively and noted that the recoverable amount of the assets would still be in excess of their carrying values.

iii) Provisions and contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability (Refer note nos. 22, 27 and 40).

iv) Provisions for site restoration

In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The carrying amount of the provision as at 31 March 2020 is ₹ 55.16 Crore (‘March 31, 2019 : ₹ 18.05 Crore). The Company estimates that the costs would be realised upon the expiration of the lease and calculates the provision using the DCF method based on discount rate of 7.2% If the estimated pre-tax discount rate used in the calculation had been 1% higher than management’s estimate, the carrying amount of the provision would have been ₹ 0.51 crore lower (Refer note no. 22).

v) Defined benefit plan

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of Government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality table. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates (Refer note no. 39).

vi) Recoverability of deferred tax and other income tax assets

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

Notes to the Financial Statements for the year ended March 31, 2020

44 Critical estimates and judgements in applying accounting policies (Contd..)

Deferred tax assets on unabsorbed depreciation/business loss have been recognised based on future profits. Further details on taxes are disclosed in note no. 38.

vii) Revenue recognition and receivable recovery in relation to the power segment

In certain cases, the Company's power customers are disputing claims raised by the Company on account of change in law and retrospective change in wholesale price index of cost made by CERC. Significant judgement is required in both assessing the revenue to be recognised in accordance with Ind AS 115 and to assess the recoverability of the amount accounted for as receivables.

In assessing this critical judgment, management considered favourable court orders the Company has received in relation to such claims. In addition, the fact that the contracts are with Government owned companies implies that the credit risk is low (Refer note nos. 7 and 29.2).

45 Capital Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value . The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity ,internal fund generation and borrowed funds.. The Company's policy is to use short term and long-term borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements. Net debt are long term and short term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents) and short-term investments. Equity comprises share capital and free reserves (total reserves excluding cash flow hedges, debebture redemeption reserve and capital reserve). The following table summarizes the capital of the Company:

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Share capital	220.62	220.62
Free reserves	3,648.22	3,770.19
Equity (A)	**3,868.84**	**3,990.81**
Cash and cash equivalents	163.98	336.11
Short term investments	250.03	100.11
Total cash (B)	**414.01**	**436.22**
Short-term borrowings	356.47	503.11
Long-term borrowings	3,071.28	3,425.33
Current Maturity of long term borrowings	970.89	380.92
Total debt (C)	**4,398.64**	**4,309.36**
Net debt (D=(C-B)	**3,984.63**	**3,873.14**
Total capital (equity + net debt)	7,853.47	7,863.95
Net debt to equity ratio (E=D/A)	**1.03**	**0.97**

Notes to the Financial Statements for the year ended March 31, 2020

46 The following matters have been considered by the management in determining the appropriateness of the going concern assumption for preparation of these financial statements:

- The entity expects that the net cash inflows from operating activities, which includes management assumptions regarding timing of settlement of certain current liabilities, in conjunction with the line of credit will be sufficient to cover the net current asset deficiency of near future.
- ICRA rating of A1+ for Company's commercial paper and non-fund based banking facilities gives confidence to raise the short-term funds, whenever required.
- ICRA assigned the Company's Non-Convertible Debentures and fund based banking facilities a rating of AA-, which can also be helpful to raise long term funds, if necessary.
- Operational buyers'/suppliers' credit outstanding as on March 31, 2020 might be rolled over or replaced with fresh buyers'/suppliers' credit for purchase of imported raw materials in normal course.
- In the previous years also, current liabilities of the Company have been higher than current assets. However, the Company has been able to continue without any reduction in operation.

The management is confident that the entity will be able to meet its working capital liabilities through the normal cyclical nature of receipts and payments and hence, these financial statements have been prepared adopting the going concern assumption.

47 The outbreak of novel Coronavirus (COVID-19) pandemic globally and in India and the consequent lockdown restrictions imposed by national governments is causing significant disturbance and slowdown of economic activity across the globe. The commodity prices have seen significant volatility with downward price pressures due to major demand centers affected by lockdown. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from March 25, 2020 announced by the Indian Government, to stem the spread of COVID-19.

The Company is in the business of metals and mining and generation of power which are considered as either essential goods and services or were generally allowed to continue to carry out the operations at full capacity with adequate safety measures. The Company has taken proactive measures to comply with various regulations/guidelines issued by the Government and local bodies to ensure safety of its workforce and the society in general.

The Company has considered industry reports, economic indicators and general business conditions to make an assessment of the implications arising out of business caused due to ongoing global pandemic such as current contract terms, financial and liquidity position, investment profile, future volume estimates from the business along with the availability of the inputs and the market for output. . The Company considers the impact of this pandemic as short term in nature which will not impact the Company's operations and profitability in long run. However, the extent to which the global pandemic will impact the Company's future operations will also depend on future developments, which are highly uncertain.

As per our report of even date

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Bhaswar Sarkar
Partner
Membership No. 55596

Place: Kolkata
Date: May 20, 2020

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rohit Soni
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: May 20, 2020

Note

CORPORATE INFORMATION

Board of Directors

Mr. SK Roongta, Chairman
Mr. Tarun Jain, Director
Mr. Abhijit Pati, CEO & Whole Time Director
Mr. R Kannan, Independent Director
Mr. A R Narayanaswamy, Independent Director
Mr. G S Kang, Independent Director
Ms. Reena Sinha Puri, Director
Mr. Alok Chandra, Director
Mr. Amit Saran, Director

Chief Financial Officer

Mr. Rohit Soni

Company Secretary

Mr. Vinod Kumar Mathur

Registered Office

Aluminium Sadan, Core-6, Scope office Complex,
7 Lodhi Road, New Delhi -110003

Plant and Works

BALCO Nagar, Korba, Chhattisgarh 495684

Statutory Auditors

S R Batliboi & Co. LLP
Golf View Corporate Tower-B
Sector-42, Sector Road
Gurugram 122002, Haryana.

Debenture Trustee

Debenture Trustee
Vistra ITCL (India) Limited
Formerly Known as IL&FS Trust Company Limited
Plot C- 22, G Block, Bandra Kurla Complex
Bandra (E), Mumbai 400051
Mail ID: mumbai@vistra.com

Bankers

State Bank of India
HDFC Bank Ltd
ICICI Bank Limited
Kotak Mahindra Bank Ltd
Yes Bank Limited
IndusInd Bank Limited
Federal Bank
DBS Bank Ltd
Bank of Baroda
South Indian Bank
UCO Bank
Axis Bank Ltd
EXIM Bank
Indian Overseas Bank
Syndicate Bank
Corporation Bank
Allahabad Bank
Central Bank of India

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