balco
Bharat Aluminium
Company Limited

vedanta
transforming elements

CONFIDENTLY ENDURING GROWTH

Bharat Aluminium Company Limited | Annual Report 2020-21

CONTENTS

Know BALCO

02-08

Business Overview

10-24

Statutory Reports

25-72

Financial Statements

73-152

Disclaimer:

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and / or past figures. As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the abovementioned circumstances, we can provide no warranty regarding the correctness, completeness, and up-to-date nature of information taken, and declared as being taken, from third parties, as well as for forwardlooking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Strategic transformations hold the key to enduring growth.

At BALCO, we are always determined to take the leap forward, even in the face of existential risks, to expand our horizons. For us, success is not defined by what we've accomplished so far. Rather, our ability to challenge norms, foster transparency in our operations and a stringent focus on upholding the highest standards of excellence drives us to fulfil organisational objectives.

With a strong emphasis on the triple bottom-line of People, Planet and Prosperity, we are geared to shape a sustainable future – to assure business profitability as well as ethical care for the environment and communities.

Moving ahead, we remain confident of carrying forward our legacy of operational efficiency through innovative efforts to unleash our true potential and pave the path for sustained growth and development.

ABOUT US

We were incorporated as the first Public Sector Undertaking (PSU) in India in the year 1965. Since our inception, our role has been crucial in the growth of the Indian aluminium industry and the country's economic development.

We have progressed through decades of partnerships, determination and planning to become a leading manufacturer and provider of quality aluminium worldwide. We support sustainable growth and strongly believe in creating consistent value for our stakeholders. We leverage our strong governance framework, transparent business policies and robust balance sheet to serve stakeholders as well as the community at large.

Our Vision

To be a world class integrated aluminium and power producer, generating sustainable value for all stakeholders.

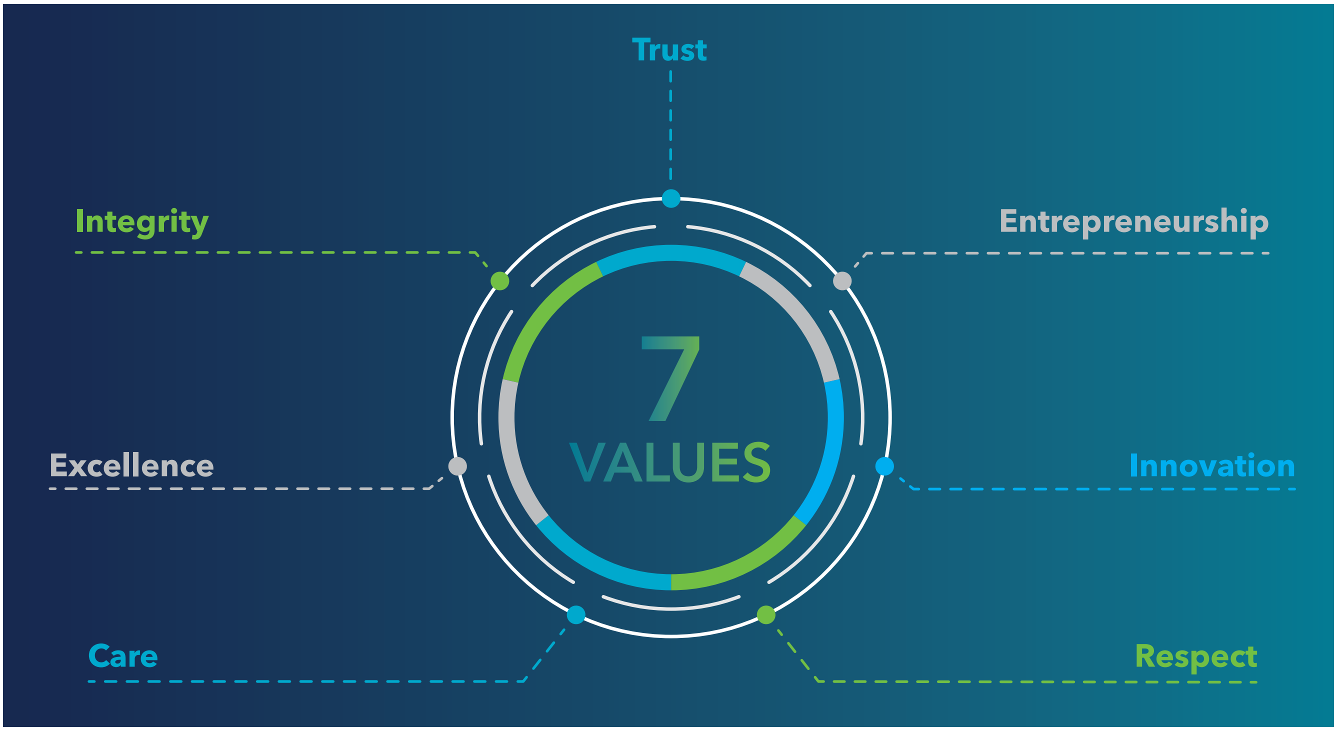
Our Mission

- To be amongst the top deciles in the global cost curve
- Achieve operational excellence
- Ensure resource security with efficient supply chain management
- Collaborate effectively with stakeholders
- Unleash employee potential
- Build and strengthen brand equity

Our 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 other countries around the world.

OUR VALUES



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 and believe in being accountable for our actions to maintain the highest standards of professionalism and additionally, comply 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 businesses 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 great emphasis on human rights, respecting the principle of free, prior, informed consent. Our engagement with our stakeholders gives local communities the opportunity to voice their opinion and concerns.

Innovation:

We inculcate a conducive environment for innovation that leads to a zero-harm environment, exemplifying optimal utilisation of our 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.

CERTIFICATIONS - ACCOLADES

Our operations are certified with domestic and international certifications in recognition of quality, safety and environment.

Quality management system conforming to ISO 9001:2015

Environment management system conforming to ISO 14001:2015

Occupational Health and Safety Management Series conforming to OHSAS 18001:2007

Energy Management System conforming to ISO 50001:2011

Asset Management System conforming to ISO 55001:2014

SA8000 Certificate for Social Accountability Standard

Information Security Management System (ISMS) conforming to ISO/ IEC 27001:2013

ISO/TS 16949:2009 is the globally recognised quality management standard for the automotive industry. [ISO/TS 16949:2009, in conjunction with ISO 9001:2008, defines the quality management system requirements for design and development, production and, when relevant, installation and service of automotive-related products.]

Balco Plant-II Laboratory is National Accredited Board for Testing & Calibration Laboratories (NABL) accredited for finished goods testing (Wire Rods and Ingot) conforming to ISO 17025:2005

FROM THE CHAIRMAN’S DESK

Dear Shareholders,

It’s my privilege to share with you the company’s performance for the year 2020-21. The year was a tough test for Balco and we overcame it with great positivity and enthusiasm. During the year, we all navigated a global health crisis and witnessed negative impacts on the global economy. Economic activity came to a near standstill, and disrupted trade policies as well as geopolitical activities that affected the global aluminium industry’s market flow and pricing policy.

Despite these challenges, we at Balco, maintained our focus on strategic priorities to achieve our objectives. During these tough times, we prioritised our people, employees and the community and strived to safeguard their health and well being. We also increased our operational efficiency to forge a long-term strategy for strengthening Balco’s performance.

Our Performance

Despite many challenges faced during the year, we achieved the operational efficiency of ~95 %. Also, we accomplished many of our targets, set new benchmarks and earned profit of INR 1,050 Crore during the year. Cash & cash equivalent (including investment) stood at INR 1,133 Crore In the course of the year, our aluminium production increased from 5,61,653 MT to 5,69,608 MT and our hot metal production reached 5,68,495 MT.

During the year under review, we were able to decrease our cost of production from $ 1,777/ T 2019-20 to $ 1521/T in 2020-21. We also developed a strong value chain, strengthened our customer and vendor relationships to minimise our working capital.

Returns to Shareholders

We consistently strive to create more value for our shareholders. During the year under review, Our RoA reached 13% and RoE stood at 21%. Our EPS increased to INR 47.59 in 2020-21.

Giving back to the society

Our well-defined sustainable development framework, enables us to serve people while aligning our efforts with the UN-Sustainable Development Goals (UN-SDG). During the year, we made an expenditure of INR 48.31 crore towards CSR initiatives. Our initiatives benefitted nearly 1.5 lakh people in the field of education, sustainable livelihood development,, women’s empowerment, health, water & sanitation, sports & culture, environment and community asset creation. We conducted CSR activities in 117 villages in three districts of Chhattisgarh i.e. Korba, Kawardha and Surguja. The projects were carried out in partnership with the Government, the local communities and various NGOs.

During the pandemic and the countrywide lockdown in 2020, we extended our support to the communities in which we operate. We distributed dry ration to 1190 families and cooked meals to 12000 families of daily wage workers, provided sanitisers to 3250 households, aided hospitals with the addition of 100 beds and conducted Covid awareness programmes through audio campaigns in 29 nearby villages.

Additionally, our occupational health and safety management systems are ISO: 9000, OHSAS: (18001: 2007) and ISO: 14001 certified to ensure the safety and well-being of internal as well as external stakeholders.

Reducing our Carbon Footprint

In line with our endeavour to minimise the carbon footprint, we are constantly striving to optimise the use of natural resources, conserve water as well as energy, reduce waste from operations and make possible by-product recoveries. During FY2021, our water and energy consumption was 0.59 m3/MT and 52.15 GJ/MT respectively, which is less than the previous year. Further, we successfully achieved a reduction in CO_2 emission by 1.86% (Smelter and CPP) and recycled 84.25% MT of waste.

A Brighter Horizon

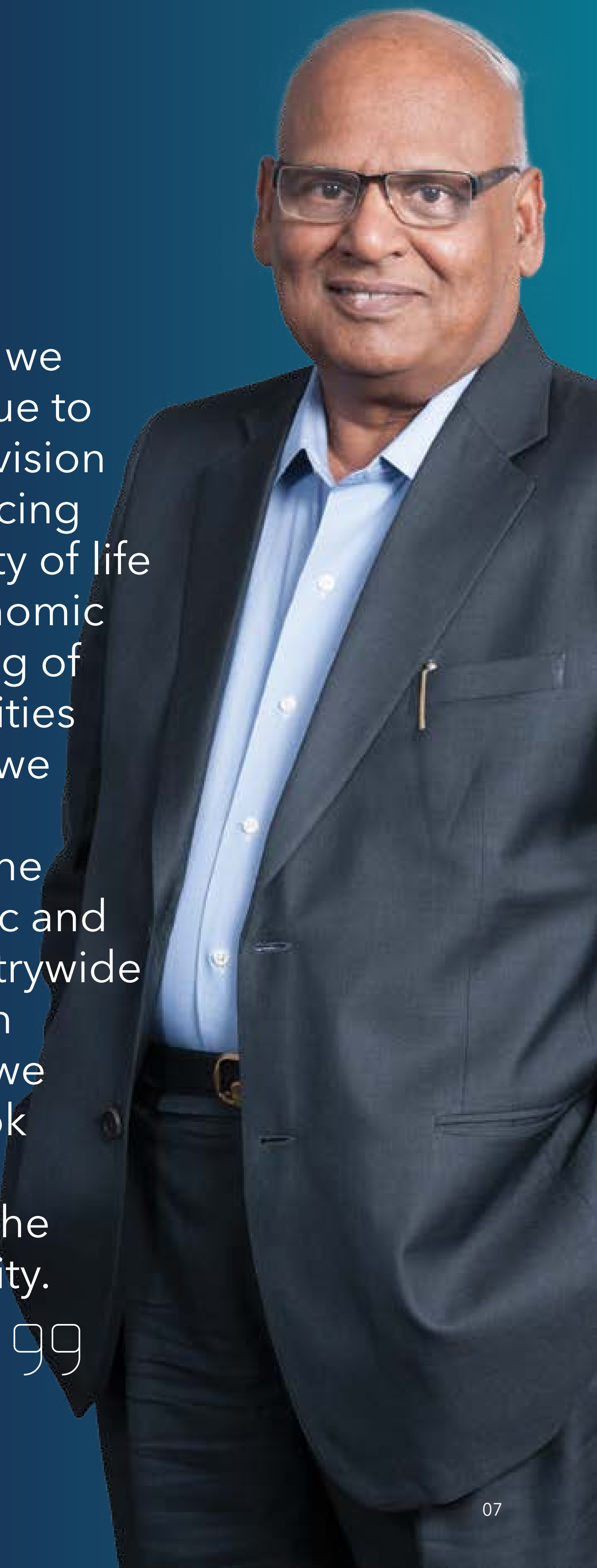
We are optimistic about the future and we hope that the pandemic will soon recede and make way for business growth across the world. Meanwhile, continue to enhance our product portfolio and operational efficiency to meet the global demands for our products. While strengthening the financial performance, we will also strive to ensure peace and prosperity in communities, highlighting our endeavour to maximise value creation for our stakeholders.

Before I conclude, I would like to extend my heartfelt gratitude towards the board members, investors, consumers, internal team, vendors and all our stakeholders. Moving ahead, we would like to strengthen the trust earned through uninterrupted service, strong leadership and resilient strategies.

Warm regards,

S. K. Roongta
Chairman

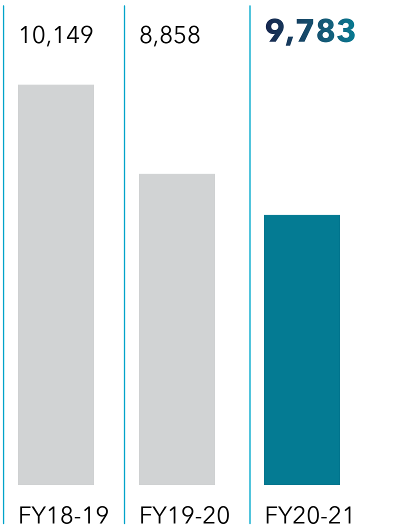
"At Balco, we stayed true to our CSR vision of enhancing the quality of life and economic well-being of communities in which we operate. During the pandemic and the countrywide lockdown in 2020, we undertook efforts to support the community."



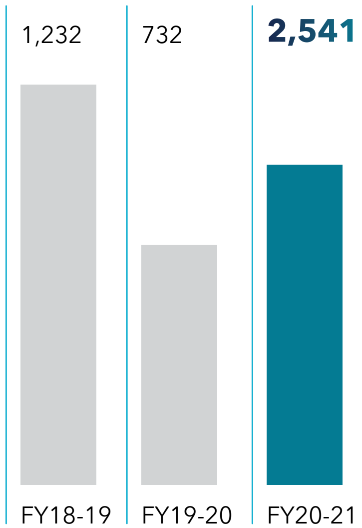
PERFORMANCE HIGHLIGHTS

Financial Performance

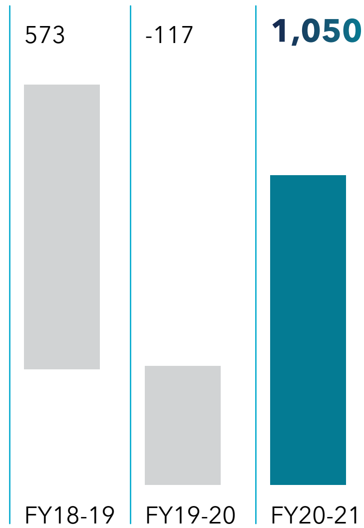
Revenue from Operations
(INR In Crore)



EBITDA
(INR In Crore)

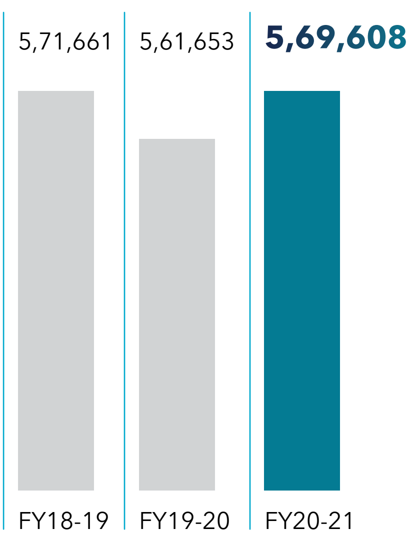


PAT
(INR In Crore)

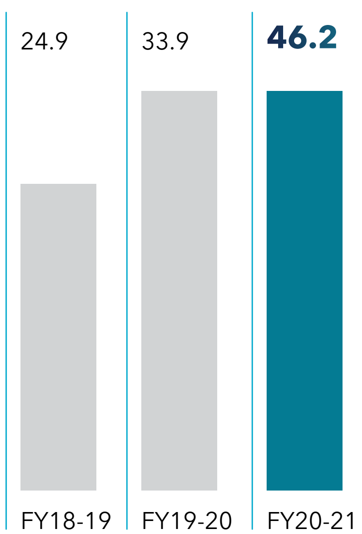


Operational Performance

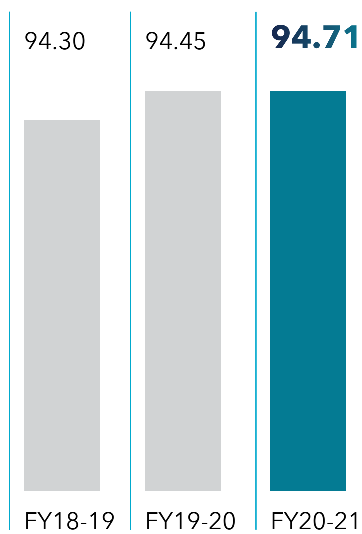
Production
(in MT)



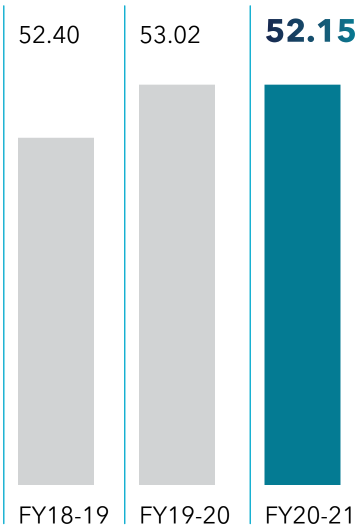
PFA Production
(in KT)



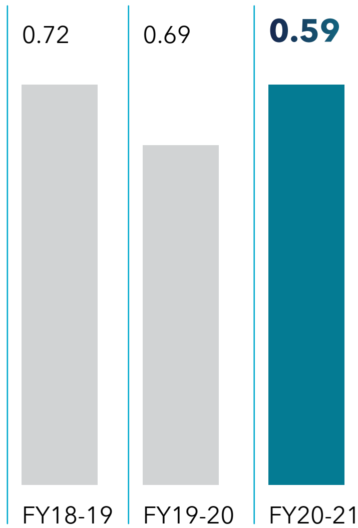
Efficiency Level
(%)



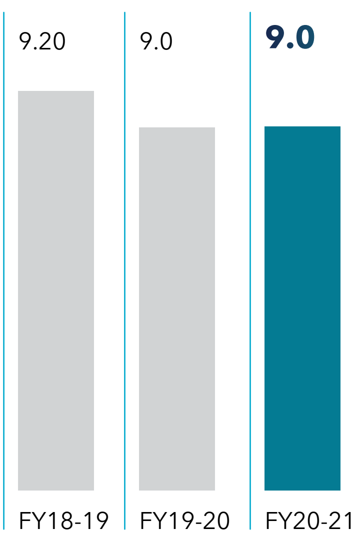
Energy Consumption
(in GJ/MT)

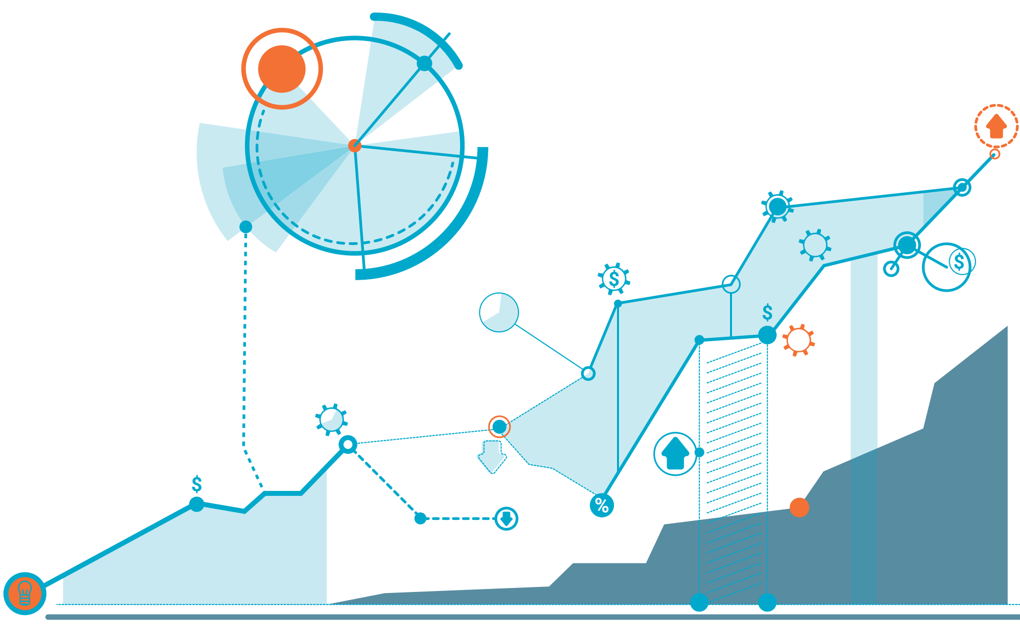


Water Consumption
(in m3/MT)



Women Workforce
(% of total)





OUR PRODUCT PORTFOLIO

Our state-of-the-art plants and processes are capable of producing a wide range of aluminium products. BALCO's products can primarily be categorised into two major segments – Primary and Rolled Products.

Primary Products


Ingots


Wire rods

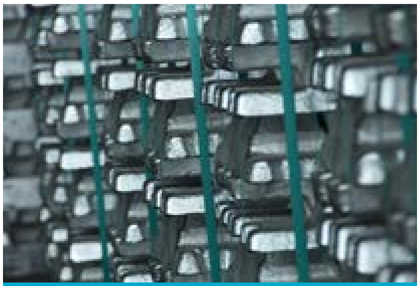
Rolled products


Hot Rolled Coil


Cold Rolled Coils and Strips

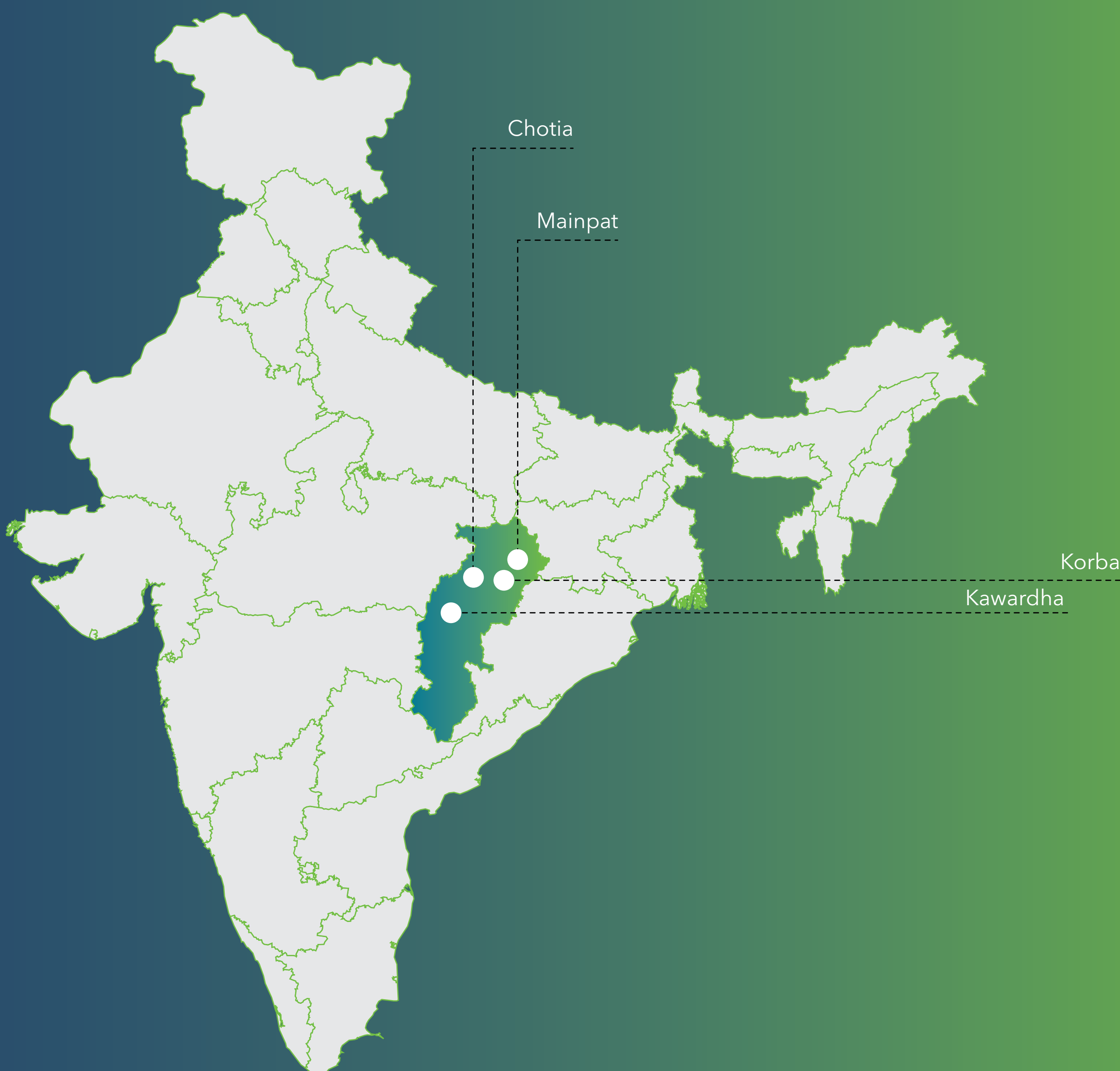

Cold Rolled Sheets


Hot Rolled Plates


Primary Foundry Alloy

OUR STRONG 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. We have manufacturing plants in Korba (Chhattisgarh). Our mines, supplying bauxite, are situated at Kawardha and Mainpat and our coal mine is located at Chotia.



STRIVING FOR PROCESS EXCELLENCE

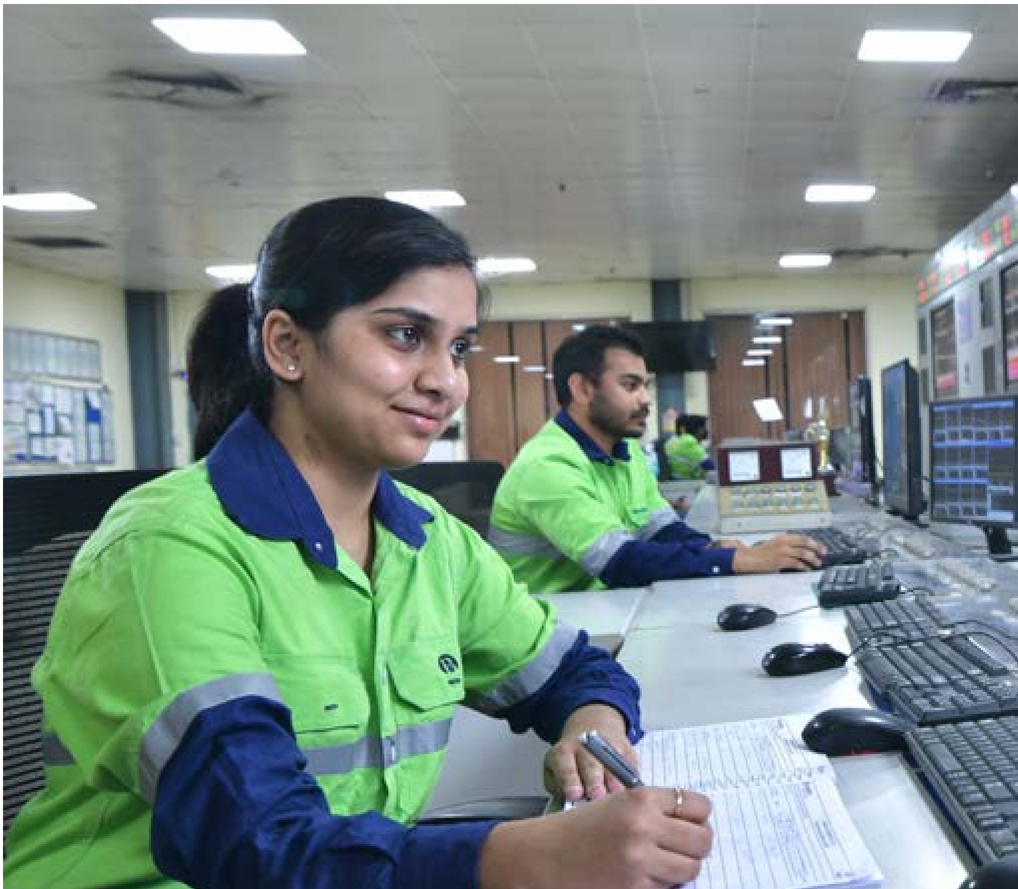
We are undergoing a digital transformation to achieve higher visibility, speed and efficiency across our processes. We inculcate an innovative approach to ensure zero harm to the environment, initiate optimal utilisation of natural resources, improve efficiencies and enable by-product recovery.

We aspire to continually improve the efficiency and effectiveness of our processes and operations and create new platforms, products and solutions to cater to the evolving needs of our customers. As a purpose-driven organisation, we utilise our innovative capabilities to create a sustainable future for our customers and society.

Digital Drive

Traffic Mitra Mobile App

We have launched a mobile app that reports road safety & traffic violations. The app uses Near Field Communication (NFC) technology to capture data instantly and provides easy booking facilities. It was introduced for online tracing of consequence management at the HR and SBU level. This platform has empowered us to increase our productivity and save time.



Power Digitalisation

At Balco, we have implemented an online efficiency and energy monitoring system that enables us to optimize our energy consumption as well as give alerts when our consumptions goes above the stipulated limits. This system has also enabled us to analyze heat rate through improved monitoring and predictive analytics.

INR **10** Crore

Cost Benefit

Safety Mobile App

As a responsible citizen, Balco has always acted with alacrity in emergency situations and disasters. In line with our commitment to ensure the safety of our people, we have developed a safety mobile app that alerts all employees in case of an emergency. It sends an SMS during an emergency. It uses a real-time dashboard with details of current employees and alerts them about safe assembly points in nearby locations. It has helped to save lives in danger zones by providing immediate assistance from incident management teams and rescue teams.

Digital Mining

Smart mining is all about re-imagining the way we work. We have embarked on a holistic digital transformation programme for the entire value chain to enforce a different way of working in the years to come. The digital future will enable objective and real-time decision-making. We are using technology to automate entry-exit processes. This has improved productivity, helped reduce TAT, increased mobility and safety controls. Better manpower optimisation and spend analytics are the other benefits incurred from the digital mining process.

Cashless Meal Booking App

We have introduced a cashless payment system that allows an individual to book meals through the mobile app in advance, from any location. This technology has helped to reduce food wastage remarkably.

HUMAN CAPITAL

Our people are our most valuable asset and we are committed to providing all our employees with a safe and healthy working environment. We encourage skill development and training, providing multiple opportunities for employees to secure professional as well as personal growth.

A Healthy Ecosystem

A motivated workforce is a key enabler for achieving our strategic objectives. As we continue to strengthen our industry leadership, we undertake a focused approach to nurture our human capital.

We employ a huge workforce, directly or indirectly, across the value chain. Given the size of our operations, there are inherent risks of human rights violation with potential repercussions on our reputation. We are, therefore, responsible and accountable for upholding human rights across our value chain, which includes our operations, supply chain, communities and business relationships.

Our Code of Conduct provides a set of guiding principles and our people receive regular trainings on the Code of Conduct. Online awareness modules for Mandatory Sessions on 'Code of Conduct Business Ethics & Whistle-Blower Policy, ABAC, Anti-Trust Guidance Laws and Human Rights' were launched through the E-Learning Portal, which has a 100% coverage as on date. To educate employees on the various aspects of POSH law, an online E-Learning module is also conducted.

Training and Development

We conduct multifaceted training programmes throughout the year to enhance the capabilities and skills of our people. An SBU-wise induction programme is conducted for new recruits to train them about the processes, practices and procedures of the company through a month-long programme. They are also guided through a Campus-to-Corporate transition along with virtual inductions.

Similarly, for existing employees, numerous behavioural and technical trainings are conducted. The behavioural trainings comprise programmes related to improving the quality of life and ensuring a work-life balance. Additionally, aspects of managerial and leadership skills are also disseminated.

Furthermore, we are leveraging technology to improve the efficiency of our people processes, remove redundancies and facilitate better information exchange across all our locations. Besides, we are also conducting online training through E-learning modules where employees are given full time access to all types of educational material.

Average Man-days of Training achieved in FY21:

6.15
Executives

2.05
Workmen

0.63
Contract Workers

Diversity and Inclusion

We continue to place significant importance on Diversity and Inclusion (D&I) at the workplace. Our workforce represents regional diversity, has different skill sets and has strong women representatives across different roles and designations. The MDP programme for sustaining diversity among the company's leadership was organised in collaboration with IIM Raipur to empower women employees to take up leadership positions at the organisation. Further, exclusive workshops for female employees 'New Me' were organised with a focus managing family and workplace issues during the pandemic and reduce stress.

173
Female employees

Occupational Health & Safety

At Balco, the health and safety of our people is of utmost importance. We conduct safety trainings regularly for our employees to improve awareness and behavioural safety (Chetna). Additionally, trainings are provided for specific job roles under the Vedanta Sustainability Assurance Programme. In cases of long absenteeism (considered when leaves are more than 90 days), the employees are offered refurbished training courses on safety and well-being.

0.28
Lost Time Injury Frequency Rate (LTIFR)

1
Fatality

SOCIAL & RELATIONSHIP CAPITAL

We, at Balco, are committed to act responsibly and meaningfully contribute to the improvement of communities. We endeavour to fulfil our role in a manner that upholds the dignity of all our stakeholders and allows us to live up to our values.

INR **48.31** Crore

Total amount spent on CSR initiatives

1.5 lakh

People benefitted from CSR activities

117

Villages in three districts of Chhattisgarh i.e. Korba, Kawardha and Surguja covered

Our Approach

Our CSR activities are aimed at creating enduring value for the communities we operate in. Our CSR efforts encompass education, sustainable livelihood development, women's empowerment, health, water & sanitation, sports & culture, environment and community asset creation. Our CSR projects are carried out in partnership with the Government, local communities and various NGOs.

Our CSR Governance Framework

Transparency and accountability form the core of our corporate governance practices and are achieved through strong systems/processes that are regularly reviewed and revised.

Education

We are committed to providing quality education to children and improving their learning outcomes. Through 'Project Connect', we address the need for quality education in subjects such as Science, Mathematics and English through employees who volunteer to participate in these activities. So far, 200 students have been benefitted. During the year, e-modules were also developed for online study. Additionally, we provide infrastructural and teaching support and provide aid to the Bal Sadan School in Korba under the 'Support to School' initiative.

750

Students Benefitted

Sustainable Livelihoods

Project Land & Water Management

Our flagship programme aims to reach 790 families through agricultural interventions. This project focuses on improving surface water management with existing resources, augment irrigation facilities, equip farmers with the latest farming techniques and promote multi-cropping techniques.

790
Families impacted

470
Farmers adopted multiple cropping patterns

450
Farmers practising modern farming techniques

Vedanta Skill School

India requires huge manpower to sustain its growth momentum, especially from rural India. Looking at the opportunity, BALCO, in collaboration with IL&FS Skills Development Corporation, has established three skill schools - namely the Vedanta Skill School in Korba, Mainpat and Kawardha regions of Chhattisgarh. We aim to impart vocational skills free of cost to rural youth and help find employment opportunities for them.

9000
Youth trained

172
Youth trained in FY21

Women Empowerment - Project Unnati

Inclusivity is an important part of our CSR vision and we are committed to the idea of gender equality and empowerment of women and girls. The Project Unnati is aimed. Aims to mobilise and empower women into Self Help Groups (SHGs) and develop capabilities for skill development and entrepreneurship.

We have so far constituted around 393 SHGs with membership of 4292 women from 29 villages. Additionally, we also provide Income Generation Activities (IGA) to these women. Further, we have established a mushroom unit and a textile production unit which engage around 1510 women. Thereby, the overall approach of the project is to create an ecosystem for nurturing micro-enterprises that harness local resources and create sustainable livelihoods.

INR **13** Lakh
Annual turnover from the units

4292
Women empowered

Health & Sanitation

Our focus is to bring quality healthcare services to people's doorsteps and promote awareness about healthcare and good hygiene in communities.

Project Menstrual Health Management

Through this initiative we aim to increase awareness about menstruation among women and adolescent girls. We have sensitised the issue through group meetings, rallies and Nukkad Nataks. On 28th May, we celebrated International Menstrual Health & Hygiene Day through an online platform, where over 500 women participated.

24000

Women and girls benefitted

Project Arogya

With this initiative, we aim to target healthcare issues and support community interventions in Primary Healthcare to create awareness on various seasonal and non-seasonal diseases. Thereby, specific emphasis is laid on TB, HIV, Malaria and Maternal & Child Health to ensure the health and well being of people.

24000+

Beneficiaries

Balco Medical Centre (BMC)

We aim to envisage a society where people are free from the menace of cancer. The Balco Medical Centre (BMC), a 170-bed tertiary oncology facility - a flagship initiative of the Vedanta Medical Research Foundation (VMRF). Aims to bring ultra-modern, multi-modality diagnostic and therapeutic facilities within easy reach of India's population at an affordable cost. It is located in Naya Raipur, Chhattisgarh and patients from different parts of the country visit the centre.

15000

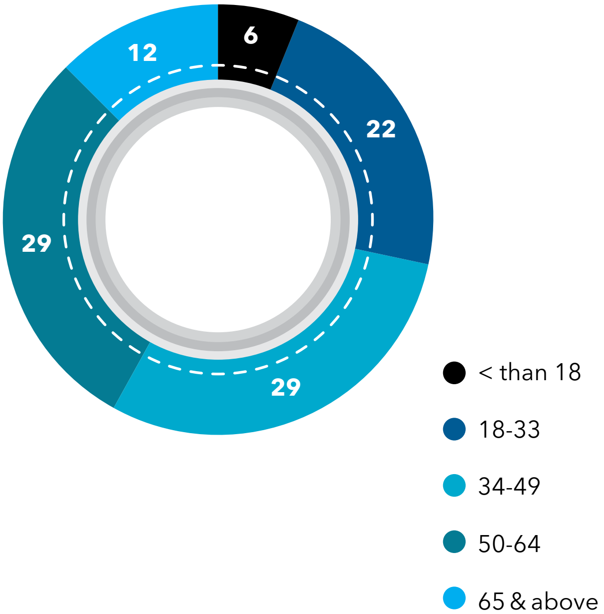
Beneficiaries

INR **61.83** Crore

BMC Operational Expense

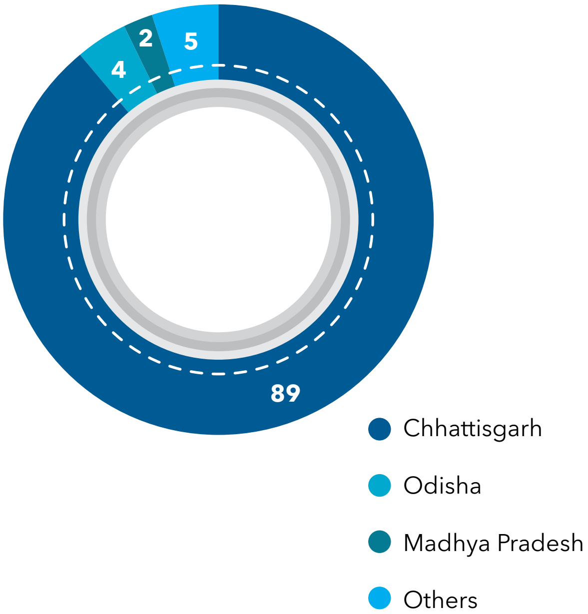
Age Groups (in years)

Patients in %



State wise beneficiaries

% of Beneficiaries



Supporting Communities during the pandemic

The countrywide lockdown in 2020 impacted almost every business, but the daily wage earners and migrant labourers were hit the hardest. At Balco, we stayed true to our CSR vision of enhancing the quality of life and economic well-being of the communities around our operations and proactively undertook multiple initiatives to help communities in the hour of need.

Initiatives Undertaken:

- Distributed dry ration to **1190 families** and cooked meals to **12000 families** of daily wage workers
- Made provision for **100 beds** in hospitals in collaboration with the District Administration
- Engaged SHG women to stitch over **15000 masks**, enabling them to earn around **INR 75000**
- Provided sanitisation kits to **3250 households** in six panchayats and 1000 PPE kits to AIIMs Raipur
- Conducted awareness activities about Do's and Don'ts through audio campaigns in **29 villages**

BOARD OF DIRECTORS

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. 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.

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.

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.

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.

Ms. Yatinder Prasad
Government Nominee Director

Ms. Yatinder Prasad, JS&FA, Ministry of Coal (MoC) has been appointed as government nominee Director in Balco on 5th August 2020. She is also on Board of Coal India Limited and Hindustan Zinc Limited.

She is an IA&AS officer of 1993 batch. Currently she is Joint Secretary and Financial Advisor for ministry of Tribal, along with Ministry of Coal and Ministry of Mines. During 2014-2019 period she was DG-Controller & Auditor General of India. She has done L.L.B., L.L.M., C.I.A., P.G.D.B.A. She is also on the Board of National Scheduled Tribes Finance & Development Corporation and Tribal Cooperative Marketing Development Federation of India Ltd.

Mr. T K Chand
Independent Director

Mr. Tapan Kumar Chand is appointed as an Independent Director on the Board of Company w.e.f. 8th Dec 2020. Mr. T.K. Chand brings along more than 3 decades of rich experience in mining and metal sector. In the areas of Corporate Governance, he was adjudged as the outstanding performer by SCOPE and Department of Public Enterprises, Govt. of India. Mr. T K Chand is also a member of Corporate Social Responsibility Committee of Bharat Aluminium Company limited.

Mr. Tapan Kumar Chand (born 17 November 1959) is an Indian mining veteran, executive, and author. He has been in the mining and metal sector since 1982, earlier serving as Chairman cum Managing Director of National Aluminium Company, Director Commercial of Rashtriya Ispat Nigam Limited / Visakhapatnam Steel Plant and Director Personnel & Director I/c (Sales & Marketing), of Central Coalfields Limited.

He holds a Bachelor of Arts in history and a master's degree in arts, public administration and history from Utkal University. He holds a bachelor's degree in law from Andhra University, Visakhapatnam, and a diploma in social welfare (labour welfare) from Calcutta. He graduated as a gold medalist from Utkal University, Bhubaneswar.

Mr. Mustaq Ahmad

Government Nominee Director

Mr. Mustaq Ahmad is an officer of Indian defence account service of 2006 batch. He is appointed on Board of Balco w.e.f. 20th August,2020. He holds bachelor and master's degree in Law from the University of Delhi. He has held various assignments in the Ministry of Defence (Finance) and serve in Ladakh, Jammu, and Delhi. Prior to joining Ministry of Mines, he was Sr. Dy. CGDA(Admin) in the HQs of Defence Accounts Department. Presently he is a Director in the Ministry of Mines

Mr. Arun Todarwal

Independent Director

Mr. Arun Todarwal is a Chartered Accountant & has been in practice since1981. He is Managing Partner of M/s. Arun Todarwal & Associates LLP, Chartered Accountants. He is a Member of the UK 200 Group, a national affiliation of Chartered Accountant firms throughout United Kingdom. He has rich and varied experience in management consulting, finance and audit, spanning over four decades He is an Independent Director in several listed companies. He is Chairman of Corporate Social Responsibility Committee of Board of Company

Mr. D.D. Jalan

Independent Director

Mr. D.D. Jalan , aged about 64 years is a Chartered Accountant and has vast expertise of over 41 years in financial management, corporate negotiations, financial control, business planning, due diligence, business development, treasury, capital raising, business structuring, investor relations, commercial, taxation, people development and strategic planning. Mr. D.D. Jalan is pursuing an entrepreneurial stint and promoting start-ups thru angel network. He is also an Independent Director on some of the prominent Boards. In his previous role, he was the Group Chief Financial Officer of Vedanta Resources Plc and an Executive Director and CFO of Vedanta Ltd till his superannuation in Sept 2016. He is Chairman of Audit Committee and Nomination & Remuneration Committee of Board of Company.

Mr. S K Roongta
Chairman

Mr. Abhijit Pati
CEO & Whole Time Director

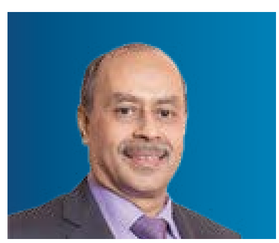
Mr. Tarun Jain
Director

Mr. Alok Chandra
Government Nominee Director

Ms. Yatinder Prasad
Government Nominee Director

Mr. Mustaq Ahmad
Government Nominee Director

Mr. T K Chand
Independent Director



Mr. Arun Todarwal
Independent Director

Mr. D.D. Jalan
Independent Director

AWARDS & RECOGNITION

Globally Sap Innovation Award for business transformation and enabling intelligent enterprises.

We have been ranked 1st in the Vedanta Group with 'B' rating in Cybersecurity Framework Governance.

We as a company believe in driving digital business growth through technology innovation and thus have also been awarded the CIO 100 for 2021.

BOARD'S REPORT

Dear Members

Your Directors have pleasure in presenting the 55th Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2021.

FINANCIAL HIGHLIGHTS

The Company's financial performance for the financial year ended 31st March 2021 is summarised below:

₹ Crore

Particulars	FY 21	FY 20
Turnover	**9,688**	**8,747**
EBITDA	**2,541**	**732**
Depreciation	478	490
Other income (net of expenses)	-37	-48
Operating profit before finance Cost	2,099	291
Finance Cost	427	496
Exceptional Item	-94.99	-
Profit/(loss) before tax	**1,767**	**-206**
Tax Expense	717	-88
Profit/(loss) after tax	**1,050**	**-117**
Other comprehensive income/(loss)	-46	4
Total comprehensive income/(loss)	**1,004**	**-114**
Paid up Equity Share Capital	221	221
Opening reserves	**3,728**	**3,841**
Debenture redemption Reserve	50	70
Capital reserve	9	9
Other Free Reserves	3,669	3,762
Transfer to DRR from free reserves	-50	-20
Other receipts in Free reserves	-	-
Closing Reserves	**4,732**	**3,728**
Debenture redemption Reserve	-	50
Capital reserve	9	9
Other Free Reserves	4,722	3,668

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

1. OVERVIEW AND STATE OF THE COMPANY'S AFFAIRS

During the Financial year 2020-21:

Financial

a. During the financial year 2020-21, revenue from operations increased to ₹ 9,688 Crore as against ₹ 8,747 Crore in the previous year – a growth of 10.7 %.

b. Achieved ever highest EBIDTA of ₹ 2,673 Cr primarily on account of higher realisation on LME, operational efficiency, and reduced cost of production.

c. Cost of goods sold as a percentage to revenue from operations decreased to 61 % as against 74 % in the previous year.

d. The Profit before Tax for the current year is ₹ 1,767 Cr against loss of ₹ 206 Cr in the previous year on account of higher EBIDTA.

e. Finance Cost for the current year is ₹ 427 Cr against ₹ 496 Cr in FY 20- a reduction of 14%.

f. Loan of ₹ 376 Cr prepaid during FY 21.

Operational

g. Achieved highest ever sales volume of 5,82,000 MT.

h. Achieved ever lowest power specific consumption of 13769 Kwh/T.

i. Lowest coal cost Rs 0.70 per GCV in last 7 years.

j. Lowest carbon consumption- 0.414 per ton in last 7 years.

k. Mr Abhijit Pati awarded **'Most Promising Business Leader of Asia 2020-21'** by The Economic Times.

2. COVID STRATEGY

Throughout the financial year ended 31st March 2021, the global coronavirus (COVID-19) pandemic caused significant economic and social disruption worldwide. Due to outbreak of COVID-19 globally and in India, the Company's management has made initial assessment of likely adverse impact on business and financial risks on account of COVID-19. You will be happy to know that your Company has taken a pro-active approach to keep our assets and people safe while ensuring continuity of business.

Most of our operations were continuing during the lockdown period being 'essential' or 'continuous' in nature. Our focus during these times have been to ensure that we operate optimally with lowest possible cost of production.

Accordingly, at present the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due, and compliance with the debt covenants, as applicable.

3. EXPORTS

Domestic sales were the focus during the year for ensuring better sales realisation. The aluminium exports during the financial year (2020-21) is 2,33,948 MT, generating revenue of ₹ 3,089.53 Cr. (including export incentive of ₹ 32.26 Cr.).

4. CONTRIBUTION TO GOVERNMENT EX-CHEQUER

During the FY 2020-21, Company has contributed ₹ 2,424 Cr. to State and Central Government treasury as compared to contribution of ₹ 2,252 Crore made in FY 2019-20.

5. TRANSFER OF RESERVE

The Company has transferred ₹ 1,008 Cr to General Reserves for the financial year ended on 31st March 2021. An amount of ₹ 4,736 Cr is retained in the retained earnings.

6. DIVIDEND

Your Directors wish to conserve resources for future expansion and growth of the Company. The Board of Directors of your company, keeping in view the uncertain performance of the Company in current covid scenario, has decided that it would be prudent, not to recommend any Dividend for the financial year under review.

7. CREDIT RATING

Your Company's credit rating is AA- (pronounced as ICRA double A minus) Outlook Stable for the long-term borrowing of the Company, rated by ICRA Limited. The details of credit rating is available on the website at: http://www.balcoindia.com/bi_files/WhatsNewFile/20214191125227843062.pdf.

8. DEBENTURES

During FY'21, privately placed non-convertible debentures (NCD) amounting to ₹ 300 Crore has been redeemed. There is no delay in servicing of NCDs interest during FY' 2020-21. The Company had paid all the dues including interest on NCDs during FY'2020-21. Necessary Disclosures in this connection under Listing Regulations have been made to the Stock Exchange where the debentures of the Company were listed.

9. 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 and ISO 45001: 2018 certifications.

The Key highlights for FY 2020-21 are as under:

- SI (MBRD) reporting by all executives & front line in-charges & supervisors of the business partners. Total 81,962 safety interactions carried out in Balco.
- LTIFR & TRIFR for FY 2020-21 is 0.28 & 0.94, respectively
- Highest ever Near Miss (3,749) reporting
- 74 marks were obtained in the VSAP audit conducted by DNV in Dec-2020
- Successfully conducted Public hearing scheduled for the expansion project
- Safety Booster training program started for Safety Violators and people who met with injury. VLDP/GETs engagement program launched for identifying potential hazards present at the shop floor
- 32nd Nation Road safety month celebrated for the year 2021 and the theme was **"SADAK SURAKSHA JEEWAN RAKSHA"**
- Plantation of 7,000 saplings at ash dykes
- Lowest ever specific energy and specific water consumption for metal business
- Real-time virtual tour by Sector CEO and respective HSE teams elaborated on safety best practices, precautions at worksites, and innovative use of technology to bolster safety performance
- Obtained merged CTO for 1200MW, 540MW power plants and DG set
- New vendor developed for SPL Detoxification and vendor for Schedule 1, category 11.2 for cathode residues other waste
- Developed in house disposal of lab solvent, a hazardous waste
- More than 10,000MT SPL disposed to authorized recyclers for detoxification
- Highest ever monthly SPL sale, 2,556.87MT in March 2021
- The highest ever ash utilization of 123% achieved in Q4, FY21
- Highest ever ash sent to cement plants (54,542 MT) and brick manufacturers (32,510 MT) in Q4, FY21
- 100% recovery of Flammable chemical waste from the lab (Schedule-II, Class-C-1) in Q4, FY21
- Permission received from CECB for Ash filling in Low-lying area of Barbaspur
- Permission received from CECB to dispose of 1.6 MT fly ash in Manikpur OCM

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

- Balco has been awarded **"CII Chhattisgarh Excellence Award in Safety, Health & Environment in 2020-21"** for driving excellent standard in creating a robust safe environment in and around workplace
- Balco wins the prestigious **"Golden Peacock Sustainability Award for sustainability 2020"**. This award bears the testimony of Balco's continuous endeavour towards the concept of sustainable manufacturing by focusing on economic, environmental, and social aspects of aluminium manufacturing activities

The Company had an unfortunate fatality at 540 MW on 13th March ,2021. The accident was fully investigated, and preventive actions were taken across sites.

10. INFORMATION TECHNOLOGY & COMMUNICATION

- Launched Balco Traffic Mitra Application and Mobile App having feature of:
  - Capturing and reporting of Road Safety violation through mobile app instantly/on spot
  - Consequence management of all violations
- Ash Disposal Application and Mobile App launched for Man less WB for Fly Ash shifting from Power Plant
- Implemented Auto Alarm System of Anode Effect in pot room for SMS application for AE Max Voltage greater than 40 Volts

- Compilation of GCV analysis of Coal received from Rail and Road in place by auto conversion of multiple websites and applications into a single report through RPA
- Developed Mobile App for Ash Weighing to have easy access to WB Reports and Dashboard for reporting and analysis
- To have more transparency and reduction in TAT of Finished Goods, system implemented for Vehicle Tracking through RFID
- Mobile Application developed for Sending Thermal Data Real Time - "Mobile app for sending the thermal temperature readings from more than 200 points in the rectifier & switchyard systems"
- Launched Mobile app with data capturing and notification of WRLDC power readings which will helps in collecting the power revisions on the WRLDC website and will displays a notification if any change is observed for Balco's power selling schedule
- Centralized RFID based vehicle registration and management system implemented to ensure that only authorize/compliant vehicle can enter inside plant

11. HUMAN RESOURCES, TRAINING AND DEVELOPMENT

The Company believes that the quality of its employees is the key to its success and is committed to providing necessary human resource development and training opportunities to equip employees with additional skills to enable them to adapt to contemporary technological advancements.

In the FY 2020-21, total 11,586 training man-days were covered in 198 comprehensive training interventions, with a participation of 7,308 employees against the targeted training man-days 11,530.

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.

To educate employees on the various aspects of POSH law, an online E-Learning module was launched in the month of February-2021. Further classroom sessions on POSH by external agency was conducted for the POSH committee during the month of December-2020 and certification course on POSH in month of February-2021, respectively.

12. INDUSTRY OUTLOOK

LME Prices and World Trade Scenario

FY 2020-2021 started on a bearish note for LME Aluminium prices, and it has been below $1460/MT since May 2020 but gained momentum from Oct/Nov'20 with a closing average of $1805/MT for this FY, still maintained an increase of ~3% over FY 2019-20 average of $1750/MT. With lockdown of major economies of the world due to Covid-19 in Mar'20, global Aluminium industry saw dip in prices due to excessive supply in the market and significant reduction in demand of Aluminium, especially in Q1 and Q2 FY 21.

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.

From Q3'21, there was rapid pace of recovery in Europe and North America. Overall, aluminium demand in the world ex. China expanded by 0.7% y/y, which indicated a U-shaped recovery. Global primary aluminium demand returned to pre-pandemic levels as soon as the second quarter of 2020 finished, fuelled in part by government stimulus and the number of Covid-19 cases being under control. However, outside China the US led the recovery over the summer and into the autumn. Indeed, as the automotive sector picked up from September it was noticeable that consumption also improved.

The Indian market has started witnessing improved buying from construction end users after the real estate sector came back to the market from mid-February. This followed the FY 22 Federal Budget announcement as well as the reduction in various duties related to the purchase of a house in India.

Demand from the consumer durable sector however remains strong as well as the packaging sector which has supported both demand for ingots as well as rolled products. The respective domestic sales of which by the three primary producers in India has gone up by 2% and 11% for the first two months of 2021.

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 0.55 MTPA installed capacity is a market leader in primary aluminium with a 30% market share in FY 2020-21 as compared to 23% in FY 2019-20. 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, 60% of the company's total sales were to the Indian markets, specifically for the use in the electrical and transportation industries. This was higher by 2% compared to last year. About 59% of this domestic sale comprised of Value-Added Product portfolio of Vedanta Ltd, which saw a decrease of 15% compared to last year. The company sold an overall of 36% of its total sales as Value Added Product in this financial year, which saw a decrease of 7% compared to last year.

13. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

A.) Changes in Directors and KMP

Mr. R Kannan (DIN-00227980); Mr. Gurminder Singh Kang (DIN-02818868) and Mr. A R Narayanaswamy (DIN-00818169) ceased as an Independent Directors of the Company upon completion of their 2nd term of appointment on 29th July 2020.

During the year on the recommendation of Nomination and Remuneration Committee, the Board of Directors has:

i. Appointed Mr. D D Jalan (DIN NO.00006882) as Independent Director w.e.f. 30th July 2020 for a period of 3 year, expiring on 29th July 2023.

ii. Appointed Mr. Arun Todarwal (DIN NO. 00020916) as Independent Director w.e.f. 1st August 2020 for a period of 3 year, expiring on 29th July 2023.

iii. Appointed Mr. T. K. Chand (DIN NO.01710900) as Additional Director designated as Independent Director w.e.f. 8th Dec 2020 subject to approval of the Shareholders in forthcoming Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director.

During the year, the Board took note of the below changes in Government Nominee Director:

i. Resignation of Ms Reena Sinha Puri (DIN-07753040) and the appointment of Ms. Yatinder Prasad (DIN-08564506) w.e.f. 5th August 2020.

ii. Resignation of Mr. Amit Saran (DIN-08334094) and appointment of Mr. Mustaq Ahamad (DIN-08630622) w.e.f. 20th Aug 2020.

During the year, based on the recommendation of Nomination and Remuneration Committee, the Board of Directors:

i. Took note of the resignation of Mr. Rohit Soni from the office of Chief Financial Officer of the Company w.e.f. 20th May 2020 and approved the appointment of Mr. Sandeep Modi as Chief Financial Officer & KMP of the Company w.e.f. 21st May 2020.

ii. Took note of the resignation of Mr. Sandeep Modi from the office of Chief Financial Officer of the Company w.e.f. 20th Jan 2021 and approved the appointment of Mr. Rahul Roongta as Chief Financial Officer & KMP of the Company w.e.f. 21st Jan 2021.

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. Tarun Jain (DIN-00006843), Director is liable to retire by rotation at the ensuing Annual General Meeting. The Board of Directors on the recommendation of the Nomination and Remuneration Committee has recommended his re-appointment.

Mr. Tarun Jain 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. Tarun Jain.

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

C.) Key Managerial Personnel

The following have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Mr. Abhijit Pati	Chief Executive Officer& Whole Time Director
Mr. Rahul Roongta	Chief Financial Officer
Mr. Vinod Kumar Mathur	Company Secretary

D.) Separate Meeting of Independent Directors

The Independent Directors met on 23rd March 2021, 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

All the Independent Directors of the Company have given their respective declaration / disclosures under Section 149(7) of the Companies act 2013 read with Companies (Appointment and Qualification of Directors) Rules 2014, and have confirmed that they fulfil the independence criteria as specified under section 149(6) of the Act, and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Further, the Board after taking these declarations / disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

F.) Familiarisation Programmes for Board Members

Senior management personnel of the Company make presentations to the Board Members on a periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives, etc., and seek their opinions and suggestions on the same.

In addition, the Directors are briefed on their specific responsibilities and duties that may arise from time to time. Any new Director who joins the Board is presented with a brief background of the Company, its operations and is informed of the important policies of the Company including the Code of Conduct for Directors and Senior Management Personnel, Code of Conduct, Policy on Related Party Transactions, Policy on Remuneration, Whistle blower policy, Risk Management Policy, Policy on Anti-Corruption and Anti-Bribery, Policy on Prevention of Sexual Harassment and Corporate Social Responsibility policy.

The Statutory Auditors, Internal Auditors and Senior Management of the Company make presentations to the Board of Directors with regard to regulatory changes from time to time while approving the Financial Results.

G.) Number of Meetings of the Board

The Board met 5 (five) times during the financial year 2020-21 on 20th May 2020; 21st July 2020; 21st September 2020; 20th October 2020 & 20th January 2021. The maximum interval between any two meetings did not exceed 120 days. The details of board meetings and the attendance of the Directors are provided in the Corporate Governance Report which forms part of this Report.

14. 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.

15. 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.

16. INTERNAL FINANCIAL CONTROLS

Internal financial control over financial reporting have been designed to provide reasonable assurance with regards to recording and providing reliable financial information and complying with applicable accounting standards. These controls are reviewed periodically, and the Company continuously tries to automate these controls to increase its reliability. 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.

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 has a well-defined and documented delegation of authority with specified limits for approval of expenditure, both capital and revenue. The Company has workflows to ensure adherence to the delegation of authority. The Company has a commercial manual which lays down certain principles and procedures that are to be followed in commercial & purchase contracts transactions across the Company. The SSC verifies the compliance to commercial manual before clearing the payments.

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.

17. 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 under section 141 of the Act 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, a confirmation eligibility and willingness to act as Secretarial Auditor of Company has been received from M/s Vinod Kothari & Company to conduct Secretarial Audit for FY 2021-22. The Audit Committee recommends to the Board their appointment for FY 2021-22.

Pursuant to provision of Section 204 of Companies Act 2013 and Companies (Appointment and Remuneration of Managerial Person) Rules 2014, the Company had appointed M/s Chandrasekaran Associates to undertake the Company's Secretarial Audit for FY 2020-21.

The Report of the Secretarial Audit for FY 21 in Form MR-3 is annexed herewith as Annexure B. With regard to remarks contained in the Secretarial Auditors' Report, your Directors' wish to respond/ state as under:

(i) Composition of the Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Audit

Committee were not in compliance in the terms of section 135, 177 and 178 of the Act, respectively. Each Committee falls short by one Non-Executive Independent Director for a period of two days started from July 30, 2020 till July 31, 2020, due to delay in appointment of requisite number of Independent directors on the board and committee(s) thereof at the place of the existing Independent directors on the board and committee(s) thereof whose final term as Independent directors was expired with the closure of business hours of July 29, 2020.

Response:

The Company has complied with the requirement of provision of Section 135, 177 and 178 w.e.f. 1st August 2020.

(ii) As per regulation 52(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 annual audited financial results shall be submitted along with the annual audit report and in case of audit reports with unmodified opinion, the listed entity shall furnish a declaration to that effect or in case of audit reports with a modified opinion a statement of Impact of Audit Qualifications shall be furnished by the company to the Stock Exchange while publishing the annual audited financial results, however the company had not furnished the said declaration/ statement while publishing the audited financial results for the half-year ended on March 31, 2020.

Response

Noted for compliance.

(C) COST AUDITOR

Pursuant to provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors of your Company have on the recommendation of the Audit Committee, M/s R J Goel & Co., Cost Accountants as Cost Auditors, to conduct the cost audit of your Company for the financial year ending 31st March 2022, at a remuneration as mentioned in the Notice convening the Annual General Meeting. As required under the Act, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking member's ratification for the remuneration payable to Cost Auditors forms part of the Notice of the ensuing Annual General Meeting.

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 2021-22. The Audit Committee recommends to the Board their re-appointment for the year 2021-2022.

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.

18. 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.

19. EMPLOYEE INFORMATION AND RELATED DISCLOSURES

The statement containing particulars of employees as required under Section 197 of the Act read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

20. 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.

21. EXTRACT OF ANNUAL RETURN

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

22. ANNUAL RETURN

Annual Return in Form MGT-7 is available on the Company's website, the web link for the same is http://www.balcoindia.com/media-corner/whats_new/

23. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (hereinafter referred to as "Prevention of Sexual Harassment Act"), the Company has formulated a Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition, and redressal of sexual harassment at workplace and an Internal Complaints Committees has also been set up to redress any such complaints received.

The Company is committed to providing a safe and conducive work environment to all of its employees and associates. The Company periodically conducts sessions for employees across the organization to build awareness about the Policy and the provisions of Prevention of Sexual Harassment Act.

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.

Complaints of sexual harassment received during the financial year 2020-21 by the Company were investigated in accordance with the procedures prescribed and adequate steps were taken to resolve them. 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	Nil
Number of complaints disposed off during the year	Nil
Number of cases pending as on the end of the financial year	Nil

24. 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. All the related party transactions entered into by the Company were in ordinary course of business and at arm's length. 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.

25. VIGIL MECHANISM

The Company has established a robust Vigil Mechanism and a Whistle-blower policy in accordance with provisions of the Act. 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.

26. BOARD EVALUATION

The Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process and it covers various aspects of the Board functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgement, governance issues etc. A structured questionnaire was circulated to the Board members in this connection.

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.

27. DEPOSIT

During the year under review, your Company has not accepted any 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 2021, there were no deposits which were unpaid or unclaimed and due for repayment.

28. 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.

29. COMMITTEES OF THE BOARD

Currently, there are three Board Committees – the Audit Committee, the 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. D. D. Jalan (Independent Director)
2. Mr. Arun Todarwal (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.

4 (Four) Audit Committee Meetings were held during the financial year ended 31st March 2021 and dates on which the Audit Committee Meetings were held are as follows.

20th May 2020; 21st July 2020; 20th October 2020 & 20th January 2021.

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 31st March 2021, the Nomination & Remuneration Committee comprised of the following Independent Directors & Non-Executive Directors.

1. Mr. D. D. Jalan (Independent Director)
2. Mr. Arun Todarwal (Independent Director)
3. Mr. S K Roongta-Member (Non-Executive Director)

During the year FY 2020-21, Nomination & Remuneration Committee met 2(two) times i.e., on 20th May 2020 & 20th January 2021.

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 2nd 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, 2021, the Committee comprises of following Independent Director, Non-Executive and Executive Director: -

1\. Mr. Arun Todarwal (Independent Director)

2\. Mr. T. K. Chand (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 31st March 2021, 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 2020-21, CSR Committee met 1(one) time on 20th May,2020.

30. 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. Arun Todarwal: Independent Director. The other Members of the Committee for the Financial Year ending March 31, 2021 were Mr. T. K. Chand 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 2020-21 the Company has spent ₹ 47.42 crore under Section 135 of the Act on CSR activities,

31. CORPORATE SOCIAL RESPONSIBILITY PROJECTS

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.

CSR projects includes:

- **Skill Development**

  a) Balco provides vocational training to unemployed youth through "Vedanta Skill School". till date more 9000 youths have been trained and 172 in FY'21 and are working in different parts of the country and earning their livelihood.

- **Health**

  a) Project Arogya is a comprehensive health initiative covering a wide array of pertaining to health issues. In FY'21 5000 people were benefitted through OPD, 1689 through CLAP meetings focussed on maternal & child health and HIV. 12000 benefitted in HIV awareness week.

  b) Project Menstrual Health Management aims at awareness and capacity building programs focused on hygienic practices for menstrual protection. In FY'21 13000 plus people have been benefitted through door-to-door counselling, SHG meetings, Adolescent girls group meetings. Wall Painting on Menstrual health has been done in 29 villages and this year IEC material was launched by Mr Abhijit Pati- CEO & Director, BALCO and Sanitary Napkin manufacturing unit was inaugurated by Mr Rahul Sharma- Deputy CEO, Aluminium Business.

- **Agri-based Livelihood**

  a) Project Land & Water management 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 803 acres of land under secured irrigation and helped farmers to take second and third crops.

  b) 435 acres of land under SRI, 194 acres under SWI and 110 acres under Vegetable cultivation benefitting 797 farmers in FY'21.

- **Women Empowerment**

  a) Empowering women through Self Help Group (SHG) under Project 'Unnati'- 393 SHG's are formed and doing the regular saving and are gradually being linked to income generation activities. 1510 SHG women have been linked to income generation activities like mushroom cultivation, art and crafts, textile etc.

- **Education & Employee Volunteerism**

  a) Project Connect was initiated to provide after school support to students from nearby communities. In FY'21 200 students were benefitted. Online Shiksha application and You Tube channel was launched.

  Sessions organized in FY'21.

  1. "CSR and Employee volunteering" conducted by Mr Dinesh Aggarwal- Formal NTPC National CSR Head with participation of 50 plus employees.
  2. "Advantages of Employee Volunteering to Employees, Company & Community" was delivered by Dr Satyendra C Pandey, faculty at Institute of Rural Management, Anand, Gujarat.

- Award: Our CSR initiative received Green Tech CSR Award'2020 for Women Empowerment, Commendation Certificate from CII-ITC sustainability award'2020, Mahatma Award for CSR'2020

32. 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.

33. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION AND CHANGE IN NATURE OF 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, 2021 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, 2021.

34. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company does not have any Subsidiary, Associate and Joint Venture Company.

35. DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

There is no difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions.

36. 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
- There were no applications made or any proceedings pending against the Company under the Insolvency and Bankruptcy Code, 2016 during the year

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 of Directors would also like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, government and regulatory authorities, customers, vendors, members, and debenture holders during the year under review. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth.

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

For and on behalf of the Board of Directors

	Sd/- **SK Roongta** (DIN-00309302)	Sd/- **Abhijit Pati** (DIN-00227980)
Dated: 22nd April 2021	(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 13458 Kwh/Mt in March 2021. Balco Pot line 1 is benchmark (13458 KWH/Mt – March 2021) in India and is in top decile across all World class Smelters

  Key Projects-

  - 100% graphitised pots installation-92 no in FY21
  - Installation on new design of cathodes – achieved DC power consumption – 12600 Kwh/Mt. Optimisation ongoing in these pots to reduce energy consumption further
  - Reduction of Aux power consumption by 7 Kwh/Mt by use modification of breakers in pot line 2

- Reduction in Auxiliary power consumption from 8.14% (FY19-20) to 8.04% (FY20-21) (Lowest ever) due to following initiatives:

  Key Projects-

  - CEP VFD installation in 540MW
  - CW Pipeline interconnection in 540MW
  - One CW Pump operation in 1200 MW & 540MW
  - Compressor Running Hours Reduction in CPP540MW
  - APH seals adjustment
  - Online fabric filter replacement
  - Cooling tower fan blade replacement from FRP to enhanced aerodynamic FRP blade in one fan of 540MW.
  - Cooling Tower fans blade replacement from GRP to FRP.

- Reduction in Specific Energy consumption in Cast houses from 77 Kwh/Mt (FY 20) to 66 Kwh/Mt (FY21) by following initiatives:

  - Closed loop designed and new pipeline laid from heat exchanger from wire rod mill to cooling Tower - saving 8 Kwh/Mt
  - Reduction in compressed air consumption - saving 3 Kwh/Mt

- Reduction of RCW power consumption by implementation closed loop system of RP/ CH-1 from 12.51MW/day to 7.8MW/day net savings of 4.6 Mwh /day
- Rodding Straightening of stub bend rod through cold straightening -Saving:1.5 Mwh/day
- Reduction in HFO consumption from 51 L/Mt in FY20 to 45.7L/Mt in Bake-oven
- Energy saving through LED replacement by conventional light 41Kwh/Day
- Reduction in specific energy consumption from 44 KWH/MT in FY 19-20 to 23.39 Kwh/Mt in FY 20-21 in CH-1

  - VFD Installation in recirculating pump
  - Installation of motion sensor in MCC rooms
  - Reduction in cycle time of annealing furnace

- Sow ingot facility development in CH1 and throughput increment from 3000 MT/Month to 5000MT/month saving of 2MWH per day of energy
- CH -Throughput and volume increment of alloy ingot from 4500 MT per month to 6000MT/Month
- CH-Reduction in specific HFO consumption in FY 19-20 –from 34 to 14 Ltr/Mt in FY 20-21
- Reduction in Specific Coal Consumption from 688 gms/kWh to 682 gms/kWh (Lowest Ever) due to following initiatives:

- Condenser Tube Cleaning & Replacement
- CT fills Cleaning & Nozzle Orientation
- Turbine Seal Replacement in CPP540 U#4
- APH Basket & Seal Replacement
- Reduction in DM water consumption (CPP 900MW Lowest ever DM water consumption of 0.41%)

◆ Reduction in Specific Oil Consumption from 0.20 ml/kWh to 0.188 ml/kWh (Lowest Ever) due to following initiatives:

- Oil gun nozzle blocking
- Taking mill in service before unit synchronisation
- Light up to synchronization time reduction

◆ Boiler reliability improvement:

- Engagement of Global expert Mr. Siva Raman
- Boiler tube chemical cleaning in 540MW unit#3
- Penthouse sealing
- Health assessment of 540MW unit#4 Boiler tubes

(b) Additional Investment:

◆ Installation of 92 nos. of energy savings cathodes with investment of ₹ 115 Cr

◆ VFD installation in CEP

Recognition and system implementation for energy Improvements.

◆ "Excellent Energy Efficient Unit Award - Metal Sector" by CII- for Energy conservation

◆ Most Innovative Project Award -Metal Sector by CII - "For Graphitized Cathode with copper insert collector bar design"

Excludes capitalised quantity

SL No.	Particular	Unit	2020-21	2019-20
1	**Hot Metal**			
i	Electricity	Kwh	13,769	13,949
2	**Propenzi Rod (Including Alloy Rods)**			
i	Electricity	Kwh	145	125.78
ii	Funance Oil	Ltr	5	4.78
3	**Ingots**			
i	Electricity	Kwh	36	41.92
ii	Funance Oil	Ltr	6	7.10
4	**Rolled Product**			
i	Electricity	Kwh	912	851.60
ii	Funance Oil	Ltr	94	84.82

SL No.	Particular	Unit	2020-21	2019-20
1	**Electricity: Own Generation**			
	Units	M. KWH	10,913	10,985
	Total Amount	Rs in Crs	2,423	2,847
	Average Rate	Rs/KWH	2	2.59
2	**Coal (Used in Boiler House)**			
	Quantity	MT	79,87,409	76,13,465
	Total Amount	Rs in Crs	2,046	2,535
	Average Rate	Rs/MT	2,562	3,330
3	**Furnace Oil & Light Diesel Oil**			
	Quantity	KL	22,843	25,326
	Total Amount	Rs in Crs	72	91
	Average Rate	Rs/KL	31,721	36,198

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 14754 mt. through outside party. MT SPL dispatched to Greenmec technology in FY21
- Potline 2 survival after 5.5 hrs. power outage with focused & dedicated approach
- Online welding of anode beam joining plates.
- Online welding and box up of pot risers without power outage
- RP- Ramp up of HRC production from 250 MT/ month to 1000 MT/month
- RP -Reduction in internal rejection to 1.5% from 5.69%
- RP-Reduction in Foundry slab rejection from 0.97 % to 0.85
- P1020 T Ingot export grade
- HRC Segment Alloy 19700 in O temper

b) Benefits derived as result of R&D:

- Benefit due to installation of 92 energy saving cathodes – ₹ 12 Cr in FY21 approximately
- New/Lost customer added in wire Rod segments: Polycab, Vidya Metal, UCL, KEI, Toshiba, KEC, Transrail, Sashi cables- 28000 MT sold till FY21. $2.8 Mn gained over EC ingot
- EC wire rod conductivity increased from 61.5% (FY20) to 61.8% (FY21)
- Reduction in Normal EC Wire rod generation from 16% (FY20) to 8% (FY21). Major reduction in Dumble entanglement from 9.5 % (FY20) to 2% (FY 21). Last 7 months it is less than 0.5%
- Reduction in Boron consumption from 1.28 KG/MT (FY20) to 1 KG/MT (FY21). Savings 60 lakhs in FY21
- Reduction in Wire rod rejection from 1.84% (FY20) to 0.51 %(FY21), Savings 35 lakhs in FY21
- Alloy ingot rejection reduced from 2.24% (FY20) to 1.30 % (FY21) in CH1. Savings 10 lakhs in FY21

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. Capex - $10 Mn, Savings- $5 Mn/annum. Payback- 1.8 years
- Fully graphitized 115 pots relining planned in FY22 – Reduction of specific power consumption
- 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 Sumitomo, RuC (Cobex) to achieve specific DC power consumption less than 12500 Kwh/MT
- Increase Anode height 600 to 620 mm- savings in logistic for one day
- Increase in pot line current by 5 KA – Increase in Metal production
- Online roof top emission monitoring device installation-fluoride emission monitoring to reduce emission and reduction in Alf3 consumption
- New coiler to be procured of larger diameter to ramp up speed from 12 Mt/hr to 15 Mt/hr. Investment required -4 crore in both wire rod mill
- Installation and commissioning of new Mill to produce T4 wire rod in CH1 RP-Modernization of PHFC – 2
- Replacement of FF bags in 1200MW
- CW Interconnection in 1200MW
- 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 21	FY 20
Capital Expenditure	-	-
Recurring Expenses	1.37	0.32
Total Expenditure	1.37	0.32
R&D Expenditure as a % of total turnover	0.01%	0.004%

e.) Technology absorption, adaptation, and innovation

i. Efforts made for technology absorption.

- Installation on new design of cathodes – Ruc- achieved DC power consumption– 12600 Kwh/Mt
- Online welding of anode beam joining plates
- Online welding and box up of pot risers without power outage
- Condenser Tube Coating in 540MW
- Turbine forced cooling in 1200 MW

ii. Benefits derived like product improvement, cost reduction, product development or import substitution:

- Reduction in station heat rate by 20 kCal/kWh (from 2476 kCal/kWh in FY20 to 2426 kCal/kWh in FY21)
- Reduction in APC from 8.14% in FY20 to 8.06% in FY21
- Power cost reduction by 4 $/T from Station heat rate and APC

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable.

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 2020-21 is as below:

Foreign exchange earnings: ₹ 3,108 Cr.

Foreign exchange outflow: ₹ 2,149 Cr.

Annexure B:

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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, 2021 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, 2021 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; Applicable till July 30,2020*

(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:

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

2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Applicable till July 30,2020*

*During the period under review, compliances of the regulations enumerated in sub clauses (c) of clause (v) and Clause (2) mentioned above were required to comply by the company till the closure of business hours of July 30, 2020. Since the Debentures of the Company were redeemed w.e.f. July 30, 2020.

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:

(i) Composition of the Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Audit Committee were not in compliance in the terms of section 135, 177 and 178 of the Act, respectively. Each Committee falls short by one Non-Executive Independent Director for a period of two days started from July 30, 2020 till July 31, 2020, due to delay in appointment of requisite number of Independent directors on the board and committee(s) thereof at the place of the existing Independent directors on the board and committee(s) thereof whose final term as Independent directors was expired with the closure of business hours of July 29, 2020.

(ii) As per regulation 52(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 annual audited financial results shall be submitted along with the annual audit report and in case of audit reports with unmodified opinion, the listed entity shall furnish a declaration to that effect or in case of audit reports with a modified opinion a statement of Impact of Audit Qualifications shall be furnished by the company to the Stock Exchange while publishing the annual audited financial results however the company had not furnished the said declaration/ statement while publishing the audited financial results for the half-year ended on March 31, 2020.

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 except that with regard to the requirement of having at least one half of the Board of Directors comprising of Independent Directors in terms of section 149 of the Act. The company falls short by one Independent Director for a period of two days started from July 30, 2020 till July 31, 2020. 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, following specific event/ action took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

(i) The company has redeemed its Non-convertible Debentures of Rs. 300 crores during the period under review.

For Chandrasekaran Associates
Company Secretaries

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

Date:
Place: Delhi

Notes:

i. 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.

ii. Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers, and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before March 31, 2021 pertaining to Financial Year 2020-21.

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:
Place: Delhi

Annexure C:

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief Outline on the CSR Policy of the Company

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

2. The composition of CSR Committee is as under:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year. (20th May 2020)	Number of meetings of CSR Committee attended during the year (20th May 2020)
1	Mr. Arun Todarwal*	Chairman, ID & Non-Executive Director	-	-
2	Mr. S.K. Roongta	Non-Executive Director	1	1
3	Mr. Abhijit Pati	CEO & WTD	1	1
4	Mr. T K Chand**	ID & Non-Executive Director	-	-

* Mr. Arun Todarwal was appointed as an Independent Director w.e.f. 1st August 2020.

** Mr. T. K. Chand Directorship was appointed as an Independent Director w.e.f. 8th December 2020.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

http://www.balcoindia.com/CSR

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

NA

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹ Cr)	Amount required to be setoff for the financial year, if any (in ₹)
1	2021-22	46.72	-
2	2022-23		
3	2023-24		
	TOTAL	**46.72**	

6. Average net profit of the company as per section 135(5): ₹ 78.39 Cr.

7. a. Two percent of average net profit of the company as per section 135(5): ₹ 1.57 Cr.

b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

c. Amount required to be set off for the financial year, if any: NIL

d. Total CSR obligation for the financial year (7a+7b-7c): ₹ 1.57 Cr

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs. Cr.)	Amount Unspent (in ₹ Cr.)				
	Total Amount transferred to		Amount transferred to any fund specified under Schedule VII as per second proviso to		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
48.32	0	0	NA	0	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementa tion - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District.						Name	CSR Registration number.
1	Project Menstrual Health Management	(i)	Yes	C.G.	Korba	2	0.70	0.43	NIL	No	Sarthak jan Vikas Sansthan	CSR00001813
2	Project Arogya	(i)	Yes	C.G	Korba	2	0.79	0.27	NIL	No	Social Revival group of Urban, Rural and Tribal	CSR00001960
3	Project Unnati	(iii)	Yes	C.G	Korba, Kawardha Mainpat	5	0.90	0.55	NIL	No	Drishtee Foundation	CSR00000958
4	Project land & Water Management	(ii)	Yes	C.G	Korba	5	0.65	0.60	NIL	No	AFPRO	CSR00000747

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	**Name of the Project.**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/ No).**	**Location of the project.**		**Project duration.**	**Amount allocated for the project (in Rs.).**	**Amount spent in the current financial Year (in Rs.).**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).**	**Mode of Implementa tion - Direct (Yes/No).**	**Mode of Implementation - Through Implementing Agency**	
				State	**District.**						**Name**	**CSR Registration number.**
5	Vedanta Skill School	(ii)	Yes	C.G	Korba, Kawardha Mainpat	11	0.65	0.40	NIL	No	Learnet Skills Limited	Not Applicable
6	Project Connect	(ii)	Yes	C.G	Korba	5	0.18	0.10	NIL	No	Sarthak jan Vikas Sansthan	CSR00001813
7	Support to school	(ii)	Yes	C.G	Korba, Kawardha, Mainpat	6	0.30	0.10	NIL	Yes	-	-
8	Sulabh Shauchalya	(i)	Yes	C.G	Korba	6	0.04	0.04	NIL	Yes	-	-
9	BALCO Medical Center	(i)	Yes	C.G	Raipur	12	72.00	44.05	NIL	Yes	-	-
	TOTAL						**76.21**	**46.54**			-	-

(c) Details of CSR amount spent against other than ongoing projects for the financial year: ₹ 0.88 Cr

1	2	3	4	5		6	7	8	
Sl. No.	**Name of the Project.**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/ No).**	**Location of the project.**		**Amount Spent for the project (in Rs. Cr.)**	**Mode of Implementation - Direct (Yes/ No).**	**Mode of Implementation - Through Implementing Agency**	
				State	**District.**			**Name**	**CSR Registration number.**
1	Covid Relief	(Xii)	Yes	Chhattisgarh	Korba	0.43	Yes	-	-
2	Project Unnati Freash	(ii)	Yes	Chhattisgarh	Korba	0.06	No	KKUPCL	In Process
3	Rural HealthPost, Mines	(i)	Yes	Chhattisgarh	Kawardha, Mainpat & Chotia	-	Yes	-	-
4	Watershed Project With NAB	(iv)	Yes	Chhattisgarh	Korba	-	-	-	-
5	Project Mamta	(i)	Yes	Chhattisgarh	Kawardha, Mainpat	0.04	No	MSSVP	In Process
6	Agricultural Project, Mines	(ii)	Yes	Chhattisgarh	Mainpat	0.00	No	MSSVP	In Process
7	Child care center	(iii)	Yes	Chhattisgarh	Korba	-	Yes	-	-
8	Infrastructure	(x)	Yes	Chhattisgarh	Korba, Kawardha, Mainpat, Chotia	0.28	Yes	-	-
9	Drinking Water	(i)	Yes	Chhattisgarh	Chotia	0.06	Yes	-	-
	TOTAL					**0.88**			

(d) Amount spent in Administrative Overheads (Rs. In Cr.): ₹ 0.90 Cr

(e) Amount spent on Impact Assessment if applicable: NIL

(f) Total amount spent for the Financial Year(8b+8c+8d+8e): ₹ 48.32 Cr

(g) Excess amount for set off, if any

Sl. No.	Particular	₹ in Cr.
(i)	Two percent of average net profit of the company as per section 135(5)	1.60
(ii)	Total amount spent for the Financial Year	48.32
(iii)	Excess amount spent for the financial year [(ii)-(i)]	46.72
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	46.72

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspend CSR Account Under	Amount Spent in the reporting Financial year	Amount Unspent (in ₹ Cr.)			Amount remaining to be spent in Succeeding
				Name of the fund	Amount (in Rs.).	Date of transfer.	
1	2019-20	NA	NA	NA	NA	NA	NA
2	2018-19	NA	NA	NA	NA	NA	NA
3	2017-18	NA	NA	NA	NA	NA	NA
	Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID.	Name of the Project.	Financial Year In which the Project was Commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting financial year. (in Rs.)	Cumulative amount spent at the end of reporting Financial year. (in Rs.)	Status of the project- Completed / Ongoing.
1	NA	NA	NA	NA	NA	NA	NA	NA
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). **NIL**

(b) Amount of CSR spent for creation or acquisition of capital asset. **NIL**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **NIL**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **NA**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). NA

Sd/-
CEO & WTD

Sd/-
Chairman (CSR Committee)

Sd/-
[Person specified under clause (d) of sub-section (1) of section 380 of the Act] (Wherever applicable)

Date:

Annexure D:

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2021

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	8,409	87%
2	Power Generation & Transmission	35102	1,279	13%
	Total		**9,688**	**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 2020				No. of Shares held at the end of the year 31-March-2021				% 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					NIL				
c) Others (specify)									
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.	Shareholders Name	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.	Shareholders Name	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.

(₹ in Cr.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4043	255	-	4298
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	50	-		50
Total (i + ii+ iii)	**4093**	**255**	**-**	**4348**
Change in Indebtedness during the financial year				
Addition	300	0	-	300
Reduction	1310	255		1565
Net Change	**-1010**	**-255**	**-**	**-1265**
Indebtedness at the end of the financial year				
i) Principal Amount	3033	0		3033
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11	-	-	11
Total (i + ii+ iii)	**3045**	**0**	**0**	**3045**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Mr. Abhijit Pati CEO & WTD
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	317.07
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	34.02
2	Stock Option	-
3	Others, please specify	
	Total (A)	**351.09**
	Ceiling as per Act	915.70

B. REMUNERATION TO OTHER DIRECTORS

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	**Mr. R Kannan[1]**	**Mr. A R Narayanaswamy[1]**	**Mr. G S Kang[1]**	
	a) Fee for attending Board/ Committee meetings	2.00	1.50	1.25	4.75
	b) Commission	4.32	4.75	4.32	13.38
	Total (1)(i)	**6.30**	**6.25**	**5.57**	**18.13**
	Independent Directors	**Mr. D.D. Jalan[2]**	**Mr. Arun Todarwal[3]**	**Mr. T.K. Chand[4]**	
	a) Fee for attending Board/ Committee meetings	2.25	2.25	0.50	5.00
	b) Commission	9.69	8.74	4.10	22.53
	Total (1)(ii)	**11.94**	**10.99**	**4.60**	**27.53**
2	Other Non-Executive Directors	**Mr. S K Roongta**			
	Fee for attending Board/ Committee meetings	3.25	-	-	3.25
	b) Commission	16.00			16.00
	Others, please specify	-	-	-	-
	Total (2)	**19.25**	**-**	**-**	**19.25**
	Total Managerial Remuneration				45.65
	Overall Ceiling as per the Act	NA	NA	NA	NA

[1]Mr. R. Kannan; Mr. A R Narayanaswamy & Mr. G S Kang ceased to be a Non-executive Independent Director of the Company w.e.f. 29th July 2020.
[2]Mr. D.D. Jalan was appointed as an Independent Directors w.e.f. 30th July 2020.
[3]Mr. Arun Todarwal was appointed as an Independent Director w.e.f. 1st August 2020.
[4]Mr. T. K. Chand Directorship was appointed as an Independent Director w.e.f. 8th December 2020.

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 Ex-CFO (till 20th May 20)	Mr. Sandeep Modi Ex-CFO (till 20th Jan 21)	Mr. Rahul Roongta CFO (w.e.f 21st Jan 21	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	9.09	75.95	11.62	26.64	123.30
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.01	6.76	0.44	1.81	10.02
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option		3.82		2.26	6.08
	Total	**10.14**	**86.54**	**12.06**	**30.72**	**139.46**

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. 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.

REPORT ON CORPORATE GOVERNANCE

Company's Governance Philosophy

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. Corporate Governance is about meeting our strategic goals responsibly and transparently, while being accountable to our stakeholders. The Company is equipped with a robust framework of corporate governance that considers the long-term interest of every stakeholder as we operate with a commitment to integrity, fairness, equity, transparency, accountability, and commitment to values.

Our Corporate Governance reflects the values, vision, mission and seven pillars of the Company. To perpetually ensure utmost trust and confidence of our stakeholders in us, transparency, accountability, excellence, veracity, safety, and professionalism form an integral part of our functioning and practices. The Company believes that sustainable and long-term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of society, building of environmental balances and significant contribution in economic growth.

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. At Bharat Aluminium Company Limited, we are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with applicable legislation. We acknowledge our individual and collective responsibilities to manage our business activities with integrity.

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.

Compliance with Corporate Governance Guidelines

The Company has adopted and evolved various practices of governance conforming to utmost ethical and responsible standards of business. These practices reflect the way business is conducted and value is generated.

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 along with its Committees provides leadership and guidance to the Company's management and supervises the Company's performance. The Board of Directors have the ultimate responsibility of ensuring effective management, long term business strategy, general affairs, performance and monitoring the effectiveness of the Company's corporate governance practices.

The Directors on the Board are professionals, having expertise in their respective functional areas and bring an extensive range of skills and experience to the Board. The Board has an unfettered and complete access to any information within your Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the Meeting with the permission of the Chairperson.

The composition and category of the Board of Directors is as follows:

The Company has a balanced Board with optimum combination of Executive and Non-Executive Directors, including independent professionals, which plays a crucial role in Board processes and provides independent judgement on issues of strategy and performance.

The Board currently comprises of 9 (nine) Directors out of which, 2 (two) are Non-Executive, Non-Independent Directors, 1(one) Executive & whole Time Director, 3(three) GOI Nominee Director and remaining 3 (three) are Independent Directors. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under Section 149 of the Act. The present strength of the Board reflects judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company.

None of the Directors on the Company's Board is a Member of more than 10 (ten) Committees and Chairman of more than 5 (five) Committees (Committees being, Audit Committee and Stakeholders' Relationship Committee) across all the companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than 10 (ten) public companies as on March 31, 2021.

Director's Profile:

Brief resume of the Directors, nature of their expertise in specific functional areas and name of Companies in which they hold Directorship, and the membership of the Committees of the Board can be viewed on the Company's website at http://www.balcoindia.com/about-us/team/.

Chairman and other Key Managerial Personnel (KMP's)

The Chairman's principal responsibility is for the effective running of the Board by acting as the leader of the Board and by presiding over the meetings of the Board and the shareholders.

The roles of the Chairman of the Board and the Chief Executive Officer (CEO) have a clear division of responsibilities and duties as the positions are held by separate individuals. Apart from this, the Company also has a separately designated Chief Financial Officer and Company Secretary.

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

Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board businesses. The Board / Committee Meetings are pre-scheduled, and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The notice of Board / Committee Meetings is given well in advance to all the Directors.

Board Meetings are governed by structured agenda. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Company Secretary in consultation with the Senior Management prepares the detailed agenda for the meetings.

Agenda papers and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information's are being circulated along with Agenda papers for facilitating meaningful and focused discussions at the meeting.

Detailed presentations are made at the Board / Committee meetings covering finance and operations of the Company, global business environment, all business areas of the Company including business opportunities, business strategy and the risk management practices before taking on record the quarterly / half yearly / annual financial results of the Company. The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

Number of Board Meetings

Five (5) Board meetings were held during the financial year as against the statutory requirement of four meeting. 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	Board Strength	No of Directors present
20th May 2020	9	8
21st July 2020	9	8
21st September 2020	8	8
20th October 2020	8	7
20th January 2021	9	9

Attendance and Directorships Held

Composition of the Board, other Directorship(s)/Committee Membership(s)/ Chairmanship(s) as on 31st March 2021 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 2020-21		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	5	5	No	9	3	10
2	Mr. Tarun Jain	NED	None	00006843	5	5	No	1	1	6
3	Mr. Abhijit Pati	ED	None	08457230	5	5	Yes	1	-	-
4	Mr.R Kannan[1]	ID & NED	None	0227980	2	2	No	6	-	-
5	Mr. G S Kang[1]	ID & NED	None	02818868	2	2	No	-	-	-
6	Mr. A R Narayanaswamy[1]	ID & NED	None	00818169	2	2	No	4	-	-
7	Ms. Reena Sinha Puri	ND	None	07753040	2	0	No	-	-	-
8	Mr. Alok Chandra	ND	None	06929789	5	5	No	2	-	-
9	Mr. Amit Saran	ND	None	08334094	2	2	No	-	-	-
10	Mr. D.D.Jalan[2]	ID & NED	None	00006882	3	3	Yes	4	2	7
11	Mr. Arun Todarwal[3]	ID & NED	None	00020916	3	3	Yes	6	13	7
12	Mr.T.K. Chand[4]	ID & NED	None	01710900	1	1	No	1	-	1
13	Mr. Mustaq Ahmad[5]	ND	None	08630622	3	3	No	1	-	-
14	Ms. Yatinder Prasad[6]	ND	None	08564506	3	2	No	3	-	-

ID : Independent Director, NED: Non-Executive Director, ND : Govt. Nominee Director

Excluding Private Limited Companies, Foreign Companies, Section 8 Companies & alternate Directorship

@ Considered Audit Committee, NRC Committee, Stakeholder Relationship, Risk Management & Finance Standing Committee Balco

1. Ceased as Independent Director on completion of 2nd term of appointment on 29th July 2020

2. Mr. D D Jalan was appointed as an Independent Director w.e.f. 30th July 2020.

3. Mr. Arun Todarwal was appointed as an Independent Director w.e.f. 1st August 2020.

4. Mr T K Chand was appointed as an Independent Director w.e.f. 8th December 2020.

5 Mr. Mustaq Ahmad was appointed as Gov. Nominee Director in place of Mr Amit Saran w.e.f 20th August

6 Ms. Yatinder Prasad was appointed as Gov. Nominee Director in place of Ms. Reena Sinha Puri w.e.f 5th August

Flow of information 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.

For FY 2021, 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 2021

(₹ Lakhs)

Name	Category	Sitting Fees Paid	Commission Paid	Total Payment paid/payable
Mr. S K Roongta	NED	3.25	16.00	19.25
Mr. Tarun Jain	NED	-	13.13	13.13
Mr. R Kannan[1]	ID & NED	2.00	4.32	6.32
Mr. A R Narayanaswamy[1]	ID & NED	1.50	4.75	6.25
Mr. G S Kang[1]	ID & NED	1.25	4.32	5.57
Mr. D.D. Jalan[2]	ID & NED	2.25	9.69	11.94
Mr. Arun Todarwal[3]	ID & NED	2.25	8.74	10.99
Mr. T. K. Chand[4]	ID & NED	0.50	4.10	4.60

For FY 2021, the total remuneration is as shown in Table 2A and Table 2B.

1. Ceased as Independent Director on completion of 2nd term of appointment on 29th July 2020.
2. Mr. D D Jalan was appointed as an Independent Director w.e.f. 30th July 2020.
3. Mr. Arun Todarwal was appointed as an Independent Director w.e.f. 1st August 2020.
4. Mr. T K Chand was appointed as an Independent Director w.e.f. 8th Dec 2020.

Table 2 B: Remuneration paid to Executive Director for FY 2021

(₹ In Lakhs)

Name of Director	Category	Salary, perquisite & other	Stock Option	Total
Mr. Abhijit Pati	CEO & WTD	351	-	351

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 2020-21, 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.

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

Independent Directors play a crucial role in ensuring an efficient and transparent work environment, hence all the Independent Directors of the Company separately met once during the financial year 2020-21 without the presence of any of non-independent directors and/or any of the members of the management on 23rd March 2021 without the presence of Non- Independent Directors and members of the management inter alia to discuss:

- Evaluate the performance of Non-Independent Directors and the Board of Directors as a whole
- Evaluate the performance of the Chairman, taking into account the views of Executive and Non-Executive Directors

The Independent Directors expressed satisfaction with the overall performance of the Directors and the Board as a whole. Inputs and suggestions received from the Directors were considered at the Board meeting and have been implemented.

Director's Induction and Familiarisation

Your Company has in place, a systematic and structured programme for an edifying orientation and training of its newly inducted Directors in order to provide them with an insight about the Company's business operations and organisational conduct. The program further safeguards regular updates to the existing Directors on the significant changes, in turn, ensuring timely and informed decision-making.

The Board familiarization program consists of detailed induction for all new Independent Directors when they join the Board of Directors of the Company and ongoing immersion sessions on business strategic, operational and functional matters.

In Board meetings, immersion sessions on business strategy, operational and functional matters provide good insights on the businesses carried on by the Company to the Independent Directors. To make these sessions more productive, all the documents required and/or sought by them to have a good understanding of Company's operations, businesses and the industry as a whole are provided in advance. Further, they are periodically updated on material changes in regulatory framework and its impact on the Company.

Director Retiring by Rotation

In accordance with the provisions of Act and the Articles of Association of the Company, Mr. Tarun Jain (DIN- 00006843) 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 regulations, which concern the Company and need a closer review.

The Chairman of the respective Committee(s) brief 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 Committees can request special invitees to join the meeting, as and when appropriate.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

The Board has constituted following Committees of Directors to deal with matters and monitor the activities falling within the respective terms of reference: -

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 20th May 2020, 21st July 2020, 20th October 2020, and 20th January 2021. 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[1]	Ex. Chairman	ID & NED	2	2	50,000
Mr. A R Narayanaswamy[1]	Member	ID & NED	2	2	50,000
Mr. Tarun Jain	Member	NED	4	4	-
Mr. D. D. Jalan[2]	Chairman	NED	2	2	50,000
Mr. Arun Todarwal[3]	Member	NED	2	2	50,000

1. Ceased as Independent Director on completion of 2nd term of appointment on 29th July 2020.
2. Mr. D D Jalan was appointed as an Independent Director w.e.f. 30th July 2020.
3. Mr. Arun Todarwal was appointed as an Independent Director w.e.f. 1st August 2020.
4. Mr. T K Chand was appointed as an Independent Director w.e.f. 8th Dec 2020.

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 of the following members:

Mr. Arun Todarwal* - Chairman
Mr. S K Roongta - Member
Mr. Abhijit Pati - Member
Mr T.K. Chand# - Member

* The Board appointed Mr. Arun Todarwal as the Chairman of the Corporate Social responsibility Committee on 1st August 2020 as Mr. R Kannan the then Chairman of the Corporate Social responsibility Committee ceased to be a director of the Company on 29th July 2020.

The Board inducted Mr. T K Chand as a member of the Corporate Social responsibility Committee on 8th Dec 2020.

The terms of reference of Corporate Social Responsibility Committee broadly comprises of following:

(a) Formulate and Recommendation of CSR Policy to the Board indicating the activities to be undertaken by the Company as specified in Schedule VII of Companies Act, 2013.

(b) Recommend the amount of expenditure to be incurred on the activities referred to in clause(a).

(c) Provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The detailed terms of reference of the Corporate Social Responsibility Committee are 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 2021, the Committee met on 20th May 2020.

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[1]	Chairman	ID & NED	1	1	25,000
Mr. S K Roongta	Member	NED	1	1	25,000
Mr. Abhijit Pati	Member	WTD	1	1	-

1. Ceased as Independent Director on completion of 2nd term of appointment on 29th July 2020.

During the financial year, the Company has spent ₹ 48.32 Crore on CSR activities.

3. Nomination and Remuneration 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 two times on 20th May 2020 & 20th January 2021. 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[1]	Ex. Chairman	ID & NED	1	1	25,000
Mr. G. S. Kang[1]	Member	ID & NED	1	1	25,000
Mr. S K Roongta	Member	NED	2	2	50,000
Mr. D. D. Jalan[2]	Chairman	ID & NED	1	1	25,000
Mr. Arun Todarwal[3]	Member	ID & NED	1	1	25,000

1. Ceased as Independent Director on completion of 2nd term of appointment on 29th July 2020.
2. Mr. D D Jalan was appointed as an Independent Director w.e.f. 30th July 2020.
3. Mr. Arun Todarwal was appointed as an Independent Director w.e.f. 1st August 2020.

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

3. 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.

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.

Succession Planning:

The Company believes that sound succession plans for the Board members and senior leadership are very important for creating a robust future for the Company. The Nomination & Remuneration Committee plays a pivotal role in identifying successors to the members of the Senior Management.

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:

<table>
<tr><th>Financial Year ended on</th><th>Date</th><th>Time</th><th>Venue</th><th>Special Resolution passed</th></tr>
<tr><td>31st March 2020</td><td>26th August 2020</td><td rowspan="3">03:00 P.M.</td><td>Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") without the physical presence of the Members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 issued by Ministry. of Corporate Affairs (MCA Circulars).</td><td>-</td></tr>
<tr><td>31st March 2019</td><td>24th June 2019</td><td rowspan="2">Aluminium Sadan, Scope office Complex, Core-6,7 Lodhi Road, New Delhi-110003</td><td>-</td></tr>
<tr><td>31st March 2018</td><td>20th June 2018</td><td>Yes</td></tr>
</table>

The 55th Annual General Meeting of the members of the Company will be on Friday 17th Sep, 2021, through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM at 3:00 P.M.

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, entrepreneurship, 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 have 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 2021, 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 2021 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, 2021

		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**
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**

ANNEXURE-I CEO & CFO CERTIFICATION

We, Abhijit Pati, Chief Executive Officer & Whole Time Director and Rahul Roongta, 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

Rahul Roongta
Chief Financial Officer

Place: Gurugram
Date: 22nd April 2021

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 (Kabir Dham 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 2021, 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, 2021, its profit/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.

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.

Responsibility 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.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(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 27 & 41 to the Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 44 to the Ind AS financial statements.

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: 21055596AAAAAU6926
Place of Signature: Kolkata
Date: April 22, 2021

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 during the 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. Refer Note 4.1 to the Ind AS financial statements
- 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, in an earlier year, 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. Refer Note 4.3 to the Ind AS financial statements

(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) 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, 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, customs duty, 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, net of any deposit or adjusted against refunds, are as follows:

Name of Statute	Nature of Dues	Amount (Rs. in Crore)	Period to which the amount relates	Forum where the dispute is pending
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	AY 2002-03, AY 2004-05, AY 2007-08, AY 2009-10	Central Processing Center - Assessing Officer
Central Excise Act, 1956	Demand for Excise duty on extra credit availed on purchase of goods.	49.32	2009-10 to 2013-14	CESTAT, New Delhi
The Finance Act, 1994	Levy of Service Tax on recoveries made from customer on non lifting of electricity	11.54	FY 2013-2015	Directorate General of Goods and Services Tax Intelligence, Bhopal
The Finance Act, 1994	Levy of Service Tax on Liquidated Damages collected from transporters.	2.06	FY 2012- to FY 2015 & April 2015 to June 2017	Commissioner CGST and Central Excise, Raipur (Appeals)
Chhattisgarh VAT Act, 2003	Demand for various issues highlighted during the audit for FY 2011-12	3.88	2011-12	Commercial Tax Tribunal Raipur
Chhattisgarh VAT Act, 2003	VAT assessment order for the year 2014-15 - Amount disallowed for additional credit and credit on Capital goods	1.2	2014-15	Commercial Tax Tribunal Raipur
Goods and Service Tax Act, 2017	Demand due to difference in GSTR 2A & GSTR 3B	22.75	April 2018 to March 2019	Joint Commissioner , GST
Goods and Service Tax Act, 2017	Disallowance of refund of GST Compensation Cess on account of power supply to Township	2.25	January 2019, February 2019, November 2018, December 2018 and August 2019	Joint Commissioner , GST

Name of Statute	Nature of Dues	Amount (Rs. in Crore)	Period to which the amount relates	Forum where the dispute is pending
Goods and Service Tax Act, 2017	Demand due to availment of Input Tax credit on imported goods at the time of filling of bill of entry.	24.74	July'17 To Dec'20	DGGI BILASPUR
Goods and Service Tax Act, 2017	Irregular availment of benefit of exemption of integrated Tax & goods & service tax compensation cess under notification No. 79/2017 Dated 13.10.2017 Pre Import Condition	162.95	July 2017 to March 2019	Delhi High Court
Goods and Service Tax Act, 2017	Demand of interest against excess availment of ITC	0.04	Sept'2017	CGST Audit circle Jaipur
Goods and Service Tax Act, 2017	Regarding availment of ITC of goods purchased from Bogus vendor of Rajasthan	0.2	2018-19	Assistant commissioner state tax Korba
Chhattisgarh Entry Tax Act, 1976	Regarding entry tax on goods imported from outside the territory of India	15.2	Upto June 2017	Supreme Court of India
Chhattisgarh Entry Tax Act, 1976	Regarding challenging the legality and validity of the Assessment order passed by the Assistant Commissioner, Commercial Taxes, Korba for equipment which was purchased for the new industrial unit.	78.6	Upto June 2017	Chhattisgarh High Court
Chhattisgarh VAT Act, 2003	Excess grant of VAT ITR on inputs used for sale of power vis-à-vis on goods sent to branches outside	0.11	Not Available	Commercial Tax Tribunal, Raipur
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 certain such loans, 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 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 given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(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: 21055596AAAAAU6926
Place of Signature: Kolkata
Date: April 22, 2021

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, 2021 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, 2021, 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: 21055596AAAAAU6926
Place of Signature: Kolkata
Date: April 22, 2021

BALANCE SHEET

as at March 31, 2021

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipments	4	10,158.78	10,434.83
(b) Capital work-in-progress		104.83	66.91
(c) Intangible assets	5	0.96	1.20
(d) Financial assets			
(i) Trade receivables	6	212.79	217.95
(ii) Loans	7	0.20	0.34
(iii) Others	8	181.03	78.72
(e) Income tax assets (net)	39	18.20	25.89
(f) Deferred tax assets (net)	39	-	471.04
(g) Other assets	9	190.99	181.42
Total non-current assets		**10,867.78**	**11,478.30**
Current assets			
(a) Inventories	10	917.39	1,159.13
(b) Financial assets			
(i) Investments	11	1,024.46	250.03
(ii) Trade receivables	12	467.09	619.57
(iii) Cash and cash equivalents	13	108.97	163.98
(iv) Other bank balances	14	0.21	0.14
(v) Loans	15	1.00	1.61
(vi) Derivatives	44	1.41	81.24
(vii) Others	16	32.03	21.24
(c) Other assets	17	321.57	424.72
Total current assets		**2,874.13**	**2,721.66**
TOTAL ASSETS		**13,741.91**	**14,199.96**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	220.62	220.62
Other equity		4,731.55	3,727.50
Total Equity		**4,952.17**	**3,948.12**
Liabilities			
Non-current Liabilities			
(a) Financial liabilities			
(i) Borrowings	19	2,220.07	3,071.28
(ii) Derivatives	44	26.73	36.19
(iii) Others	20	-	0.17
(b) Provisions	21	179.29	191.53
(c) Deferred tax liabilities (net)	39	235.93	-
(d) Other liabilities	22	707.52	728.09
Total non-current liabilities		**3,369.54**	**4,027.26**
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	23	133.34	356.47
(ii) Operational buyers' credit/suppliers' credit	24	1,468.65	1,390.37
(iii) Trade payables			
a) Total outstanding dues of micro, small and medium enterprises	25	73.00	66.63
b) Total outstanding dues of creditors other than micro, small and medium enterprises	25	737.21	972.14
(iv) Derivatives	44	86.66	22.45
(v) Others	26	1,216.53	1,497.45
(b) Provisions	27	123.00	139.58
(c) Income tax liabilities (net)		2.30	0.07
(d) Other liabilities	28	1,579.51	1,779.42
Total current liabilities		**5,420.20**	**6,224.58**
TOTAL EQUITY AND LIABILITIES		**13,741.91**	**14,199.96**

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: April 22, 2021

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rahul Roongta
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: April 22, 2021

STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2021

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Income:			
Revenue from operations	29	9,687.92	8,746.54
Other operating income	30	95.51	111.95
Other income	31	79.44	62.54
Total income		**9,862.87**	**8,921.03**
Expenses:			
Cost of materials consumed		3,401.36	3,443.28
(Increase) /decrease in inventories of finished goods and work-in-progress	32	210.04	(82.75)
Power and fuel charges		2,347.38	3,104.16
Employee benefits expense	33	446.11	354.92
Finance costs	34	427.00	496.15
Depreciation and amortisation expense	35	478.36	489.74
Other expenses	36	880.46	1,321.10
Total expenses		**8,190.71**	**9,126.60**
Profit/(loss) before exceptional item and tax		**1,672.16**	**(205.57)**
Exceptional item- gain	37	(94.99)	-
Profit/(loss) before tax		**1,767.15**	**(205.57)**
Tax expense/(credit):	39		
On other than exceptional items:			
- Net deferred tax charge/(credit)		693.24	(88.07)
On exceptional items:			
- Net deferred tax charge		23.91	-
Net tax charge/(credit)		**717.15**	**(88.07)**
Profit/(loss) for the year		**1,050.00**	**(117.50)**
Other comprehensive income			
Item that will not be subsequently reclassified to profit or loss			
(a) Re-measurement gain/(loss) on defined benefit obligations	40	(1.34)	(37.85)
(b) Tax (charge)/credit	39	(6.63)	13.23
Item that will be subsequently reclassified to profit or loss:			
(a) Net gain/(loss) on cash flow hedges		(54.80)	43.49
(b) Tax (charge)/credit	39	16.82	(15.20)
Total other comprehensive income/(loss) for the year		**(45.95)**	**3.67**
Total comprehensive income/(loss) for the year		**1,004.05**	**(113.83)**
Earnings/(loss) per share (of ₹ 10/- each)	38		
Basic and Diluted (in ₹ per share)		47.59	(5.33)

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: April 22, 2021

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rahul Roongta
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: April 22, 2021

STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from operating activities		
Profit/(loss) before tax	1,767.15	(205.57)
Adjusted for :		
- Depreciation and amortisation expense	478.36	489.74
- Exceptional items	(94.99)	-
- Interest income	(39.63)	(31.22)
- Finance cost	412.25	489.33
- Profit on sale of current investments	(9.87)	(1.35)
- Gain on mark to market of investments	(3.40)	(0.03)
- Loss on sale/discard of property, plant and equipment (net)	8.09	10.75
- Unrealised net loss/(gain) on foreign currency transactions and translation	51.66	11.05
- Unclaimed liabilities written back (net)	(1.65)	(1.89)
- Deferred government grant	(20.57)	(20.57)
	780.25	**945.81**
Operating profit before changes in assets and liabilities	2,547.40	740.24
Adjusted for :		
- (Increase)/Decrease in trade receivables	157.65	(102.95)
- Decrease in inventories	241.74	211.29
- (Increase)/Decrease in financial and other assets	75.02	(94.04)
- (Decrease) in trade payables	(283.39)	(223.98)
- Increase/(Decrease) in other liabilities	(125.54)	79.65
- Increase/(Decrease) in provisions	(28.83)	48.87
	36.65	**(81.16)**
Cash generated from operations	**2,584.05**	**659.08**
Income taxes (paid)	9.94	(13.06)
Net cash from operating activities	**2,593.99**	**646.02**
B. Cash flow from investing activities		
Purchases of property, plant and equipment (including intangibles)	(308.43)	(190.68)
Proceeds from sale of property, plant and equipment	0.10	0.87
Purchases of short-term investments	(4,566.94)	(3,796.14)
Sale of short-term investments	3,805.79	3,647.63
Interest received	39.56	31.22
Short term deposits made	(0.52)	(0.50)
Net cash used in investing activities	**(1,030.44)**	**(307.60)**
C. Cash flow from financing activities		
Repayment of short-term borrowings (net)	(255.05)	(244.55)
Proceeds from current borrowings	133.34	310.11
Repayment of current borrowings	(101.42)	(208.69)

STATEMENT OF CASH FLOWS

For the year ended March 31, 2021

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Proceeds from long-term borrowings	300.00	700.00
Repayment of long-term borrowings	(1,315.84)	(543.50)
Movement in derivatives for borrowings	27.49	(56.66)
Interest and finance charges paid	(406.31)	(466.73)
Repayment of lease liability	(0.77)	(0.53)
Net cash used in financing activities	**(1,618.56)**	**(510.55)**
Net (decrease) / increase in cash and cash equivalents	**(55.01)**	**(172.13)**
Cash and cash equivalents as at the beginning of the year (refer note 13)	163.98	336.11
Cash and cash equivalents as at the end of the year (refer note 13)	108.97	163.98

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: April 22, 2021

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rahul Roongta
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: April 22, 2021

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2021

A Equity share capital

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Numbers of shares	Amount in ₹ Crore
Equity shares of ₹ 10 each issued, subscribed and fully paid:		
As at March 31, 2021 and March 31, 2020	22,06,24,500	220.62

B Other equity

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Reserve and Surplus					OCI		Total
	Capital reserve[4]	Retained earnings[5]	Debenture redemption reserve[2]	General reserve[1]	Total reserves (other than OCI)	Effective portion of cash flow hedge[6]	Total OCI	
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**
(Loss) for the year	-	(117.50)	-	-	(117.50)	-	-	(117.50)
Other comprehensive income/(loss) for the year[3]	-	(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 at April 1, 2020	**9.20**	**3,217.91**	**49.90**	**430.31**	**3,707.32**	**20.18**	**20.18**	**3,727.50**
Profit for the year	-	1,050.00	-	-	1,050.00	-	-	1,050.00
Other comprehensive (loss) for the year[3]	-	(7.98)	-	-	(7.98)	(37.97)	(37.97)	(45.95)
Total comprehensive income/(loss) for the year	-	1,042.02	-	-	1,042.02	(37.97)	(37.97)	1,004.05
Transferred from Debenture redemption reserve to Retained earnings	-	49.90	(49.90)	-	-	-	-	-
Balance as on March 31, 2021	**9.20**	**4,309.83**	**-**	**430.31**	**4,749.34**	**(17.79)**	**(17.79)**	**4,731.55**

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.

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2021

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 had stopped creating further Debenture Redemption Reserve (DRR) from August 2019 onwards and DRR created in books till July 31, 2019 continued. During the year ended March 31, 2020, the company had repaid debentures amounting to ₹ 300 Crore and hence proportionate amount of DRR had been transferred from DRR to retained earnings. During the year ended March 31, 2021, the company has repaid the balance debentures amounting to ₹ 200 Crore and hence balance 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).

4 The balance in capital reserve is on account of capital restructuring done by the Company.

5 Retained earnings represent the cumulative profit / (loss) of the Company and effects of re-measurement of defined benefit obligations and can be utilised in accordance with the provisions of the Companies Act, 2013.

6 Effective portion of cash flow hedge

The Company uses hedging instruments as part of its management of foreign currency risk. For hedging foreign currency risk, the Company uses foreign currency forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the effective portion of cash flow hedges. Amounts recognised in the effective portion of cash flow hedges is reclassified to the statement of profit and loss when the hedged item affects profit or loss.

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: April 22, 2021

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rahul Roongta
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: April 22, 2021

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

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 basis of 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.

These financial statements are approved for issue by the Board of Directors on April 22, 2021.

All financial information presented in Indian Rupees has been rounded off to the nearest crore with two decimals.

ii) Certain comparative figures appearing in these financial statements have been regrouped and/or reclassified to better reflect the nature of those items.

(B) Basis of measurement

The 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 as explained in the accounting policies below.

(C) Reclassifications

On an ongoing basis, the management reviews the changes in the nature of the Company's operations, selection and application of accounting policies and recent accounting pronouncements to assess appropriateness of presentation or classifications of items in the financial statements. For the year ended March 31, 2021, the Company has revised the presentation of:

i) Fly ash disposal expenses amounting to ₹ 11.75 Crore (Year ended March 31, 2021: ₹ 72.78 Crore) has been reclassified from 'Other Expenses' to 'Power and Fuel charges' for the comparative year ended March 31, 2020.

ii) The Company from the current year has decided to present liabilities with respect to operational buyer's/ suppliers credit and vendor financing on the face of the balance sheet, which were previously included under trade payables to enhance the understanding of the financial statements. The value of such liabilities as at April 01, 2019 and April 01, 2020 was ₹ 1,745.05 Crore and ₹ 1,390.37 Crore respectively (As at March 31, 2021: ₹ 1,468.65 Crore).

3(a) Significant accounting policies

(A) Revenue recognition

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

  The Company's revenue from contracts with customers is mainly from the sale of aluminium and power. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on 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 or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes. Revenues from sale of by-products are included in revenue.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

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 'Revenue from contracts with customers' and therefore the Ind AS 115 rules on variable consideration do not apply. These 'provisional pricing' adjustments i.e. the consideration adjusted post transfer of control are included in total revenue from operations on the face of 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 based on contracted rates with customers as approved by concerned regulatory authorities and rates arrived at based on principles laid down under the relevant Tariff Regulations as notified by the regulatory bodies, as applicable .

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs part of its obligation 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 the 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 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 received. The advance payments received plus a specified rate of return/ discount, at the prevailing market rates, is settled by supplying respective goods over a period of up to twenty four 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 presented as advance from customers and are recognised as revenue as and when control of respective commodities is transferred to customers under the agreements. The fixed rate of return/discount is treated as finance cost. The portion of the advance where either the Company does not have a unilateral right to defer settlement beyond 12 months or expects settlement within 12 months from the balance sheet date is classified as current liability.

- **Interest income**

  Interest income from debt instruments is recognised 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.

- **Dividends**

  Dividend income is recognised in the statement of profit and loss only 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.

- **Export benefits**

  Export benefits are accounted on recognition of export sales.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

(B) Property, Plant and Equipment

i) Mining properties

When a decision is taken that a mining property is viable for commercial production (i.e. when the Company determines that the mining property will provide sufficient and sustainable return relative to the risks and the Company decided to proceed with the mine development), all further pre-production primary development expenditure other than that on land, buildings, plant, equipment and capital work in progress is capitalized as property, plant and equipment under the heading "Mining properties". The costs of mining properties include the costs of acquiring and developing mining properties and mineral rights.

The stripping cost incurred during the production phase of a surface mine is deferred to the extent the current period stripping cost exceeds the average period stripping cost over the life of mine and recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and certain criteria are met. Deferred stripping costs are included in mining properties within property, plant and equipment and disclosed as a part of mining properties. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body. In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period in which it occurs.

Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

ii) Other property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Land acquired free of cost or at below market rate from the government is recognized at fair value with corresponding credit to deferred income.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains and losses on disposal of an item of property, plant and equipment computed 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 derecognised. Major inspection and overhaul expenditure is capitalized, if the recognition criteria are met.

iii) Assets under construction

Assets under construction are capitalized in the assets under construction 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 and any obligatory decommissioning costs are capitalised until the period of commissioning has been completed and the asset is ready for its intended use. Revenue generated from production during the trial period is credited to capital work in progress.

iv) Depreciation, depletion and amortisation expense

Mining properties and other assets in the course of development or construction and freehold land and goodwill are not depreciated or amortised.

- **Mining properties**

  The capitalised mining properties are amortised on a unit-of-production basis over the total estimated remaining commercial proved and probable reserves of each property or Company of properties and are subject to

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

impairment review. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future capital expenditure required to access the commercial reserves. Changes in the estimates of commercial reserves or future capital expenditure are dealt with prospectively.

- **Other assets**

Depreciation on other Property, plant and equipment 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.

Estimated useful life of assets are as follows:

Asset	Useful life (in years)
Buildings (Residential; factory etc.)	3-60
Plant and equipment*	4-40
Railway siding	15
Office equipment	3-6
Furniture and fixture	5-10
Vehicles	8-10

*Useful lives of pot relining included in plant and machinery ranges from 4-5 years

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit to be derived from such costs. The carrying amount of the remaining previous 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.

The Company reviews the residual value and useful life of an asset at least at each financial year-end and, if expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

(C) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over their estimated useful life on a straight line basis. Software license is amortised over the estimated useful life ranging from 0-5 years.

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 recognised in the statement of profit and loss when the asset is derecognised.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is different from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

(D) 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 asset may be impaired. The Company conducts an internal review of asset values annually, 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 such indication exists or in case of goodwill where annual testing of impairment is required, then an impairment review is undertaken and the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

effects of factors that may be specific to the Company and not applicable to entities in general. Fair value for mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. 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 asset 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 asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. 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 an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or 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 asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

(E) 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.

(i) Financial Assets - recognition & subsequent measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or 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 recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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

- **Debt instruments at amortised cost**

  A 'debt instrument' is measured at amortised 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 amortised cost using the Effective Interest Rate (EIR) method. Amortised 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 amortisation is included in interest income in statement of profit and loss. The losses arising from impairment are recognised in statement of profit and loss.

- **Debt instruments at fair value through other comprehensive income (FVOCI)**

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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

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

- **Debt instruments at fair value through profit or loss (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 FVOCI, is classified as at FVTPL.

  In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI 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 at FVTPL.

  Debt instruments included within the FVTPL category are measured at fair value with all changes being recognized in 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 profit and 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.

(ii) Financial Assets - derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the 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.

(iii) 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 amortised cost e.g., loans, debt securities and deposits

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

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 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, then 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, discounted at the original EIR.

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

a) Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets. The Company does not reduce impairment allowance from the gross carrying amount.

b) Debt instruments measured at FVOCI: 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.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

(iv) Financial liabilities – Recognition & Subsequent measurement

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

All financial liabilities are recognised 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.

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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

- **Financial liabilities at fair value through profit or loss**

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or 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 recognised in the statement of profit and loss.

  Financial liabilities designated upon initial recognition at fair value through profit or 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 income statement. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised 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 and Borrowings and Trade and Other payables)**

  After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised 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 amortisation is included as finance costs in the statement of profit and loss.

(v) Financial liabilities - Derecognition

A financial liability is derecognised 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 recognised in the statement of profit and loss.

(vi) 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 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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

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 statement of profit and loss, unless designated as effective hedging instruments.

(vii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(viii) Offsetting of financial instruments

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

(F) 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, option, swap contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognised 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 recognised in OCI and later reclassified to statement of profit and loss when the hedge item affects profit or 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 recognised asset or liability or an unrecognised 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 recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised 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. 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 Company 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 recognised 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 immediately in statement of profit and loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

risk is recognised as an asset or liability with a corresponding gain or loss recognised 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 recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts recognised in OCI are transferred to statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in 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 recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(G) Leases

The Company assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(b) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities towards future lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are also subject to impairment.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (and, in

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Other Financial Liabilities.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(H) Inventories

Inventories and work-in-progress are stated at the lower of cost and net realisable value.

Cost is determined on the following basis:

- Raw materials, fuel stock and stores and spares are valued on weighted average basis
- Finished products and work-in-progress are valued at raw material cost plus costs of conversion, comprising labour 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 and
- By-products and scrap are valued at net realisable value

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred for completion and disposal.

(I) Government grants

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(J) Taxation

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

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and on carry forward of unused tax credits and unused tax losses.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or equity).

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

Further, management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

(K) 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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

(L) 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 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 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.

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 recognised 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 in 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 a mine. 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) Accounting for foreign currency transactions and translations

In the financial statements of the Company, transactions in currencies other than the respective functional currencies are translated into their functional currencies at the exchange rates ruling at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

Monetary assets and liabilities denominated in other currencies are translated into functional currencies 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 those where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

Exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs in qualifying assets.

The Company had applied paragraph 46A of AS 11 under Previous 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 recognised in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Hence, foreign exchange gain/loss on long-term foreign currency monetary items recognized upto March 31, 2016 has been deferred/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.

(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 or 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 or 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 and vendor financing

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 (for raw materials) and up to 36 months (for project and materials). Where these arrangements are with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/ suppliers' credit and disclosed on the face of the balance sheet. Where these arrangements are with a maturity beyond twelve months and up to thirty six months, the economic substance of the transaction is determined to be financing in nature, and these are presented within borrowings in the balance sheet. Interest expense on these are recognised in the finance cost. Payments made by banks and financial institutions to the operating vendors are treated as a non cash item and settlement of due to operational buyer's credit/ suppliers' credit by the Company is treated as an operating cash outflow reflecting the substance of the payment.

(R) 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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

- 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

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.

(S) 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 acquisition, 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. Borrowing costs relating to the construction phase of a service concession arrangement is capitalised as part of the cost of the intangible asset. 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 qualifying capital project, the income generated from such short-term investments is deducted from the total capitalized borrowing cost. If any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing then becomes part of general borrowing. 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.

Capitalisation of interest on borrowings related to construction or development projects is ceased when substantially all the activities that are necessary to make the assets ready for their intended use are complete or when delays occur 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).

(T) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits which have maturity of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and 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 and additionally includes unpaid dividend account.

(U) 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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021

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".

(V) 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 periods. 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.

3(b) Application of new and amended standards

(A) The Company has adopted, with effect from April 01, 2020, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the financial statements.

1. Amendments to Ind AS 103 regarding definition of a Business
2. Amendments to Ind AS 107 and 109 regarding Interest Rate Benchmark Reform
3. Amendments to Ind AS 1 and Ind AS 8 regarding definition of Material
4. Amendments to Ind AS 116 regarding COVID-19 related rent concessions

Other Amendments

A number of other minor amendments to existing standards also became effective on April 01, 2020 and have been adopted by the Company. The adoption of these new accounting pronouncements did not have a material impact on the accounting policies, methods of computation or presentation applied by the Company.

(B) Standards notified but not yet effective

There are no new standards that are notified, but not yet effective, upto the date of issuance of the Company's financial statements.

3(c) Use of estimates and judgements

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. 45.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

4 Property, Plant and Equipments[4,5,6]

Particulars	Gross block				Accumulated depreciation				Net Block
	As at April 1, 2020	Additions	Deductions	As at March 31, 2021	As at April 1, 2020	Charge for the year	Deductions	As at March 31, 2021	As at March 31, 2021
Tangible assets									
Land- freehold[1,2,3]	18.29	0.06	-	18.35	-	-	-	-	18.35
(Previous year)	*17.31*	*0.98*	-	*18.29*	-	-	-	-	*18.29*
Buildings[2]	2,074.63	12.58	0.68	2,086.53	876.01	54.73	0.08	930.66	1,155.87
(Previous year)	*2,063.51*	*11.12*	-	*2,074.63*	*820.74*	*55.27*	-	*876.01*	*1,198.62*
Plant and equipment	14,431.44	191.56	56.38	14,566.62	5,549.13	401.11	47.43	5,902.81	8,663.81
(Previous year)	*14,231.26*	*230.73*	*30.55*	*14,431.44*	*5,163.70*	*404.75*	*19.32*	*5,549.13*	*8,882.31*
Furniture and fixtures	24.08	0.47	8.32	16.23	19.60	0.69	7.58	12.71	3.52
(Previous year)	*23.36*	*0.80*	*0.08*	*24.08*	*18.77*	*0.86*	*0.03*	*19.60*	*4.48*
Vehicles	27.48	-	1.14	26.34	17.03	0.68	0.94	16.77	9.57
(Previous year)	*27.59*	*0.42*	*0.53*	*27.48*	*16.49*	*0.70*	*0.16*	*17.03*	*10.45*
Office equipment	33.87	7.24	1.89	39.22	27.90	2.37	1.80	28.47	10.75
(Previous year)	*32.74*	*1.17*	*0.04*	*33.87*	*26.12*	*1.80*	*0.02*	*27.90*	*5.97*
Railway Sidings	230.04	-	-	230.04	76.41	12.22	-	88.63	141.41
(Previous year)	*228.74*	*1.30*	-	*230.04*	*64.17*	*12.24*	-	*76.41*	*153.63*
Mining properties	141.98	0.69	-	142.67	12.92	1.71	-	14.63	128.04
(Previous year)	*99.85*	*42.13*	-	*141.98*	*5.91*	*7.01*	-	*12.92*	*129.06*
Right of Use assets[6]	36.58	-	-	36.58	4.56	4.56	-	9.12	27.46
(Previous year)	-	*36.58*	-	*36.58*	-	*4.56*	-	*4.56*	*32.02*
Total	**17,018.39**	**212.60**	**68.41**	**17,162.58**	**6,583.56**	**478.07**	**57.83**	**7,003.80**	**10,158.78**
Total -Previous Year	***16,724.36***	***325.23***	***31.20***	***17,018.39***	***6,115.90***	***487.19***	***19.53***	***6,583.56***	***10,434.83***

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.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

4 Property, Plant and Equipments[4,5,6] (Contd..)

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.

3. The Division Bench of the Hon'ble High Court of Chhattisgarh has vide its order dated February 25, 2010, upheld that BALCO is in legal possession of 1,804.67 acres of Government land. Subsequent to the said order, the State Government has decided to issue the lease deed in favour of BALCO 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 BALCO 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 BALCO. BALCO has also filed two IA before the Supreme Court, 1st challenging the order of the Tehsildar Korba whereby he rejected BALCO'S applications for eviction of illegal encroachers on BALCO'S land on the ground that land matter is subjudice before the Supreme Court and the other application whereby BALCO has challenged the state government's action for allotment of land to illegal encroachers under the Rajiv Ashray Yojna. No next date is there and the matter is to be listed in due course. The Company is confident that such land parcels will be ultimately made available to the Company.

4. Exchange differences arising on translation/settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset of ₹ 16.60 Crore (March 31, 2020: ₹ 23.65 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. 19 and 23.

6. Disclosure of Right of Use (ROU) Assets as per IndAS 116 - "Leases"

Particulars	ROU Land	ROU Building	Total
Depreciation charged during the period	3.95	0.61	4.56
(Previous year)	*3.95*	*0.61*	*4.56*
Carrying book value as on March 31, 2021	27.40	0.06	27.46
(Previous year)	*31.35*	*0.67*	*32.02*

5 Intangible Assets

Particulars	Gross block				Accumulated depreciation				Net Block
	As at April 1, 2020	Additions	Deductions	As at March 31, 2021	As at April 1, 2020	Charge for the year	Deductions	As at March 31, 2021	As at March 31, 2021
Software license	9.72	0.05	-	9.77	8.52	0.29	-	8.81	0.96
(Previous year)	*9.02*	*0.70*	-	*9.72*	*5.97*	*2.55*	-	*8.52*	*1.20*

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

6 Financial assets - Non current : Trade receivables

(at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured		
Considered good	212.79	217.95
Credit impaired	34.10	34.10
Less: allowance for credit impairment	(34.10)	(34.10)
Total	**212.79**	**217.95**

1. Carrying value of trade receivable may be affected by the changes in the credit risk of counterparties as explained in note no. 44.

2. Maturity profile is as per note no. 44.

3. For lien/charge against trade receivable refer note nos. 19 and 23.

4. No trade receivable is due from directors or other officers of the Company either severally or jointly with any other person (March 31, 2020- ₹ 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 ₹ 135.36 Crore (March 31, 2020: ₹ 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. Supported by legal opinion obtained, management believes that it is probable that the dispute will ultimatly be resolved in favour of the Company. This receivable carries interest as per the power supply agreement.

6. Trade receivables considered good includes ₹ 77.13 Crore (March 31, 2020: ₹ 62.75 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. Supported by legal opinion obtained, management believes that it is probable that the dispute will ultimatly be resolved in favour of the Company. This receivable carries interest as per the power supply agreement.

7 Financial assets - Non current : Loans

(at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Loans to employees	0.20	0.34
Total	**0.20**	**0.34**

1. For details of classification of financial assets and fair value hierarchy refer note no. 44.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

8 Financial assets - Non Current : Others

(at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Security deposits	40.45	27.75
Site restoration asset[1]	9.19	8.68
Other receivables[3]	131.39	42.29
Total	**181.03**	**78.72**

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. 44.
3. Other receivables represent receivables amounting to ₹ 43.04 Crore (March 31, 2020: ₹ 42.29 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 dated April 27, 2018 for which invoice is yet to be raised by the Company and receivables amounting to ₹ 88.35 Crore (March 31, 2020: ₹ Nil) on account of incremental revenue recognised by the Company for the year towards difference between provisional tariff and recomputed tariff based on tariff pricing mechanism set out in CSERC order dated April 27, 2020 for which invoice is yet to be raised by the Company.

9 Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Capital advances	14.94	1.49
Prepaid expenses[1]	46.06	-
Claims and other receivables[2]	129.91	179.73
Security deposits	0.08	0.20
Total	**190.99**	**181.42**

1. Includes expenditure incurred towards Corporate Social Responsibility in excess of related obligation till year-end (Also refer note 36[2]).
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. During the year, the Company has recovered ₹ 47.80 Crore and balance amount outstanding is ₹ 5.87 Crore (March 31, 2020: ₹ 53.67 Crore). The said claim is interest-bearing as per the provisions of the above mentioned Act.
   b. Receivables pertaining to energy development cess levied by Government of Chhattisgarh ₹ 34.54 Crore (March 31, 2020: ₹ 34.54 Crore) which has been challenged by the Government of Chhattisgarh in the Honourable Supreme Court of India. Supported by a legal opinion obtained, management believes that it is probable that the matter will be decided in favour of the Company.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

9 Other non-current assets (Contd..)

c. Claims recoverable from Madhya Pradesh Electricity Board (MPEB)/Chhattisgarh State Electricity Board (CSEB) amounting to ₹ 10.08 Crore (March 31, 2020 : ₹ 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, 2020: ₹ 13.23 Crore). The net amount recoverable/payable can be ascertained on settlement of the disputes. Supported by a legal opinion obtained, management believes that it is probable that the matter will be decided in favour of the Company. The said claim is interest-bearing.

d. Claims recoverable in respect of property tax paid under dispute amounting to ₹ 32.22 Crore (March 31, 2020: ₹ 32.22 Crore). Supported by a legal opinion obtained, management believes that it is probable that the matter will be decided in favour of the Company.

10 Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Raw materials	273.41	217.07
Goods-in transit	157.38	153.32
	430.79	**370.39**
(b) Fuel stock	152.80	237.09
Goods-in transit	3.37	2.64
	156.17	**239.73**
(c) Work-in-progress	194.08	249.17
Goods-in transit	1.14	3.60
	195.22	**252.77**
(d) Finished goods[1]	**5.78**	**162.16**
(e) By-product[1]	**5.93**	**2.03**
(f) Stores and spares[2]	123.30	130.62
Goods-in transit	0.20	1.43
	123.50	**132.05**
Total	**917.39**	**1,159.13**

1. Inventories held at net realizable value amounted to ₹ 27.75 Crore (March 31, 2020: ₹ 9.60 Crore). The write down on inventories amounted to ₹ 13.11 Crore for the year (March 31, 2020: ₹ 2.57 Crore).

2. The provision in respect of slow-moving, damaged, or obsolete inventories of stores and spares lying in books on March 31, 2021 is ₹ 24.26 Crore (March 31, 2020: ₹ 22.93 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. 19 and 23.

4. For mode of valuation for each class of inventories, refer note no. 3(a).

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

11 Financial assets - Current : Investments

(at fair value through profit and loss)

Particulars	As at March 31, 2021	As at March 31, 2020
Investments in mutual funds - unquoted	1,024.46	250.03
Total	**1,024.46**	**250.03**

1. For determination of fair value refer note no. 44.

12 Financial Assets- Current : Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured		
Considered good	467.09	619.57
Credit impaired	-	0.22
Less: allowance for credit impairment	-	(0.22)
Total	**467.09**	**619.57**

1. Carrying value of trade receivables may be affected by the changes in the credit risk of counterparties as explained in note no. 44.
2. Maturity profile is as per note no. 44.
3. For lien/charge against trade receivables refer note nos. 19 and 23.
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, 2020 : Nil). For amount due from related parties, refer note no. 43.

13 Financial Assets- Current : Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks	108.77	163.84
Cash on hand	0.20	0.14
Total	**108.97**	**163.98**

14 Financial Assets- Current : Other Bank Balances

Particulars	As at March 31, 2021	As at March 31, 2020
Bank deposits with original maturity greater than 3 months but less than 12 months[1]	0.21	0.14
Total	**0.21**	**0.14**

1. Fixed deposit issued in favour of a third party in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

15 Financial assets - Current : Loans (at Amortised Cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Loans to employees	1.00	1.61
Total	**1.00**	**1.61**

16 Financial Assets- Current : Others (at Amortised Cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Security deposits	0.05	0.06
Advances to related parties (also refer note no. 43)	3.08	0.08
Other receivables[2]	28.90	21.10
Total	**32.03**	**21.24**

1. For details of classification of financial assets and fair value hierarchy refer note no. 44.
2. Represents MTM receivable on commodity hedging. Refer note no. 44.

17 Other Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advances to suppliers	202.19	250.25
Prepaid expenses	26.90	22.10
Claims and other receivables	3.49	4.05
Balances with statutory/Government authorities	49.20	102.01
Export incentives receivable	39.79	46.31
Total	**321.57**	**424.72**

18 Share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Balance at the end of the year (equity shares of ₹ 10 each)	50,00,00,000	500.00	50,00,00,000	500.00
Issued, subscribed and fully Paid up				
Balance at the end of the year (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**

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

18 Share capital (Contd..)

i) Reconciliation of the number of shares and amount outstanding as at the beginning and at the end of the reporting period :

Particulars	As at March 31, 2021		As at March 31, 2020	
	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

ii) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	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.

19 Financial liabilities - Borrowings : Non current

(at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Term loans from banks[2]	2,037.95	2,528.38
External commercial borrowings[3,4,5]	109.24	394.36
Foreign currency term loan[6]	72.88	148.54
Total	**2,220.07**	**3,071.28**

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

19 Financial liabilities - Borrowings : Non current (Contd..)

(at amortised cost)

Repayment terms and security details of long-term borrowings	As at March 31, 2021	As at March 31, 2020
1. 3,000 7.9% Non Convertible Debentures of ₹ 10 lacs each redeemed at par in single installment on July 31, 2020. The same was secured by first pari passu charge over Property, Plant & Equipment (excluding coal block) of the Company.	-	-
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 7.94% (March 31, 2020: 8.75%) and are repayable in 280 quarterly installments.	2,037.95	2,528.38
3. External commercial borrowings from ICICI Bank Dubai of USD 0.2 Million, Kotak Mahindra Bank Limited IFSC unit of USD 6.9 Million, Union Bank HongKong Branch of USD 6.9 Million and Indian Bank IFSC unit of USD 9 Million is repayable on August 19, 2021. The rate of interest payable on this facility is 3 month LIBOR plus 240 basis points (March 31, 2020-3 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 ranking pari passu with charges created for other secured lenders.	-	171.44
4. External commercial borrowings from Canara Bank London Branch of USD 10 million is repayable in two equal installments in 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, 2020-3 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 ranking pari passu with charges created for other secured lenders.	36.36	74.38
5. External commercial borrowings from ICICI Bank Limited IFSC Banking Unit of USD 4 million, Union Bank of India (UK) Limited USD 6 million and USD 10 million from AFR Asia Mauritius repayable in two equal installments in 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, 2020-3 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 ranking pari passu with charges created for other secured lenders.	72.88	148.54
6. Foreign Currency Term Loan from Export Import Bank of India of USD 20 million is repayable in two equal installments in 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, 2020-3 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 ranking pari passu with charges created for other secured lenders.	72.88	148.54
	2,220.07	**3,071.28**

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

19 Financial liabilities - Borrowings : Non current (Contd..)

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.

19A Movement in borrowings during the year is provided below:

Particulars	Borrowings due within one year	Borrowings due after one year	Total
Opening Balance as on April 1, 2019	884.03	3425.33	4309.36
Net cash inflow/(outflow)	(143.13)	156.50	13.37
Other Non cash changes	586.46	(510.55)	75.91
As at April 1, 2020	**1327.36**	**3071.28**	**4398.64**
Net cash inflow/(outflow)	(870.00)	(369.00)	(1,239.00)
Other Non cash changes	489.28	(482.21)	7.07
As at March 31, 2021	**946.64**	**2220.07**	**3166.71**

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.

20 Financial liabilities - Others : Non current

(at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liabilities	-	0.17
Total	**-**	**0.17**

1. For details of classification of financial liabilities and fair value hierarchy refer note no. 44
2. Movement in amount represents reclassification to current liabilities based on repayment schedule.

21 Provisions : Non current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits[1]	120.57	136.37
Provision for site restoration and rehabilitation[2]	58.72	55.16
Total	**179.29**	**191.53**

1. Includes Gratuity and Post Retirement Medical Benefits (PRMB). Also refer note no. 40.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

21 Provisions : Non current (Contd..)

2. Provision for site restoration and rehabilitation	As at March 31, 2021	As at March 31, 2020
Opening balance	55.16	18.05
Unwinding of discount	3.56	1.41
Revision in estimates	-	35.70
Closing balance	**58.72**	**55.16**

22 Other liabilities : Non current

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Government grants[1]	707.52	728.09
Total	**707.52**	**728.09**

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.

23 Financial liabilities - Borrowings : Current (At Amortised Cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Loans repayable on demand from banks[1]	0.01	0.05
Others[2]	106.31	82.42
	106.32	**82.47**
Unsecured		
Packing credit[3]	-	175.00
Others5	-	19.00
Working Capital Loan[4]	-	80.00
Amounts due on factoring[6]	27.02	-
	27.02	**274.00**
Total	**133.34**	**356.47**

Repayment terms and security details of short-term borrowings	As at March 31, 2021	As at March 31, 2020
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 7.23%. (March 31, 2020 : 8.48%).	0.01	0.05

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

23 Financial liabilities - Borrowings : Current (Continued)

Repayment terms and security details of short-term borrowings	As at March 31, 2021	As at March 31, 2020
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, 2021 is 5.70% (March 31, 2020 :7.85%).	106.31	82.42
3. Unsecured export packing credit were for 90 days at an average rate of 9.00%.	-	175.00
4. Unsecured working capital loans were for 30 days at an average rate of 7.90%.	-	80.00
5. Unsecured amounts were for 180 days at an average rate of 7.85%.	-	19.00
6. Unsecured amounts due on factoring are for 180 days at an average rate of 4.65%.	27.02	-
Total	**133.34**	**356.47**

24 Financial liabilities - Operational buyers' credit/suppliers' credit : Current

(at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Operational buyers' credit/suppliers' credit	1,468.65	1,390.37
Total	**1,468.65**	**1,390.37**

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. Also refer note no. 2(C)(ii).

25 Financial liabilities - Trade payables : Current

(at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro, small and medium enterprises[2]	73.00	66.63
Total (a)	**73.00**	**66.63**
Total outstanding dues of creditors other than micro, small and medium enterprises[1]	721.33	929.80
Dues to related parties (also refer note no. 43)	15.88	42.34
Total (b)	**737.21**	**972.14**
Total (a+b)	**810.21**	**1,038.77**

1. Due to ongoing pandemic situation, management believes that the Company may not be able to meet certain contracted performance obligations during the year. Accordingly, the Company has recognised expense of ₹ 65.62 Crore in the year ended March 31, 2021 under "Power and fuel charges" towards consequential charges.
2. Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006 (to the extent such parties have been identified on the basis of information available with the Company):

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

25 Financial liabilities - Trade payables : Current (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	68.88	66.63
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	4.12	-
(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 (at Amortised Cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of secured long term borrowings[1,2]	813.30	970.89
Interest accrued but not due	11.46	49.52
Capital creditors[3]	254.31	317.71
Dues to related parties (refer note no. 43)	7.99	76.78
Security deposits from vendors and others	23.42	34.66
Lease liabilities	0.03	0.57
Employee Liabilities	83.10	34.74
Other liabilities[4]	22.92	12.58
Total[5]	**1,216.53**	**1,497.45**

1. Current maturities of long term borrowings	As at March 31, 2021	As at March 31, 2020
Redeemable non convertible debentures	-	300.00
External commercial borrowings	278.53	216.95
Term loans from banks	461.47	379.13
Foreign currency term loan	73.30	74.81
Total	**813.30**	**970.89**

2. Interest, security and payment terms as detailed in note no. 19.
3. Includes ₹ Nil (March 31, 2020: ₹ 24.92 Crore) in the form of acceptances for capital expenditure.
4. Other liabilities represents mark to market liability balance of closing derivative of commodity hedging ₹ 22.92 Crore (March 31, 2020: ₹ 12.58 Crore).
5. For details of classification of financial liabilities and fair value hierarchy refer note no. 44.

NOTES TO THE FINANCIAL STATEMENTS

as at March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

27 Provisions : Current

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits[1]	68.11	86.02
Provision for disputed cases and claims[2]	54.89	53.56
Total	**123.00**	**139.58**

1. Includes gratuity, leave encashment and Post Retirement Medical Benefits (PRMB). Also refer note no. 40.

2. Provision for disputed cases and claims	As at March 31, 2021	As at March 31, 2020
Opening balance	53.56	52.12
Addition made during the year (interest accrued on outstanding amount)	1.33	1.44
Closing balance[1]	**54.89**	**53.56**

1. Represents provision for disputed case with Madhya Pradesh Electricity Board (MPEB)/Chhattisgarh State Electricity Board (CSEB) for electricity duty/surcharge pending in Chhattisgarh High Court.

28 Other liabilities : Current

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Government grants (refer note no. 22(1))	20.57	20.57
Statutory liabilities[1]	1,427.98	1,673.86
Advance from customers[2]	130.96	84.99
Total	**1,579.51**	**1,779.42**

1. (a) During the year ended March 31, 2021 , Central Electricity Regulatory Commission has issued Order dated June 17, 2020 reducing the floor price and forbearance price of Renewable Energy Certificates (REC) for both solar and non-solar REC effective July 1, 2020. Consequently, the Company has recomputed its Renewable Purchase Obligation and the excess provision towards REC Obligation of ₹ 265.53 Crore till March 31, 2020 has been written back and credited to "Power and fuel charges" for the year ended March 31, 2021. The same has been challenged by Wind Power Association in Appellate Tribunal, New Delhi and the related matter is sub judice in Honourable Supreme Court of India. Supported by legal opinion obtained, management believes that it is probable that the matter will be decided in favour of the Company.

   (b) Also refer note 37.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

29 Revenue from operations

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products and supply of power	9,687.92	8,746.54
Total	**9,687.92**	**8,746.54**

1. (a) Revenue from sale of products comprises of revenue from contracts with customers of ₹ 9,540.49 Crore (March 31, 2020: ₹ 8,571.04 Crore) and net gain on mark-to-market of ₹ 147.43 Crore (March 31, 2020: ₹ 175.50 Crore) on account of gains relating to sales that were provisionally priced as at March 31, 2020 with the final price settled in the current year, gains/losses relating to sales fully priced during the year, and marked to market gains/losses relating to sales that were provisionally priced as at March 31, 2021.

   (b) Includes ₹ 78.13 Crore (March 31, 2020: ₹ 403.70 Crore) for which contract liabilities existed at the beginning of the year.

2. The Company has long term agreement with Chhattisgarh State Power Trading Company Limited (CSPTrdCL) to supply power at variable cost. The Company had recognised revenue on the basis of yearly provisional tariff. CSERC vide its order dated April 27, 2020 has determined the tariff pricing mechanism for FY 2015-16, FY 2016-17 and FY 2017-18. Based on the aforesaid order issued by CSERC, the Company has reduced revenue to the extent of ₹ 14.09 Crore. Management expects that the tariff pricing mechanism set out in the aforesaid order will be followed for subsequent periods for which the Company's tariff petition is pending before the CSERC. Accordingly, the Company has recognised incremental revenue of ₹ 87.64 Crore (including ₹ 79.11 Crore for FY 2018-19 and FY 2019-20) on account of difference between provisional tariff and recomputed tariff based on tariff pricing mechanism set out in above order.

3. Unsatisfied performance obligations as a percentage of total revenue is immaterial and hence not disclosed separately.

4. For details on disaggregation of revenue, refer note 42E.

30 Other operating income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Export incentives	42.43	80.59
(ii) Scrap sales	25.26	26.77
(iii) Miscellaneous income	27.82	4.59
Total	**95.51**	**111.95**

31 Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on investments measured at fair value through profit or loss	3.40	0.03
Interest Income from financial assets at amortised cost		
(i) Bank deposits	2.25	0.49
(ii) Others	37.38	30.73
Net gain on sale of current investments measured at fair value through profit or loss	9.87	1.35

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

31 Other income (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent income	4.32	7.48
Unclaimed liabilities written back (net)	1.65	1.89
Deferred Government grant income[1]	20.57	20.57
Total	**79.44**	**62.54**

1. Income from deferred government grants is amortised over the useful life of related assets. For nature of Government grant refer note no 22(1).

32 Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening inventories		
Finished goods	162.16	37.64
Work in progress	252.77	295.27
By products	2.03	1.30
	416.96	**334.21**
Closing inventories		
Finished goods	5.77	162.16
Work in progress	195.22	252.77
By products	5.93	2.03
	206.92	**416.96**
Total	**210.04**	**(82.75)**

33 Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Salaries and wages (refer note no. 43)[1]	387.82	299.55
(b) Contributions to provident and other funds (refer note no. 40)	20.28	21.88
(c) Gratuity expense	4.56	4.93
(d) Staff welfare expenses	26.78	19.40
(e) Long term incentive plan (LTIP)[2]	6.67	9.16
Total	**446.11**	**354.92**

1. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

33 Employee benefits expense (Continued)

2. 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.

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, 2021 is ₹ 6.67 Crore (March 31, 2020 : ₹ 9.16 Crore). The Company considers these amounts as not material and accordingly has not provided further disclosures.

34 Finance cost

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense[1]	386.19	464.87
Other finance cost	15.01	14.20
Net interest on defined benefit obligation	11.05	10.26
Net loss on foreign currency transactions and translation (considered as finance cost)	14.75	6.82
Total	**427.00**	**496.15**

1. Interest expense on lease liabilities amounts to ₹ 0.05 Crore (March 31, 2020: ₹ 0.09 Crore).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

35 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tangible assets[1] (Refer note no. 4)	478.07	487.19
Intangible assets (Refer note no. 5)	0.29	2.55
Total	**478.36**	**489.74**

1. Also refer note no. 4.6

36 Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spare parts	147.83	176.30
Machinery repairs and maintenance	222.04	234.10
Building repairs and maintenance	18.87	14.03
Other repairs and maintenance	58.30	55.06
Conversion charges	-	204.48
Inward Freight	-	98.46
Royalty and taxes	-	11.19
Other manufacturing and operating expenses	47.74	89.95
Rent	1.06	2.39
Rates and taxes	17.75	14.66
Insurance	26.90	19.91
Loss on sale/discard of property, plant and equipments	8.09	10.75
Commission/sitting fees to directors	0.54	0.13
Payments to auditors[1]	1.59	1.27
Net loss on foreign currency transactions and translation (other than considered as finance cost	41.71	34.06
Consultants and professional fees	31.21	23.45
Corporate Social Responsibility Expenses[2]	1.57	82.64
Carriage outwards	102.91	87.59
Other selling expenses	60.85	95.84
Donation	5.04	-
Miscellaneous expenses	86.46	64.84
Total	**880.46**	**1,321.10**

1. Payments to auditors	For the year ended March 31, 2021	For the year ended March 31, 2020
For statutory audit	0.63	0.38
For parent company reporting	0.89	0.78
For other services	0.03	0.04
Reimbursement of expenses	0.04	0.07
Total	**1.59**	**1.27**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

36 Other expenses (Continued)

2. Corporate Social Responsibility Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gross amount required to be spent by the Company during the year	1.57	0.36
Amount approved by the Board to be spent during the year	79.79	91.09
Amount spent in cash on :		
Construction/acquisition of assets	-	-
On purposes other than above*	47.63	82.63
Amount yet to be paid in cash	-	-
Total amount spent	**47.63**	**82.63**

*Includes ₹ 44.05 Crore (March 31, 2020: 77.52 Crore) paid to a related party

The Company has an excess CSR spent of ₹ 46.06 Crore for it proposes to offset against future obligations and has recognised the same as an asset in the balance sheet:

Opening Balance	Required to be spent	Actual Spent	Closing Balance
-	1.57	47.63	46.06

37 Exceptional items

During the year ended March 31, 2021, the Company had recomputed its Renewable Power Obligation (RPO) pursuant to Chhattisgarh State Electricity Regulatory Commission (CSERC) notification dated July 13, 2020 (published on July 22, 2020) which clarified that for Captive Power Plants commissioned before April 1, 2016, RPO should be pegged at the RPO obligation percentage rates (both for solar and non-solar) applicable for FY 2015-16. Consequent to the aforesaid notification, the Company's obligation towards RPO relating to the period upto March 31, 2020 had been reversed to the extent of ₹ 94.99 Crore during the year ended March 31, 2021. The resultant gain on account of such reversal had been reported under "exceptional items".

38 Earnings per share (EPS)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit/(loss) after tax for the year	1,050.00	(117.50)
Weighted number of ordinary shares for basic EPS	22,06,24,500.00	22,06,24,500.00
Nominal value of ordinary share (in ₹ per share)	10.00	10.00
Basic and Diluted earnings/(loss) for ordinary shares (in ₹ per share)	**47.59**	**(5.33)**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

39 Tax expense

(a) Tax charge/(credit) recognised in profit or loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Deferred tax:		
Origination and reversal of temporary differences- other than exceptional items	693.24	(88.07)
Charge in respect of exceptional items	23.91	-
Total deferred tax :	**717.15**	**(88.07)**
Total tax charge/(credit):	**717.15**	**(88.07)**
Accounting profit/(loss) before tax	1,767.15	(205.57)
Effective income tax rate	**40.58%**	**42.84%**

(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:

1. Payments to auditors	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting profit / (loss) before tax for the year ended	**1,767.15**	**-205.57**
Indian statutory income tax rate (%)	25.17%	34.94%
Tax at Indian statutory income tax rate	**444.76**	**-71.83**
Disallowable expenses	2.70	29.87
Tax holidays and similar exemptions	0.00	-32.66
Recognition of deferred tax on brought forward tax losses & unabsorbed depreciation	0.00	-13.45
One time tax charge due to change in tax regime (see note 2 below)	269.69	0.00
Tax charge/(credit) for the year	**717.15**	**-88.07**

1. 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.

2. As per the amendments to the tax laws in September, 2019, a new tax provision has been introduced whereby a company can claim the benefits of reduced tax rates, provided it forgoes certain incentives/exemptions under Income Tax Act, 1961. The Company has opted for the same leading to a deferred tax charge of ₹ 269.69 Crore (including ₹ 131.78 Crore on timing difference as at March 31, 2020) during the year ended March 31, 2021.

(c) Deferred tax assets/liabilities (net)

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

39 Tax expense (Contd..)

(c) Deferred tax assets/liabilities (net) (Contd..)

Significant components of deferred tax (assets) & liabilities recognized in the financial statements

Particulars	April 1, 2020	Charged / (credited) to statement of profit and loss	Charged / (credited) to other comprehensive income	Reclassed to income tax assets	March 31, 2021
Property, Plant and Equipment	1,027.64	(131.03)	-	-	896.61
Voluntary retirement scheme	(1.57)	(7.97)	-	-	(9.54)
Employee benefits	(65.73)	20.63	6.63	-	(38.47)
Fair valuation of derivative asset/ liability	11.31	(0.73)	(16.82)	-	(6.24)
Fair valuation of other asset/liability	(11.93)	8.09	-	-	(3.84)
Unabsorbed depreciation/business losses	(1,179.30)	806.27	-	-	(373.03)
Others temporary differences	(251.45)	21.89	-	-	(229.56)
Total	**(471.04)**	**717.15**	**(10.19)**	**-**	**235.93**

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**	**(471.03)**

(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

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

40 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 ₹ 2.92 Crore (March 31, 2020: ₹ 3.25 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 ₹ 1.99 Crore (March 31, 2020: ₹ 2.20 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 provident 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, 2021 and March 31, 2020. 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 ₹ 14.93 Crore (March 31, 2020: ₹ 16.43 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 6.9% (March 31, 2020: 6.8%). Expected rate of return on plan assets is 8.50% (March 31, 2020: 8.50%).

The present value of obligation and fair value of plan assets of the trust are summarised below:

Particulars	March 31, 2021	March 31, 2020
Fair value of plan assets	588.56	570.39
Present value of defined benefit obligations	548.92	532.44
Net liability arising from defined benefit obligation of the trust	**Nil**	**Nil**

Percentage allocation of plan assets of trust are as below:

Assets by category	March 31, 2021	March 31, 2020
Government securities	55.05%	56.74%
Debentures/bonds	36.23%	38.78%
Equity	8.72%	4.48%

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

40 Employee benefit plans (Contd..)

B Defined 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:

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.9%	6.8%
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 Actuarial Valuation carried out on balance sheet date are as under:

Amount recognised in the balance sheet consists of:

Particulars	March 31, 2021		March 31, 2020	
	Gratuity	PRMB	Gratuity	PRMB
Present value of defined benefit obligations	85.54	52.04	113.65	48.82
Net liability arising from defined benefit obligations	**85.54**	**52.04**	**113.65**	**48.82**

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

40 Employee benefit plans (Contd..)

B Defined benefit plans (Contd..)

Amounts recognised in the statement of profit and loss are as follows:

Particulars	March 31, 2021		March 31, 2020	
	Gratuity	PRMB	Gratuity	PRMB
Current service cost	4.56	0.42	4.93	0.60
Net Interest cost	7.73	3.32	7.76	2.49
Total charge to the statement of profit and loss	**12.29**	**3.74**	**12.69**	**3.09**

Amounts recognised in other comprehensive income are as follows:

Particulars	March 31, 2021		March 31, 2020	
	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	(0.97)	(0.48)	5.59	0.39
Re-measurement losses/(gains) arising from experience adjustments	0.54	2.25	16.30	15.48
Re measurement losses/(gains) of the net defined benefit liability	**(0.43)**	**1.77**	**21.95**	**15.89**

The movement during the year of the present value of the defined benefit obligation was as follows:

Particulars	March 31, 2021		March 31, 2020	
	Gratuity	PRMB	Gratuity	PRMB
Opening balance	113.65	48.82	99.53	31.99
Current service cost	4.56	0.42	4.93	0.60
Benefits (paid)	(39.97)	(2.29)	(20.52)	(2.15)
Interest cost of scheme liabilities	7.73	3.32	7.76	2.49
Re-measurement losses/(gains) arising from changes in demographic assumptions	-	-	0.06	0.02
Re-measurement losses/(gains) arising from changes in financial assumptions	(0.97)	(0.48)	5.59	0.39
Re-measurement losses /(gains) arising from experience adjustments	0.54	2.25	16.30	15.48
Closing balance	**85.54**	**52.04**	**113.65**	**48.82**
Current liability	7.24	9.77	18.03	8.06
Non Current liability	78.30	42.27	95.62	40.76

The weighted average duration of the defined benefit obligation is 17.44 years for the year ended March 31, 2021 and 17.35 years for year ended March 31, 2020.

The gratuity scheme of the Company is unfunded, hence there was no plan asset as at March 31, 2021 and March 31, 2020.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

40 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.

Increase / (decrease) in defined benefit obligation	March 31, 2021		March 31, 2020	
	Gratuity	PRMB	Gratuity	PRMB
Discount rate				
Increase by 0.50%	(4.59)	(2.38)	(5.00)	(2.15)
Decrease by 0.50%	5.03	2.61	5.50	2.36
Expected rate of change in compensation level of covered employees				
Increase by 0.50%	2.76	2.41	3.07	2.18
Decrease by 0.50%	(3.13)	(2.66)	(3.60)	(2.41)

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, 2020 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

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

40 Employee benefit plans (Contd..)

D Risk analysis (Contd..)

(4) Inflation risks

The present value of the defined benefit plan liability is calculated using 6.9% inflation rate (March 31, 2020: 6.8%). 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 ₹ 51.10 Crore as on March 31, 2021 and ₹ 59.93 Crore as on March 31, 2020 has been presented as current, since the Company does not have an unconditional right to defer the settlement of these obligations.

41 Commitments, Contingencies and Guarantees

(to the extent not provided for)

(i) Commitments

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Capital and other commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances).	305.53	81.36
Total	**305.53**	**81.36**

(ii) Contingencies*

Particulars	As at March 31, 2021	As at March 31, 2020
(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.	964.95	875.25
ii. Relating to Suppliers and Contractors - Matter pending in Court / arbitration.	23.96	24.19
iii. Electricity surcharge - Matter pending with Chhattisgarh State Electricity Board	2.00	2.00
iv. Relating to application filed alleging the use of forest land for non-forest purposes (Refer note 4)	156.00	156.00
v. Relating to coal block matters	166.00	197.00
vi. Other matters	107.57	71.19

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

41 Commitments, Contingencies and Guarantees (Contd..)

(ii) Contingencies* (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
(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.)	38.84	52.59
Total	**1,459.32**	**1,378.22**

**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.*

(iii) Guarantees

i) Corporate guarantee given to Vedanta Medical Research Foundation (VMRF) in respect of certain long-term borrowings amounts to ₹ 4.73 Crore (March 31, 2020: ₹ 25.45 Crore).

ii) Bank guarantees given to various agencies, suppliers and government authorities for various purposes amount to ₹ 147.48 Crore (March 31, 2020: ₹ 199.60 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, 2021 amounts to ₹ 962.29 Crore (March 31, 2020: ₹ 953.01 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.

ii) The Ministry of Environment, Forest and Climate Change (MOEF&CC) had amended Environment (Protection) Amendment Rules 2015 with the primary aim of minimizing pollution in Thermal Power plants. Accordingly, the Company was 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). During the year ended March 31, 2021, the Company had entered into a letter of Intent with vendor to complete the FGD installation within twenty-two months. Timeline has been further extended to December 31, 2023 as per the notification released by MoEF&CC on March 31, 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

41 Commitments, Contingencies and Guarantees (Contd..)

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) had 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 has filed an SLP before 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. Hon'ble Supreme Court of India, vide its order dated September 11, 2020 granted an ad interim stay against recoveries in pursuance of the impugned order of NGT. 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.

42 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 and based on information provided to the Company's Chief Operating Decision Maker, 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.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3. 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.

42 Segment information (Contd..)

B Information about reportable segments

Particulars	March 31, 2021				March 31, 2020			
	Aluminium	Power	Eliminations	Total	Aluminium	Power	Eliminations	Total
Revenue								
External revenue	8,991.55	696.37	-	9,687.92	8,036.47	710.07	-	8,746.54
Segment revenue	**8,991.55**	**696.37**	**-**	**9,687.92**	**8,036.47**	**710.07**	**-**	**8,746.54**
Results								
Profit before other income, depreciation, finance costs, unallocated income / expense and tax	**2,287.77**	**253.19**	**-**	**2,540.96**	**453.22**	**279.10**	**-**	**732.32**
Depreciation and amortisation expense	443.00	35.36	-	478.36	454.73	35.01	-	489.74
Other income (a)	14.87	5.70	-	20.57	14.87	5.70	-	20.57
Segment results	**1,859.64**	**223.53**	**-**	**2,083.17**	**13.36**	**249.79**	**-**	**263.15**
Less : Finance costs	-	-	-	(427.00)	-	-	-	(496.15)
Less : Unallocated income/expenses	-	-	-	15.99	-	-	-	27.43
Add : Exceptional items	-	94.99	-	94.99	-	-	-	-
Net profit / (loss) before tax	**1,859.64**	**318.52**	**-**	**1,767.15**	**13.36**	**249.79**	**-**	**(205.57)**
Segment assets	11,058.06	1,519.75	-	12,577.81	11,606.15	1,673.99	-	13,280.14
Investments	-	-	-	1,024.50	-	-	-	250.03
Income tax/deferred tax assets	-	-	-	18.20	-	-	-	496.94
Cash & Cash Equivalents (including other bank balances & bank deposits)	-	-	-	118.37	-	-	-	172.80
Others	-	-	-	3.03	-	-	-	0.05
Total assets	**11,058.06**	**1,519.75**	**-**	**13,741.91**	**11,606.15**	**1,673.99**	**-**	**14,199.96**
Segment liabilities	5,048.26	233.48	-	5,281.74	5,511.66	159.06	-	5,670.72
Borrowings	-	-	-	3,166.71	-	-	-	4,398.65
Others	-	-	-	341.28	-	-	-	182.47
Total liabilities	**5,048.26**	**233.48**	**-**	**8,789.73**	**5,511.66**	**159.06**	**-**	**10,251.84**

a) Amortisation of duty benefits relating to assets recognised as government grant.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

42 Segment information (Contd..)

C Geographical segment analysis

Geographical revenue is allocated based on the location of the customer. Information regarding geographical revenue is as follows:

	As at March 31, 2021	As at March 31, 2020
Revenue based on geographical information for the year ended		
India	6,579.48	5,744.33
Outside India	3,108.44	3,002.21
Total	**9,687.92**	**8,746.54**
Carrying amount of non current assets1 based on location of assets as at		
India	10,455.55	10,710.25
Outside India	-	-
Total	**10,455.55**	**10,710.25**

1. Excluding financial assets and tax assets.

D Information about major customers

Revenue from one customer amounted to ₹ 1010.01 Crore (March 31, 2020: ₹ 1250.86 Crore) arising from sales made in the aluminium segment. No other customer contributed to more than 10% of revenue.

E Disaggregation of revenue

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Aluminium Ingot, Alloy Ingots	6,055.99	4,675.53
Wire rods	1,919.87	2,377.97
Power wheeling	1,278.66	1,202.56
Rolled products	538.08	424.95
By product	6.88	6.00
Commodity hedging gain/(loss)	(111.56)	59.53
Total	**9,687.92**	**8,746.54**

43 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)

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

43 Related party disclosures (Contd..)

(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 Technologies Limited (STL)

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) (Till August 4, 2020)
	Ms. Yatinder Prasad (Government nominee) (w.e.f. August 5, 2020)
	Mr. Amit Saran (Government nominee) (Till August 19, 2020)
	Mr. Mustaq Ahmed (Government nominee) (w.e.f August 20, 2020)
	Mr. Alok Chandra (Government nominee)
(b) Independent Directors	Mr. Ramamirtham Kannan (Till July 29, 2020)
	Mr. A R Narayanaswamy (Till July 29, 2020)
	Mr. Gurminder Singh Kang (Till July 29, 2020)
	Mr. Din Dayal Jalan (w.e.f. July 30, 2020)
	Mr. Arun Todarwal (w.e.f. August 30, 2020)
	Mr. Tapan Kumar Chand (w.e.f. December 8, 2020)
(c) CEO and Whole-time Director	Mr. Vikas Sharma (Till July 19, 2019)
	Mr. Abhijit Pati (w.e.f. July 20, 2019)
(d) Chief financial officer	Mr. Rohit Soni (Till May 20, 2020)
	Mr. Sandeep Modi (w.e.f. May 21, 2020 and till January 20, 2021)
	Mr. Rahul Roongta (w.e.f. January 21, 2021)
(e) Company Secretary	Mr. Vinod Mathur

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

43 Related party disclosures (Contd..)

B Transactions with related parties

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations		
Vedanta Limited	419.53	615.83
HZL	24.47	17.81
SPTL	50.28	152.09
ESL	4.32	6.59
Namzinc	-	0.72
Total	**498.60**	**793.04**
Rent income		
Vedanta Limited	0.67	0.57
Total	**0.67**	**0.57**
Interest income		
Vedanta Limited	2.28	-
Total	**2.28**	**-**
Purchase of goods/services		
Vedanta Limited	739.34	1,084.59
VGCB	-	9.90
MVPL	-	12.07
HZL	0.45	-
Total	**739.79**	**1,106.56**
Donations given		
VMRF (Refer note 36(2))	44.05	77.52
Total	**44.05**	**77.52**
Corporate Guarantee Given/(Relinquished) to VMRF	**(20.72)**	**(25.26)**
Recovery/(reimbursement) of Expenses#		
Vedanta Limited	(29.78)	6.28
HZL	(6.30)	0.12
TSPL	0.27	(0.79)
ESL	0.03	0.05
VGCB	0.05	-
STL	0.01	-
VMRF	(0.21)	(0.13)
Total	**(35.93)**	**5.53**
Purchase/(sale) of Property, Plant and Equipments		
Vedanta Limited	0.09	0.02
HZL	(0.00)	-
Total	**0.09**	**0.02**

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

43 Related party disclosures (Contd..)

B Transactions with related parties

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Remuneration to KMPs		
Short term employee benefits	4.80	3.75
Post employment benefits	0.19	0.16
Other long term benefits*	0.12	0.10
Total	**5.11**	**4.01**
Commission/sitting fees to directors	0.54	0.13
Contribution to post retirement employee benefit trust	14.93	16.43

#Includes reimbursement towards other expenses and employee benefits expense

*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.

The receivables from and payables to related parties as at March 31, 2021 and March 31, 2020 are set out below:

Particulars	As at March 31, 2021	As at March 31, 2020
Receivable from:		
Vedanta Limited	10.28	4.63
HZL	3.54	5.85
VGCB	0.03	-
STL	0.01	-
SPTL	0.00	-
TSPL	0.07	-
ESL	0.31	1.97
Total	**14.24**	**12.45**
Payable to:		
Vedanta Limited*	23.86	118.54
MVPL	-	1.17
TSPL	-	0.11
VGCB	-	0.03
SPTL	-	0.34
Balco Employees Provident Fund Trust	5.21	5.70
Total	**29.07**	**125.89**
Corporate Guarantee given:		
VMRF	4.73	25.45
Total	**4.73**	**25.45**

*It excludes payable related to supply of material whereby financial institution has made payment to suppliers and the same is payable to financial institution by the company of ₹ 104.57 Crore (March 31, 2020: ₹ 165.21 Crore).

C 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.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 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. 3.

I Financial assets and liabilities as at

Particulars	March 31, 2021				
	Fair value through profit or loss	Fair value through other comprehensive income/ Derivatives designated as hedging instruments	Amortised Cost	Carrying Value	Fair Value
Financial assets					
Cash and cash equivalents	-	-	108.97	108.97	108.97
Other bank balances	-	-	0.21	0.21	0.21
Investments	1,024.46	-	-	1,024.46	1,024.46
Loans	-	-	1.20	1.20	1.20
Trade receivables	12.56	-	667.32	679.88	679.88
Derivatives	0.21	1.20	-	1.41	1.41
Other financial assets	-	-	213.06	213.06	213.06
Total	**1,037.23**	**1.20**	**990.76**	**2,029.19**	**2,029.19**
Financial liabilities					
Borrowings	-	-	2,353.41	2,353.41	2,353.41
Operational buyers' credit/ suppliers' credit	-	-	1,468.65	1,468.65	1,468.65
Trade payables	-	-	810.21	810.21	810.21
Derivatives	1.02	112.36	-	113.39	113.39
Other financial liabilities	-	-	1,216.53	1,216.53	1,216.53
Total	**1.02**	**112.36**	**5,848.80**	**5,962.19**	**5,962.19**

Particulars	March 31, 2020				
	Fair value through profit or loss	Fair value through other comprehensive income/ Derivatives designated as hedging instruments	Amortised Cost	Carrying Value	Fair Value
Financial 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

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

I Financial assets and liabilities as at (Contd..)

Particulars	March 31, 2020				
	Fair value through profit or loss	Fair value through other comprehensive income/ Derivatives designated as hedging instruments	Amortised Cost	Carrying Value	Fair Value
Financial liabilities					
Borrowings	-	-	3,427.76	3,427.76	3,441.75
Operational buyers' credit/ suppliers' credit	-	-	1,390.37	1,390.37	1,390.37
Trade payables	-	-	1,038.77	1,038.77	1,038.77
Derivatives	58.64	-	-	58.64	58.64
Other financial liabilities	-	-	1,497.62	1,497.62	1,497.62
Total	**58.64**	**-**	**7,354.52**	**7,413.16**	**7,427.15**

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).

Financial Instruments	As at March 31, 2021		
	Level 1	Level 2	Level 3
Financial assets			
Investments at fair value through profit and loss	1,024.46	-	-
Derivative financial assets at fair value through profit and loss	-	0.21	-
Derivative financial assets at fair value through other comprehensive income	-	1.20	-
Trade receivables at fair value through profit and loss	-	12.56	-
Total	**1,024.46**	**13.97**	**-**
Financial liabilities			
Derivative financial liabilities at fair value through profit and loss	-	1.02	-
Derivative financial liabilities at fair value through other comprehensive income	-	112.36	-
Total	**-**	**113.38**	**-**

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

I Financial assets and liabilities as at (Contd..)

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**	**-**

The below table summarises the fair value of borrowings which are carried at amortised cost as at March 31, 2021 and March 31, 2020:

Financial instruments	Level 1	Level 2	Level 3
As at March 31, 2021			
Non-current and current borrowings	-	2,353.41	-
Current maturities of long term borrowings	-	813.30	-
Total	**-**	**3,166.71**	**-**
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**	**-**

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.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

II Risk Management Framework (Also refer note no. 48 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 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 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 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. 48 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.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

IV Commodity Price Risk (Also refer note no. 48 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 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, 2021 and March 31, 2020.

V Financial Risk (Also refer note no. 48 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 a rating of AA- Stable Outlook (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

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

V Financial Risk (Also refer note no. 48 below) (Contd..)

(i) Liquidity Risk (Contd..)

Financial liabilities	<1 year	1-3 years	3-5 years	>5 years	Total
As at March 31, 2021					
Borrowings	946.64	1,523.94	703.08	-	3,173.66
Trade payables and other financial liabilities	2,670.63	-	-	-	2,670.63
Derivative financial liabilities	86.66	26.73	-	-	113.39
Contractual interest obligation	221.45	248.30	46.35	-	516.10
Total	**3,925.38**	**1,798.97**	**749.43**	**-**	**6,473.78**
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**

*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:

Funding facility	Total Facility	Drawn	Undrawn
As at March 31, 2021			
Fund based limit	3,480.32	3,067.35	412.97
Non fund based limit	3,195.00	1,891.20	1,303.80
Total	**6,675.32**	**4,958.55**	**1,716.77**
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**

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

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

V Financial Risk (Also refer note no. 48 below) (Contd..)

(ii) Foreign exchange Risk (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”

Particulars	Financial assets		Financial liabilities	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
INR	1,912.68	1,221.44	4,671.30	5,019.66
USD	116.38	212.72	1,285.42	2,392.90
Others	0.13	0.67	5.47	0.60
Total	**2,029.19**	**1,434.83**	**5,962.19**	**7,413.16**

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 ₹ 17.14 Crore (March 31, 2020: ₹ 18.12 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

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

V Financial Risk (Also refer note no. 48 below) (Contd..)

(iii) Interest rate risk (Contd..)

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.

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

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, 2021	1,024.46	414.14	590.59	2029.19	2.07%	0.17
As at March 31, 2020	250.03	504.62	680.18	1434.83	1.37%	0.10
Financial liabilities						
As at March 31, 2021	3,166.71	1,468.65	1,326.83	5962.19	4.70%	0.14
As at March 31, 2020	3,742.17	2,046.84	1,624.14	7413.18	7.09%	0.21

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.

Movement in Interest Rates	As at March 31, 2021	As at March 31, 2020
0.50%	10.71	17.46
1.00%	21.42	34.92
2.00%	42.85	69.84

(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.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

V Financial Risk (Also refer note no. 48 below) (Contd..)

(iv) Counterparty and concentration of credit risk (Contd..)

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.

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 ₹ 2029.19 Crore and ₹ 1434.83 Crore as at March 31, 2021 and March 31, 2020 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, 2021, that defaults in payment obligations will occur except as described in note nos. 6 and 12 on trade and other receivables.

Particulars	As at March 31, 2021	As at March 31, 2020
Neither impaired nor past due	328.76	271.56
Past due		
- Less than 1 month	118.09	152.01
- Between 1-3 months	55.04	28.15
- Between 3-12 months	145.13	351.01
- Greater than 12 months	248.53	217.95
Total	**895.55**	**1,020.68**

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 receivable of ₹ 344.18 Crore, recovery of which depends on resolution of the coal wholesale price indexation and change in law matter with the customer and final order of CSERC.

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.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

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.

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, 2021 and March 31, 2020.

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, 2022 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.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

VI Derivative Financial Instruments

(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.

The fair value of the Company's derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

Derivative Financial Instrument[c]	March 31, 2021		March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Current				
Cash flow hedge[a]				
- Commodity contracts	-	16.96	50.37	-
Fair Value hedge[b]				
- Commodity contracts	1.19	5.96	-	0.45
- Forward foreign currency contracts	0.01	62.72	27.57	19.87
Non - qualifying hedges[b]				
- Commodity contracts	-	1.02	-	-
- Forward foreign currency contracts	0.21	-	3.30	2.13
Total Current	**1.41**	**86.66**	**81.24**	**22.45**
Non-current				
Fair value hedge[b]				
- Forward foreign currency contracts	-	26.73	-	36.19
Total Non-current	**-**	**26.73**	**-**	**36.19**
Total	**1.41**	**113.39**	**81.24**	**58.64**

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 outstanding 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 :

Particulars	As at March 31, 2021	As at March 31, 2020
Forex forward cover (buy)	1,790.75	2,202.28
Forex forward cover (sell)	-	-

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

44 Financial instruments (Contd..)

VI Derivative Financial Instruments (Contd..)

(ii) For hedging commodity related risks: - Category wise break up is given below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Purchase	Sale	Purchase	Sale
Forwards / Futures				
Aluminium (MT)	-	23,600.00	500.00	41,250.00

All derivative and financial instruments acquired by the Company are for hedging purposes only.

(b) Unhedged foreign currency exposure is as under:-

Particulars	As at March 31, 2021	As at March 31, 2020
Payables	287.90	328.72
Receivables	116.51	212.72

(c) The Company enters into certain contracts where the prices are provisional.

Outstanding position of such contracts are as follows:

Particulars	As at March 31, 2021		As at March 31, 2020	
	MT	Amount	MT	Amount
Sale of Aluminium	-	-	-	-

45 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 remaining useful lives of assets. 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 no triggers to test the assets for impairment.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

45 Critical estimates and judgements in applying accounting policies (Contd..)

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. 21, 27 and 41).

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 2021 is ₹ 58.72 Crore ('March 31, 2020 : ₹ 55.16 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 ₹ 1 crore lower (Refer note no. 21).

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. 40).

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.

Deferred tax assets on unabsorbed depreciation/business loss have been recognised based on future profits. Further details on taxes are disclosed in note no. 39.

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

45 Critical estimates and judgements in applying accounting policies (Contd..)

vii) Recoverability of CSR pre-spent assets

CSR pre-spent assets are recognised to the extent that it is probable that there will be CSR obligations available against which the assets can be utilised. Significant management judgement is required to determine the amount of CSR pre-spent assets that can be recognised, based upon the likely timing and the level of future profits.

viii) 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 no. 6).

46 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, debenture redemption reserve and capital reserve). The following table summarizes the capital of the Company:

Particulars	As at March 31, 2021	As at March 31, 2020
Share capital	220.62	220.62
Free reserves	4,740.14	3,648.22
Equity (A)	**4,960.76**	**3,868.84**
Cash and cash equivalents	108.97	163.98
Short term investments	1,024.46	250.03
Total cash (B)	**1,133.43**	**414.01**
Short-term borrowings	133.34	356.47
Long-term borrowings	2,220.07	3,071.28
Current Maturity of long term borrowings	813.30	970.89
Total debt (C)	**3,166.71**	**4,398.64**
Net debt D=(C-B)	**2,033.28**	**3,984.63**
Total capital (equity + net debt)	6,994.04	7,853.47
Net debt to equity ratio (E=D/A)	**0.41**	**1.03**

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended March 31, 2021 *(All amounts in ₹ Crore, unless otherwise stated)*

47 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 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, 2021 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.

48 The current "second wave" of COVID-19 pandemic has significantly increased in India. The Government of India has ruled out a nationwide lockdown for now, but regional lockdowns are implemented in areas with a significant number of COVID-19 cases. Safety of our employees continues to be our key priority. We are encouraging the vaccination for our employees, providing flexible work options and adhering to COVID-19 guidelines. We are closely monitoring the situation and will continue to take all necessary actions to ensure the health and safety of our employees. The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. Based on the current year performance and estimates arrived at using internal and external sources of information, the company does not expect any material impact on such carrying values. Based on the projected cash flows for the next one year the management is confident of liquidating its liabilities as and when they fall due and the Going concern assumption used for preparation of these financial statements is appropriate. The impact of COVID-19 on the company's financial statement may differ from that estimated as at the date of approval of Standalone Financial statements and it will continue to closely monitor any material changes to future economic conditions.

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: April 22, 2021

For and on behalf of the Board of Directors

S K Roongta
Director
DIN: 00309302

Abhijit Pati
CEO & Whole-time Director
DIN: 08457230

Rahul Roongta
Chief Financial Officer

Vinod Mathur
Company Secretary

Place: Gurugram
Date: April 22, 2021

Bharat Aluminium Company Limited
Aluminium Sadan, Core-6, Scope Office Complex 7,
Lodhi Road, New Delhi - 110 003

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