

## **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;



# **S.R. BATLIBOI & Co. LLP**

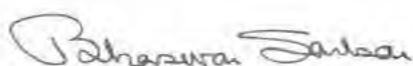
Chartered Accountants

- (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.



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

- (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:



# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

| <b>Name of Statute</b>          | <b>Nature of Dues</b>                                                                                           | <b>Amount (Rs. in Crore)</b> | <b>Period to which the amount relates</b>                                 | <b>Forum where the dispute is pending</b>                          |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------|
| 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.

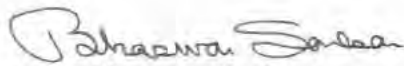


- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions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

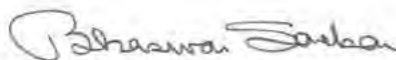
### **Opinion**

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



**Bharat Aluminium Company Limited**  
**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 |
|------------------------------------|----------|----------------------|----------------------|
| <b>ASSETS</b>                      |          |                      |                      |
| <b>Non-current assets</b>          |          |                      |                      |
| (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               |
| <b>Total non-current assets</b>    |          | <b>10,867.78</b>     | <b>11,478.30</b>     |
| <b>Current assets</b>              |          |                      |                      |
| (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               |
| <b>Total current assets</b>        |          | <b>2,874.13</b>      | <b>2,721.66</b>      |
| <b>TOTAL ASSETS</b>                |          | <b>13,741.91</b>     | <b>14,199.96</b>     |
| Continued..                        |          |                      |                      |



*Pratibha*



**Bharat Aluminium Company Limited**  
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 |
|---------------------------------------------------------------------------------------|----------|----------------------|----------------------|
| <b>EQUITY AND LIABILITIES</b>                                                         |          |                      |                      |
| <b>Equity</b>                                                                         |          |                      |                      |
| Equity share capital                                                                  | 18       | 220.62               | 220.62               |
| Other equity                                                                          |          | 4,731.55             | 3,727.50             |
| <b>Total Equity</b>                                                                   |          | <b>4,952.17</b>      | <b>3,948.12</b>      |
| <b>Liabilities</b>                                                                    |          |                      |                      |
| <b>Non-current Liabilities</b>                                                        |          |                      |                      |
| (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               |
| <b>Total non-current liabilities</b>                                                  |          | <b>3,369.54</b>      | <b>4,027.26</b>      |
| <b>Current Liabilities</b>                                                            |          |                      |                      |
| (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             |
| <b>Total current liabilities</b>                                                      |          | <b>5,420.20</b>      | <b>6,224.58</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                   |          | <b>13,741.91</b>     | <b>14,199.96</b>     |

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

*Bhaswar Sarkar*

per Bhaswar Sarkar

**Partner**

Membership No. 55596



*SK Roongta*

SK Roongta

**Director**

DIN: 00309302

*Rahul Roongta*

Rahul Roongta

**Chief Financial Officer**

*Abhijit Pati*

Abhijit Pati

**CEO & Whole-time Director**

DIN: 08457230

*Vinod Mathur*

Vinod Mathur

**Company Secretary**

Place: Kolkata

Date: April 22, 2021



Place: Gurugram

Date: April 22, 2021

*Rahul Roongta*

**Bharat Aluminium Company Limited**  
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 |
|---------------------------------------------------------------------------|----------|-----------------------------------|-----------------------------------|
| <b>Income:</b>                                                            |          |                                   |                                   |
| 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                             |
| <b>Total income</b>                                                       |          | <b>9,862.87</b>                   | <b>8,921.03</b>                   |
| <b>Expenses:</b>                                                          |          |                                   |                                   |
| 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                          |
| <b>Total expenses</b>                                                     |          | <b>8,190.71</b>                   | <b>9,126.60</b>                   |
| <b>Profit/(loss) before exceptional item and tax</b>                      |          | <b>1,672.16</b>                   | <b>(205.57)</b>                   |
| Exceptional item- gain                                                    | 37       | (94.99)                           | -                                 |
| <b>Profit/(loss) before tax</b>                                           |          | <b>1,767.15</b>                   | <b>(205.57)</b>                   |
| <b>Tax expense/(credit):</b>                                              | 39       |                                   |                                   |
| On other than exceptional items:                                          |          |                                   |                                   |
| -Net deferred tax charge/(credit)                                         |          | 693.24                            | (88.07)                           |
| On exceptional items:                                                     |          |                                   |                                   |
| -Net deferred tax charge                                                  |          | 23.91                             | -                                 |
| <b>Net tax charge/(credit)</b>                                            |          | <b>717.15</b>                     | <b>(88.07)</b>                    |
| <b>Profit/(loss) for the year</b>                                         |          | <b>1,050.00</b>                   | <b>(117.50)</b>                   |
| <b>Other comprehensive income</b>                                         |          |                                   |                                   |
| <b>Item that will not be subsequently reclassified to profit or loss</b>  |          |                                   |                                   |
| (a) Re-measurement gain/(loss) on defined benefit obligations             | 40       | (1.34)                            | (37.85)                           |
| (b) Tax (charge)/credit                                                   | 39       | (6.63)                            | 13.23                             |
| <b>Item that will be subsequently reclassified to profit or loss:</b>     |          |                                   |                                   |
| (a) Net gain/(loss) on cash flow hedges                                   |          | (54.80)                           | 43.49                             |
| (b) Tax (charge)/credit                                                   | 39       | 16.82                             | (15.20)                           |
| <b>Total other comprehensive income/(loss) for the year</b>               |          | <b>(45.95)</b>                    | <b>3.67</b>                       |
| <b>Total comprehensive income/(loss) for the year</b>                     |          | <b>1,004.05</b>                   | <b>(113.83)</b>                   |
| <b>Earnings/(loss) per share (of ₹ 10/- each)</b>                         | 38       |                                   |                                   |
| <b>Basic and Diluted (in ₹ per share)</b>                                 |          | <b>47.59</b>                      | <b>(5.33)</b>                     |

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

*Bhaswar Sarkar*

per Bhaswar Sarkar

Partner

Membership No. 55596



Place: Kolkata

Date: April 22, 2021



*Pratik*

For and on behalf of the Board of Directors

*S K Roongta* *Abhijit Pati*

S K Roongta

Director

DIN: 00309302

Abhijit Pati

CEO & Whole-time Director

DIN: 08457230

*Rahul Roongta*

Rahul Roongta

Chief Financial Officer

*Vinod Mathur*

Vinod Mathur

Company Secretary

Place: Gurugram

Date: April 22, 2021

**Bharat Aluminium Company Limited**  
Statement of Cash Flows for the year ended March 31, 2021

(All amounts in ₹ Crore, unless otherwise stated)

|           | Particulars                                                                   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|-----------|-------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A.</b> | <b>Cash flow from operating activities</b>                                    |                                      |                                      |
|           | 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)                              |
|           |                                                                               | <b>780.25</b>                        | <b>945.81</b>                        |
|           | <b>Operating profit before changes in assets and liabilities</b>              | <b>2,547.40</b>                      | <b>740.24</b>                        |
|           | 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                                |
|           |                                                                               | <b>36.65</b>                         | <b>(81.16)</b>                       |
|           | <b>Cash generated from operations</b>                                         | <b>2,584.05</b>                      | <b>659.08</b>                        |
|           | Income taxes (paid)                                                           | 9.94                                 | (13.06)                              |
|           | <b>Net cash from operating activities</b>                                     | <b>2,593.99</b>                      | <b>646.02</b>                        |
| <b>B.</b> | <b>Cash flow from investing activities</b>                                    |                                      |                                      |
|           | 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)                               |
|           | <b>Net cash used in investing activities</b>                                  | <b>(1,030.44)</b>                    | <b>(307.60)</b>                      |
| <b>C.</b> | <b>Cash flow from financing activities</b>                                    |                                      |                                      |
|           | 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)                             |
|           | 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)                               |
|           | <b>Net cash used in financing activities</b>                                  | <b>(1,618.56)</b>                    | <b>(510.55)</b>                      |
|           | <b>Net (decrease) / increase in cash and cash equivalents</b>                 | <b>(55.01)</b>                       | <b>(172.13)</b>                      |
|           | 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

*Bhaswar Sarkar*  
per Bhaswar Sarkar  
Partner  
Membership No. 55596



For and on behalf of the Board of Directors

*[Signature]*

S K Roongta  
Director  
DIN: 00309302

Abhijit Pati  
CEO & Whole-time Director  
DIN: 08457230



*[Signature]*  
Rahul Roongta  
Chief Financial Officer

*[Signature]*  
Vinod Mathur  
Company Secretary

Place: Kolkata  
Date: April 22, 2021

Place: Gurugram  
Date: April 22, 2021

*[Signature]*

Bharat Aluminium Company Limited  
Statement of Changes in Equity for the year ended March 31, 2021

A Equity share capital

| Particulars                                                                                              | Numbers of shares | Amount in ₹ Crore |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Equity shares of ₹ 10 each issued, subscribed and fully paid:<br>As at March 31, 2021 and March 31, 2020 | 220,624,500       | 220.62            |

B Other equity

(All amounts in ₹ Crore, unless otherwise stated)

| Particulars                                                   | Reserve and Surplus          |                                |                                      |                              |                                 | OCI                                               |           | Total    |
|---------------------------------------------------------------|------------------------------|--------------------------------|--------------------------------------|------------------------------|---------------------------------|---------------------------------------------------|-----------|----------|
|                                                               | Capital reserve <sup>4</sup> | Retained earnings <sup>5</sup> | Debt redemption reserve <sup>2</sup> | General reserve <sup>1</sup> | Total reserves (other than OCI) | Effective portion of cash flow hedge <sup>6</sup> | 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 <sup>3</sup>   | -                            | (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 Debt 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 <sup>3</sup>          | -                            | (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 Debt 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.

2 Debt redemption reserve

The Indian Companies Act requires companies that issue debentures to create a debt 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 debt redemption reserve may not be utilised except to redeem debentures. Consequent to MCA notification dated August 16, 2019, the company had stopped creating further Debt 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

*Bhaswar Sarkar*  
per Bhaswar Sarkar  
Partner  
Membership No. 355396



Place: Kolkata  
Date: April 22, 2021



For and on behalf of the Board of Directors

*S. K. Roongta*  
Director

DIN: 00309302

Rahul Roongta  
Chief Financial Officer

*Abhijit Pati*  
CEO & Whole-time Director

DIN: 08457230

*Vinod Mathur*  
Company Secretary

Place: Gurugram  
Date: April 22, 2021

**Bharat Aluminium Company Limited**

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 570 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 Manpat 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.

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.

**(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.



Handwritten signature



**Bharat Aluminium Company Limited**

Notes to the financial statements as at and for the year ended March 31, 2021

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 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 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.



**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

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 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:

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

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 113.

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.



**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

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:

**• 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 closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through 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.

**(E) 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 derecognised, 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 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.



*[Handwritten signature]*

(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 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 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).



**Bharat Aluminium Company Limited****Notes to the financial statements as at and for the year ended March 31, 2021**

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 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.

**(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.



Handwritten signature and initials.



**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

**(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. 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
- 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.



Handwritten signature: *But Ga*



**Bharat Aluminium Company Limited**

Notes to the financial statements as at and for the year ended March 31, 2021

**(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 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.

**(3c) 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.



*Handwritten signature*



**Bharat Aluminium Company Limited**  
Notes to the financial statements as at March 31, 2021  
(All amounts in ₹ Crore, unless otherwise stated)

**4. Property, Plant and Equipments<sup>45,46</sup>**

| Particulars                            | Gross block         |           |            | Accumulated depreciation   |                     |            |                            | Net Block |
|----------------------------------------|---------------------|-----------|------------|----------------------------|---------------------|------------|----------------------------|-----------|
|                                        | As at April 1, 2020 | Additions | Deductions | As at As at March 31, 2021 | Charge for the year | Deductions | As at As at March 31, 2021 |           |
| <b>Tangible assets</b>                 |                     |           |            |                            |                     |            |                            |           |
| Land- freehold <sup>1,2,3</sup>        | 18.29               | 0.06      | -          | 18.35                      | -                   | -          | -                          | 18.35     |
| (Previous year)                        | 17.31               | 0.98      | -          | 18.29                      | -                   | -          | -                          | 18.29     |
| <b>Buildings<sup>2</sup></b>           | 2,074.63            | 12.58     | 0.68       | 2,086.53                   | 54.73               | 0.08       | 930.66                     | 1,155.87  |
| (Previous year)                        | 2,063.51            | 11.12     | -          | 2,074.63                   | 55.27               | -          | 876.01                     | 1,198.62  |
| <b>Plant and equipment</b>             | 14,431.44           | 191.56    | 56.38      | 14,566.62                  | 401.11              | 47.43      | 5,902.81                   | 8,663.81  |
| (Previous year)                        | 14,231.26           | 230.73    | 30.55      | 14,431.44                  | 404.75              | 19.32      | 5,549.13                   | 8,882.31  |
| <b>Furniture and fixtures</b>          | 24.08               | 0.47      | 8.32       | 16.23                      | 0.69                | 7.58       | 12.71                      | 3.52      |
| (Previous year)                        | 23.36               | 0.80      | 0.08       | 24.08                      | 0.86                | 0.03       | 19.60                      | 4.46      |
| <b>Vehicles</b>                        | 27.48               | -         | 1.14       | 26.34                      | 0.68                | 0.94       | 16.77                      | 9.57      |
| (Previous year)                        | 27.59               | 0.42      | 0.53       | 27.48                      | 0.70                | 0.16       | 17.03                      | 10.45     |
| <b>Office equipment</b>                | 33.87               | 7.24      | 1.89       | 39.22                      | 2.37                | 1.80       | 28.47                      | 10.75     |
| (Previous year)                        | 32.74               | 1.17      | 0.04       | 33.87                      | 2.612               | 0.02       | 27.90                      | 5.97      |
| <b>Railway Sidings</b>                 | 230.04              | -         | -          | 230.04                     | 76.41               | -          | 88.63                      | 141.41    |
| (Previous year)                        | 228.74              | 1.30      | -          | 230.04                     | 12.24               | -          | 76.41                      | 153.63    |
| <b>Mining properties</b>               | 141.98              | 0.69      | -          | 142.67                     | 1.71                | -          | 14.63                      | 128.04    |
| (Previous year)                        | 99.85               | 42.13     | -          | 141.98                     | 7.01                | -          | 12.92                      | 129.06    |
| <b>Right of Use assets<sup>6</sup></b> | 36.58               | -         | -          | 36.58                      | 4.56                | -          | 9.12                       | 27.46     |
| (Previous year)                        | -                   | 36.58     | -          | 36.58                      | 4.56                | -          | 4.56                       | 32.02     |
| <b>Total</b>                           | 17,018.39           | 212.60    | 68.41      | 17,162.58                  | 478.07              | 57.83      | 7,003.80                   | 10,158.78 |
| <b>Total - Previous Year</b>           | 16,724.36           | 325.23    | 31.20      | 17,018.39                  | 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.

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.



**Bharat Aluminium Company Limited**  
**Notes to the financial statements as at March 31, 2021**  
*(All amounts in ₹ Crore, unless otherwise stated)*

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  |
| <i>(Previous year)</i>                   | 3.95     | 0.61         | 4.56  |
| Carrying book value as on March 31, 2021 | 27.40    | 0.06         | 27.46 |
| <i>(Previous year)</i>                   | 31.35    | 0.67         | 32.02 |

**5 Intangible Assets**

| Particulars          | Gross Block         |           |            | Accumulated Amortisation   |                     |            | Net Block                  |                            |
|----------------------|---------------------|-----------|------------|----------------------------|---------------------|------------|----------------------------|----------------------------|
|                      | As at April 1, 2020 | Additions | Deductions | As at As at March 31, 2021 | Charge for the year | Deductions | As at As at March 31, 2021 | As at As at March 31, 2021 |
| Software license     | 9.72                | 0.05      | -          | 9.77                       | 0.29                | -          | 8.81                       | 0.96                       |
| <i>Previous year</i> | 9.02                | 0.70      | -          | 9.72                       | 2.55                | -          | 8.52                       | 7.20                       |



*(Handwritten signatures)*



**Bharat Aluminium Company Limited**
**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 |
|---------------------------------------|----------------------|----------------------|
| <b>Unsecured</b>                      |                      |                      |
| Considered good                       | 212.79               | 217.95               |
| Credit impaired                       | 34.10                | 34.10                |
| Less: allowance for credit impairment | (34.10)              | (34.10)              |
| <b>Total</b>                          | <b>212.79</b>        | <b>217.95</b>        |

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- Rs 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 ultimately 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 ultimately 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 |
|-----------------------------------|----------------------|----------------------|
| <b>Unsecured, considered good</b> |                      |                      |
| Loans to employees                | 0.20                 | 0.34                 |
| <b>Total</b>                      | <b>0.20</b>          | <b>0.34</b>          |

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

**8 Financial assets - Non Current : Others**  
(at amortised cost)

| Particulars                         | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------------------|----------------------|----------------------|
| <b>Unsecured, considered good</b>   |                      |                      |
| Security deposits                   | 40.45                | 27.75                |
| Site restoration asset <sup>1</sup> | 9.19                 | 8.68                 |
| Other receivables <sup>3</sup>      | 131.39               | 42.29                |
| <b>Total</b>                        | <b>181.03</b>        | <b>78.72</b>         |

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 |
|-------------------------------------------|----------------------|----------------------|
| <b>Unsecured, considered good</b>         |                      |                      |
| Capital advances                          | 14.94                | 1.49                 |
| Prepaid expenses <sup>1</sup>             | 46.06                | -                    |
| Claims and other receivables <sup>2</sup> | 129.91               | 179.73               |
| Security deposits                         | 0.08                 | 0.20                 |
| <b>Total</b>                              | <b>190.99</b>        | <b>181.42</b>        |

1. Includes expenditure incurred towards Corporate Social Responsibility in excess of related obligation till year-end (Also refer note 36<sup>2</sup>).

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 abovementioned Act.



*Handwritten signature and initials.*

- 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.
- 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               |
|                                    | <b>430.79</b>        | <b>370.39</b>        |
| (b) Fuel stock                     | 152.80               | 237.09               |
| Goods-in transit                   | 3.37                 | 2.64                 |
|                                    | <b>156.17</b>        | <b>239.73</b>        |
| (c) Work-in-progress               | 194.08               | 249.17               |
| Goods-in transit                   | 1.14                 | 3.60                 |
|                                    | <b>195.22</b>        | <b>252.77</b>        |
| (d) Finished goods <sup>1</sup>    | 5.78                 | 162.16               |
| (e) By-product <sup>1</sup>        | 5.93                 | 2.03                 |
| (f) Stores and spares <sup>2</sup> | 123.30               | 130.62               |
| Goods-in transit                   | 0.20                 | 1.43                 |
|                                    | <b>123.50</b>        | <b>132.05</b>        |
| <b>Total</b>                       | <b>917.39</b>        | <b>1,159.13</b>      |

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).

**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               |
| <b>Total</b>                           | <b>1,024.46</b>      | <b>250.03</b>        |

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 |
|---------------------------------------|----------------------|----------------------|
| <b>Unsecured</b>                      |                      |                      |
| Considered good                       | 467.09               | 619.57               |
| Credit impaired                       | -                    | 0.22                 |
| Less: allowance for credit impairment | -                    | (0.22)               |
| <b>Total</b>                          | <b>467.09</b>        | <b>619.57</b>        |

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                 |
| <b>Total</b>        | <b>108.97</b>        | <b>163.98</b>        |



*Print*  
*Sar*

**Bharat Aluminium Company Limited**

**Notes to the financial statements as at March 31, 2021**

(All amounts in ₹ Crore, unless otherwise stated)

**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 <sup>1</sup> | 0.21                 | 0.14                 |
| <b>Total</b>                                                                                    | <b>0.21</b>          | <b>0.14</b>          |

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

**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                 |
| <b>Total</b>               | <b>1.00</b>          | <b>1.61</b>          |

**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 <sup>2</sup>                       | 28.90                | 21.10                |
| <b>Total</b>                                         | <b>32.03</b>         | <b>21.24</b>         |

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                |
| <b>Total</b>                                   | <b>321.57</b>        | <b>424.72</b>        |



*Handwritten signature and initials.*



18 Share capital

| Particulars                                                 | As at March 31, 2021 |               | As at March 31, 2020 |               |
|-------------------------------------------------------------|----------------------|---------------|----------------------|---------------|
|                                                             | Number of shares     | Amount        | Number of shares     | Amount        |
| <b>Authorised</b>                                           |                      |               |                      |               |
| Balance at the end of the year (equity shares of ₹ 10 each) | 500,000,000          | 500.00        | 500,000,000          | 500.00        |
| <b>Issued, subscribed and fully Paid up</b>                 |                      |               |                      |               |
| Balance at the end of the year (equity shares of ₹ 10 each) | 220,624,500          | 220.62        | 220,624,500          | 220.62        |
| <b>Total</b>                                                | <b>220,624,500</b>   | <b>220.62</b> | <b>220,624,500</b>   | <b>220.62</b> |

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 | 220,624,500          | 220.62 | 220,624,500          | 220.62 |

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

| Name of Shareholder                                | 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 <sup>1</sup> and their nominees | 112,518,495          | 51%          | 112,518,495          | 51%          |
| b) Government of India - President of India        | 108,106,005          | 49%          | 108,106,005          | 49%          |
| <b>Total</b>                                       | <b>220,624,500</b>   | <b>100%</b>  | <b>220,624,500</b>   | <b>100%</b>  |

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 Vulcan 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.



*Handwritten signature and initials.*

**Bharat Aluminium Company Limited**  
**Notes to the financial statements as at March 31, 2021**  
*(All amounts in ₹ Crore, unless otherwise stated)*

**19 Financial liabilities - Borrowings : Non current**  
**(at amortised cost)**

| Particulars                                     | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------------------------------|----------------------|----------------------|
| <b>Secured</b>                                  |                      |                      |
| Term loans from banks <sup>2</sup>              | 2,037.95             | 2,528.38             |
| External commercial borrowings <sup>3,4,5</sup> | 109.24               | 394.36               |
| Foreign currency term loan <sup>6</sup>         | 72.88                | 148.54               |
| <b>Total</b>                                    | <b>2,220.07</b>      | <b>3,071.28</b>      |

| 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               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>2,220.07</b>      | <b>3,071.28</b>      |

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.



*Handwritten signature and initials.*

**Bharat Aluminium Company Limited**  
**Notes to the financial statements as at March 31, 2021**  
*(All amounts in ₹ Crore, unless otherwise stated)*

**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          |
| <b>As at April 1, 2020</b>          | <b>1327.36</b>                 | <b>3071.28</b>                | <b>4398.64</b> |
| Net cash inflow/(outflow)           | (870.00)                       | (369.00)                      | (1,239.00)     |
| Other Non cash changes              | 489.28                         | (482.21)                      | 7.07           |
| <b>As at March 31, 2021</b>         | <b>946.64</b>                  | <b>2220.07</b>                | <b>3166.71</b> |

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                 |
| <b>Total</b>      | <b>-</b>             | <b>0.17</b>          |

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 <sup>1</sup>                   | 120.57               | 136.37               |
| Provision for site restoration and rehabilitation <sup>2</sup> | 58.72                | 55.16                |
| <b>Total</b>                                                   | <b>179.29</b>        | <b>191.53</b>        |

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

| 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                |
| <b>Closing balance</b>                               | <b>58.72</b>         | <b>55.16</b>         |

**22 Other liabilities : Non current**

| Particulars                             | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------------------|----------------------|----------------------|
| Deferred Government grants <sup>1</sup> | 707.52               | 728.09               |
| <b>Total</b>                            | <b>707.52</b>        | <b>728.09</b>        |

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 |
|---------------------------------------------------|----------------------|----------------------|
| <b>Secured</b>                                    |                      |                      |
| Loans repayable on demand from banks <sup>1</sup> | 0.01                 | 0.05                 |
| Others <sup>2</sup>                               | 106.31               | 82.42                |
|                                                   | <b>106.32</b>        | <b>82.47</b>         |
| <b>Unsecured</b>                                  |                      |                      |
| Packing credit <sup>3</sup>                       | -                    | 175.00               |
| Others <sup>5</sup>                               | -                    | 19.00                |
| Working Capital Loan <sup>4</sup>                 | -                    | 80.00                |
| Amounts due on factoring <sup>6</sup>             | 27.02                | -                    |
|                                                   | <b>27.02</b>         | <b>274.00</b>        |
| <b>Total</b>                                      | <b>133.34</b>        | <b>356.47</b>        |



*But*



**Bharat Aluminium Company Limited**  
**Notes to the financial statements as at March 31, 2021**  
*(All amounts in ₹ Crore, unless otherwise stated)*

| 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                 |
| 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                | -                    |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>133.34</b>        | <b>356.47</b>        |

**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             |
| <b>Total</b>                                 | <b>1,468.65</b>      | <b>1,390.37</b>      |

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 <sup>2</sup>                      | 73.00                | 66.63                |
| <b>Total (a)</b>                                                                                | <b>73.00</b>         | <b>66.63</b>         |
| Total outstanding dues of creditors other than micro, small and medium enterprises <sup>1</sup> | 721.33               | 929.80               |
| Dues to related parties (also refer note no. 43)                                                | 15.88                | 42.34                |
| <b>Total (b)</b>                                                                                | <b>737.21</b>        | <b>972.14</b>        |
| <b>Total (a+b)</b>                                                                              | <b>810.21</b>        | <b>1,038.77</b>      |

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):

| 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 | -                    | -                    |



*Print* *for*



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 <sup>1,2</sup> | 813.30               | 970.89               |
| Interest accrued but not due                                      | 11.46                | 49.52                |
| Capital creditors <sup>3</sup>                                    | 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 <sup>4</sup>                                    | 22.92                | 12.58                |
| <b>Total<sup>5</sup></b>                                          | <b>1,216.53</b>      | <b>1,497.45</b>      |

| 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                |
| <b>Total</b>                                  | <b>813.30</b>        | <b>970.89</b>        |

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.

27 Provisions : Current

| Particulars                                          | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------------------------------|----------------------|----------------------|
| Provision for employee benefits <sup>1</sup>         | 68.11                | 86.02                |
| Provision for disputed cases and claims <sup>2</sup> | 54.89                | 53.56                |
| <b>Total</b>                                         | <b>123.00</b>        | <b>139.58</b>        |

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                 |
| <b>Closing balance<sup>1</sup></b>                                     | <b>54.89</b>         | <b>53.56</b>         |

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 <sup>1</sup>                | 1,427.98             | 1,673.86             |
| Advance from customers <sup>2</sup>               | 130.96               | 84.99                |
| <b>Total</b>                                      | <b>1,579.51</b>      | <b>1,779.42</b>      |

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.



*Handwritten signature*



**Bharat Aluminium Company Limited**
**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     | March 31, 2020  |
| Sale of products and supply of power | 9,687.92           | 8,746.54        |
| <b>Total</b>                         | <b>9,687.92</b>    | <b>8,746.54</b> |

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 (CSPTdCL) 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     | March 31, 2020 |
| (i) Export incentives      | 42.43              | 80.59          |
| (ii) Scrap sales           | 25.26              | 26.77          |
| (iii) Miscellaneous income | 27.82              | 4.59           |
| <b>Total</b>               | <b>95.51</b>       | <b>111.95</b>  |

**31 Other income**

| Particulars                                                                           | For the year ended |                |
|---------------------------------------------------------------------------------------|--------------------|----------------|
|                                                                                       | March 31, 2021     | 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           |
| Rent income                                                                           | 4.32               | 7.48           |
| Unclaimed liabilities written back (net)                                              | 1.65               | 1.89           |
| Deferred Government grant income <sup>1</sup>                                         | 20.57              | 20.57          |
| <b>Total</b>                                                                          | <b>79.44</b>       | <b>62.54</b>   |

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     | March 31, 2020 |
| <b>Opening inventories</b> |                    |                |
| Finished goods             | 162.16             | 37.64          |
| Work in progress           | 252.77             | 295.27         |
| By products                | 2.03               | 1.30           |
|                            | <b>416.96</b>      | <b>334.21</b>  |
| <b>Closing inventories</b> |                    |                |
| Finished goods             | 5.77               | 162.16         |
| Work in progress           | 195.22             | 252.77         |
| By products                | 5.93               | 2.03           |
|                            | <b>206.92</b>      | <b>416.96</b>  |
| <b>Total</b>               | <b>210.04</b>      | <b>(82.75)</b> |



**Bharat Aluminium Company Limited**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in ₹ Crore, unless otherwise stated)

**33 Employee benefits expense**

| Particulars                                                        | For the year ended |                |
|--------------------------------------------------------------------|--------------------|----------------|
|                                                                    | March 31, 2021     | March 31, 2020 |
| (a) Salaries and wages (refer note no. 43) <sup>1</sup>            | 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) <sup>2</sup>                   | 6.67               | 9.16           |
| <b>Total</b>                                                       | <b>446.11</b>      | <b>354.92</b>  |

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.

**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, Vulcan 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 EBITDA 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     | March 31, 2020 |
| Interest expense <sup>1</sup>                                                          | 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           |
| <b>Total</b>                                                                           | <b>427.00</b>      | <b>496.15</b>  |

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

**35 Depreciation and amortisation expense**

| Particulars                                     | For the year ended |                |
|-------------------------------------------------|--------------------|----------------|
|                                                 | March 31, 2021     | March 31, 2020 |
| Tangible assets <sup>1</sup> (Refer note no. 4) | 478.07             | 487.19         |
| Intangible assets (Refer note no. 5)            | 0.29               | 2.55           |
| <b>Total</b>                                    | <b>478.36</b>      | <b>489.74</b>  |

1. Also refer note no. 4.6



**Bharat Aluminium Company Limited**

**Notes to the financial statements for the year ended March 31, 2021**

(All amounts in ₹ Crore, unless otherwise stated)

**36 Other expenses**

| Particulars                                                                                       | For the year ended |                 |
|---------------------------------------------------------------------------------------------------|--------------------|-----------------|
|                                                                                                   | March 31, 2021     | 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 <sup>1</sup>                                                                 | 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 <sup>2</sup>                                             | 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           |
| <b>Total</b>                                                                                      | <b>880.46</b>      | <b>1,321.10</b> |

| 1. Payments to auditors      | For the year ended |                |
|------------------------------|--------------------|----------------|
|                              | March 31, 2021     | 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           |
| <b>Total</b>                 | <b>1.59</b>        | <b>1.27</b>    |

**2. Corporate Social Responsibility Expenses**

| Particulars                                                      | For the year ended |                |
|------------------------------------------------------------------|--------------------|----------------|
|                                                                  | March 31, 2021     | 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                                    | -                  | -              |
| <b>Total amount spent</b>                                        | <b>47.63</b>       | <b>82.63</b>   |

\* 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     | March 31, 2020 |
| Net profit/(loss) after tax for the year                                      | 1,050.00           | (117.50)       |
| Weighted number of ordinary shares for basic EPS                              | 220,624,500.00     | 220,624,500.00 |
| Nominal value of ordinary share (in ₹ per share)                              | 10.00              | 10.00          |
| <b>Basic and Diluted earnings/(loss) for ordinary shares (in ₹ per share)</b> | <b>47.59</b>       | <b>(5.33)</b>  |



Handwritten signature and initials.



**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

(All amounts are in INR Crore, unless otherwise stated)

**39 Tax expense**

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

| Particulars                                                                     | For the year ended |                |
|---------------------------------------------------------------------------------|--------------------|----------------|
|                                                                                 | March 31, 2021     | 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:

| Particulars                                                                         | For the year ended |                |
|-------------------------------------------------------------------------------------|--------------------|----------------|
|                                                                                     | March 31, 2021     | 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.



*Handwritten signature and initials.*



**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

(All amounts are in INR Crore, unless otherwise stated)

**(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.

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

| Particulars                                  | April 1, 2020   | Charged /<br>(credited) to<br>statement of profit<br>and loss | Charged /<br>(credited) to other<br>comprehensive<br>income | Reclassified to income<br>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)       |
| <b>Total</b>                                 | <b>(471.04)</b> | <b>717.15</b>                                                 | <b>(10.19)</b>                                              | <b>-</b>                             | <b>235.93</b>  |

| Particulars                                  | April 1, 2019   | Charged /<br>(credited) to<br>statement of profit<br>and loss | Charged /<br>(credited) to other<br>comprehensive<br>income | Reclassified to income<br>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                                | -               |
| <b>Total</b>                                 | <b>(396.65)</b> | <b>(88.07)</b>                                                | <b>1.97</b>                                                 | <b>11.71</b>                         | <b>(471.04)</b> |

**(d) Non-current tax assets**

Non-current tax assets represent income tax receivable from Indian tax authorities by the Company.



*Puti* *Ta*

**Bharat Aluminium Company Limited****Notes to the financial statements as at and for the year ended March 31, 2021***(All amounts are in INR 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%          |

**(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.



*Handwritten signature*



**Bharat Aluminium Company Limited****Notes to the financial statements as at and for the year ended March 31, 2021***(All amounts are in INR Crore, unless otherwise stated)***(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        |
| <b>Net liability arising from defined benefit obligations</b> | <b>85.54</b>   | <b>52.04</b> | <b>113.65</b>  | <b>48.82</b> |

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        |
| <b>Total charge to the statement of profit and loss</b> | <b>12.29</b>   | <b>3.74</b> | <b>12.69</b>   | <b>3.09</b> |

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        |
| <b>Re measurement losses/(gains) of the net defined benefit liability</b>     | <b>(0.43)</b>  | <b>1.77</b> | <b>21.95</b>   | <b>15.89</b> |

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        |
| <b>Closing balance</b>                                                        | <b>85.54</b>   | <b>52.04</b> | <b>113.65</b>  | <b>48.82</b> |
| 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.



**Bharat Aluminium Company Limited****Notes to the financial statements as at and for the year ended March 31, 2021***(All amounts are in INR Crore, unless otherwise stated)***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   |
| <b>Discount rate</b>                                                      |                |        |                |        |
| Increase by 0.50%                                                         | (4.59)         | (2.38) | (5.00)         | (2.15) |
| Decrease by 0.50%                                                         | 5.03           | 2.61   | 5.50           | 2.36   |
| <b>Expected rate of change in compensation level of covered employees</b> |                |        |                |        |
| 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.

**(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.



*Sanjiv*  
*Purif*



**Bharat Aluminium Company Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2021**  
*(All amounts are in INR Crore, unless otherwise stated)*

**41 Commitments, Contingencies and Guarantees**  
**(to the extent not provided for)**

**(i) Commitments**

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

**(ii) Contingencies\***

| Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                              | As at           |                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | March 31, 2021  | March 31, 2020  |
| <b>(a) Claims against the Company not acknowledged as debts are as follows :</b>                                                                                                                                                                                                                                                                                                                                                                                         |                 |                 |
| 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           |
| <b>(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.)</b> | <b>38.84</b>    | <b>52.59</b>    |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1,459.32</b> | <b>1,378.22</b> |

\* 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**

- 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).
- 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 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.



*Handwritten signature*



**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

(All amounts are in INR Crore, unless otherwise stated)

**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.

**B Information about reportable segments**

| Particulars                                                                                 | March 31, 2021   |                 |              |                  | March 31, 2020   |                 |              |                  |
|---------------------------------------------------------------------------------------------|------------------|-----------------|--------------|------------------|------------------|-----------------|--------------|------------------|
|                                                                                             | Aluminium        | Power           | Eliminations | Total            | Aluminium        | Power           | Eliminations | Total            |
| <b>Revenue</b>                                                                              |                  |                 |              |                  |                  |                 |              |                  |
| External revenue                                                                            | 8,991.55         | 696.37          | -            | 9,687.92         | 8,036.47         | 710.07          | -            | 8,746.54         |
| <b>Segment revenue</b>                                                                      | <b>8,991.55</b>  | <b>696.37</b>   | <b>-</b>     | <b>9,687.92</b>  | <b>8,036.47</b>  | <b>710.07</b>   | <b>-</b>     | <b>8,746.54</b>  |
| <b>Results</b>                                                                              |                  |                 |              |                  |                  |                 |              |                  |
| 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            |
| <b>Segment results</b>                                                                      | <b>1,859.64</b>  | <b>223.53</b>   | <b>-</b>     | <b>2,083.17</b>  | <b>13.36</b>     | <b>249.79</b>   | <b>-</b>     | <b>263.15</b>    |
| Less : Finance costs                                                                        | -                | -               | -            | (427.00)         | -                | -               | -            | (496.15)         |
| Less : Unallocated income/expenses                                                          | -                | -               | -            | 15.99            | -                | -               | -            | 27.43            |
| Add : Exceptional items                                                                     | -                | 94.99           | -            | 94.99            | -                | -               | -            | -                |
| <b>Net profit/ (loss) before tax</b>                                                        | <b>1,859.64</b>  | <b>318.52</b>   | <b>-</b>     | <b>1,767.15</b>  | <b>13.36</b>     | <b>249.79</b>   | <b>-</b>     | <b>(205.57)</b>  |
| 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             |
| <b>Total assets</b>                                                                         | <b>11,058.06</b> | <b>1,519.75</b> | <b>-</b>     | <b>13,741.91</b> | <b>11,606.15</b> | <b>1,673.99</b> | <b>-</b>     | <b>14,199.96</b> |
| 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           |
| <b>Total liabilities</b>                                                                    | <b>5,048.26</b>  | <b>233.48</b>   | <b>-</b>     | <b>8,789.73</b>  | <b>5,511.66</b>  | <b>159.06</b>   | <b>-</b>     | <b>10,251.84</b> |

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



*Handwritten signature/initials*



**Bharat Aluminium Company Limited**

Notes to the financial statements as at and for the year ended March 31, 2021

(All amounts are in INR Crore, unless otherwise stated)

**C Geographical segment analysis**

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

| Particulars                                                                          | March 31, 2021   | 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         |
| <b>Total</b>                                                                         | <b>9,687.92</b>  | <b>8,746.54</b>  |
| Carrying amount of non current assets <sup>1</sup> based on location of assets as at |                  |                  |
| India                                                                                | 10,455.55        | 10,710.25        |
| Outside India                                                                        | -                | -                |
| <b>Total</b>                                                                         | <b>10,455.55</b> | <b>10,710.25</b> |

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     | 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           |
| <b>Total</b>                  | <b>9,687.92</b>    | <b>8,746.54</b> |



*Handwritten signature: Dilip Kumar*



**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

(All amounts are in INR Crore, unless otherwise stated)

**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)

**(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 Tadarwal (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



*Handwritten signature and initials.*



**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

(All amounts are in INR Crore, unless otherwise stated)

**B Transactions with related parties**

| Particulars                                                   | For the year ended |                 |
|---------------------------------------------------------------|--------------------|-----------------|
|                                                               | March 31, 2021     | March 31, 2020  |
| <b>Revenue from operations</b>                                |                    |                 |
| Vedanta Limited                                               | 419.53             | 615.83          |
| HZL                                                           | 24.47              | 17.81           |
| SPTL                                                          | 50.28              | 152.09          |
| ESL                                                           | 4.32               | 6.59            |
| Namzinc                                                       | -                  | 0.72            |
| <b>Total</b>                                                  | <b>498.60</b>      | <b>793.04</b>   |
| <b>Rent income</b>                                            |                    |                 |
| Vedanta Limited                                               | 0.67               | 0.57            |
| <b>Total</b>                                                  | <b>0.67</b>        | <b>0.57</b>     |
| <b>Interest income</b>                                        |                    |                 |
| Vedanta Limited                                               | 2.28               | -               |
| <b>Total</b>                                                  | <b>2.28</b>        | <b>-</b>        |
| <b>Purchase of goods/services</b>                             |                    |                 |
| Vedanta Limited                                               | 739.34             | 1,084.59        |
| VGCB                                                          | -                  | 9.90            |
| MVPL                                                          | -                  | 12.07           |
| HZL                                                           | 0.45               | -               |
| <b>Total</b>                                                  | <b>739.79</b>      | <b>1,106.56</b> |
| <b>Donations given</b>                                        |                    |                 |
| VMRF (Refer note 36(2))                                       | 44.05              | 77.52           |
| <b>Total</b>                                                  | <b>44.05</b>       | <b>77.52</b>    |
| <b>Corporate Guarantee Given/(Relinquished) to VMRF</b>       | <b>(20.72)</b>     | <b>(25.26)</b>  |
| <b>Recovery/(reimbursement) of Expenses#</b>                  |                    |                 |
| Vedanta Limited                                               | (29.78)            | 6.28            |
| HZL                                                           | (6.30)             | 0.12            |
| TSPIL                                                         | 0.27               | (0.79)          |
| ESL                                                           | 0.03               | 0.05            |
| VGCB                                                          | 0.05               | -               |
| STL                                                           | 0.01               | -               |
| VMRF                                                          | (0.21)             | (0.13)          |
| <b>Total</b>                                                  | <b>(35.93)</b>     | <b>5.53</b>     |
| <b>Purchase/(sale) of Property, Plant and Equipments</b>      |                    |                 |
| Vedanta Limited                                               | 0.09               | 0.02            |
| HZL                                                           | (0.00)             | -               |
| <b>Total</b>                                                  | <b>0.09</b>        | <b>0.02</b>     |
| <b>Remuneration to KMPs</b>                                   |                    |                 |
| Short term employee benefits                                  | 4.80               | 3.75            |
| Post employment benefits                                      | 0.19               | 0.16            |
| Other long term benefits*                                     | 0.12               | 0.10            |
| <b>Total</b>                                                  | <b>5.11</b>        | <b>4.01</b>     |
| <b>Commission/sitting fees to directors</b>                   | <b>0.54</b>        | <b>0.13</b>     |
| <b>Contribution to post retirement employee benefit trust</b> | <b>14.93</b>       | <b>16.43</b>    |

# 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.



*Handwritten signature*



**Bharat Aluminium Company Limited****Notes to the financial statements as at and for the year ended March 31, 2021***(All amounts are in INR Crore, unless otherwise stated)*

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 | March 31, 2020 |
| <b>Receivable from:</b>              |                |                |
| 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           |
| <b>Total</b>                         | <b>14.24</b>   | <b>12.45</b>   |
| <b>Payable to:</b>                   |                |                |
| 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           |
| <b>Total</b>                         | <b>29.07</b>   | <b>125.89</b>  |
| <b>Corporate Guarantee given:</b>    |                |                |
| VMRF                                 | 4.73           | 25.45          |
| <b>Total</b>                         | <b>4.73</b>    | <b>25.45</b>   |

\*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.



Dr. S. S. S. S.



**Bharat Aluminium Company Limited**

Notes to the financial statements as at and for the year ended March 31, 2021

(All amounts are in INR 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      |
| <b>Financial assets</b>                      |                                   |                                                                                             |                 |                 |                 |
| 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          |
| <b>Total</b>                                 | <b>1,037.23</b>                   | <b>1.20</b>                                                                                 | <b>990.76</b>   | <b>2,029.19</b> | <b>2,029.19</b> |
| <b>Financial liabilities</b>                 |                                   |                                                                                             |                 |                 |                 |
| 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        |
| <b>Total</b>                                 | <b>1.02</b>                       | <b>112.36</b>                                                                               | <b>5,848.80</b> | <b>5,962.19</b> | <b>5,962.19</b> |

| 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      |
| <b>Financial assets</b>                      |                                   |                                                                                             |                 |                 |                 |
| 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           |
| <b>Total</b>                                 | <b>280.90</b>                     | <b>50.37</b>                                                                                | <b>1,103.56</b> | <b>1,434.83</b> | <b>1,434.83</b> |
| <b>Financial liabilities</b>                 |                                   |                                                                                             |                 |                 |                 |
| 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        |
| <b>Total</b>                                 | <b>58.64</b>                      | <b>-</b>                                                                                    | <b>7,354.52</b> | <b>7,413.16</b> | <b>7,427.15</b> |



*Signature*



**Bharat Aluminium Company Limited****Notes to the financial statements as at and for the year ended March 31, 2021***(All amounts are in INR Crore, unless otherwise stated)***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  |
| <b>Financial assets</b>                                                           |                      |               |          |
| 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         | -        |
| <b>Total</b>                                                                      | <b>1,024.46</b>      | <b>13.97</b>  | <b>-</b> |
| <b>Financial liabilities</b>                                                      |                      |               |          |
| Derivative financial liabilities at fair value through profit and loss            | -                    | 1.02          | -        |
| Derivative financial liabilities at fair value through other comprehensive income | -                    | 112.36        | -        |
| <b>Total</b>                                                                      | <b>-</b>             | <b>113.38</b> | <b>-</b> |

| Financial instruments                                                        | As at March 31, 2020 |              |          |
|------------------------------------------------------------------------------|----------------------|--------------|----------|
|                                                                              | Level 1              | Level 2      | Level 3  |
| <b>Financial assets</b>                                                      |                      |              |          |
| 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        | -        |
| <b>Total</b>                                                                 | <b>250.03</b>        | <b>81.24</b> | <b>-</b> |
| <b>Financial liabilities</b>                                                 |                      |              |          |
| Derivative financial liabilities at fair value through profit and loss       | -                    | 58.64        | -        |
| <b>Total</b>                                                                 | <b>-</b>             | <b>58.64</b> | <b>-</b> |

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  |
|--------------------------------------------|----------|-----------------|----------|
| <b>As at March 31, 2021</b>                |          |                 |          |
| Non-current and current borrowings         | -        | 2,353.41        | -        |
| Current maturities of long term borrowings | -        | 813.30          | -        |
| <b>Total</b>                               | <b>-</b> | <b>3,166.71</b> | <b>-</b> |
| <b>As at March 31, 2020</b>                |          |                 |          |
| Non-current and current borrowings         | -        | 3,441.75        | -        |
| Current maturities of long term borrowings | -        | 970.89          | -        |
| <b>Total</b>                               | <b>-</b> | <b>4,412.64</b> | <b>-</b> |



*Handwritten signatures and initials in blue ink.*

## Bharat Aluminium Company Limited

### Notes to the financial statements as at and for the year ended March 31, 2021

(All amounts are in INR Crore, unless otherwise stated)

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

- Non-current borrowings including current maturity of long term borrowings: Fair value has been determined by the Company based on parameters such as interest rates, specific country risk factors, and the risk characteristics of the financed project.
- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.
- Derivative financial assets/liabilities: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques for such derivatives include forward pricing using present value calculations, foreign exchange spot and forward premium rates. Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (U.K.).
- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments. Fair value of investments are on the basis of net asset value as declared by mutual fund house as on the balance sheet date.

There has been no transfer between level 1 and level 2 during the year or previous year.

## II Risk Management Framework (Also refer note no. 48 below)

The Company's businesses are subject to several risks and uncertainties including financial risks. The Company's documented risk management policies 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.



**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

*(All amounts are in INR Crore, unless otherwise stated)*

The Company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates and commodity prices. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward/future contracts and these are subject to the Company's guidelines and policies.

**IV Commodity Price Risk (Also refer note no. 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.



*Dist*

*For*



**Bharat Aluminium Company Limited**

Notes to the financial statements as at and for the year ended March 31, 2021

(All amounts are in INR Crore, unless otherwise stated)

| Financial liabilities                          | <1 year         | 1-3 years       | 3-5 years       | >5 years      | Total           |
|------------------------------------------------|-----------------|-----------------|-----------------|---------------|-----------------|
| <b>As at March 31, 2021</b>                    |                 |                 |                 |               |                 |
| 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          |
| <b>Total</b>                                   | <b>3,925.38</b> | <b>1,798.97</b> | <b>749.43</b>   | <b>-</b>      | <b>6,473.78</b> |
| <b>As at March 31, 2020</b>                    |                 |                 |                 |               |                 |
| 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          |
| <b>Total</b>                                   | <b>4,559.05</b> | <b>2,086.74</b> | <b>1,378.31</b> | <b>162.52</b> | <b>8,186.62</b> |

\*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         |
|-----------------------------|-----------------|-----------------|-----------------|
| <b>As at March 31, 2021</b> |                 |                 |                 |
| Fund based limit            | 3,480.32        | 3,067.35        | 412.97          |
| Non fund based limit        | 3,195.00        | 1,891.20        | 1,303.80        |
| <b>Total</b>                | <b>6,675.32</b> | <b>4,958.55</b> | <b>1,716.77</b> |
| <b>As at March 31, 2020</b> |                 |                 |                 |
| Fund based limit            | 4,657.14        | 4,008.86        | 648.28          |
| Non fund based limit        | 2,893.75        | 2,189.66        | 704.09          |
| <b>Total</b>                | <b>7,550.89</b> | <b>6,198.52</b> | <b>1,352.37</b> |

**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.

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"



*Handwritten signature*



**Bharat Aluminium Company Limited**

Notes to the financial statements as at and for the year ended March 31, 2021

(All amounts are in INR Crore, unless otherwise stated)

| 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                 |
| <b>Total</b> | <b>2,029.19</b>      | <b>1,434.83</b>      | <b>5,962.19</b>       | <b>7,413.16</b>      |

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 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) |
|------------------------------|---------------|------------|----------------------|----------|---------------------------------------------|---------------------------------------------------------------|
| <b>Financial assets</b>      |               |            |                      |          |                                             |                                                               |
| As at March 31, 2021         | 1,024.46      | 414.14     | 590.59               | 2,029.19 | 2.07%                                       | 0.17                                                          |
| As at March 31, 2020         | 250.03        | 504.62     | 680.18               | 1,434.83 | 1.37%                                       | 0.10                                                          |
| <b>Financial liabilities</b> |               |            |                      |          |                                             |                                                               |
| As at March 31, 2021         | 3,166.71      | 1,468.65   | 1,326.83             | 5,962.19 | 4.70%                                       | 0.14                                                          |
| As at March 31, 2020         | 3,742.17      | 2,046.84   | 1,624.14             | 7,413.15 | 7.09%                                       | 0.21                                                          |



*Handwritten signature and initials.*



**Bharat Aluminium Company Limited****Notes to the financial statements as at and for the year ended March 31, 2021***(All amounts are in INR Crore, unless otherwise stated)*

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.

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               |
| <b>Total</b>                  | <b>895.55</b>        | <b>1,020.68</b>      |



*Handwritten signature*

*Handwritten signature*

**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

*(All amounts are in INR Crore, unless otherwise stated)*

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.

**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.



(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 <sup>(a)</sup> | As at March 31, 2021 |               | As at March 31, 2020 |              |
|------------------------------------------------|----------------------|---------------|----------------------|--------------|
|                                                | Assets               | Liabilities   | Assets               | Liabilities  |
| <b>Current</b>                                 |                      |               |                      |              |
| Cash flow hedge <sup>(a)</sup>                 |                      |               |                      |              |
| - Commodity contracts                          | -                    | 16.96         | 50.37                | -            |
| Fair Value hedge <sup>(b)</sup>                |                      |               |                      |              |
| - Commodity contracts                          | 1.19                 | 5.96          | -                    | 0.45         |
| - Forward foreign currency contracts           | 0.01                 | 62.72         | 27.57                | 19.87        |
| Non - qualifying hedges <sup>(b)</sup>         |                      |               |                      |              |
| - Commodity contracts                          | -                    | 1.02          | -                    | -            |
| - Forward foreign currency contracts           | 0.21                 | -             | 3.30                 | 2.13         |
| <b>Total Current</b>                           | <b>1.41</b>          | <b>86.66</b>  | <b>81.24</b>         | <b>22.45</b> |
| <b>Non-current</b>                             |                      |               |                      |              |
| Fair value hedge <sup>(b)</sup>                |                      |               |                      |              |
| - Forward foreign currency contracts           | -                    | 26.73         | -                    | 36.19        |
| <b>Total Non-current</b>                       | <b>-</b>             | <b>26.73</b>  | <b>-</b>             | <b>36.19</b> |
| <b>Total</b>                                   | <b>1.41</b>          | <b>113.39</b> | <b>81.24</b>         | <b>58.64</b> |

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) | -                    | -                    |



*Out*



*For*

**Bharat Aluminium Company Limited**

Notes to the financial statements as at and for the year ended March 31, 2021

(All amounts are in INR Crore, unless otherwise stated)

(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<br>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 | -                    | -      | -                    | -      |



A handwritten signature in blue ink, appearing to be "D. S. Batliboi".



A handwritten signature in blue ink, appearing to be "S. R. Batliboi".

**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

*(All amounts are in INR Crore, unless otherwise stated)*

**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.

**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).



**Bharat Aluminium Company Limited****Notes to the financial statements as at and for the year ended March 31, 2021***(All amounts are in INR Crore, unless otherwise stated)***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.

**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             |
| <b>Equity (A)</b>                        | <b>4,960.76</b>      | <b>3,868.84</b>      |
| Cash and cash equivalents                | 108.97               | 163.98               |
| Short term investments                   | 1,024.46             | 250.03               |
| <b>Total cash (B)</b>                    | <b>1,133.43</b>      | <b>414.01</b>        |
| 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               |
| <b>Total debt (C)</b>                    | <b>3,166.71</b>      | <b>4,398.64</b>      |
| <b>Net debt D=(C-B)</b>                  | <b>2,033.28</b>      | <b>3,984.63</b>      |
| <b>Total capital (equity + net debt)</b> | <b>6,994.04</b>      | <b>7,853.47</b>      |
| <b>Net debt to equity ratio (E=D/A)</b>  | <b>0.41</b>          | <b>1.03</b>          |



*Sm*

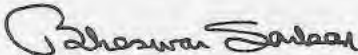
**Bharat Aluminium Company Limited**

**Notes to the financial statements as at and for the year ended March 31, 2021**

(All amounts are in INR 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



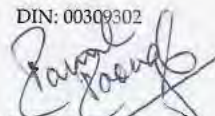
per Bhaswar Sarkar  
Partner  
Membership No. 55596

Place: Kolkata  
Date: April 22, 2021

For and on behalf of the Board of Directors

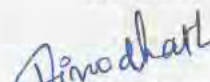


S.K. Roongta  
Director  
DIN: 00309302

  
Rahul Roongta  
Chief Financial Officer



Abhijit Pati  
CEO & Whole-time Director  
DIN: 08457230

  
Vinod Kumar Mathur  
Company Secretary

Place: Gurugram  
Date: April 22, 2021



