

39<sup>TH</sup>  
ANNUAL  
REPORT  
2019-20





**To be a Premier and Integrated  
Company in the Aluminium value chain  
with strategic presence in Mining  
both domestic & global, Metals and Energy sectors**



## BOARD OF DIRECTORS

1. Shri Sridhar Patra	Chairman-cum-Managing Director*	w.e.f. 17.12.2019
2. Shri V. Balasubramanyam	Director (Production) & Director (Finance)-Addl. Charge@	
3. Shri Sanjib Kumar Roy	Director (P&T)	
4. Shri Pradip Kumar Mishra	Director (Commercial)	
5. Shri Radhashyam Mahapatro	Director (HR)	w.e.f. 01.01.2020
6. Shri Satendra Singh	Part-time Official Director	w.e.f. 05.08.2020
7. Shri Upendra C. Joshi	Part-time Official Director	w.e.f. 05.08.2020
8. Shri Nagendra Nath Sharma	Part-time Non-official (Independent) Director	
9. Smt. Achla Sinha	Part-time Non-official (Independent) Director	
10. Shri Dipankar Mahanta	Part-time Non-official (Independent) Director	upto 20.11.2019
11. Shri S. Sankararaman	Part-time Non-official (Independent) Director	upto 20.11.2019
12. Shri P. K. Nayak	Part-time Non-official (Independent) Director	upto 20.11.2019
13. Prof. Damodar Acharya	Part-time Non-official (Independent) Director	upto 20.11.2019
14. Shri Maheswar Sahu	Part-time Non-official (Independent) Director	upto 20.11.2019
15. Dr. T. K. Chand	Chairman-cum-Managing Director	upto 30.11.2019
16. Shri B. K. Thakur	Director(HR)	upto 31.12.2019
17. Smt. Kiran Ghai Sinha	Part-time Non-official (Independent) Director	upto 02.02.2020
18. Dr. K. Rajeswara Rao	Part-time Official Director	upto 05.08.2020
19. Shri Anil Kumar Nayak	Part-time Official Director	upto 05.08.2020

### Company Secretary

Shri Nayan Kumar Mohanty

\* Shri Sridhar Patra was Director (Finance) till 16.12.2019. He was also holding additional charge of Chairman-cum-Managing Director from 01.12.2019 to 16.12.2019.

@ Holding additional charge of Director (Finance) w.e.f. 10.01.2020.

### REGISTERED OFFICE & CORPORATE OFFICE NATIONAL ALUMINIUM COMPANY LIMITED

CIN: L27203OR1981GOI000920

NALCO Bhawan, Plot No. P/1,

Nayapalli, Bhubaneswar - 751 013, Odisha

Tel. : 0674-2303197

Email: company\_secretary@nalcoindia.co.in

Website : www.nalcoindia.com

### 39<sup>th</sup> Annual General Meeting

Date & Time: Wednesday, the 30<sup>th</sup> September, 2020 at 11.00 a.m.

Deemed Venue: NALCO Bhawan, P/1, Nayapalli,

Bhubaneswar - 751 013.

Mode: Video Conferencing/OAVM

## THE YEAR AT A GLANCE

PARTICULARS	UNIT	2019-20
<b>PHYSICAL</b>		
Bauxite	MT	73,02,245
Alumina Hydrate	MT	21,60,500
Aluminium	MT	4,18,373
Power (net)	MU	6,067
Wind Power	MU	312
<b>FINANCIAL</b>		
Export Turnover	₹ in crore	3,511
Gross Sales	₹ in crore	8,426
Profit Before Tax	₹ in crore	226
Profit After Tax	₹ in crore	138
Earning Per Share	₹	0.74
Book Value per Share	₹	53.54
Dividend	₹ per share	1.50

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## Profile of Directors

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**Shri Sridhar Patra**  
*Chairman-cum-Managing Director*

Shri Sridhar Patra is the Chairman-cum-Managing Director of the Company. Shri Patra has an illustrious career in various Public Sector Undertakings spanning over three decades. His wide ranging experience entailing power generation, strategic minerals, mining & petrochemicals sectors, covering different organisations, has enriched him with unique ability to strategize and successfully manoeuvre complex issues.

Before elevation to the post of CMD in December 2019, Shri Sridhar Patra was serving as the Director (Finance) of the Company.

Shri Patra has launched a series of initiatives and action plans to sustain the existing business set-up and accelerate the expansion plans of the Company. Safety, cost and people management are his thrust areas to drive the business effectively and efficiently.

Shri Patra is a seasoned Finance & Accounts Professional having results-driven and team oriented leadership approach. His exposure and expertise in Corporate Accounts, Budgeting & Control, Direct & Indirect Tax Management, Strategic Financial & Business Planning, Financial evaluation of Contracts, Cost Excellence and Treasury function, are valuable assets for any organisation.

Prior to joining NALCO, he had served as Director (Finance) of THDC India Limited for a period of 5 years. Shri Patra is a member of Institute of Chartered Accountants of India. He also holds an MBA degree in HR and has contributed significantly as an academician to professional accounting institutions.

## Profile of Directors



**Shri V. Balasubramanyam**  
*Director (Production)*

Shri V. Balasubramanyam joined the Company as Director (Production) w.e.f. 01.01.2015.

Born on 01.12.1960, Shri V Balasubramanyam completed his B.Tech in chemical engineering and joined NALCO as a Graduate Engineer Trainee (GET) in 1984. During his long service association of three decades with NALCO, Shri Balasubramanyam has contributed significantly from Technology adoption to absorption in the field of aluminium technology. With his vast professional experience, which nested from project execution to plant operation at both the production complexes of NALCO, Shri Balasubramanyam held very critical and crucial positions in the organization before taking over as Director (Production).

Shri Balasubramanyam is a life member of Indian Institute of Metals (IIM), Management Committee member of Federation Indian Mineral Industries (FIMI) and also member of Energy Panel in Odisha chapter of the Confederation of Indian Industries (CII).



**Shri Sanjib Kumar Roy**  
*Director (P&T)*

Shri Sanjib Kumar Roy is the Director (P&T) of the Company w.e.f. 03.02.2017.

Shri Roy completed B. Sc (Hons in Chemistry) from Ramakrishna Mission Vidyamandir, Belurmath and then B. Tech & M. Tech in Chemical Engineering discipline from Calcutta University. He began his career in NALCO as a Graduate Engineer Trainee in 1984. He was posted in the company's Alumina Refinery Complex in Damanjodi since inception of the project, where he held different key positions including two stages of expansion before becoming the General Manager (Refinery). Thereafter in May, 2012, he was posted as General Manager (Smelter) at the company's Smelter Plant in Angul before his elevation as Executive Director (S&P). Shri Roy moved to the headquarters in Bhubaneswar as Executive Director (Production) in April, 2015. He received the award "Nalco-IIM Gold medal" during the year 2014 for specific contribution in the metallurgical field during the year 2013 and received the "Award of Excellence" for the lifetime achievement in the field of Engineering from Odisha Engineers Forum for the year 2018.

Shri Roy brings to this post his vast experience in the company's plant & operations as well as managing projects from conceptualization to commissioning.



**Shri Pradip Kumar Mishra**  
*Director (Commercial)*

Shri Pradip Kumar Mishra Joined the Company as Director (Commercial) w.e.f. 23.04.2018.

Born on 12.02.1961, Shri Pradip Kumar Mishra is a Post Graduate in English literature from Utkal University. He started his professional career as a Management Trainee in SAIL in the year 1983. He brings along rich and varied experiences in the field of marketing management. During his 35 years tenure in SAIL, he served in various positions, including being the Regional Manager in three regions of SAIL. He headed the domestic marketing of flat products of SAIL for over 3 years as Executive Director. Shri Mishra is the recipient of the prestigious Jawahar Award for outstanding contribution in marketing area in SAIL.

## Profile of Directors



**Shri Radhashyam Mahapatro**  
*Director (HR)*

Shri Radhashyam Mahapatro joined the Company as Director (HR) w.e.f. 01/01/2020. Born on 11.11.1964, Shri Radhashyam Mahapatro is a Physics graduate from Khalikote College, Berhampur and did his Post Graduation in Industrial Relation & Labour Welfare from Berhampur University. He started his professional career as a Probationary Executive (Personnel) in NHPC in the year 1989 and scaled higher positions in other CPSEs like Engineers India Limited and Coal India Limited (CIL) in his professional journey. Prior to joining NALCO he was associated with Central Coal fields Ltd (a Subsidiary of Coal India Ltd.) as Director (Personnel). He brings along with him rich and varied experiences in the field of Human Resources Management. During his tenure of 30 years in various organisations he was instrumental in the introduction of work culture that aims at continuous enhancement in productivity through team work. He believes in doctrine that 'Human Resources' are the greatest assets of any organisation and developed his expertise in enhancing productivity, generation of employment through skill development, promoting sports culture etc. He built a good Industrial Relations climate in all the organisations by maintaining cordial relations with all internal stake holders viz unions, associations, employees etc. He is recipient of Golden Peacock Award for his valuable contribution in the field of HR. He is also recipient of Best HR Award, Leadership Award by World HRD Congress. He is a life member of National Institute of Personnel Management (NIPM).



**Shri Satendra Singh**  
*Part-time Official Director*

Shri Satendra Singh belongs to 1995 batch of Indian Administrative Service (IAS) from Jharkhand Cadre. He is currently working as Joint Secretary in the Ministry of Mines, Government of India, New Delhi.

Shri Singh served in various capacities in the State Government of Jharkhand. He has worked at the district level for Land Revenue Management and District Administration. He had the opportunity to serve at the level of Director in the Department of Panchayati Raj/Local Self Government, Transport and Information Technology Departments, in Jharkhand. He served as Principal Secretary to Governor with addl. Charge as Secretary (Expenditure), Finance in the State before proceeding on Central Deputation.

Shri Singh has done B.E in Electronics from University of Roorkee. He has participated in various short term courses at the National and International level.

Shri Singh has abundant experience of working in government and public sector.

Shri Singh is also Director on the Board of Khanij Bidesh India Limited.



**Shri Upendra C Joshi**  
*Part-time Official Director*

Shri Upendra Chandra Joshi belongs to 1989 batch of Indian Railway Traffic Service (IRTS). He is currently working as Joint Secretary in the Ministry of Mines, Government of India, New Delhi. Before joining Ministry of Mines, he has served in Indian Railways in different capacities at divisional, Zonal and Railway Ministry level and has abundant experience of working in Government and Public Sector.

Shri Upendra Chandra Joshi is also Director on the Board of Mineral Exploration Corporation Limited and Khanij Bidesh India Limited.

## Profile of Directors



**Shri Nagendra Nath Sharma**

*Part-time Non-Official (Independent) Director*

Shri N N Sharma was inducted to the Board as a Part-time Non-Official (Independent) Director w.e.f. 06.09.2017.

Born on 12<sup>th</sup> August, 1950. Shri N N Sharma has done B.Sc in Mechanical Engineering. At present, he is Chairperson, Centre for Corporate Social Responsibility and Sustainability at Birla Institute of Management Technology (BIMTECH), Greater Noida. He is also member of Social Audit Committee of ACC Ltd. Shri Sharma conducted capacity building programme of CSR professionals of corporates like NTPC, NHPC, SAIL and NPCIL. He has more than three decades of experience of working in social development sector. He was managing director of Rajasthan Consultancy Organisation (RAJCON) promoted by IFCI and other development organizations and also first general manager of UP Minorities Financial and Development Corporation.

He has also worked with UNDP and UNIDO and was associated with projects supported by the World Bank and DFID, UK.



**Smt. Achla Sinha**

*Part-time Non-Official (Independent) Director*

Smt. Achla Sinha was inducted to the Board as a Part-time non-official (Independent) Director w.e.f. 08.09.2017.

Smt. Sinha has done M.A. in English Literature from Patna University, M.Phil in Public Administration from Panjab University, Advance Professional Programme in Public Administration (APPPA) from Indian Institute of Public Administration (IIPA), New Delhi.

She is an Indian Railways Traffic Service officer (IRTS) of the 1982 Batch. She started her career as Assistant Commercial Manager from Danapur Division, Eastern Railway. She had since worked in various capacities for over three decades in the Ministry of Railways as i) Director (Tourism) ii) Executive Director (Statistics & Economics). In Delhi Division of Northern Railway as Chief Traffic Manager and in East Coast Railway, Bhubaneswar as Chief Commercial Manager (HOD).

She has also served on deputation thrice outside her parent cadre, Indian Railways as : Deputy Secretary, Ministry of Food Supply & Commerce, Government of Bihar, Director Estate, Ministry of Urban Development; Government of India; Additional Secretary, Central Information Commission (CIC).

She has won the General Manager Eastern Railway Award during the Annual Railway Week for outstanding performance. She has also been awarded the Best Woman Participant in the 30th Advance Professional Programme in Public Administration (APPPA) from IIPA, New Delhi.

She has written a number of concept papers to bring about improvements in Indian Railway's functioning as also in Urban Development Ministry, Government of India. Many of these concepts have since been discussed and implemented.

## Executive Directors



**Shri R. S. Das**  
ED (M&R)



**Shri M. P. Mishra**  
ED (S&P)



**Shri D. Mohapatra**  
ED (Production)



**Shri S. K. Patel**  
ED (P&T)-I



**Shri A. K. Murthy**  
ED (IE, RTI & PA)



**Shri B. K. Das**  
ED (P&T)-II



**Shri R. N. Mohapatra**  
ED (Commercial-Marketing)



**Shri S. K. Mishra**  
ED (H&A)



**Shri S. Samantaray**  
ED (Commercial-Materials)



**Shri Somnath Hansdah**  
Chief Vigilance Officer



**Shri N. K. Mohanty**  
Company Secretary



# DIRECTORS' REPORT



*Dear Members,*

*Your Directors have great pleasure in presenting before you the 39<sup>th</sup> Annual Report of your Company together with the audited financial statements (standalone and consolidated) and Auditors' Report for the financial year ended on 31<sup>st</sup> March, 2020.*

## 1.0 PERFORMANCE HIGHLIGHTS:

### 1.1 Physical Performance:

Production	Unit	2019-20	2018-19
Bauxite	MT	73,02,245	72,30,546
Alumina Hydrate	MT	21,60,500	21,52,500
Aluminium	MT	4,18,373	4,40,242
Electricity (Net)-CPP	MU	6,067	6,256
Wind Energy	MU	310	363

- Bauxite Mines has achieved 73.02 lakhs tonne of Bauxite transportation which is highest ever since inception.
- Alumina Refinery has achieved 102.9% of normative capacity (i.e. 21 lakhs tonne) with production of 21.61 lakhs tonne Alumina Hydrate, which is also highest ever since inception.
- Steam Generation Plant (SGP) of Alumina Refinery has generated net power generation of 530 Million Unit (Highest ever).
- Aluminium Smelter has achieved metal production of 4.18 lakhs tonne in FY 2019-20, production of Aluminium was optimized considering the availability of coal and LME price of Aluminium.
- Captive Power Plant (CPP): CPP has generated 6,067 Million Unit (MU) of net power during the year.
- Wind Power: Four wind power Units at different locations of the Country have generated 310 MU net wind power during the financial year.
- New Product: Your Company started commercial production of following new products:
  - a) AA8011 cookware Sheets.
  - b) AA6062 and AA6051 grade alloy billets having better conductivity, high corrosion resistance and high temperature withstanding capacity, besides better work hardening and higher productivity.
  - c) AA 1200 grade alloy having wider application specifically in manufacturing of LED lamp cap.

- d) Aluminium foil stock used to produce Aluminium foil, having demand in food, cosmetics and chemical products packaging industry.

## 2.0 SALES PERFORMANCE:

### 2.1 Chemicals:

Your Company achieved total Alumina sale of 13,03,704 MT during financial year 2019-20, which included total Alumina export of 12,40,704 MT. Corresponding figures for 2018-19 were 13,17,633 MT and 12,44,256 MT respectively.

### 2.2 Metal:

Your Company registered total Aluminium metal sales of 3,95,761 MT during 2019-20, which is lower than the sales figures of 4,40,597 MT achieved during 2018-19. The total Aluminium sale includes domestic sales of 3,38,864 MT and export sales of 56,898 MT. Total domestic metal sales is inclusive of 2,67,200 MT effected from Smelter Plant and 71,664 MT from stockyards. Domestic Metal Sales got disrupted during March 2020 due to outbreak of COVID-19 pandemic. A nationwide lockdown was announced by the government, which suspended most of the industrial activities. Consequently, purchases made by customers fell and an abnormally high quantity of inventory (around 23,000 MT) was left unsold in March 2020.

A summary of sales achieved during 2019-20 is tabulated hereunder:

Description	Unit	Year ending 31.03.2020	Year ending 31.03.2019
<b>Export</b>			
Alumina	MT	12,40,704	12,44,256
Aluminium	MT	56,898	38,463
<b>Domestic</b>			
Alumina and Hydrate	MT	63,000	73,377
Aluminium	MT	3,38,864	4,02,134
Total Metal Sale	MT	3,95,761	4,40,597
Total Chemical Sale	MT	13,03,704	13,17,633

### 3.0 FINANCIAL PERFORMANCE:

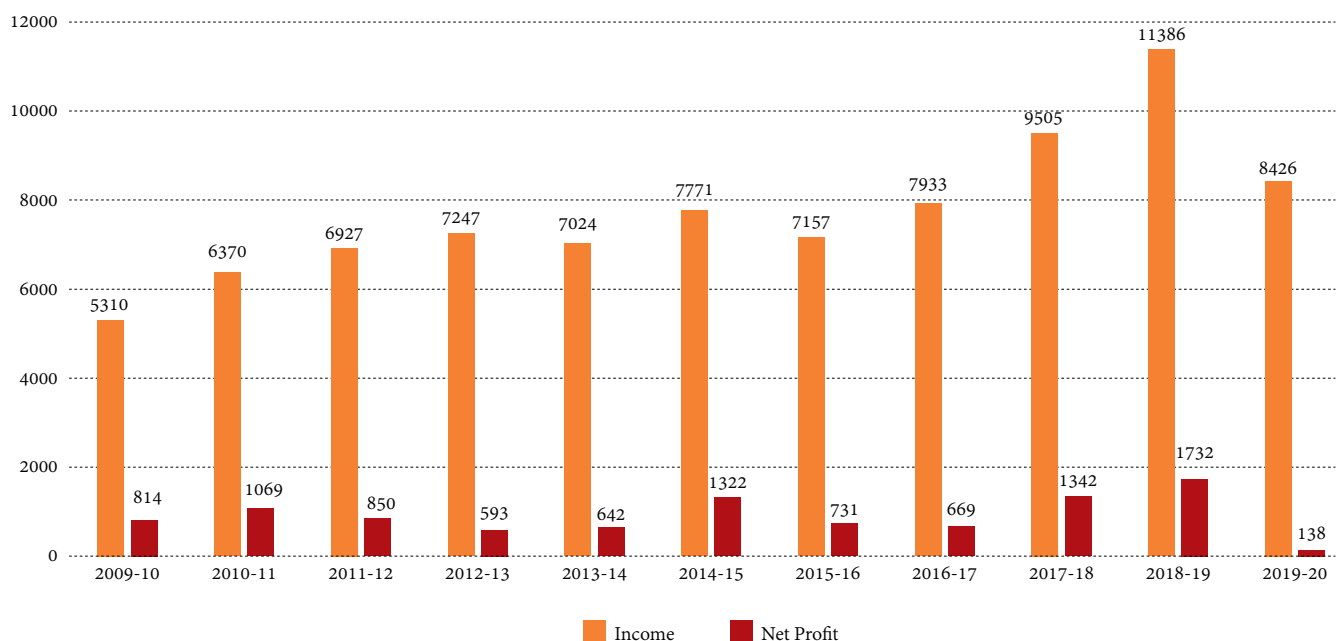
The details of financial performance are given below:

₹ in crores

Particulars	2019-20	2018-19
Revenue from Operations (Gross)	8,472	11,499
Other Income	273	326
Total Income	8,744	11,825
Raw materials consumed	1,702	1,920
Power & Fuel including Coal	2,965	2,927
Employee benefits expenses	1,994	2,072
Other expenses	1,327	1,690
Depreciation & amortization expenses	530	476
Total expenses	8,518	9,085
Profit Before Exceptional items	226	2,740
Add/(Less):Exceptional items [Income/(Expenditure)]	—	—
Profit Before Tax	226	2,740
Tax expenses	88	1,008
<b>Profit After Tax</b>	<b>138</b>	<b>1,732</b>

### Financial Performance

(in ₹ Crore)



#### 4.0 FUTURE OUTLOOK:

##### 4.1 Alumina:

The market in 2019 witnessed surplus supply, which in addition to the lower demand from smelters, adversely impacted the price movement in the spot markets. The global Alumina prices have gradually reduced from around USD 410-420 per MT at the beginning of the financial year to around USD 260-270 per MT by the end of March, 2020. The outbreak of COVID-19 pandemic further aggravated the problem as lockdowns were announced in many countries. Demand for Aluminium metal, and consequently of Alumina, fell sharply. Global Alumina prices stayed as low as USD 220-230 per MT during April, 2020. Although the prices have recovered slightly to around USD 250-260 per MT by June, 2020 with easing of lockdowns and resumption of economic activity, prices are expected to remain under pressure throughout the financial year 2020-21 due to excess supply and weaker demand across the aluminium value chain.

##### 4.2 Aluminium:

Global Aluminium prices exhibited a gloomy pattern throughout the financial year 2019-20, similar to the trend witnessed in case of Alumina. The average monthly LME Cash prices fell from USD 1,849 per MT during April 2019 to USD 1,611 per MT in March, 2020. The COVID-19 related lockdowns across the globe took the prices further down to USD 1,457 per MT in April, 2020, which have stayed below the USD 1,600 per MT till June, 2020.

In the Domestic Market, the demand for Aluminium remained steady for most part of the year, but it dropped steeply in March, 2020 upon announcement of nationwide lockdown. As a result, Your Company's sales were severely hampered during the period. Although the lockdown is being eased gradually across the

country, demand has not yet picked up to the pre-covid levels, and it is likely to take some more time before normalcy resumes in the Aluminium sector.

#### 5.0 EFFORTS OF NALCO TO COMBAT COVID-19:

As a responsible corporate entity, your Company contributed ₹5 crores and one-day salary of employees amounting to ₹2.6 crores to PM CARES Fund to fight COVID-19. Your Company also contributed one-day salary of employees amounting to ₹2.6 crores to CM's Relief Fund, Odisha. Total contribution towards COVID-19 relief fund is ₹10.2 crores.

Showing commitment and solidarity with the home state Odisha, in the fight against COVID-19 pandemic, your Company has funded an exclusive 200 bedded COVID-19 hospital at Nabarangpur, Odisha. This hospital will be extremely beneficial for the undivided Koraput district with high tribal population and help in combating COVID-19.

As per Govt. guidelines and directives, COVID-19 awareness and preventive initiatives were undertaken by your Company at all its operational Units and Offices. Dedicated Corona Corners and isolation wards for COVID-19 patients have been created at Company's owned hospital.

Massive sanitization drive were carried out by your Company at Offices, Plant premises, shop floors, canteens, NALCO- townships including hospital & market complexes and peripheral villages.

Your Company provided face masks to District Administrations for distribution in peripheral villages of the Company as a responsible corporate entity. The Company has also provided face masks to its employees, contract workers and others at plant sites. Dry ration was also distributed to poor and needy people as temporary livelihood support.

#### 6.0 DIVIDEND AND APPROPRIATIONS:

During the year, your Company has paid interim dividend @ ₹1.50 per equity share amounting in total ₹279.84 crores and final dividend for the year 2018-

19 @ ₹1.25 per equity share totalling ₹233.20 crores. The total dividend payout for the financial year 2019-20 works out to ₹513.04 crores as against ₹1,072.73 crores during the previous year. Dividend including the applicable dividend distribution tax works out to a payout of 244.06% of the PAT against 74.65% of the previous financial year.

#### 7.0 MOU PERFORMANCE:

Based on financial performance and achievement of other parameters, your Company is rated “Excellent” as per the Memorandum of Understanding (MoU), signed by your Company with the Government of India for the Financial Year 2018-19.

Due to impact of COVID-19, declaration of financial result for the financial year was delayed and provisional MOU score for FY 2019-20 is not yet finalized.

#### 8.0 RAW MATERIAL SECURITISATION:

- Panchapatmali Bauxite Mines (Central & North Block) and South Block have all statutory clearances with lease validity upto 16.11.2032 & 19.07.2029 respectively. Both the Mines are in operation. Mining lease of Panchapatmali Bauxite Mines (South Block) has been executed with Collector, Korapat on 17.03.2020.
- G-8 grade Linkage coal (2 Lakhs MT/Annum) was booked through Linkage Auction route in the Trench-II auction from M/s. NCL for Refinery Plant, which is valid for a period of 5 years and can be further extended to another 5 years. Fuel Supply Agreement for the same was signed on 21st July, 2017 and is valid up to 20th July, 2022.



Foundation stone laying of Crusher and Conveyor System

- The Fuel Supply Agreements for Unit 1 to 8, CPP, Angul (47.16 LMT/Annum), Alumina Plant, Damanjodi (5.47 LMT/Annum), TG-I to III of SPP, Damanjodi (3.26 LMT/Annum) were renewed for another 5 years w.e.f. 1st May, 2018 and are valid up to 30<sup>th</sup> April, 2023.
  - The existing Fuel Supply Agreement for TG-IV of Alumina Refinery (1.01 LMT/Annum) was renewed for another 5 years w.e.f. 23<sup>rd</sup> December, 2016 and is valid up to 22<sup>nd</sup> December, 2021. Out of which, 50% is indigenous coal (i.e. 50,500MT) which is now being supplied and 50% is imported coal which has not been opted.
  - MoU for Bridge linkage coal of 8,90,000 MT/Annum for CPP was signed on 10<sup>th</sup> November, 2016 and was valid up to 1<sup>st</sup> May, 2019. The same was applied for extension to Ministry of Coal due to delay in commissioning of Utkal E and D Coal Blocks. The extension was granted from 2<sup>nd</sup> May, 2019 to 31<sup>st</sup> March, 2021 and extension of MoU was signed on 4<sup>th</sup> May, 2019. This ensured additional coal security to CPP for 8.9 Lakhs MT till March, 2021.
  - Your Company had participated in the Tranche-IV linkage auction for Alumina Refinery and have booked 59,688 MT/Annum linkage auction coal (G9 Grade) from M/s. NCL Block-B Spur-II siding by rail mode and 1,06,900 MT/Annum linkage auction coal from M/s. MCL (Sardegga siding, Spur 1 & 2, Spur 5 & 6). The FSA for linkage auction coal of M/s. NCL was signed on 29<sup>th</sup> March, 2019 and is valid up to 28<sup>th</sup> March, 2024. The FSA of M/s. MCL was signed on 09.04.2019 and is valid up to 08.04.2024.
  - All above efforts have resulted in ensuring linkage coal security of 12,90,412 MT/ Annum (92% of total requirement) for SPP of your Company at Damanjodi and 56,06,648 MT/Annum (85% of total requirement) for CPP of your Company at Angul.
  - In addition to above, your Company is participating in the e-auction coal (Exclusive auction / Spot e-auction), notified by subsidiaries of CIL and SCCL for the shortfall quantity against the requirements.
- 9.0 PROJECTS UNDER IMPLEMENTATION:**
- 9.1 5<sup>th</sup> Stream of Alumina Refinery:**
- Your Company is in the process of setting up of 5<sup>th</sup> Stream in its existing Alumina Refinery which shall add 1.0 MTPY to its existing installed capacity of 2.275 MTPY (total capacity 3.275 MTPY), at a projected expenditure of ₹5,540 crores, based on improved Medium Pressure Digestion technology of M/s. Rio Tinto Alcan International Limited (RTAIL).
- Your Company has obtained major statutory clearances like Environmental Clearance from MoEF & CC and Consent to Establish (CTE) from Odisha State Pollution Control Board. M/s. Thyssenkrupp Industrial Solutions (India) Private Ltd. has been appointed as EPCM consultant for the project. M/s. M.N. Dasturco, has been appointed as EPCM consultant for Steam and Power Plant of Alumina Refinery. Basic engineering for the project by M/s. RTAIL has been completed and detailed engineering has progressed to the tune of 22%. Site activity comprising of survey and soil investigation work have been completed. Some of the packages are already awarded and total cumulative order value for the project stands at ₹807 crores. Site work comprising of area grading, construction power, construction water ware house etc. are in progress. With constant persuasion and support of local administration, your Company could resolve the long pending protest and resistance of local villagers and project work resumed since June, 2019. However, due to social distancing and restrictions imposed by different authorities, project progress was slowed.

### 9.2 Alternate sourcing of Bauxite for 5<sup>th</sup> Stream:

Sourcing of bauxite for 5<sup>th</sup> Stream Expansion of Alumina Refinery has been envisaged from Pottangi Mines. However, availability of bauxite from Pottangi Mines is expected beyond the scheduled commissioning of 5<sup>th</sup> Stream expansion. Hence, sourcing of bauxite from South Block of your Company's existing Panchpatmali Mines has been planned through setting up of a crushing & conveying system for which a capital expenditure of ₹483 crores has been projected.

M/s. DCPL has been engaged as an EPCM consultant for the project. Tenders have been floated for all major packages and tendering activities are in advanced stage.

### 9.3 25.5 MW Wind Power Project:

In pursuit of being a harbinger for harnessing green & clean energy. Your Company has established 198.40 MW Wind Power Plant in various states of India.

In this noble endeavour, your Company is in process of augmenting its wind power generation capacity to 223.90 MW by adding another wind power project of capacity 25.5 MW at Kayathar, Tamil Nadu at a capital expenditure of ₹163 crores through M/s. REGen Powertech Pvt. Limited. Substantial progress has been made on supply and execution of the equipment. However, the job is not completed yet due to cash crunch with the executing agency. The executing agency, M/s. REGen has subsequently been referred to NCLT, which has engaged an Insolvency Resolution Professional (IRP). Matter has been taken up with IRP who is taking necessary action to complete & commission the project in a time bound manner.

### 9.4 Pottangi Bauxite Mines:

Pottangi Bauxite Mines (75 Million Tonnes) has

been reserved by Govt. of India in favour of your Company. The status is as follows:

- Govt. of Odisha issued terms and conditions for grant of Mining Lease over the reduced area of 697.979 Ha on 14.05.2015.
- Mining Plan got approval of IBM on 27.07.2018.
- Terms of Reference issued on 28.06.2018 for obtaining Environmental Clearance (EC) from MOEF&CC, Gol. Base line environmental data study completed and EIA/EMP report has been prepared.
- Public Hearing conducted on 17.12.2019 and the EIA/EMP report has been submitted to MoEF & CC for obtaining Environmental Clearance.
- Compensatory afforestation (CA) schemes has been submitted to DFO Koraput as a part of Forest Diversion proposal for obtaining Forest Clearance (FC).
- Grama Sabha was conducted from 19.06.2019 to 22.06.2019. Forest Right Act (FRA) certificate is awaited from Collector, Koraput for processing of Forest Division Proposal (FDP) to obtain Forest Clearance.
- Activities for obtaining Forest Clearance and Environment Clearance of the Overland Conveyor Corridor are under progress.
- Activities for acquisition of land for the Overland Conveyor Corridor is under progress.
- Opening of Pottangi Bauxite Mine is scheduled by FY 2022 - 23.

### 9.5 Utkal-D Coal Block:

- Government of Odisha granted Mining lease to Utkal-D coal mines over an area of 301.28 Hectares (Ha).
- MoEF & CC, GoI issued Stage-I FC for 143.52 ha of Forest land including 6.5 ha of

safety zone in favour of NALCO. Based on this progress, request for transfer of EC has been submitted to MoEF & CC.

- Mine Closure Plan of Utkal-D Coal Block was submitted to MoC on 13.03.2020 for approval.
- Mutation of total land of Rehabilitation and Resettlement (R & R) Colony completed and Physical possession has been taken over by your Company.
- Detailed Project Report (DPR) for development of Railway Siding at Kerjang, prepared by M/s. RITES has been submitted to E. Co. Rly for approval.

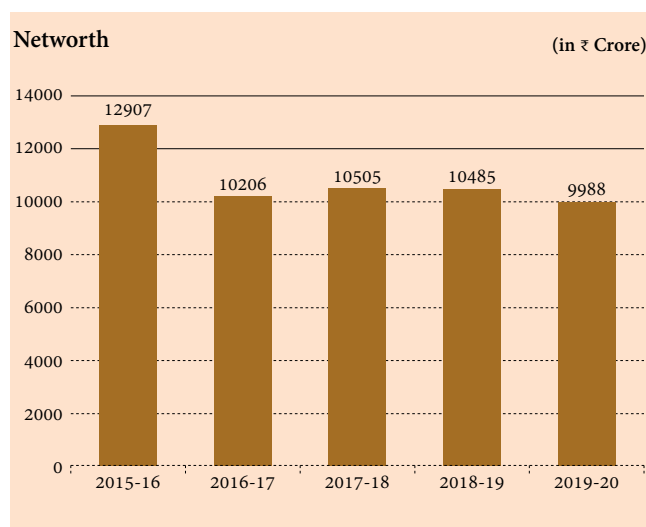
#### 9.6 Utkal-E Coal Block:

- DGPS survey of Utkal E has been completed.
- Forest Diversion proposal (FDP) has been submitted to MoEF & CC, GoI which is under process for obtaining Forest Clearance. The FDP has been recommended by PCCF, Odisha to Dept. of Forest and Environment, GoO for their consideration and recommendation to MoEF & CC, GoI.
- Application has been submitted to Dept. of Steel and Mines, Govt. of Odisha for issuance of Terms and conditions for Grant of Mining Lease over 523.73 Hectare, which is under process.
- Actions for acquisition of balance private land and Govt. land are already taken through State Nodal agency, IDCO.
- Mine opening permission of Utkal-D is expected in FY 2020-21 and subsequently, Utkal E will be operationalized after obtaining statutory clearances.

### 10.0 BUSINESS DEVELOPMENT:

#### 10.1 Caustic Soda Project in JV with Gujarat Alkalies and Chemicals Ltd. (GACL):

**Capacity:** 2.7 LTPA Caustic Soda Plant and 130 MW Captive Power Plant.



**Project Cost:** ₹2,280 crores (Revised).

**Timeline:** Mechanical completion of the project is scheduled to be February, 2021 and Commissioning expected by May, 2021.

NALCO, in joint venture with GACL is executing a Caustic Soda Plant along with Captive Power Plant at Dahej in Gujarat. Environmental Clearance for the project has been obtained. Land for the project is transferred to GNAL. Major packages of Caustic Soda Plant and Captive Power Plant have been awarded. Financial closure of the Joint Venture Company (JVC) completed. Up to July, 2020, approximately 82% project has been executed.

#### 10.2 Angul Aluminium Park Pvt. Ltd. in JV with IDCO:

**Capacity:** Infrastructure Project.

**Estimated Project Cost:** ₹99.6 crores.

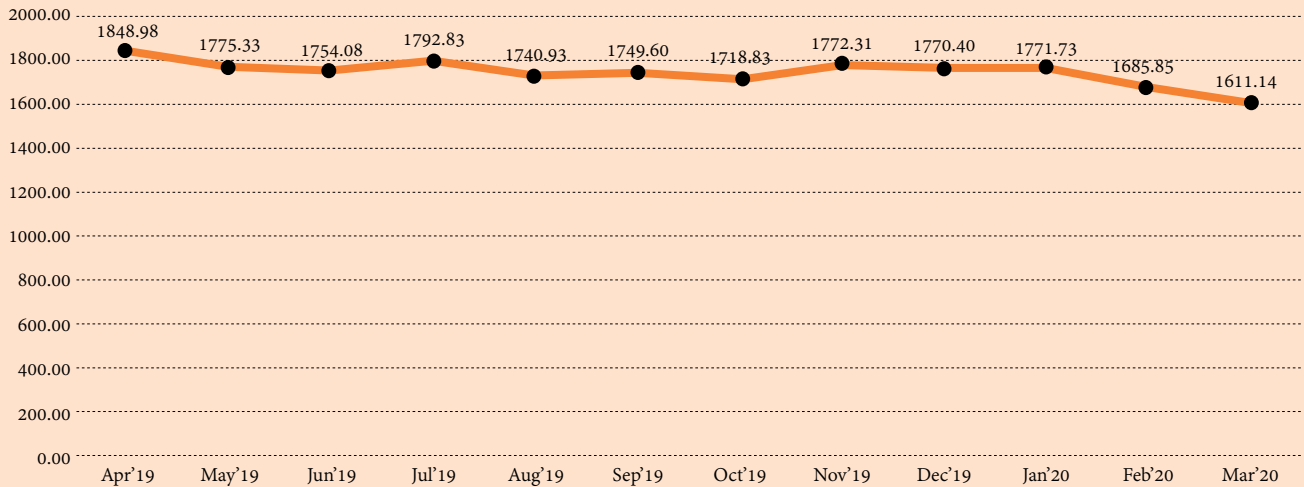
**Timeline:** Expected to be operationalized within two years.

NALCO and Odisha Industrial Infrastructure Development Corporation (IDCO) are developing Angul Aluminium Park for promotion of aluminium downstream industries in the state of Odisha. Land acquisition is completed. Internal infrastructure development of the park is under progress.



## LME Cash Price

(in US\$)

**10.3 High End Aluminium Alloy Plant:****Capacity:** 60,000 TPA**Estimated Project Cost:** ₹4,542 crores.**Timeline:** Expected commissioning by 2024-25.

NALCO has constituted a JV Company with M/s Mishra Dhatu Nigam Ltd. (MIDHANI) named Utkarsha Aluminium Dhatu Nigam Limited (UADNL) in August, 2019 for establishment of high end Aluminium Alloy Plant for use in Defence, Aerospace & Automobile Sectors. The plant will be set up in Nellore district of Andhra Pradesh.

**10.4 Acquisition of Strategic minerals in overseas:****Capacity & Project Cost:** To be estimated after asset identification & preparation of business model.

Joint Venture Company “Khanij Bidesh India Limited (KABIL)” has been formed amongst NALCO, HCL and MECL in August, 2019 for acquisition of some strategic minerals in overseas locations to promote “Make in India” initiative of Government of India. Study on 12 shortlisted minerals completed in December, 2019.

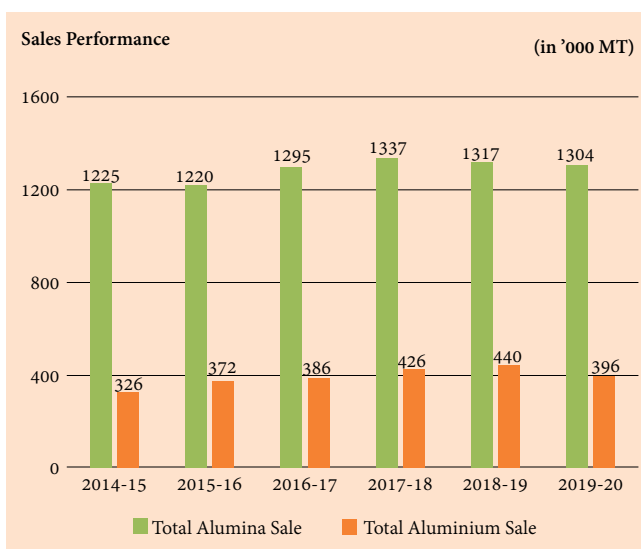
**10.5 Aluminium Downstream Projects:**

- Capacity:** i. 30,000 TPA Rolled Product Unit.  
 ii. 90,000 TPA Foil Plant.  
 iii. 6,00,000 Alloy Wheels per annum.  
 iv. 50,000 TPA Extrusion Plant.

**Estimated Project Cost:** About ₹6,000 crores.

**Timeline:** In the first phase, Rolled Product Unit & Foil Plant expected to be commissioned within three years from the date of getting all the statutory clearances after land acquisition.

The Detailed Project Report (DPR) for setting up of Aluminium Downstream Projects i.e. Rolled Product unit, Foil Plant, Alloy wheel plant and Extrusion plant in Kamakhyanagar, Dhenkanal district in Odisha has been prepared. HLCA (High Level Clearance Authority) of Govt. of Odisha had approved the proposal for establishing the proposed downstream project and IPICOL has recommended allotment of 152.26 acres of land (Plant area 126 acres & 26 acres for township). IDCO, nodal agency for land acquisition and allotment in Odisha, had communicated to make payment against 83.340 acres of land in 1<sup>st</sup> lot.



### 11.6 Commercialization of Li-Ion cell technology:

**Capacity & Project Cost:** NALCO is proposing to set up a Li-ion pilot project. Based on the successful performance of the pilot project, capacity & project cost of the commercial Li-ion plant shall be estimated.

NALCO is exploring for production of Lithium-ion cell / battery. The Company has been shortlisted by ISRO for transfer of Li-Ion cell technology. In this regard, NALCO has signed a Memorandum of Agreement (MoA) with ISRO. A separate vertical has been planned for this line of business. Possibility of seeking technical assistance from IIT, Kharagpur for setting up a prototype plant is being considered.

### 11.0 CAPITAL EXPENDITURE (CAPEX):

The achievement in CAPEX is ₹868.74 crores during the year 2019-20, excluding investment in JV companies amounting to ₹101.47 crore.

### 12.0 RISK MANAGEMENT POLICY:

A Risk Management Policy has been formulated and approved by the Board of Directors and the same is available in the Company's website [www.nalcoindia.com](http://www.nalcoindia.com).

## 13.0 HUMAN RESOURCES MANAGEMENT:

### 13.1 Presidential Directives on SC/ST reservation:

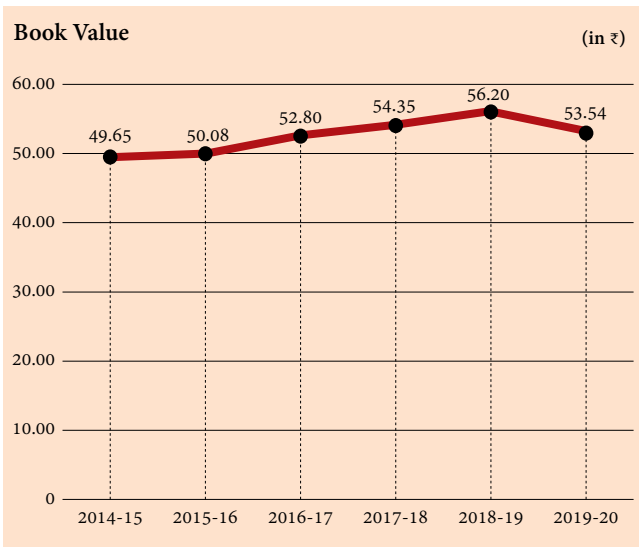
Your Company fully complies with all applicable Presidential Directives and other guidelines in matters of reservation for SC/ST/OBC/EWS and other categories like the PWD and Ex-servicemen. Your Company has published an Equal Opportunity Policy for the PWD category in compliance with the RPWD Act, 2016. Out of total manpower strength of 6,203 as on 31.03.2020, there were 1,012 SCs (16.31%), 1,164 STs (18.77%), 813 OBCs (13.11%), 92 PWDs (1.48%) and 13 ESMs (0.21%) on roll. There were a total of 357 women employees in your Company as on 31.03.2020.

### 13.2 Industrial Relations:

In keeping with the excellent Industrial Relation culture of your company, the year 2019-20 passed off as yet another year with zero mandays loss on account of labour disputes. This helped your company in achieving several milestones in productivity during the year. The tradition of participative management in the company ensured a cordial industrial climate. Compliance of applicable Labour Laws, adherence to Government Guidelines and consultative decision making continued to remain core strengths in dealing with employee benefits and welfare issues. Your company continues to maintain a policy of Zero tolerance to indiscipline.

### 13.3 Social Accountability 8000:

For creating and maintaining a decent work place, your Company has adopted an International Standard, Social Accountability 8000 (SA-8000) since 2009-10. The Certification helped your Company in becoming more transparent in the areas of child labour, forced labour, safe and healthy work environment, working hours, remuneration, freedom of association, collective bargaining process, discrimination and disciplinary practices to our all stake holders



including employees, owner, customer, supplier and other interested parties.

Your Company has successfully completed the transition process to new version i.e. SA 8000:2014 Standard. All the Units including Corporate Office are certified to SA 8000:2014 Standard since 2017.

Certification of all Units and Corporate Office are being renewed every 3 years of cycles.

**14.0 CORPORATE SOCIAL RESPONSIBILITY (CSR):**

**14.1 Annual Highlights on CSR:**

Your Company’s CSR Philosophy “Always with the Community” has been exhibited by



Plantation on World Environment Day

the Company both at good and bad phase of community around its locality. Your Company has taken up various CSR initiative in its periphery of plant operation aligning with the



Visit of Hon'ble Minister of Mines

community need and national priority. The CSR initiatives formulated are need based and on the recommendations of State and Central Government. All the CSR programs are being implemented through experienced capable agencies having previous track record/expertise in that field.

Your Company is achieving its CSR aims and objectives by adopting innovative approaches in order to have meaningful impact on society with community involvement and optimum resource utilization.

Your Company has spent ₹3,971.35 lakh in FY 2019-20 on various CSR programs against the mandated CSR obligation of ₹3,835.00 lakh complying with the requirements of CSR Policy, which is in line with Companies Act, 2013.

The thrust areas of implementation are mainly Education, Healthcare, Sanitation, Environment sustainability, Protection of National heritage & development of Iconic City, Puri. Your Company has taken exemplary initiatives towards of relief measure, restoration and rehabilitation activities in the aftermath of severe cyclone “FANI” that hit the coast of Odisha.

**14.2 Some of the CSR initiatives undertaken by your Company during the year 2019-20 are:**

- Post FANI cyclone: Relief, restoration & rehabilitation activities were undertaken at different parts of the State.
- Massive plantation for restoration of green cover and renovation of water bodies for environmental sustainability.
- Large scale awareness campaign on Health hygiene & hand wash movement among adolescent girl students covering seven districts of Odisha.
- Support to poor and meritorious girl students under “Nalco-Ki-Ladli” scheme.
- Residential education to poor backward and tribal children from periphery villages of M&R Complex, Damanjodi.
- Door stop Primary Healthcare services in operational areas of your Company through Mobile Health Units (MHUs).
- Various developmental activities under Swachh Iconic Place at Puri.
- Hassle free movement of pilgrims at Puri through Battery Operated Vehicles.
- Solar street light and home solution at remote underdeveloped areas of tribal dominated Koraput district.
- Drinking water supply projects in operational areas, packaged drinking water



Railway Rajdhani Train Inauguration (inset) A view of Nalco Branding on Bhubaneswar-New Delhi Rajdhani Express

during Car Festival at Puri and year round clean drinking water through water kiosks at Puri.

A detailed report on CSR activities prepared in line with various applicable provisions of the Companies Act, 2013 is attached at **Annexure-I**.

#### 15.0 VISIT OF PARLIAMENTARY COMMITTEES:

During the year 2019-20, a study visit of the Standing Committee on Industry to Kolkata was undertaken.

#### 16.0 MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Management Discussion & Analysis Report in line with Regulation 34(3) read with Schedule-V of the SEBI (LODR) Regulations, 2015 is placed at

**Annexure-II** to this report.

The report also contains:

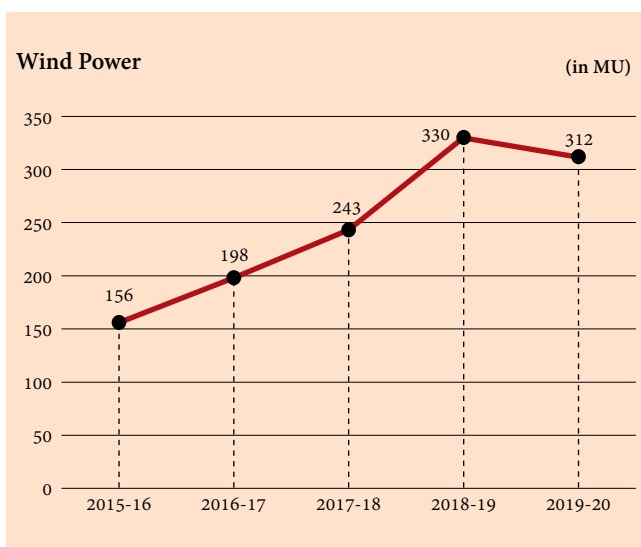
- Various initiatives undertaken to further business development.
- The details in respect of adequacy of internal financial controls with reference to the financial statements and risk management practices.
- Various initiatives taken up in the field of environment management at different units of your Company.

#### 17.0 INFORMATION TECHNOLOGY FOR DIGITAL TRANSFORMATION:

Your company is effectively leveraging Information Technology (IT) to create a positive impact on efficiency, quality and safety.



Flagging off of Bhubaneswar-New Delhi Rajdhani Express with Branding NALCO showcasing Heritage & Culture of Odisha



Your company has adopted SAP Enterprise Resource Planning (ERP) application which integrates business functions such as Sales & Distribution, Finance & Controlling, Materials, Human Resource and Production Planning to ensure uniform process and to improve information availability. E-procurement of goods and services are performed through SAP SRM, Central Public Procurement Portal and GeM. Centralized employee applications and employee self-service applications are part of the digital application ecosystem. Computerized Hospital Management System has been implemented for the Company hospitals at Angul and Damanjodi.

Dynamic visualization dashboards have been introduced in the areas of Marketing, Human Resource, Production and Materials management.

**Governance and Monitoring:** For governance and monitoring, online web-based applications such as Capital Expenditure monitoring, Fund monitoring, Compliance Management System, Vendor Bill Tracking System & Contract Labour Management System have been implemented.

Aligning with Government of India initiatives, your Company has worked closely with GeM to integrate GeM portal with the ERP. This paves the way for a

time-bound and seamless flow of data pertaining to transactions in GeM.

For secure and ready access to digitized documents, the e-office Knowledge Management System is being implemented. This system enables a secure and controlled environment for sharing of documents.

**Mobile Apps:** As a part of Digital initiatives, your company has launched various Mobile Apps such as "Naginaa" – for Customer, "Namasya" - for MSE Vendors, "Nisarg" – on CSR and "Hamesha Nalconian" – for retired employees.

**IT Infrastructure:** Your Company has the following IT infrastructure in place:

- In house tier-2 Data Center at Corporate Office Bhubaneswar and website co-located at STPI Bhubaneswar. Data Center uses server virtualization technologies and hosts all Virtual Servers.
- Plants and Offices are interconnected with two MPLS circuits from two different service providers for uninterrupted access to applications and services hosted at Corporate Data Center as well as the Internet.
- Each location has Gigabit Ethernet LAN with Firewall and the Corporate Data Center has gateway protection solutions additionally.
- For strategic reasons the Disaster Recovery Data Centre is situated at a separate seismic zone.
- Multichannel video conferencing solution for effective communications between all business units.
- IT infrastructure and application security is ensured with network gateway and endpoint security solutions.
- The in-house Data Center and the Disaster Recovery site have been certified for ISO 27001:2013 standard. The scope covers the full array of IT Security for IT infrastructure, Applications and Users.

## 18.0 TOTAL QUALITY MANAGEMENT:

### 18.1 Integrated Management System (IMS):

In all units i.e. Mines, Alumina Refinery, CPP, Smelter and Port Facilities, Integrated Management System based on ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 continued to be effectively implemented with regular IMS internal audits and Management Review Meetings as per schedule. During the year, Mines, Smelter, Port Facilities and CPP units successfully underwent re-certification to ISO 9001:2015 by Bureau Veritas. At financial year closure, certification status of all the Units w.r.t ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 remained intact.

### 18.2 Energy Management System (EnMS):

The EnMS continued to be effectively

implemented with regular internal audits and management review meetings in the three production units CPP, Smelter and Alumina Refinery, which are included in the Perform, Achieve & Trade (PAT) scheme of Bureau of Energy Efficiency (BEE). Recertification Audit of Alumina Refinery to ISO 50001:2011 Standard was successfully completed in February, 2020. All three units are operating with valid ISO 50001:2011 certificates with international accreditation

### 18.3 QCs & Kaizen:

- i) Quality Circle activity continued to be encouraging during the year. With formation of new QCs, the number of active QCs in the organisation has increased to 98. During the financial year, total 25 quality



Exhibition 21<sup>st</sup> Mines Environment & Mineral Conservation Week 2018-19

circle projects were completed whereas several more were in-progress during the year. 8 Quality Circles from different units of your Company participated in the National QC Convention organised by QCFI at Varanasi and out of this, 6 QCs were placed in the highest category of recognition i.e. “Par-Excellence” and remaining 2 were adjudged as “Excellent”. In addition, one QC participated in the QC Regional Final competition organized by CII at Kolkata and secured 2<sup>nd</sup> position.

- ii) The All Odisha QC Convention was also organised for the 24<sup>th</sup> successive year by your Company during June, 2019 to felicitate top Quality Circles & TPM Circles from Odisha.
- iii) Propagation of Kaizen culture scaled new heights in the year. As per the Kaizen by

SGA scheme, total 1,209 Kaizens were completed in Smelter, 844 Kaizens were completed in Alumina Refinery, 763 Kaizens were completed in CPP and 216 Kaizens were completed in Mines Unit, during the reporting year.

#### 18.4 NALCO Utkal Gaurav Madhu Sudan Das (NUGMSD) Quality Award:

Applications were invited for NALCO Utkal Gaurav Madhu Sudan Das (NUGMSD) Quality Award and out of the manufacturing units from Odisha who had submitted application documents for the award, the highest-scoring unit from large category, was conferred with the prestigious state level award on 14<sup>th</sup> June, 2019.

#### 18.5 Lean Six Sigma:

At the Alumina Refinery, 02 new Lean Six Sigma Green-belt projects and at Mines, 07 new



PCR Van to Ganjam Police



LSS Green-belt projects were taken up, duly approved by Unit management.

#### 18.6 Business Excellence Initiative:

Business Excellence onsite assessment of Alumina Refinery for CII EXIM Bank Award-2019 was carried out by five Independent Assessors appointed by M/s. CII Institute of Quality during September, 2019. During the CII National Quality Summit held in November, 2019, the Unit bagged the prestigious CII- EXIM Bank Business Excellence award for the year 2019 in the Platinum Category. The award is based on the internationally recognized EFQM Excellence Model and is considered to be one of the highest recognition in the area of Business Excellence. At Smelter, preparations for CII EXIM Bank Award in line with EFQM model was in-progress with gap-analysis, training and counselling by expert counsellor. During the year, both at CPP and Mines, assessments were carried out on Operational Excellence framework of CII-IQ in line with the EFQM model. Mines unit was the recipient of 'Emerging Leader' award and CPP unit received the 'Promising Leader' award.

#### 18.7 5S System Implementation:

Alumina Refinery unit was felicitated for implementation of 5S during 6<sup>th</sup> National Conclave on 5S organized by QCFI during May, 2019. The Surveillance Audit of 5S- Work Place Management System at the Unit was successfully conducted by QCFI, Hyderabad. After implementation of plant-wide 5S workplace management system, Mines unit was certified on QCFI-JUSE criteria after assessment.

In both Smelter & CPP, plant-wide 5S Workplace Management System continued to be effectively implemented with regular internal audits by DGM-level teams and review meetings by Unit Management. At S&P complex, 5S

implementation was extended to the Township with inclusion of Estate, Horticulture and Hospital, during the year.

#### 19.0 IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY:

Your Company continues in complying with the provisions of the Official language and other guidelines issued by the Government agencies and statutory bodies from time to time. Your Company also holds the chairmanship position of TOLIC, Bhubaneswar and Angul and organized meetings at both the locations involving all its members PSUs Office. In this regard, your Company's efforts have been appreciated in the meetings by the representatives of RFO, Govt. of India.

In order to promote official language in official working, your Company continues nominating employees under Hindi teaching scheme. During the year, 74 employees have been awarded and 83 employees have been nominated for 2020 exam under the scheme. The scheduled TOLIC meetings, quarterly workshops including workshop for senior management personnel, enabling of all computers with unicode are the efforts also made by your Company towards promoting official language.

As a measure towards complying with the directives of official language, your Company has observed Hindi Fortnight, World Hindi Day and involved employees through various competitions like Hindi song vocal, antakshari, drafting, vocabulary, noting, painting, essay writing, quiz, talks, skit Hindi Kavi Sammelan etc.

Further, two magazines namely "AKSHAR" "SANGINEE" and a newsletter captioned "Daman Varta" were published during the year to promote Hindi language.

#### 20.0 SPORTS:

- As a part of policy to encourage young sports persons, your company had supported young

aspiring sports persons of National and State level. Sports persons of your Company participated in various sporting events of State level, National as well as International level. Your Company has also provided employment to three promising sports persons of the state who have brought laurels in their respective sports field.

- Your Company also sponsored various sports associations / federations / sports bodies for organizing sports events as well as to develop sporting infrastructure.

### 21.0 VIGILANCE:

Broad details of the vigil mechanism, established in your Company are given below:

- Your Company has a well-established vigilance department headed by a Chief Vigilance Officer (CVO) who is appointed on deputation from Government of India. Other vigilance officers who assist the CVO are selected on deputation basis in consultation with and concurrence of CVO. Your Company has its vigilance set up at three locations, i.e. Corporate Office at Bhubaneswar, S&P Complex at Angul and M&R Complex at Damanjodi.
- The vigilance functions are generally, in the nature of preventive, punitive, surveillance & detection.

The Vigilance Department functions in brief are:

- Preventive Vigilance.
- Investigating complaints.
- Surprise checks in sensitive areas.
- Study of contract/purchase/sales files and Internal Audit Reports which are good source of information for vigilance cases.
- Suggesting system improvements.
- Circulation of CVC Circulars/ guidelines.
- Giving vigilance clearances to the employees for various purposes, viz. NOC for issue

of Passport, Promotion, Resignation/ Superannuation/ Voluntary Retirement, Conferment of Award, Foreign Assignment, Deputation and appointment of officers to Board level etc.

- Scrutiny of Property Returns.
- Advising management on rotation of officials in sensitive posts.
- Advising CMD on vigilance matters and matters relating to disciplinary procedures.
- Liaisoning with CBI etc.
- Implementation of Integrity Pact.
- Conducting training programmes for awareness among employees and general public as a part of preventive vigilance mechanism.
- Several IT initiatives undertaken like Learning Portal, Online Vigilance Clearance, Online Exit Process and Online Vigilance Portal.
- Updation of basic and vigilance data of the executives on DoPT portal.
- Hand book on “Compilation of Guidelines on Works, Goods and Services - a ready reckoner” have been compiled and published by Vigilance Department.

### 21.1 Functions of CVO:

The functions of CVO are as follows:

- Overall Vigilance Administration of the Company.
- Maintaining a good link with CVC and CBI besides organizing structured review meetings with CMD.
- Furnishing of various returns/ reports to Ministry/CVC/CBI.
- Assisting CVC in selection of Independent External Monitors (IEMs) for I.P (Integrity Pact).

- Assisting management in formulation/ updation of anti-corruption policies/ measure.
- Assisting management in development of Integrity Index etc.
- Organising Training on vigilance awareness, vigilance administration, case studies etc.

#### 21.2 Whistle Blower Policy:

Your Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing to prohibit managerial personnel action. It protects employees wishing to raise a concern about serious irregularities within the Company. Details of the policy are available in your Company's website [www.nalcoindia.com](http://www.nalcoindia.com)

#### 21.3 Corruption Risk Management Policy:

Corruption is a special category of risk. Corruption Risk Management policy of your Company has been implemented to determine the key principles and requirement aimed at preventing corruption and compliance of anti-corruption law of India.

The policy reflects commitment of your Company and its management to high ethical standards at carrying on business in an open, transparent and honest ways aimed at improving corporate culture, compliance with the best practices in corporate governance and maintaining the business reputation in your Company.

#### 21.4 Fraud Reporting:

During the year, no fraud by your Company or any material fraud on your Company by its officers or employees has been reported by the

Auditors in their report under section 143(12) of the Companies Act, 2013.

Your Company has a Board approved Fraud Prevention Policy and the same is placed in the Company's website [www.nalcoindia.com](http://www.nalcoindia.com)

#### 21.5 Integrity Index Development:

Integrity has been recognised as the integral part of a Company ensuring accountability, enhancing competency and boosting the ethical values of the personnel resulting in a corruption free environment. Integrity index is the image of a company other than financial parameters. In this regard, a framework was envisaged by CVC in 2017-18 to measure integrity index in Public Organizations for ensuring probity. 25 PSUs, State organizations and Ministry including your Company were selected by CVC for supporting IIM-Ahmedabad in developing the framework.

Performance, integrity perception, enabling systems, process management and compliance are the broad parameters with detail questionnaire to bring out the level of probity, integrity, efficiency, transparency and compliance in the Organizations.

The integrity index is to be computed based on these parameters including perceptions of the internal and external stakeholders.

Your Company responded actively by participating in the process in a time bound manner and bridging the gaps in the processes in many areas during the course of submission in the IID portal, which was finally submitted in February, 2018.

Your Company has scored 79.47% by CVC-IIM (Ahmedabad) in Integrity Index Development project. The score is being assessed and examined by the management by collecting feedback from respective departments and several actions are being taken to improve the score.



NALCO Relief Materials for Fani Cyclone affected

**21.6 Online Data Updation on DoPT Portal:**

In line with CVC and DoPT directives, your company responded actively in regularly updating the data of the executives at AGM and above, on the web portal "<https://doptapp.nic.in/solve/>".

**21.7 Outreach Activity:**

Your Company has conducted Outreach Activity or Integrity Pledge Drive at various schools and colleges in and around the Company's head office at Bhubaneswar and plant complexes at Angul and Damanjodi wherein approx. 3,500 citizens have been undertaken Integrity Pledge.

**22.0 RIGHT TO INFORMATION:**

In order to address the provisions of Right to Information Act (RTI), one Appellate Authority, one Public Information Officer and nine Assistant Public Information Officers responsible for providing information sought by stakeholders, have been appointed.

The following are the details of the RTI applications and appeals during 2019-20:

	Requests	First Appeals
Under Process as on 01.04.2019	16	01
Received during the year (including cases transferred from other Public Authority)	249	48
No. of cases transferred to other Public Authorities	01	0
Decisions where requests/ appeals rejected	91	08
Decisions where requests/ appeals accepted and settled	149	40
Under Process as on 31.03.2020	25	01

The RTI requests and appeals are received and replied through both physical and online mode. Your Company is aligned with online RTI portal of Department of Personnel and Training ([www.rtionline.gov.in](http://www.rtionline.gov.in)) with effect from January, 2017.

**23.0 LISTING IN STOCK EXCHANGES & PAYMENT OF LISTING FEES:**

The equity shares of your Company continued to be listed on BSE Limited and National Stock Exchange of India Ltd, the premier stock exchanges of the country, having nationwide trading terminals. The listing fees for the financial year 2020-21 have been paid on time to the stock exchanges.

**24.0 DISINVESTMENT:**

At the beginning of the financial year, the Government of India's holding was 97,00,81,517 equity shares, which was 51.99% of total paid-up capital of your Company.

During the year under review, Government of India transferred 92,88,506 number of equity shares to Bharat-22 ETF Scheme of Government of India on 10.10.2019 and as on date, Government of India holds 96,07,93,011 equity shares (total equity shares – 1,86,56,17,498) which is 51.50% of the total paid-up equity share capital of your Company.

**25.0 SERVICES TO SHAREHOLDERS:**

All matters relating to transfer/transmission of shares, issue of duplicate share certificates, payment of dividend, de-materialization and re-materialization of shares and redressal of investors grievances are carried out by the Company's RTA i.e. M/s. KFin Technologies Pvt. Ltd. (Formerly Karvy Fintech Private Limited), Hyderabad. The Company has renewed the agreement with the RTA for 3 years w.e.f. 01.04.2020.

**26.0 PAYMENT OF ANNUAL CUSTODY/ISSUER FEES TO DEPOSITORIES:**

Annual connectivity fees and custody fees/issuer fees for the financial year 2020-21 have been paid on time to both M/s. National Securities Depository Ltd. and M/s. Central Depository Services (India) Ltd.

**27.0 BUSINESS RESPONSIBILITY REPORT:**

In line with Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015, a Business Responsibility Report

for 2019-20 describing various initiatives taken by the Company on social, environmental and governance perspective, is attached at **Annexure-III** which forms part of this Annual Report.

#### 27.1 Reports on Sustainable Development:

- The mandatory report on sustainability i.e. the Business Responsibility Report addressing the economic, environmental, social & governance aspects as required by SEBI, was completed and published & web-hosted.
- In addition to above report, a standalone report is prepared on voluntary basis, aligned with GRI G4 Standard Core option.

### 28.0 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

#### 28.1 Research & Development:

- R&D Project on “Commercial production and billing of cookware sheets” was successfully completed on 06.02.2020 against MoU 2019-20 excellent target date of 15.02.2020.
- Under the Development Cooperation Agreement signed with RTA, France, development of low energy cell technology for Smelter Plant (AP2XN0) is in progress in 15 trial pots with an objective to reduce specific energy consumption in Smelter Plant. Performance of the pots is being monitored in consultation with RTA.
- Since inception 39 patents have been filed out of which 20 have been granted and 7 have been commercialized. Three number of patents have been granted and three number of patent applications were filed in the current financial year.
- Research & Scientific Advisory Committee (RSAC) meetings are being held periodically

to review the R&D activities of your Company.

- Based on the Memorandum of Understanding signed with BARC in May 2016, various R&D works like Extraction of Gallium and other rare earth elements from Bayer Process liquor and Alumina waste, and studies on the suitability of red mud for sacrificial core catcher material is in progress with BARC. Memorandum of Understanding (MoU) on ‘Sacrificial brick development project’ has been finalized and approved by the management of your Company.
- Testing activities at Nalco Research & Technology Centre (NRTC) at Bhubaneswar has been started with regular analysis of Mines bauxite samples, Aluminium Alloy samples & TRM samples received from smelter plant. Samples received from outside are also analyzed on payment basis.
- During the year, one in-house R & D project and four collaborative projects have been completed:
- Collaborative R&D project on “Development of electronic material for device fabrication using Nalco red mud”.
- Collaborative R&D project on “Process and new applications of Aluminium based material in solar light/ roof sheets and in battery having superior thermal and electronic properties”.
- Collaborative R&D project on “Atomic scale aluminium in interconnects in electronic device”.
- Collaborative R&D project on “Developing downstream applications of strip cast aluminium alloy”.
- In-house R&D project on “Commercial production and billing of cookware sheets”

- Benefits derived as a result of R&D (In-House & Collaborative):
- Based on a completed collaborative R&D project in 2018-19, monitoring system of compressed air has been developed in Smelter Plant which is based on Internet of Things (IOT). Average values of compressed air pressure and temperature along with history & trend analysis help in taking measures for better control of compressed air utilization in Smelter Plant and also helps in reducing wastage.
- 2,27,997 KL of treated water from nano technology based Defluoridation Plant at Smelter Plant was recycled for industrial use as a zero water wastage concept. This has resulted in a saving of approximately ₹91 lakhs.
- The new product developed in-house, AA 8011 series cookware sheets were sold with a premium of ₹250 per MT.
- As on 31<sup>st</sup> March, 2020, 05 in-house projects and 22 collaborative projects are in progress. The particulars relating to Conservation of Energy, Technology Absorption, Foreign

Exchange Earnings and Outgo, as required to be disclosed under the Companies Act, 2013 are given in the **Annexure-IV** to this report.

#### 29.0 DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



Launching of New Product RR Aluminium Alloy AA -1200

- The Directors had prepared the annual accounts on a going concern basis;
- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 30.0 CORPORATE GOVERNANCE:

A report on Corporate Governance in line with Regulation 34 read with Schedule-V of SEBI (LODR) Regulations, 2015 and DPE guidelines is prepared and placed at **Annexure-V** to this report.

The Statutory Auditors of the Company have issued a certificate on Corporate Governance which is appended to the Corporate Governance Report.

### 31.0 CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

The Policy on Related Party Transactions has been approved by the Board and placed in your Company's website which can be accessed at [www.nalcoindia.com](http://www.nalcoindia.com)

Your Directors draw the attention of the members to



NALCO Research & Technology Centre

note no. 38 of the financial statements which sets out related party disclosures.

No contract has been entered with any related party during the year under report. However, a report in Form AOC-2 is attached at **Annexure-VI** to this report.

### 32.0 DIRECTORS AND KEY MANAGERIAL PERSONNEL:

#### 32.1 Directors:

The following changes took place in the Board of Directors of your Company since the last report:

##### 32.1.1 Appointment:

- Shri S. Patra was assigned with additional charge of the post of Chairman-cum-Managing Director in addition to his original assignment as Director (Finance) w.e.f. 01.12.2019 upon superannuation of Dr. T. K Chand on 30.11.2019. Shri Patra took over as full-time Chairman-cum-Managing Director w.e.f. 17.12.2019.
- Shri V. Balasubramanyam, Director (Production) was assigned with additional charge of Director (Finance) w.e.f. 10.01.2020.
- Shri R. S. Mahapatro was appointed as Director (HR) w.e.f. 01.01.2020.
- Shri Satendra Singh was appointed as Part-time Official Director w.e.f. 05.08.2020.
- Shri Upendra C. Joshi was appointed as Part-time Official Director w.e.f. 05.08.2020.

##### 32.1.2 Cessation:

- The tenure of Shri D. Mahanta, Prof. D. Acharya, Shri S. Sankararaman, Shri M. Sahu and Shri P. K. Nayak, Independent Directors was completed on 20.11.2019.
- Dr. T. K. Chand superannuated as Chairman-cum-Managing Director on 30.11.2019.





Distribution of Hygiene Kit among girl students

- Shri B. K. Thakur superannuated as Director (HR) on 31.12.2019.
- Smt. K. G. Sinha, Independent Director completed her tenure on 02.02.2020.
- Dr. K. Rajeswara Rao ceased to be Part-time Official Director w.e.f 05.08.2020.
- Shri A. K. Nayak ceased to be Part-time Official Director w.e.f. 05.08.2020.

Your Directors wish to place on record, appreciation for the valuable services rendered by Shri D. Mahanta, Prof. D. Acharya, Shri S. Sankararaman, Shri M. Sahu, Shri P. K. Nayak, Smt. K. G. Sinha as Independent Directors, Dr. T. K. Chand as Chairman-cum-Managing Director, Shri B. K. Thakur as Director (HR), Dr. K. Rajeswara Rao and Shri A. K. Nayak as Part-time Official Directors during their tenure on the Board of your Company.

### 32.1.3 Key Managerial Personnel:

In accordance of the provisions of the Act, the following are the Key Managerial Personnel of your Company:

- Shri S. Patra, Chairman-cum-Managing Director.
- Shri V. Balasubramanyam, Director (Production) & Director (Finance)-Addl. Charge.



NALCO Funded 200 bedded dedicated COVID-19 hospital at Nabarangpur



Receiving the Times Business Award on CSR

- Shri S. K. Roy, Director (P&T).
- Shri P. K. Mishra, Director (Commercial).
- Shri R. S. Mahapatro, Director (HR) w.e.f. 01.01.2020.
- Shri N. K. Mohanty, Company Secretary.

#### 32.1.4 Declaration of Independence by Independent Directors:

Your Company has received declaration from the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

#### 32.1.5 Meetings of the Board:

During the year, 6 (Six) Board meetings were held. Details of the meetings are available in the report on Corporate Governance (Annexure-V) placed in this Annual Report.

#### 32.1.6 Various Sub-committees of the Board:

The details of various Sub-committees of the Board including Audit Committee, their composition, terms of reference, details of meetings held are given in the Corporate Governance Report (Annexure-V) placed in this report.

#### 33.0 EXTRACT OF ANNUAL RETURN:

Extract of Annual Return of the Company in the prescribed Form MGT-9 is annexed herewith as **Annexure-VII** to this Report. The extract of Annual Report in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rules thereto is available in the Company's website: <https://nalcoindia.com/investor-services/extract-of-annual-return/>

#### 34.0 GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items as there

were no transactions on these items during the year under report:

- Details relating to deposits covered under Chapter V of the Act.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares, sweat equity shares and ESOS to employees of the Company.
- Neither CMD nor the Whole-time Directors of the Company received any commission from the Company.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors also state that no disclosure or reporting is required in respect of the following areas as they are exempted for Government Companies by Ministry of Corporate Affairs vide notification dated 5<sup>th</sup> June, 2015 and notification dated 5<sup>th</sup> July, 2017.

- Company's policy on Director's appointment and remuneration including criteria for determining qualification, attributes, independence, etc. as per Section 134(3)(e) and Section 178(2), (3) & (4).
- Manner in which formal Annual Evaluation of performance of Board, its Committees and individual Directors has been carried out as per Section 134(p) read with Rule 8 (4) of Companies (Accounts) Rules.
- Ratio of remuneration of each Director to the median remuneration of the employee and other prescribed details as per Section 197(12) read with Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules.

### 35.0 SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has in place a Policy on Prevention,

Prohibition and Redressal of sexual harassment of Women at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Three Internal Complaints Committees have been constituted in the Company, one each at Corporate Office, S&P Complex, Angul and M&R Complex, Damanjodi to redress the complaints received regarding sexual harassment. The said Committee besides comprising the appropriate members from the Company are also represented by one Independent member from outside like Professor of XIMB as nominated by Women's Commission, Secretary Nari Surakshya Samiti Angul, Coordinator, NALCO Foundation, Damanjodi.

During the year 2019-20, one case under Sexual harassment was registered at S&P Complex, Angul. As per the reports of Internal Compliance Committee, action has been taken against the concerned and the case has been disposed of. There were no cases registered at Corporate Office and M&R Complex during 2019-20.

### 36.0 PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

Details of Loans, Guarantee and Investments covered under the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 are given in the note no. 9 and 11 to Standalone Financial Statements 2019-20.

### 37.0 SUBSIDIARIES, JOINT VENTURE COMPANIES AND ASSOCIATE COMPANIES :

During the year, two Joint Venture Companies were incorporated:

- (a) **M/s. Khanij Bidesh India Limited**, a joint venture company incorporated on 08.08.2019 amongst your Company, M/s. Hindustan Copper Limited and M/s. Mineral Exploration Corporation Limited having the shareholding of 40:30:30 respectively.

(b) **M/s. Utkarsha Aluminium Dhatu Nigam Limited**, a joint venture company incorporated on 21.08.2019 between your Company and M/s. Mishra Dhatu Nigam Limited with initial shareholding of 50:50.

In accordance with the provisions of Section 129 (3) of the Act, read with the Companies (Accounts) Rules, 2014, a report on the performance and financial position of each of the joint venture and associates and their salient features are given in the note nos. 40 and 41 of the Consolidated Financial Statements for the year ended 31.03.2020 respectively. Salient features of JV/Associate companies in Form AOC-1 (Note 41) forms integral part of the consolidated financial statement of the Company.

### 38.0 AWARDS & ACHIEVEMENTS:

- Your Company has been conferred with the coveted 'Golden Peacock Environment Management Award' for the year 2019 at a function held in Bangalore on the occasion of the 21<sup>st</sup> World Congress on Environment Management and Climate Change.
- Panchpatmali Bauxite Mines has bagged 6 prizes consisting of 1<sup>st</sup> prize in afforestation, 1<sup>st</sup> prize in reclamation and rehabilitation, 2<sup>nd</sup> prize in monitoring, 1<sup>st</sup> prize in sustainable development, 1<sup>st</sup> prize in overall performance and the Par Excellence Award at the closing ceremony of Mines Environment and Mineral Conservation Week 2018-19, organised by Indian Bureau of Mines, Bhubaneswar region held on 19.07.2019 at Bhubaneswar.
- In recognition to the stellar role played by your Company among the PSUs in the Indian economy as well as in the wider socio-economic development, your Company has bagged the award for Best Export Performance in the Dun & Bradstreet PSU Awards 2019.
- Your Company's Data Center, Corporate Office and Disaster Recovery site have been certified for Information Security Management System and awarded ISO 27001:2013 Certification with Accreditation from International Accreditation Services, USA. The certification audit was conducted by M/s. Intercert and your Company was successfully certified in August, 2019.
- Your Company has received the EEPC Eastern Region Export Award for the year 2016-17, in a function held at Kolkata on 31.08.2019.



NALCO as one of the recipients of National CSR awards

- Your Company's pavilion in the Mining Exploration Convention & Trade Show (Mining Mazma) held at Bengaluru from 12<sup>th</sup> to 14<sup>th</sup> September, 2019 won the First Prize in the PSU category.
- Your Company has bagged the prestigious CSR National Award in the category of "Women Empowerment" for its flagship CSR Project, "Nalco Ki Ladli", in the National CSR Summit & Awards Ceremony organized by First Step Foundation, New Delhi & CSR Times.
- Your Company's Smelter Plant has received the Energy Efficiency as well as Most Usable Presentation Award by CII, at the 20<sup>th</sup> National Award for Excellence in Energy Management held from 16<sup>th</sup> to 18<sup>th</sup> September, 2019 at Hyderabad.
- Alumina Refinery Plant & Captive Power Plant of your Company have been awarded Kalinga Safety Excellence Award (Gold) and Kalinga Safety Excellence Award (Silver) respectively for the year-2018 in the Odisha Safety Conclave held on 23<sup>rd</sup> November, 2019 at Bhubaneswar. Both the units have been awarded for the best safety practices implemented and maintained at the respective units.
- Your Company has bagged 'IIM Non-Ferrous Best Performance Award' consecutively for the second year at the National Metallurgist Day and Annual Technical Meet (NMD-ATM 2019) held at Kovalam, Tiruvanthapuram, organised under the aegis of Ministry of Steel, Govt. of India.
- Your Company has been awarded the Platinum Award at the CII-EXIM Bank Award for Business Excellence.
- Alumina Refinery received the Bureau of Energy Efficiency Platinum Award as a result of positive attributes from all corners.
- Your Company has been awarded "Times Business Excellence Award" for CSR.

- Your Company is the 2<sup>nd</sup> highest net foreign exchange earning CPSE in the Country as per the Dept. of Public Enterprises Survey 2018-19.

### 39.0 COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE FINANCIAL STATEMENT OF THE COMPANY:

Annual Financial Statements both standalone and consolidated as approved by Board were submitted to the office of Director General of Commercial Audit for their comments. The Comptroller and Auditor General of India has issued 'Nil' comments on the standalone and consolidated financial statements for the year ended 31.03.2020 vide letter no. 658/Co-ordn/01-10(NALCO)2020-21 and letter no. 654/Co-ordn/01-06(NALCO)2020-21 both dated 03.09.2020 issued by Director General Audit (Mines), Kolkata.

### 40.0 AUDITORS :

#### 40.1 Statutory Auditors:

M/s. Patro & Co. Chartered Accountants and M/s. GNS & Associates, Chartered Accountants were appointed as Joint Auditors of your Company by the Comptroller and Auditor General of India for the financial year 2019-20.

The Statutory Auditors report on the Standalone and consolidated financial statements have already been placed before the Board in its meeting held on 26.06.2020.

#### 40.2 Cost Auditors:

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014, Cost Audit is applicable to the Company and accordingly such accounts and records are made and maintained.

Accordingly, the Board of Directors of the Company have, appointed M/s. Niran & Co., Cost Accountants, as the Cost Auditors for the financial year 2019-20.

Your Company will submit its Cost Audit Report to the Ministry of Corporate Affairs within the stipulated time period.

#### 40.3 Secretarial Auditors:

M/s. Deba Mohapatra & Co., Practicing Company Secretaries were re-appointed for undertaking Secretarial Audit job of your Company for 2019-20 in terms of Section 204 of the Companies Act, 2013 and Rules made there under. The report of the Secretarial Auditors along with managements' explanation on observations of the Auditors is enclosed as **Annexure-VIII** to this report.

#### 40.4 Internal Auditors:

Your Company has appointed the following CA firms for carrying out Internal Audit functions of the Company for the financial year 2019-20:

- (a) M/s. Rao & Kumar for Mines & Refinery complex, Damanjodi & Port Facilities, Visakhapatnam.
- (b) M/s. B N Mishra & Co. for Smelter Division, Angul.
- (c) M/s. Tej, Raj & Pal. for CPP Division, Angul.
- (d) M/s. SRB & Associates for Corporate Office, Bhubaneswar.
- (e) M/s. MKPS & Associates for Western Regional Office, Mumbai.
- (f) M/s. Prabir Ranjan Datta & Co. for Eastern Regional Office, Kolkata (upto 30.09.2019)
- (g) M/s. Roy & Bagchi for Eastern Regional Office, Kolkata (w.e.f. 01.10.2019)
- (h) M/s. Raghavan & Muralidharan for Southern Regional Office, Chennai.
- (i) M/s. Bhatia & Bhatia for Northern Regional Office, New Delhi.

#### 41.0 ACKNOWLEDGEMENT:

Your Directors acknowledge the excellent support extended by the Government of India particularly

Ministry of Mines, DIPAM, DPE and other Ministries/Departments of the Government of India, M/s. Coal India Limited, M/s. NLC Limited, various Ministries/Department of the Government of Odisha, Mahanadi Coalfields Ltd., Indian Railways, GRIDCO, Comptroller and Auditor General of India, the Director General of Commercial Audit & Ex-officio Member, Audit Board, Kolkata, Statutory Auditors, Cost Auditors, Secretarial Auditors, Internal Auditors, Bankers, KFin Technologies Private Limited, Solicitors, JV Partners, Business Associates, other Government agencies, other CPSEs, valued and esteemed domestic and international customers, vendors and look forward for maintaining such mutually supportive business relationship in the coming years too.

Last but not the least, your Directors also place on record their deep sense of appreciation for the dedication, commitment, enthusiasm, unstinting efforts and sincere services rendered by the employees at various levels. The Board of Directors also endorse and appreciate the hard work demonstrated by the employees of all level, the trade unions and officers association to keep the Plant/Units operational in the ongoing COVID-19 pandemic. The Company's consistent growth was made possible due to belongingness, solidarity, co-operation and support received from all fronts.

For and on behalf of Board of Directors



Place: Bhubaneswar

Date: 04.09.2020

(Sridhar Patra)

Chairman-cum-Managing Director

## ANNUAL REPORT ON CSR ACTIVITIES: 2019-20

### 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

With a legacy of over four decades, the Company continues to be State owned largest Aluminum Industry with the ethos of 'Corporate Social Responsibility' strongly embedded in its DNA. The Company continues to nurture the core value of '*giving back to society*'. In this endeavor, your Company has been taking up several CSR initiatives focusing on community need and national priority.

As per the mandate of Companies Act 2013, since 2014-15 onwards, the Company has been spending 2% of its average net profit (calculated in accordance with the provisions of Section 198 of the Companies Act, 2013) during the three immediately preceding financial years under different heads stipulated under Schedule VII of the said Act.

The detailed Board approved CSR Policy of the Company is placed at Company's website i.e. [www.nalcoindia.com](http://www.nalcoindia.com).

Following is the overview of the initiatives, the Company is continually giving focus.

- **Indradhanush:** Residential education to poor tribal children from Maoist-infested villages of Koraput district in reputed schools of the State of Odisha.
- **Nalco Ki Ladli:** Supporting meritorious girl students of BPL families for pursuing education in line with the GoI's "Beti Bachao Beti Padhao" initiative.
- **Door step Health service in periphery villages:** Primary healthcare service at door step of remote peripheral villages reaching out to around 1.5 lakh patients annually in collaboration with M/s. HelpAge India & M/s Wockhardt Foundation.
- **Drinking water facility for the needy:** Safe drinking water facility in the periphery villages as well as pilgrims during world famous Ratha Yatra at Puri.
- **Support to Skill India:** Skill enhancement training imparted to unemployed youths of the peripheral areas to make them market ready.
- **Swachh Bharat initiatives:** Swachh iconic shrine development projects at Puri and Open Defecation Free (ODF) villages towards cleanliness, hygiene and overall wellbeing.
- **Rural infrastructure building:** Construction of roads, culverts, drains, shelter homes, renovation and revamping of community centers and water bodies in the periphery areas.
- **Response to FANI cyclone:** The Company has quickly intervened on relief, restoration & rehabilitation in the severely affected places in and around Bhubaneswar & Puri just after the cyclone FANI. In addition, NALCO had also undertaken massive plantation at Chandaka-Damapada Wild Life Sanctuary in collaboration with Forest Department of Odisha to restore back the damage caused due to cyclone.

### 2. The Composition of the CSR Committee:

(From 01.04.2019 to 20.11.2019)

Shri D. Mahanta, Independent Director, Chairman

Shri S. Sankararaman, Independent Director

Shri M. Sahu, Independent Director

Smt. Kiran Ghai Sinha, Independent Director

Shri N. N. Sharma, Independent Director

Shri V. Balasubramanyam, Director (Production)

Shri B. K. Thakur, Director (HR)

Shri S. Patra, Director (Finance)

After completion of tenure of Independent Directors viz. Shri D. Mahanta, Shri S. Sankararaman and Shri M. Sahu on 20.11.2019, the Committee was reconstituted with the following members.

Smt. Kiran Ghai Sinha, Chairperson

Shri N. N. Sharma

Smt. Achla Sinha

Shri V. Balasubramanyam, Director (Production)

Shri B. K. Thakur, Director (HR)

Subsequently, after completion of the tenure of Smt. Kiran Ghai Sinha on 02.02.2020, the composition of the Committee is presently as detailed below.

Shri N. N. Sharma, Independent director, Chairman

Smt. Achla Sinha, Independent Director

Shri V. Balasubramanyam, Director (Production)

Shri R. S. Mahapatro, Director (HR)

**3. Average net Profit of the company for last three financial years:**

₹1,91,731.00 lakh.

**4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):**

As per guidelines under Schedule VII of the Companies Act, 2013, the prescribed CSR expenditure for 2019-20 is ₹3,835.00 lakh.

**5. Details of CSR spent during the financial year:**

**a) Total amount spent for the financial year:**

₹3,971.35 lakh

**b) Amount unspent, if any**

Nil

**c) Manner in which the amount spent during the financial year is detailed:**

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local areas or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-head : (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
01	Health outreach Program (a) Operation of Mobile Health Units & awareness building through Information, Education, Communication (IEC) activities. (b) Operation of OPD.	Point No.(i) of Schedule VII- Promoting preventive health care	Koraput & Angul District of Odisha	657.04	162.83	1,030.51	NALCO Foundation & directly by the Company
02	Sanitation: (a) Construction of Toilets under Swachh Vidyalaya Abhiyan (b) Construction of Individual House Hold Toilets under ODF initiative (c) Provision of water supply to toilets constructed under Swachh Vidyalaya Abhiyan.	Point No.(i) of Schedule VII- Promoting preventive health care and sanitation	Koraput & Angul District of Odisha & Visakhapatnam and Kakinada in Andhra Pradesh	583.35	421.23	1,404.52	NALCO Foundation & directly by the Company



(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local areas or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-head : (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
02	(b) Swachh Iconic City Project- Puri	Point No.(i) of Schedule VII- Promoting preventive health care and sanitation	Puri district of Odisha	316.21	192.64	925.70	NALCO Foundation & directly by the Company
03	Providing safe drinking water to periphery villages of plants and during Ratha Yatra at Puri	Point No.(i) of Schedule VII- Making available safe drinking water	Angul, Koraput & Puri district of Odisha	348.28	312.38	830.13	NALCO Foundation & directly by the Company
04	Promoting education: a) Supporting formal education of tribal children in reputed residential schools b) Supporting Nalco ki Ladli c) Quality education to students of periphery area at Saraswati Vidya Mandir Angul & Damanjodi	Point No.(ii) of Schedule VII- Promoting education including special education	Koraput, Angul and Khurda district of Odisha & Varanasi in Uttar Pradesh	875.01	2,144.65	10,066.67	NALCO Foundation
05	Providing employment enhancing training to unemployed youth	Point No.(ii) of Schedule VII- Employment enhancing vocational skill	Angul, Koraput & Khurda district of Odisha and Gwalior in Madhya Pradesh	167.80	42.91	390.13	Directly by the Company
06	Empowering women / Hostels for Orphans	Point No.(iii) of Schedule VII- Employment women	Khurda, Koraput and Puri district of Odisha	25.00	5.00	73.50	NALCO Foundation
07	Ensuring environmental sustainability, ecological balance through plantation	Point No.(iv) of Schedule VII- Ensuring environmental sustainability, ecological balance	Koraput, Angul & Khurda district of Odisha	293.43	224.67	734.55	NALCO Foundation & directly by the Company
08	Contribution towards protection of national heritage and culture and development of traditional arts and handicrafts.	Point No.(v) of Schedule VII- Protection of national heritage, art & culture	Koraput & Sambalpur district of Odisha	202.00	46.62	250.34	Directly by the Company
09	Promotion of Rural Sports	Point No.(vii) of Schedule VII- Training to promote Rrural sports, Nationally recognized Sports, Para-Olympic sports & Olympic sports	Koraput, Angul and Khurda district of Odisha	12.00	12.20	21.45	NALCO Foundation & directly by the Company
10	Contribution to the Prime Minister's Relief Fund/Central Govt. Fund for socio-economic development/welfare of SC/ST/OBC/Minorities/ Women	Point No.(viii) of Schedule VII- Contribution to Prime Minister's Relief Fund or any other fund set up by Central Govt.	PAN India	0.00	0.00	400.00	NALCO Foundation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local areas or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-head : (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
11	Rural development activities in periphery villages and other area	Point No. (x) of Schedule VII- Rural development projects	Angul and Koraput district of Odisha, Gwalior and Shivapuri district of Madhya Pradesh & Vizianagaram and Visakhapatnam district in Andhra Pradesh	201.66	67.18	827.18	NALCO Foundation & directly by the Company
12	Disaster Management including relief, rehabilitation and reconstruction activities	Point No. (xii) of Schedule VII	Puri and Khurda district of Odisha	286.57	187.63	187.63	NALCO Foundation & directly by the Company
13	Administrative Expenditure for carrying various CSR Projects/ Programme			195.00	151.41	392.51	NALCO Foundation
<b>Total:</b>				<b>4,163.45</b>	<b>3,971.35</b>	<b>17,534.82</b>	

- Sl. No.10 of the above table is running project.
- Cumulative expenditure at column 7 of the above table is since FY: 2014-15.
- The above CSR expenditure forms part of the financial statements for the year 2019-20.
- NALCO Foundation, the CSR arm of NALCO is a Trust under Indian Trust Act exclusively set up to take up CSR activities of the Company.
- Most of the projects have been executed by NALCO Foundation, the CSR arm of NALCO in association with appropriate NGO's operating within the operational areas of the Company.

**6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

The Company has spent the two percent of the average net Profit of the last three financial years.

**7. Future CSR Strategy:**

In year ahead, NALCO will formulate sustainable projects, based on community need, in convergence with suitable stake holders. While formulating the CSR Strategy, Company will continue to give importance to projects of community need and national priority.

**8. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.**

Sd/-  
(Sridhar Patra)  
Chairman-cum-Managing Director

Sd/-  
(N. N. Sharma)  
Independent Director & Chairman  
CSR & Sustainability Development Committee

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 1.0 INDUSTRY STRUCTURE AND DEVELOPMENTS:

#### 1.1 Alumina:

During the year 2019, total world production of Metallurgical Grade Alumina (MGA) was 123.53 Million Tonnes, registering a decrease of 1.1% compared to 124.86 Million Tonnes produced during 2018. Alumina consumption during 2019 was 123.15 Million Tonnes as against 124.72 Million Tonnes consumed during 2018, exhibiting a YoY decrease of 1.3%. China was the major contributor in both production and consumption, having 55% share in production and 55.9% share in consumption of Alumina. World metallurgical grade alumina demand is expected to be 124.96 Million Tonnes in 2020, representing a modest year-on-year increase of 1.5%. Overall, the Alumina market is expected to remain in slight deficit of 0.6 Million Tonnes in 2020 with an expected production of 124.34 Million Tonnes. (Source: CRU)

Total Alumina production in India during the financial year 2019-20 was 66.36 Lakh Tonnes, thereby registering a YoY growth of 2.1%. Out of this, your Company's contribution was 20.9 Lakhs (31.5%). Some of the key factors that pulled the alumina prices lower during 2019-20 were excess production, owing to the resumption of Alunorte Refinery and commencement of production at Al-Taweelah Refinery in the UAE. The price decline was also due to slow global demand for aluminium, with user industries underperforming throughout the year. International Alumina prices have recovered a little during May-June, 2020, as major consumer China's economy seems to be recovering well from the COVID-19 pandemic. (Source: AI Circle)

World bauxite production during 2019 was around 339.1 Million Tonnes, which is 3.7% higher than 327.0 Million Tonnes produced in 2018. Global bauxite production during 2020 is expected to be around 354.2 Million Tonnes. According to US Geological Survey's Mineral Commodity Summerizes Report, India's Bauxite production in 2018 was 23 million tonnes, which increased to 26 million tonnes in 2019.

China has continued to import enormous tonnages of bauxite. During April, 2020, 9.9 Million Tonnes of bauxite were imported by China, which were mainly sourced from Guinea, Australia and Indonesia. (Source: CRU)

#### 1.2 Aluminium:

World production of Aluminium during the year 2019 was 63.08 Million Tonnes, registering a fall of 1.3% compared to production figures of 63.92 Million Tonnes achieved in 2018. At the same time, worldwide consumption of Aluminium also declined by 1.75% from 65.25 Million Tonnes in 2018 to 64.11 Million Tonnes in 2019. The market, thus, stayed in deficit of around 1.03 Million Tonnes during 2019. China was the largest producer as well as consumer during the year, contributing 55.7% share (35.10 Million Tonnes) of the world production and 55.8% (35.77 Million Tonnes) of the world consumption of Aluminium. China registered a negative aluminium production growth of 3.1% during 2019, while the rest of the world exhibited 1.0% growth in production. As far as Aluminium consumption is concerned, China's figures remained flat during 2019, while the rest of the world registered a contraction of 3.8%. During FY 2019-20, consumption of Aluminium in India fell by 5.6%. (Source: CRU)

The average LME Cash Settlement price during the financial year 2019-20 was USD 1,749 per MT, dropping 14.1% against the corresponding figure of USD 2,035 per MT during 2018-19. The price has fallen further during the first quarter of FY 2020-21. This trend is likely to continue for some more time. (Source: CRU)

Estimated global Aluminium stocks at the end of financial year 2019-20 stood at 13.00 Million Tonnes, registering a growth of 6.45% against stocks of 12.21 Million Tonnes at the end of FY 2018-19. (Source: CRU)

In contrast to global market deficit of about 1.0 Million Tonnes in 2019, a huge market surplus of about 5.5 Million Tonnes is expected in 2020, mainly due to sharp drop in demand owing to COVID-19 without any significant production cuts. (Source: CRU)

## 2.0 STRENGTHS AND WEAKNESSES:

### 2.1 Strengths:

Aluminum is an electronegative metal, which possesses strong affinity for oxygen. It is the sixth most ductile and second most malleable metal present on earth. It is exceptionally light having 2.7g/ccm density is impervious to dust, possesses high degree of conductivity, and exhibits significant strength when alloyed. It is widely used in food & packaging and pharmaceutical industries, as it is non-toxic in nature, preserves food for prolonged times, inhibits growth of microorganisms. Aluminum is good electrical conductor and thus is used frequently in electrical transmission lines. In addition, it is used as primary propellant for solid rocket booster motor in space shuttle due to its high volumetric energy density. Corrosion resistance, reflectivity, and recyclability are other characteristics of Aluminum, which makes it a favorable choice for various industrial applications. (Source: <https://www.alliedmarketresearch.com/aluminium-market>)

India accounts for around 7% of the world's bauxite production and has a growing aluminium sector that leverages this. Demand in the domestic market is expected to rise by 8-10% in the next few years in line with overall growth in the economy during this period. India's per capita Aluminium consumption is approximately 2.7 kg in 2019-20 as against 2.9 kg in 2018-19 and world's per capita consumption is 11 kg, as per Niti Aayog Report.

Abundant reserves of coal also boost the potential of the domestic aluminium industry, which is very power intensive. The emphasis on "Make in India" campaign by the Government and with investor-friendly reforms in the sector, the Aluminium sector is poised to play a greater role in driving the Indian economy forward. (Source: US Geological Survey, India Brand Equity Foundation)

### 2.2 Weaknesses:

The major weakness of the domestic Aluminium sector is the lack of sufficient production of downstream products, although India is one of the largest producers of primary aluminium. Due to limited scope of value addition within the country, primary aluminium producers are currently exporting large quantities of primary aluminium products. At the same time, sizeable quantity of downstream products are being imported into the country, as they are not being manufactured locally. Further, the lack of investment in R&D activities and absence of research facilities also restrict the scope for product improvisation and development of world-class or niche products, which can provide the much needed competitive edge to Indian Aluminium producers in the global market. Another area of weakness in case of Indian aluminium producers is the dependence on coal for power generation, which is neither environment friendly nor cost competitive. The outbreak of COVID-19 pandemic has led to a steep fall in metal prices globally, and at this time, aluminium producers with lower Cost of Production, like those running on hydro power or natural gas shall have a distinct cost advantage over those having coal based power generation.

## 3.0 OPPORTUNITIES AND THREATS:

### 3.1 Opportunities:

The Aluminum market is expected to register a CAGR of 3.2% from 2019 to 2026. The growth of the global aluminum market is driven by development in the transport industry, technological advancements in aluminum manufacturing technologies and processing equipment, and increase in usage of aluminum in various industries such as building & construction and foil & packaging. Asia-Pacific is the leading region, in terms of growth, due to massive urbanization, growth in income of people living in urban areas, and rapid industrial development. In addition, continuous advancements in transport industry and ongoing R&D activities to develop innovative, more effective and cheaper aluminum products fuel the growth of the market. Growth in demand from emerging economies such as China & India and increase in use of recycled aluminum products globally provides lucrative opportunities for the market expansion. (Source: <https://www.alliedmarketresearch.com/aluminium-market>)

Although Aluminium demand in the domestic market dried up during March-May, 2020 after imposition of nationwide lockdown/shutdown by the government, the restrictions are being gradually lifted in phases from May-June onwards. To support the economy during reopening, the government introduced a stimulus package. Nearly three-quarters of the total stimulus package is in the form of credit and liquidity aid. These involve, amongst others, extending collateral free loans with one-year moratorium on interest payments for working capital requirements and liquidity support for power distribution companies. This is expected to help businesses such as automotive casting companies and other downstream industries. Cheap and easily accessible capital will help various companies offset business losses experienced due to COVID-19. Another 4% of the stimulus will be dedicated to infrastructure development. Overall, approximately 12% of the stimulus will come in the form of fiscal aid. (Source: CRU)

During the months of January–April, 2020, total manufacturing activity has struggled to gain momentum. With the easing of restrictions and infusion of liquidity into the market through the stimulus package, domestic demand is likely to recover and full-fledged economic activity across the country is likely to be restored in the coming months. (Source: CRU)

### 3.2 Threats:

Global economic slowdown, as being witnessed currently, is a major threat to the future prospects of the Aluminium industry. During the year 2020, many aluminium consuming economies around the world have imposed temporary lockdowns, which has adversely impacted metal demand. Since the rate of production of Aluminium has not reduced to the same extent, it is expected that a huge surplus of around 5.5 Million Tonnes shall be added to the global aluminium inventory by the end of 2020. Due to availability of such huge quantity of aluminium, the prices are likely to remain under pressure. The threat of cheap imports flooding the market is also real, as many major economies have imposed multiple tariff barriers to safeguard large influx of imports into their countries. In absence of any safeguard measures or tariff barriers to restrict imports into India, possibilities of dumping surplus material in India by overseas countries appears to be more, which will affect the domestic primary metal producers. Another threat includes crackdown by Governments against environmental hazards associated with discharge of effluents like red mud or air pollution due to coal based power plants. Some countries like China have already implemented such crackdowns, resulting in shutting down of significant smelting capacities. The threat of substitutes like improvised steel, PVC, engineered wood, glass, carbon fibre, composites etc. are also perennial in nature.

Domestic primary aluminium manufacturers also face competition from duty-free or preferential duty based imports, which find their way into domestic markets by virtue of Free Trade Agreements (FTAs) signed with India. Being duty-free, these are offered at cheaper prices in the market and pose a formidable challenge to the Indian players.

## 4.0 OUTLOOK FOR FUTURE:

### 4.1 International Outlook:

The Global outlook for Aluminium appears gloomy, with a whopping 5.5 Million Tonnes of surplus production. Global consumption of Aluminium is likely to be 58.6 Million Tonnes in 2020, registering a Y-o-Y decline of 8.6%. Global Aluminium Production is likely to increase by 1.6% at 64.1 Million Tonnes. (Source: CRU)

Production in China in 2020 is expected to grow 3.7% year-on-year, after reducing by 3.1% in 2019. Chinese demand went down sharply during the month of March, 2020 after lockdown in Wuhan, the epicentre of COVID-19. However, there is evidence now that demand is recovering in China. Building sites have reopened with demand for steel from the construction sector back to pre-Covid levels. In the automotive sector, various stimulus measures have been launched to boost demand, and consequently, demand is recovering quickly. China is effectively one quarter ahead of the rest of the world in dealing with the COVID-19 pandemic. China has passed the worst and is gradually recovering, but risks remain. Firstly, COVID-19 related restrictions continue to limit the domestic economic recovery. Second, the economic downturn in rest of world will hit Chinese exports, which are responsible for 10% of domestic consumption. (Source: CRU)

In North America, primary aluminium consumption during January-March, 2020 declined by 9.7% y/y and during April-June, 2020 by 22% y/y, as the COVID-19 related disruptions are still continuing. While a marginal recovery is expected during October-December, 2020, the persistent weakness throughout most of the year will lead to a total annual decline in 2020 North American primary aluminium consumption by 13.6% y/y. In the US, consumer spending, which is one of the main economic drivers, has been drastically impacted, with over 30 million people filing for unemployment in April-May, 2020. The effect on consumer spending, is particularly important for the automotive industry, which was already under substantial pressure prior to the virus outbreak. (Source: CRU)

Western European primary demand fell by nearly 12% y/y in January-March, 2020, with COVID-19 related disruption taking effect by early March. However, the majority of the impact was felt during April-June, 2020, which resulted in primary aluminium consumption falling by 30% y/y. So far Eastern Europe has been less affected, with primary aluminium consumption only falling by 7.6% y/y in January-March, 2020 and a fall of 15.6% in April-June, 2020. The easing of lockdowns in recent months has resulted in gradual increase in market demand recovering the recession across Europe. As a result, the y/y decline in European primary demand is expected to be 14% in July-September, 2020. However, there are growing concerns that the rising number of COVID-19 cases in some European countries may lead to a further tightening of restriction and/or potentially hampering consumer sentiment. While countries like Italy and Spain are now beginning to ease lockdown measures, there will still be continued restrictions, which

coupled with the weak end use demand will see continued reductions in primary aluminium consumption. Other European nations, like Germany, have generally been able to maintain operations throughout, although at a reduced rate due to increased health and safety restrictions. However, as with most of Europe, any semi-fabricated component production related to automotive has been forced to close, as a result of the widespread closures of car making plants. (Source: CRU)

Global Aluminium markets are in a period of uncertainty, which has been reflected in the current low prices. For aluminium companies, the impact has not been felt the same across the value chain. Aluminium semi-finished products producers were the first to feel the impact of the pandemic. As countries around the world went into lockdown, non-essential businesses had to close. Some mills were ordered to close, and others closed after their customers cancelled orders. However, many smelters have been hugely benefited from cost deflation in the later part of 2019 and early 2020. Due to extremely low prices of Alumina, the negative impact of the pandemic was offset by lower costs for smelters. The average LME Aluminium price during January-March, 2020 was USD 1,690 PMT, which fell to USD 1,494 PMT during April-June, 2020. The LME price has shown signs of recovery during May-June, 2020, but scope for such recovery is limited in view of the huge expected metal surplus during the year. Continued strengthening of US Dollar is also deterring investors. (Source: CRU)

#### 4.2 Domestic Outlook:

As per World Economic Outlook published by IMF in June, 2020, India's GDP is likely to exhibit decline of 4.5 per cent in FY 2020-21, followed by a growth of 6.0% during 2021-22. India's (GDP) growth will be largely dependent on the economic fallout of the pandemic and time taken to bring down the infection rates in the country.

A snapshot of Aluminium Production, Domestic sales and Exports by Primary producers, along with Aluminium consumption in India, is tabulated hereunder:

Description	2018-19	2019-20	Change (%)
Aluminium Production ('000 MT)	3,695.1	3,618.9	-2.06
Aluminium Domestic Sales ('000 MT)	1,654.2	1,548.4	-6.40
Aluminium Export Sales ('000 MT)	2,037.6	2,004.7	-1.61
Aluminium Imports ('000 MT)	2,317.7	2,200.8	-5.04
Total Aluminium Consumption ('000 MT)	3,971.8	3,749.2	-5.61

#### 5.0 RISK AND CONCERNS:

Volatility in LME prices, fluctuations in US Dollar exchange rates, fluctuation in global production of Aluminium metal, slowdown in the global economy and growing competition from secondary producers in the domestic market are the regular concerns. This year the COVID-19, the global pandemic, has brought in new challenges for human life and business as well. It has disrupted the supply and delivery chain during March, 2020 to June, 2020.

#### 6.0 RISK MANAGEMENT:

The Company has a Risk Management Policy, which inter-alia incorporates guidelines issued by Government of India from time to time. Risk Management is undertaken as a part of normal business practice and that as separate tasks at set time. The Company has a Risk Management Committee at the Board level. The Committee reviews the exceptional Risk Reports and advice remedial measures from time to time. The risk mitigation measures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework. A periodical review is made to identify new risk areas along with mitigation plans. For the identified risks, the nominated risk officers maintain risk registers in prescribed format which are also overviewed by Internal Auditors of the Company and at senior management level. Deviations, if any, are reported to the Risk Management Committee.

## 7.0 INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has a well-established and adequate system of internal control commensurate with the size and nature of its business. The Company's Internal Control System has been designed to provide for:

- Compliance with applicable statutes, policies & procedures, rules & regulations and delegated authority.
- Adherence to applicable Accounting Standards and Policies.
- Proper recording of transactions & timely reporting.
- Effective use of resources and efficient operations.
- Safeguarding of assets.
- IT & System Control Mechanism

As per Section 134(5)(e) of the Companies Act, 2013, the Directors have overall responsibility for ensuring that the Company has implemented system and framework of Internal Financial Controls, which are adequate and operating effectively.

The Company has well-designed policies, procedures & guidelines in place to ensure control of its different areas of business operations and reporting. This includes delegation of powers, various manuals, rules, policies and guidelines formulated by the Company from time to time. The approved policies, procedures & guidelines are effectively and responsibly being used while executing the business of the Company. The Company has developed & implemented an Internal Financial Control framework duly approved by the Audit Committee which includes internally entity level policies/processes and operating level standard operating procedures primarily aiming at bringing awareness amongst the officials dealing with affairs of the Company to ensure adherence of the policies, procedures, guidelines designed and put in place for effective control. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls concerning reporting, operational, and compliance risks.

Financial Statements are prepared in compliance with applicable Accounting Standards & based on the Significant Accounting Policies as adopted by the Company duly approved by the Audit Committee and the Board. These Policies apply uniformly across the Company. The Accounting Policies supported by standard operating procedures are reviewed and updated from time to time. The Company uses ERP Systems as a business enabler and also to maintain its Books of Account. The Standard Operating Procedures and transactional controls built into the ERP Systems ensure proper recording, approval mechanisms and maintenance of records. The systems, standard operating procedures and controls are reviewed by management from time to time.

To ensure adequate internal control over financial reporting, the Company has incorporated in its Internal Financial Control framework, a detailed checklist covering all relevant areas affecting financial reporting.

The Company has entrusted its internal audit function to external Chartered Accountants' Firms to carry out audits at all locations and functional areas. The internal auditors have access to all the information in the organization which has been largely facilitated by ERP implementation across the organizations. The observations of internal auditors arising out of audits are periodically reviewed at an appropriate level and compliances are ensured.

Material observations of internal auditors are submitted to the Audit Committee for its review, analysis, and advice to further strengthen the internal control system. Action Taken Report thereon is submitted to the Audit Committee periodically.

During the year, controls were tested and no reportable material weakness in design and effectiveness was observed as certified by Internal Auditors and as opined by Statutory Auditors in their report. Efforts are being made to review internal control system in line with changing business environment.

Access to IT resources such as desktops, servers and network devices is permitted to authorised users only. SAP ERP has been implemented for core business functions in Sales & Distribution, Materials, Production, Finance & Controlling and Human Resource Management. The ERP System establishes controls at multiple levels - Access Security through strong password policy, session time-out based on idle time, transaction access & viewing rights through task specific roles and authorizations, master data maintenance restricted to central team, periodic review of access control and incorporates customized checks, controls & alerts to ensure compliance to business processes along with audit trail. Changes to software and configuration is effected with proper approval and testing.

The Primary Data Center and Disaster Recovery Center have been certified as ISO 27001:2013 compliant as part of Information Security Management System to ensure secure information security practices.

**8.0 DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:****8.1 Financial Operation:****8.1.1 Revenue from Operation:**

₹ in crores

Particulars	FY 2019-20	FY 2018-19	Change%
Export Turnover	3,510.92	4,792.71	(27)
Domestic Turnover	4,914.83	6,593.61	(25)
Gross Turnover	8,425.75	11,386.32	(26)
Other Operating Income	46.09	113.00	(59)
<b>Total</b>	<b>8,471.84</b>	<b>11,499.33</b>	<b>(26)</b>

The turnover during the year has decreased from ₹11,386.32 crores to ₹8,425.75 crores as compared to previous financial year resulting in a drop in sales by about 26%. Falling LME is mainly attributable for such declined sales turnover.

Average sales realization of Aluminium has decreased from ₹1,54,872 to ₹1,36,257 per MT and that of Alumina has decreased from ₹33,935 to ₹22,280 per MT as compared to the previous year. From the volume front, sales quantity of Alumina, Aluminium and wind power has decreased by about 1%, 10% and 51% respectively.

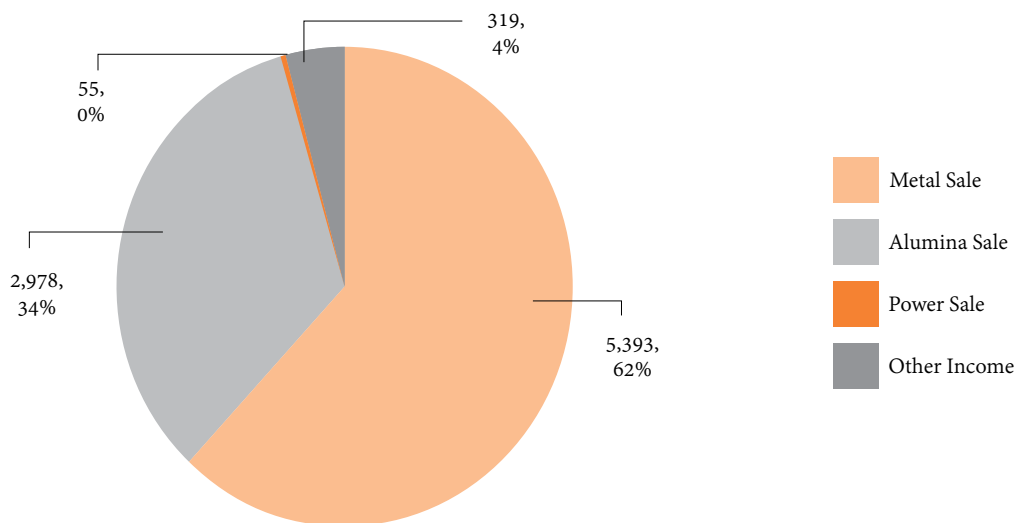
Other Operating Income during the year has decreased from ₹113.00 crores to ₹46.09 crores as compared to the previous financial year. This drop of operating income by about 59% is mainly due to lower export incentive caused by lower sales realization of Alumina and Aluminium and lower incentive earnings on renewable power generated caused by the lower quantum of sales and the lower trading price of Renewable Energy Certificates (REC) at the designated exchanges.

**8.1.2 Other Income (Non-operating):**

₹ in crores

Particulars	FY 2019-20	FY 2018-19	Change%
Other Income	272.58	325.87	(16)

**Note:** Other non-operating Income is lower as compared to the previous year mainly due to lower investible surplus arising out of the reduction in profit and dividend payment payout during the current year.

**Income Breakup: FY 2019-20**

**Note:-** Other income includes operating income i.e. export incentive and incentive on the generation of renewable energy and non-operating income i.e. income from investment in FD, Mutual fund and other miscellaneous income.



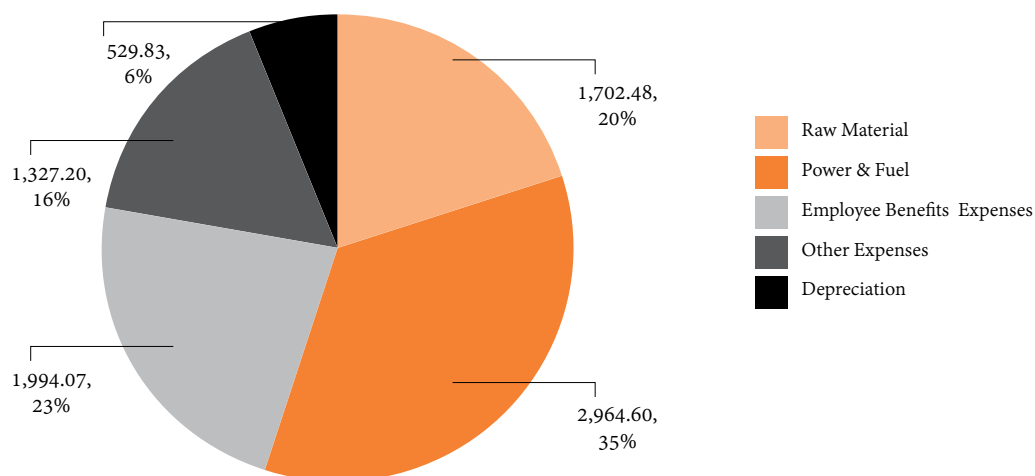
## 8.1.3 Expenditure:

₹ in crores

Particulars	FY 2019-20	FY 2018-19	Change%
Raw Materials Consumed	1,702.48	1,919.68	(11.31)
Power & Fuel	2,964.60	2,927.12	1.28
Employee Benefit Expenses	1,994.07	2,072.28	(3.77)
Stock Accretion/Depletion	(365.23)	(5.08)	7,089.57
Other Expenses	1,686.69	1,692.79	(0.36)
Finance Cost	5.74	2.38	141.18
Depreciation	529.83	476.10	11.29
<b>Total</b>	<b>8,518.18</b>	<b>9,085.27</b>	<b>(6.24)</b>

- Decrease in Raw material expenses compared to the previous year is primarily attributable to decrease in the price of raw materials like CP Coke, CT Pitch and Caustic Soda, and decrease in volume of production of Anodes and Aluminium metal.
- Power & fuel expenditure of FY 2018-19 is after set-off of coal cess refund of ₹113 crores granted during the said period. In fact there is considerable reduction in Power & fuel cost in FY 2019-20 due to lesser purchase of power.
- The decrease in employee benefit expenses by ₹78.21 crore is mainly attributable to lower provisioning towards Performance Related Pay (PRP) and the reduction in manpower due to superannuation of employees.
- The other expenses during 2019-20 have decreased marginally as compared to the previous year. The item-wise analysis of the expenses reveals that there is decrease in expenses on account of lower royalty, DMF and NMET expenses due to lower LME and lower rent expenses due to implementation of Ind AS 116: Leases w.e.f. 1<sup>st</sup> April, 2019. It may be noted that under Ind AS 116: Leases the discounted value of annual lease rent which was earlier booked as other expenses over the lease period has been capitalized on the date of lease commencement and charged to expenses through amortization over the lease period. There is also increase in security and fire fighting expenses on account of provisioning towards risk and hardship allowances for CISF (including the arrear from 01.03.2009) upon implementation of judgement order dated 01.02.2019 of the Hon'ble High Court of Delhi in WP (C) No.8497/2016 which was upheld by the Hon'ble Supreme Court of India vide their judgement dated 17<sup>th</sup> September, 2019 against review petition no. 27837 of 2019.
- Depreciation during the current year is higher due to implementation of Ind AS 116: Leases as explained above and addition of new assets.

## Expenditure Breakup: FY 2019-20



**Note:** Other expenses includes repair & maintenance, consumption of stores and spares, other manufacturing expenses, general administrative expenses, stock accretion and depletion, finance cost and S&D expenses.

## 8.1.4 Profit After Tax and Earnings Per Share:

₹ in crores

Particulars	FY 2019-20	FY 2018-19
Profit before Tax	226.24	2,739.92
Tax Expenses	88.01	1,007.52
Profit after Tax	138.23	1,732.4
Earnings per Share (of ₹5/- each)	0.74	9.06

## 8.1.5 Significant changes in the Key Financial Ratios:

Particulars	FY 2019-20	FY 2018-19	Change
Operating Profit Margin	5.81%	25.4%	(77.14%)
Return on Net Worth	1.38%	16.52%	(91.62%)

**Note:** Operating expenses considered for calculation of operating profit margin excludes depreciation and finance cost. Decrease in operating profit margin is mainly due to lower realization of Metal and Alumina due to lower LME prices. This has also resulted in lower return on Net Worth.

## 8.1.6 Dividend Particulars:

Particulars	FY 2019-20	FY 2018-19
Interim Dividend (%)	30	90
Final Dividend (%)	-	25
Total (%)	30	115

## 8.2 Financial Positions:

₹ in crores

Particulars	As on 31.03.2020	As on 31.03.2019	Change %
<b>Assets</b>			
Property, Plant & Equipment	8,351.70	7,953.28	5
Intangibles	559.77	215.21	160
Investments	332.26	256.59	29
Inventories	1,696.90	1,210.01	40
Trade Receivables	140.09	240.52	(42)
Cash & Bank	1,980.53	3,496.35	(43)
Loans	113.18	100.49	13
Other Financial Assets	10.53	11.60	(9)
Current Tax Assets	46.22	51.26	(10)
Other assets	1,318.44	1,611.65	(18)
<b>Total</b>	<b>1,4549.62</b>	<b>15,146.96</b>	—
<b>Equity &amp; Liabilities</b>			
Equity share capital	932.81	932.81	—
Reserve & Surplus	9,055.26	9,551.70	(5)
Deferred Tax Liability	1,060.61	1,130.67	(6)
Trade payable	795.62	1,306.91	(39)
Borrowings	12.31	66.79	(82)
Other Financial liabilities	474.55	417.56	14

Particulars	As on 31.03.2020	As on 31.03.2019	Change %
Provisions	807.24	696.44	16
Other Liabilities	1,411.22	1,044.08	35
<b>Total</b>	<b>14,549.62</b>	<b>15,146.96</b>	—

- Increase in the carrying amount of Property, Plant & Equipments is attributable to recognition of Right of Use (RoU) Assets consequent upon implementation of Ind AS 116: Leases and capitalization of Ship Loader at Port Facility, Ripper Dozers at Mines and Locomotives at CPP and Refinery etc. Further, there is an addition in the capital work-in-progress due to recognition of Enterprise Social Commitment (ESC) (a precondition for getting environmental clearance for upcoming 5<sup>th</sup> Stream at Refinery), enabling work for the Refinery expansion, Bauxite Reclaimer, HRD DCW for stream 1, 2 and 3, augmentation of ESP of Boiler- 1, 3 & 4, LHS drive rope at Mines and pre-project expenses for Bauxite Mines at Pottangi.
- Increase in intangibles is primarily due to recognition of amount paid towards acquisition of land for Utkal D and E Coal Blocks.
- Investment has increased due to the equity contribution made to the JV companies to an extent of ₹101.47 crores during the year. However, investment in Mutual Funds has come down due to working capital requirements by ₹25.80 crores.
- Trade receivable has decreased due to a decrease in bills remained unrealized both in Alumina & Aluminium.
- The decrease in cash and bank balances is mainly due to lower internal accruals. The cash and bank balance at the reporting date comprises of deposits with the bank as short term investments and amount deposited in the account designated for unpaid disputed electricity duty.
- Other Assets during the year is lower due to reclassification of prepaid lease rents to Right of Use (RoU) Assets consequent to implementation of Ind AS 116: Leases.
- Reserve & Surplus has decreased primarily on account of appropriation through the distribution of dividend and taxes on the same.
- Trade Payables has decreased due to long term wage settlement for non-executive employees.
- The other financial liability has increased due to recognition of lease liability, the discounted value of future lease payments, upon implementation of Ind AS 116: Leases.
- During the current year, the provisions has increased primarily due to an increase in long term employees liability arising out of actuarial valuation and its assumptions.
- Increase in other liabilities during the year is primarily due to the accumulation of liability towards electricity duty.

#### 8.2.1 Key Financial Ratios:

Particulars	FY 2019-20	FY 2018-19
PAT/ Net worth	1.38%	16.52%
EBIT/ Net sales	2.75%	24.08%
EBIT/ Capital employed*	2.49%	12.32%

\* Capital employed = Net Fixed Assets (excluding CWIP) + Working Capital

#### 8.2.2 Segment wise information:

Sl. No.	Particulars	Chemicals (Alumina)		Metal (Aluminium)		Un-allocable		Total
		₹ in Crores	Share(%)	₹ in Crores	Share(%)	₹ in Crores	Share(%)	₹ in Crores
1.	Revenue from operation	3,007.74	35.50	5,421.47	63.99	42.63	0.50	8,471.84
2.	PBT (Before exceptional items)	559.72	241.28	(278.43)	(120.22)	(49.31)	(21.26)	231.98

Sl. No.	Particulars	Chemicals (Alumina)		Metal (Aluminium)		Un-allocable		Total
		₹ in Crores	Share(%)	₹ in Crores	Share(%)	₹ in Crores	Share(%)	₹ in Crores
3.	Capital Employed#	1,804.61	19.36	4,516.16	48.44	3,001.78	32.20	9,322.55
4.	ROCE (%) (2/3)		31.02		(6.17)		(1.64)	2.49
5.	PBIT Margin (%) (2/1)		18.61		(5.14)		(115.67)	2.74

# Capital employed under "Un-allocable Common" includes cash balance and assets of Wind Power Plant and expansion units.

## 9.0 COST REDUCTION MEASURES AND EFFORTS TO IMPROVE SPECIFIC CONSUMPTION OF CRITICAL RAW MATERIAL:

### 9.1 Alumina Refinery:

- Disposing Spent Resin through authorized co-processing cement plant instead of doing it through CHWTSDF, Sukinda, Jajpur.
- Replacement of grinding media from Hyper-steel to High-chrome in BM-004 and BM-701 which reduces the consumption of grinding media.
- Conveyor- 5A & 5B old, obsolete CBMS were upgraded. After this revamp, foreign metallic material trapped in feeding coal is eliminated. Thus, Coal Mill liner life could be enhanced.
- Conveyor-7A & 7B conventional fluid coupling was replaced by MAGNA drive with maintenance free & high efficiency of Conveyor system.
- Lowest ever specific coal consumption of 248 kg/MT w.r.t 68 ata steam generation.
- Lowest ever specific power consumption of 26.77 KWH/Ton of 9 ata steam.

### 9.2 Mines:

- During the year, increase in draining intervals of hydraulic oils and its use after ultra-filtration in HEMM section have resulted in reuse of 4,950 ltrs. of hydraulic oil.
- Reconditioning of poly pulley hubs in crusher and conveyor section and its usage and reconditioning of idlers and its usage in crusher and conveyor section has resulted in cost saving.
- Rebuilding of the crushing segments of SMCP crusher for extension of their life in SMCP has resulted in saving of ₹121.83 lakhs.
- A 130 KWp solar plant is scheduled to be installed at Mines by 31.12.2020.
- Complete replacement of conventional lamps with LED lamps.

### 9.3 Smelter:

- Graphitization of cathode blocks for 756 pots have been completed, resulted in reduction of specific electrical Energy consumption in pot line @ 55 KWH/MT.
- Smelter has taken up a pilot project i.e. "Development of low energy cell technology for smelter plant (AP2XN)" with an objective to reduce specific energy consumption under the development co-operation agreement between Rio Tinto/Alcan, Canada and NALCO. Fifteen pots in pot line #3 are under trial now.
- Installation of 2<sup>nd</sup> Anode slot cutting machine at carbon Rodding plant-II so as to reduce specific electrical energy in pot line, under an erection stage.
- Replacement of reciprocating compressor with centrifugal compressor so as to reduce the specific energy consumption of compressed air, under an execution stage.
- Replacement of existing conventional light fitting by LED light fitting (15,900 nos.) in smelter plant so as to reduce the auxiliary energy consumption.

**9.4 CPP:**

- Chemical cleaning of condensers in Unit # 4 and Unit # 9 were carried out. Improvement in condenser vacuum near to design value has been achieved. Saving of coal consumption was of 23,580 MT per annum.
- Replacement of seven old reciprocating air compressors was carried out with new energy efficient screw compressors. This has helped in reduction in auxiliary power consumption.
- Energy saving of 10,11,552 kWh was achieved through replacement of total 6,761 nos. LED fitting in place of conventional light fitting.
- De staging of existing Condensate Extraction Pump (CEP) from 7 stages to 6 stages in Unit-4, resulted in reduction of power consumption by 40 kW and energy saving of 2,60,800 kWh.

**10.0 DISCLOSURE OF ACCOUNTING TREATMENT:**

The financial statements of the Company have been prepared in accordance with Ind AS and relevant provisions of the Companies Act, 2013.

The financial statements have been prepared on historical basis, except certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

All assets and liabilities have been classified as current or non-current as per company's operating cycle and other criteria set out in Schedule-III of the Companies Act, 2013. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets & liabilities.

**11.0 MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED:****11.1 Human Resources:**

Manpower strength of the Company as on 31.03.2020 was 6,203 as against 6,496 at the last day of the previous year. The detailed breakup is given below:

Sl. No.	Position*	As on 31.03.2020	As on 31.03.2019
A	Executives	1,727	1,782
B	Supervisory	534	594
C	Skilled/Highly Skilled	3,425	3,568
D	Unskilled/Semi Skilled	517	552
<b>Total</b>		<b>6,203</b>	<b>6,496</b>

\*Includes GETs/MTs/SOTs/JOTs

**11.2 Training & Development:**

In order to enhance the functional and behavioral competency of its employees and to align the individual need with the business objective of the organization towards increasing production and productivity as well as to improve business culture in the organization, there has been an unstinting effort by your Company to impart skill and behavioral training to its employees. Your Company has been actively engaged in making its people future ready in terms of technology, business acumen and leadership. Our training & development initiatives of the Company are not only designed to achieve Company's strategic objectives with actualize business plan but also strives to ensure safe & decent workplace with zero incident report.

In this regard, your Company has imparted training with approximately 10,940.5 training man-days during the year 2019-20 covering around 79% of its total strength. In nurturing and managing the talent that leads to sustainable competitive advantage, around 46 executives were also sent to IIM, XLRI, ASCI, Tata Steel Adventure Foundation (TSAF), MDI & IIT for various technical and management development programme during 2019-20.

As a part of corporate responsibility and industry academic interface, your Company has provided apprentice training to 808

candidates during FY 2019-20 which is about 12.51% of its employees strength and 2,167 students from different technical and management institutes across the country have been given summer internship in their respective functional disciplines.

### 11.3 Skill Development

Your Company is also playing a proactive role through active participation in imparting Skill Development Trainings to various candidates, across the localities to support National Skill Development Mission. In line with skill India campaign of Govt. of India, MOU has been signed with National Skill Development Council (NSDC)/National Skill Development Fund (NSDF) to provide Skill Development Trainings with relevant Qualification Packs (QP) including RPL (Recognition of Prior Learning) certification training program. Accordingly, the total programme covering 1,620 candidates have been completed by FY 2019-20.

During 2019-20, under the Corporate Social Responsibility (CSR), around 1,200 candidates have been trained in various skill sets like retail, health care, apparel, beauty & wellness, banking as well as asst. electrical with the aim of channeling the untapped potential among the youths and helping them improving their skills, thus increasing their employability.

### 12.0 CORPORATE PLAN:

The new corporate plan envisages 3 years action plan, 7 years strategy and 15 years vision to improve both bottom line and topline of the Company. It has identified functional and business initiatives to give the Company a competitive edge in order to overcome the impact of commodity cycle in the long run. The salient features of short, medium and long term strategies are:

#### 12.1 Short and medium term strategies:

- (a) Expanding alumina capacity by 1 million tonne and bauxite mining capacity by 3.15 million tonne at South Block, Panchapatmalli mines and by 3.5 million tonne at Pottangi mines.
- (b) Operationalization of Utkal – D & E Coal mines.
- (c) Brown field expansion of Smelter by 0.5 million tonne alongwith current upgradation of the existing pot lines thereby increasing the capacity by 0.1 million tonne.
- (d) Backward integration by setting up a Caustic Soda plant in JV mode.
- (e) Forward integration by setting up of a Wire Rod Mill of 0.6 million tonne.

#### 12.2 Long term Strategies:

- (a) Setting up of downstream plant.
- (b) Exploration and acquisition of new bauxite mines.

The new business initiative includes growth through expansion in core business, forward integration through value addition downstream facilities, selective diversification and backward integration for raw material security. The identified functional and business initiatives are under various stages of implementation.

### 13.0 BUSINESS DEVELOPMENT:

**13.1 Caustic Soda Project in JV with Gujarat Alkalies and Chemicals Ltd. (GACL) (Project cost - ₹1,999 crores):** Your Company has formed a JV Company with GACL named GACL-NALCO Alkalies Private Limited (GNAL) to set up a 2.7 lakh TPA Caustic Soda Plant and 130 MW Captive Power Plant (CPP) at Dahej in Gujarat. Your Company holds 40% equity in the project. Your Company's contribution towards equity stands at ₹240 crores. Environmental Clearance for the project has been obtained. Land for the project has been transferred in favour of GNAL. Major packages of Caustic Soda Plant and Captive Power Plant have been awarded. Financial closure of the Joint Venture Company (JVC) is completed. Gujarat Industrial Development Corporation (GIDC) water supply pipeline laying is in progress. Tender for laying of caustic soda transfer pipeline from Caustic Soda Plant to the Port has been finalized. The project execution got disrupted due to pandemic COVID-19 lockdown. Approximately 78.1% project execution completed. Cumulative expenditure up to March, 2020 is ₹1,163 crores and up to May, 2020 is ₹1,260 crores. The project is expected to be completed in March, 2021.

**13.2 Coal Tar Pitch Plant in JV with NINL:** Your Company plans to set up a Coal Tar Distillation Plant of 20,000 TPA capacity with M/s. Neelachal Ispat Nigam Ltd. (NINL) based on the Coal Tar generated in NINL's Coke Oven Plant. Techno Economic

Feasibility Report (TEFR) for the project has been prepared. Clearance of NITI Aayog for constitution of JV Company obtained in October, 2019. Preparation of Detailed Project Report (DPR) is underway.

- 13.3 High End Aluminium Alloy Plant (Estimated project cost – ₹4,542 crores):** Your Company has constituted a Joint Venture Company named M/s. Utkarsha Aluminium Dhatu Nigam Limited (UADNL) with M/s. Mishra Dhatu Nigam Ltd. (MIDHANI) in August, 2019 for establishment of high end Aluminium Alloy Plant of capacity 60,000 TPA for use in Defence, Aerospace and Automobile sectors. Govt. of Andhra Pradesh has allotted 110 acres of land for the project in Nellore district. Construction of boundary wall is in progress. Your Company has paid ₹20 crores as equity to the JV Company.
- 13.4 Acquisition of Strategic minerals in overseas:** Your Company has formed a Joint Venture Company with HCL and MECL named M/s. Khanij Bidesh India Limited (KABIL) in August, 2019 to identify, acquire, develop, process and make commercial use of strategic minerals in overseas locations for supply in India. The equity holdings are NALCO:40%, HCL:30% and MECL:30%. Study on 12 shortlisted minerals completed in December, 2019. Your Company has paid ₹1.0 crores towards paid up capital for 10 lakhs shares of the JVC.
- 13.5 Angul Aluminium Park in JV with Odisha Industrial Infrastructure Development Corporation (IDCO) (Project cost – ₹99.6 crores):** Your Company and IDCO have constituted a JV Company for development of “M/s. Angul Aluminium Park Pvt. Ltd (AAPPL)”, Angul for promotion of downstream industries in the state. Your Company’s equity holding in the project is 49%. Total equity contribution of your Company is ₹16.22 crores. Land acquisition and construction of boundary wall of AAPPL have been completed. Development of internal infrastructure and approach road are in progress. Pricing mechanism of molten metal/ingots is finalized. Finalization of hot metal transfer, road and supply of water from your Company to AAPPL is underway. Work was stopped due to COVID-19 lockdown.
- 13.6 Aluminium Downstream Projects:** Your Company has prepared Detailed Project Report (DPR) for setting up of Aluminium Downstream Projects i.e. Rolled Product Unit, Foil Plant, Alloy Wheel Plant and Extrusion Plant of capacity 30,000 TPA, 90,000 TPA, 6,00,000 wheels per year & 50,000 TPA respectively in Kamakhyanagar block of Dhenkanal district in Odisha. The project has been cleared by High Level Clearance Authority, Govt. of Odisha. The Industrial Promotion & Investment Corporation of Odisha Limited (IPICOL) has recommended to Odisha Industrial Infrastructure Development Corporation (IDCO) for allotment of 126 acres land for the project & 26 acres land for the township. Rolled Product Unit and Foil Plant will be set up in first phase. Alloy Wheel Plant and Extrusion Plant will be set up in second phase. Your Company has deposited land processing fee and submitted all the documents for the project land to IDCO in March, 2020.
- 13.7 Commercialization of Li-Ion cell technology:** Your Company is exploring for production of Lithium-Ion cell / battery. The Company was shortlisted by ISRO for transfer of Li-Ion cell technology. Your Company has signed a Memorandum of Agreement (MoA) with ISRO in April, 2019 for transfer of technology. The Company is planning a new business vertical for production of Lithium-Ion cell / battery. Possibility of seeking technical assistance from IIT, Kharagpur for setting up of a prototype plant is being considered. In this connection, MoU with IIT, Kharagpur is under discussion and review.
- 13.8 Caustic Soda Project at Paradeep:** Your Company and IOCL are envisaging to set up a Caustic Soda Project of capacity 3,30,000 TPA at Paradeep, Odisha along with integrated Ethylene Dichloride (EDC), Vinyl Chloride Monomer (VCM) and Poly Vinyl Chloride (PVC) project utilizing Ethylene to be made available from IOCL’s proposed expansion project at Paradeep, Odisha. A joint working group has been constituted to study different configurations and to explore way forward for the integrated project and other critical aspects which includes availability of ethylene from IOCL’s Paradeep project.

#### 14.0 ANCILLARY DEVELOPMENT:

Your Company continued its efforts for development of Ancillary Units and MSEs (Micro and Small Enterprises). Action taken during the year under review towards development of Ancillary Units & MSEs are as follows:

- (a) 358 number of items are reserved for MSEs, including Ancillaries, as per Govt. Guidelines for procurements by NALCO. Some of the major items are hand gloves of all types, safety helmets, polythene film, bandage cloth, bags of all types etc.
- (b) The procurement of products produced and services rendered by MSEs (Micro and Small Enterprises) of Odisha including

Ancillary Units for FY 2019-20 stands at ₹360.84 crores (as against ₹361.17 crores of last FY). The total procurement of products produced and services rendered by MSE units (including those from outside Odisha) stands at ₹484.51 crores during FY 2019-20 (as against ₹ 472.53 crores during FY 2018-19) and it is 31.08 % of the total procurement of Goods and Services made by your Company against Govt. target of minimum 25%. For FY 2020-21, the target for procurement of products produced and services rendered by MSEs has been set at ₹389.50 crores.

- (c) Your Company was awarded “Certificate of Excellence” in Odisha MSME International Trade fair, 2020, organized by MSME Deptt., Govt. of Odisha at Bhubaneswar held from 8<sup>th</sup> to 12<sup>th</sup> January, 2020.
- (d) Your Company participated in the National Level Vendor Development Programme-cum-Industrial Exhibition and buyers sellers meet held at Cuttack from 13<sup>th</sup> to 14<sup>th</sup> March, 2020 organized by MSME Development Institute, Ministry of MSME (Govt. of India), MSME Department, Govt. of Odisha, etc. This program originally was scheduled to be held from 13<sup>th</sup> to 15<sup>th</sup> March, 2020 but was shortened to 13<sup>th</sup> to 14<sup>th</sup> March, 2020 due to outbreak of COVID-19.
- (e) The Sub-PLAC (Plant Level Advisory Sub-Committee) meeting for the year 2019-20 was conducted at M&R Complex, Damanjodi on 28.02.2020 in association with DIC, Koraput. A similar Sub-PLAC meeting for the year 2019-20 was conducted at S&P Complex, Angul also in association with DIC, Angul on 26.02.2020.
- (f) “Buyer-Seller Meet for SC-ST Entrepreneurs” was conducted at S&P Complex, Angul on 04.09.2019 and at M&R Complex, Damanjodi on 28.02.2020.
- (g) The Company had organized Annual vendor meet on 10.07.2019 and grievance redressal camp on 10.10.2019 at M&R Complex, Damanjodi.
- (h) Special efforts have been made for registration of women owned MSEs & SC/ST owned MSEs in association with National SC/ST Hub Office (NSSHO).
- (i) All MSE vendors (including Ancillaries) are being requested to onboard in GeM platform. Also, as your Company is registered with RXIL(TReDS Portal) all MSE vendors (including Ancillaries) are being requested to register in TReDS portal (RXIL) to avail the benefits extended to MSEs.
- (j) Your Company’s procurement data from MSEs (Micro and Small Enterprises) are being uploaded on a monthly basis in “MSME SAMBANDH” App of MSME Department, GOI.
- (k) Your Company organized 10 vendor meets (including MSEs & Ancillaries) in 2019-20.
- (l) NAMASYA (Nalco Micro & Small Enterprise Yogayog Application) APP has been launched by your Company on 13.07.2018 to facilitate the existing MSEs registered with your Company as well as MSEs not registered. The APP empowers MSEs with information about vendor registration process, items which can be supplied by them with technical specification, vendor development programmes and training programmes of Nalco etc.

<b>Procurement made by Nalco from MSEs</b>	
	Ministry of Mines National Aluminium Company Limited – NALCO
A)	Name of the Unit: Corporate Office, Bhubaneswar, Odisha Nodal Officer: Shri Bibhu Datta Mohanty, GM(Materials) Nalco Bhawan, P/1, Nayapalli, Bhubaneswar- 751013 Mobile: 9437561995, e-mail: <a href="mailto:bibhu.mohanty@nalcoindia.co.in">bibhu.mohanty@nalcoindia.co.in</a>
B)	Name of the Unit: Smelter & Power Complex, Angul, Odisha Nodal Officer: Shri Pravat Kumar Biswas, GM(Materials) Smelter Plant, Nalco Nagar, Angul- 759145 Mobile: 9437083779, e-mail: <a href="mailto:pravat.biswas@nalcoindia.co.in">pravat.biswas@nalcoindia.co.in</a>
C)	Name of the Unit: Mines & Refinery Complex, Damanjodi, Odisha Nodal Officer: Shri Bikash Kumar Panda, GM(Materials) Alumina Refinery, Nalco, Damanjodi- 763008 Mobile: 9437045504, e-mail: <a href="mailto:bikash.panda@nalcoindia.co.in">bikash.panda@nalcoindia.co.in</a>



Sl. No.	Particulars	Year 2019-20	Year 2018-19
I	Total annual procurement (In value) (*) (In ₹ crores)	1,558.62	1,764.03
II	Total value of goods & services procured from MSEs (Including MSEs owned by SC/ST entrepreneurs) (In ₹ crores)	484.51	472.53
III	Total value of goods & services procured from only MSEs owned by SC/ST entrepreneurs (In ₹ crores)	13.77	12.88
IV	Total value of goods & services procured from only MSEs owned by women entrepreneurs (In ₹ crores)	3.50	5.45
V	%age of procurement from MSEs (Including MSEs owned by SC/ST & women entrepreneurs) out of total procurement	31.08	26.79
VI	%age of procurement from only MSEs owned by SC/ST entrepreneurs out of total procurement	0.88	0.73
VII	%age of procurement from only MSEs owned by women entrepreneurs out of total procurement	0.22	0.31
VIII	Total number of Vendor Development programmes for MSEs	10	11
IX	Whether Annual Procurement Plan for purchases from MSEs are uploaded on the official website	Yes	Yes
X	Whether targets reported in Annual Report	Yes	Yes

\* This value excluded procurement of Coal, Fuel Oil, Caustic Soda, ALF3, Synthetic Flocculants, Steel, Cement, Bearings, Lubricants, Proprietary items, imported items and Contracts for professional services/consultancy services/major turnkey contracts/contracts linked to specific technology.

## 15.0 SAFETY, OCCUPATIONAL HEALTH & ENVIRONMENT:

As a responsible corporate entity, your Company is pioneer in the front of Pollution Control and Environment Management and is committed for a cleaner, greener and safe working environment in all its production units. All production units are certified to International Standards on Environmental Management Systems (ISO14001) as well as Occupational Health and Safety Management Systems (OHSAS 18001).

All the units of your Company including its townships are operating with valid “Consent to Operate” under Air & Water Act, valid Authorisation under different applicable Law (Hazardous Waste Authorisation, Biomedical Waste Authorisation etc.), valid Licenses under different applicable Law (Factory Licences, Explosive Licenses etc.)

The unit specific major improvements are taken up in the field of Environment, Safety and Occupational Health Management at different units of your Company during the year are elaborated below:

### 15.1 Bauxite Mines:

#### 15.1.1 Safety and Occupational Health:

- In the final day of Annual Mines Safety Week Celebration held at Rail Auditorium, Bhubaneswar, Mines received 5 prizes. In addition, Mines won MMPL Awards in worker category.
- Periodical Medical Examination (PME) of contractual workers (679 nos.) have been done by M/s NIMH, Nagpur. X-ray was done at Nalco Hospital, Damanjodi.
- PME conducted for 360 employees in the year 2019. No occupational diseases were reported.
- Blast induced ground vibration study has been carried through IIT (ISM), Dhanbad.

**15.1.2 Environment:**

- 1,00,274 nos. of trees were planted in and around Mines against the target of 1,00,000.
- Three nos. of continuous ambient air quality monitoring station were established at the South Block to enable online monitoring of ambient air quality.
- Panchpatmali Bauxite Mine received the Golden Peacock Environment Management Award-2019 from Institute of Directors, New Delhi for outstanding environment management.
- In the final day function of the Mines Environment & Mineral Conservation Week 2019-20, organised by Indian Bureau of Mines, Bauxite Mine excelled by winning the 1st Prize in Reclamation and Rehabilitation (C&N Block), 1<sup>st</sup> prize in afforestation, (C&N Block), 2<sup>nd</sup> Prize in Mineral Conservation (South Block), 1<sup>st</sup> Prize in Overall Performance (C&N Block) and the coveted Par Excellence Award for Sustainable Mining (C&N Block).

**15.2 Alumina Refinery:****15.2.1 Safety and Occupational Health:**

- Total 2,054 nos. of contract workmen were imparted safety awareness training during the year.
- Road safety checking is being conducted at different locations inside the plant to control speed limit and sensitize road safety awareness inside the plant.
- To improve upon safety culture of Alumina Refinery Plant, 17 nos. of Suraksha Chakra teams are formed covering various areas of Alumina Refinery.
- Safety Convergence Meet-2019 on the theme “Best practices on Safety & Health” was organized by Directorate of Factories & Boiler, Odisha with the support of the management of your Company for the first time at Refinery Unit.
- PME conducted for 1,518 employees and 632 CISF personnel in the year 2019. No occupational diseases were reported.
- Major awards received by E&S dept. during the year:
  - Kalinga Safety Award (Gold) for performance year 2018, received in 2019 from IQEMS.
  - Green Society of India Award 2019 from Green Society of India.

**15.2.2 Environment:**

- All statutory compliances with respect to Director (F&B), SPCB, CPCB and MOEF & CC etc. are timely submitted and all statutory consent, authorization are renewed.
- Annual Return for Fly ash utilization, Environment statement, Hazardous Wastes, E-waste, BMW, MSW and half yearly returns for EC compliance & used battery are submitted.
- Alumina Refinery has achieved 90.25% fly ash utilization during the year 2019-20.
- Plantation target achieved during the year, plantation done 17,239 nos. against the target of 15,000 nos.
- Total 1,513 nos. of regular employees of the Company have undergone PME, covering 95.71% of total regular workforce.
- STP-III renovation is completed as per OSPCB guideline, renovated STP is operational now.
- API oil water separators are installed as per MoEF & CC EC condition.
- Hazardous wastes such as used oil, discarded asbestos, empty chemical containers/barrels and spent resins are disposed through authorized agencies.
- Shri P. K. Patjoshi, Manager (Env.), Alumina Refinery Plant was awarded as “Environmentalist of the year 2019” by National Environmental Science Academy, New Delhi in December, 2019.

**15.3 Smelter:****15.3.1 Safety and Occupational Health:**

- "SURAKSHA NIYAMAWALI PUSTIKA" in local language pocket booklet format has been developed and distributed to all the employees & contractual workers.
- "NALCO SAFETY", a safety mobile App has been developed In-house for instant recording & compliance of unsafe practices including Near Miss & Fire incidents etc. across the plant.
- Near Miss scheme has been introduced with an objective to reduce plant accidents to popularize maximum reporting of near miss incidents.
- Audio Visual Alarm has been fixed in all the Metal Transport Prime Mover (MTPM) for awareness during movement of liquid hot metal ladle between pot line & cast house.
- Introduction of Lock out-Tag out (LOTO) System has been introduced for safety of employees & machinery during any maintenance/operational activities in the plant.
- Safety instruction leaf-let and special colour helmet with gate pass was issued to all visitors.
- Advanced Action in Industry to Abate Accident (AAINAA) in Rolling Plant was introduced on 15<sup>th</sup> May, 2019.
- PME conducted for 2,740 employees, 3,173 Contractor Workmen and 549 CISF personnel in the year 2019. No occupational diseases were reported.

**15.3.2 Environment:**

- "Online continuous laser based monitoring system" has been installed in two pot rooms (G & H) so as to monitor gaseous fugitive fluoride emission of pot rooms.
- Hazardous waste Aluminum dross of 2,850 MT has been disposed to authorized re-processor for the first time since inception.
- Effluent water of 2,30,000 m<sup>3</sup> has been recycled through de-fluoridation treatment using patented Emiron Nano Technology by M/s. Essavyasa, which is first of its kind in the world, uses no chemicals and generates almost zero rejects & sludge.
- STP water Recycling project at S&P township has been completed by installation of pumps and laying dedicated network of pipeline in the parks of township.
- Garlanding drain along with concreted sump & pump house has been completed in the hazardous waste storage area to prevent land contamination by surface runoffs.
- Shed at Municipal Solid Waste Management Area has been constructed for segregation of biodegradable & non-biodegradable household waste.
- 7<sup>th</sup> Construction shed has been completed for storage of hazardous waste SPL and one shed at Scrap & Salvage area has been constructed for storage of Aluminium dross.
- Around 5,011 nos. saplings were planted during the year.

**15.4 Captive Power Plant:****15.4.1 Safety and Occupational Health:**

- CPP bagged the Silver Trophy (Kalinga Safety Award-2018) on 22.11.2019 in 10<sup>th</sup> Odisha State Safety Conclave-2019.
- The ten point action plan, issued by Directorate of Factories & Boilers, Odisha has been implemented in CPP for improvement of safety.
- Safety Mobile App has been implemented in CPP in all areas. The inspection reports pertaining to unsafe acts/conditions are being generated through this App for early compliance.
- Near-miss reporting award scheme has been implemented in CPP for improvement of workplace safety and to prevent unsafe acts/conditions.
- PME conducted for 1,027 employees and 2,406 Contractor Workmen in the year 2019.

**15.4.2 Environment:**

- Stack emission has been maintained within the permissible limit by optimization of Electro Static Precipitator (ESP) parameters and regular dozing of ammonia.
- Remote calibration facility for gaseous emission from CEMS has been installed in Unit-1 to 10 as prescribed by Central Pollution Control Board (CPCB).
- Tamper proof real time transmission of online monitoring data to the server of CPCB and SPCB with data logger facility has been ensured by awarding a regular Annual Maintenance Contract (AMC).
- Zero discharge has been achieved with respect to industrial effluent, ash pond overflow water and Sewage Treatment Plant (STP) treated water.
- During the year FY 2019-20, 44,03,686 m<sup>3</sup> of industrial water has been recycled after treatment and used in ash handling system. Capacity of three nos. of Industrial drain water recycling pumps has been enhanced from 400 m<sup>3</sup>/hr to 500 m<sup>3</sup>/hr to achieve zero liquid discharge except during monsoon period.
- During the FY 2019-20, 1,81,72,660 m<sup>3</sup> of ash pond overflow water recycled and re-used.
- During the year FY 2019-20, 24,32,944 m<sup>3</sup> of rain water was harvested by rain water harvesting system.
- Organic waste converter (Food waste composting machine) has been installed at main canteen and the food waste is being converted to compost for use in horticulture purpose.
- In the year 2019-20, plantation has been carried out as per target & around 5,000 nos. of trees were planted in and around plant premises. So far, CPP has planted around 12.16 lakhs plants since its inception covering around 35.17% of total area of CPP.
- Captive Power Plant of your Company won Odisha State Best Performance Award 2019 (Top most award) for energy conservation in the category of CPP- above 100 MW at the state level celebration of National Energy Conservation Day held on 14<sup>th</sup> December, 2019 at Jaydev Bhawan, Bhubaneswar.
- S&P complex of your Company has achieved PAT cycle-II (2016-17 to 2018-19) target with Specific Energy Consumption (SEC) reduction from 5.0423 toe/tonne to 4.03 toe/tonne against target of 4.7199 toe/tonne in target year 2018-19.

**16.0 NURSERY ACTIVITIES DURING 2019-20:**

Your Company is operating total five nurseries i.e. three at S&P Complex and two at M&R Complex, including the one at Mines which is a high altitude nursery. The nurseries raise various type of seedling for afforestation, ornamental use and fruit bearing seasonal variety seedlings and potted plants which also being partially meet internal requirement for plantation. The nursery at Mines is spread over an area of 3 acres and has a capacity of growing 2,00,000 seedlings at a time. 1,00,274 nos. of saplings have been planted at Mines during the year using seedlings grown at nursery of Mines. Besides growing seedlings for plantation in different areas, experimental plantation is undertaken every year at the nursery to assess the growth of various species. Free distribution of fruit bearing seedlings is also being done in peripheral areas to help the villagers to improve greenery of the region. The nursery at Mines significantly contributes to the crucial afforestation activities of the backfilled mined out areas to preserve the natural topography. During this year, 15.1 hectares of reclaimed area was rehabilitated with plantation.

**17.0 CAUTIONARY STATEMENT:**

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, natural calamities over which the Company does not have any direct control.

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## BUSINESS RESPONSIBILITY REPORT FOR 2019-20

### Section A: General Information about the Company

Sl.No	Particulars	Company Information
1	Corporate Identity Number(CIN) of the Company	L27203OR1981GOI000920
2	Name of the Company	National Aluminium Company Limited
3	Registered address	NALCO Bhawan Plot No. P/1, Nayapalli Bhubaneswar -751013, Odisha, India
4	Website	www.nalcoindia.com
5	E-mail ID	investorservice@nalcoindia.co.in
6	Financial year reported	FY 2019-20
7	Sector(s) that the company is engaged in (industrial activity code-wise)	Bauxite Mines : Industrial Group Code 07292 Alumina Refinery : Industrial Group Code 20119 Aluminium Smelter : Industrial Group Code 24202 Electricity Generation : Industrial Group Code 35102
8	List of three key products/services that the company manufactures/provides	<ol style="list-style-type: none"> <li>1. <b>Alumina</b> Calcined Alumina Alumina Hydrate Specialty Alumina &amp; Hydrates</li> <li>2. <b>Aluminium</b> Standard Ingots Sow Ingots T-Ingots Wire Rods Billets Flat Rolled Products (Coils, Sheets &amp; Chequered Sheet)</li> <li>3. <b>Electricity</b></li> </ol>
9	a) Number of International Locations	NIL
	b) Number of National Locations	<ol style="list-style-type: none"> <li>a) <b>Registered &amp; Corporate Office , Bhubaneswar – 751013, Odisha</b></li> <li>b) <b>Mines &amp; Refinery Complex, Damanjodi-763008, Odisha</b></li> <li>c) <b>Smelter Plant, Nalco Nagar, 759145, Angul, Odisha</b></li> <li>d) <b>Captive Power Plant, Angul ,759122, Odisha</b></li> <li>e) <b>Wind Power Plants</b> <ol style="list-style-type: none"> <li>i) Wind Power Plant-I : Gandikotta, Andhra Pradesh</li> <li>ii) Wind Power Plant-II : Ludarva, Rajasthan</li> <li>iii) Wind Power Plant-III : Devikot, Rajasthan</li> <li>iv) Wind Power Plant-IV : Jath, Maharashtra</li> </ol> </li> </ol>

Sl.No	Particulars	Company Information
9	b) Number of National Locations	<p>f) <b>No. of Port Offices</b> : 03 (Visakhapatnam, Kolkata, Paradeep)</p> <p>g) <b>No. of Regional Offices</b> : 04 (New Delhi, Mumbai, Chennai, Kolkata)</p> <p>h) <b>Branch Office</b> : 01 (Bengaluru)</p> <p>i) <b>No. of Stockyards</b> : 08 (Jaipur, Baddi, Kolkata, Chennai, Visakhapatnam, Bhiwandi, Vadodara, Delhi )</p>
10	Markets served by the Company	<p>During the FY 2019-20, the following Aluminium markets were catered to by the company (in addition to India) : Malaysia &amp; Singapore.</p> <p>After satisfaction of internal requirement excess Calcined Alumina is exported. In the FY 2019-20, the following Alumina markets were catered to by the company (in addition to India) : China, Egypt, Iran, UAE, Indonesia, Malaysia.</p>

### Section B: Financial Details of the Company

Sl. No	Particulars	Company Information
1	Paid up Capital, as on 31.03.2020	INR 932.81 Crores
2	Total Turnover	INR 8,425.75 Crores
3	Total Profit after Taxes	INR 138.23 Crores
4	Total Spending on Corporate Social Responsibility (CSR) a) in INR : b) As a percentage of average Net Profit during the three immediately preceding financial years (%):	<p>a) A sum of INR 3971.35 lakh was spent during the year on CSR activities.</p> <p>b) The <b>actual expenditure</b> on CSR activities indicated above is <b>2.071%</b> of <b>average Net Profit</b> for the three previous Financial Years i.e. 2016-17, 2017-18 &amp; 2018-19.</p>
5	List the activities, in which expenditure on CSR as mentioned above, has been incurred	<p>i) <b>Health outreach Program:</b> Mobile Medical Units, Diagnostic &amp; awareness building through Information, Education, Communication (IEC) activities and OPD center at S&amp;P Complex.</p> <p>ii) <b>Sanitation programs:</b>            (a) Construction of Toilets under SVA, Construction of House Hold Toilets under ODF initiative, School Toilets, Provision of water supply to toilets constructed under Swachh Vidyalaya Abhiyan.            (b) Swachh Iconic City Project-Puri.</p> <p>iii) <b>Drinking water programs:</b> Providing safe drinking water to periphery villages of plants and during Ratha Yatra at Puri.</p> <p>iv) <b>Promoting education:</b>            a) Supporting formal education of tribal children of Koraput district in reputed residential schools.            b) Supporting poor and meritorious girl students' for their education under "Nalco ki Ladli "scheme in line with GOI's "Beti Bachao, Beti Padhao" Abhiyan.            c) Quality education to students of periphery area at Saraswati Vidya Mandir Angul &amp; Damanjodi.</p>

Sl. No	Particulars	Company Information
5	List the activities, in which expenditure on CSR as mentioned above, has been incurred	v) Providing employment enhancing training to unemployed youth. vi) Empowering women through strengthening of SHGs and promoting alternative livelihood sources. vii) Ensuring environmental sustainability, ecological balance through plantation and solar solutions. viii) Contribution towards protection of national heritage, culture and development of traditional arts and handicrafts. ix) Promotion of Rural Sports. x) Rural development activities in periphery villages and other areas. xi) Disaster management: Post FANI cyclone relief and restoration work.

### Section C – Other Details

- Does the Company have any Subsidiary Company/ Companies? No
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).  
Not applicable
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate percentage of such entity/entities? [ Less than 30%, 30-60%, More than 60%]  
No other entities i.e. suppliers, contractors etc. are involved in financing any BR initiatives. All the initiatives of Business Responsibility (BR) are totally financed by the organization.

### Section D: Business Responsibility (BR) Information

#### 1. Details of Director/Directors responsible for BR:

##### a) Details of Director/Directors responsible for implementation of BR Policy/Policies

Sl.No.	Particulars	Details
1	DIN Number	06965313
2	Name	Shri V. Balasubramanyam
3	Designation	Director (Production) & Director (Finance)-Addl. Charge

##### b) Detail of the BR head

Sl.No.	Particulars	Details
1	DIN Number	06965313
2	Name	Shri V. Balasubramanyam
3	Designation	Director (Production) & Director (Finance)-Addl. Charge
4	Telephone Number	0674-2300660
5	e-mail ID	dirprod@nalcoindia.co.in

#### 2. Principle wise (as per National Voluntary Guidelines) BR Policy/ Policies

The Nine Principles, are mentioned below:

**Principle 1 (P1):** Business should conduct and govern themselves with Ethics, Transparency and Accountability.

**Principle 2 (P2):** Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

- Principle 3 (P3):** Business should promote the wellbeing of all employees.
- Principle 4 (P4):** Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- Principle 5 (P5):** Businesses should respect and promote human rights.
- Principle 6 (P6):** Business should respect, protect, and make efforts to restore the environment.
- Principle 7 (P7):** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- Principle 8 (P8):** Businesses should support inclusive growth and equitable development.
- Principle 9 (P9):** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**a) Details of Compliance (in Y/N)**

The response regarding the above 9 National Voluntary Guidelines (NVG) principles (P1 to P9) is given below

Sl.No.	Questions	P1	P2	P 3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for 9 NVG principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? *	Y	Y	Y	Y	Y	Y	Y	Y	Y
	If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent *audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Y indicates 'Yes'

\* The Sustainable Development (SD) Policy addresses the essence of the nine NVG principles. **The SD Policy is approved by the Board & signed by CMD** and implementation of the same is done by operating Management Systems conforming to International Standards i.e. ISO 9001, ISO 14001, ISO 50001, OHSAS 18001 & the SA8000 standard. **Social, environmental, energy, occupational health & safety and quality & customer related issues related to sustainability got audited during periodic audit and recertification of SA-8000, EMS, EnMS. OHSAS & QMS, by external auditors of respective management system.** Besides the spirit and intent of the NALCO Code of Conduct, **Vision, Mission and Core Values** statements, all applicable national and international laws as well as important resolutions of international conventions are captured in the different policies implemented by NALCO. In addition policies adopted by NALCO for different thrust areas reflect the purpose and intent of the United Nation Global Compact, GRI guidelines and international standards such as ISO 14001, OHSAS 18001 and SA 8000

\*\* Link of the SD Policy: [https://nalcoindia.com/wp-content/uploads/2018/12/SD\\_Policy.pdf](https://nalcoindia.com/wp-content/uploads/2018/12/SD_Policy.pdf)



A few other specific policies, company manuals & documents which reinforce the essence & spirit of the nine NVG principles, are mentioned below:

NVG Principles	Policies, Manuals, Documents
<b>Principle 1:</b> Ethics, transparency & accountability	1. Code of Business Conduct and Ethics for Board Members and Senior Management: 2. Fraud prevention policy : <a href="https://nalcoindia.com/wp-content/uploads/2018/12/Nalcofraudpreventionpolicy.pdf">https://nalcoindia.com/wp-content/uploads/2018/12/Nalcofraudpreventionpolicy.pdf</a> 3. Whistle blower policy : <a href="https://nalcoindia.com/wp-content/uploads/2018/12/Whistleblowerpolicy_nalco.pdf">https://nalcoindia.com/wp-content/uploads/2018/12/Whistleblowerpolicy_nalco.pdf</a> 4. Delegation of Power 5. Vigilance Manual 6. Marketing Guidelines 7. Purchase Manual 8. Contracts Manual <a href="https://nalcoindia.com/wp-content/uploads/2019/01/CONTRACT-MANUAL-2013-updated-till-15-03-2019.pdf">https://nalcoindia.com/wp-content/uploads/2019/01/CONTRACT-MANUAL-2013-updated-till-15-03-2019.pdf</a> 9. Stores Manual Integrity Pact: <a href="https://nalcoindia.com/wp-content/uploads/2018/12/Integrity-Pact-Program.pdf">https://nalcoindia.com/wp-content/uploads/2018/12/Integrity-Pact-Program.pdf</a>
<b>Principle 2 :</b> Sustainability in life-cycle of product	Occupational Health & Safety Policy: <a href="https://nalcoindia.com/wp-content/uploads/2018/12/OHS_Policy.pdf">https://nalcoindia.com/wp-content/uploads/2018/12/OHS_Policy.pdf</a>
<b>Principle 3:</b> Employee well-being	HR Manual Social Accountability Policy <a href="https://nalcoindia.com/wp-content/uploads/2018/12/SA_POLICY_Approved.pdf">https://nalcoindia.com/wp-content/uploads/2018/12/SA_POLICY_Approved.pdf</a>
<b>Principle 4:</b> Benefitting Stakeholders	Quality Policy <a href="https://nalcoindia.com/wp-content/uploads/2018/12/QualityPolicy.pdf">https://nalcoindia.com/wp-content/uploads/2018/12/QualityPolicy.pdf</a> Core Values “BEST” <a href="http://www.nalcoindia.com">http://www.nalcoindia.com</a> (Home Page)
<b>Principle 5:</b> Promotion of human rights	Social Accountability Policy <a href="https://nalcoindia.com/wp-content/uploads/2018/12/SA_POLICY_Approved.pdf">https://nalcoindia.com/wp-content/uploads/2018/12/SA_POLICY_Approved.pdf</a>
<b>Principle 6:</b> Environmental protection	Environment Policy <a href="https://nalcoindia.com/wp-content/uploads/2018/12/EnvironmentPolicy.pdf">https://nalcoindia.com/wp-content/uploads/2018/12/EnvironmentPolicy.pdf</a>
<b>Principle 7:</b> Responsible public policy advocacy	Core Values “BEST” <a href="http://www.nalcoindia.com">http://www.nalcoindia.com</a> (Home Page)
<b>Principle 8:</b> Inclusive growth	CSR Policy <a href="https://nalcoindia.com/wp-content/uploads/2019/01/CSR-Policy-2019.pdf">https://nalcoindia.com/wp-content/uploads/2019/01/CSR-Policy-2019.pdf</a>
<b>Principle 9:</b> Customer value	Quality Policy <a href="https://nalcoindia.com/wp-content/uploads/2018/12/QualityPolicy.pdf">https://nalcoindia.com/wp-content/uploads/2018/12/QualityPolicy.pdf</a>

(b) If answer to Sl.No. 1 at 2 a), against any principle is 'No', please explain why: (Tick up to 2 options)

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

NOT APPLICABLE

Since answer to the question at Sl.No.1 of 2(a) above is Yes for all the nine NVG principles, the questions at 2 b) are not applicable.

**3. Governance related to Business Responsibility (BR):**

3.1 Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

During F.Y. 2019-20, the CSR and SD Committee of the Board met five times on 10.04.2019, 30.05.2019, 19.07.2019, 17.09.2019 & 13.11.2019 in order to review CSR & SD activities of the organization. The draft BR Report of 2018-19, was reviewed in the meeting on 19.07.2019 and recommended for approval of Board.

3.2 Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, both Business Responsibility (BR) Report and Sustainable Development report are prepared annually & available in website.

Business Responsibility (BR) Report which is mandatory as per SEBI requirements, is prepared based on the National Voluntary Guidelines and is published on annual basis as part of Annual Report. The weblink for 2018-19 Annual Report is:

[https://nalcoindia.com/wp-content/uploads/2019/08/Annual-Report\\_38th-AGM.pdf](https://nalcoindia.com/wp-content/uploads/2019/08/Annual-Report_38th-AGM.pdf)

A Sustainable Development (SD) Report is also prepared on annual basis, since 2011-12, as per GRI guidelines and made available in NALCO website under Sustainability template. The web-link for SD Report 2018-19 is

<https://nalcoindia.com/wp-content/uploads/2020/07/sustainable-development-report2018-2019.pdf>

**Section E : Principle-wise Performance**

**Principle 1 Business should conduct and govern themselves with Ethics, Transparency and Accountability.**

1.1 Does the policy relating to ethics, bribery and corruption cover only the company?

No.

**Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

Yes, In pursuit of Ethics and transparency in our every act and venture we have included our business partners, employees, service providers, and well-wishers as our accomplice. For fair dealing in matter of procurement and contract we have developed Purchase Manual and Contract Manual which provide standard guideline for dealing officials and suppliers or contractors to deal with any such eventuality. The “Fraud Prevention Policy”, “Whistle Blower Policy”, Sustainable Development Policy, and Core Values, reflect our commitment towards integrity, ethical practices and transparency. The system is further augmented with, “The Code of Business Conduct & Ethics for Board Members and Senior Management” “Code of Conduct for prevention of Insider Trading” , CDA rules applicable to all executives, Certified Standing Order applicable to all other employees. Any malafide deviation in form of fraud, bribery, appeasement etc. in any business transaction attracts stringent action as per our vigilance manual, CVC Guideline, SEBI guideline, Code of Conduct and other applicable guidelines.

Integrity Pact is also implemented for all contracts of Rs.50 Lakh and above, in order to further bolster the transparency drive. Protection is extended to any outsider complaining under Public Information Disclosure and Protection of Informer (PIDPI) Scheme of Govt. of India.

**1.2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

i) 16 vigilance related **stakeholder complaints** were received during the year, while 9 complaints were pending at different stages of investigation from previous year. Out of these 25 complaints, 20 complaints were investigated and closed during the year while 5 complaints are in different stages of investigation. Based on observed irregularity and violations necessary action as per Nalco Vigilance Manual and CVC Guideline are taken on deserving cases.

**ii) Investor Complaints**

In total, 1,388 number of **complaints** were received during the F.Y. 2019-20 and all of them have been resolved satisfactorily. The detailed breakup of investor related complaints is given below :

Particulars	Pending from Prev. Year	Received during the year	Complaints resolved	Complaints pending
SCORES-SEBI	Nil	10	10	Nil
Stock Exchanges	Nil	0	0	Nil
Individuals	Nil	1,378	1,378	Nil
TOTAL :	Nil	1,388	1,388	Nil

iii) **No complaints regarding child labour/ forced labour/ involuntary labour; Discriminatory employment** were received during 2019-20 and no complaints regarding above are pending as on 31.30.2020. One complaint regarding sexual harassment was received during 2019-20 and resolved during the year.

**Principle 2** : Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**2.1 List up to 3 of your products or services, whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The three major products are : **Calcined Alumina, Aluminium, Electricity.**

Environmental effect of our operations are examined through Environmental Impact Assessment and addressed by proper Environment Management Plan. Mining operation of NALCO is as per approved Mining Plan and mined out area is restored to virgin state by following appropriate Mine Closure Plan augmented with plantation. Aspect Impact Study, Hazard Identification & Risk Assessment and Emergency Management Plans are also instrumental in identification of some environmental and sustainability concerns, risks and opportunities and their mitigation.

The environment concerns, risks, opportunities for our products are addressed as outlined below at Table-A:

**TABLE-A**

Unit	Products	Environmental Concerns	Risks	Opportunities / Mitigation Measures
Alumina Refinery	Calcined Alumina	a. Air Pollution b. Water Pollution c. Land contamination	1. Air Pollution: i) Stack Emission ii) Dust in Calcined Alumina, Bauxite, Coal and Ash handling areas	1. <b>Air Pollution:</b> i) Electro Static Precipitators (ESPs) provided in Boiler for collecting particulate matters from Flue Gas of Boiler. • ESP is provided in Calciners for collection of Alumina dust generated in calcinations process. ii) Bag filters and de-dusting system are provided in Alumina loading and unloading area to prevent dust emission. • Sprinkler and de-dusting system are provided in Lime Grit, Redmud, Ash, Coal and Bauxite handling areas to control fugitive emission.

Unit	Products	Environmental Concerns	Risks	Opportunities / Mitigation Measures
Alumina Refinery	Calcined Alumina	a. Air Pollution b. Water Pollution c. Land contamination	<b>Water Pollution</b> i) Waste effluent ii) Sewage & Waste water. iii) Surface Runoff water	<b>Water Pollution:</b> i) Effluents are treated in treatment facilities. ii) The waste water treatment, recycling and reuse is carried out for Ash pond overflow water and redmud pond over flow water. <ul style="list-style-type: none"> <li>Recycling of return water from ash pond is reused for ash slurry making.</li> <li>Red mud pond return water is reused for red mud slurry making and mud washing thus recycling caustic.</li> <li>Sewage Waste water is treated in Sewage Treatment Plant and the same is recycled and reused for Horticulture purposes.</li> </ul> iii) Surface runoff water is stored in the Sabari Lake and disposed to outside after necessary treatment if required.
			3. Land Contamination i) Lime grit ii) Red mud iii) Ash.	<b>Land Contamination:</b> i) Lime Grit is disposed to recyclers for Brick or other allied product manufacturing. ii) Redmud utilization for extraction of Iron concentrate and Gallium from Redmud is being explored. iii) Higher utilization of fly ash by motivating entrepreneurs for utilization of fly ash in areas such as :Utilisation of fly ash in manufacturing of fly ash bricks, cement, road construction, dyke making, filling up low lying areas etc.
Smelter	Aluminium	Air pollution Water pollution Land contamination	1. Air Pollution i) Fluoride & particulate emission from the FTP/FTC stacks due to pot operation. ii) Generation of PFC during anode effect, detailed below*	<b>Air Pollution:</b> i) Flouride emission is controlled by adsorption of fluoride gas in alumina in FTPs & FTCs. During the year online, continuous laser based fugitive monitoring system is installed in Pot Line-4 to monitor rooftop emission of fluoride. Also pneumatic transfer system of coke dust commissioned to minimize dust generation. ii) The Smelter plant is equipped with ALPSYS pot regulation system, which minimizes anode effect by timely dosing Alumina.
			2. Water Pollution: i) Generation of fluoride contaminated surface runoffs.	<b>Water Pollution:</b> i) Surface runoffs are collected in three HDPE lined holding pools through dedicated drains. The fluorinated surface runoff is treated in Defluoridation plants. (Operated on Ion Exchange technology and latest emrion nano technology). The treated water is then recycled for cooling, horticulture & other plant use. Garlanding drains around hazardous waste storage & handling area collect the contaminated surface runoff and transfers to holding pools for treatment.
			3. Land Contamination: Generation of Hazardous waste like (i) SPL, (ii) Dross, (iii) Shot blasting waste etc.	<b>Land Contamination:</b> i) SPL is stored in impervious lined engineered landfill & in concreted sheds to prevent land contamination. Carbon portion of SPL is segregated & is stored separately in concreted floor sheds for future utilize in energy recovery. E Auction of carbon portion of SPL to authorized re-processor is on the way. Two numbers of additional SPL storage sheds was constructed during 2019-20 to store these HW temporarily before disposal.

Unit	Products	Environmental Concerns	Risks	Opportunities / Mitigation Measures
Smelter	Aluminium	Air pollution Water pollution Land contamination	3. Land Contamination: Generation of Hazardous waste like (i) SPL, (ii) Dross, (iii) Shot blasting waste etc.	ii) Aluminium Dross is recycled into the pots. A legacy stock of 6000MT of dross which can not be recycled is e-auctioned to authorized party, who have lifted around 2900 MT of Dross. iii) Shot blasting waste, Induction furnace slag, Rejected lining of furnace etc. is being disposed off in common Hazardous waste landfill at Sukinda, Jajpur.
CPP	Electricity	Air Pollution Water Pollution Land Contamination	<b>Air Pollution</b> i) Flue Gas from Boiler ii) Fugitive Dust from Coal and Ash Handling Area. iii) Heat emission in flue gas to atmosphere.	<b>Air Pollution:</b> i) Ash and other particulate matters are extracted by ESPs provided in flue gas path. ii) Dust Extraction and Sprinklers system are provided in Coal and Ash Handling areas to control fugitive dust. iii) Air Heater and Economisers are provided to recover heat from flue gas.
			<b>Water Pollution</b> i) Effluent Waste water ii) Sewage Waste water iii) Surface runoff water	<b>Water Pollution:</b> i) Effluent treatment plant is provided for treatment of industrial waste water. The treated water is used for ash slurry making. • Decanted water from ash pond is reused for ash slurry making. ii) Sewage Treatment Plant is provided for treatment of Sewage Waste water. The sewage waste water after treatment is reused for Horticulture & plantation purposes. iii) Rain water harvesting system& Surface runoff water is used in fire hydrant system for firefighting.
			<b>Land Contamination:</b> i) Mill Rejects ii) Ash iii) Scraps (Metallic and Non-metallic scraps.	<b>Land Contamination:</b> i) Mill Rejects is stored in demarcated low lying areas for disposal to authorized parties for reuse.. ii) Both bottom ash and fly ash from ESPs are disposed to Ash pond in slurry form. The project for lean slurry disposal to Mines Void for reclamation of mined out area is in progress. Dry Ash is also used for low lying area filling, Stone quarries void filling, disposed to value added product manufacturer for ash brick making and use in Asbestos, cement etc under a subsidy scheme. iii) The Scraps are sold to recyclers.
Mines	Bauxite	Air Pollution, Water Pollution Noise pollution Solid waste pollution Land Degradation	1) <b>Air pollution</b> i) Emission from heavy vehicles ii) Fugitive Dust emission during Bauxite mining, Handling including crushing in crusher and conveying in conveyor.	1) <b>Air pollution:</b> i) Proper selection and maintenance of vehicles to minimize emission from vehicles. ii) Water spraying on haul roads and stock pile area with 6 nos of 28 KL mobile sprinkler and fixed sprinklers along haul road • Suitable blast design and delayed blasting using NONEL detonators to minimise dust generation • Implementation of dry fog system at Crusher and Conveyor to suppress dust & fully covered conveyor to prevent dust generation • Adoption of vacuum suction/wet drilling in all drill machines • Peripheral barrier of 7.5 m width with plantation to retain dust particles

Unit	Products	Environmental Concerns	Risks	Opportunities / Mitigation Measures
Mines	Bauxite	Air Pollution, Water Pollution Noise pollution Solid waste pollution Land Degradation	2) Water Pollution: i) Waste water from Canteen , Vehicle Washing and sewage from toilets	2) <b>Water Pollution:</b> i) In-situ peripheral barrier all around active mining area to prevent silt laden rain water to go out <ul style="list-style-type: none"> <li>• Check dams at strategic points to filter muddy water if any from mining areas</li> <li>• Collection of rain water in mining area in sumps and percolation of collected water into ground</li> <li>• Water from toilets treated in septic tanks and disposed in soak pits, canteen waste water treated in biological treatment unit, wash water from vehicle washing area treated in oil water separator.Treated water from canteen and vehicle wash area fully reused for dust suppression and plantation</li> </ul>
			3) <b>Noise pollution</b> i) Noise during blasting and operation of heavy vehicles	3) <b>Noise pollution:</b> i) Suitable blast design including delayed blasting using NONEL detonators to minimise the generation of noise <ul style="list-style-type: none"> <li>• Peripheral plantation to prevent propagation of noise</li> <li>• Selection of suitable equipment generating less noise, provision of noise proof cabins in HEMMs and provision of PPEs to workers</li> </ul>
			4) Solid waste pollution: i) Overburden material from excavation of minerals	4) Solid Waste Pollution: i) 100% reuse of top soil and overburden fully reused for back filling of mined out areas
			5) Land Degradation i) Excavation of overburden and ore material by blasting and use of machinery.	5) <b>Land Degradation:</b> i) Concurrent mining and backfilling of mined out areas. Rehabilitation of mined out area with extensive plantation to convert the barren land into a forest.

\* Perfluorocarbons (PFCs) i.e. tetrafluoromethane (CF<sub>4</sub>) and hexafluoroethane (C<sub>2</sub>F<sub>6</sub>) emissions are produced in the primary aluminium reduction process at Smelter , during anode effect, are monitored very closely due to their potent greenhouse effect and long atmospheric lifetime. With the aid of most advanced “ALPSYS” pot regulation system, reduction in the frequency and duration of anode effect is achieved by timely dosing alumina into the pot. For the year 2019-20,the PFC emission from Smelter Potline has been estimated using AP (Aluminium Pechiney) overvoltage method and their values are given below:

Type of PFC	Actual Emission
CF <sub>4</sub> (kg/T Al)	0.0261
C <sub>2</sub> F <sub>6</sub> (kg/T Al)	0.0032

2.2 For each product, provide the following details in respect of resource use (energy, water, raw material) per unit of product (optional).

i) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain.

The reduction achieved during the last fiscal is depicted in **Table B** below:

**TABLE-B**

Specific Consumption per unit of production	Unit of Measurement	Norm	Previous Year (F.Y. 2018-19)	Current Year (F.Y. 2019-20)
Explosive consumption in Bauxite Mines	Gram/MT	100	74.61	57.9
Coal for steam generation in SPP of Refinery for hydrate production.	Tonne/Tonne	0.642	0.635	0.636
Electrical energy in Alumina Refinery	KWH/Tonne	316	315.51	317.18
Aluminium Flouride Consumption in Smelter	KG/MT	19	16.1	16.7
Net carbon consumption for hot metal in Smelter	Kg/MT	425 + 5	424	423
Alumina for Aluminium production	Tonne/Tonne	1920	1919	1920
DC Energy consumption in Smelter(Ex. Startup and wedge loss)	KWH/MT	13450	13370	13367
Fuel oil consumption in CPP	ml/KWH	0.80	0.87	1.23
Coal consumption in CPP	Kg/KWH	0.815	0.792	0.806
Auxiliary Power Consumption in CPP	%	11.40	11.464	11.243

ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year.

As a producer of basic aluminium metal and alumina, we consistently maintain the quality of our product for hassle free and energy efficient processing at consumers end. Being in the commodity sector, monitoring of energy and water use at consumers end is not feasible. However, enhanced use of aluminium in transport sector provides great opportunity for reduction in fuel / energy consumption. Being recyclable and with low recycling energy requirement aluminium metal once produced can be reused infinitely.

2.3 Does the company have procedures in place for sustainable sourcing (including transportation)?

If yes , what percentage of your inputs was sourced sustainably

Yes.

All our inputs are sourced sustainably as the same are being sourced from suppliers who comply to SA-8000 standards and to environmental guidelines. Sustainable Sourcing is the integration of social, ethical and environmental performance factors into the process of selecting suppliers. In Nalco, Policy & procedures are available for sustainable sourcing. For maintaining ethics and transparency NALCO's Purchase Manual have adequate provisions in place. For social performance of suppliers, SA-8000 standard has been implemented & policy is in place. Besides Integrity Pact of Nalco takes care of ethical performance factors. Integrity pact is both a signed document and approach to public contracting which commits a contracting authority and bidders to comply with best practice and maximum transparency. Similarly, the suppliers are asked to comply with the environmental policy & guidelines of Nalco.

Further during transportation of hazardous materials, the suppliers are strictly instructed to

- (i) Comply with applicable EHS legislations for manufacture, storage, transportation and possession of hazardous chemicals/ inflammable liquid/gas cylinder rules.
- (ii) Provide MSDS at the time of first consignment or whatever any update is there to the company.
- (iii) Provide TREM Cards to drivers for handling transportation emergencies

Alumina Refinery gets its main raw material bauxite from our captive mine located nearby at Panchpatmali Hills. Aluminium Smelting require huge electrical energy for which we have Captive Power Plant located near our Smelter. Coal for power plant is sourced from coal mines located few kilometer away at Talcher. Coal availability is ensured through long term Fuel Supply Agreement and Bridge Linkage. Any shortfall in coal supply is made up with procurement of coal through , e-auction route. Other major raw materials like Aluminium Flouride, Caustic Soda, C T Pitch & C P coke etc are procured through multiple vendors by competitive bidding. Our own railway siding at Budhapank, Angul , port facility at Vizag for export and import , Merry goround railway for coal transportation and cable belt conveyor for bauxite haulage to Refinery augment our transportation system.

2.4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Ancillary Development Policy of the organization promotes development of local vendors. The MSE facilitation cells at units implement the policy by providing guidance in Technical, Commercial areas to these vendors to improve their competitiveness. The goods and service which can be offered by MSE units are listed and displayed prominently and web hosted in our website and MSE App NAMASYA (NALCO Micro And Small enterprise Yogayog Application – Bi-lingual App for MSE)for wider circulation and awareness. Namasya is a mobile App for MSE Vendors which empowers MSEs with required information about vendor registration process, items which can be supplied by them with technical specification, vendor development programmes and training programmes of NALCO etc. Display halls at M&R complex and S&P complex display the products along with technical knowhow for developing the product & information regarding annual requirement and last procurement price etc. are provided to MSE entrepreneurs. Relaxation in tendering process ie. waiver of EMD and tender fees etc are extended to such units to encourage them to participate in bidding. Our purchase manual is suitably amended to extend purchase preference to MSE units quoting in the band of 15% of lowest quoted price for the products and service earmarked for them.

The procurement of products produced and services rendered by MSEs (Micro and Small Enterprises) of Odisha including Ancillary Units for FY 2019-20 stands at Rs 360.84 Crore (as against Rs 361.17 Crore in last FY). The total procurement of products produced and services rendered by MSE units (including those from outside Odisha) stands at Rs. 484.51 Crore during FY 2019-20 (as against Rs. 472.53 Crore during FY 2018-19) and it is 31.08 % of the total procurement of Goods and Services made by Nalco against Govt. target of minimum 25%. For FY 2020-21, the target for procurement of products produced and services rendered by MSEs has been set at Rs. 389.50 Crore.

- Nalco was awarded “Certificate of Excellence” in Odisha MSME International Trade fair, 2020 organized by MSME Deptt, Govt of Odisha at Bhubaneswar held from 8th to 12th January 2020.
- NALCO participated in the a National Level Vendor Development Programme-cum-Industrial Exhibition and buyers sellers meet held at Cuttack from 13th to 14th March, 2020 organized by MSME Development Institute, Ministry of MSME (Govt. of India), MSME Department, Govt. of Odisha.
- The Sub- PLAC (Plant Level Advisory Sub-Committee) meeting for the year 2019-20 was conducted at M&R Complex, Damanjodi on 28.02.2020 in association with DIC, Koraput. A similar Sub-Plac meeting for the year 2019-20 was conducted at S&P complex, Angul also in association with DIC, Angul on 26.02.2020.
- “Buyer-Seller Meet for SC-ST Entrepreneurs” was conducted at S&P complex, Angul on 04.09.2019 and at M&R Complex, Damanjodi on 28.02.2020.
- The Company had organized Annual vendor meet on 10.07.2019 and grievance redressal camp on 10.10.2019 at M&R complex, Damanjodi.
- Special efforts have been made for registration of women owned MSEs & SC/ST owned MSEs in association with National SC/ST Hub Office(NSSHO) & NSSHO have been requested to identify probable SC/ST owned MSEs for items required by NALCO.



- All MSE vendors (including Ancillaries) are being requested to onboard in GeM Platform. Also, as NALCO is registered with RXIL (TReDS Portal) all MSE vendors (including Ancillaries) are being requested to register in TReDS Portal (RXIL) to avail the benefits extended to MSEs.
  - Nalco's procurement data from MSEs (Micro and Small Enterprises) are being uploaded on a monthly basis in "MSME SAMBANDH" App of MSME Department, GOI.
  - The Company organized 10 vendor meets (including MSEs & Ancillaries) in 2019-20.
  - NAMASYA (NALCO Micro and Small enterprise Yogayog Application) APP has been launched by Nalco on 13.07.18 to facilitate the existing MSEs registered with Nalco as well as MSEs not registered. The APP empowers MSEs with information about vendor registration process, items which can be supplied by them with technical specification, vendor development programmes and training programmes of Nalco etc.
- 2.5 Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste?

Yes.

NALCO is a primary producer of basic aluminium metal and does not venture in to recycling of aluminium but aluminium is highly recyclable and compared with the production of primary aluminium, recycling of aluminium products needs as little as 5% of the energy and emits only 5% of the greenhouse gas.

So far as recycling of waste is concerned we recycle process waste, metal rejects and waste products, effluent & industrial drain water, decanted water from Ash pond and Redmud Pond, overburden of mines to maximum possible extent. We also implement rain water harvesting, ground water charging and sewerage water treatment at our units. In the year 2019-20, **1,81,72,660 cubic metre water from CPP ash pond ; 7290033 cubic meter water from Refinery ash pond and 3245773 cubic meter water from Refinery Red Mud Pond was recycled.** Some of our achievements in this regard is presented in the Table C below

**TABLE C : Recycling/ Reuse of waste during 2019-20**

Unit	Utilisation	Percentage
Bauxite Mines	Overburden utilized for concurrent reclamation of mined out areas	100%
Alumina Refinery	Caustic Soda recycled from waste redmud	9.38%
	Ash utilization in Refinery	90.25%
	Recycling of Ash pond water	92.96%
	Recycling of Redmud pond water	119.73%
Smelter	Recycling of Aluminium scrap	100%
	Aluminium dross recycled as input to process	83.62%
	Recycling of spent anode	100%
CPP	Ash Utilisation in CPP	71.49%
	Recycling of Ash pond water	100%

**Principle 3: Business should promote the wellbeing of all employees.**

3.1 Please indicate the total number of employees :

As on 31.3.2020, the total strength of employees in regular employment is 6203 .

3.2 Please indicate the Total number of employees hired on temporary/contractual/casual basis as on 31.3.20 :

No contractual/temporary/casual employees are engaged by Nalco. Job Contractors working in areas like hospitality, maintenance, sanitation, conservancy and project activities etc. have engaged 10999 contract labours to discharge their contractual obligations.

3.3 Please indicate the Number of permanent women employees :

As on 31.3.2020, total 357 permanent women employees are employed .

3.4 Please indicate the Number of permanent employees with disabilities :

Total 92 no.s of differently-abled persons are on regular employment as on 31.3.20.

3.5. Do you have an employee association that is recognized by management.

There are five Recognised Unions in Nalco, one each in Smelter, CPP, Refinery, Mines & Corporate Office..

3.6 What percentage of your permanent employees , is members of this recognized employee association?

The representation of employees in different recognized unions are given below.

Smelter – 44.83%, CPP – 52.69%,Refinery – 47.99%, Mines – 57.86% & Corporate – 76.23%

3.7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The status is:

Sl. No.	Category	No. of complaints filed during the F.Y. 2019-20	No. of complaints pending as on 31.03.2020
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	01	Nil
3	<b>Discriminatory employment</b>	Nil	Nil

3.8 What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

Permanent Employees; Permanent Women Employees; Casual/ Temporary/ Contractual Employees; Employees with disabilities.

The status related to above training is placed below :

Category of employees	Present Strength	Persons undergone Safety and Skill Up-gradation Training	Percentage of persons undergone Safety and Skill Upgradation Training
Permanent Employees(Excluding women & physically challenged employees)	5,754	3,354	58.29%
Permanent Women Employees	357	262	73.39%
Casual/ Temporary/ Contractual Employees	Nil	—	—
Employees with Disabilities	92	14	15.22%

- 10,999 Contractual workers are engaged through different contractors out of which 5,507 contractual worker have undergone Safety & Skill Up-gradation training i.e. 50.07%

**Principle 4: Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

4.1 Has the company mapped its internal and external stakeholders?

Yes. Views, concerns and expectation of internal stakeholders ie. employees and external stakeholders ie. Customers, suppliers, investors, Government and their representatives and committees, Local Communities, Regulatory authorities ,Service providers & job contract workers, NGOs etc. are solicited through formal or informal channels of engagement. The insight gained from engagement give feedback about our own performance and help us to devise different people centric interventions. Special attention is given to poor and underprivileged population located around our plants and mines through CSR wing of Nalco.

4.2 Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders.

Yes, the CSR projects undertaken in the Company are based upon the Socio-economic base line survey carried out in periphery area of its plant and mines. The Company's plant and mines are situated in places where most of the people are Socio-economically in disadvantage position. In accordance to that, R&R policy has been formulated and has been implemented.

4.3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

The main beneficiaries of our CSR initiatives are financially deprived marginalized people. We undertake different interventions in the area of health, education, sanitation, skill development and culture etc for their social and financial upliftment. Both large-scale, long-term projects and need specific short term initiatives aimed towards solving a specific issues are selected for socio-economically marginalized and opportunity- challenged people. Some of key initiatives of year 2019-20 are illustrated below.

- a) **Door step Health service in peripheral village:** Healthcare facility to periphery villagers inclusive of basic medicines through Mobile Health Unit (MHU) & OPD centers.
- b) **Indradhanush:** Residential education to tribal students of periphery villages of Damanjodi in collaboration with reputed schools at Koraput and Bhubaneswar.
- c) **Nalco ki Ladli:** Financial assistance for perusing education to meritorious girl children belongs to BPL category from Koraput & Angul district of Odisha.
- d) **Swach Bharat Initiatives:** Swachh iconic shrine development, Swachh Vidyalaya & ODF villages towards cleanliness, hygiene and overall wellbeing
- e) **Drinking water facility for the needy:** Provision of drinking water facility in peripheral villages of M&R Complex, Damanjodi, Pottangi Bauxite Mines area, S&P Complex, Angul & Utakal D&E Coal Block Chhendipada.
- f) **Support to Skill India:** Skill development programme to enhance employability of the local unemployed youth.
- g) **Rural infrastructure building:** construction of roads, culverts, drains, shelter home, renovation and revamping of community centres and water bodies etc in periphery villages.
- h) **Solar Solution:** Solar street lights and solar home solutions are installed in the inaccessible tribal dominated periphery villages of M&R Complex, Damanjodi
- i) **Women Empowerment:** (i) Promoted alternative sources of livelihood to the tribal women from the periphery villages of Pottangi Bauxite Mines area. (ii) awareness on violence against women in the twin city of Cuttack and Bhubaneswar
- j) **Disaster Management:** Post FANI cyclone relief and restoration support to the victims of FANI cyclone.

**Principle 5: Businesses should respect and promote human rights.**

5.1 Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Human Rights principles are not only applicable for all our employees, but these are also extended to contractors, suppliers and service providers of all the outsourced jobs. The Human Rights practices mandated vide applicable statutes i.e. Factories Act 1948, Industrial Disputes Act 1947, Mines Act 1972, Contract Labour (R&A) Act 1970, Payment of Gratuity, 1972 are followed strictly in the Company. Also, in the job contract conditions for Suppliers & Contractors, important human rights issues i.e. Child Labour, Forced and Compulsory Labour, Discrimination, Disciplinary Practices, Wages & Work Schedule are suitably addressed vide SA 8000:2014 requirements to proscribe any violation. SA 8000:2014 standard is implemented in our production units, Mines and Corporate Office.

5.2 How many stakeholder complaints have been received in the past financial year and satisfactorily resolved by the management?

No Human Right related stakeholders complaints are received during the past financial year. Status of other complaints from stakeholders are outlined at 1.2.

**Principle 6: Business should respect, protect, and make efforts to restore the environment.**

6.1 Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others

The company is firm in its commitment for environmental care and expects the same from all associates like suppliers, contractors and other service providers. Suppliers and contractors should agree to comply with our environment policy before award of any work to them and suitable clauses are introduced in our NIT documents to that effect.

6.2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

We have adopted green energy initiatives like generation of wind power and solar power to check emission of Green house gases and associated global warming as detailed below.

- Four Wind Power Projects –i) 50.4 MW at Gandikota, Andhra Pradesh, ii) 47.6 MW at Jaisalmer, Rajasthan, iii) 50 MW at Devikot, Rajasthan and iv) 50.4 MW at Jath, Maharashtra are in commercial operation.
- Three Roof-top Solar Photo-Voltaic Plants of capacity 160 KWp, 100 KWp & 320 KWp are operating respectively at Corporate Office, NALCO Township & HRD Centre of Excellence and Nalco Research and Technology Centre (NRTC) at Bhubaneswar.
- Another 50 KWp Rooftop Solar Power Project at NRTC, that was damaged in cyclone is under reinstallation.
- A Study is being undertaken to assess the feasibility/viability of setting up roof top solar plants at various locations of Nalco at Damanjodi, Angul & Vishakhapatnam.
- During the year total 10,011 saplings are planted in different areas of S&P complex and 12,390 seedlings are distributed to villagers to improve green cover in the area.
- In Alumina Refinery 17500 trees are planted and 5000 seedlings are distributed.
- In our Panchpatmali Mines total 1,00,274 saplings are planted during the year to rehabilitate mined out area and augment afforestation drive. Also 5,500 seedlings, mostly of indigenous fruit bearing species are distributed to peripheral villagers.
- The high altitude nursery at Mines spread over an area of 3 Acres helps in development of indigenous species of plant suited to local climate and condition. Last year the nursery has produced 1 lakh saplings for plantation.
- The wind power details are available in NALCO website and the weblink is  
<https://nalcoindia.com/business/operation/wind-power-plants/>

6.3 Does the company identify and assess potential environmental risks?

Yes, Potential environmental risks are identified through Comprehensive Environment Impact assessment, Aspect Impact Studies, Hazard Identification & Risk Assessments and Emergency Management Plans etc. The environment concerns, risks, opportunities for our products are addressed as outlined at para 2.1, Table-A:

6.4 Does the company have any project related to Clean Development Mechanism (CDM)? If so, provide details thereof. Also, if yes, whether any environmental compliance report is filed?

Two wind power plants i.e. 50.4 MW Wind Power Plant at Gandikota and 47.6 MW Wind Power Plant at Jaisalmer are taken under Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCCC). The wind power projects are grid connected renewable energy projects that generate electricity through utilization of wind energy and help in significant reduction of GHG emissions.

**50.4MW Wind Power Plant at Gandikota - CDM project**

CDM Project activity has obtained Host Country Approval (HCA) from National CDM Authority (NCDMA), Ministry of Environment and Forests, Govt. of India. The project activity has been validated by (UNFCCC) accredited Designated Operational Entity (DOE). Registration of the project with UNFCCC is under process. Estimated amount of annual average GHG emission reductions is 85,927 tons of CO<sub>2</sub> equivalent.

**47.6 MW Wind Power Plant at Jaisalmer- CDM project**

CDM Project activity has obtained Host Country Approval from National CDM Authority (NCDMA), Ministry of Environment and Forests, Govt. of India. Registration of the project with UNFCCC is under process. Estimated amount of annual average GHG emission reductions is 83,426 tons of CO<sub>2</sub> equivalent.

- 6.5 Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy? If yes, please give hyperlink for webpage etc.

Initiatives undertaken on renewable energy are highlighted below:

- **Wind Power Projects:** 50.4 MW at Gandikota, Kadappa, Andhra Pradesh, 47.6 MW at Ludarwa, Jaisalmer, Rajasthan, 50 MW at Devikot, Jaisalmer, Rajasthan and 50.4 MW at Jath, Sangli, Maharashtra are in operation. 25.5 MW Wind Power Project at Kayathar in Tuticorin dist., Tamil Nadu is under execution.

The wind power details are available in NALCO website and the weblink is

<https://nalcoindia.com/business/operation/wind-power-plants/>

- **Rooftop Solar Projects:** 160 kWp at Nalco Corporate Office, 100 kWp at Nalconagar Township, 320 kWp at Nalco Research and Technology Centre (NRTC), Bhubaneswar are in operation. 50 kWp at NRTC is under reinstallation. 130 kWp rooftop solar project at Mines, Damanjodi is under execution.

Web Link-<https://nalcoindia.com/business/operation/solar-power/>

NALCO is pursuing for installation of rooftop solar projects of about 260 kWp at Port Facilities, Vizag and about 995 kWp at Refinery unit, Damanjodi.

- 6.6 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

All emissions/ waste generated by the operating units of the company are within the permissible limits prescribed by CPCB/SPCB. The environmental statement containing such information is submitted to regulatory authority every year.

- 6.7 Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No show cause notice/legal notice received from SPCB/ CPCB during the financial year.

**Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

- 7.1 Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, The major ones are :

1. Aluminium Association of India
2. Standing Conference of Public Enterprise (SCOPE), New Delhi
3. Federation of Indian Mineral Industries (FIMI), New Delhi.
4. National Safety Council, Mumbai
5. Confederation of Indian Industry (CII), New Delhi
6. Utkal Chamber of Commerce & Industries, Bhubaneswar
7. Engineering Export Promotion Council, Kolkata
8. Federation of Indian Export Organisation, New Delhi
9. International Chamber of Commerce, Delhi
10. Chemical and Allied Products Export Promotion Council, Kolkata
11. National Institute of Personnel Management, Kolkata

7.2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas (E.g., Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes. Broad areas taken up for public good are :

- Fly ash utilization
- Water recycling and conservation
- Climate Change imperatives
- Conservation of Environment
- CSR and peripheral development
- Skill Development & Employment Generation
- Increased use of Aluminium in automobile, Power transmission, construction and packaging sector,
- Sustainable mining
- Energy , Water , Mineral conservation
- Safety , Health and ergonomics at workplace
- Economic Leadership by betterment of industries.
- Development of downstream aluminium industries through Make in India scheme of Govt. of India.

**Principle 8: Businesses should support inclusive growth and equitable development**

8.1 Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Yes, Inclusive growth and equitable development are two cardinal principles of our CSR Policy. Company believes that sustainable, equitable growth is the only acceptable business model. The Company aspires to grow its business by reducing adverse environmental footprint and creating positive social impact among the vulnerable and marginalized section of the society in the sphere of education, healthcare, women empowerment, promotion of livelihood, enduring rural infrastructure, promoting and restoring cultural heritage, promoting sports etc detailed at para 4.3

8.2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The CSR projects/programmes of strategic importance are undertaken through NALCO directly and all other approved projects / programmes are undertaken through NALCO Foundation, Trusts, Government Agencies, Semi Government Organizations, and Section 8 Companies. To be eligible for handling NALCO CSR Projects, NGOs ,Trusts and Section 8 Companies must have an established track record of 3 years in undertaking projects or programmes of similar kind.

8.3 Have you done any impact assessment of your initiative?

Yes, Social Impact assessment studies have been undertaken to gauge the effectiveness of some of the critical projects undertaken by the Company.

- i) A Social Impact Assessment (SIA) study on socio economic contribution of NALCO in M&R Complex, Damanjodi was undertaken by M/s. I-Land Informatics Limited, Kolkata during February, 2005.
- ii) Socio Economic Survey of Periphery villages of S&P Complex, Angul was done by M/s.National Institute of Rural Development (NIRD), Hyderabad during December, 2008.
- iii) Social impact Assessment of projects of NALCO Foundation was conducted by Central University of Odisha, Koraput during the year 2012.
- iv) Social Impact Assessment (SIA) of the CSR projects implemented by Nalco were carried out by the premiere institute Utkal University, Bhubaneswar in 2017.
- v) An Impact Assessment Study was made with the support of Madras School of Social Work (MSSW), Chennai in 2019.

- 8.4 What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

For the financial year 2019-20, a total amount of Rs.3971.35 lakh has been spent for CSR activities.

The following projects are undertaken during the FY 2019-20.

**A. HEALTH CARE SERVICES**

**A.1 MHU Services and OPD services:** In the reported year, 1.49 lakh patients in the periphery of the plant areas both at S&P complex, Angul and M&R complex, Damanjodi are benefited through 8 Mobile Health Units (MHUs). A specialist OPD center has been operating at NALCO Township, Angul providing free health consultation to periphery villagers of S&P complex including free medicines. In the FY. 15713 nos of patients are treated in the specialist OPD.

**A.2. Health Check-up at Schools:** An innovation has been introduced by organizing health camps in one of the residential institute namely Bikash Vidyalaya on a monthly basis

**B. SANITATION**

**B.1. Open Defecation Free:** In line with the Swachha Bharat Mission NALCO had taken up construction of Individual House Hold Latrines (IHHL)) in five villages of S&P Complex, Angul out of which two villages have been completed and balance villages are in progress.

**B.2. Hygiene program at Schools:** As a health hygiene awareness initiative, 24000 hygienic kits were distributed among adolescent girls in 155 schools of seven districts.

**C. SAFE DRINKING WATER**

**C.1. Drinking water supply through Tankers in summer:** Safe drinking water through tankers supplied at the doorstep of people in 27 water scarce periphery villages of S&P Complex, Angul.

**C.2. Pipe Water Supply:** At Angul, pipe water supply to different villages are being provided in collaboration with Rural Water Supply and Sanitation (RWS&S).

**C.3. Water Supply through Bore well:** By realizing the scarcity of water in peak summer, 25 tube wells in the periphery villages of Damanjodi and Pottangi were provided.

**C.4. Distribution of water filters to schools and Angan Wadi Centers (AWCs)**

**D. EDUCATION**

**D.1. Residential education to tribal students:** NALCO has taken up the initiative for residential education free of cost to tribal students in three reputed institutions since 2012-13 under the program' Indradhanush. Under the scheme 1003 students have got the benefits so far.

**D.2. Education to girls:** While complementing the "Beti Bachao Beti Padhao" scheme of Government of India, NALCO has introduced the scheme "Nalco Ki Ladli" to support poor and meritorious girl students in its periphery areas. Till date, a total of 603 girls are supported. Apart from supporting financially, Nalco is also promoting and encouraging the girl students through events such as sports, extra-curricular and co-curricular activities.

**D.3. Infrastructural Support to Educational Institutions:** Various developmental projects were taken up by Nalco to improve the facility and structures of the institutions.

**E. LIVELIHOOD PROMOTION**

**E.1. Women Empowerment through SHGs:**

NALCO introduced employment generation schemes among tribal women to empower and enable them towards self-sustainability, food security, income generation and improve the overall quality of life forming Self Help Group (SHG). In this mission, mushroom and vegetable cultivation got popularity and accepted as a beneficial scheme for the tribal women.

This year, 14 SHGs of 8 villages are engaged in mushroom production earning up to Rs 90000/. In view of such success, Nalco is planning to replicate this programme in other villages.

**E.2. Youth Leadership Program:** NALCO Foundation partnered with Sri Sri University (Art of Living) to execute Youth leadership training program in Damanjodi & Pottangi periphery villages.

#### F. ENVIRONMENTAL SUSTAINABILITY

**F.1. Solar Electrification program:** NALCO has taken up initiatives to utilize the solar power under clean and green energy mission. In this scheme, solar street lights and solar home solutions have been provided in 20 periphery villages of M&R Complex, Damanjodi.

**F.2. Plantation:** Massive plantation has been undertaken in collaboration with Odisha Forest Department to restore the green coverage in Chandaka-Damapada Wild Life Sanctuary which was severely damaged after the severe Cyclonic storm FANI.

**F.3. Renovation of ponds:** Six nos. of Water body were renovated in Chhendipada Block of Angul district.

#### G. INFRASTRUCTURE DEVELOPMENT PROJECTS

Under rural development scheme, NALCO has taken up modification/ renovation of roads, culverts, community centers at periphery villages.

#### H. DISASTER MANAGEMENT

The extremely severe cyclone FANI had hit the coast of Odisha on 3<sup>rd</sup> May 2019 which has severely affected Puri and Khurdha District. NALCO had quickly responded to it and had taken up immediate relief and restoration work like distribution of relief materials, clothes, solar lantern, mosquito nets, deployment of mobile DG sets etc. in badly affected pockets of both the districts.

#### I. ICONIC CITY PROJECTS

NALCO, being one of the corporate partners of GoI in the Swacch Iconic Place Development programme, has taken up different initiatives to develop Puri. Some of the projects are as below.

- i. Development of Gandhi Park.
- ii. Operation of Battery operated vehicle for hassle free movement of pilgrims.
- iii. Water post at different locations.
- iv. Renovation of museum in side Jagannath temple.

8.5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The projects conceived at NALCO are identified through the community engagement process and the communities involved are capacitated to prioritize their needs through the application of Participatory Rural Appraisal (PRA) tools. The involvement of the community from the nascent stage generates greater ownership over the assets created. Further, the community based organisations (CBOs) like- Self Help Groups (SHGs), Village Development Committee (VDC), Youth clubs, farmer's group etc. are being formulated and strengthened through capacity building programs who work as the change agent and ensure positive transformation at the ground level. These change agents work towards increasing acceptance and adoption by the community. Further. Sensitization workshops and village level meetings are organized which ultimately results in better adoption and sustainability.

Moreover, NALCO also explore the avenues of collaborations with Government bodies, NGOs and with other Programme Implementing Agencies (PIA) to implement community development initiatives in the thematic areas of health, education, livelihoods, rural development, environment (Plantation) and ethnicity for larger coverage leading to increased adoptability.



**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

## 9.1 What percentage of customer complaints/consumer cases are pending as on the end of financial year ?

A laid down procedure in line with ISO 9001 requirements is in place for resolution of complaints which may arise from time to time with regard to various issues such as payment, late delivery, quality, quantity or documentation etc. Depending upon the nature of the complaint, NALCO's representatives from Regional Offices and/ or technical personnel from the plant visit the customer's premises to examine the complaint and make on-the spot assessment. In the instances where a compensation/ claim is made by the customer on account of defects, a committee is formed, which, after all the necessary checks, puts up its proposal recommending the appropriate amount of compensation, if any. The same is paid to the customer, after approval of competent authority as a onetime settlement. The customer complaints are also reviewed for improvement of our processes and products.

No Customer Complaints pending as on 31.3.2019, Status report on Customer Complaints as on 31.3.19 is:

Complaints pending as on 31.03.2019	0
Complaints received during FY 2019-20	24
Complaints disposed during FY 2019-20	22
Complaints pending as on 31.3.20	02
Percentage of Customer Complaints Pending on 31.3.19	8%

## 9. Does the company display product information on the product label, over and above what is mandated as per local laws?

No.

Only the information mandated by law is provided on product label .

For Aluminium metal, the product grade, stack no., bundle no., net weight is displayed on the product label. In case of Rolled Products, name of the Company & production unit and place, Coil No, Grade, Size (Thickness X Width) in mm, Net Weight (in kgs.), Signature of the inspecting authority, Date of Packaging, No. of sub-stacks and total no. of sheets per packet (for Rolled sheets only) is displayed on the product label. In case of Alumina, name and logo of the company, product description, product code is displayed on the packaging. In case of special product Hydrate, net weight / gross weight are also displayed.

## 9.3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof.

No. There is no litigation by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anticompetitive behavior during the last five years.

## 9.4 Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes. Capturing the perception of customers and consumers on our products and associated service, is given top priority in our organization. Our Quality Policy profess meeting the needs and expectations of the customer and consistently improving our system and work ethos as the chosen path for achieving excellence in business. We collect feedback about our product and service both from formal and informal channels and constantly work on it to enhance our brand image. Customer satisfaction survey is conducted biannually every financial year for the two six-monthly periods ending September & March, in order to capture customers' perceptions over the period. The average customer satisfaction Index over the year computed based on response obtained from customers, is above the target. The trend observed in customer satisfaction index is taken as one of the basic indicator to asses our own performance in marketing front and is utilized to develop strategy for further market penetration.

## REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

### A. CONSERVATION OF ENERGY:

#### A. Conservation of Energy:

##### (i) The steps taken or impact on Conservation of Energy:

Your Company has always been assigning high importance to the energy conservation and has been utilizing the state-of-the-art technologies for maximizing energy efficiency across all its production units. Your Company is carrying out Technological upgradation and energy conservation measures through Capital Repair Group and Small Group Activities (SGAs) by catching up technological advancements and enhancing the energy efficiency in its different activities and processes.

**Energy conservation measures adopted in different units are as under:**

##### **Bauxite Mines:**

- Panchpatmali Bauxite Mines unit was in the process of phase wise replacement of the complete installation base of conventional (HPSV/ HPMV & MH) lights to more efficient LED lights since last 2 years. The target for the same has already been achieved. The annual expected energy saving towards the same is expected as 1.275 MU (or 110 TOE) annually. However in the year 2019-20, total replacement of LED lights has led to 98 KW or 2352 KWh per day of saving. The approximate energy saving owing to the replacements from their dates of installation is 564480 KWh (or 48 TOE).
- Panchpatmali Bauxite Mines unit has modified the control logics to optimize the operation & minimize idle operation of 4 x 13 TR precision air conditioners. Also replaced the refrigerant along with piping, condenser coils & compressors of the 4 x 13 TR air conditioners which has led to improvement in the energy efficiency. Total expected energy saving in the process is 99750 KWH annually (8 TOE).

##### **Alumina Refinery:**

- Use of dewatering aid for reduction in moisture of feed hydrate to Calciners for reducing in Fuel oil consumption.
- Use of Thermol (Fuel oil additive) to reduce fuel requirement in Calciner is going on as per requirement.
- Replacement of Line-3 PHE with higher throughput and elimination of 5th effect PHE.
- Replacement of tube lights and incandescent bulbs with LED tubes and bulbs at all major roads and public buildings.
- Replacement of the old vent steam control valves with new and improved design valves.
- Several small scale energy reduction projects are taken in different areas as part of Energy Saving Projects. With these jobs GTG specific energy consumption (SEC) target as set by Bureau of Energy Efficiency, Ministry of Power, GOI shall be achieved. GHG emissions are also reduced thereby contributing towards cleaner environment.
- Digestion TK 20,25,712 & 1016 are converted from direct to indirect heating by installing steam bundle with provision to direct Return condensate to Steam and power plant.
- Timber cooling tower of CT 1 changed to RCC cooling tower, which has enabled to increase the vacuum of evaporator batteries (A, B, C and D), thus improving capacity and saving energy.

Alumina Refinery has over achieved the target set by Bureau of Energy Efficiency, MOP, GOI under PAT-II cycle. AR achieved SEC of 0.2910 TOE / T against the target of 0.3361 TOE / T. M&V auditors have recommended issue of 47568 nos of ESCerts.

##### **Smelter Plant:**

- Graphitization of 95 cathode blocks in pot line was carried out so as to reduce the power consumption in pot lines. Also it was noted that the achievement of DC power consumption in FY 2019-20 was lowest (13,367 Kwh/MT) since inception.
- Pneumatics recycling of coke dust with saving ₹385 Lakh was achieved in carbon plant so as to reduce the raw material consumption.

- Replacement of existing conventional light fitting by LED light fitting-15,900 Nos with saving ₹159 Lakh was achieved so as to reduce the Auxiliary Energy consumption in smelter unit.

The CII team recognized the effort of NALCO & achieved the 1st runner up trophy as well as five star Energy conservation awards (Highest star achievement) for large-scale categories of Energy Conservation Awards during 12th ENCON awards-2019 by CII- Easter Region at Kolkata on 24th August, 2019.

In 20th CII-National award excellence in Energy Management at Hyderabad. The CII team recognized the effort of NALCO & awarded the Energy Efficient Unit & “Most Useful Presentation” award under the Metal Sector on 18<sup>th</sup> September, 2019.

#### **Captive Power Plant (CPP):**

- Chemical cleaning of condensers in Unit #4 and Unit # 9 were carried out. Improvement in condenser vacuum near to design value has been achieved, thereby resulting in saving of coal.
- Replacement of seven old reciprocating air Compressors was carried out with new energy efficient Screw Compressors. This has helped in reduction in Auxiliary Power Consumption.
- Energy saving of 1011552 kWh was achieved through replacement of total 6761 nos. LED fitting in place of conventional light fitting.
- De staging of existing Condensate Extraction Pump (CEP) from 7 stages to 6 stages in Unit-4, resulted in reduction of power consumption by 40 kW and energy saving of 260800 kWh.

#### **Energy conservation projects proposed or in progress during 2019-20**

##### **Alumina Refinery:**

- Replacement of tube lights with 18 Watts LED tubes and CFL and incandescent bulbs with 07W and 09W LED bulbs balanced lights in plant process areas.
- Use of Dewatering Aid in Filtration area to reduce fuel requirement in Calciner.
- Use of Thermol as fuel oil additive in calciners to reduce fuel requirement in Calciner.

##### **Captive Power Plant (CPP):**

- Renovation & Modernization of existing Air-Preheater in Unit-6 with advanced profile heating element and double sealing arrangement. This will result in increase in boiler efficiency due to reduction in air leakage and increased heat transfer.
- Computational Fluid Dynamics (CFD) analysis of flue gas ducts (Economizer outlet to ESP inlet) of Unit-4 was carried out. After implementation of analysis result it will reduce the flow imbalance and duct leakages which will help in reduction of auxiliary power consumption.
- Revamping of one Cooling Tower in Unit -1 to 5. Condenser vacuum will improve, which will result in reduction of heat rate and coal consumption.

##### **Smelter:**

- Smelter has taken up a pilot project i.e. “Development of low energy cell technology for smelter plant (AP2XN)” with an objective to reduce specific energy consumption under the development co-operation agreement between Rio Tinto/Alcan, Canada and NALCO. Fifteen pots in pot line #3 are under trial now.
- Installation of Anode Slot Cutting Machine at Rodding Shop-II under implementation so as to reduce in specific D.C. energy consumption in Pots and to improve process stability.
- Replacement of reciprocating compressor with centrifugal compressor under implementation so as to reduce the specific Energy consumption

#### **(ii) Steps taken by the company for utilizing alternate sources of energy:**

Your Company is commercially operating the following Wind and Solar Power Generation Units:

- 50.4 MW Wind Power Plant at Gandikota, Kadap, Andhra Pradesh.
- 47.6 MW Wind Power Plant at Ludarva, Jaisalmer, Rajasthan.

- 50 MW Wind Power Plant at Devikot, Jaisalmer, Rajasthan.
- 50.4 MW Wind Power Plant at Jath, Sangli, Maharashtra.
- 310 KWp Rooftop Solar Power Plant at NALCO Bhawan, NALCO Nagar and NRTC Buildings

During the year, your Company has generated 348.523 MU from wind power and 0.278 MU from Solar power Plants.

**Actions taken towards utilization of alternate source of energy in 2019-20 & implementation in 2020-21:**

The procurement action for on-grid roof top solar system with aggregate capacity of 130 KWp (2 x 30 KWp & 2 x 35 KWp) has been finalized in 2019-20 but its final implementation was deferred owing to COVID-19 restriction. The system is expected to be installed by November 2020. The system is expected to generate 211.1 MWh annually as per software calculations

(iii) **The capital investment on energy conservation equipments:**

**Mines:**

An amount of ₹60.18 lakhs has been spent in 2019-20 towards the energy conservation measures at Mines.

**Alumina Refinery:**

Replacement of Vent steam CV at a cost of	₹ 18.00 lakhs.
Replacement of Line 3 PHE at a cost of	₹ 220.00 Lakhs.
Replacement of LED bulbs and tube lights	₹ 42.00 lakhs.

**Smelter:**

ITEMS	INVESTMENTS (₹ in Lakh)
95 pots –lined with graphitised cathode block	7407
Anode slott cutting machine for Rodding Shop II	1204
Technical co-development of AP-2xn technology in pot lines	36
Pneumatic conveying of coke dust in carbon plant	2

**CPP:**

ITEMS	INVESTMENTS (₹ in Lakh)
Chemical cleaning of condensers in Unit #4 and Unit # 9	11.56
Replacement of reciprocating air Compressors with Screw Compressors	198
Replacement of existing light fitting with energy efficient LED tube lights, LED Street Lights, LED high bay fittings	110
De staging of existing Condensate Extraction Pump (CEP)	5.40

**B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:**

Sl. No	Technology	Benefits thereof
1.	Replacement of conventional flat bottom Settlers/ washers with High rate thickeners and Deep Cone washers	Procurement and installation of HRD & DCW in place of Flat bottom Washers & Settlers for PH-1, 2&3 is in progress. The expected benefits of the changeover are: <ul style="list-style-type: none"> <li>— Smaller footprint area and</li> <li>— Lower holding time and hence Low hydrolysis loss / heat loss.</li> <li>— Higher underflow solids results in Lower soluble soda and Alumina loss</li> </ul>

Sl. No	Technology	Benefits thereof
2.	Pressure filtration for dry disposal of Red mud accepted after lab trials.	Under implementation. The expected benefits are: — Improvement in Red mud slurry solids from present 56% to better than 75% — Minimum 36% reduction in soda going out with mud with present disposal technology. — Enhancement in the life expectancy of the Red mud pond, will be estimated after further study.
3.	Addition of one more stage of Inter Stage Cooler in stream 4 precipitation	Under implementation. Expected benefits: Improvement in Liquor productivity/sustaining higher productivity whenever one precipitation tank is out of service.
4.	Development of in-line automated anode butt monitoring system to measure anode butt parameters	Expected benefit: Visual inspection and monitoring of butt parameters will help in optimizing the anode fabrication process and the electrolysis process.
5.	Development of a Wi-Fi enabled sensor arrangement for online measurement of anode current distribution of Aluminium electrolysis cell	Expected benefits: Will help in inspection & monitoring of troublesome pots to facilitate corrective action.
6.	New product AA8011 cookware sheet developed and commercialized	Premium of ₹250/Ton over normal product.
7.	Method of determination of volumetric expansion and crushing strength of Tepid Ramming Mass (TRM) established at NRTC laboratory.	Validation of the method of testing TRM inhouse is established for different sources of supply through test result comparison with supplier certificates.

**DETAILS OF TECHNOLOGY IMPORTED /UPGRADED DURING LAST 5 YEARS:**

SL. No.	Technology Imported/ Upgraded	Year of import /upgraded	Has Technology been fully absorbed	If not fully absorbed, area where this has not taken place, reasons therefor and future plans of action
1.	Medium Pressure Digestion technology for Alumina Refining process.	—		Under implementation for the expansion proposed.

**Expenditure on R&D:**
**₹ in crores**

Nature	2019-20	2018-19
Capital	2.76	21.99
Revenue	10.82	9.01
Total	13.55	31.00
R&D Expenditure as % of turnover	0.16	0.27

- C. The foreign exchange earnings for the year 2019-20, ₹ 3,442.97 crores is as against ₹ 4,647.38 crores in 2018-19. The foreign exchange outgo for the year under report was ₹ 520.30 crores as against ₹ 312.95 crores in 2018-19.

## CORPORATE GOVERNANCE REPORT

### Philosophy on code of governance

Corporate governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a Company to take sound decisions, thus maximizing long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. It is about maintaining a balance between economic, social, individual and community goals. Corporate Governance instill a control system to ensure highest degree of accountability, transparency and credibility in an organization.

An organization's success is possible on sustainable manner when it encourages transparency in all facets of its dealing and practise good governance at all levels. Business is done not only to strengthen the bottom line but also for long-term value creation for all stakeholders without compromising on integrity, societal obligations, environment and the regulatory compliances in your Company. Your Company endorses its core value as BEST: **Benefitting stakeholders, Excellence and quality, Sustainability, Trust & Integrity.** A stronger Corporate Governance norm enhances the trust and confidence level of investors' community.

### I. Board of Directors

The Board got a pivotal role in the overall performance and visibility of the Company. An enlightened Board formulates vision, strategy and policy for the Company and review it periodically for its effectiveness. The Board believes in the inalienable rights of the shareholders as true owners of the Company and its role as trusteeship to the stakeholders.

#### a) Composition of the Board

The sanctioned strength of the Board is as follows:

- i. Six Full time (Executive) Directors including Chairman-cum-Managing Director.
- ii. Two Part-time Official Directors.
- iii. Eight Part-time Non-official (Independent) Directors.

The composition of the Board as on 31<sup>st</sup> March, 2020 is as detailed below:

Sl. No.	Name of Director	DIN	Date of Appointment
	<b>Functional Directors</b>		
1.	Shri Sridhar Patra* Chairman-cum-Managing Director	06500954	17.12.2019
2.	Shri V. Balasubramanyam# Director (Production)& Director (Finance)-Addl. Charge	06965313	01.01.2015
3.	Shri Sanjib Kumar Roy Director (P&T)	06756812	03.02.2017
4.	Shri Pradip Kumar Mishra Director (Commercial)	06445517	23.04.2018
5.	Shri Radhashyam Mahapatro\$ Director(HR)	07248972	01.01.2020

Sl. No.	Name of Director	DIN	Date of Appointment
<b>Part-time Official Directors</b>			
6.	Dr. K. Rajeswara Rao	08071005	19.02.2018
7.	Shri Anil Kumar Nayak	08097669	27.03.2018
<b>Part-time Non-official (Independent) Directors@</b>			
8.	Shri Nagendra Nath Sharma	02888318	06.09.2017
9.	Smt. Achla Sinha	07932932	08.09.2017

\* Consequent upon superannuation of Dr. Tapan Kumar Chand on 31.11.2019, Shri Sridhar Patra was assigned with additional charge of Chairman-cum-Managing Director w.e.f. 01.12.2019 and took over as full-time Chairman-cum-Managing Director w.e.f. 17.12.2019.

# Shri V. Balasubramanyam, Director (Production) was assigned with additional charge of Director (Finance) w.e.f. 10.01.2020.

§ Shri Radhashyam Mahapatro joined as Director (HR) on 01.01.2020 in place of Shri B K Thakur, Director (HR) who superannuated on 31.12.2019.

@ The tenure of Shri Dipankar Mahanta, Shri S. Sankararaman, Shri Pravat Keshari Nayak, Prof. Damodar Acharya and Shri Maheswar Sahu, Part-time Non-Official (Independent) Directors ended on 20.11.2019. Further, the tenure of Smt. Kiran Ghai Sinha, Part-time Non-Official (Independent) Director ended on 02.02.2020.

As on 31.03.2020, Non-executive Directors i.e. Part-time Official Directors and Part-time Non-official Directors combinedly constitute 44.44% of the total Board strength and Part-time Non-official (Independent) Directors standalone constitute 22.22% of the total Board strength. There is one woman Independent Director on the Board and the position of woman director constitutes 11.11% of the total Board strength.

During the financial year 2019-2020, the composition of the Board was in compliance with Section 149(4) of the Act ("the Act") from 01.04.2019 to 20.11.2019. However, on completion of tenure of 5 Independent Directors on 21.11.2019, the positions are lying vacant.

As regards to the requirements under SEBI(LODR) Regulations, 2015 the composition of the Board was in compliance with the provisions of both Regulation 17(1) (a) and Regulation 17(1) (b) of SEBI Regulations from 01.04.2019 to 20.11.2019. The composition was not in compliance with the said regulations of SEBI Regulations from 21.11.2019 to 31.11.2019. Thereafter, the composition was though in compliance with the provision of Regulation 17(1) (a) of SEBI Regulations but was not in compliance with 17(1) (b) of SEBI Regulations during the period from 01.12.2019 to 02.02.2020. The composition was further not in compliance with above regulations during the period from 03.02.2020 to 31.03.2020.

Administrative Ministry is the appointing authority for appointment of Directors in a Government Company. Accordingly, matter has been taken up with the Administrative Ministry for early appointment of Independent Directors for compliance of the provisions of the Act and SEBI Regulations.

#### b) Board meetings and attendance of Directors

- The Board meets at regular intervals to discuss and decide the business strategies/policies and review the financial performance of the Company. The Board is mandated to review and consider the agenda items on matters set out in Regulation 17 read with Part-A of Schedule II of the SEBI Regulations.
- The Board has constituted various Committees, some are statutory and some are non-statutory in nature, for discharging their functions more effectively.
- Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) are followed for convening the Board meetings, Committee meetings and General meetings.

- Meetings are convened with approval of CMD/Chairman of the Committee by giving at least 7 day's advance notice. Agendas with detailed agenda notes are normally circulated at least a week before the scheduled date of meeting for meaningful and informed discussion in the meeting.
- The meetings of the Board of Directors and Committee meetings are generally held at the Registered Office of the Company. During the year, one meeting of Board of Directors was held at Puri complying with the Office Memorandum of DPE to hold meeting in one of the 30 tourist places.
- Six Board meetings took place during the year under review. Meeting dates with attendance of Directors in the meetings are given below:

No. of Directors Present						
Board Meeting No. & Date	Board Strength	Functional	Part-time Official	Part-time Non-official (Independent)	Total Attendance	% of attendance to strength
315 <sup>th</sup> 30.05.2019	16	6	1	8	15	93.75
316 <sup>th</sup> 19.07.2019	16	5	2	8	15	93.75
317 <sup>th</sup> 13.08.2019	16	5	2	8	15	93.75
318 <sup>th</sup> 17.09.2019	16	6	1	8	15	93.75
319 <sup>th</sup> 13.11.2019	16	6	1	8	15	93.75
320 <sup>th</sup> 10.02.2020	9	5	2	2	9	100.00

— The maximum gap between any two meetings was 88 days.

— Necessary quorum was present in all these meetings.

The table below shows the individual attendance of Directors in the Board meetings held during 2019-20, their attendance in the last Annual General Meeting, directorship in other Companies and membership and chairmanship in the Committees of other Companies:

Name & Designation	Board Meetings		Attendance at 38th AGM held on 18.09.2019	No. of other directorships	Membership in the Committees of other Companies	
	Held during the tenure	Attended			Membership	Chairmanship
Dr. T. K. Chand Chairman-cum-Managing Director^	5	5	Yes	2	Nil	Nil
Shri S. Patra Chairman-cum-Managing Director*	6	5	Yes	2	Nil	Nil
Shri V. Balasubramanyam Director (Production) & Director (Finance) – Addl. Charge#	6	6	Yes	Nil	Nil	Nil
Shri B. K. Thakur Director(HR) %	5	5	Yes	Nil	Nil	Nil



Name & Designation	Board Meetings		Attendance at 38th AGM held on 18.09.2019	No. of other directorships	Membership in the Committees of other Companies	
	Held during the tenure	Attended			Membership	Chairmanship
Shri S. K. Roy Director(P&T)	6	5	Yes	Nil	Nil	Nil
Shri P. K. Mishra Director(C)	6	6	Yes	Nil	Nil	Nil
Shri R. S. Mahapatro Director (HR)\$	1	1	NA	Nil	Nil	Nil
Dr. K. Rajeswara Rao Part-time Official Director	6	4	No	Nil	Nil	Nil
Shri A.K. Nayak Part-time Official Director	6	5	No	Nil	Nil	Nil
Shri Dipankar Mahanta Independent Director@	5	5	Yes	Nil	Nil	Nil
Shri S. Sankararaman Independent Director@	5	5	Yes	Nil	Nil	Nil
Shri P K Nayak Independent Director@	5	5	Yes	Nil	Nil	Nil
Prof. Damodar Acharya Independent Director@	5	5	Yes	Nil	Nil	Nil
Shri Maheswar Sahu Independent Director@	5	5	Yes	9	1	4
Smt. Kiran Ghai Sinha Independent Director &	5	5	Yes	Nil	Nil	Nil
Shri N. N. Sharma Independent Director	6	6	Yes	Nil	Nil	Nil
Smt. Achla Sinha Independent Director	6	6	Yes	Nil	Nil	Nil

^ Superannuated as Chairman-cum-Managing Director w.e.f. 30.11.2019.

\* Shri S. Patra was assigned with additional charge of Chairman-cum-Managing Director w.e.f. 01.12.2019, consequent upon superannuation of Dr. T. K .Chand on 30.11.2019. He was further appointed as full-time Chairman-cum-Managing Director w.e.f. 17.12.2019. He also holds the position of Part-time Non-official Chairman in two Joint Ventures Companies i.e. Khanij Bidesh India Limited w.e.f. 01.12.2019 and Utkarsha Aluminium Dhatu Nigam Limited w.e.f. 10.02.2020.

# Assigned with additional charge of Director (Finance) w.e.f.10.01.2020.

% Superannuated as Director (HR) on 31.12.2019.

\$ Appointed as Director (HR) w.e.f. 01.01.2020.

@ End of tenure as Independent Director on 20.11.2019.

& End of tenure as Independent Director on 02.02.2020.

### (c) Non-Executive Directors

- i) Part-time Official Directors and Part-time Non-official (Independent) Directors are the Non-executive Directors forming part of the Board.

- ii) While the Part-time Official Directors are nominated to the Board from the Administrative Ministry, the Part-time Non-official (Independent) Directors are appointed by the President of India.
  - iii) Based on the disclosures made by the Independent Directors at the beginning of every financial year and in the opinion of the Board, the Independent Directors fulfill the conditions specified under the Act, SEBI Regulations and are independent of the management.
  - iv) Formal letter of appointment is issued to each Independent Director on appointment as Director on the Board. The appointment letter inter-alia contains the role, function, duties and responsibilities of Independent Director in the Company. Appointment letters of Independent Directors are available in the Company's website: [https://nalcoindia.com/wp-content/uploads/2018/12/appt\\_letters.pdf](https://nalcoindia.com/wp-content/uploads/2018/12/appt_letters.pdf)
  - v) During the year under review, no Independent Director has resigned from his/her post.
  - vi) Acclimatization programme is conducted for the Independent Directors on their appointment on the Board. Independent Directors are nominated to attend orientation programmes being conducted by ASSOCHAM, CII, SCOPE and DPE to get themselves updated on changes/developments in the domestic/global scenario. The details of such programmes attended by the Independent Directors are available in the following link: [https://nalcoindia.com/wp-content/uploads/2019/11/Familiarisation\\_Programme\\_for\\_Directors-14-11-2019.pdf](https://nalcoindia.com/wp-content/uploads/2019/11/Familiarisation_Programme_for_Directors-14-11-2019.pdf)
  - vii) None of the Non-executive Directors hold any share in the Company.
  - viii) Independent Directors are not entitled for stock option in the Company.
  - ix) All Directors are covered under Directors and Officers Insurance (D & O insurance) taken by the Company from M/s. Oriental Insurance Company Ltd.
  - x) Both the Independent Directors on the Board i.e. Shri N. N. Sharma and Smt. Achla Sinha have registered themselves in the databank maintained by IICA, as per the amendments brought in by MCA and they both have successfully passed the examination, conducted by IICA.
  - xi) No Non-executive Director on the Board is above 75 years.
- d) Chart/matrix setting out the skills/expertise/competence of the Board**
- NALCO is a Government Company under the Administrative Control of Ministry of Mines, Government of India. All Directors of the Company are appointed/nominated by the Administrative Ministry, based on the skills/expertise/competencies needed for the Company. In view of this, the Board of Directors have not identified the list of core skills/expertise/competencies required by a Director in the context of Company's business, as required under SEBI Regulations.
- e) Performance evaluation of Board members**
- The manner of formal evaluation of the Board, Committees and individual directors which requires reporting in the Board Report is exempted for Government Companies, if directors are evaluated by the Administrative Ministry.
  - The requirement relating to performance evaluation of Board members under the Act is also exempted for Government Companies vide circular dated 05.06.2015, issued by the Ministry of Corporate Affairs (MCA).
  - Similar relaxation has also been given by DPE vide OM dated 20.06.2013 by withdrawing review of the performance of the Chairperson of the company after taking into account the views of all the directors from the scope of separate meeting of Independent Directors.
  - MCA further vide circular dated 05.07.2017 has exempted evaluation mechanism of non-Independent Directors and chairperson of Government Companies as specified in Schedule-IV of the Act.
  - There is no such relaxation/exemption to listed Government Companies under SEBI Regulations.

## II Remuneration of Directors

- NALCO being a Government Company, the remuneration, benefits and Performance Related Payments (PRP) of Functional Directors are governed as per extant DPE guidelines. MCA has exempted Government Companies from formulating policy relating to remuneration of Directors, required under Section 178 of the Act.
- All Functional Directors are members of New Pension Scheme (NPS).
- Government nominee Directors are not entitled for any remuneration/sitting fees as per DPE guidelines.

- Independent Directors are paid sitting fees of ₹30,000/- for attending each meeting of Board of Directors and ₹25,000/- for attending each meeting of Board constituted Committee including separate meeting of Independent Directors. The enhancement in fees is within the statutory limit prescribed under the Act.
- Company makes necessary arrangements for the Directors to attend the meetings. Out-of-pocket expenses, if any, incurred by the Independent Directors for attending the meetings are reimbursed.
- Functional Directors including Chairman-cum-Managing Director are appointed by the President of India for a period of 5 years from date of assuming charges or till date of superannuation or further orders of the Government of India, whichever is earlier.
- Part-time Official Directors are nominated by the Administrative Ministry and they continue office till further orders from the Administrative Ministry.
- Part-time Non-official (Independent) Directors are appointed by the President of India for a tenure of 3 years.
- The Company has not issued any stock option during the year 2019-20.
- There is no provision for payment of severance fees to any Director. Notice period is applicable as per extant DPE guidelines and specified in the appointment letter.
- Details of remuneration of Functional Directors for the FY 2019-20 are given below:

Name	Remuneration for the year 2019-20 (₹)		
	All elements of remuneration	Other benefits	Total
Dr. T. K. Chand, Chairman-cum-Managing Director <sup>^</sup>	52,93,980	42,30,015	95,23,995
Shri S. Patra, Chairman-cum-Managing Director <sup>*</sup>	49,17,844	4,465	49,22,309
Shri V. Balasubramanyam, Director(Production) & Director (Finance) – Addl. Charge <sup>#</sup>	60,15,512	18,31,400	78,46,912
Shri B. K. Thakur, Director(HR) <sup>%</sup>	63,99,471	36,07,193	1,00,06,664
Shri S. K. Roy, Director(P&T)	51,67,896	14,60,487	66,28,383
Shri P. K. Mishra, Director(C)	43,40,287	2,06,317	45,46,604
Shri R. S. Mahapatro, Director (HR) <sup>\$</sup>	11,57,025	4,134	11,61,159

**Note:** Other benefits includes Gratuity, Performance Related Pay and Medical Benefits, as applicable.

<sup>^</sup> Superannuated as Chairman-cum-Managing Director on 30.11.2019.

<sup>\*</sup> Consequent upon superannuation of Dr. T. K. Chand on 30.11.2019, Shri S. Patra was assigned with additional charge of Chairman-cum-Managing Director w.e.f. 01.12.2019. Further, appointed as full-time Chairman-cum-Managing Director w.e.f. 17.12.2019. He also holds the position of Part-time Non-official Chairman in two Joint Ventures Companies of the Company i.e. Khanij Bidesh India Limited w.e.f. 01.12.2019 and Utkarsha Aluminium Dhatu Nigam Limited w.e.f. 10.02.2020.

<sup>#</sup> Assigned with additional charge of Director (Finance) w.e.f. 10.01.2020.

<sup>%</sup> Superannuated as Director (HR) on. 31.12.2019.

<sup>\$</sup> Appointed as Director (HR) w.e.f. 01.01.2020.

Details of sitting fees paid to the Independent Directors during 2019-20 are given below:

Name	Sitting Fees (₹)		Total (₹)
	Board Meetings	Committee Meetings	
Shri Dipankar Mahanta@	1,35,000	3,60,000	4,95,000
Shri S. Sankararaman@	1,35,000	4,50,000	5,85,000

Name	Sitting Fees (₹)		Total (₹)
	Board Meetings	Committee Meetings	
Shri P.K. Nayak@	1,35,000	3,37,500	4,72,500
Prof. Damodar Acharya@	1,35,000	4,27,500	5,62,500
Shri Maheswar Sahu@	1,35,000	3,82,500	5,17,500
Smt. Kiran Ghai Sinha&	1,35,000	3,37,500	4,72,500
Shri N. N. Sharma	1,62,000	2,70,000	4,32,000
Smt. Achla Sinha	1,62,000	3,15,000	4,77,000

**Note:** TDS was deducted from the amount paid as sitting fees.

@ End of tenure as Independent Director on 20.11.2019

& End of tenure as Independent Director on 02.02.2020.

### III. Various Committees of the Board

- There are 9 Board level Committees out of which 7 Committees are statutory and 3 Committees are voluntary in nature.
- Voluntary Committees are constituted with a mix of executive directors and non-executive directors to focus on specific areas and to smoothen the decision making processes.
- Secretarial Standards relating to Board meeting are equally applicable to Committee meetings.
- The Terms of Reference of each Committee are approved by the Board.

#### STATUTORY COMMITTEES:

##### a) Audit Committee

- i) As on 31.03.2020, the Committee comprises of two Independent Directors and one Functional Director. Director (Finance) is the special invitee and other Functional Directors are invitees to the Committee. One of the Independent Directors holds chairmanship of the Committee. The composition of the Audit Committee as on 31.03.2020 is in compliance with the provisions of the Act and SEBI Regulations but none of the members is having accounting or related financial management expertise as per Regulation 18(1) (c) of SEBI Regulations.

Matter has been taken up with the Administrative Ministry for early appointment of Independent Directors for compliance of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. After appointment of Independent Directors, the Audit Committee would be reconstituted with all members being financially literate and Chairman having accounting or related financial management expertise.

- ii) The Committee met 6 times during the year, i.e. on 30.05.2019, 18.07.2019, 19.08.2019, 17.09.2019, 13.11.2019 and 10.02.2020. The maximum time gap between any two Audit Committee meetings was 88 days.
- iii) The members of the Committee and meeting(s) attended by each member as on 31.03.2020 are as follows :

Name	Category	Position	Meeting	
			held	attended
Smt. Achla Sinha+	Independent	Chairperson	1	1
Shri N. N. Sharma++	Independent	Member	1	1
Shri V. Balasubramanyam, Director(Production)& Director (Finance) – Addl. Charge#	Functional	Member	6	6
Shri S. K. Roy**, Director (P&T)	Functional	Member	5	4

Name	Category	Position	Meeting	
			held	attended
Smt. K. G. Sinha&	Independent	Chairperson	0	0
Shri P. K. Nayak@	Independent	Chairman	5	5
Shri S. Sankararaman@	Independent	Member	5	5
Prof. D. Acharya@	Independent	Member	5	5
Shri D. Mahanta@	Independent	Member	5	5

**Note:** Director (P&T), Director (C) and Director (HR) are invitees to the Committee w.e.f. 31.12.2019. However, Director (P&T) ceased to be member of the Committee w.e.f. 31.12.2019.

+ Inducted as member of the Committee on 31.12.2019 and appointed as Chairperson of the Committee w.e.f. 03.02.2020, consequent upon end of tenure of Smt. K. G. Sinha as Independent Director on 02.02.2020.

++ Inducted as member of the Committee w.e.f. 31.12.2019.

\*\*\* Assigned with additional charge of Director (Finance) w.e.f.10.01.2020. He is also special invitee to the Committee as he is holding the additional charge of Director (Finance).

& Inducted as member and Chairperson on 31.12.2019. Ceased to be Director on 02.02.2020.

@ Ceased to be the members of the Committee upon end of tenure on 20.11.2019.

- iv) Head of Internal Audit, representatives of Statutory Auditors and Cost Auditors remain present in the meetings on need basis.
- v) The Company Secretary acts as Secretary to the Audit Committee.
- vi) Chairman of the Audit Committee was present during the last Annual General Meeting.
- vii) The Terms of Reference of the Audit Committee are broadly as follows:

#### **Powers of the Audit Committee**

- To investigate any activity within its Terms of Reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **Role of the Audit Committee inter-alia, includes the following:**

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and if required, the replacement or removal of cost auditors, fixation of audit fees and other terms of appointment.
- Approving payment to statutory auditors, including cost auditors for any other services rendered by them.
- Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of Section 134(5) of the Act.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in financial statements arising out of audit findings.

- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of related party transactions.
- Qualifications in draft audit report.
- Reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments, if any.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- To review compliances with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and to verify that the system for internal control are adequate and are operating efficiently.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors.

**Mandatory review of the following information by Audit Committee:**

- 1) The Management Discussion and Analysis of financial condition and results of operations;
- 2) Statement of significant related party transactions, submitted by management;
- 3) Management letters/letters of internal control weaknesses issued by the statutory auditors;
- 4) Internal audit reports relating to internal control weaknesses;
- 5) The appointment, removal and terms of remuneration of the internal auditors / chief internal auditor, and

- 6) Statement of deviation :
- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchanges in terms of Regulation 32(1).
  - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**The functions of Audit Committee also include;**

- To check whether cost controls are adequate and commensurate with size of the operations.
- To study the areas where income can be increased and the areas where cost can be reduced.
- Management Information System on each of the above areas and give its recommendations to the Board.

**2. Nomination and Remuneration Committee**

- The erstwhile Remuneration Committee, constituted under DPE guidelines on Corporate Governance was rechristened as Nomination and Remuneration Committee in line with the requirements under Section 178 of the Act and Regulation 19 of SEBI Regulations.
- The Terms of Reference of the Committees :
  - Approval of the annual bonus/variable pay pool and policy for the distribution across the executives and non-unionized supervisors within the prescribed limit.
  - Matters as contained in the Act and SEBI Regulations.
- MCA vide notification dated 05.06.2015 and 05.07.2017 have exempted Government Companies from certain provisions viz. annual evaluation of the Board and of the individual directors, formulation of policy for determining qualification, positive attitudes, independence of directors and recommendation to the Board a policy for remuneration of Directors. However, no such exemptions have been provided by SEBI so far under SEBI Regulations.
- Three meetings took place on 18.07.2019, 17.09.2019 and 13.11.2019 during the year under review.
- The members of the Committee and meeting(s) attended by each member as on 31.03.2020 are as follows :

Member of Audit Committee	Category	Position	Meeting	
			held	attended
Shri N. N. Sharma++	Independent	Chairman	0	0
Smt. Achla Sinha+	Independent	Member	0	0
Shri A. K. Nayak, Joint Secretary	Part-time Official Director	Member	0	0
Smt. K. G. Sinha&	Independent	Chairperson	3	3
Shri M. Sahu@	Independent	Chairman	3	3
Shri P. K. Nayak@	Independent	Member	3	3
Shri S. Sankararaman@	Independent	Member	3	3
Prof. D. Acharya@	Independent	Member	3	3

**Note:** Director (HR) and Director (Finance) are invitees to the Committee.

++ Inducted as member of the Committee w.e.f. 31.12.2019 and thereafter appointed as Chairman of the Committee w.e.f.03.02.2020, consequent upon end of tenure of Smt. K. G. Sinha as Independent Director on 02.02.2020.

+ Inducted as member of the Committee w.e.f. 31.12.2019.

& Appointed as Chairperson w.e.f. 31.12.2019 and thereafter ceased to be member of the Committee upon end of her tenure on 02.02.2020.

@ Ceased to be member of the Committee upon end of tenure as Independent Director on 20.11.2019.

- Shri Maheswar Sahu, the then Chairman of Nomination and Remuneration Committee was present during the last Annual General Meeting to answer queries of shareholders.

### 3) Stakeholders Relationship Committee

- i) It is a Committee constituted under Section 178 of the Act and Regulation 20 of SEBI Regulations.
- ii) The Terms of Reference of the Committee is to addresses investors 'grievances pertaining to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of dividends and other related matters.
- iii) The Board has recently amended the Terms of Reference of the Committee which is effective from 1<sup>st</sup> April, 2019, as prescribed under SEBI (LODR) (Amendment) Regulations, 2018:
  1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, and general meetings etc.
  2. Review of measures taken for effective exercise of voting rights by shareholders.
  3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
  4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- iv) M/s. KFin Technologies Private Limited has been appointed as Registrar and Share Transfer Agent to consider and resolve all grievances of the shareholders received either directly or through SEBI, Stock Exchanges etc. Efforts are made to ensure that the grievances are redressed to the satisfaction of the investors at the earliest possible time.
- v) Four meetings took place on 30.05.2019, 13.08.2019, 13.11.2019 and 10.02.2020 during the year.
- vi) The composition of the Committee and meeting(s) attended by each member as on 31.03.2020 were as follows:

Name	Category	Position	Meeting	
			held	attended
Smt. Achla Sinha+	Independent	Chairperson	4	4
Shri V. Balasubramanyam, Director(Production) & Director (Finance) – Addl. Charge#	Functional	Member	1	1
Shri R. S. Mahapatro, Director (HR)\$	Functional	Member	1	1
Shri P. K .Mishra, Director (Commercial)	Functional	Member	4	4
Shri B. K. Thakur, Director (HR)%	Functional	Member	3	3
Shri S. Sankararaman@	Independent	Chairman	3	3
Shri Dipankar Mahanta@	Independent	Member	3	3
Shri P. K. Nayak@	Independent	Member	3	3
Shri N. N. Sharma++	Independent	Member	3	3
Smt. Kiran Ghai Sinha&	Independent	Member	3	3

+ Appointed as Chairperson of the Committee w.e.f.31.12.2019.

# Assigned with additional charge of Director (Finance) w.e.f. 10.01.2020.

\$ After superannuation of Shri B. K. Thakur as Director (HR) on 31.12.2019, inducted as member of the Committee on assuming charge of Director (HR) on 01.01.2020.

% Superannuated as Director (HR) w.e.f. 31.12.2019.

@ Ceased to be member of the Committee upon end of tenure on 20.11.2019.

++ Ceased to be member of the Committee w.e.f. 31.12.2019.

& Ceased to be member of the Committee upon end of tenure on 02.02.2020.



- vii) Shri S. Sankararaman, the then Chairman of the Stakeholders Relationship Committee was present during the last Annual General Meeting to answer queries of shareholders.
- viii) Details of complaints received and redressed during the year 2019-20 are as follows:

Received From	Opening Balance	Received during the year	Resolved during the year	Closing Balance
SEBI	Nil	10	10	Nil
Stock Exchange	Nil	Nil	Nil	Nil
Individuals	Nil	1,378	1,378	Nil
<b>TOTAL</b>	<b>Nil</b>	<b>1,388</b>	<b>1,388</b>	<b>Nil</b>

All complaints were resolved within reasonable time frame. No. of complaints received constitute 0.56% of the total no. of shareholders of the Company.

- ix) Break-up of different types of complaints received and resolved during the year under review are given below:

Type of complaints	No. of complaints
Non-receipt of Securities	54
Non-receipt of Dividend	1,094
Non-receipt of Annual Report	240
<b>TOTAL</b>	<b>1,388</b>

- x) During the year under review, in compliance with the SEBI directive, the Company had sent letters to the shareholders at regular intervals requesting them to update their PAN, addresses and Bank particulars in the database for enabling the Company to provide effective services.

Further, Regulation 40 of the SEBI Regulations has been amended mandating listed companies not to process/effect transfer of physical shares w.e.f. 01.04.2019 except for transmission and transposition cases. Keeping the provisions in view, the Company had advised the shareholders holding shares in physical form to get them converted into demat/electronic form.

#### 4) Risk Management Committee

- i) The Terms of Reference of this Committee now also cover cyber security, as prescribed under SEBI (LODR) (Amendment) Regulations, 2018. The Terms of Reference of the Committee is as follows:
- Assisting the Board of Directors in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic, external environment risks and cyber security.
  - Overall responsibility for monitoring and approving the risk policies and associated practices of the Company.
  - Reviewing and approving risk disclosure statements in any public documents or disclosures.
- ii) The Committee reviews and monitors risk assessment plan, informs the Board periodically about the risk assessed and action required to be taken. Details of risks perceived are also given in the Management Discussion & Analysis Report.
- iii) Shri R. C. Joshi, GM (Finance) has been designated as Chief Risk Officer of the Company w.e.f. 03.06.2020.
- iv) The Committee met once on 13.11.2019 during the year.
- v) The composition of the Committee and attendance of each member in the meeting as on 31.03.2020, were as follows:

Name	Category	Position	Meeting	
			held	attended
Shri N. N. Sharma++	Independent	Chairman	0	0
Shri S. Patra, Chairman-cum-Managing Director*	Functional	Member	1	1

Name	Category	Position	Meeting	
			held	attended
Shri V. Balasubramanyam, Director(Production) & Director (Finance) – Addl. Charge#	Functional	Member	1	1
Shri S. K. Roy, Director (P&T)**	Functional	Member	0	0
Shri P. K. Mishra, Director (Commercial)	Functional	Member	1	1
Prof. Damodar Acharya@	Independent	Chairman	1	1
Shri S. Sankararaman@	Independent	Member	1	1
Smt. Kiran Ghai Sinha&	Independent	Member	1	1

++ Inducted to the Committee re-constituted on 31.12.2019 and appointed as Chairperson of the Committee w.e.f. 31.12.2019.

\* Ceased to be member of the Committee upon being appointed as Chairman-cum-Managing Director w.e.f. 17.12.2019

# Assigned with additional charge of Director (Finance) w.e.f. 10.01.2020 and hence, also represents the position of Director (Finance) as member of the Committee by virtue of holding the additional Charge of Director (Finance).

\*\* Inducted as member of the Committee w.e.f. 31.12.2019.

@ Ceased to be member of the Committee upon end of tenure on 20.11.2019.

& Ceased to be member of the Committee upon end of tenure on 02.02.2020.

#### 5. CSR & Sustainability Development Committee:

- i) This Committee is a statutory Committee in compliance with the provisions under the Act and Regulation 34(2)(f) of the SEBI Regulations.
- ii) The Terms of Reference of the Committee is as follows:
  - a. Overseeing peripheral development activities being under taken by the Company through the respective Rehabilitation and Periphery Development Advisory Committees (RPDAC) and proposed to be taken under MMDR Act.
  - b. Nalco Foundation.
  - c. Environment Protection & Pollution controls.
- iii) The Committee met five times on 10.04.2019, 30.05.2019, 19.07.2019, 17.09.2019 and 13.11.2019 during the year.
- iv) The composition of the Committee and meetings attended by each member, as on 31.03.2020,were as follows:

Name	Category	Position	Meeting	
			held	attended
Shri N. N. Sharma++	Independent	Chairman	5	5
Shri S. Patra, Chairman-cum-Managing Director*	Functional	Member	5	5
Smt. Achla Sinha+	Independent	Member	0	0
Shri V. Balasubramanyam, Director(Production) & Director (Finance) – Addl. Charge#	Functional	Member	5	5
Shri R. S. Mahapatro, Director (HR)\$	Functional	Member	0	0
Shri B. K. Thakur, Director (HR)%	Functional	Member	5	5
Smt. K. G. Sinha&	Independent	Chairperson	5	5

Name	Category	Position	Meeting	
			held	attended
Shri D. Mahanta@	Independent	Chairman	5	5
Shri S. Sankararaman@	Independent	Member	5	5
Shri Maheswar Sahu@	Independent	Member	5	5

++ Appointed as Chairman of the Committee w.e.f. 03.02.2019, consequent upon end of tenure of Smt. K. G. Sinha on 02.02.2020.

\* Ceased to be the member of the Committee upon being appointed as Chairman-cum-Managing Director w.e.f. 17.12.2019.

+ Inducted as member of the Committee w.e.f. 31.12.2019.

# Assigned with additional charge of Director (Finance) w.e.f. 10.01.2020.

\$ After superannuation of Shri B. K. Thakur as Director (HR) on 31.12.2019, inducted as member of the Committee on assuming charge of Director (HR) on 01.01.2020.

% Superannuated as Director (HR) on 31.12.2019.

& Appointed as Chairperson w.e.f. 31.12.2019. Ceased to be member of the Committee upon end of tenure on 02.02.2020.

@ Ceased to be the members of the Committee upon end of tenure on 20.11.2019.

#### 6. Technology Committee:

- i) Technology Committee was constituted in compliance with the requirements under the DPE guidelines.
- ii) The Committee monitors and pays special attention to the assessment of the Company's efforts to develop technology and acquiring and assimilating new technologies necessary to make it competitive and to its own R&D efforts for maintaining a sustained strength in the technological field and review specific consumption norms pertaining to Smelter, Refinery etc.
- iii) The Committee met once on 30.05.2019 during the year.
- iv) The composition of the Committee and meeting attended by each member, as on 31.03.2020, were as follows:

Name	Category	Position	Meeting	
			held	attended
Shri V. Balasubramanyam, Director(Production) & Director (Finance) – Addl. Charge#	Functional	Chairman	1	1
Shri S. Patra, Chairman-cum-Managing Director*	Functional	Member	1	1
Shri S. K .Roy, Director (P&T)	Functional	Member	1	1
Shri P. K. Mishra, Director (Commercial)	Functional	Member	1	1
Prof D. Acharya@	Independent	Chairman	1	1
Shri Maheswar Sahu@	Independent	Member	1	1

# Appointed as Chairman of the Committee w.e.f. 31.12.2019. Further, assigned with additional charge of Director (Finance) w.e.f. 10.01.2020 and representing the position of Director (Finance) as member of the Committee, thereafter.

\* Ceased to be member of the Committee upon being appointed as Chairman-cum-Managing Director w.e.f. 17.12.2019.

@ Ceased to be member of the Committee upon end of tenure as Independent Director on 20.11.2019.

## 7. Share Transfer Committee:

Cases pertaining to issue of new share certificates in case of torn/ mutilated/defaced/lost/rematerialisation are approved by the Share Transfer Committee, consisting of all Functional Directors excluding Chairman-cum-Managing Director.

The Committee met nine times on 07.06.2019, 17.06.2019, 12.07.2019, 06.08.2019, 20.08.2019, 20.09.2019, 24.10.2019, 20.12.2019 and 24.01.2020 during the year.

The composition of the Committee and attendance of each member in the meetings, as on 31.03.2020, were as follows:

Name	Category	Position	Meeting	
			held	attended
Shri V. Balasubramanyam, Director (Production) & Director (Finance) – Addl. Charge#	Functional	Chairman	9	9
Shri S. Patra, Chairman-cum-Managing Director*	Functional	Member	7	5
Shri S. K. Roy, Director (P&T)	Functional	Member	9	8
Shri P. K. Mishra, Director (Commercial)	Functional	Member	9	9
Shri R. S. Mahapatro, Director (HR)\$	Functional	Member	1	1
Shri B. K. Thakur, Director (HR)%	Functional	Member	8	8

# Holding additional charge of Director (Finance) w.e.f. 10.01.2020.

\* Ceased to be the member of the Committee upon being appointed as Chairman-cum-Managing Director w.e.f. 17.12.2019.

\$ After superannuation of Shri B. K. Thakur as Director (HR) on 31.12.2019, inducted as member of the Committee on assuming charge of Director (HR) on 01.01.2020.

% Superannuated as Director (HR) on 31.12.2019.

## NON-STATUTORY COMMITTEES (VOLUNTARY IN NATURE):

### 1. Human Resources Committee:

- i) The policy decision on human resource management of the Company is vested with the Committee for their recommendation to the Board.
- ii) The Terms of Reference of the Committee is to study and recommend to the Board for approval, proposals in the following areas:
  - a) Framing of rules and regulations and changes therein relating to recruitment, transfer, promotion, deputation and other conditions of service in respect of below Board level employees.
  - b) Wage structure and scales of pay of the non-executives and any changes therein.
  - c) Organization chart including manpower planning.
  - d) Any other reference made by the Board from time to time.
- iii) The Committee met once on 18.05.2019 during the year.
- iv) The composition of the Committee and attendance of each member in the meeting, as on 31.03.2020, were as follows:

Name	Category	Position	Meeting held	Meeting attended
Smt. Achla Sinha+	Independent	Chairperson	0	0
Shri S. Patra, Chairman-cum-Managing Director*	Functional	Member	1	1
Shri V. Balasubramanyam, Director(Production) and Director (Finance) – Addl. Charge#	Functional	Member	1	0

Name	Category	Position	Meeting held	Meeting attended
Shri S. K. Roy, Director (P&T)	Functional	Member	1	0
Shri R. S. Mahapatro, Director (HR)\$	Functional	Member	0	0
Shri B. K. Thakur, Director (HR)%	Functional	Member	1	1
Smt. Kiran Ghai Sinha&	Independent	Chairperson	1	1
Shri Maheswar Sahu@	Independent	Chairman	1	1
Shri D. Mahanta@	Independent	Member	1	1

+ Appointed as Chairperson of the Committee w.e.f. 03.02.2020, consequent upon end of tenure of Smt. K. G. Sinha on 02.02.2020.

\* Ceased to be the member of the Committee upon being appointed as Chairman-cum-Managing Director w.e.f. 17.12.2019.

# Inducted as member of the Committee w.e.f 31.12.2019 by virtue of holding the additional charge of Director (finance).

\$ After superannuation of Shri B. K. Thakur as Director (HR) on 31.12.2019, inducted as member of the Committee on assuming charge of Director (HR) on 01.01.2020.

# Superannuated as Director (HR) on 31.12.2019.

& Appointed as Chairperson w.e.f. 31.12.2019 and thereafter ceased to be member of the Committee upon end of tenure on 02.02.2020.

@ Ceased to be the member of the Committee upon end of tenure on 20.11.2019.

## 2. Ethics & Corporate Governance Committee

- i. This Committee looks into the ethical standard and good governance being practised in the Company.
- ii. The Terms of Reference of the Committee include:
  - a. Practices of Corporate Governance at all levels and to suggest remedial measures, wherever necessary.
  - b. Provision of correct inputs to the media so as to preserve and protect the Company's image and standing.
  - c. Dissemination of factually correct information to the investors, institutions and public at large.
  - d. Interaction with existing and prospective FIIs and rating agencies, etc.
  - e. Establishing oversight on important corporate communication on behalf of the Company with the assistance of consultants / advisors, if necessary.
  - f. Institution of standardized channels of internal communications across the Company to facilitate a high level of disciplined participation.
  - g. Compliance of the following, formulated in terms of SEBI & DPE guidelines:
    - Code of Conduct for Senior Management
    - Insider Trading Regulations
    - Related Party Transactions
    - Vigilance Related Issues
    - Whistle Blower Policy
- iii. The Committee met twice on 18.07.2019 and 13.11.2019 during the year.

- iv. The composition of the Committee and attendance of each member in the meetings as on 31.03.2020, were as follows:

Name	Category	Position	Meeting held	Meeting attended
Smt. Achla Sinha+	Independent	Chairperson	2	2
Shri S. K. Roy, Director (P&T )	Functional	Member	2	1
Shri P. K. Mishra, Director (Commercial)	Functional	Member	2	2
Shri R. S. Mahapatro, Director (HR)\$	Functional	Member	0	0
Shri B. K. Thakur, Director (HR)%	Functional	Member	2	2
Smt. Kiran Ghai Sinha&	Independent	Chairperson	2	2
Shri Dipankar Mahanta@	Independent	Chairman	2	2
Shri P. K. Nayak@	Independent	Member	2	2

+ Appointed as Chairperson of the Committee w.e.f. 03.02.2020, consequent upon end of tenure of Smt. K. G. Sinha on 02.02.2020.

\$ After superannuation of Shri B. K. Thakur as Director (HR) on 31.12.2019, inducted as member of the Committee on assuming charge of Director (HR) on 01.01.2020.

% Superannuated as Director (HR) w.e.f. 31.12.2019.

& Appointed as Chairperson w.e.f. 31.12.2019 and thereafter ceased to be member of the Committee upon end of tenure on 02.02.2020.

@ Ceased to be member of the Committee upon end of tenure on 20.11.2019.

### 3. Committee of Directors for Projects and New Ventures

- i) This Committee looks into the project related activities and recommend investment in new projects.
- ii) The Terms of Reference of the Committee is to examine and make recommendation to the Board on new projects/ capital expenditure on Joint Ventures:
- Appraisal and approval of the procedures and formalities in respect of various stages of new projects including preparation of DPR.
  - To study and recommend to the Board, proposals for investment in new projects, in India and abroad, exceeding ₹10 crores each.
  - Review the status of capital projects, costing over ₹100 crores each.
- iii) The Committee met twice on 26.04.2019 and 19.07.2019 during the year.
- iv) The composition of the Committee and attendance of each member in the meeting as on 31.03.2020, were as follows:

Name	Category	Position	Meeting	
			Held	attended
Shri S. Patra, Chairman-cum-Managing Director*	Functional	Chairman	2	2
Shri A. K. Nayak, Part-time Official Director	Government Nominee	Member	2	2
Shri V. Balasubramanyam, Director (Production)	Functional	Member	2	2
Shri S. K. Roy, Director (P&T )	Functional	Member	2	1
Shri P. K. Mishra, Director (Commercial)	Functional	Member	2	2
Shri R. S. Mahapatro, Director (HR)\$	Functional	Member	0	0
Dr. T. K. Chand, Chairman-cum-Managing Director^	Functional	Chairman	2	2

Name	Category	Position	Meeting	
			Held	attended
Shri B. K. Thakur, Director (HR)%	Functional	Member	2	2
Shri P. K. Nayak@	Independent	Member	2	2
Prof. D. Acharya@	Independent	Member	2	2
Shri M. Sahu@	Independent	Member	2	1

\* Shri S. Patra was assigned with additional charge of Chairman-cum-Managing Director w.e.f. 01.12.2019 consequent upon superannuation of Dr. T. K. Chand as Chairman-cum-Managing Director on 30.11.2019 and assumed as Chairman of the Committee on the same date by virtue of holding the post of Chairman-cum-Managing Director.

§ After superannuation of Shri B. K. Thakur as Director (HR) on 31.12.2019, inducted as member of the Committee on assuming charge of Director (HR) on 01.01.2020.

^ Superannuated as Chairman-cum-Managing Director w.e.f. 30.11.2019.

% Superannuated as Director (HR) on 31.12.2019.

@ Ceased to be members of the Committee upon end of their tenure on 20.11.2019.

#### SEPARATE MEETING OF INDEPENDENT DIRECTORS:

- Separate meeting of Independent Directors is a requirement under the Act as well as SEBI Regulations.
- Ministry of Corporate Affairs (MCA) have exempted certain areas viz. review of performance of Chairperson, non-independent directors and the Board as a whole from the scope of the meeting of Independent Directors for Government Companies.
- The Committee assesses the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- During the year, one meeting was held on 02.02.2020 with the presence of both two Independent Directors viz. Shri N. N. Sharma and Smt. Achla Sinha.
- The Company Secretary facilitated convening and holding of the meeting on the request of the Independent Directors.
- Minutes of the meeting was placed in the subsequent Board meeting for information of the Board.

#### IV. General Body Meetings

##### i) Details of last three Annual General Meetings held :

Financial Year	AGM Date	Time	Special Resolution, if any	Venue
2016-17	23.09.2017	11.00 a.m.	No	NALCO Bhawan, P/1, Nayapalli, Bhubaneswar- 751 013
2017-18	29.08.2018	11.00 a.m.	No	
2018-19	18.09.2019	11:00 a.m.	No	

- ii) No Extra-ordinary General Meeting has taken place during last 3 years. However, the Company had passed special resolution through postal ballot for buyback of shares during 2016-17.
- iii) E-voting facility was provided to the shareholders during the last Annual General Meeting (AGM) held on 18.09.2019. Members were provided with Insta-poll facility at the venue of the AGM, who could not exercise their vote through remote e-voting process.
- iv) During the Annual General Meeting of the previous year, Company provided web check-in facility to the members to enable speedy and hassle free entry to the venue of the meeting.
- v) No special resolution is proposed to be conducted through postal ballot in this Annual General Meeting.

## V. Means of communication

The Company believes in sharing of material information and disclosure of results in time, as a measure of good corporate governance practice.

- i) Unaudited financial results for the first three quarters were announced within scheduled time as per SEBI Regulations. Audited financial results for the fourth quarter and full year of the Company were announced within the extended time period as announced by SEBI.
- ii) The results were disseminated to the Stock Exchanges through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre within half an hour from conclusion of the Board meetings where the results were approved by the Board. Simultaneously, the results were uploaded in the Company's website [www.nalcoindia.com](http://www.nalcoindia.com).
- iii) Extract of the results were published in English and Odia newspapers as per details given below:

Description of results	Date of meeting	Newspapers	Publication date
1 <sup>st</sup> Qtr.- (Apr-June, 2019)	13.08.2019	Dharitri (Odia), Business Line (English)	14.08.2019
2 <sup>nd</sup> Qtr.- (July-Sept., 2019)	13.11.2019	Samaja (Odia), Business Standard (English)	14.11.2019
3 <sup>rd</sup> Qtr.- (Oct- Dec., 2019)	10.02.2020	Pragativadi (Odia), Mint (English)	11.02.2020
4 <sup>th</sup> Qtr. (Jan.–March, 2020 and year 2019-20)*	26.06.2020	-	-

\* SEBI vide their Circular nos. SEBI/HO/CFD/CMD1/CIR/P/2020/48 and SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 26.03.2020 & 12.05.2020 respectively had exempted for publication of advertisements in newspapers, as required under Regulation 47 of SEBI Regulations, for all events scheduled till 30.06.2020. Hence, no publication was made in the newspapers after approval of the financial results by the Board of Directors in their meeting held on 26.06.2020.

- iv) Normally, Institutional shareholders are communicated through analysts briefing, individual discussions, con-call and also participation in investor conferences, whenever organised. Presentation materials, if any, made to Institutional Investors/ Analyst are sent to the Stock Exchanges and uploaded on Company's website [www.nalcoindia.com](http://www.nalcoindia.com)
- v) The Company has adopted the e-communication practice to communicate to its shareholders. All kinds of letters/intimations/reports are sent to the registered e-mail ids of the shareholders who have registered their e-mail ids in the database. Shareholders who have not registered their e-mail ids are encouraged to register their e-mail ids for instant and better communication.
- vi) The Annual Report and other communique of the Company are hosted in the website in a user-friendly and downloadable form.
- vii) On-line access facilities has been provided in the "Investors' service" page in the website for shareholders to ascertain status of encashment of their dividend as well as other related information from time to time.

## VI. General Shareholder Information

- i) Company Registration Details:

Corporate Identity Number (CIN) : L27203OR1981GOI000920

Company's PAN : AAACN7449M

Company's GST : 21AAACN7449M1Z9

Date of Registration : 7th January, 1981

Financial Year : 1<sup>st</sup> April - 31<sup>st</sup> March

Registered Office of the Company : NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751 013, Odisha.



ii) **Annual General Meeting for the financial year 2019-20.**

Keeping in view the ongoing COVID pandemic, MCA vide circular dt.05.05.2020 has allowed holding Annual General Meeting through Video Conferencing (VC)/Other Audio Visual Means (OAVM)

Day and Date	Wednesday, the 30 <sup>th</sup> September, 2020
Time	11.00 a.m.
Deemed Venue	NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751 013
Mode	Through video conferencing

iii) **Financial Calendar for 2020-21:**

Events	Tentative Date
Unaudited Financial results for the first three quarters	Within 45 days of closure of respective quarter/extended time, if any granted by SEBI.
Audited Financial results for the year including 4th quarter results	Within 60 days from date of closure of the Financial Year//extended time, if any granted by SEBI.
Annual General Meeting for the year ending March 31, 2021	By September , 2021

iv) **Dividend Policy**

The Company has formulated a Dividend Distribution Policy and the same is available in the Company's website in the following link:

<https://nalcoindia.com/wp-content/uploads/2019/01/Dividend-Policy.pdf>

As per the guidelines issued by Department of Investment and Public Asset Management (DIPAM), every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of net-worth whichever is higher subject to maximum dividend permitted under the Companies Act, 2013.

v) **Payment of Dividend**

- During the year, the Company has paid interim dividend @ ₹1.50 per equity share amounting in total ₹ 279.84 crores and final dividend for the year 2018-19 @ ₹1.25 per equity share totalling ₹233.20 crore.
- The total dividend payout for the financial year 2019-20 works out to ₹ 513.04 crores as against ₹ 1072.73 crores during the previous year.
- Dividend including the applicable dividend distribution tax works out to a payout of 244.06% of the PAT against 74.65% of the previous financial year.

vi) **Dividend history for past 5 years**

Year	Dividend per share (₹)	Payment date	Total Dividend (₹ in crores)	% of dividend to PAT
2014-15	(I)- ₹0.50. (F)- ₹1.25	(I)-30.03.2015 (F)-19.10.2015	451.02	34.12
2015-16	(I)- ₹1.25 (F)- ₹0.75	(I)-31.03.2016 (F)-25.10.2016	467.13	63.90
2016-17	(I)- ₹2.80 (F)- Nil	(I)-23.03.2017	541.22	80.96
2017-18	(I)- ₹4.70 (F)- ₹1.00	(I)- 28.02.2018 (F)-24.09.2018	1,101.77	82.07
2018-19	(I)- ₹4.50 (F)- ₹1.25	(I)- 28.03.2019 (F)-14.10.2019	1,072.73	161.49

Interim(I), Final(F)

## vi) Listing Details

The listing details of NALCO shares are as follows:

Particulars	Stock Exchanges where shares are listed	
	BSE Limited	National Stock Exchange of India Ltd.
Address	Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001	Exchange Plaza, Bandra-Kurla Complex, Bandra East, MUMBAI - 400 051
Scrip code	532234	NATIONALUM
Traded from	19.10.1992	28.04.1999
Stock code (ISIN)	INE 139A01034	INE 139A01034
Payment of Listing Fees for 2020-21	19.05.2020	21.05.2020

Annual Custody/Issuer fee for the year 2020-21 has been paid by the Company to NSDL and CDSL.

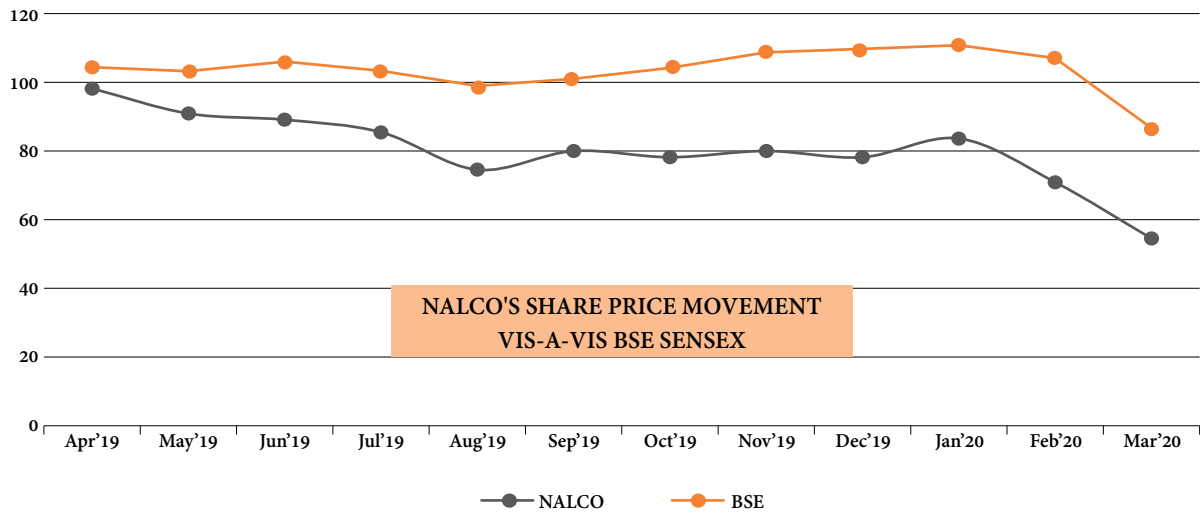
## vii) Market Price Data for Financial year 2019-20

MONTH	SHARE PRICE (BSE) (Amount in ₹)			SHARE PRICE (NSE) (Amount in ₹)			MARKET CAPITALISATION (₹ in Crore)	
	H	L	Avg. Turnover	H	L	Avg. Turnover	BSE	NSE
April, 2019	58.00	51.00	9,54,605	57.90	51.10	85,88,541	10266.36	10260.90
May	52.35	47.65	7,23,205	52.35	49.55	64,35,338	9328.10	9327.15
June	51.00	46.90	6,25,062	51.50	48.15	67,14,154	9178.34	9181.01
July	51.50	43.30	5,45,333	49.45	43.45	68,05,333	8802.58	8796.63
August	45.30	36.90	4,89,670	47.30	43.50	61,50,260	7748.77	7750.36
September	49.25	39.50	7,22,072	46.35	43.10	89,35,081	8295.85	8301.23
October	46.95	39.70	6,29,235	45.55	41.40	1,41,58,974	8064.74	8064.24
November	48.05	40.80	4,04,776	47.70	40.70	74,87,042	8251.74	8248.00
December	44.85	40.90	3,35,222	43.75	40.55	80,60,680	8035.31	8032.74
January, 2020	48.80	42.30	5,33,121	42.90	38.90	99,53,763	8485.94	8485.97
February	45.20	32.75	5,67,863	41.40	34.05	96,36,670	7485.49	7484.41
March	35.65	24.45	7,05,100	35.25	24.40	1,02,10,877	5681.47	5679.06

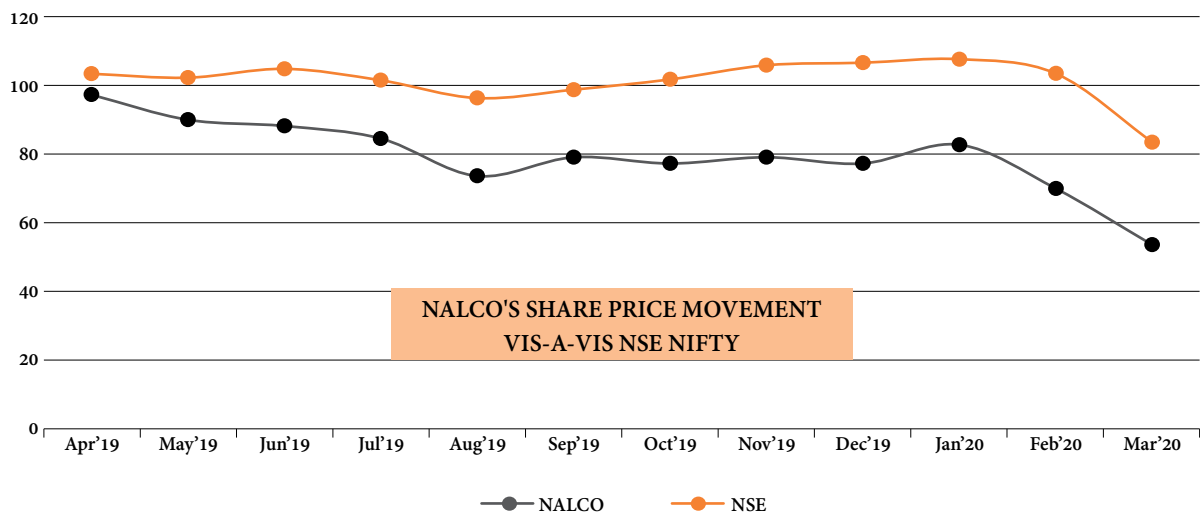
H=Highest, L=Lowest, Source: Websites of BSE &NSE

viii) Performance in comparison to broad - based Indices

BSE:



NSE:



ix) Registrar and Share Transfer Agents

There is a steady increase in shareholders base in the Company. To ensure efficient and effective services to the shareholders, the share registry activities have been outsourced to M/s. KFin Technologies Private Limited (Formerly Karvy Fintech Private Limited). M/s. KFin Technologies Private Limited carries out share related activities like transfer and transmission of shares, transposition of shares, issue of duplicate share certificates, deletion of name, change of address, bank particulars, issue of DD in lieu of expired dividend warrants, reconciliation of dividend accounts with banks, taking care of IEPF related activities, registration of nominees, dematerialization/rematerialisation of shares etc. The contact details of M/s. KFin Technologies Private Limited is as follows:

**M/s. KFin Technologies Private Limited.** Unit: National Aluminium Company Ltd.

Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana-500032  
Tel.No.040-67161500, Toll Free No.1800 345 4001, Email:inward.ris@kfintech.com

x) **Share transfer system**

Company Secretary has been authorized by the Board to approve all requests/cases relating to transfer/ transmission/ transposition and dematerialization of shares. However, cases pertaining to issue of new share certificates in case of torn/ mutilated/ defaced/ lost/ rematerialisation are approved by the Share Transfer Committee, consisting of all Functional Directors excluding Chairman-cum-Managing Director.

Half yearly compliance certificates, as required under Regulation 7(3) of SEBI Regulations, duly signed by the Company Secretary & Compliance Officer and Share Transfer Agent have been submitted to the Stock Exchanges within scheduled time limit. Besides, pursuant to Regulation 40(10) of SEBI Regulations, certificate from M/s. Deba Mohapatra & Co., Practicing Company Secretary on half yearly basis confirming that all certificates had been issued within thirty days of the date of lodgment for transfer/ transmission/transposition, sub-division, consolidation, renewal, exchange or endorsement of calls/ allotment monies had been submitted to Stock Exchanges within stipulated time.

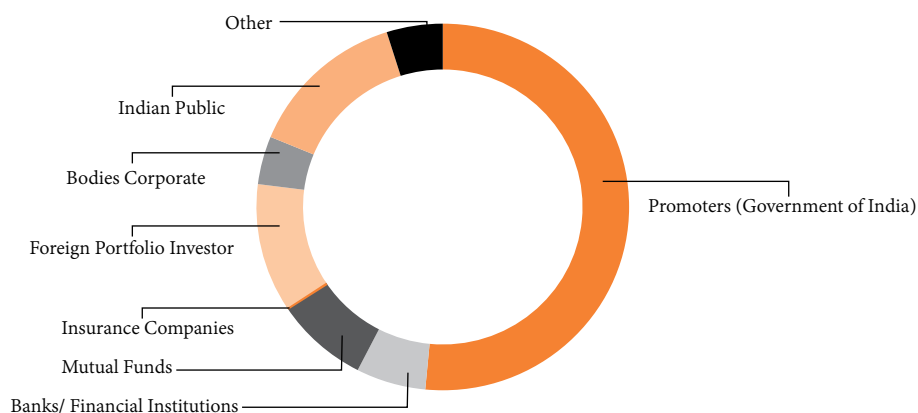
xi) **Shareholding pattern as on 31.03.2020**

Sl. No.	Category	No. of Shareholders	No. of shares	%age of shareholding
1.	Promoters (Government of India)	1	96,07,93,011	51.50
2.	Banks/ Financial Institutions	28	11,28,07,859	6.05
3.	Mutual Funds	51	15,22,91,464	8.16
4.	Insurance Companies	2	1,600	0.00
6.	Foreign Portfolio Investor	175	21,05,41,468	11.29
6.	Bodies Corporate	1,571	7,91,37,528	4.24
7.	Indian Public	2,46,053	25,92,98,619	13.90
8.	Others	353	9,07,45,949	4.86
<b>TOTAL</b>		<b>2,48,234</b>	<b>1,86,56,17,498</b>	<b>100.00</b>

Promoter’s holding has changed in the following manner during the year under review:

Name of promoter	No. of shares (Beginning of the Year)	% of holding	Decrease during the year	Date	Mode	Share balance	% of holding
President of India	97,00,81,517	52.00	92,88,506	10.10.2019	Transfer of shares to Bharat 22 ETF	96,07,93,011	51.50

**Category-wise shareholding**



**Distribution of shareholding as on 31.03.2020**

Number of shares	No. of Shareholders	% of shareholders	No. of shares	% of share capital
1-200	1,32,283	53.29	1,14,30,299	0.61
201-500	49,495	19.94	1,86,49,915	1.00
501-1000	28,512	11.49	2,35,68,769	1.26
1001-50000	37,297	15.02	16,14,65,051	8.66
50001-100000	274	0.11	1,93,64,585	1.04
100001 and above	373	0.15	1,63,11,38,879	87.43
<b>TOTAL</b>	<b>2,48,234</b>	<b>100.00</b>	<b>1,86,56,17,498</b>	<b>100.00</b>

**Top 10 equity shareholders besides the promoter of the Company as on 31.03.2020**

Sl. No.	Name of shareholder	No. of shares	% of holding
1.	Life Insurance Corporation of India	9,34,35,272	5.01
2.	Bharat 22 ETF	6,26,87,023	3.36
3.	HDFC Life Insurance Company Limited	3,40,90,854	1.83
4.	The New India Assurance Company Limited	2,01,42,744	1.08
5.	Hindalco Industries Limited	1,83,85,327	0.99
6.	Renuka Investments & Finance Limited	1,64,18,964	0.88
7.	Ishares Emerging Markets Dividend ETF	1,48,52,484	0.80
8.	Bajaj Allianz Life Insurance Company Ltd.	1,45,26,723	0.78
9.	LSV Emerging Markets Equity Fund LP	1,29,79,300	0.70
10.	Renukeshwar Investment And Finance Ltd.	1,28,14,264	0.69
	<b>TOTAL</b>	<b>30,03,32,955</b>	<b>16.10</b>

**xii) Dematerialisation / Rematerialisation of listed shares & liquidity**

The shares of the Company are in compulsory dematerialised segment and are admitted with both the Depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL).

Secretarial Audit Report for Reconciliation of the Share Capital of the Company obtained from Practicing Company Secretary has been submitted within statutory period to Stock Exchanges on quarterly basis.

Total no. of shares held in physical and in dematerialization mode as on 31.03.2020:

	No. of Shares	% to total shares	No. of shareholders
Physical	18,71,920	0.10	2,554
Demat (Electronic)			
with NSDL	1,72,72,67,139	92.58	1,27,166
with CDSL	13,64,78,439	7.32	1,18,514
<b>Total</b>	<b>1,86,56,17,498</b>	<b>100</b>	<b>2,48,234</b>

During the year, 151 dematerialization requests involving 68,972 shares have been confirmed. No rematerialisation request has been received during the year.

**xiii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity**

No GDRs/ADRs/Warrants or any Convertible instruments has been issued by the Company.

**xiv) Equity Shares in Suspense Account**

No equity shares are lying in suspense account in terms of Regulation 34(3) and Schedule V, Part F of SEBI Regulations.

**xv) Transfer of unpaid/unclaimed dividend to IEPF**

In accordance with the provisions under the Act, an amount of ₹12,61,884/- pertaining to unclaimed interim dividend for financial year 2011-12 and an amount of ₹1,87,821/- pertaining to unclaimed final dividend for financial year 2011-12 have been transferred to Investor Education and Protection Fund, during the financial year 2019-20.

Shareholders can retrieve data relating to unpaid/unclaimed dividend from the website in the following link:

<https://kosmic.karvy.com/IEPF/IEPFInfo.aspx>

**xvi) Transfer of shares to IEPF**

In terms of Section 124(6) of the Act and IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the shares in respect of which the dividend has not been paid or claimed for a period of seven years or more, are required to be transferred to Investor Education and Protection Fund (IEPF) Authority account.

During the year, 36,902 shares of 132 shareholders were transferred to the demat account of IEPF Authority, opened with NSDL. Till the year ended 31<sup>st</sup> March, 2020, the Company has transferred 2,32,177 shares of 813 shareholders in compliance with the provisions of the Act. The detailed information of the shares transferred to IEPF is available in the link

<https://nalcoindia.com/wp-content/uploads/2019/06/shares-2-dt-19-6-2019.pdf>

Shares and/or dividend transferred to IEPF can be claimed back from IEPF Authority by submitting application in Form IEPF-5 along with fee specified by the IEPF Authority. The procedure for claiming the shares/dividend from IEPF Authority and Form IEPF-5 is provided in the following link [https://nalcoindia.com/wp-content/uploads/2019/01/Form\\_IEPF\\_5.pdf](https://nalcoindia.com/wp-content/uploads/2019/01/Form_IEPF_5.pdf)

**xv) Commodity price risk or foreign exchange risk and hedging risk**

The Company does not have exposure on commodity hedging and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is treated as Nil. However, Nil report as per prescribed SEBI format is given below:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic Market		International Market		Total
			OTC	Exchange	OTC	Exchange	
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**xvi) List of credit ratings obtained by the entity along with any revision thereto**

During the year, M/s India Ratings has affirmed NALCO's rating, instrument wise as follows:

Instrument Type	Rating	Outlook
Short-Term Bank Facilities	IND A1+	-
Long-Term Bank Facilities	IND AAA	Stable

The above ratings have been re-affirmed by the rating agency with their rating action publication of 05.03.2020.

**VII. Other Disclosures****a) The Company has formulated a Policy on Related Party Transactions which is available in the following web link:**

<https://nalcoindia.com/wp-content/uploads/2018/12/NEW-RPT-NALCO.pdf>

Related parties and related party transactions are disclosed in note no. 38 of both standalone financial statements and consolidated financial statements of the Company for the financial year 2019-20. There were no material transactions with any related party during the financial year. The related party transactions in the prescribed Form AOC -2 forms part of the Directors' Report.

- b) The Company has complied with all the requirements of SEBI Regulations, the Act and DPE Guidelines on Corporate Governance. The Company has not received any stricture and no penalty was imposed either by SEBI or the Stock Exchanges or any other Statutory Authority for non-compliance of any matter related to the capital markets during last three years.
- c) As a measure of vigil mechanism, the Board had approved 'Whistle Blower Policy' and 'Fraud Prevention Policy' for directors and employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The policy also safeguards against victimization of employees, who avail the mechanism.

It is also affirmed that no personnel of the company had been denied access to the Chairman, Audit Committee. Both the policies are available in Company's website in the following link:

[https://nalcoindia.com/wp-content/uploads/2018/12/Whistleblowerpolicy\\_nalco.pdf](https://nalcoindia.com/wp-content/uploads/2018/12/Whistleblowerpolicy_nalco.pdf)

and

<https://nalcoindia.com/wp-content/uploads/2018/12/Nalcofraudpreventionpolicy.pdf>

- d) The Company does not have any subsidiary as on date. Hence, the Company has not framed any policy for determining material subsidiary.
- e) The Company has a Currency Hedging Policy in place at present which is reviewed considering changes in the regulatory provision, if any and market dynamics. However, the Company does have any hedging policy on sales.
- f) The Company has not raised funds through preferential allotment or qualified Institutional Placement during the year under review.
- g) The Company has obtained a Certificate from M/s. Deba Mohapatra & Co., Practising Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies either by Securities and Exchange Board of India or the Ministry of Corporate Affairs or any other Statutory Authorities. The said certificate forms part of this report.
- h) During the year, there is no such instance where the Board has not accepted any recommendation of any Committee which is mandatorily required.
- i) The Company has paid ₹91 Lakhs during the year towards fees for all services rendered by the Statutory Auditors.
- j) During the year, one case was reported under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- k) The web links for different policies have been provided under respective heads.
- l) Compliance certificate obtained from the Statutory Auditors of the Company regarding compliances of conditions of corporate governance forms part of this report.
- m) Insider Trading Code:

The Board has laid down a robust Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in line with the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The objective of the code is to ensure that no insider of the Company derives any benefit or assist others to derive any benefit on basis of any unpublished price sensitive information he is possessing, before it is made public.

Company Secretary is the Compliance Officer for this code.

The Board has also approved code of Conduct to regulate, monitor and report trading by its employees and other connected persons.

Insiders are entitled to formulate trading plan subject to certain conditions as enumerated in the Insider Trading Code and approval of the Compliance Officer. The trading plan is to be implemented mandatorily.

Designated Persons and their immediate relatives are not allowed to trade in securities when the trading window is closed. Permission of Compliance Officer is required to deal in securities beyond limits specified in the code. All Directors/ Designated Employees are required to disclose their transaction to the Stock Exchanges where Company's shares are listed within stipulated time when value of such transaction exceeds the threshold limit prescribed under the code.

The code is displayed on the Company's website at

<https://nalcoindia.com/wp-content/uploads/2019/01/AMENDED-COPP.pdf>

n) **Code of Conduct:**

The company has devised a Model Code of Business Conduct and Ethics ('the Code'), applicable to all the Board Members and the Senior Management (one level below the Board of Directors) of the Company. The Code is available in Company's website in the link:<https://nalcoindia.com/wp-content/uploads/2019/01/CodeofConduct.pdf>

All Directors on their induction to the Board are provided with copy of the Code which they acknowledge receipt of the same. Further, all the members of the Board and senior management personnel affirm the code on annual basis at the beginning of the financial year.

Declaration by the Chairman-cum-Managing Director as required under Schedule V of SEBI Regulations

**DECLARATION**

The members of the Board and Senior Management Personnel have affirmed compliance of the Code of Conduct for Board members and senior management personnel for the financial year ended on March 31, 2020.

Sd/-

(Sridhar Patra)

Chairman-cum-Managing Director

o) **CEO/CFO Certification**

The CEO/CFO certificate under Regulation 17(8) of SEBI Regulations, duly signed by Shri S. Patra, Chairman-cum-Managing Director and Shri V. Balasubramanyam, Director (Production) & Director (Finance)-Addl. Charge was placed before the meeting of the Board of Directors held on 26.06.2020.

p) **Disclosure under DPE guidelines**

- i. No expenditure has been debited in the books of accounts not related to business.
- ii. No expenditure is incurred which are personal in nature and incurred for the Board of Directors and top management.
- iii. Details of administrative expenditure and office expenses as a percentage of total expenses vis-à-vis financial expenses and reasons for increase are as follows:

(₹ in Crore)

Particulars	2019-20	2018-19
Administrative and office expenses	124.14	118.86
Total expenses	8,518.18	9,085.27
Administrative and office expenses as a % of total expenses	1.46	1.31
Financial expenses	5.74	2.38

- iv. The Company is submitting self-appraisal reports on compliance of the guidelines on Corporate Governance, prescribed by the Dept. of Public Enterprises (DPE) on quarterly basis. The Company is rated 'Excellent' as per the self-appraisal report for the financial year 2019-20. The self-appraisal report for 2019-20 can be accessed in the website at [https://nalcoindia.com/wp-content/uploads/2020/04/Self-Appraisal-Report\\_2019-20-Revised.pdf](https://nalcoindia.com/wp-content/uploads/2020/04/Self-Appraisal-Report_2019-20-Revised.pdf)
- v. The Company has complied with the presidential directives issued during the year and during last three years.



### VIII. Non-mandatory Requirements

The status of compliance with discretionary requirements under Regulation 27(1) read with Part-E of Schedule-II of SEBI Regulations are as under:

- a. The Company has been getting unqualified audit report from Statutory Auditors and C&AG for last several years which indicate a regime of unqualified financial statements.
- b. The Internal Auditors report to the Chief of Internal Auditor and in turn, the Chief of Internal Auditor reports to the Audit Committee of the Board.

### IX. Plant locations of the Company

<b>Registered &amp; Corporate Office :</b> NALCO Bhawan, Plot No. P/1, Nayapalli, Bhubaneswar – 751013 (Odisha)	<b>Smelter Plant</b> Nalco Nagar, Angul - 759 145, (Odisha)
<b>Mines &amp; Refinery</b> Mines & Refinery Complex, Damanjodi - 763 008, Dist.-Koraput (Odisha)	<b>Captive Power Plant</b> Angul - 759 122 (Odisha)
<b>Port Facilities</b> Opposite Ore Handling Complex Port Area, Visakhapatnam – 530 035 (Andhra Pradesh)	<b>Jaisalmer 47.6 MW Wind Power Plant</b> National Aluminium Company Limited Village - Ludarva, Kahela, Khadero-Ki-Dhani, Tawariya, Chatrel Division/Taluk/District - Jaisalmer, Rajasthan – 345001
<b>Gandikota 50.4 MW Wind Power Plant</b> National Aluminium Company Limited Village - Gandikota, Division - Prodattur, Taluka - Jammalmadugu, District – Kadapa, Andhra Pradesh	<b>Sangli 50.4 MW Wind Power Plant</b> National Aluminium Company Ltd. Village-Mendhigiri, Taluk-Jath, Dist- Sangli, Maharashtra- 416404
<b>Jaisalmer 50 MW Wind Power Plant</b> National Aluminium Company Limited Village – Devikot, Tehsil-Fatehgarh, Division/Taluk/District – Jaisalmer Rajasthan- 245009	<b>Kayathar 25.5 MW Wind Power Plant</b> National Aluminium Company Limited Village- Onamakulam, Tehsil- Kayathar, District- Tuticorin, Tamil Nadu - 628303
<b>PORT FACILITIES</b>	
<b>Visakhapatnam</b> Opp. Ore Handling Complex, Port Area, Vi sakhapatnam - 530 035 Andhra Pradesh	<b>Paradip (Port Office)</b> 'V' Point, Badapadia, Paradip - 751 142
<b>REGIONAL OFFICES</b>	
<b>Eastern Region</b> 1st Floor, J K Millenium Centre, 46-D, Chowringhee Road, Kolkata - 700 071	<b>Western Region</b> 215, T.V. Industrial Estate, S.K. Ahire Marg, Worli, Mumbai - 400 030
<b>Northern Region</b> Core - 4, 5th Floor, South Tower, District Centre, Scope Minar, Laxmi Nagar, Delhi - 110 092	<b>Southern Region</b> 3E, Century Plaza, 560, Anna Salai, Teynampet, Chennai-600 018
<b>BRANCH OFFICE</b>	
<b>Bengaluru</b> Ground Floor, Jal Bhavan, No. 5 & 6, 1st Stage, 1st Phase, BTM Layout, Bannerghatta Main Road, Bengaluru - 560 029	

**STOCK YARDS****Bhiwandi**

M/s. National Aluminium Company Limited  
C/o. NSIC Limited, 183/5 Indian Corp. Compound,  
Mankoli Naka, Mumbai Nasik Road,  
Thane, Maharashtra, Bhiwandi - 421 302.

**Kolkata**

M/s. National Aluminium Company Limited  
C/o. Balmer Lawrie & Company Limited,  
WH, 1-Sonapur Road,  
Kolkata - 700 088, West Bengal,

**Jaipur**

M/s. National Aluminium Company Limited  
C/o. Om Prakash Agarwal, Khasra 9/2/3, 9/2/4 & 16/12, Gram  
Nimeda, Near Bindyaka Industrial Area, Sirsi Road, Jaipur -  
302012, Rajasthan.

**Visakhapatnam**

M/s. National Aluminium Company Limited  
NALCO Port Facilities, Port Area, Visakhapatnam - 530 035,  
Andhra Pradesh,

**Baddi**

M/s. National Aluminium Company Limited  
C/o. NSIC Limited, Village : Dharampur, P.O. : Baddi, Tehsil :  
Nalagarh,  
Dist. : Solan - 173205, Himachal Pradesh

**Chennai**

M/s. National Aluminium Company Limited  
C/o. NSIC Ltd., Plot No. A12, CMDA Truck Terminal,  
Ponniamanmedu Post, Madhavaram, Chennai - 600 110.

**Vadodara**

M/s. National Aluminium Company Limited  
C/o. Central Warehousing Corporation,  
1B, Central Warehouse, Near Ranoli Flyover, Ranoli,  
Karachiya, Vadodara, Gujarat - 391350.

**New Delhi**

M/s. National Aluminium Company Limited  
C/o. Supreme Road Transport Pvt. Ltd., Khasra 46/15/1, Village Tikri  
Kalan,  
Netaji Subash Vihar, New Delhi 110041

**X. Address for correspondence****Compliance Officer**

Company Secretary  
National Aluminium Company Ltd  
NALCO Bhawan, P/1, Nayapalli  
Bhubaneswar- 751013  
E-mail: [company\\_secretary@nalcoindia.co.in](mailto:company_secretary@nalcoindia.co.in)

**Registrar and Share Transfer Agent**

M/s. KFin Technologies Private Limited.  
Unit: National Aluminium Company Limited  
Karvy Selenium Tower B, Plot No.31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad-500032. Telangana  
Tel. No. 040-67161500, Toll Free No.18003454001,  
Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
National Aluminium Co Ltd  
Nalco Bhawan, Plot No P/1,  
Nayapalli, Bhubaneswar -751013, Odisha

We have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of M/s. **NATIONAL ALUMINIUM COMPANY LIMITED** having CIN- L27203OR1981GOI000920 and having its Registered Office at NALCO BHAWAN, Plot No. P/1, Nayapalli, Bhubaneswar-751013, Odisha (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this certificate, in accordance with the regulation 34(3) read with Para-C Sub Clause 10(i) of Schedule V the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the companies by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Shri Sridhar Patra	06500954	01.09.2018
2.	Shri. V. Balasubramanyam	06965313	01.01.2015
3.	Shri. Sanjib Kumar Roy	06756812	03.02.2017
4.	Shri Pradip Kumar Mishra	06445517	23.04.2018
5.	Shri Radhashyam Mahapatro	07248972	01.01.2020
6.	Dr. K. Rajeswara Rao	08071005	19.02.2018
7.	Shri Anil Kumar Nayak	08097669	27.03.2018
8.	Shri Nagendra Nath Sharma	02888318	06.09.2017
9.	Smt. Achla Sinha	07932932	08.09.2017

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Deba Mohapatra & Co.**  
**Company Secretaries**

Place: Bhubaneswar  
Date: 10.06.2020

CS Debadatta Mohapatra, FCS  
Partner  
CP No. 4583, FCS No. 5474

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,

National Aluminium Company Limited  
Bhubaneswar

1. This certificate is issued in accordance with the terms of our engagement letter dated 16.07.2020
2. We have examined the compliance of conditions of Corporate Governance by National Aluminum Company Limited ("the Company") for the year ended March 31, 2020, as stipulated in Regulations 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations').

### Management Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance of the conditions of the Corporate Governance requirements by the Company.
6. We conducted our examination of the relevant records of the Company in accordance with the guidance note on Reports or Certificates for special purpose (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial information, and other Assurance and related service engagements.

### Opinion

8. Based on our examination of the relevant records and in our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clause (b) to (1) of Regulation 46(2) and paragraphs C and D of Schedule V of the SEBI Listing Regulations, as applicable, during the year ended March 31, 2020, except:
  - A. As per Regulation 17(1)(a) of the SEBI Listing Regulations with regard to number of Non- Executive directors in the composition of board of directors as per the following details:

Period of non-compliance	Number of Non-Executive Directors in position	Number of Non- Executive directors required as per SEBI Listing Regulations
21.11.2019 to 30.11.2019	5	6
03.02.2020 to 31.03.2020	4	5

- B. As per Regulation 17(1)(b) of the SEBI Listing Regulations and section 149 of the Companies Act, 2013 with regard to number of independent directors in the composition of board of directors as per the following details:

Period of non-compliance	Number of Independent directors in position	Number of independent directors required as per SEBI Listing Regulations	Number of independent directors required as per section 149 of the Companies Act 2013.
21.11.2019 to 30.11.2019	3	8	4
01.12.2019 to 02.02.2020	3	7	4
03.02.2020 to 31.03.2020	2	7	3

- C. The Audit committee of the Company is not comprised of any member having expertise in accounting or related financial management, as required under Regulation 18(1)(c) of the SEBI Listing Regulations for the period from November 21, 2019 till March 31, 2020
9. We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

#### Restriction of use

10. The certificate is addressed and provided to the members of the Company solely for the purpose of complying with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Patro & Co.  
Chartered Accountants  
FRN: 310100E

For GNS & Associates  
Chartered Accountants  
FRN: 318171E

(CA Ambika Prasad Mohanty)  
Partner  
Membership No.: 057820  
UDIN 20057820AAAAAP9186

(CA Santosh Kumar Dehuri)  
Partner  
Membership No.: 053937  
UDIN 20053937AAAAAX4832

Place: Bhubaneswar

Date: 24.08.2020

## Annexure-VI

## FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

(a) Name(s) of the related party and nature of relationship:	NIL.
(b) Nature of contracts/arrangements/transactions:	Not Applicable.
(c) Duration of the contracts / arrangements/transactions:	Not Applicable.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Not Applicable.
(e) Justification for entering into such contracts or arrangements or transactions:	Not Applicable.
(f) Date(s) of approval by the Board:	Not Applicable.
(g) Amount paid as advances, if any:	Not Applicable.
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:	Not Applicable.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

(a) Name(s) of the related party and nature of relationship:	NIL.
(b) Nature of contracts / arrangements / transactions:	Not Applicable.
(c) Duration of the contracts / arrangements / transactions:	Not Applicable.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Not Applicable.
(e) Date(s) of approval by the Board, if any:	Not Applicable.
(f) Amount paid as advances, if any:	Not Applicable.

For and on behalf of the Board of Directors

Sd/-  
(Sridhar Patra)  
Chairman-cum-Managing Director

## FORM NO. MGT.9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

- i) CIN: L27203OR1981GOI000920
- ii) Registration Date: 7th January 1981
- iii) Name of the Company: NATIONAL ALUMINIUM COMPANY LTD
- iv) Category / Sub-Category of the Company: Public Sector Company Limited by Shares
- v) Address of the Registered office and contact details:  
NALCO BHAWAN, PLOT NO P/1, NAYAPALLI,  
BHUBANESWAR, ODISHA-751013, INDIA
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
M/s. KFin Technologies Private Limited,  
Selenium Tower B, Plot Nos. 31 & 32, Financial District,  
Nanakramguda, Serilingampally Mandal, Hyderabad – 500032  
Email: einward.ris@kfintech.com  
Website: www.kfintech.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Alumina	201	34.05
2	Aluminium	242	61.66
3	Power	351	1.15

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	NPCIL-NALCO Power Company Ltd. 16th floor, Centre-1, Cuffe Parade, Colaba, Mumbai-400005	U40300MH2012GOI227632*	Associate	26	2(6)
2	Angul Aluminium Park Pvt Ltd. IDCO Tower, Janpath. Bhubaneswar-751022	U27203OR2010PTC012284	Associate	49	2(6)
3	GACL-NALCO Alkalis & Chemicals Pvt. Ltd. GACL Corporate Building, P.O. Petrochemicals, Vadodara, Gujarat-391346	U24100GJ2015PTC085247	Associate	40	2(6)

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4	Khanij Bidesh India Ltd CORE-4, 5th Floor, South Tower, District Centre, Scope Minar, Laxmi Nagar, Delhi-110092	U14297DL2019PTC353677	Associate	40	2(6)
5	Utkarsha Aluminium Dhatu Nigam Limited C/o- Mishra Dhatu Nigam Limited, P.O: Kanchan Bagh, Hyderabad TG 500058	U14299TG2019PLC134932	Associate	50	2(6)

\* The Company has filed Striking Off of name with Registrar of Companies.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 31st March 2019)				No. of Shares held at the end of the year (As on 31st March 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>	—	—	—	—	—	—	—	—	—
a) Individual/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	97,00,81,517	—	97,00,81,517	51.99	96,07,93,011	—	96,07,93,011	51.50	-0.49
c) State Govt (s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	—	—	—	—	—	—	—	—	—
e) Banks/FI	—	—	—	—	—	—	—	—	—
f) Any Other..	—	—	—	—	—	—	—	—	—
<b>Sub-total (A) (1):-</b>	<b>97,00,81,517</b>	—	<b>97,00,81,517</b>	<b>51.99</b>	<b>96,07,93,011</b>	—	<b>96,07,93,011</b>	<b>51.50</b>	<b>-0.49</b>
<b>(2) Foreign</b>	—	—	—	—	—	—	—	—	—
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Other - Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other...	—	—	—	—	—	—	—	—	—
<b>Sub-total (A) (2):-</b>	—	—	—	—	—	—	—	—	—
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>97,00,81,517</b>	—	<b>97,00,81,517</b>	<b>51.99</b>	<b>96,07,93,011</b>	—	<b>96,07,93,011</b>	<b>51.50</b>	<b>-0.49</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	21,82,61,850	86,600	21,83,48,450	11.70	15,22,41,864	86,600	15,23,28,464	8.17	-3.54
b) Banks/FI	14,97,89,962	—	14,97,89,962	8.03	11,27,21,709	—	11,27,21,709	6.04	-1.99
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—



Category of Shareholders	No. of Shares held at the beginning of the year (As on 31st March 2019)				No. of Shares held at the end of the year (As on 31st March 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	—	1,600	1,600	—	—	1,600	1,600	—	—
g) FIIs	22,23,55,936	26,800	22,23,82,736	11.92	29,66,56,391	26,600	29,66,82,991	15.90	3.98
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(1):</b>	<b>59,04,07,748</b>	<b>1,15,000</b>	<b>59,05,22,748</b>	<b>31.65</b>	<b>56,16,19,964</b>	<b>1,14,800</b>	<b>56,17,34,764</b>	<b>30.11</b>	<b>-1.54</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	12,41,82,646	11,800	12,41,94,446	6.66	7,91,25,728	11,800	7,91,37,528	4.24	-2.42
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	11,43,16,912	10,58,792	11,53,75,704	6.18	16,92,67,769	9,60,520	17,02,28,289	9.12	2.94
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	4,65,03,104	—	4,65,03,104	2.49	7,74,36,815	—	7,74,36,815	4.15	1.66
c) Others (specify)	1,81,54,979	7,85,000	1,89,39,979	1.02	1,55,02,291	7,84,800	1,62,87,091	0.87	-0.15
<b>Sub-total (B)(2):-</b>	<b>30,31,57,641</b>	<b>18,55,592</b>	<b>30,50,13,233</b>	<b>16.35</b>	<b>34,13,32,603</b>	<b>17,57,120</b>	<b>34,30,89,723</b>	<b>18.39</b>	<b>2.04</b>
Total Public Shareholding (B) = (B)(1) + (B)(2)	89,35,65,389	19,70,592	89,55,35,981	48.00	90,29,52,567	18,71,920	90,48,24,487	48.50	(0.50)
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	<b>1,86,36,46,906</b>	<b>19,70,592</b>	<b>1,86,56,17,498</b>	<b>100</b>	<b>1,86,37,45,578</b>	<b>18,71,920</b>	<b>1,86,56,17,498</b>	<b>100</b>	<b>—</b>

### ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	THE PRESIDENT OF INDIA	97,00,81,517	51.99	—	96,07,93,011	51.50	—	-0.49

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	97,00,81,517	51.99	—	—
		92,88,506	-0.49	96,07,93,011	51.50
	At the End of the year	—	—	96,07,93,011	51.50

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	LIFE INSURANCE CORPORATION OF INDIA	9,34,35,272	5.01	9,34,35,272	5.01
2	BHARAT 22 ETF	6,91,17,330	3.70	6,26,87,023	3.36
3	HDFC LIFE INSURANCE COMPANY LIMITED	2,47,56,542	1.33	3,40,90,854	1.83
4	UTI-MID CAP FUND	1,98,56,305	1.06	85,78,338	0.46
5	HINDALCO INDUSTRIES LIMITED	1,83,85,327	0.99	1,83,85,327	0.99
6	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	1,79,28,229	0.96	1,45,26,723	0.78
7	RENUKA INVESTMENTS & FINANCE LIMITED	1,64,18,964	0.88	1,64,18,964	0.88
8	THE NEW INDIA ASSURANCE COMPANY LIMITED	1,37,87,744	0.74	2,01,42,744	1.08
9	ICICI PRUDENTIAL VALUE FUND - SERIES 19	1,33,88,562	0.72	93,88,562	0.50
10	RENUKESHWAR INVESTMENT AND FINANCE LTD.	1,28,14,264	0.69	1,28,14,264	0.69

The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated.

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Sridhar Patra, CMD	—	—	—	—
2	Shri V. Balasubramanyam, D(P) & D(F)-Addl. Charge	3016	—	3016	—
3	Shri R S Mahapatro,D(HR)	—	—	—	—
4	Shri Sanjib Kumar Roy,D(P&T)	8675	—	8675	—
5	Shri P.K. Mishra,D(C)	—	—	—	—
6	Shri N K Mohanty, Company Secretary	5000	—	5000	—

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction				
<b>Net Change</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager								Total Amount
		Dr. Tapan Kumar Chand (upto 30.11.2019)	Shri Sridhar Patra w.e.f. 01.12.2019	Shri Sridhar Patra (upto 30.11.2019)	Shri V Balasubramanyam	Shri B K Thakur (upto 31.12.2019)	Shri Radhashyam Mahapatro (w.e.f. 01.01.2020)	Shri S K Roy	Shri P K Mishra	
		CMD	CMD	Director (Finance)	Director \ (Production)	Director (HR)	Director (HR)	Director (P & T)	Director (C)	
1.	Gross salary									
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48,91,277	15,62,424	30,50,176	54,73,509	63,99,471	11,57,025	51,60,624	40,21,196	3,17,15,702
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4,02,703	1,02,200	2,03,044	5,42,003	—	—	7,272	3,19,091	15,76,313
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—	—	—	—	—	—	—
2.	Stock Option	—	—	—	—	—	—	—	—	—
3.	Sweat Equity	—	—	—	—	—	—	—	—	—
4.	Commission - as % of profit - others, specify...	—	—	—	—	—	—	—	—	—
5.	Others, please specify Gratuity	20,00,000	—	—	—	20,00,000	—	—	—	40,00,000
	PRP	22,28,115	—	—	17,57,064	15,97,293	—	14,39,911	1,95,486	72,17,869
	Medical Benefits	—	—	685	32,783	8,000	2,234	18,676	8,931	71,309
	Others	1,900	475	3,305	41,553	1,900	1,900	1,900	1,900	54,833
	<b>Total (A)</b>	<b>95,23,995</b>	<b>16,65,099</b>	<b>32,57,210</b>	<b>78,46,912</b>	<b>1,00,06,664</b>	<b>11,61,159</b>	<b>66,28,383</b>	<b>45,46,604</b>	<b>4,46,36,026</b>
	Ceiling as per the Act									

**B. Remuneration to other Directors:**

Particulars of Remuneration	Name of Directors								Total Amount
	Shri Dipankar Mahanta*	Shri S. Sankararaman*	Shri P. K. Nayak*	Prof. D. Acharya*	Shri Maheswar Sahu*	Smt. Kiran Ghai Sinha#	Shri N N Sharma	Smt. Achla Sinha	
1. Independent Directors									
• Fee for attending Board / Board Level committee meetings	5,50,000	6,50,000	5,25,000	6,25,000	5,75,000	5,25,000	4,80,000	5,30,000	44,60,000
• Commission	—	—	—	—	—	—	—	—	—
• Others, please specify	—	—	—	—	—	—	—	—	—
<b>Total (1)</b>	5,50,000	6,50,000	5,25,000	6,25,000	5,75,000	5,25,000	4,80,000	5,30,000	44,60,000
2. Other Non-Executive Directors									
• Fee for attending board committee meetings	—	—	—	—	—	—	—	—	—
• Commission	—	—	—	—	—	—	—	—	—
• Others, please specify	—	—	—	—	—	—	—	—	—
<b>Total (2)</b>	—	—	—	—	—	—	—	—	—
Total (B) = (1 + 2)	5,50,000	6,50,000	5,25,000	6,25,000	5,75,000	5,25,000	4,80,000	5,30,000	44,60,000
<b>Total Managerial Remuneration</b>									
Overall Ceiling as per the Act									

\* up to 20.11.2019.

# up to 02.02.2020

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
			Shri N K Mohanty		
1.	Gross salary				
	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	48,04,203	—	48,04,203
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	43,696	—	43,696
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
			Shri N K Mohanty		
4.	Commission - as % of profit - others, specify...	—	—	—	—
5.	Others, please specify				
	PRP	—	8,20,544	—	8,20,544
	Medical Benefits		51,012		51,012
	Others		11,418		11,418
	Total	—	57,30,873	—	57,30,873

#### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2019-20

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
National Aluminium Company Limited  
NALCO Bhawan, Plot No. P/1, Nayapalli  
Bhubaneswar – 751013 (Odisha)

We have conducted the Secretarial Audit of the Compliance of applicable Statutory Provisions and the adherence to good corporate practices by M/s. **National Aluminium Company Limited** (hereinafter called ‘the Company’) for the financial year ended **31<sup>st</sup> March, 2020**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act), and Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) viz:-
  - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended;
  - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not applicable during the year under review.**
  - c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;
  - d. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
  - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not applicable during the year under review.**
  - f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable during the year under review.**

- g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable during the year under review.**
  - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable during the year under review.**
  - i. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (vi) The other laws as may be applicable specifically to the Company are:
- a. The Mines Act, 1952;
  - b. Mines & Minerals (Development & Regulation) Act, 1957, as amended;
  - c. The Explosives Act, 1984;
  - d. The Environment Protection Act, 1986;
  - e. The Forest Conservation Act, 1980;
  - f. The Water (Prevention & Control of Pollution Act), 1974;
  - g. The Air (Prevention and Control of Pollution) Act, 1981;
  - h. Indian Boilers Act, 1923.
  - i. Motor Vehicle Act, 1988
  - j. Public Liability Insurance Act, 1991
  - k. National Environmental Tribunal Act, 1995
  - l. National Environment Appellate Authority, 1997
  - m. Energy Conservation Act, 2001
  - n. National Green Tribunal Act, 2010
  - o. Indian Forest Act, 1947
  - p. Wildlife Protection Act, 1972
  - q. Orissa Forest Act, 1972
  - r. Forest (Conservation) Act, 1980
  - s. Bio-Diversity Conservation Act, 2002
  - t. Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006
  - u. Factories Act, 1948
  - v. Indian Electricity Act, 2003
  - w. National Disaster Management Act, 2005 Orissa Industries (Facilitation) Act, 2004
  - x. Right to Information Act, 2005
  - y. Panchayats (Extension in Scheduled Areas) Act, 2006

(The New laws as may be applicable specifically to the Company are from sl. no. i to y)

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

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

We further report that:-

**(A) COMPOSITION OF BOARD:**

During the financial year under review, the Board of Directors of the Company comprised of the following Directors:

**LIST OF DIRECTORS DURING THE FINANCIAL YEAR**

Sl. No	Name of the Directors	Positions Held	Date of Appointment	Date of Cessation
<b>WHOLE-TIME DIRECTORS</b>				
1.	Shri Sridhar Patra*	Chairman-cum-Managing Director	17.12.2019	—
2.	Shri V. Balasubramanyam**	Director (Production)	01.01.2015	—
3.	Shri Sanjib Kumar Roy	Director (P & T)	03.02.2017	—
4.	Shri Pradip Kumar Mishra	Director (Commercial)	23.04.2018	—
5.	Shri Radha Shyam Mahapatro	Director (HR)	01.01.2020	—
6.	Dr. Tapan Kumar Chand	Chairman-cum-Managing Director	27.07.2015	30.11.2019
7.	Shri Basant Kumar Thakur	Director (HR)	04.07.2016	31.12.2019
<b>PART-TIME OFFICIAL DIRECTORS</b>				
1.	Dr. K. Rajeswara Rao	Director	19.02.2018	—
2.	Shri Anil Kumar Nayak	Director	27.03.2018	—
<b>PART-TIME NON-OFFICIAL (INDEPENDENT) DIRECTORS</b>				
1.	Shri Nagendra Nath Sharma	Director	06.09.2017	—
2.	Smt. Achla Sinha	Director	08.09.2017	—
3.	Shri Dipankar Mahanta	Director	21.11.2018	20.11.2019
4.	Shri S. Sankararaman	Director	21.11.2018	20.11.2019
5.	Shri Pravat Keshari Nayak	Director	21.11.2018	20.11.2019
6.	Prof. Damodar Acharya	Director	21.11.2018	20.11.2019
7.	Shri Maheswar Sahu	Director	21.11.2018	20.11.2019
8.	Smt. Kiran Ghai Sinha	Director	03.02.2017	02.02.2020

\* Shri Sridhar Patra was Director (Finance) from 01.09.2018. He was entrusted with additional charge of Chairman-cum-Managing Director w.e.f. 01.12.2019, consequent upon superannuation of Dr. T.K. Chand, Chairman-cum-Managing Director on 30.11.2019. Later he assumed the charge of Chairman-cum-Managing Director w.e.f. 17.12.2019.

\*\* Entrusted with additional charge of Director (Finance) w.e.f. 10.01.2020.

At the beginning of the year, there were six (6) Whole time Directors (Executive Directors), two (2) Part-time official Directors and eight (8) Part-time Non-official (Independent) Directors on the Board of the Company.

Shri Sridhar Patra joined the company as Director (Finance) w.e.f 01.09.2018. He was assigned with additional charge of CMD w.e.f 01.12.2019. Later, he was appointed as Executive CMD of the Company w.e.f 17.12.2019.

Dr. Tapan Kumar Chand Chairman-cum-Managing Director (CMD) ceased to hold office on 30.11.2019 on attaining age of superannuation.

Shri Basant Kumar Thakur, Director (HR) ceased to hold office on 31.12.2019 on attaining age of superannuation. Shri Radhashyam Mahapatro was appointed as Director (HR) of the Company w.e.f. 01.01.2020.

Five (5) Part-Time Non-Official (Independent) Directors i.e. Shri Dipankar Mahanta, Shri S. Sankararaman, Shri Pravat Keshari Nayak, Prof. Damodar Acharya, Shri Maheswar Sahu, ceased to hold office w.e.f 20.11.2019 on completion of their tenure.



Smt. Kiran Ghai Sinha, Independent Director ceased to hold office w.e.f. 02.02.2020 on completion of her tenure.

Consequent upon the cessation of tenure of six (6) Directors, the Company has nine (9) Directors comprising five (5) Whole-time Directors (Executive Directors), two (2) Part-time Official Directors and two (2) Part-time Non-official (Independent) Directors on the Board as on 31<sup>st</sup> March, 2020.

#### **Non-compliances:**

##### **Under Companies Act, 2013**

As per Section 149(4) of the Companies Act, 2013, every listed company shall have at least 1/3rd of its total number of directors as Independent Directors. At the beginning of the financial year, there were sixteen (16) Directors in total including CMD out of which eight (8) Directors were Independent Directors. On 20.11.2019, five (5) Independent Directors ceased to hold office on completion of their tenure. The total strength of the Board was reduced to eleven (11) and number of Independent Directors was reduced to three (3) w.e.f 21.11.2019. The total strength of the Board was reduced to ten (10) on superannuation of CMD on 30.11.2019 with only three (3) Independent Directors on the Board.

The total strength of the Board was further reduced to nine (9) on cessation of one (1) Independent Director on 02.02.2020 with only two (2) Independent Directors on the Board.

**Accordingly, the composition of the Board was in compliance with the provisions of the Companies Act, 2013 from 01.04.2019 to 20.11.2019 but not in compliance with the provisions under Section 149(4) of the Companies Act, 2013 w.e.f 21.11.2019.**

##### **Under SEBI (LODR) Regulations, 2015 (The Regulations)**

As per the Regulation 17(1) (a) of the Regulations, not less than 50% of the Board of Directors shall comprise of Non-Executive Directors.

Further, as per Regulation 17(1) (b) of the Regulations, if the listed company does not have a regular Non-Executive Chairperson, at least half of the Board of Directors shall comprise of Independent Directors.

At the beginning of the of the financial year 2019-20, there were sixteen (16) Directors comprising of six (6) Executive Directors including Chairman-cum- Managing Director, two (2) Non-Executive Official Directors and eight (8) Part-Time Non-Official (Independent) Directors on the Board. This composition was in compliance with the provisions under Regulation 17(1) (a) and Regulation 17(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

On 20.11.2019, five (5) Independent Directors ceased to hold office on completion of their tenure. The total strength of the Board was reduced to eleven (11) including three (3) Independent Directors w.e.f 21.11.2019.

On cessation of office of CMD on attaining superannuation on 30.11.2019, the total strength of the Board was further reduced to ten (10) Directors comprising of five (5) Executive Directors, two (2) Non-Executive Official Directors and three (3) Part-Time Non-Official (Independent) Directors. Director (Finance) was given additional charge of CMD w.e.f. 01.12.2019. Subsequently, he was appointed as CMD on 17.12.2019 and the post of Director (Finance) remained vacant from 17.12.2019.

Subsequently, one (1) Independent Director ceased to hold office on 02.02.2020 on completion of her tenure. Hence, the total strength of the Board again reduced to nine (9) Directors, which comprises of five (5) Executive Directors, two (2) Part-Time Official Directors and two (2) Part-Time Non-Official (Independent) Directors w.e.f 03.02.2020.

**Accordingly, during the financial year under review the composition of the Board was in compliance with the provisions of Regulation 17(1) (a) and Regulation 17(1) (b) of the Regulations from 01.04.2019 to 20.11.2019.**

**However, the composition was not in compliance with the provisions of Regulation 17(1) (a) and Regulation 17(1) (b) of the Regulations from 21.11.2019 to 30.11.2019.**

**Further, the composition was in compliance with the provisions of Regulation 17(1) (a) of the Regulations from 01.12.2019 to 02.02.2020 but not in compliance with the provisions of Regulation 17(1) (b) of the Regulations for the said period.**

**Again, the composition was not in compliance with the provisions of Regulation 17(1) (a) & 17(1) (b) of the Regulations from 03.02.2020 to 31.03.2020.**

**(B) BOARD MEETINGS:**

During the financial year under review, six (6) meetings of the Board of Directors i.e. 315<sup>th</sup> to 320<sup>th</sup> were held on 30.05.2019, 19.07.2019, 13.08.2019, 17.09.2019, 13.11.2019, 10.02.2020 respectively.

Adequate notices were sent to all the Directors for the Board Meetings. Agenda and detailed notes on agenda were sent in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items placed before the meetings for the meaningful participation at the meetings.

All decisions at the Board Meetings were carried out with majority and recorded in the minute book maintained for the purpose as per the provisions of the Act.

**(C) SEPARATE MEETING OF PART-TIME NON-OFFICIAL (INDEPENDENT) DIRECTORS:**

As per the provisions of Section 149(8) read with Clause VII of Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors i.e. 6th meeting of Non-official Independent Directors of the Company was held on 10.02.2020. The Meeting of Independent Directors was held with the presence of following Independent Directors:

1. Shri N. N. Sharma – Chairman of the Meeting
2. Smt. Achla Sinha

**(D) STATUTORY COMMITTEES OF THE BOARD:****(i) Audit Committee:**

At the beginning of the year, the Audit Committee of the Company comprised of the following Directors:

1. Shri Pravat Keshari Nayak, Independent Director - Chairman
2. Shri Dipankar Mahanta, Independent Director - Member
3. Shri S. Sankararaman, Independent Director - Member
4. Prof. Damodar Acharya, Independent Director- Member
5. Shri V. Balasubramanyam, Director (Production) - Member
6. Shri Sanjib Kumar Roy, Director (P&T) - Member

Director (Finance) is permanent invitee to the Committee.

During the financial year under review, six (6) meetings of the Audit Committee i.e. 119<sup>th</sup> to 124<sup>th</sup> were held on 30.05.2019, 18.07.2019, 13.08.2019, 17.09.2019, 13.11.2019 & 10.02.2020 respectively.

Shri S. Patra, Director (Finance) was not present in the 120<sup>th</sup> Audit Committee Meeting held on 18.07.2019 & 121<sup>st</sup> Audit Committee Meeting held on 13.08.2019.

Adequate Notice for the Audit Committee Meetings were sent to all the Members of the Committee. Agenda and detailed notes on agenda were sent in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Audit Committee Meetings were carried out with majority and recorded in the minutes book maintained for the purpose as per the provisions of the Act.

On cessation of five (5) Independent Directors on completion of their tenure on 20.11.2019, the Audit Committee was re-constituted on 31.12.2019. The Audit Committee as on 31.03.2020 comprised of the following Directors:

1. Smt. Achla Sinha - Independent Director - Chairperson
2. Shri Nagendra Nath Sharma - Independent Director - Member
3. Director (Production) – Member
4. Smt. Kiran Ghai Sinha - Independent Director – Member (up to 02.02.2020)

Director (Finance) is special invitee to the Committee and other Functional Directors are also invitees to the Committee.

Although, composition of the Audit Committee as on 31.03.2020 is in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 but none of the member is having accounting or related financial management expertise as per Regulation 18(1) (c) of LODR Regulations.

**(ii) CSR & Sustainability Development Committee:**

At the beginning of the year, the CSR & Sustainability Development Committee of the Company comprised of the following Directors:

1. Shri Dipankar Mahanta, Independent Director - Chairman
2. Shri S. Sankararaman, Independent Director - Member
3. Shri Maheswar Sahu, Independent Director - Member
4. Smt. Kiran Ghai Sinha, Independent Director – Member
5. Shri Nagendra Nath Sharma, Independent Director – Member
6. Shri V. Balasubramanyam, Director (Production) - Member
7. Shri. B. K. Thakur, Director (HR) – Member
8. Shri S. Patra, Director (Finance) - Member

During the financial year under review, five (5) meetings of the CSR & Sustainability Development Committee i.e. 17<sup>th</sup> to 21<sup>st</sup> were held on 10.04.2019, 30.05.2019, 19.07.2019, 17.09.2019 & 13.11.2019 respectively.

Adequate Notice for the CSR & Sustainable Development Committee Meetings were sent to all the members of the Committee. However, the 21st meeting of the CSR & Sustainable Development Committee Meeting was held at shorter notice with consent of all the members of the Committee.

Agenda and detailed notes on agenda were sent to all the members of the Committee well in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the CSR & Sustainable Development Committee Meetings were carried out with majority and recorded in the minutes book maintained for the purpose as per the provisions of the Act.

On cessation of five (5) Independent Directors on completion of their tenure on 20.11.2019, the CSR & Sustainability Development Committee was re-constituted on 31.12.2019. The CSR & Sustainability Development Committee as on 31.03.2020 comprised of the following Directors:

1. Shri Nagendra Nath Sharma, Independent Director - Chairman
2. Smt. Achla Sinha, Independent Director - Member
3. Director (Production) - Member
4. Director (HR) – Member
5. Smt. Kiran Ghai Sinha, Independent Director – Member (up to 02.02.2020)

**(iii) Nomination and Remuneration Committee:**

At the beginning of the year, the Nomination and Remuneration Committee of the Company comprised of the following Directors:

1. Shri Maheswar Sahu, Independent Director – Chairman
2. Shri Pravat Keshari Nayak, Independent Director - Member
3. Shri S. Sankararaman, Independent Director - Member
4. Prof. Damodar Acharya, Independent Director –Member
5. Smt. Kiran Ghai Sinha, Independent Director – Member

Director (HR) and Director (Finance) were invitees to the meeting of Nomination & Remuneration Committee.

During the financial year under review, three (3) meetings of the Nomination and Remuneration Committee i.e. 3<sup>rd</sup> to 5<sup>th</sup> were held on 18.07.2019, 17.09.2019 & 13.11.2019 respectively.

Adequate Notice for the Nomination and Remuneration Committee were sent to all the Members of the Committee. Agenda and detailed notes on agenda were sent in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Nomination and Remuneration Committee Meetings were carried out with majority and recorded in the minutes book maintained for the purpose as per the provisions of the Act.

On cessation of five (5) Independent Directors on completion of their tenure on 20.11.2019, the Nomination & Remuneration Committee was re-constituted on 31.12.2019. The Nomination & Remuneration Committee as on 31.03.2020 comprised of the following Directors:

1. Shri Nagendra Nath Sharma - Independent Director - Chairman
2. Smt. Achla Sinha - Independent Director - Member
3. Shri Anil Kumar Nayak – Part-Time official Director - Member
4. Smt. Kiran Ghai Sinha - Independent Director – Member (up to 02.02.2020)

Director (HR) and Director (Finance) are invitees to the meeting of Nomination & Remuneration Committee.

**(iv) Stakeholders Relationship Committee:**

At the beginning of the year, the Stakeholders Relationship Committee of the Company comprised of the following Directors:

1. Shri S. Sankararaman, Independent Director - Chairman
2. Shri Dipankar Mahanta, Independent Director – Member
3. Shri Pravat Keshari Nayak, Independent Director – Member
4. Smt. Kiran Ghai Sinha, Independent Director – Member
5. Shri Nagendra Nath Sharma, Independent Director – Member
6. Smt. Achla Sinha, Independent Director – Member
7. Shri B. K. Thakur, Director (HR) – Member
8. Shri P. K Mishra, Director (Commercial) – Member

During the financial year under review, four (4) Meetings of the Stakeholders Relationship Committee i.e. 18<sup>th</sup> to 21<sup>st</sup> were held on 30.05.2019, 13.08.2019, 13.11.2019 & 10.02.2020 respectively.

Adequate Notice for the Stakeholders Relationship Committee meetings were sent to all the members of the Committee. Agenda and detailed notes on agenda were sent to all the members of the Committee well in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Stakeholders Relationship Committee meetings were carried out with majority and recorded in the minutes book maintained for the purpose as per the provisions of the Act.

On cessation of five (5) Independent Directors on completion of their tenure on 20.11.2019, the Stakeholders Relationship Committee was re-constituted on 31.12.2019. The Stakeholders Relationship Committee as on 31.03.2020 comprised of the following Directors:

1. Smt. Achla Sinha, Independent Director - Chairperson
2. Director (HR)
3. Director (Commercial)
4. Director (Finance)

**(v) Risk Management Committee:**

At the beginning of the year, the Risk Management Committee of the Company comprised of the following Directors:

1. Prof. Damodar Acharya, Independent Director - Chairman
2. Shri S. Sankararaman, Independent Director – Member
3. Smt. Kiran Ghai Sinha, Independent Director - Member
4. Shri V. Balasubramanyam, Director (Production) – Member
5. Shri Pradip Kumar Mishra, Director (Commercial) – Member
6. Shri Sridhar Patra, Director (Finance) - Member

During the financial year under review, one (1) meeting of the Risk Management Committee i.e. 11<sup>th</sup> meeting was held on 13.11.2019.

Adequate Notice for the Risk Management Committee Meeting was sent to all the Members of the Committee.

Agenda and detailed notes on agenda was sent to all the members of the Committee well in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Risk Management Committee meeting were carried out with majority and recorded in the minutes book maintained for the purpose as per the provisions of the Act.

On cessation of five (5) Independent Directors on completion of their tenure on 20.11.2019, the Risk Management Committee was re-constituted on 31.12.2019. The Risk Management Committee as on 31.03.2020 comprised of the following Directors:

1. Shri N.N. Sharma-Independent Director- Chairman
2. Director (Production)
3. Director (P & T)
4. Director (Finance)

**(vi) Technology Committee:**

At the beginning of the year, the Technology Committee of the Company comprised of the following Directors:

1. Prof. Damodar Acharya, Independent Director – Chairman
2. Shri Maheswar Sahu, Independent Director – Member
3. Shri V. Balasubramanyam, Director (Production) – Member
4. Shri S.K. Roy, Director (P & T) – Member
5. Shri Pradip Kumar Mishra, Director (Commercial) – Member
6. Shri Sridhar Patra, Director (Finance) – Member

During the financial year under review, one (1) meeting of the meeting of the Technology Committee i.e. 31<sup>st</sup> meeting was held on 30.05.2019.

Adequate Notice for the Technology Committee meeting was sent to all the members of the Committee. Agenda and detailed notes on agenda was sent to all the members of the Committee well in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Technology Committee meeting were carried out with majority and recorded in the minutes book maintained for the purpose as per the provisions of the Act.

On cessation of five (5) Independent Directors on completion of their tenure on 20.11.2019, the Technology Committee was re-constituted on 31.12.2019. The Technology Committee as on 31.03.2020 comprised of the following Directors:

1. Director (Production)
2. Director (P & T)
3. Director (Commercial)
4. Director (Finance)

**(E) OTHER COMMITTEES CONSTITUTED BY THE BOARD****(i) Human Resource (HR) Committee:**

At the beginning of the year, the Human Resource (HR) Committee of the Company comprised of the following Directors:

1. Shri Maheswar Sahu, Independent Director – Chairman
2. Shri Dipankar Mahanta, Independent Director – Member
3. Smt. Kiran Ghai Sinha, Independent Director – Member
4. Shri. B. K. Thakur, Director (HR) – Member
5. Shri S.K. Roy, Director (P & T) – Member
6. Shri Sridhar Patra, Director (Finance) - Member

During the financial year under review, one (1) meeting of the Human Resource (HR) Committee i.e. 42<sup>nd</sup> meeting was held on 18.07.2019.

Adequate Notice for the Human Resource (HR) Committee meeting was sent to all the members of the Committee.

Agenda and detailed notes on agenda was sent to all the members of the Committee well in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Human Resource (HR) Committee Meeting were carried out with majority and recorded in the minutes book maintained for the purpose as per the provisions of the Act.

On cessation of five (5) Independent Directors on completion of their tenure on 20.11.2019, the Human Resource (HR) Committee was re-constituted on 31.12.2019. The Human Resource (HR) Committee as on 31.03.2020 comprised of the following Directors:

1. Smt. Achla Sinha, Independent Director- Chairperson
2. Director (P & T)
3. Director (HR)
4. Director (Finance)
5. Smt. Kiran Ghai Sinha, Independent Director (up to 02.02.2020)

**(ii) Committee of Directors (COD) for Projects & New Ventures:**

At the beginning of the year, the COD for Projects and New Ventures Committee of the Company comprised of the following Directors:

1. Dr. Tapan Kumar Chand, Chairman-cum-Managing Director
2. Shri Anil Kumar Nayak, Director – Member
3. Shri V. Balasubramanyam, Director (Production) – Member
4. Shri B. K Thakur, Director (HR) – Member
5. Shri S. K. Roy, Director (P & T) – Member
6. Shri P. K Mishra, Director (C) – Member
7. Shri S. Patra, Director (Finance) – Member
8. Shri Pravat Keshari Nayak – Member
9. Prof. Damodar Acharya – Member
10. Shri Maheswar Sahu – Member

During the financial year, two (2) Committee meetings of CoD for Projects & New Ventures i.e. 21<sup>st</sup> & 22<sup>nd</sup> were held on 26.04.2019 & 19.07.2019 respectively.

Adequate Notice for the Committee of Directors (COD) for Projects & New Ventures meetings were sent to all the members of the Committee. Agenda and detailed notes on agenda were sent to all the members of the Committee well in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Committee of Directors (COD) for Projects & New Ventures meetings were carried out with majority and recorded in the minutes book maintained for the purpose as per the provisions of the Act.

On cessation of five (5) Independent Directors on completion of their tenure, the Committee of Directors (COD) for Projects & New Ventures was re-constituted on 31.12.2019. The Committee of Directors (COD) for Projects & New Ventures as on 31.03.2020 comprised of the following Directors:

1. Chairman-cum-Managing Director
2. Joint Secretary, Ministry of Mines, Part-Time Official Director
3. Director (Production)
4. Director (P & T)
5. Director (HR)
6. Director (Commercial)
7. Director (Finance)

**(iii) Ethics and Corporate Governance Committee:**

At the beginning of the year, the Ethics and Corporate Governance Committee of the Company comprised of the following Directors:

1. Shri Dipankar Mahanta, Independent Director – Chairman
2. Shri Pravat Keshari Nayak, Independent Director – Member
3. Smt. Kiran Ghai Sinha, Independent Director – Member
4. Smt. Achla Sinha, Independent Director – Member
5. Shri. B. K. Thakur, Director (HR) – Member
6. Shri S.K. Roy, Director (P & T) – Member
7. Shri P. K Mishra, Director (Commercial) – Member

During the financial year, two (2) meetings of the Ethics and Corporate Governance Committee i.e. 11<sup>th</sup> & 12<sup>th</sup> was held on 18.07.2019 & 13.11.2019 respectively.

Adequate Notice for the Ethics and Corporate Governance Committee Meetings were sent to all the members of the Committee. Agenda and detailed notes on agenda were sent to all the members of the Committee well in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Ethics and Corporate Governance Committee meetings were carried out with majority and recorded in the minutes book maintained for the purpose as per the provisions of the Act.

On cessation of five (5) Independent Directors on completion of their tenure on 20.11.2019, the Ethics and Corporate Governance Committee was re-constituted on 31.12.2019. The Ethics and Corporate Governance Committee as on 31.03.2020 comprised of the following Directors:

1. Smt. Achla Sinha, Independent Director-Chairperson
2. Director (P & T)
3. Director (HR)
4. Director (Commercial)
5. Smt. Kiran Ghai Sinha, Independent Director (up to 02.02.2020)

**(F) MAINTENANCE OF STATUTORY RECORDS:**

All Statutory Registers, Records and other Registers as prescribed under various Provisions of the Companies Act, 2013, the Depositories Act, 1996 and the Rules made there under were kept and maintained properly with all necessary entries made therein. Provisions of these Acts were duly complied with during the period under report.

**(G) FILING OF STATUTORY RETURNS:**

All provisions of the Act and other statutes were duly complied with regard to filing of various Forms and Returns with MCA/Registrar of Companies within the prescribed time limit with payment of requisite/prescribed fees.

All documents/intimations under various Statutes/Listing Regulations/ Business Rules were also regularly filed with the Stock Exchanges and Depositories (NSDL and CDSL) within the prescribed due dates.

**(H) REGISTRAR AND SHARE TRANSFER AGENT:**

M/s. KFin Technologies Private Limited, (formerly known as M/s. Karvy Fintech Private Limited), Hyderabad was the Registrar and Share Transfer Agent (RTA) of the Company.

The name of Registrar & share Transfer Agent (RTA) was changed from M/s. Karvy Fintech Private Limited to M/s KFin Technologies Private Limited w.e.f. 5<sup>th</sup> December, 2019.

As per the records, M/s. KFin Technologies Private Limited has been re-appointed as Registrar and Share Transfer Agent (RTA) of the Company for a further period of 3 years w.e.f. 01.04.2020.

**(I) PHYSICAL TRANSFER/TRANSMISSION/TRANSPPOSITION/ISSUE OF DUPLICATE SHARES:**

The Company has outsourced its share registry activities to the RTA M/s. KFin Technologies Private Limited (formerly known as M/s. Karvy Fintech Private Limited), Hyderabad. Issue of new Share Certificates in case of torn/mutilated/defaced/lost and also against Rematerialisation are done with approval of Share Transfer Committee (STC), whereas transfer, transmission and transposition of shares are done with the approval of Company Secretary, who has been authorized by the Board of Directors for the same.

**(J) COMPULSORY DEMATERIALIZATION OF PHYSICAL SHARES:**

As per SEBI directive, no physical shares will be considered for transfer after 1<sup>st</sup> April, 2019 (except transmission and transposition request) and transfer requests will be considered only if received in demat mode.

Total 1,86,37,45,578 equity shares constituting 99.90% of the total equity of NALCO (1,86,56,17,498 shares) are held in dematerialized form as on 31.03.2020.

**(K) DECLARATION & PAYMENT OF DIVIDEND:**

The shareholders of the Company in the 38<sup>th</sup> Annual General Meeting held on 18.09.2019, had approved payment of final dividend @ 25% on the face value of ₹5/- equity share, i.e. ₹1.25/- per share. Out of total final dividend amount of ₹233.20 Crores, an amount of ₹121.26 Crores was paid to the Government of India. The final dividend along with the interim dividend @ 90% i.e. ₹ 4.50/- per share which was paid in March, 2019 works out to ₹ 1 072.73 Crores excluding Dividend Distribution Tax. The said final dividend was paid to all eligible final shareholders within the statutory time period.

Further, the Board of Directors in their 320<sup>th</sup> Meeting of Board of Directors held on 10.02.2020 declared payment of interim dividend of ₹1.50 per share i.e. (30% on Face value of ₹ 5 each) for the financial year 2019-20.

The Board had fixed 20<sup>th</sup> February, 2020 as the 'Record Date' for payment of interim dividend for the financial year 2019-20 and the said dividend was paid to all eligible shareholders within the statutory time period.

All the provisions of the Companies Act, 2013, Secretarial Standard and SEBI Regulations relating to the declaration and payment of dividend to the shareholders have been complied with, by the Company.



**(L) REDRESSAL OF INVESTORS GRIEVANCES:**

All complaints/grievances relating to share transfers, transmissions, demat/remat of shares, issue of duplicate shares certificates, payment of dividend etc. were attended and resolved within a reasonable time limit.

During the financial year under review 1,388 complaints were received by the Company i.e. 1,378 complaints were received from the Investors & 10 complaints were received from SEBI and all of them were resolved within a reasonable time period.

**(M) TRANSFER OF UNPAID/UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

Pursuant to Section 124 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares of the Company in respect of which dividend entitlements have remained unclaimed or unpaid for 7 (seven) consecutive years or more, are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) of the Government of India.

During the financial year under review, an amount of Rs.12,61,884/- pertaining to unclaimed and unpaid interim dividend for the financial year 2011-12 has been transferred to Investor Education and Protection Fund on 16.05.2019.

During the financial year under review, an amount of Rs.1,87,821/- pertaining to unclaimed and unpaid final dividend for the financial year 2011-12 has been transferred to Investor Education and Protection Fund on 28.09.2019.

**(N) TRANSFER OF SHARES TO IEPF:**

Pursuant to Section 124(6) of the Act read with Rule 6 of IEPF Rules, the Company is required to transfer shares in respect of which dividend has not been paid/claimed for 7 (seven) consecutive years or more to the Demat Account of IEPF Authority.

The Company has transferred 21,633 number of shares (74 cases) on which dividend was not paid/claimed for seven consecutive years on the basis of Interim dividend of 2011-12, to the demat account of the IEPF Authority.

Consequent upon transfer of unpaid/unclaimed final dividend amount of Rs.1,87,821/- for the financial year 2011-12 to IEPF, the corresponding 15,269 number of shares (total 58 cases) on which dividend was not paid/claimed for seven consecutive years were transferred to the demat account of the IEPF Authority.

Further during the year under review, the Company sent individual notices and advertised in the newspapers intimating shareholders to encash/claim their Unpaid dividend who have not claimed/ encashed their dividend for seven consecutive years on the basis of final dividend of 2011-12 and interim dividend of 2012-13.

**(O) COMPLIANCE OF APPLICABLE LAWS:**

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

**(P) CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION & CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS:**

As per SEBI (Prohibition of Insider Trading) (Amendment) Regulation, 2018, the Board of Directors of the Company in their meeting held on 30.05.2019 has approved amendment to the Code of Practices and Procedures for fair disclosure of Unpublished price sensitive information & Code of Conduct to regulate, monitor and report trading by insiders. As required under the amended Regulations, a 'Policy for determination of Legitimate Purpose' has been framed and becomes part of Company's Insider Trading Code. Subsequently, the same has been uploaded on Company's Website.

**(Q) JOINT VENTURES:**

During the financial year under review, a Joint Venture-cum-Shareholders Agreement was signed on 1<sup>st</sup> August 2019 between NALCO, HCL & MECL to incorporate a Private Limited Company in the name and style of M/s. Khanij Bidesh India Limited (KABIL). The JV Company was incorporated on 8<sup>th</sup> August 2019.

Further, another Joint Venture-cum-Shareholders Agreement was signed with MIDHANI on 7<sup>th</sup> August, 2019 to incorporate a Public Limited Company in the name and style of M/s. Utkarsha Aluminium Dhatu Nigam Limited. The JV Company was incorporated on 21<sup>st</sup> August, 2019.

**(R) CREATION OF DATABANK AND ONLINE PROFICIENCY SELF-ASSESSMENT TEST FOR INDEPENDENT DIRECTORS:**

During the financial year under review, Ministry of Corporate Affairs vide notification dt. 22.10.2019 promulgated a new rule called Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 to be effective from the 1st day of December with the provision that the Indian Institute of Corporate Affairs (IICA), a subordinate office under Ministry of Corporate Affairs, Govt. of India needs to create and maintain an online databank of persons willing and eligible to be appointed as independent directors. This includes individuals already serving as Independent Directors on the Board of Companies.

The company has informed the Administrative Ministry to consider the above requirements under the aforesaid Rules while nominating any individual as Independent Director on the Board of NALCO.

All Independent Directors on the Board of the Company as on 01.12.2019 were also advised to apply online to IICA for inclusion of their names on the databank for a period of one year or five years or for life-time, as the case may be, within three months from 01.12.2019 and for writing the online proficiency self-assessment test within one year from the date of inclusion of their names in the data bank, if not exempted.

**(S) DISINVESTMENT OF SHARE BY GOVT. OF INDIA:**

During the financial year under review, the Govt. of India (GOI), acting through Ministry of Mines was holding 97,00,81,517 no. of equity shares which is 51.99% shares of NALCO, at the beginning of the financial year.

GOI transferred 92,88,506 no. of equity shares of NALCO to Bharat 22 ETF Scheme, a part of Govt of India disinvestment Programme on 10<sup>th</sup> October, 2019. Subsequent to the transfer of shares, GOI holds 96,07,93,011 equity shares (total equity shares-1,86,56,17,498) which is 51.50% of the total paid up equity share capital of the company.

**During the financial year under review, the following events took place which have a major bearing on the affairs of the Company:**

1. The Working Capital facilities with ICICI BANK LIMITED, ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara-390007, Gujarat has been increased from ₹300 Crores to ₹400 Crores on 31.12.2019. The Company has filed the modification of charges accordingly.
2. The Company has satisfied the Charge amounting to ₹225 Crores towards Working Capital facilities availed from AXIS Bank Limited, At- Arch Bishop's House, Satya Nagar, Bhubaneswar-751007, Odisha on 03.03.2020. The Company has filed the satisfaction of charges accordingly.

We further report that on the basis of documents and explanations provided by the Management of the Company, adequate systems and processes commensurate with its size and operations exist in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Deba Mohapatra & Co.  
Company Secretaries**

Place: Bhubaneswar  
Date: 29.05.2020  
UDIN: F005474B000300824

**CS Debadatta Mohapatra, FCS  
Partner  
CP No. 4583, FCS No. 5474**

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

## Annexure A

To  
The Members,  
National Aluminium Company Limited  
NALCO Bhawan, Plot No. P/1, Nayapalli  
Bhubaneswar – 751013 (Odisha)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed by the Company provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Deba Mohapatra & Co.**  
**Company Secretaries**

**Place: Bhubaneswar**  
**Date: 29.05.2020**  
**UDIN: F005474B000300824**

**CS Debadatta Mohapatra, FCS**  
**Partner**  
**CP No. 4583, FCS No. 5474**

## Management's explanation on the qualifying remarks of Secretarial Auditor:

The qualifying remarks, reported by the Secretarial Auditor in their report for the Financial Year ended 31<sup>st</sup> March, 2020 and the explanations of the management are tabulated below:

Sl. No.	Qualifying remarks of Secretarial Auditor	Management's explanation
1.	<p>As per Section 149(4) of the Companies Act, 2013, every listed company shall have at least 1/3<sup>rd</sup> of its total number of directors as Independent Directors. At the beginning of the financial year, there were sixteen (16) Directors in total including CMD out of which eight (8) Directors were Independent Directors. On 20.11.2019, five (5) Independent Directors ceased to hold office on completion of their tenure. The total strength of the Board was reduced to eleven (11) and number of Independent Directors was reduced to three (3) w.e.f 21.11.2019. The total strength of the Board was reduced to ten (10) on superannuation of CMD on 30.11.2019 with only three (3) Independent Directors on the Board.</p> <p>The total strength of the Board was further reduced to nine (9) on cessation of one (1) Independent Director on 02.02.2020 with only two (2) Independent Directors on the Board.</p> <p>Accordingly, the composition of the Board was in compliance with the provisions of the Companies Act, 2013 from 01.04.2019 to 20.11.2019 but not in compliance with the provisions under Section 149(4) of the Companies Act, 2013 w.e.f 21.11.2019.</p>	<p>President of India is the appointing authority for the Directors as per the Articles of Association of the Company.</p> <p>During the financial year 2019-2020 the composition of the Board was in compliance with Section 149(4) of the Companies Act, 2013 from 01.04.2019 to 20.11.2019.</p> <p>Matter has been taken up with the Administrative Ministry for early appointment of Independent Directors for compliance of the provisions of Companies Act, 2013.</p>
2.	<p>As per the Regulation 17(1) (a) of the Regulations, not less than 50% of the Board of Directors shall comprise of Non-Executive Directors.</p> <p>Further, as per Regulation 17(1) (b) of the Regulations, if the listed company does not have a regular Non-Executive Chairperson, at least half of the Board of Directors shall comprise of Independent Directors.</p> <p>At the beginning of the of the financial year 2019-20, there were sixteen (16) Directors comprising of six (6) Executive Directors including Chairman-cum- Managing Director, two (2) Non-Executive Official Directors and eight (8) Part-Time Non-Official (Independent) Directors on the Board. This composition was in compliance with the provisions under Regulation 17(1) (a) and Regulation 17(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>On 20.11.2019, five (5) Independent Directors ceased to hold office on completion of their tenure. The total strength of the Board was reduced to eleven (11) including three (3) Independent Directors w.e.f 21.11.2019.</p> <p>On cessation of office of CMD on attaining superannuation on 30.11.2019, the total strength of the Board was further reduced to ten (10) Directors comprising of five (5) Executive Directors, two (2) Non-Executive Official Directors and three (3) Part-Time Non-Official (Independent) Directors. Director (Finance) was given additional charge of CMD w.e.f. 01.12.2019. Subsequently, he was appointed as CMD on 17.12.2019 and the post of Director (Finance) remained vacant from 17.12.2019.</p>	<p>President of India is the appointing authority for the Directors as per the Articles of Association of the Company. During the financial year 2019-20, the composition of the Board was in compliance with the provisions of both Regulation 17(1) (a) and Regulation 17(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 01.04.2019 to 20.11.2019 and only in compliance with the provision of Regulation 17(1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 01.12.2019 to 02.02.2020.</p> <p>Matter has been taken up with the Administrative Ministry for early appointment of Independent Directors for compliance of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p>

Sl. No.	Qualifying remarks of Secretarial Auditor	Management's explanation
	<p>Subsequently, one (1) Independent Director ceased to hold office on 02.02.2020 on completion of her tenure. Hence, the total strength of the Board again reduced to nine (9) Directors, which comprises of five (5) Executive Directors, two (2) Part-Time Official Directors and two (2) Part-Time Non-Official (Independent) Directors w.e.f 03.02.2020.</p> <p>Accordingly, during the financial year under review the composition of the Board was in compliance with the provisions of Regulation 17(1) (a) and Regulation 17(1) (b) of the Regulations from 01.04.2019 to 20.11.2019.</p> <p>However, the composition was not in compliance with the provisions of Regulation 17(1) (a) and Regulation 17(1) (b) of the Regulations from 21.11.2019 to 30.11.2019.</p> <p>Further, the composition was in compliance with the provisions of Regulation 17(1) (a) of the Regulations from 01.12.2019 to 02.02.2020 but not in compliance with the provisions of Regulation 17(1) (b) of the Regulations for the said period.</p> <p>Again, the composition was not in compliance with the provisions of Regulation 17(1) (a) &amp; 17(1) (b) of the Regulations from 03.02.2020 to 31.03.2020.</p>	
3.	<p>The composition of the Audit Committee as on 31.03.2020 is in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 but none of the member is having accounting or related financial management expertise as per Regulation 18(1) (c) of LODR Regulations.</p>	<p>President of India is the appointing authority for the Directors as per the Articles of Association of the Company.</p> <p>Matter has been taken up with the Administrative Ministry for early appointment of Independent Directors for compliance of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>After appointment of Independent Directors, the Audit Committee would be reconstituted with all members being financially literate and Chairman having accounting or related financial management expertise.</p>

For and on behalf of Board of Directors

Sd/-

(Sridhar Patra)

Chairman-cum-Managing Director

Place: Bhubaneswar

Date: 04.09.2020

# Financial Statements for the year 2019-20

## INDEPENDENT AUDITORS' REPORT

### To the Members of National Aluminium Company Limited

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the standalone financial statements of National Aluminium Company Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the 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 opinion on the financial statements.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that we have identified in the current year are as follows:

Key Audit Matter	How the matter was addressed in our audit
<b>1. Carrying value of property, plant and equipment including intangible assets and capital work-in-progress</b>	
<p>Property, plant and equipment totalling ₹ 7,174.54 crore (2018-19 : ₹ 7109.37) as disclosed in Note 5A, capital work-in-progress (Note 6) ₹ 1177.16 crore (2018-19 : ₹ 843.91 crore) and intangible assets (Note 7) totalling ₹ 310.23 crore (2018-19 : ₹ 176.41 crore) represent significant balances recorded in the statement of financial position.</p> <p>The Company describes the significant accounting policies in respect of property, plant and equipment, capital work-in-progress and intangible assets in Note 3.4, 3.5 &amp; 3.6.</p> <p>The evaluation of the recoverable amount of these assets requires significant judgement in determining the key assumptions supporting the expected future cash flows of the business and the utilisation of the relevant assets.</p> <p>There are a number of areas where management judgement impacts the carrying value of property, plant and equipment, intangible assets and their respective depreciation profiles. These include the decision to capitalise or expense costs; the asset life review including the impact of changes in the Company's strategy; and the timeliness of the transfer from assets in the course of construction.</p>	<p>Our audit procedures relating to the carrying value of property, plant and equipment including intangible assets and capital work-in-progress included the following:</p> <ul style="list-style-type: none"> <li>We evaluated the assumptions made by management in the determination of residual values and useful lives to ensure that these are consistent with the principles of Indian Accounting Standards (Ind AS) 16 <i>Property, Plant and Equipment</i> and Ind AS 38 <i>Intangible Assets</i>.</li> <li>We assessed whether useful lives and residual values were reasonable by challenging management's judgements through comparing the useful lives and residual values prescribed in Schedule II to the Companies Act 2013 and the useful lives of certain assets as per the technical assessment of the management</li> <li>We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry.</li> <li>We assessed whether indicators of impairment existed as at 31 March 2020 based on our knowledge of the business and the industry.</li> <li>We tested the controls in place over the property, plant and equipment and intangible assets, evaluated the appropriateness of capitalisation policies, performed tests of details on costs capitalised and assessed the timeliness of the transfer of assets in the course of construction and the application of the asset life.</li> <li>In performing these substantive procedures, we assessed the judgements made by management including the nature of underlying costs capitalised; the appropriateness of asset lives applied in the calculation of depreciation and amortisation; and in assessing the need for accelerated depreciation/amortisation, if required, in the context of impairment.</li> </ul> <p>Based on the above procedures, we found management's assessment in determining the carrying value of the property, plant and equipment and intangible assets to be reasonable.</p>

Key Audit Matter	How the matter was addressed in our audit
<p><b>2. Valuation of Inventories</b></p>	
<p>As described in Note 3.10 (Significant Accounting Policies) and Note 15 (Inventories), the Company carries inventory value as at 31st March 2020 of ₹ 1,696.90 crore (2018-19 : ₹ 1210.01 crore). The Company provides for obsolescence based on period for which an item remains as non-moving. This methodology relies upon assumptions made in determining appropriate provisioning to apply to inventory balances.</p>	<p>Our audit procedures relating to the valuation of inventory included the following:</p> <ul style="list-style-type: none"> <li>• We obtained a detailed understanding and evaluated the design and implementation of controls that the Company has established in relation to inventory valuation.</li> <li>• We obtained assurance over the appropriateness of management's control over transfer of finished product from one unit to be used as raw material in other unit and estimating year end actual level of in process stock compared to standard level to be maintained for ensuring continuity of production process and used data analytics to identify unusual inventory usage characteristics.</li> <li>• We critically assessed the Company's inventory provisioning policy, with specific consideration given to aged inventory and their movement status.</li> <li>• We have verified the value of a sample of inventory items to confirm whether they are held at the lower of cost and net realisable value.</li> </ul> <p>Based on the above procedures, we agree with the value of inventory as determined by the management.</p>
<p><b>3. Valuation of employees' defined benefit obligations and other long-term benefits</b></p>	
<p>The Company has recognised long-term employee benefit liabilities of ₹ 471.20 crore (2018-19 : ₹ 380.20 crore) and defined benefit obligations (net of plan asset against funded gratuity obligation) of ₹ 239.76 crore (2018-19 : ₹ 225.13 crore) and described them in Note 3.16 (Significant Accounting Policies) and Notes 22 and 31 (long-term and post-employment benefits). The valuation of employee benefit obligations is dependent on market conditions and assumptions made. The key audit matter specifically relates to the following key assumptions like discount rate, inflation expectations and life expectancy assumptions. The setting of these assumptions is complex and requires the exercise of significant management judgement with the support of third party actuary.</p>	<p>Our audit procedures relating to the valuation of employees, defined benefit obligations and other long-term benefits included the following:</p> <ul style="list-style-type: none"> <li>• In testing the valuation, we have examined the reports of external actuarial specialists to review the key actuarial assumptions used, both financial and demographic, and considered the methodology utilised to derive these assumptions.</li> <li>• We evaluated the assumptions made by management and the actuary to ensure that these are consistent with the principles of Ind AS 19.</li> <li>• Furthermore, we have examined the sensitivity analysis on the key assumptions in valuing the defined benefit obligations.</li> </ul> <p>Based on the above procedures, we are satisfied that the methodology and assumptions applied in relation to determining the liabilities are acceptable.</p>
<p><b>4. Ascertainment, disclosure and provisioning in respect of contingent liabilities</b></p>	
<p>As described in Note 4.2.5 (Critical accounting judgments and key sources of estimation uncertainty) the Company disclosed in Note 25 contingent liabilities of ₹ 2,561.82 crore (2018-19 : ₹ 2,771.59 crore). The Company has material uncertain tax matters, both direct and indirect, under dispute involving aggregate demand of ₹ 1,602.70 crore (2018-19 : ₹ 1,814.14 crore) which require significant judgment to determine the possible outcome of these disputes.</p> <p>Additionally, the Company has other on-going legal matters relating to various claims by the Government of Odisha or other agencies constituted by the State Government and by contractors/suppliers involving an aggregate demand of ₹ 959.12 crore (2018-19: ₹ 957.45 crore) which require application of management judgement in order to determine the likely outcome.</p>	<p>Our audit procedures relating to the ascertainment, disclosure and provisioning in respect of contingent liabilities included the following:</p> <p>We obtained a detailed understanding and evaluated the design and implementation of controls that the Company has established in relation to disclosure and provisioning of contingent liabilities in accordance to Ind AS 37 <i>Provisions, Contingent Liability and Contingent Assets</i>.</p> <p>Regarding direct and indirect tax contingent liabilities, we undertook following principal audit procedures:</p> <ul style="list-style-type: none"> <li>• Assessment of the process and relevant controls implemented to identify tax litigations and pending administrative proceedings.</li> <li>• Assessment of assumptions used in the evaluation of potential tax risks performed by the tax department of the Company considering the legal precedence and other rulings in similar cases.</li> <li>• Discussion with the management regarding the status of the most significant disputes and inspection of the key relevant documentation.</li> <li>• Analysis of opinion received from tax experts where available.</li> <li>• Review of the adequacy of the disclosures in the notes to the financial statements.</li> </ul> <p>In assessing the potential exposures of the Company in respect of other contingent liabilities, we have:</p> <ul style="list-style-type: none"> <li>• assessed the design and implementation of controls in relation to the monitoring of known exposures;</li> <li>• referred Board and other meeting minutes to identify areas subject to Company consideration;</li> <li>• consulted with the Company's internal legal advisors in understanding on-going and potential legal matters impacting the Company;</li> <li>• reviewed available legal opinions from experts; and</li> <li>• reviewed the proposed accounting and disclosure of actual and potential legal liabilities.</li> </ul> <p>Based on the above procedures performed, we concur that the accounting and disclosures in relation to the on-going legal matters are appropriate.</p>



Key Audit Matter	How the matter was addressed in our audit
<b>5. Advances and deposits in respect of tax matters under litigation continuing as assets</b>	
<p>As at March 31, 2020, other assets (Note 14) includes recoverable claims of direct and indirect tax deposits (net of provision) including VAT and Cenvat credits amounting to ₹ 649.87 crore (2018-19 : ₹ 597.61 crore) which are pending adjustment/adjudication.</p> <p>Significant judgement is required in assessing the nature of these exposures and their accounting and disclosure requirements.</p>	<p>Our audit procedures relating to the advance and deposits in respect of tax matters under litigation continuing as assets included the following:</p> <ul style="list-style-type: none"> <li>• We obtained from management details of completed tax assessments and demands and appeal orders of the appellate authority.</li> <li>• We involved our internal experts to challenge the management's underlying assumptions in estimating the tax liability and the possible outcome of the disputes.</li> <li>• Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</li> <li>• Additionally, we have considered opinions of legal and tax experts, wherever available, to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.</li> </ul> <p>Based on the above procedures performed, we are in agreement with the management's determination of the claim amount considered recoverable.</p>
<b>6. Valuation of deferred tax assets and liabilities</b>	
<p>The Company has disclosed in Note 23 deferred tax liability (net of deferred tax asset) as on March 31, 2020 ₹ 1,060.61 crore (2018-19 : ₹ 1,130.67 crore).</p> <p>The Company operates in activities which involves application of multiple income tax provisions.</p> <p>The assessment of the valuation of deferred tax assets/liability, resulting from timing differences, and provisions for uncertain tax positions is significant to our audit as the calculations are complex and depend on sensitive and judgmental assumptions. These include, amongst others, long-term future profitability and local fiscal regulations and developments.</p>	<p>Our audit procedures relating to the valuation of deferred tax assets and liabilities included the following:</p> <ul style="list-style-type: none"> <li>• Ascertained the completeness and accuracy of the deferred tax assets/liabilities and recognizing uncertain tax positions.</li> <li>• We challenged and tested the Management's assessment of the recoverability of the deferred tax assets, and the probability of future cash outflows in respect of deferred tax liabilities identified by the Company.</li> <li>• We also assessed the applicable local fiscal regulations and developments, in particular those related to changes in the statutory income tax rate and of the statutes of limitation, as these are key assumptions underlying the valuation of the deferred tax assets/liabilities.</li> <li>• We analysed the tax positions and evaluated the assumptions and methodologies used by the Company.</li> <li>• In addition, we also focused on the adequacy of the Company's disclosures as per Ind AS 12 <i>Income Taxes</i> on deferred tax assets/liabilities and assumptions used.</li> </ul> <p>Based on the above procedures performed, we are satisfied that the methodology and assumptions applied in relation to determining the deferred tax assets and liabilities are acceptable.</p>

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information contained in the Company's Annual Report but does not include the financial statements and our report thereon. These reports are expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action, if required.

### Management's Responsibility for the 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing,

as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure "A"** to this report a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In compliance to directions of the Comptroller and Auditor General of India u/s. 143(5) of the Act, we give in **Annexure "B"** to this report a statement on the matters specified therein.
3. 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 Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) Section 164(2) of the Act regarding disqualification of directors is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 issued by the Ministry of Corporate Affairs, Government of India.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure “C”**.
- (g) With respect to the other matters to be included in the Auditors’ Report in accordance with the requirements of section 197(16) of the Act, as amended:  
The provision of section 197 read with Schedule V of the Act, relating to managerial remuneration is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 issued by the Ministry of Corporate Affairs, Govt. of India.
- (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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has pending litigations, the liabilities in respect of which is either provided for or disclosed as contingent liabilities – Refer Note 25 to the financial statements.
  - ii. The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, long term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Patro & Co.**  
Chartered Accountants  
FRN: 310100E

**For GNS & Associates**  
Chartered Accountants  
FRN: 318171E

**(CA Ambika Prasad Mohanty)**  
Partner  
Membership No.: 057820  
UDIN 20057820AAAAAP9186

**(CA Santosh Kumar Dehuri)**  
Partner  
Membership No.: 053937  
UDIN 20053937AAAAAX4832

Place: Bhubaneswar

Date: June 26<sup>th</sup>, 2020

## ANNEXURE "A"

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020 OF NATIONAL ALUMINIUM COMPANY LIMITED

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All movable assets of the Company are physically verified by the management every year. The frequency of verification, in our opinion, is reasonable. No material discrepancies were noticed on such verification conducted during the year.
- Non-movable assets have been physically verified by the management at an interval of three years, which, in our opinion, is reasonable having regard to the size and nature of assets of the Company.
- No material discrepancies between book records and physical assets have been noticed.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company the title deeds of immovable properties are held in the name of the Company. Out of 8047.05 acres of freehold land and 10590.51 acres of leasehold land held by the Company, title/lease deeds in respect of 64.15 acres of freehold and 1655.40 acres of leasehold land are pending execution in favour of the company. However, the Company has been permitted by the concerned authorities to carry on its operation on the said land.
- Registration formalities in respect of office space for 6459 sft. in Kolkata is also not completed. (Refer Note 5.A)
- ii. Inventories, except stocks relating to, stocks lying with third parties and stocks-in-transit, have been physically verified during the year by firms of Chartered Accountants appointed by the management for this purpose. The frequency of verification is reasonable. The discrepancies noticed on physical verification between physical stocks and book records in case of shortages have been properly dealt with in the books of accounts while excesses have been ignored.
- iii. 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 Companies Act, 2013. Consequently, clauses (iii) (a), (b) & (c) of paragraph 3 of the Order are not applicable.
- iv. According to information and explanation given to us, section 185 of the Act regarding loans to directors is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 issued by the Ministry of Corporate Affairs, Govt. of India. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act with respect to the loans and investments made.
- v. According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and provisions of sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder.
- vi. We have broadly reviewed the books and records maintained by the Company as specified by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of manufacturing activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate and complete.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of customs, cess and other material statutory dues with the appropriate authorities and there are no undisputed statutory dues as at 31<sup>st</sup> March, 2020 outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, value added tax, service tax, goods and service tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below:

Sl. No.	Nature of Statute	Nature of Disputed Statutory dues	Period to which the amount relates to	Forum where the dispute is pending	Gross disputed amount (₹ Cr)	Amount deposited under protest/adjusted by Tax Authorities (₹ Cr)
1	Income Tax Act, 1961	Income Tax/TDS/Interest	2002-03, 2003-04 2004-05 2005-06 & 2013-14	High Court	76.10	131.56
			2007-08, 2008-09, 2014-15 & 2015-16	Income Tax Appellate Tribunal	206.78	223.55
			2016-17	Commissioner of Income Tax (Appeals)	50.73	32.13
			2006-07, 2007-08, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14	Asst. Commissioner/Deputy Commissioner of Income Tax	214.01	299.75

Sl. No.	Nature of Statute	Nature of Disputed Statutory dues	Period to which the amount relates to	Forum where the dispute is pending	Gross disputed amount (₹ Cr)	Amount deposited under protest/adjusted by Tax Authorities (₹ Cr)
2	Central Excise Act, 1944	Central Excise	2007-08 to 2013-14	High Court	397.58	0.10
			1999-2000 to 2014-15	Tribunal	7.47	0.39
			2007-08 to 2015-16	Appellate Authority	5.40	0.19
3	Finance Act, 1994	Service Tax	2004-05 to 2016-17	Tribunal	14.38	2.86
			2007-08 to 2017-18	Appellate Authority	3.81	0.14
4	Customs Act, 1962	Customs Duty	2000-01 to 2012-13	Tribunal	102.77	1.95
			2012-13	Appellate Authority	1.70	0.13
5	The Orissa VAT Act, 2004	VAT	2005-06 to 2009-10	Tribunal	12.60	2.17
			2016-17 to 2017-18	Appellate Authority	0.05	0.00
6	The Orissa Sales Act, 1947	OST	1995-96 to 2002-03	High Court	1.63	0.37
			1992-93 to 2004-05	Tribunal	1.59	1.08
			2003-04	Revisionary Authority	1.08	0.00
7	The Orissa Entry Tax Act, 1999	Entry Tax	1999-00 to 2010-11	High Court	12.89	6.06
			1999-00 to 2013-14	Tribunal	131.52	54.06
			2004-05 to 2014-15	Revisionary Authority	33.47	4.29
			1999-00 to 2014-15	Appellate Authority	43.48	4.69
8	The Central Sales Act, 1956	CST	1991-92	High Court	3.49	3.49
			1992-93 to 2008-09	Tribunal	277.52	77.84
Total					1,600.05	846.79

- viii. According to the information and explanations given to us, except bill discounting arrangement with banks, the Company does not have any loans or borrowings from any financial institution, banks, Government or debentures holders. The Company has not defaulted in repayment of the loans obtained under the bill discounting facility.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- x. According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. The provision of section 197 read with Schedule V of the Act, relating to managerial remuneration is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 issued by the Ministry of Corporate Affairs, Govt. of India.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable. The details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with any director or persons connected with him as specified in section 192 of the Act.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Patro & Co.**  
Chartered Accountants  
FRN: 310100E

**For GNS & Associates**  
Chartered Accountants  
FRN: 318171E

(CA Ambika Prasad Mohanty)  
Partner  
Membership No.: 057820  
UDIN 20057820AAAAAP9186

(CA Santosh Kumar Dehuri)  
Partner  
Membership No.: 053937  
UDIN 20053937AAAAAX4832

Place: Bhubaneswar  
Date: June 26<sup>th</sup>, 2020

## ANNEXURE–“B”

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020 OF NATIONAL ALUMINIUM COMPANY LIMITED

(Referred to in paragraph 2 under the heading of “Report on Other Legal and Regulatory Requirements” of our Report of even date)

Report on the directions under section 143(5) of the Companies Act, 2013 by the Comptroller & Auditor General of India

According to the information and explanations given to us by the management and on the basis of our examination of books and records of the Company, we report that:

1. The Company has SAP system in place to process all the accounting transactions through IT system. As there is no processing of accounting transactions outside IT system, comment on the integrity of the accounts and financial implications of accounting transactions processed outside IT system does not arise.
2. The Company has not obtained any loan and as such question of restructuring of loan by the lender does not arise.
3. During the year no fund has been received by the Company from Central/State agencies for any scheme and hence accounting of receipt of fund and utilization thereof as per terms and conditions does not arise.

**For Patro & Co.**  
Chartered Accountants  
FRN: 310100E

**For GNS & Associates**  
Chartered Accountants  
FRN: 318171E

**(CA Ambika Prasad Mohanty)**  
Partner  
Membership No.: 057820  
UDIN 20057820AAAAAP9186

**(CA Santosh Kumar Dehuri)**  
Partner  
Membership No.: 053937  
UDIN 20053937AAAAAX4832

Place: Bhubaneswar

Date: June 26<sup>th</sup>, 2020

## ANNEXURE “C”

### ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020 OF NATIONAL ALUMINIUM COMPANY LIMITED

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

We have audited the internal financial controls over financial reporting of NATIONAL ALUMINIUM COMPANY LIMITED (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone 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 by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

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

**For Patro & Co.**  
Chartered Accountants  
FRN: 310100E

**For GNS & Associates**  
Chartered Accountants  
FRN: 318171E

**(CA Ambika Prasad Mohanty)**  
Partner  
Membership No.: 057820  
UDIN 20057820AAAAAP9186

**(CA Santosh Kumar Dehuri)**  
Partner  
Membership No.: 053937  
UDIN 20053937AAAAAX4832

Place: Bhubaneswar

Date: June 26<sup>th</sup>, 2020



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013  
ON THE FINANCIAL STATEMENTS OF NATIONAL ALUMINIUM COMPANY LIMITED  
FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of National Aluminium Company Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on these financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of National Aluminium Company Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

(Suparna Deb)  
Director General Audit (Mines)  
Kolkata

Place: Kolkata  
Date: 03 SEP 2020

## Balance Sheet as at March 31, 2020

		Amount in ₹ Crore	
Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	5	7,174.54	7,109.37
(b) Capital work-in-progress	6	1,177.16	843.91
(c) Intangible assets	7	310.23	176.41
(d) Intangible assets under development	8	249.54	38.80
<b>(e) Financial assets</b>			
(i) Investments	9	277.25	175.78
(ii) Trade receivables	10	—	—
(iii) Loans	11	73.02	74.74
(iv) Other financial assets	12	10.48	10.37
(f) Other non-current assets	14	719.60	1,116.88
<b>Total non-current assets</b>		<b>9,991.82</b>	<b>9,546.26</b>
<b>(2) Current assets</b>			
(a) Inventories	15	1,696.90	1,210.01
<b>(b) Financial assets</b>			
(i) Investments	9	55.01	80.81
(ii) Trade receivables	10	140.09	240.52
(iii) Cash and cash equivalents	16	18.47	171.60
(iv) Bank balances other than (iii) above	16	1,962.06	3,324.75
(v) Loans	11	40.16	25.75
(vi) Other financial assets	12	0.05	1.23
(c) Current tax assets (Net)	13	46.22	51.26
(d) Other current assets	14	598.84	494.77
<b>Total current assets</b>		<b>4,557.80</b>	<b>5,600.70</b>
<b>Total assets</b>		<b>14,549.62</b>	<b>15,146.96</b>
<b>Equity and liabilities</b>			
<b>(1) Equity</b>			
(a) Equity share capital	17	932.81	932.81
(b) Other equity	18	9,055.26	9,551.70
<b>Total equity</b>		<b>9,988.07</b>	<b>10,484.51</b>
<b>Liabilities</b>			
<b>(2) Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Trade payables			
(a) Dues of micro and small enterprises	20	—	—
(b) Dues of creditors other than micro and small enterprises	20	22.69	21.14
(ii) Other financial liabilities	21	58.53	6.70
(b) Provisions	22	628.80	530.93
(c) Deferred tax liabilities (Net)	23	1,060.61	1,130.67
(d) Other non-current liabilities	24	70.90	67.89
<b>Total non-current liabilities</b>		<b>1,841.53</b>	<b>1,757.33</b>
<b>(3) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	19	12.31	66.79
(ii) Trade payables			
(a) Dues of micro and small enterprises	20	7.06	2.22
(b) Dues of creditors other than micro and small enterprises	20	765.87	1,283.55
(iii) Other financial liabilities	21	416.02	410.86
(b) Provisions	22	178.44	165.51
(c) Other current liabilities	24	1,340.32	976.19
<b>Total current liabilities</b>		<b>2,720.02</b>	<b>2,905.12</b>
<b>Total liabilities</b>		<b>4,561.55</b>	<b>4,662.45</b>
<b>Total equity and liabilities</b>		<b>14,549.62</b>	<b>15,146.96</b>

See accompanying notes (1-39) to the financial statements

For and on behalf of Board of Directors

(CS N K Mohanty)  
(Company Secretary)(V Balasubramanyam)  
Director (Finance)  
DIN: 06965313(CA Sridhar Patra)  
Chairman-Cum-Managing Director  
DIN: 06500954

In terms of our attached report of even date.

For Patro & Co.  
Chartered Accountants  
FRN-310100EFor GNS & Associates.  
Chartered Accountants  
FRN-318171EPlace: Bhubaneswar  
Date: June 26, 2020(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)

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

		Amount in ₹ Crore	
	Notes	Year ended 31.03.2020	Year ended 31.03.2019
I Revenue from operations	27	8,471.84	11,499.32
II Other Income	28	272.58	325.87
<b>III Total Income (I + II)</b>		<b>8,744.42</b>	<b>11,825.19</b>
IV Expenses			
(a) Cost of raw materials consumed	29	1,702.48	1,919.68
(b) Cost of power and fuel consumed	29	2,964.60	2,927.12
(c) Changes in inventories of finished goods and work-in-progress	30	(365.23)	(5.08)
(d) Employee benefits expenses	31	1,994.07	2,072.28
(e) Finance costs	32	5.74	2.38
(f) Depreciation and amortisation expenses	5 & 7	529.83	476.10
(g) Other expenses	33	1,686.69	1,692.79
<b>Total expenses (IV)</b>		<b>8,518.18</b>	<b>9,085.27</b>
<b>V Profit/(loss) before exceptional items and tax (III - IV)</b>		<b>226.24</b>	<b>2,739.92</b>
VI Exceptional Items		—	—
<b>VII Profit/(loss) before tax (V - VI)</b>		<b>226.24</b>	<b>2,739.92</b>
VIII Tax Expense			
(1) Current tax	34	151.40	1,024.65
(2) Deferred tax	34	(63.39)	(17.13)
<b>IX Profit/(loss) for the year (VII - VIII)</b>		<b>138.23</b>	<b>1,732.40</b>
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gains / (losses) on defined benefit plans		(22.84)	0.06
(ii) Income tax relating to items that will not be reclassified to profit or loss	34	6.67	(0.21)
<b>Other comprehensive income for the year (net of tax) (X)</b>		<b>(16.17)</b>	<b>(0.15)</b>
<b>XI Total comprehensive income for the year (IX+X) (comprising profit/(loss) and other comprehensive income for the period)</b>		<b>122.06</b>	<b>1,732.25</b>
XII Earnings per equity share:			
(1) Basic (in ₹)	36	0.74	9.06
(2) Diluted (in ₹)	36	0.74	9.06

See accompanying notes (1-39) to the financial statements

For and on behalf of Board of Directors

(CS N K Mohanty)  
(Company Secretary)(V Balasubramanyam)  
Director (Finance)  
DIN: 06965313(CA Sridhar Patra)  
Chairman-Cum-Managing Director  
DIN: 06500954

In terms of our attached report of even date.

For Patro & Co.  
Chartered Accountants  
FRN-310100EFor GNS & Associates.  
Chartered Accountants  
FRN-318171EPlace: Bhubaneswar  
Date: June 26, 2020(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)

## Statement of Changes In Equity for the period ended March 31, 2020

		Amount in ₹ Crore			
A.	<b>Equity share capital</b>				
	Balance as at 31.03.2018	966.46			
	Buy-back of equity shares	(33.65)			
	Balance as at 31.03.2019	932.81			
	Changes during the year	—			
	Balance as at 31.03.2020	932.81			
B.	<b>Other equity</b>				
		Amount in ₹ Crore			
		Reserves and surplus			
	<b>Other equity</b>	<b>Capital redemption reserve</b>	<b>General reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	Balance as at 31.03.2018	322.16	8,620.41	595.78	9,538.35
	Profit for the year	—	—	1,732.40	1,732.40
	Other comprehensive income (net of taxes)	—	—	(0.15)	(0.15)
	<b>Total comprehensive income for the year</b>	—	—	1,732.25	1,732.25
	Premium on Buy-back of equity shares		(471.18)	—	(471.18)
	Expenses on Buy-back of equity shares		(2.60)	—	(2.60)
	Transfer of general reserve to Capital redemption reserve	33.65	(33.65)	—	—
	Final dividend for previous year	—	—	(193.29)	(193.29)
	Tax on final dividend for the previous year			(39.73)	(39.73)
	Interim dividend for the year			(839.53)	(839.53)
	Tax on interim dividend for the year			(172.57)	(172.57)
	Balance as at 31.03.2019	355.81	8,112.98	1,082.91	9,551.70
	Profit for the year	—	—	138.23	138.23
	Other comprehensive income (net of taxes)	—	—	(16.17)	(16.17)
	<b>Total comprehensive income for the year</b>	—	—	122.06	122.06
	Final dividend for the previous year			(233.20)	(233.20)
	Tax on final dividend for the previous year			(47.94)	(47.94)
	Interim dividend for the year			(279.84)	(279.84)
Tax on interim dividend for the year			(57.52)	(57.52)	
Balance as at 31.03.2020	355.81	8,112.98	586.47	9,055.26	

For and on behalf of Board of Directors

(CS N K Mohanty)  
(Company Secretary)(V Balasubramanyam)  
Director (Finance)  
DIN: 06965313(CA Sridhar Patra)  
Chairman-Cum-Managing Director  
DIN: 06500954

In terms of our attached report of even date.

For Patro & Co.  
Chartered Accountants  
FRN-310100E(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)For GNS & Associates.  
Chartered Accountants  
FRN-318171E(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)Place: Bhubaneswar  
Date: June 26, 2020

## Cash Flow Statement for the year ended March 31, 2020

		Amount in ₹ Crore	
		Year ended 31.03.2020	Year ended 31.03.2019
<b>A.</b>	<b>Cash flows from operating activities</b>		
	Profit for the year	138.23	1,732.40
	Adjustments for:		
	Income tax expense recognised in profit or loss	88.01	1,007.52
	Finance costs recognised in profit or loss	5.74	2.38
	Interest income recognised in profit or loss	(217.90)	(237.14)
	Dividend income recognised in profit or loss	(7.60)	(30.61)
	Net (gain) / loss on sale of investments	(1.35)	-
	Net (gain) / loss on disposal of property, plant and equipment	0.25	7.50
	Net (gain) / loss arising on financial assets mandatorily measured at fair value through profit or loss	(0.01)	2.16
	Impairment loss recognised on other assets	(1.35)	(3.51)
	Inventories of stores, spares written off	15.64	12.52
	Depreciation and amortisation of non-current assets	529.83	476.10
	Amortisation of lease premium	—	75.52
	Net foreign exchange (gain)/loss	(5.94)	(8.62)
	<b>Operating profit before working capital changes</b>	<b>543.55</b>	<b>3,036.22</b>
	Movements in working capital:		
	(Increase) / decrease in inventories	(502.15)	(28.37)
	(Increase) / decrease in trade receivables	100.43	17.61
	(Increase) / decrease in loans and other financial asset	(11.62)	157.85
	(Increase) / decrease in other assets	(103.57)	6.08
	Increase / (decrease) in trade payables	(505.35)	338.16
	Increase / (decrease) in other financial liabilities	(12.64)	(4.73)
	Increase / (decrease) in other liabilities	158.46	30.00
	Increase / (decrease) in provisions	84.79	(123.08)
	<b>Cash (used in) / generated from operations</b>	<b>(248.10)</b>	<b>3,429.74</b>
	Income taxes paid	(100.46)	(1,020.89)
	<b>Net cash flow from operating activities</b>	<b>(348.56)</b>	<b>2,408.85</b>
<b>B.</b>	<b>Cash flows from investing activities</b>		
	Payments to acquire financial assets	(29.00)	(48.00)
	Proceeds from sale of financial assets	56.17	560.98
	Payments to acquire equity in joint ventures and associates	(101.47)	(58.20)
	(Investment in) / redemption of term deposits with banks	1,568.10	(385.77)
	Dividends received from other investments	7.60	30.61
	Interest received from banks and others	217.90	237.14
	Payments for property, plant and equipment (including capital advances)	(844.82)	(749.49)
	Proceeds from disposal of property, plant and equipment	11.25	8.56
	Payments for other intangible assets	(13.01)	(18.49)
	Payment for acquiring leasehold assets	—	(109.19)
	<b>Net cash flow from investing activities</b>	<b>872.72</b>	<b>(531.85)</b>
<b>C.</b>	<b>Cash flows from financing activities</b>		
	Payments for buy-back of equity shares	—	(504.83)
	Payments for share buy-back costs (net of tax)	—	(2.60)
	Proceeds from / (Payment towards) short term borrowings	(54.48)	21.80
	Payment of lease liability	(3.45)	—
	Finance cost paid	(0.86)	—
	Dividends paid on equity shares	(513.04)	(1,032.82)
	Tax on dividends paid on equity shares	(105.46)	(212.30)
	<b>Net cash flow from financing activities</b>	<b>(677.29)</b>	<b>(1,730.75)</b>
	<b>Net increase or (decrease) in cash or cash equivalents</b>	<b>(153.13)</b>	<b>146.25</b>
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>171.60</b>	<b>25.35</b>
	<b>Cash and cash equivalents at the end of the year [refer note 16.A]</b>	<b>18.47</b>	<b>171.60</b>

Note: Figures in the brackets are cash outflow/income as the case may be.

For and on behalf of Board of Directors

(CS N K Mohanty)  
(Company Secretary)

(V Balasubramanyam)  
Director (Finance)  
DIN: 06965313

(CA Sridhar Patra)  
Chairman-Cum-Managing Director  
DIN: 06500954

In terms of our attached report of even date.

For Patro & Co.  
Chartered Accountants  
FRN-310100E

For GNS & Associates.  
Chartered Accountants  
FRN-318171E

Place: Bhubaneswar  
Date: June 26, 2020

(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)

(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)

## Notes to the Financial Statement

### Note No.1 Corporate Background

National Aluminium Company Limited is a Navaratna Central Public Sector Enterprise (CPSE) under Ministry of Mines, Government of India, incorporated under the relevant provisions of the Companies Act and is listed in the stock exchanges in India. The Company is engaged in the business of manufacturing and selling of Alumina and Aluminium. The Company is operating a 22.75 lakh TPA Alumina Refinery plant located at Damanjodi in Koraput district of Odisha and 4.60 lakh TPA Aluminium Smelter located at Angul, Odisha. The Company has a captive bauxite mines adjacent to refinery plant to feed the bauxite requirement of Alumina Refinery and also a 1200 MW captive thermal power plant adjacent to Smelter plant to meet the power requirement of Smelter. Besides, the Company is also operating four wind power plants with total capacity of 198.40 MW located in the state of Andhra Pradesh (Gandikota), Rajasthan (Jaisalmer & Devikot) and Maharashtra (Sangli) to harness the renewable energy and to comply with its Renewable Purchase Obligation.

### Note No. 2 Statement of Compliance:

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and are applicable for the year and relevant to the Company have been taken into consideration and complied with without any exception while preparing the standalone financial statements of the Company.

### Note No.3 Significant Accounting Policies:

#### 3.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Ind AS and relevant provisions of the Companies Act, 2013.

The financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies given herewith.

All assets and liabilities have been classified as current or non-current as per Company's operating cycle and other criteria set out in Schedule-III of the Companies Act 2013. Based upon the nature of business, the Company has ascertained a 12 month operating cycle for the purpose of current or non-current classification of assets and liabilities.

#### 3.2 Use of estimates:

These financial statements have been prepared using estimates and assumptions, wherever necessary, in conformity with the recognition and measurement principles of Ind AS.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions, if any, in such estimates are accounted for in the year of revision.

#### *Impact of COVID-19*

The company on the basis of consideration of possible effects that might arise out of outbreak of global pandemic COVID-19 on their forecasted transactions, Carrying amount of PPE, Intangibles, Inventories, receivables, and investment in Joint ventures, believes that, the impact is not material. The company while making assessment of effectiveness of hedge, has used internal and external sources of information including credit reports and related information, economic forecasts, on the basis of analysis of these information and based on the current estimates, the company expects that, the carrying amount of assets will be recovered and no significant impact on the liabilities. The company's assessment of impact of COVID-19 may differ as at the date of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Key sources of estimation uncertainty, which may cause a material adjustment to the carrying amounts of assets and liabilities are stated in Note No.4.

#### 3.3 Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

## Notes to the Financial Statement

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A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investment in associate and joint ventures are measured at cost in accordance with Ind AS 109 – Financial Instruments.

### 3.4 Property, Plant and Equipment

Property, plant and equipment, other than freehold lands, held for use in the production and/or supply of goods or services, or for administrative purposes, are stated at cost, less accumulated depreciation and accumulated impairment losses. Freehold lands, unless impaired, are stated at cost.

#### 3.4.1 Initial Measurement

The initial cost comprises purchase price, non-refundable purchase taxes, other expenditure directly attributable to bringing the assets to its location and condition necessary for it to be capable of operating in the manner intended by the management, borrowing cost, if any, incurred, and the initial estimates of the present value of any asset restoration obligation or obligatory decommissioning and dismantling costs.

Expenditure incurred on development of freehold land is capitalized as part of the cost of the land.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of overheads and directly attributable borrowing costs, if any.

Spare parts having unit value of more than ₹5 lakh, held for use in the production and/or supply of goods or services and are expected to be used during more than one period are recognised as Property, Plant and Equipment. Spares of critical nature and irregular in use, which can be identified to a particular equipment and having unit value more than ₹1 lakh is also recognised as Property, Plant and Equipment.

#### 3.4.2 Subsequent expenditure

Expenditure on major inspection/maintenance or repairs including cost of replacing the parts of assets and overhaul costs where it is probable that future economic benefits associated with the expenditure will be available to the Company over a period of more than one year, are capitalised and the carrying amount of the identifiable parts so replaced is derecognised.

#### 3.4.3 Capital work-in-progress

Assets in the course of construction are included under capital work-in-progress and are carried at cost, less any recognised impairment loss. Such capital work-in-progress, on completion, is transferred to the appropriate category of property, plant and equipment.

Expenses for assessment of new potential projects incurred till investment decisions are charged to revenue. Expenditure incurred for projects after investment decisions are accounted for under capital work-in-progress and capitalized subsequently. Any costs directly attributable to acquisition/construction of property, plant and equipment till it is brought to the location and condition necessary for it to be capable of operating in the manner as intended by the management form part of capital work-in-progress.

#### 3.4.4 Depreciation and amortisation

Depreciation on assets are provided on a straight-line basis over their useful life, either as prescribed under Schedule II of the Companies Act, 2013 or, wherever considered necessary, determined on the basis of technical estimations carried out by the Management not exceeding the prescribed useful life as per Schedule II to the Companies Act, 2013.

Component of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of that item, is depreciated separately if its useful life differs from that of the asset. The Company has chosen a benchmark of ₹1 Crore as significant value for identification of a separate component except 'Pot Relining' which is considered as a component of each 'Electrolytic Pot' due to its inherent nature and useful life.

## Notes to the Financial Statement

The residual value of plant and machinery, vehicles, mobile equipment, and earth moving equipment, railway facilities, rolling stock, and residential quarters are maintained at 5% of the original cost and for all other assets, the residual value is considered as Nil.

The estimated useful lives are reviewed at each year end and the effect of change, if any, is accounted for prospectively.

For the purpose of depreciation of assets, useful lives of -

- (a) immovable property, plant and equipment at bauxite mines is the life of the individual asset or the balance lease period of Mines whichever is lower.
- (b) captive thermal power generation plant namely Captive Power Plant (CPP) is considered to be 30 years.
- (c) Steam Power Plant (SPP) is considered to be 25 year.
- (d) Red Mud Ponds and Ash Ponds at Alumina Refinery and Ash Ponds at CPP are based on their estimated remaining useful lives evaluated on the basis of technical estimates made periodically;
- (e) assets laid on leasehold land excluding assets of Bauxite mines are considered to be lower of balance lease period or the useful life of the asset.

Assets laid on land not owned by the Company are depreciated over the useful life from the date on which the asset is capable of operating in the manner intended by the management unless a longer / shorter life can be justified.

Individual Assets costing ₹10,000/- or less are depreciated fully in the year in which they are put to use.

Property, plant and equipment other than mentioned above are subject to the following useful lives.

Sl. No.	Particulars of asset category (Property, Plant & Equipment)	Range of useful life in years
1	Buildings	30 - 60
2	Plant and machinery	15 - 40
3	Railway siding	15
4	Vehicles	08 - 10
5	Furniture and fixtures	08 - 10
6	Computer equipment	06

### 3.4.5 De-recognition of assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the use of the asset. Any gain or loss arising on the disposal/de-recognition is recognised in the statement of profit and loss.

### 3.4.6 Stripping costs

Stripping costs of surface mining is recognised as an asset when they represent significantly improved access to ore, provided all the following conditions are met:

- (a) it is probable that the future economic benefit associated with the stripping activity will be realised;
- (b) the component of the ore body for which access has been improved can be identified; and
- (c) the costs relating to the stripping activity associated with the improved access can be reliably measured.

The stripping cost incurred during the production phase is added to the existing “stripping cost asset” to the extent the current period stripping ratio exceeds the planned stripping ratio.

The “stripping cost asset” is subsequently depreciated on a unit of production basis over the life of the identified component of the ore body that become more accessible as a result of the stripping activity and is then stated at cost less accumulated depreciation and impairment loss, if any.



## Notes to the Financial Statement

### 3.5 Intangible Assets

#### 3.5.1 Intangible assets acquired separately

Intangible assets acquired are reported at cost less accumulated amortisation and impairment loss, if any. Intangible assets having finite useful life are amortised over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, and the effect of any changes in estimate is accounted for on a prospective basis.

#### 3.5.2 Internally-generated intangible assets – research and development expenditure

Expenditure on research activities, except capital expenditure considered as Property, Plant and Equipment, is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development is recognised if and only if all the conditions stipulated in “Ind AS 38 – Intangible Asset” are met.

#### 3.5.3 Mining Rights

The costs of mining rights include amounts paid towards Net Present Value (NPV) including related payments and upfront money as determined by the regulatory authorities.

Cost of mining rights are amortised over the total estimated remaining commercial reserves of mining property and are subject to impairment loss.

#### 3.5.4 Mines Development Expenses

Expenditure incurred for mines development prior to commercial production i.e., primary development expenditure other than land, buildings, plant and equipment is capitalised until the mining property is capable of commercial production.

#### 3.5.5 User Rights

Amount of expenditure incurred in a cluster project, having future economic benefits with exclusive use of co-beneficiaries but without physical control on the assets, are capitalised as user rights.

#### 3.5.6 Software

Operating software acquired separately (RDBMS, Sybase, ERP/SAP) are capitalised as software.

#### 3.5.7 License and Franchise

Amount of expenditure incurred for obtaining license for use of technology is capitalised under the head “License and Franchise”.

#### 3.5.8 De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from disposal/de-recognition are recognised in the statement of profit and loss.

#### 3.5.9 Amortisation

The basis of amortisation of intangible assets is as follows:

- (a) Licenses in the nature of technical know-how for processing plants which are available for the useful life of the respective processing plants are amortised over a period of ten year.
- (b) Software classified as intangible assets carries a useful life of 3 years and are amortised over that period.
- (c) Mining Rights and Mines Development Expenses are amortised over the period of availability of reserves.
- (d) User Right for cluster projects is amortised over the useful life of the asset from the date of commissioning.

### 3.6 Impairment of tangible and intangible assets

At the end of each reporting period the carrying amounts of tangible and intangible assets are reviewed to determine whether

## Notes to the Financial Statement

there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) of the asset is estimated to determine the extent of impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is estimated. If the estimated recoverable amount of the CGU is less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount and the difference between the carrying amount and recoverable amount is recognised as impairment loss in the statement of profit or loss.

### 3.7 Foreign currency transaction and translation

Items included in the financial statements are measured using the currency of the primary economic environment i.e. Indian Rupee in which the Company operates.

In preparing the financial statements, transactions in foreign currencies i.e. currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise.

### 3.8 Provisions and contingencies

#### 3.8.1 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the estimated cash outflows to settle the present obligation, its carrying amount is the present value of those cash outflows.

#### 3.8.2 Restoration, rehabilitation and decommissioning

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine and other manufacturing facilities. The Company has recognised the obligated restoration, rehabilitation and decommissioning liability as per statutory mandate.

Net present value of such costs are provided for and a corresponding amount is capitalised at the commencement of each project. These costs are charged to the statement of profit or loss over the life of the asset by way of depreciation and unwinding of the discounted liability. 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 in lives of operations, new disturbance and revisions of 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 and other cost in the statement of profit or loss.

#### 3.8.3 Environmental liabilities

Environmental liabilities are recognised when the Company becomes obliged, legally or constructively to rectify environmental damage or perform remedial work.

#### 3.8.4 Legal Obligations

Provision is recognised once it has been established that the Company has a present obligation based on consideration of the information which becomes available up to the date of reporting.

#### 3.8.5 Contingent Liabilities

Contingent liabilities are possible obligations that arises from past events, the existence of which would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a

## Notes to the Financial Statement

present obligation but payment is not probable or the amount cannot be measured reliably. Contingent liabilities are disclosed in the financial statements unless the possibility of any outflow in settlement is remote.

### 3.8.6 Contingent Assets

Contingent assets are not recognised in the financial statement, but are disclosed where inflow of economic benefits is probable.

### 3.9 Leases

The Company has applied Ind AS 116-Leases effective 1st April, 2019 to all leases, using the modified retrospective method, with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated. The company identifies all leases wherever a contract is, or contains, a lease if it conveys the right to control the use of an identified asset (explicitly or implicitly specified in the contract) for a period of time in exchange of consideration, at the inception of the contract.

At the date of commencement of lease, the company recognizes, "Right Of Use" ROU Asset at cost, and the Lease Liability is measured at the present value of all lease payments that are not paid at that date, except leases with a lease term of 12 months or less that do not contain a purchase option (Short term leases) and leases for which the underlying asset is of low value.

The lease payments for leases with a lease term of 12 months or less that do not contain a purchase option (Short term leases) and leases for which the underlying asset is of low value, are recognized as operating expenses.

#### 3.9.1 Initial Measurement:

The "Cost of ROU Asset" includes amount of:

- i. Initial measurement of lease liability
- ii. Prepaid lease payments less any lease incentives received
- iii. Initial direct cost incurred by the company as lessee and
- iv. Estimated costs to dismantle remove or, restore the underlying asset.

The lease liability is measured at the present value of lease payments by discounting lease payments at coupon rate of long term govt. bonds.

The "lease payment" includes:

- i. Fixed payments ( including in-substance fixed payment).
- ii. Variable lease payment that depend upon an index or a rate.
- iii. Amount payable by the company as residual value guarantee.
- iv. The exercise price of purchase option if the company expects with reasonable certainty to exercise the same.
- v. Payment of penalties for termination by the company, if the terms of lease contains such option for the company.

#### 3.9.2 Susequent Measurement:

During subsequent periods, lease liability is measured at amortised cost using effective interest method. And the ROU asset is measured at cost less accumulated depreciation and accumulated impairment if any.

The lease payments are classified as cash flow from financing activities.

### 3.10 Inventories

Inventory of raw material, including bulk material such as coal and fuel oil are valued at the lower of cost net of tax credit wherever applicable and net realisable value.

Stores and spares other than those meeting the criteria for recognition as Property, Plant and Equipment are valued at cost net of tax credit wherever applicable.

Stores and spares (other than major spares considered as Property, Plant and Equipment) held but not issued for more than 5 years are valued at 5% of the cost.

## Notes to the Financial Statement

Materials and other supplies held for use in the production (other than considered as non-moving) are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, stores and spares as stated above are determined on moving weighted average price.

Inventories of finished goods, semi-finished goods, intermediary products and work-in-process including process scrap are valued at lower of cost and net realisable value. Cost is generally determined at moving weighted average price of materials, appropriate share of labour and related overheads. Net realisable value is the estimated selling price in the ordinary course of business available on the reporting date less estimated cost necessary to make the sale.

Inventory of scraps internally generated are valued at net realisable value.

### 3.11 Trade receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the outstanding is due for payment within a period 12 months or less from the reporting date, they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

### 3.12 Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Except for trade receivables and payables, financial assets and liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liabilities.

#### 3.12.1 Financial assets

##### a. Cash or Cash Equivalent

The Company considers all short-term bank deposits having a maturity period of three months or less as cash & cash equivalent. Term deposits in Bank with a maturity period of more than 3 months are considered as other Bank Balance.

##### b. Financial assets at amortised cost

Financial assets, including trade receivables where it contains significant financing component, are classified as subsequently measured at amortised costs and are measured accordingly using effective interest method if the financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### c. Financial assets at Fair value through Other Comprehensive Income (OCI)

Financial assets are classified as subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### d. Financial assets at Fair value through Profit or loss

Financial assets are classified as subsequently measured at fair value through profit or loss unless it is classified as subsequently measured at amortised cost or at fair value through other comprehensive income. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit or loss.

#### 3.12.2 Financial liabilities

Trade payables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

## Notes to the Financial Statement

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Financial liabilities, including trade payables where it contains significant financing component, are subsequently measured at amortised cost using effective interest method.

### 3.12.3 De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expires, or when substantially all the risks and rewards of ownership of the assets are transferred to another entity.

### 3.12.4 Impairment of financial assets

At each reporting date, assessment is made whether the credit risk on a financial instrument has increased significantly or not since initial recognition.

If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on that financial instrument has increased significantly since initial recognition, the loss allowance is measured for a financial instrument at an amount equal to the lifetime expected credit losses.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the statement of profit and loss.

### 3.12.5 De-recognition of financial liability

Financial liabilities are derecognised when, and only when, the obligations are discharged, cancelled or expired.

In the case of retention for liquidated damages, if on finalization/closure of contract, liquidated damage is leviable, the amount retained is written back and recognized as income except capital contracts where liquidated damage is directly attributable to escalation/increase in the cost of the asset. In such case, the retention amount is adjusted against cost of the asset.

### 3.12.6 Off-setting financial instruments

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

### 3.13 Derivatives

Derivative instruments such as forward foreign exchange contracts are recognised at fair value at the date the derivative contracts are entered into and are re-measured at the end of each reporting period. The resulting gain or loss is recognised in statement of profit or loss immediately.

### 3.14 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

### 3.15 Accounting for government grants

Government grants are recognised when there is reasonable assurance that the conditions attached to them will be complied and that the grants will be received.

Government grants related to assets whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised in the balance sheet by setting up the grant as deferred income and are transferred to profit or loss on a systematic basis over the useful life of the related assets.

Government grants related to income are recognised as income on a systematic basis over the periods necessary to match them with the costs for which they are intended to compensate.

## Notes to the Financial Statement

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### 3.16 Employee Benefits

#### 3.16.1 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, short term compensated absences etc. in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid.

#### 3.16.2 Post-employment and long term employee benefits

#### 3.16.3 Defined contribution plans

A defined contribution plan is plan under which fixed contributions are paid to a separate entity. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them for such contributions.

#### 3.16.4 Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined through actuarial valuation using the Projected Unit Credit Method, carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability are recognised immediately in other comprehensive income. The service cost, net of interest on the net defined benefit liability, is treated as an expense.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

#### 3.16.5 Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows in respect of services provided by employees up to the reporting date. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit retirement plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the period in which they arise. These obligations are valued annually by independent actuaries.

### 3.17 Revenue recognition

The company earns revenue primarily from sale of product like alumina, aluminium and sale of power. Revenue is recognised when the company satisfies a performance obligation by transferring promised good to a customer.

#### 3.17.1 Sales of Goods

Revenue from ex-factory/ ex-stockyard sales are recognised upon handing over of goods at the factory/ stock yard along with commercial invoice with due statutory compliance. Sales on FOB basis are recognised on preparation of shipping bill and handing over of goods to the shipper. In case of sale on CIF basis, revenue is recognised on placing the goods on board at the port of shipment and getting the shipping document prepared as per the incoterm.

#### 3.17.2 Sale of Energy

Sale of wind power is recognised on the basis of energy transmitted to DISCOMs / consumer at the price notified by respective authorities subject to Power Purchase Agreement (PPA) with them.

Sale of power from the captive power plant is considered based on quantity injected to state GRID excluding wheeling to Refinery and inadvertent energy injection, subject to Power Purchase Agreement, and scheduling by the State Load Despatch Centre (SLDC).

Revenue from the sale of energy is recognised if -

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) recovery of the consideration is assured reasonably.

## Notes to the Financial Statement

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### 3.17.3 Income from dividend and interest

#### 3.17.4 Dividend

Dividend income from investments is recognised when the right to receive the dividend is established.

#### 3.17.5 Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and effective interest rate.

#### 3.17.6 Income from Incentives from Government Agencies

Incentives from government agencies in the nature of duty draw back and Merchandise Export Incentive Scheme (MEIS) on exports and incentives on generation of renewable sources of energy are recognised as per the relevant statute on compliance of the conditions provided thereunder.

### 3.18 Income Taxes

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

#### 3.18.1 Current taxes

Current tax expense is based on taxable profit for the year as per the Income Tax Act, 1961. Current tax liabilities (assets) for the current and prior period are measured at amounts expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period and includes any adjustment to tax payable in respect of previous year.

#### 3.18.2 Deferred taxes

Deferred tax expense or income is recognised on temporary difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in computation of taxable profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Tax relating to items recognised directly in other comprehensive income forms part of the statement of comprehensive income.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and adjusted to the extent it has become probable that sufficient taxable profits will be available to allow the asset to be recovered.

### 3.19 Exceptional items

Exceptional items are items of income and expenses within profit or loss from ordinary activities but of such size, nature or incidence whose disclosure is felt necessary for better explanation of the financial performance achieved by the Company.

### 3.20 Cash flow statement

Cash flow statement is prepared in accordance with indirect method prescribed in Ind AS 7 'Statement of Cash Flows'.

### 3.21 Restatement of material error / omissions

Errors and omissions is construed to be material for restating the opening balances of assets and liabilities and equity if the sum total effect of earlier period income / expenses exceeds ₹50 crore.

## Note No. 4: Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires the management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain. These estimates and assumptions affect the reported amounts of assets and liabilities as well as disclosure of contingent liabilities and assets at the date of the financial statements and also revenues and expenses during the reported period.

The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

## Notes to the Financial Statement

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### 4.1 Critical accounting judgments:

Apart from those involving estimations that the management have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, management has decided that reporting of Company's financial assets at amortised cost would be appropriate in the light of its business model and have confirmed the Company's positive intention and ability to hold these financial assets to collect contractual cash flows.

### 4.2 Key sources of estimation uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation of uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### 4.2.1 Impairment

Investments in Associates and other investments, loans and advances, property, plant and equipment and intangible assets are reviewed for impairment whenever events and changes in circumstances indicate that the carrying value may not be fully recoverable or atleast annually.

Future cash flow estimates of Cash Generating Units which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditure.

#### 4.2.2 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

#### 4.2.3 Assessment of Mining Reserve:

Changes in the estimation of mineral reserves where useful lives of assets are limited to the life of the project, which in turn is limited to the life of the probable and economic feasibility of reserve, could impact the useful lives of the assets for charging depreciation. Bauxite reserves at Mines is estimated by experts in extraction, geology and reserve determination and based on approved mining plan submitted to Indian Bureau of Mines (IBM).

#### 4.2.4 Obligation for post-employment benefit Liability

Liability for post-employment benefit and long term employee benefit is based on valuation by the actuary which is in turn based on realistic actuarial assumptions.

#### 4.2.5 Provisions & Contingent Liabilities:

The amount recognised as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any interest charges, taking into account the risks and uncertainties surrounding the obligation. The Company assess its liabilities and contingent liabilities based upon the best information available, relevant tax and other laws, contingencies involved and other appropriate requirements.

#### 4.2.6 Fair value measurement and valuation process:

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



## Notes to the Financial Statement

## 5.A - Property, plant and equipment

Amount in ₹ Crore

Description	Gross Carrying Amount			Accumulated Depreciation & Amortisation				Carrying Amount		
	As at 31-03-2019	Addition/ Transfer	Disposal/ Transfer/ Adjustment	As at 31-03-2020	As at 31-03-2019	For the Year	Withdrawal/ Transfer/ Adjustment	As at 31-03-2020	As at 31.03.2020	As at 31.03.2019
<b>— Owned Assets</b>										
Freehold land	86.41	(4.53)	—	81.88	—	—	—	—	81.88	86.41
Buildings	723.15	33.33	—	756.48	144.98	34.88	—	179.86	576.62	578.17
Plant and equipment	7,921.89	448.89	(39.34)	8,331.44	1,575.52	447.01	(27.81)	1,994.72	6,336.72	6,346.37
Furniture and fixtures	19.39	3.13	(0.08)	22.44	9.76	2.39	(0.08)	12.07	10.37	9.63
Office equipments	44.39	7.29	(0.18)	51.50	20.18	8.34	(0.18)	28.34	23.16	24.21
Vehicles	27.32	4.83	(0.25)	31.90	10.69	2.91	(0.18)	13.42	18.48	16.63
Railway sidings	64.16	—	—	64.16	16.21	4.00	—	20.21	43.95	47.95
<b>— Leased Assets</b>										
Leasehold Land (Right of Use)	—	86.54	—	86.54	—	3.18	—	3.18	83.36	—
<b>Grand Total</b>	<b>8,886.71</b>	<b>579.48</b>	<b>(39.85)</b>	<b>9,426.34</b>	<b>1,777.34</b>	<b>502.71</b>	<b>(28.25)</b>	<b>2,251.80</b>	<b>7,174.54</b>	<b>7,109.37</b>

## Notes:

- 5.A.1 Title deeds have been executed for freehold land acquired through Govt. of Odisha, except for land measuring 64.15 acres. The Company is in the process of conversion of freehold land for Industrial use and has taken-up matter with Revenue Authorities.
- 5.A.2 The Company has 1655.40 acres of leasehold land in respect of which lease deeds are yet to be executed. However, the Company has been permitted by the concerned authorities to carry on its operation on the said land.
- 5.A.3 Registration formalities in respect of office space (building) of 6,459 Sq.ft at Kolkata purchased from Kolkata Municipal Development Authority with a carrying amount of ₹5.50 crore is under progress.

## 5.A.4 Leased Assets (Right of Use)

	Leasehold land
Balance as at 01.04.2019	31.61
Addition on account of transition to Ind AS 116	2.16
Additions	52.77
Disposal	—
Balance as at 31.03.2020	86.54
Accumulated depreciation	
Addition	3.18
Disposal	—
Balance as at 31.03.2020	3.18
Carrying amount as on 31.03.2020	83.36

The Company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

Accordingly, this has resulted in recognition of right-of-use asset (mostly leasehold lands) of ₹33.77 crores including lease liability of ₹2.16 crores as on 1.4.2019. During the year, right of use assets of ₹52.77 crore relating to lease hold land at Vizag Port has been added recognising a lease liability of same amount. Since all the leases are of prepaid in nature no adjustment was called for in retained earnings as at 1st April 2019.

In the statement of profit and loss for the current year, operating lease expenses which was recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset of ₹3.18 crores and finance cost for interest accrued on lease liability amounting to ₹ 3.98 Crores [refer note 32(a)]. The adoption of this standard does not have any significant impact on the profit for the year and earnings per share.

The Company incurred ₹0.82 crores for the year ended 31st March, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹4.27 crores for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets.

## 6. Capital work-in-progress (CWIP)

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
Capital work-in-progress	1,135.86	809.59
Construction materials including in transit	41.30	34.32
	<b>1,177.16</b>	<b>843.91</b>

- 6.1. The amount of capital work in progress includes an amount of ₹46.44 crore (previous year ₹41.16 crore) towards infrastructural development expenditure attributable to Utkal-D and Utkal-E Coal Block. It also includes directly attributable expenses of ₹62.09 crore (previous year ₹7.77 crore) for 5<sup>th</sup> Stream Alumina Refinery expansion and pre-project expenses of ₹62.01 crore towards expenditure on infrastructural development in Odisha which was a binding obligation of the Company to Govt. of Odisha for allotment of Pottangi Mines.

## Notes to the Financial Statement

## 7. Intangible assets

Amount in ₹ Crore

Description	Gross Carrying Amount			Accumulated Depreciation & Amortisation				Carrying Amount		
	As at 31-03-2019	Addition/ Transfer	Disposal/ Transfer/ Adjustment	As at 31-03-2020	As at 31-03-2019	For the Year	Withdrawal/ Transfer/ Adjustment	As at 31-03-2020	As at 31.03.2020	As at 31.03.2019
User right	79.79	—	—	79.79	7.28	4.00	—	11.28	68.51	72.51
Computer software	8.33	2.91	—	11.24	6.09	1.61	—	7.70	3.54	2.24
Mining rights [refer note 8.1]	130.34	158.05	—	288.39	31.21	20.01	—	51.22	237.17	99.13
Licenses	10.25	—	—	10.25	7.72	1.52	—	9.24	1.01	2.53
<b>Grand Total</b>	<b>228.71</b>	<b>160.96</b>	<b>—</b>	<b>389.67</b>	<b>52.30</b>	<b>27.14</b>	<b>—</b>	<b>79.44</b>	<b>310.23</b>	<b>176.41</b>

## Notes:

- 7.1 The Company is operating its mining activities at Panchpatmali bauxite mines based on lease granted by Government of Odisha. In connection with lease renewal, the Company has paid NPV and related payments which is capitalized as intangible assets under Mining Rights and amortized on straight line basis as per the Accounting Policy of the Company.

## 8. Intangible assets under development

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
Mining right	249.54	38.80
	<b>249.54</b>	<b>38.80</b>

## Note:

- 8.1 Mining right under development constitutes expenses for acquisition of leasehold land for coal mining, amount paid to statutory authorities towards allotment of coal blocks, NPV and wild life management plan of coal blocks, and related jobs.

## 9. Investments

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A. Non-current</b>			
<b>A.1</b>	<b>Investments in equity instruments</b>		
<b>A.1.1</b>	<b>Investment in associates</b>		
<b>A.1.2</b>	<b>Investment in joint ventures</b>		
	<b>Unquoted investments</b>		
a)	Utkarsha Aluminium Dhatu Nigam Limited (As at 31.03.2020 : 1,00,00,000 shares of ₹ 10 each fully paid up, as at 31.03.2019: Nil shares of ₹ Nil each fully paid up).	10.00	—
	Share application money for 1,00,00,000 shares of ₹10 each fully paid. #	10.00	—
	<b>Total</b>	<b>20.00</b>	<b>—</b>
	[# 1,00,00,000 nos. of equity shares of ₹10 each fully paid up has been issued by Utkarsha Aluminium Dhatu Nigam Limited on 14.05.2020 under Rights issue.]		
b)	Khanij Bidesh India Limited (As at 31.03.2020 : 40,000 shares of ₹10 each fully paid up, as at 31.03.2019: Nil shares of ₹ Nil each fully paid up).	0.04	—
	Share application money for 9,60,000 shares of ₹10 each fully paid.##	0.96	—
	<b>Total</b>	<b>1.00</b>	<b>—</b>
	[## 9,60,000 nos. of equity shares of ₹10 each fully paid up has been issued by Khanij Bidesh India Limited on 12.06.2020 under Rights issue.]		

## Notes to the Financial Statement

## 9. Investments

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A. Non-current</b>			
<b>A.1</b>	<b>Investments in equity instruments</b>		
	<b>A.1.2 Investment in joint ventures</b>		
	<b>Unquoted investments</b>		
	c) Angul Aluminium Park Private Limited (As at 31.03.2020 : 1,62,23,900 shares of ₹ 10 each fully paid up, as at 31.03.2019: 1,62,23,900 shares of ₹ 10 each fully paid up).	16.22	16.22
	<b>Total</b>	<b>16.22</b>	<b>16.22</b>
	d) GACL-NALCO Alkalies & Chemicals Private Limited (As at 31.03.2020:24,00,00,000 shares of ₹ 10 each fully paid up, as at 31.03.2019: 15,95,30,934 shares of ₹ 10 each fully paid up).	240.00	159.53
	<b>Total</b>	<b>240.00</b>	<b>159.53</b>
	During the year GACL-NALCO Alkalies & Chemicals Private Limited has issued 8,04,69,066 nos. of fully paid equity shares of ₹ 10/- each to the Company under Rights Issue.		
	<b>Total investment in joint ventures</b>	<b>277.22</b>	<b>175.75</b>

**Details of joint ventures**

Details of each of the Company's joint ventures at the end of the reporting period are as follows:

Name of the joint venture	Principal Activity and place of business	Proportion of ownership interest/voting rights held by the Company	
(a) Utkarsha Aluminium Dhatu Nigam Limited	Manufacture, market, sell, buy, trade, distribute, import and export of all high end aluminium alloy products including scrap to fulfil the requirement of critical, strategic and other sectors	50.00%	—
(b) Khanij Bidesh India Limited	Identify, explore, acquire, develop, mine, process, procure and sell strategic minerals outside India	40.00%	—
(c) Angul Aluminium Park Private Limited	Promoting aluminium specific downstream in Odisha, Bhubaneswar, Odisha.	49.00%	49.00%
(d) GACL-NALCO Alkalies & Chemicals Private Limited	Production of caustic soda, Vadodara, Gujarat.	40.00%	40.00%
<b>Unquoted investments</b>			
Odisha Capital Market & Enterprises Limited. (2,89,000 shares of ₹ 1 each fully paid up)		0.03	0.03
<b>Total - Investments in other entities</b>		<b>0.03</b>	<b>0.03</b>
<b>Total - investments in equity instruments</b>		<b>277.25</b>	<b>175.78</b>
<b>Additional information</b>			
Aggregate carrying amount of unquoted investments		277.25	175.78

## Notes to the Financial Statement

B.	Current	As at		As at	
		31.03.2020		31.03.2019	
	Investments in Mutual Funds	Units in '000	Amount in ₹ Crore	Units in '000	Amount in ₹ Crore
	<b>Quoted Investments</b>				
	BOI AXA Liquid Fund	50	5.00	130	13.01
	BOI AXA overnight Fund	100	10.00	—	—
	Baroda Liquid Fund	120	12.00	—	—
	Canara Robeco Liquid	—	—	80	8.01
	IDBI Liquid Fund	—	—	—	—
	SBI Liquid Fund Direct Daily Dividend	—	—	80	8.01
	SBI Premier Liquid Fund	—	—	—	—
	SBI Debt fund Series C-31(365 Days)	—	—	250	25.77
	Union KBC Liquid	180	18.01	110	11.00
	UTI Liquid Cash Plan-Direct Daily Dividend Reinvestment	100	10.00	150	15.01
	UTI Money Market Fund	—	—	—	—
	<b>Total - Other current Investments</b>		<b>55.01</b>		<b>80.81</b>
	<b>Additional Information</b>				
	Aggregate book value of quoted investments and market value thereof		55.01		80.81
	Aggregate carrying amount of unquoted investments		—		—
	Aggregate amount of impairment in value of investments		—		—

## Category-wise classification:

	As at	As at
	31.03.2020	31.03.2019
Financial assets (quoted investments) mandatorily measured at fair value through profit or loss (FVTPL)	55.01	80.81
	<b>55.01</b>	<b>80.81</b>

## 10. Trade receivables

Amount in ₹ Crore

A.	Non-current	As at	As at
		31.03.2020	31.03.2019
(a)	Considered good - Secured	—	—
(b)	Considered good - Unsecured	—	—
(c)	Having significant increase in credit risk	—	—
(d)	Credit impaired	37.11	37.11
	<b>Less: Allowance for doubtful debts (expected credit loss allowance)</b>	<b>37.11</b>	<b>37.11</b>
	<b>Non-current trade receivables</b>	<b>—</b>	<b>—</b>
B.	Current	As at	As at
		31.03.2020	31.03.2019
(a)	Considered good - Secured	—	—
(b)	Considered good - Unsecured	140.09	240.52
(c)	Having significant increase in credit risk	—	—
	<b>Less: Allowance for doubtful debts</b>	<b>—</b>	<b>—</b>
	<b>Current trade receivables</b>	<b>140.09</b>	<b>240.52</b>

## Notes to the Financial Statement

## 10. Trade receivables (contd.)

## Notes:

10.1 The sale of goods (Alumina and Aluminium) is made against either advances received from customers or letter of credit. The advance received from customer is adjusted on sale. The average credit period for sale of wind power is 30 days from the date of metering which is considered as collection period.

10.2 Customers that individually represent more than 5% of the total trade receivable as on 31.03.2020:

Customers		% of trade receivables	Customer Category
a.	TRAFIGURA PTE LTD	39%	Alumina
b.	APSPDCL	18%	Wind Power
c.	NTPC Vidyut Vyapar Nigam Ltd.	12%	Wind Power
d.	RDPPC, DEVIKOT, RAJASTHAN	5%	Wind Power

10.3 The company has used a practical approach for computing expected credit loss allowance for trade receivables based on a case to case basis. Since there is no credit period for sale of alumina and aluminum and the sale is either made against an advance or backed by letter of credit (LC) given by customers, no credit loss is expected against such receivables. For sale of wind power, although there is no credit arrangement, the Company estimates credit losses based on credit loss experience and forward looking information.

Age of receivables	As at 31.03.2020	As at 31.03.2019
<b>Alumina and Aluminium</b>		
0-30 days	78.04	167.36
3-6 Months	—	—
More than 6 months	37.11	37.11
	<b>115.15</b>	<b>204.47</b>
<b>Wind Power</b>		
0-3 Months	9.28	14.50
3-6 Months	7.31	9.89
More than 6 months	45.46	48.77
	<b>62.05</b>	<b>73.16</b>

## 11. Loans

Amount in ₹ Crore

A. Non-current		As at 31.03.2020	As at 31.03.2019
(a)	Loans to employees		
	Secured, considered good	62.42	62.60
	Unsecured, considered good	10.30	11.90
(b)	Loans to others		
	Secured, considered good	0.30	0.24
<b>Total non-current loans</b>		<b>73.02</b>	<b>74.74</b>
B. Current		As at 31.03.2020	As at 31.03.2019
(a)	Loans to employees		
	Considered good-Secured	29.52	17.88
	Considered good-Unsecured	9.07	7.16
(b)	Loans to related parties		
	Considered good-Secured [refer note 11.2]	0.02	0.01
(c)	Loans to others		
	Considered good - Secured	1.55	0.70
<b>Total current loans</b>		<b>40.16</b>	<b>25.75</b>

## Note:

11.1 Loans to employees and others are carried at amortised cost.

11.2 The amount of loan outstanding from related parties (Directors) is the amount of house building loan taken from the Company in their capacity as employees. Further information on these loans is set out in note 38-Related party disclosure.

## Notes to the Financial Statement

## 12. Other financial assets

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A.</b>	<b>Non current</b>		
	Security deposits	10.48	10.37
	<b>Total other non-current financial assets</b>	<b>10.48</b>	<b>10.37</b>
<b>B.</b>	<b>Current</b>		
(a)	Advances to employees	0.04	0.12
(b)	Insurance claims receivables and others	8.46	9.56
	<b>Gross - other current financial assets</b>	<b>8.50</b>	<b>9.68</b>
	<b>Less: Allowance for bad and doubtful other current financial assets</b>		
(a)	Insurance claims	8.45	8.45
	<b>Total allowance for bad and doubtful - other current assets</b>	<b>8.45</b>	<b>8.45</b>
	<b>Net other current financial assets</b>	<b>0.05</b>	<b>1.23</b>
	<b>Classification of other current financial assets:</b>		
	Unsecured, considered good	0.05	1.23
	Doubtful	8.45	8.45
	<b>Gross other current financial assets</b>	<b>8.50</b>	<b>9.68</b>

## Note:

12.1 Other financial assets are carried at amortised cost.

## 13. Current tax assets

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
	Income tax	46.22	51.26
	<b>Total current tax assets</b>	<b>46.22</b>	<b>51.26</b>

## 14. Other assets

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A.</b>	<b>Non-current</b>		
(a)	Capital advances	197.18	222.57
(b)	Advances other than capital advance:		
	Advance with public authorities		
(1)	Customs, excise, sales tax, port trusts etc.	216.66	226.86
(2)	Deposits with Income Tax Authority (net)	285.55	268.06
(3)	Other Government authorities	2.18	2.65
(c)	Others		
	Prepaid expenses		
(1)	Lease-hold land premiums [refer note 14.1]	—	377.35
(2)	Deferred employee benefits	18.29	19.66
	<b>Gross other non-current assets</b>	<b>719.86</b>	<b>1,117.15</b>
	<b>Less: Allowance for bad and doubtful for other non-current assets</b>		
(a)	Capital advances	0.26	0.27
	<b>Total allowance for bad and doubtful for other non-current assets</b>	<b>0.26</b>	<b>0.27</b>
	<b>Total other non-current assets</b>	<b>719.60</b>	<b>1,116.88</b>

## Notes to the Financial Statement

## 14. Other assets (contd.)

Amount in ₹ Crore

B.	Current	As at 31.03.2020	As at 31.03.2019
	Advances other than capital advances		
(a)	Claims with statutory authorities		
(1)	Export Incentive Claims	14.33	29.87
(2)	Generation Based Incentive on power generated from renewable source and Renewable energy certificates	3.86	2.73
(3)	VAT, CENVAT and GST Credit Recoverable	345.47	302.78
(4)	Claims receivable from customs, excise and railway authorities	8.79	8.94
(b)	Prepaid expenses		
(1)	Lease-hold land premiums [refer note 14.1]	—	12.95
(2)	Deferred employee benefits	2.85	4.21
(3)	Other prepaid expenses	5.29	6.65
(c)	Gold medallion and stamp in hand	0.01	0.08
(d)	Other receivables	1.63	2.08
(e)	Other advances		
(1)	Advances to employees	28.46	24.16
(2)	Advances to suppliers and service providers	395.11	304.40
(3)	Others	2.67	7.47
	<b>Gross other current assets</b>	<b>808.47</b>	<b>706.32</b>
	<b>Less: Allowance for bad and doubtful for other current assets</b>		
(a)	VAT and CENVAT Credit Recoverable	197.81	200.09
(b)	Claims receivable from customs, excise and railway authorities	7.09	6.39
(c)	Other receivables	1.00	1.26
(d)	Advances to suppliers and service providers	1.88	1.81
(e)	Others	1.85	2.00
	<b>Total allowance for bad and doubtful for other current assets</b>	<b>209.63</b>	<b>211.55</b>
	<b>Total other current assets</b>	<b>598.84</b>	<b>494.77</b>

## Note:

- 14.1 With effect from April 1, 2019 the Company adopted Ind AS 116 'Leases', applied to all lease contracts existing as on April 1, 2019 using the modified retrospective method. On the transition date i.e. 1.4.2019, the total amount of lease premium of ₹390.30 crore which mainly constitutes prepaid premium on land leases has been recognised as
- Mining right of ₹157.57 crore for the lease premium relating to Bauxite Mines,
  - Mining right under development of ₹201.12 crore for lease premium pertaining to Coal Mines division and,
  - Leasehold land of ₹31.61 crore.
- (The discounted value of future lease payments amounting to ₹2.16 crore together with prepaid lease premiums of ₹31.61 crore has been recognised as right-of-use assets of ₹33.77 crore as on 1.4.2019, refer note no.5)

## Notes to the Financial Statement

## 15. Inventories

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
(a) Raw materials	89.46	125.55
(b) Coal and fuel oil	338.63	199.97
(c) Finished goods	440.02	122.29
(d) Carbon Anodes (Intermediaries)	153.03	141.12
(e) Work-in-progress	282.54	246.95
(f) Stores and spares	378.51	361.10
(g) Scrap and disposables	14.71	13.03
<b>Total inventories</b>	<b>1,696.90</b>	<b>1,210.01</b>
<b>Included above, goods-in-transit:</b>		
(i) Raw materials	10.71	9.26
(ii) Coal and fuel oil	10.48	13.87
(iii) Stores and spares	9.86	12.15
<b>Total goods-in-transit</b>	<b>31.05</b>	<b>35.28</b>

## Note:

- 15.1 Cost of inventories recognised as expenses during the year is ₹4,027.93 crore (previous year : ₹4,516.36 crore).
- 15.2 Cost of inventories recognised as expenses includes ₹4.23 crore (previous year: ₹3.52 crore) in respect of write-downs of inventory for non moving items.
- 15.3 Inventories are hypothecated/pledged against cash credit facility.
- 15.4 Method of valuation of inventories is stated in note 3.10 of Significant Accounting Policies.

## 16.A. Cash and cash equivalents

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
(a) Balances with banks		
(1) Balance with scheduled banks		
(i) In current account	18.47	171.60
<b>Total cash and cash equivalents</b>	<b>18.47</b>	<b>171.60</b>

## 16.B. Bank balances (other than Cash and cash equivalents)

	As at 31.03.2020	As at 31.03.2019
(a) In deposit account (having original maturity between 3-12 months)	1,404.55	2,972.65
Principal	1,358.00	2,880.00
Accrued Interest	46.55	92.65
(b) Earmarked balance with scheduled banks	557.51	352.10
<b>Total other bank balances</b>	<b>1,962.06</b>	<b>3,324.75</b>

## Note:

## Note:

- 16.B.1 The earmarked balance with scheduled banks represents amount deposited towards unclaimed dividend amounting to ₹2.95 crore (previous year ₹3.27 crore) and deposit (including accrued interest) of ₹554.56 crore (previous year ₹348.83 crore) under Hon'ble High Court of Orissa's directive towards disputed electricity duty.
- 16.B.2 Amount due for credit to Investor's Education and Protection Fund at the end of the current year ₹ Nil (previous year ₹ Nil).



## Notes to the Financial Statement

## 17. Share Capital

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
<b>Authorised share capital:</b>		
6,00,00,00,000 equity shares of ₹ 5 each	3,000.00	3,000.00
	<b>3,000.00</b>	<b>3,000.00</b>
<b>Issued and subscribed capital comprises:</b>		
1,86,56,17,498 fully paid-up equity shares of ₹ 5 each (As at 31.03.2019: 1,86,56,17,498 fully paid-up equity shares of ₹ 5 each)	932.81	932.81
	<b>932.81</b>	<b>932.81</b>

## 17.1 Reconciliation of the number of equity shares

	Number of shares	Amount ₹ in Crore
<b>Balance as at 31.03.2018</b>	<b>1,93,29,28,884</b>	<b>966.46</b>
Buy-back of shares	(6,73,11,386.00)	(33.65)
<b>Balance as at 31.03.2019</b>	<b>1,86,56,17,498</b>	<b>932.81</b>
Changes during the year		
<b>Balance as at 31.03.2020</b>	<b>1,86,56,17,498</b>	<b>932.81</b>

- (i) The Company has only one class of equity shares having par value of ₹ 5 each. Each holder of equity shares is entitled to one vote per share and carries proportionate right to dividends declared by the Company based on their holdings.
- (ii) **Buy back:** During the year 2016-17, the Company bought back 64,43,09,628 numbers of equity shares of ₹ 5 each which led to decrease in the equity share capital from ₹ 1,288.62 crore to ₹ 966.46 crore. During 2018-19 Company again bought back 6,73,11,386 number equity shares of ₹5 each which further led to decrease in equity share capital from ₹966.46 crore to ₹ 932.81 crore.
- (iii) **Disinvestment:** During the year 2017-18 the Government of India divested 27,77,65,383 Nos fully paid equity shares (through OFS 17,80,69,927 Nos, through employee offer 76,17,057 Nos and through ETF 9,20,78,399 Nos), consequent to which holding of the Government of India came down from 1,44,14,82,490 Nos (74.58%) as on 31.03.2017 to 1,16,37,17,107 Nos (60.2%) as on 31.03.2018. During the year 2018-19, the Government of India further divested 8,89,86,323 Nos of equity shares through ETF. Consequent to buyback and transfer of shares through ETF by Government of India during 2018-19, the holding of Government of India has come down from 1,16,37,17,107 Nos (60.20%) as on 31.03.2018 to 97,00,81,517 nos (51.99%) as on 31.03.2019.

During the current year Government of India divested 92,88,506 Nos. of equity shares through Bharat 22 ETF upon which the holding of Government of India has come down from 97,00,81,517 nos (51.99%) as on 31.03.2019 to 96,07,93,011 Nos. (51.50%) as on 31.03.2020.

## 17.2 Details of shares held by each shareholder holding more than 5% of shares.

Amount in ₹ Crore

	As at 31.03.2020		As at 31.03.2019	
	Number of shares held	% of holding of equity shares	Number of shares held	% of holding of equity shares
<b>Fully paid equity shares</b>				
Government of India	96,07,93,011	51.50%	97,00,81,517	51.99%
Life Insurance Corporation of India	9,41,04,003	5.04%	9,34,35,272	5.00%
ICICI Prudential Infrastructure Fund	11,00,27,027	5.90%	7,80,85,124	4.18%
Others	70,06,93,457	37.56%	72,40,15,585	38.81%
<b>Total</b>	<b>1,86,56,17,498</b>	<b>100.00%</b>	<b>1,86,56,17,498</b>	<b>100.00%</b>

## Notes to the Financial Statement

## 18. Other equity

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
(a) Capital redemption reserves	355.81	355.81
(b) General reserve	8,112.98	8,112.98
(c) Retained earnings	586.47	1,082.91
<b>Total</b>	<b>9,055.26</b>	<b>9,551.70</b>

## 18.1 Movement in other equity

Amount in ₹ Crore

Other equity	Reserves and Surplus			
	Capital redemption reserve	General reserve	Retained earnings	Total
<b>Balance as at 01.04.2018</b>	<b>322.16</b>	<b>8,620.41</b>	<b>595.78</b>	<b>9,538.35</b>
Profit for the year	—	—	1,732.40	1,732.40
Other comprehensive income (net of taxes)	—	—	(0.15)	(0.15)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>1,732.25</b>	<b>1,732.25</b>
Premium on Buy-back of equity shares	—	(471.18)	—	(471.18)
Expenses on Buy-back of equity shares	—	(2.60)	—	(2.60)
Transfer of general reserve to Capital redemption reserve	33.65	(33.65)	—	—
Final dividend for the previous year	—	—	(193.29)	(193.29)
Tax on final dividend for the previous year	—	—	(39.73)	(39.73)
Interim dividend for the year	—	—	(839.53)	(839.53)
Tax on interim dividend for the year	—	—	(172.57)	(172.57)
<b>Balance as at 31.03.2019</b>	<b>355.81</b>	<b>8,112.98</b>	<b>1,082.91</b>	<b>9,551.70</b>
Profit for the year	—	—	138.23	138.23
Other comprehensive income (net of taxes)	—	—	(16.17)	(16.17)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>122.06</b>	<b>122.06</b>
Final dividend for the previous year	—	—	(233.20)	(233.20)
Tax on final dividend for the previous year	—	—	(47.94)	(47.94)
Interim dividend for the year	—	—	(279.84)	(279.84)
Tax on interim dividend for the year	—	—	(57.52)	(57.52)
<b>Balance as at 31.03.2020</b>	<b>355.81</b>	<b>8,112.98</b>	<b>586.47</b>	<b>9,055.26</b>

18.2 The Company had bought back its own equity shares on Septmeber 26, 2016 at a premium utilising general reserve amounting to ₹ 2834.97 crore and consequently a sum equal to the nominal value of the shares so bought back amounting to ₹ 322.16 crore had been transferred to the capital redemption reserve account in terms of section 69 of the Companies Act, 2013.

During the year 2018-19, the Company had bought back 6,73,11,386 number of fully paid equity shares of ₹5 each on December 4, 2018 at an offer price of ₹75 per share. The aggregate consideration paid was ₹504.83 crore. Post buyback, the paid up equity share capital of the Company is reduced by ₹33.65 crore from ₹966.46 crore to ₹932.81 crore. The premium amount ₹471.18 crore is appropriated from general reserve. The shares were extinguished on December 7, 2018 and in terms of the provisions of Companies Act, 2013 a sum of ₹33.65 crore was transferred from general reserve to capital redemption reserve.

18.3 During the year, the Company has paid interim dividend @ ₹1.5 per equity share amounting in total ₹279.84 crore and final dividend for the year 2018-19 @ ₹1.25 per equity share totaling ₹233.20 crore. During the preceeding year, the Company paid interim dividend of ₹839.53 crore for financial year 2018-19. Dividend tax of ₹57.52 crore, ₹47.94 crore and ₹172.57 crore on these respective amounts of dividends have been paid by the Company.

18.4 The Board has not recommended any final dividend for the year 2019-20.

## Notes to the Financial Statement

## 19. Borrowings

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
Current (secured at amortised cost)		
Liabilities towards bills discounted	12.31	66.79
<b>Total other current financial liabilities</b>	<b>12.31</b>	<b>66.79</b>

## 20. Trade payables

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
<b>A. Non-current</b>		
(1) Creditors for supplies and services		
— Dues to micro and small enterprises	—	—
— Others	22.69	21.14
<b>Total non-current trade payables</b>	<b>22.69</b>	<b>21.14</b>
<b>B. Current</b>		
(1) Creditors for supplies and services		
— Dues to micro and small enterprises	7.06	2.22
— Others	535.03	435.38
Accrued wages and salaries	230.84	848.17
<b>Total current trade payables</b>	<b>772.93</b>	<b>1,285.77</b>

## Notes:

- 20.1 Dues payable to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure pursuant to said Act in respect of such dues included in trade payables (note-20) and other financial liabilities (note-21) is as under.

Particulars	As at 31.03.2020	As at 31.03.2019
i) Principal amount due	7.06	2.69
ii) Interest on principal amount due	Nil	Nil
iii) Interest and principal amount paid beyond appointment day	Nil	Nil
iv) The amount of interest due and for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the amount of interest specified under MSME Development Act 2006.	Nil	Nil
v) The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSME Development Act 2006.	Nil	Nil

## Notes to the Financial Statement

## 21. Other financial liabilities

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A.</b>	<b>Non-current</b>		
	(a) Creditors for Supplies and services		
	— Dues to micro and small enterprises	—	—
	— Others	8.28	6.70
	(b) Lease Liability	50.25	—
	<b>Total other non-current financial liabilities</b>	<b>58.53</b>	<b>6.70</b>
<b>B.</b>	<b>Current</b>		
	(a) Unpaid dividends	2.95	3.27
	(b) Creditors for other liabilities		
	(1) Creditors for capital supplies and services		
	— Dues to micro and small enterprises	—	0.47
	— Others	312.72	299.35
	(2) Security deposits from customers	2.07	1.78
	(3) Refund due to customers	26.50	7.84
	(4) Liabilities for discount on sales to customers	65.93	98.00
	(5) Employees' recoveries	0.63	0.15
	(c) Lease Liability	5.22	—
	<b>Total other current financial liabilities</b>	<b>416.02</b>	<b>410.86</b>

## 22. Provisions

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A.</b>	<b>Non-current</b>		
(a)	<b>Provision for employee benefits</b>		
	(1) Retirement benefits obligations		
	(i) Post retirement medical benefits scheme (PRMBS)	135.39	117.22
	(ii) Settling in benefit on retirement	17.27	19.52
	(iii) Nalco benevolent fund scheme (NBFS)	2.41	2.45
	(iv) Nalco retirement welfare scheme( NRWS)	12.07	11.56
	(v) Retirement gift	7.08	6.79
	(2) Other long-term employee benefits		
	(i) Compensated absences	383.08	315.57
	(ii) Long service rewards	11.01	9.31
	(iii) Nalco employees family financial assistance rehabilitation scheme (NEFFARS)	25.94	17.01
(b)	<b>Other Provisions</b>		
	(1) Asset restoration obligations/dismantling	34.17	31.12
	(2) Other legal and constructive obligations	0.38	0.38
	<b>Total non current provisions</b>	<b>628.80</b>	<b>530.93</b>
<b>B.</b>	<b>Current</b>		
(a)	<b>Provision for employee benefits</b>		
	(1) <b>Retirement benefits obligations</b>		
	(i) Gratuity (funded)	55.98	57.40
	(ii) Post retirement medical benefits scheme (PRMBS)	5.03	6.22
	(iii) Settling in benefit on retirement	3.32	2.90
	(iv) Nalco benevolent fund scheme (NBFS)	0.58	0.59
	(v) Nalco retirement welfare scheme( NRWS)	0.45	0.34
	(vi) Retirement gift	0.18	0.14
	(2) <b>Other Long-term employee benefits</b>		
	(i) Compensated absences	44.49	31.69
	(ii) Long service rewards	0.53	1.05
	(iii) Nalco employees family financial assistance rehabilitation scheme(NEFFARS)	6.15	5.57
(b)	<b>Other Provisions</b>		
	(1) towards peripheral development expenses	31.03	31.53
	(2) towards other legal and constructive obligations	30.70	28.08
	<b>Total current provisions</b>	<b>178.44</b>	<b>165.51</b>

## Notes to the Financial Statement

## 22. Provisions (contd.)

Amount in ₹ Crore

C. Movement of provisions		Compensated absences	Long service rewards	NEFFARS
(1)	Movement of retirement benefit obligations [refer note 31]			
(2)	Movement of employee benefits			
	<b>Balance at 31.03.2018</b>	273.06	10.10	21.61
	Additional provisions recognised	108.68	1.26	18.06
	Reductions arising from payments	(76.91)	(1.51)	(17.09)
	Changes arising from remeasurement	42.43	0.51	—
	<b>Balance at 31.03.2019</b>	347.26	10.36	22.58
	Additional provisions recognised	125.09	1.22	28.77
	Reductions arising from payments	(75.16)	(2.30)	(19.26)
	Changes arising from remeasurement	30.38	2.26	—
	<b>Balance at 31.03.2020</b>	427.57	11.54	32.09
(3)	Movement of other Provisions	Asset restoration obligation	Legal and Constructive Obligation	Peripheral Development Expenses
	<b>Balance at 31.03.2018</b>	23.57	26.82	32.64
	Additional provisions recognised	5.23	3.87	—
	Reductions arising from payments	—	(2.28)	(1.11)
	Unwinding of discount	2.32	0.05	—
	<b>Balance at 31.03.2019</b>	31.12	28.46	31.53
	Additional provisions recognised	0.50	4.52	—
	Reductions arising from payments	—	(1.95)	(0.50)
	Unwinding of discount	2.55	0.05	—
	<b>Balance at 31.03.2020</b>	34.17	31.08	31.03

## Note:

- 22.1 Provision related to retirement and other long term employee benefits are provided, in the case of gratuity as per the Gratuity Act, and for other benefits as per the Company rules. Liability for the same is recognised on the basis of actuarial valuation by independent Actuary.
- 22.2 Provision for asset restoration obligation and constructive obligation is made based on management estimation in line with Ind AS 16 and Ind AS 37 respectively.
- 22.3 Provision for peripheral development expenditure is the unspent development obligation of the Company prior to introduction of Companies Act 2013.

## 23. Deferred tax liabilities

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019		
Deferred tax liabilities	1,582.79	1,560.12		
Deferred tax assets	522.18	429.45		
	<b>1,060.61</b>	<b>1,130.67</b>		
<b>2018-19</b>	Opening balance as at 01.04.2018	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as at 31.03.2019
<b>Deferred tax liabilities relating to:</b>				
Property, plant and equipment	(1,482.93)	(62.13)		(1,545.06)
FVTPL financial assets	2.85	0.09		2.94
Provision for defined benefit obligation (OCI)	(21.64)	—	3.64	(18.00)
<b>Deferred tax liabilities</b>	<b>(1,501.72)</b>	<b>(62.04)</b>	<b>3.64</b>	<b>(1,560.12)</b>

## Notes to the Financial Statement

## 23. Deferred tax liabilities (contd.)

Amount in ₹ Crore

2018-19	Opening balance as at 01.04.2018	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as at 31.03.2019
<b>Deferred tax assets in relation to:</b>				
Provision for compensated absences and other employee benefits	94.50	26.85	—	121.35
Provision for defined benefit obligation	88.55	(0.38)	—	88.17
Provision for doubtful debts / advances	90.22	0.02	—	90.24
Temporary Difference due to application of section 43B	60.12	65.15	—	125.27
MAT credit entitlement	12.51	(12.51)	—	—
Others	4.37	0.04	—	4.42
<b>Deferred tax assets</b>	<b>350.27</b>	<b>79.17</b>	<b>—</b>	<b>429.45</b>
<b>Deferred tax (liabilities) / assets [net]</b>	<b>(1,151.45)</b>	<b>17.13</b>	<b>3.64</b>	<b>(1,130.67)</b>
<b>2019-20</b>				
	Opening balance as at 01.04.2019	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as at 31.03.2020
<b>Deferred tax liabilities relating to:</b>				
Property, plant and equipment	(1,545.06)	(28.76)	—	(1,573.82)
FVTPL financial assets	2.94	(0.58)	—	2.36
Provision for defined benefit obligation (OCI)	(18.00)	—	6.67	(11.33)
<b>Deferred tax liabilities</b>	<b>(1,560.12)</b>	<b>(29.34)</b>	<b>6.67</b>	<b>(1,582.79)</b>
<b>Deferred tax assets in relation to:</b>				
Provision for compensated absences and other employee benefits	121.35	28.05	—	149.40
Provision for defined benefit obligation	88.17	2.65	—	90.82
Provision for doubtful debts / advances	90.24	(1.22)	—	89.02
Temporary Difference due to application of section 43B	125.27	63.25	—	188.52
MAT credit entitlement	—	—	—	—
Others	4.42	—	—	4.42
<b>Deferred tax assets</b>	<b>429.45</b>	<b>92.73</b>	<b>—</b>	<b>522.18</b>
<b>Deferred tax (liabilities) / assets (net)</b>	<b>(1,130.67)</b>	<b>63.39</b>	<b>6.67</b>	<b>(1,060.61)</b>

## 24. Other liabilities

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
<b>A. Non-current</b>		
(i) Deposits under NEFFARS	70.90	67.89
<b>Total other non-current liabilities</b>	<b>70.90</b>	<b>67.89</b>

## Notes to the Financial Statement

## 24. Other liabilities (contd.)

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>B.</b>	<b>Current</b>		
	(i) Revenue received in advance	94.25	57.72
	(ii) Statutory and other dues		
	(a) Electricity duty [refer note: 24.1]	589.43	385.90
	(b) Tax deducted and collected at source	21.61	24.38
	(c) Contribution to NEPF trust and NPS	38.17	35.58
	(d) Dues towards stamp duty	212.78	212.78
	(e) Others (Service tax, excise duty etc.)	64.91	78.28
	(iii) Renewable energy purchase obligation	293.82	162.71
	(iv) Deposits under NEFFARS	24.22	17.64
	(v) Grants for property, plant and equipment	0.53	0.56
	(vi) Other credit balances	0.60	0.64
	<b>Total other current liabilities</b>	<b>1,340.32</b>	<b>976.19</b>

## Note:

- 24.1 The Energy Department of Govt. of Odisha vide its notification dated May 12, 2017 has enhanced the rate of electricity duty from ₹0.30 paise per unit to ₹0.55 paise per unit of consumption. Aggrieved by the said notification, Confederation of Captive Power Plants, Odisha of which the Company is a member, has challenged the order in the Hon'ble High Court of Orissa. As an interim measure, the Hon'ble High Court in its order dated 01.06.2017 has directed the petitioner to deposit the differential electricity duty in a separate interest bearing bank account which shall be subject to the result of writ petition. Accordingly, the Company provided for electricity duty expenditure at the enhanced rate and deposited the money into a separate interest bearing bank account as per direction of the Court. Interest earned on such deposits is not recognised as income but treated as liability along with the unpaid enhanced electricity duty. The amount lying as deposit as at the reporting date against such disputed liability is ₹554.56 crore (previous year ₹348.83 crore) [refer note 16.B.1]. The balance amount of ₹34.87 crore (previous year ₹37.07 crore) is towards electricity duty for the month of March which was paid in the month of April of the respective years.
- 24.2 The Company has filed a writ petition before the Hon'ble High Court of Odisha vide WP (C) Nos. 11367 of 2016 challenging the notification issued by OERC regarding renewable power purchase obligation. Pending disposal of the same, as the matter is sub judice, status quo is maintained.

## 25. Contingent liabilities (to the extent not provided for)

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>Claims against the Company not acknowledged as debts</b>			
<b>a.</b>	<b>Demand from statutory authority</b>		
	1. Odisha Sales tax	4.31	81.00
	2. Central Sales tax	281.01	282.96
	3. VAT	12.64	12.60
	4. Excise duty	410.44	416.65
	5. Custom duty	104.47	102.77
	6. Service tax	18.19	23.60
	7. Income tax	547.62	670.09
	8. Entry tax	221.37	221.82
	9. Road tax	2.65	2.65
	10. Stamp duty	0.51	—
	11. Claim From Govt. (NGT)	15.59	6.00
	12. Claim From PSUs	188.73	50.12
	13. Land acquisition and interest there on	88.20	48.15
	14. Demand from Dept. of Mines Govt. of Odisha	136.32	136.32
	15. NPV related demand under Mining lease	92.45	92.45
	16. Demand from Water Resources Deptt. Govt. of Odisha for Water Conservation fund	119.24	119.24
<b>b.</b>	<b>Claim by contractors/suppliers and others</b>		—
	1. Claims of Contractor's suppliers and others	318.08	505.18
	<b>Total</b>	<b>2,561.82</b>	<b>2,771.59</b>

## Notes to the Financial Statement

## 25. Contingent liabilities (to the extent not provided for) (contd.)

Claims against the Company not acknowledged as debt includes:

- i. Demand from various statutory authorities towards income tax, sales tax, excise duty, custom duty, service tax, entry tax and other government levies. The Company is contesting the demands before the respective appellate authorities. It is expected that the ultimate outcome of these proceedings will be in favour of the Company and will not have any material adverse effect on the Company's financial position and results of operation.
- ii. Claims of contractors for supply of materials/services pending with arbitration/courts have arisen in the ordinary course of business. The Company reasonably expects that these legal actions will be concluded and determined in favour of the Company and will not have any material adverse effect on the Company's results of operation or financial position.
- iii. Claim from PSUs includes the energy compensation charges and the delayed payment surcharge on the same, since 2005, demanded by Odisha Hydro Power Corporation Limited (OHPC) towards loss of power generation by the Corporation due to drawal of water from the reservoir at Upper Kolab, Koraput by NALCO Refinery at M&R Complex.
- iv. The claims against the company are mostly due to demands raised by the IT department at assessment stage. These claims are on account of multiple issues of disallowances such as disallowance in respect of additional depreciation under section 32(i)(ia), disallowance of peripheral development expenses, provision for non-moving stores and spares, treatment of short term capital gain and not allowing loss under long term capital gain and treating the same as business income, disallowance u/s 14A etc. These matters are subjudice and pending before various appellate authorities. The Management, including its tax advisors, expect that its position will likely be upheld on the ultimate resolution in view of the decisions already available in favour of the Company by higher appellate forums being CIT(A) / ITAT (Jurisdictional). Thus it will not have a material adverse effect on the Company's financial position and in the results of operations. Hence, there is no uncertainty in tax treatment which will affect the determination of taxable profit (loss), tax bases, unused tax losses, unused tax credits, and tax rates of the Company.

## 25.1 Movement of contingent liabilities

	As at 31.03.2019	Reduction during the year	Addition during the year	As at 31.03.2020
<b>a. Demand by statutory authority</b>				
1. Odisha Sales tax	81.00	(76.69)	—	4.31
2. Central Sales tax	282.96	(1.95)	—	281.01
3. VAT	12.60	—	0.05	12.64
4. Excise duty	416.65	(7.66)	1.45	410.44
5. Custom duty	102.77	—	1.70	104.47
6. Service tax	23.60	(5.41)	—	18.19
7. Income tax	670.09	(186.73)	64.26	547.62
8. Entry tax	221.82	(1.01)	0.56	221.37
9. Road tax	2.65	—	—	2.65
10. Stamp duty	—	—	0.51	0.51
11. Claim From Govt. (NGT)	6.00	—	9.59	15.59
12. Claim From PSUs	50.12	—	138.61	188.73
13. Land acquisition and interest there on	48.15	—	40.06	88.20
14. Demand from Dept. of mines Govt. of Odisha	136.32	—	—	136.32
15. NPV related demand under Mining lease	92.45	—	—	92.45
16. Demand from Water Resources Deptt. Govt. of Odisha for Water Conservation fund	119.24	—	—	119.24
<b>b. Claim by contractors/suppliers and others</b>	—			—
1. Claims of Contractor's suppliers and others	505.18	(192.91)	5.80	318.08
<b>Total</b>	<b>2,771.59</b>	<b>(472.35)</b>	<b>262.58</b>	<b>2,561.82</b>

## 26. Commitments

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
a)	Estimated amount of Contracts remaining to be executed on capital account and not provided for	993.90	829.92
b)	Other Commitments		
	(1) Amount payable to the Government of India but not yet due for payment for allocation of Utkal D & E coal block.	18.11	18.11
	(2) Export obligation for import of capital goods under Export Promotion Capital Goods Scheme.	254.32	168.75
<b>Total</b>		<b>1,266.33</b>	<b>1,016.78</b>



## Notes to the Financial Statement

## 27. Revenue from operations

Amount in ₹ Crore

	Year ended 31.03.2020	Year ended 31.03.2019
(a) Sale of products		
1) Export:		
i) Alumina	2,764.30	4,222.41
ii) Aluminium	746.62	570.30
2) Domestic:		
i) Alumina	213.98	212.67
ii) Aluminium	4,645.92	6,253.33
(b) Sale of power		
i) Thermal power [refer note 27.1]	—	1.57
ii) Wind Power	54.93	126.04
(c) Other operating income	46.09	113.00
<b>Revenue from operations</b>	<b>8,471.84</b>	<b>11,499.32</b>

## Note:

- 27.1 As per minutes of the meeting held between the Company and GRIDCO on 06.04.2019 with regard to wheeling arrangement of power from CPP at Angul to Refinery at Damanjodi and sale of power to GRIDCO, no payment shall be made towards any surplus power injected to GRID w.e.f. 01.07.2015 without a valid contract and shall be treated as inadvertent power to be priced at zero. Accordingly, earlier dues to GRIDCO have been recasted and no revenue have been recognised against the inadvertent power injected during the current year. Further, this zero rated pricing of inadvertent power injected to GRID without a valid contract has been confirmed by OERC in case no. 62/2017 in the matter of *suo-motu* proceeding on the consultative paper on pricing of surplus power from CGPs to be purchased by GRIDCO Limited vide their order dated 09.04.2019 and Appellate Tribunal for Electricity vide their order dated 08.05.2017 against appeal no. 120 of 2016 and IA 272 of 2016.

## 28. Other income

Amount in ₹ Crore

	Year ended 31.03.2020	Year ended 31.03.2019
(a) Interest income		
(i) Interest income earned from financial assets that are not designated as at fair value through profit or loss:		
— Bank deposits	144.30	224.28
— Loans to employees	9.43	9.69
— Other financial assets carried at amortised cost	2.99	3.17
(ii) Interest income earned towards Income tax refund	61.18	—
(b) Dividend income		
— Dividends from current investments	7.60	30.61
(c) Net foreign exchange gain/(loss)	5.94	8.62
(d) Net gain/(loss) on financial assets designated as at FVTPL	0.01	(2.16)
(e) Net gain/(loss) on sale of other investments	1.35	—
(f) Write back of liabilities no longer required [refer note: 28.1]	3.73	12.04
(g) Income from internally generated scrap	19.52	19.47
(h) Others	16.53	20.15
<b>Total other income</b>	<b>272.58</b>	<b>325.87</b>

## Note:

- 28.1 Unclaimed liability lying in books for a period of more than 3 years as on the reporting date are written back and recognized as income.

## Notes to the Financial Statement

## 29. Cost of materials consumed

Amount in ₹ Crore

	Year ended 31.03.2020	Year ended 31.03.2019
<b>A. Raw material</b>		
(1) Caustic soda	935.17	941.02
(2) C.P. coke	460.73	645.43
(3) C.T. pitch	142.25	176.41
(4) Aluminium flouride	80.58	75.43
(5) Lime	51.47	50.00
(6) Others	32.28	31.39
<b>Total raw materials consumed</b>	<b>1,702.48</b>	<b>1,919.68</b>
<b>B. Power and Fuel</b>		
(1) Coal	1,667.11	1,525.72
(2) Fuel oil	663.21	708.06
(3) Duty on own generation [refer note: 24.1]	400.30	406.51
(4) Purchase of power	224.47	283.64
(5) Power transmission charges	9.51	3.19
<b>Total Power and Fuel consumed</b>	<b>2,964.60</b>	<b>2,927.12</b>

## 30. Changes in inventories of finished goods, intermediaries and work-in-process

Amount in ₹ Crore

	Year ended 31.03.2020	Year ended 31.03.2019
<b>Finished goods</b>		
<b>Opening stock</b>		
(1) Bauxite	18.12	9.20
(2) Chemical	91.48	114.18
(3) Aluminium	12.68	19.83
<b>Total opening stock of finished goods</b>	<b>122.28</b>	<b>143.21</b>
<b>Less: Closing stock</b>		
(1) Bauxite	3.74	18.12
(2) Chemical	159.30	91.48
(3) Aluminium	276.97	12.68
<b>Total Closing stock of finished goods</b>	<b>440.01</b>	<b>122.28</b>
<b>(Accretion)/Depletion in finished goods</b>	<b>(317.73)</b>	<b>20.93</b>
<b>Intermediaries</b>		
<b>Opening stock</b>		
Anodes	122.16	66.75
Others	18.97	10.99
<b>Total opening stock of intermediaries</b>	<b>141.13</b>	<b>77.74</b>
<b>Less: Closing stock</b>		
Anodes	136.37	122.16
Others	16.67	18.97
<b>Total closing stock of intermediaries</b>	<b>153.04</b>	<b>141.13</b>
<b>(Accretion)/depletion in intermediaries</b>	<b>(11.91)</b>	<b>(63.39)</b>
<b>Work in process</b>		
<b>Opening stock</b>		
	246.95	284.33
<b>Less: Closing stock</b>		
	282.54	246.95
<b>(Accretion)/depletion in work in process</b>	<b>(35.59)</b>	<b>37.38</b>
<b>Total (Accretion)/Depletion in inventory</b>	<b>(365.23)</b>	<b>(5.08)</b>

## Notes to the Financial Statement

## 31. Employee benefits expense

Amount in ₹ Crore

		Year ended 31.03.2020	Year ended 31.03.2019
(a)	Salaries and wages, including bonus	1,585.52	1,718.22
(b)	Contribution to provident and other funds		
	1) Provident fund	129.45	102.91
	2) Gratuity	52.09	45.32
	3) Post employment pension scheme	114.00	95.59
(c)	Staff welfare expenses	113.01	110.24
<b>Total employee benefit expense</b>		<b>1,994.07</b>	<b>2,072.28</b>

## Notes:

## 31.A. Employee benefit plans

## 31.A.1 Defined contribution plans

- a) **Provident fund:** The Company pays fixed contribution to Provident Fund at predetermined rates, to a separate trust, which invests the funds in permitted securities. On contributions, the trust is required to pay a minimum rate of interest, to the members, as specified by Govt. of India.
- b) **Pension fund:** The Company pays fixed contribution to the trustee bank of PFRDA, which in turn invests the money with the insurers as specified by the employee concerned. The company's liability is limited only to the extent of fixed contribution.

## 31.A.2 Defined benefit plans

- a) **Gratuity:** Gratuity payable to employees as per The Payment of Gratuity Act subject to a maximum of ₹20,00,000/. The gratuity scheme is funded by the Company and is managed by a separate trust. The liability for gratuity under the scheme is recognised on the basis of actuarial valuation.
- b) **Post retirement medical benefit:** The benefit is available to retired employees and their spouses who have opted for the benefit. Medical treatment as an in-patient can be availed from the Company's hospital/Govt. Hospital/ hospitals as per company's rule. They can also avail treatment as out patient subject to maximum ceiling of expenses fixed by the Company. The liability under the scheme is recognised on the basis of actuarial valuation.
- c) **Settling-in-benefit:** On superannuation/retirement/termination of service, if opted for the scheme, the transfer TA is admissible to the employees and / or family from the last head quarters to the hometown or any other place of settlement limited to distance of home town. Transport of personal conveyance shall also be admissible. The liability for the same is recognised on the basis of actuarial valuation.
- d) **NALCO Benevolent Fund Scheme :** The objective of the scheme is to provide financial assistance to families of the members of the scheme who die while in employment of the Company. As per the scheme there will be contribution by members @ ₹30/- per member per death, in the event of death of a member while in the service of the company and matching contribution is made by the Company. The liability for the same is recognised on the basis of actuarial valuation.
- e) **NALCO Retirement Welfare Scheme :** The objective of the scheme is to provide financial assistance as a gesture of goodwill as post retirement support to employees retiring from the services of the company. As per the scheme the recovery form each employee member would be ₹10/- per retiring member. The Company would provide equivalent sum as matching contribution. The liability for the same is recognised on the basis of actuarial valuation.
- f) **Superannuation gift scheme:** The objective of the scheme is to recognise the employees superannuating or retiring on medical ground from the services of the Company. The scheme includes a gift item worth of ₹25000/- per retiring employees to be presented on superannuation/ retirement. The liability for the same is recognised on the basis of actuarial valuation.

## 31.A.3 Other long term employees benefits

- a) **Compensated absences :** The accumulated earned leave, half pay leave & sick leave is payable on separation, subject to maximum permissible limit as prescribed in the leave rules of the Company. During the service period encashment of accumulated leave is also allowed as per company's rule. The liability for the same is recognised on the basis of actuarial valuation.
- b) **Long Service Reward :** The employee who completes 25 years of service are entitled for a long service reward which is equal to one month basic pay and DA. The liability for the same is recognised on the basis of actuarial valuation.
- c) **NEFFARS :** In the event of disablement/death, on deposit of prescribed amount as stipulated under the scheme, the Company pays monthly benefit to the employee/ nominee at their option upto the date of notional superannuation. The liability for the same is recognised on the basis of actuarial valuation.

## Notes to the Financial Statement

The employee benefit plans typically expose the Company to actuarial risks such as actuarial risk, investment risk, interest risk, longevity risk and salary risk:-

- i. **Actuarial risk:** It is the risk that employee benefits will cost to the Company more than expected. This can arise due to one of the following reasons:
  - a. **Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.
  - b. **Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.
  - c. **Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.
- ii. **Investment risk:** For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
- iii. **Interest risk:** The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
- iv. **Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- v. **Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants beyond assumed plan will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31.03.2020	31.03.2019
Discount rate(s)	6.50%	7.50%
Expected rate(s) of salary increase	8%	8%
Mortality	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE
Attrition Rate	1%	1%

Amount in ₹ Crore

Amounts recognised in statement of profit and loss in respect of these defined benefits plans are as follows:-

	Year ended 31.03.2020	Year ended 31.03.2019
<b>Service Cost:</b>		
— Current Service cost	(54.67)	(48.58)
— Past Service Cost and (gain)/loss from settlements	12.19	6.21
— Net Interest expense	(11.97)	(29.38)
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>(54.45)</b>	<b>(71.75)</b>
<b>Remeasurement of the net defined benefit liability:</b>		
Return on the net defined benefit liability	5.12	(10.98)
Actuarial (Gains)/losses arising from changes in financial assumptions	(45.79)	(17.24)
Actuarial (Gains)/losses arising from experience assumptions	23.08	28.28
Others	—	—
Adjustments for restrictions on the defined benefit asset	—	—
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(17.59)</b>	<b>0.06</b>
<b>Total</b>	<b>(72.04)</b>	<b>(71.69)</b>

## Notes to the Financial Statement

## 31. Employee benefit expense (contd.)

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows: Amount in ₹ Crore

	Post retirement medical benefit	Settling-in-benefit	NALCO benevolent fund scheme	NALCO retirement welfare scheme	Super-annuation gift scheme	Gratuity (Funded)
<b>March 31, 2019</b>						
Present value of defined benefit obligation	(123.43)	(22.42)	(3.04)	(11.90)	(6.93)	(604.90)
Fair value of plan assets	—					547.80
<b>Net liability arising from defined benefit obligation</b>	<b>(123.43)</b>	<b>(22.42)</b>	<b>(3.04)</b>	<b>(11.90)</b>	<b>(6.93)</b>	<b>(57.10)</b>
<b>March 31, 2020</b>						
Present value of defined benefit obligation	(140.42)	(20.59)	(2.99)	(12.52)	(7.26)	(632.24)
Fair value of plan assets	—					576.26
<b>Net liability arising from defined benefit obligation</b>	<b>(140.42)</b>	<b>(20.59)</b>	<b>(2.99)</b>	<b>(12.52)</b>	<b>(7.26)</b>	<b>(55.98)</b>

Movements in the present value of the defined benefit obligations are as follows:

	Post retirement medical benefit	Settling-in-benefit	NALCO benevolent fund scheme	NALCO retirement welfare scheme	Super-annuation gift scheme	Gratuity (Funded)
<b>Opening defined benefit obligations as at April 01, 2018</b>	<b>(126.52)</b>	<b>(2.27)</b>	<b>(3.62)</b>	<b>(13.64)</b>	<b>(7.08)</b>	<b>(573.53)</b>
Current service cost	—	(3.35)	—	—	—	(45.23)
Interest Cost	(9.29)	(0.15)	(0.25)	(0.96)	(0.50)	(40.96)
<b>Remeasurement</b>						
Actuarial (Gains)/losses arising from changes in demographic assumptions	—	—	—	—	—	—
Actuarial (Gains)/losses arising from changes in financial assumptions	—	—	—	—	—	(17.24)
Actuarial (Gains)/losses arising from experience assumptions	7.07	2.96	0.27	0.96	(0.16)	17.18
Past Service Cost, including losses /(gains) on curtailment	—	(20.16)	—	—	—	—
Liabilities extinguished as settlements	—	—	—	—	—	—
Liabilities assumed in a business combination	—	—	—	—	—	—
Exchange differences on foreign plans	—	—	—	—	—	—
Benefits paid	5.31	0.55	0.56	1.74	0.81	54.88
Others	—	—	—	—	—	—
<b>Closing defined benefit obligation as at March 31, 2019</b>	<b>(123.43)</b>	<b>(22.42)</b>	<b>(3.04)</b>	<b>(11.90)</b>	<b>(6.93)</b>	<b>(604.90)</b>

## Notes to the Financial Statement

## 31. Employee benefit expense (contd.)

Amount in ₹ Crore

	Post retirement medical benefit	Settling-in-benefit	NALCO benevolent fund scheme	NALCO retirement welfare scheme	Super-annuation gift scheme	Gratuity (Funded)
Current service cost	—	(3.55)	—	—	—	(51.12)
Interest Cost	(7.82)	(1.38)	(0.18)	(0.72)	(0.42)	(37.05)
<b>Remeasurement</b>	—	—	—	—	—	—
Actuarial (Gains)/losses arising from changes in demographic assumptions	—	—	—	—	—	—
Actuarial (Gains)/losses arising from changes in financial assumptions	(3.97)	(1.10)	(0.12)	(0.60)	(0.48)	(39.52)
Actuarial (Gains)/losses arising from experience assumptions	(11.43)	5.35	(0.11)	(1.06)	(0.32)	30.65
Past Service Cost , including losses /(gains) on curtailment	—	—	—	—	—	—
Liabilities extinguished as settlements	—	—	—	—	—	—
Liabilities assumed in a business combination	—	—	—	—	—	—
Exchange differences on foreign plans	—	—	—	—	—	—
Benefits paid	6.23	2.51	0.46	1.76	0.89	69.70
Others	—	—	—	—	—	—
<b>Closing defined benefit obligation as at March 31, 2020</b>	<b>(140.42)</b>	<b>(20.59)</b>	<b>(2.99)</b>	<b>(12.52)</b>	<b>(7.26)</b>	<b>(677.47)</b>
Movements in the fair value of the plan assets are as follows:						<b>Gratuity (Funded)</b>
<b>Opening fair value of plan assets as at April 01, 2018</b>						<b>302.48</b>
Interest income						22.73
<b>Remeasurement</b>						
Return on plan assets (excluding amounts included in net interest income)						(10.98)
Others						0.59
Contribution from the employer						287.86
Benefits paid						(54.88)
<b>Closing fair value of plan assets as at March 31, 2019</b>						<b>547.80</b>
Interest income						35.60
<b>Remeasurement</b>						
Return on plan assets (excluding amounts included in net interest income)						5.12
Others						(0.05)
Contribution from the employer						57.49
Contribution from plan participant						—
Assets distributed on settlements						—
Assets acquired in a business combination						—
Exchange differences on foreign plans						—
Benefits paid						(69.70)
Others						—
<b>Closing fair value of plan assets as at March 31, 2020</b>						<b>576.26</b>

The fair value of the plan assets at the end of the reporting period for each category, are as follows

	Fair value of plan assets as at	
	31.03.2020	31.03.2019
Investments in Funds:		
1. Insurance Companies	576.26	547.80
<b>Total</b>	<b>576.26</b>	<b>547.80</b>

## Notes to the Financial Statement

## 31 Employee benefit expense

## 31.C. Sensitivity analysis of defined benefit plans

Significant actuarial assumption for determination of defined benefit plan are discount rate, expected salary growth, attrition rate and mortality rate. The sensitivity analysis below have been based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

## Sensitivity Analysis

Amount in ₹ Crore

Particulars	Post retirement medical benefit		Settling-in-benefit		NALCO benevolent fund scheme	
	Increase by	Decrease by	Increase by	Decrease by	Increase by	Decrease by
<b>2018-19</b>						
Impact on amount due to change in Discount rate (-/+0.5%)	3.57	3.64	0.65	0.66	0.08	0.08
% Change compared to base due to sensitivity [+ /(-)%]	2.89%	2.95%	2.89%	2.95%	2.71%	2.76%
Impact on amount due to change in Salary growth (+/-0.5%)	—	—	—	—	—	—
% Change compared to base due to sensitivity [+ /(-)%]	—	—	—	—	—	—
	0.15	0.15	0	0	—	—
% Change compared to base due to sensitivity [+ /(-)%]	0.12%	0.12%	0.12%	0.12%	0.15%	0.15%
Impact on amount due to change in Mortality rate (-/+10%)	0.57	0.57	0.10	0.10	0	0
% Change compared to base due to sensitivity [+ /(-)%]	0.46%	0.46%	0.46%	0.46%	0.26%	0.26%

Particulars	NALCO retirement welfare scheme		Superannuation gift scheme		Gratuity (Funded)	
	Increase by	Decrease by	Increase by	Decrease by	Increase by	Decrease by
<b>2018-19</b>						
Impact on amount due to change in Discount rate (-/+0.5%)	0.32	0.33	0.19	0.19	20.06	18.84
% Change compared to base due to sensitivity [+ /(-)%]	2.71%	2.76%	2.71%	2.76%	3.32%	3.11%
Impact on amount due to change in Salary growth (+/-0.5%)	-	-	-	-	3.22	3.67
% Change compared to base due to sensitivity [+ /(-)%]	-	-	-	-	0.53%	0.61%
Impact on amount due to change in Attrition rate (+/-0.5%)	0.02	0.02	0.01	0.01	0.10	0.10
% Change compared to base due to sensitivity [+ /(-)%]	0.15%	0.15%	0.15%	0.15%	0.02%	0.02%
Impact on amount due to change in Mortality rate (-/+10%)	0.03	0.03	0.02	0.02	0.63	0.63
% Change compared to base due to sensitivity [+ /(-)%]	0.26%	0.26%	0.26%	0.26%	0.10%	0.10%

Particulars	Post retirement medical benefit		Settling-in-benefit		NALCO benevolent fund scheme	
	Increase by	Decrease by	Increase by	Decrease by	Increase by	Decrease by
<b>2019-20</b>						
Impact on amount due to change in Discount rate (-/+0.5%)	4.25	5.19	0.60	0.61	0.08	0.08
% Change compared to base due to sensitivity [+ /(-)%]	3.03%	3.70%	2.89%	2.95%	2.71%	2.76%
Impact on amount due to change in Salary growth (+/-0.5%)	—	—	—	—	0.07	0.07
% Change compared to base due to sensitivity [+ /(-)%]	—	—	—	—	2.42%	2.37%
Impact on amount due to change in Attrition rate (+/-0.5%)	—	—	0.02	0.02	—	—
% Change compared to base due to sensitivity [+ /(-)%]	0.00%	0.00%	0.12%	0.12%	0.15%	0.15%
Impact on amount due to change in Mortality rate (-/+10%)	0.04	0.04	0.09	0.09	0	0
% Change compared to base due to sensitivity [+ /(-)%]	0.03%	0.03%	0.46%	0.46%	0.26%	0.26%

## Notes to the Financial Statement

## Sensitivity Analysis (contd.)

Amount in ₹ Crore

Particulars	NALCO retirement welfare scheme		Superannuation gift scheme		Gratuity (Funded)	
	Increase by	Decrease by	Increase by	Decrease by	Increase by	Decrease by
<b>2019-20</b>						
<b>Impact on amount due to change in Discount rate (-/+0.5%)</b>	0.34	0.35	0.20	0.20	21.02	19.70
% Change compared to base due to sensitivity [+ /(-)%]	2.71%	2.76%	2.71%	2.76%	3.32%	3.12%
<b>Impact on amount due to change in Salary growth (+/-0.5%)</b>	0.30	0.30	0.18	0.17	3.66	3.24
% Change compared to base due to sensitivity [+ /(-)%]	2.42%	2.37%	2.42%	2.37%	0.58%	0.51%
<b>Impact on amount due to change in Attrition rate (+/-0.5%)</b>	0.02	0.02	0.01	0.01	0.21	0.21
% Change compared to base due to sensitivity [+ /(-)%]	0.15%	0.15%	0.15%	0.15%	0.03%	0.03%
<b>Impact on amount due to change in Moratlity rate (-/+10%)</b>	0.03	0.03	0.02	0.02	0.53	0.53
% Change compared to base due to sensitivity [+ /(-)%]	0.26%	0.26%	0.26%	0.26%	0.08%	0.08%

The sensitivity analysis presented above may not be representative of the actual change in the defined 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.

Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using projected unit credit method at the end of the reporting period, which is same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 32. Finance costs

Amount in ₹ Crore

	Year ended 31.03.2020	Year ended 31.03.2019
<b>Finance cost</b>		
a. Interest expenses on lease liabilities	3.98	—
b. Others	1.76	2.38
<b>Total finance cost</b>	<b>5.74</b>	<b>2.38</b>



## Notes to the Financial Statement

## 33. Other expenses

Amount in ₹ Crore

		Year ended 31.03.2020	Year ended 31.03.2019
(a)	Stores and spares consumed	356.12	365.52
(b)	Repair and maintenance to		
	(1) Buildings	61.65	49.11
	(2) Machinery	164.08	166.14
	(3) Others	27.12	31.44
(c)	Other Manufacturing Expenses		
	(1) Water charges	32.04	29.37
	(2) Royalty	125.39	147.36
	(3) Contribution to District Mineral Fund and National Mineral Exploration Trust	40.13	47.16
	(4) Continuous Technical Assistance expenses	4.52	10.54
	(5) Others	90.59	80.13
(d)	Freight and handling charges		
	(1) Incoming materials (Alumina)	110.28	120.01
	(2) Outgoing materials	131.58	146.45
(e)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	0.35	0.35
	(ii) For Taxation matters	0.07	0.06
	(iii) For Other services	0.34	0.29
	(iv) For reimbursement of expenses	0.15	0.20
(f)	Payment to Cost Auditors	0.04	0.03
(g)	Security and fire fighting expenses	180.71	133.90
(h)	Corporate social responsibility expenses [refer note 33.1]	39.71	30.35
(i)	Administrative and general expenses	124.14	118.86
(j)	Renewable purchase obligation	114.11	55.22
(k)	Provision towards disputed Government dues and others	0.01	0.05
(l)	Selling and distribution expenses	25.17	23.01
(m)	Write off of Inventories, Claims etc	15.64	12.52
(n)	Bad and doubtful Provisions/ (write back)	(1.35)	(3.51)
(o)	Others	44.10	128.23
<b>Total other expenses</b>		<b>1,686.69</b>	<b>1,692.79</b>

## Note:

## 33.1 Expenditure on Corporate Social Responsibility.

- a) Gross amount required to be spent by the company during the year ended March 31, 2020 is ₹37.38 crore (March 31, 2019 ₹27.38 crore)
- b) Amount spent during the year ended March 31, 2020
- |                                       |   |
|---------------------------------------|---|
| i) Construction/acquisition of assets | ₹ Nil crore (previous year ₹Nil)                  |
| ii) On purpose other than (i) above   | ₹ 39.71 crore (previous year ₹30.35 crore)        |
| <b>Total</b>                          | <b>₹ 39.71 crore (previous year ₹30.35 crore)</b> |

## Notes to the Financial Statement

## 34. Income taxes

Amount in ₹ Crore

34.1 Income tax recognised in profit or loss	Year ended 31.03.2020	Year ended 31.03.2019
<b>Current tax</b>		
In respect of current year	152.27	998.36
In respect of prior years	(0.87)	26.29
	151.40	1,024.65
<b>Deferred tax</b>		
In respect of current year	(63.39)	(17.13)
Others (MAT credit entitlement)	—	—
	(63.39)	(17.13)
<b>Total income tax expense recognised in current year</b>	<b>88.01</b>	<b>1,007.52</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

<b>Profit before tax</b>	<b>226.24</b>	<b>2,739.92</b>
Income tax expense thereon @ 34.944% (previous year 34.944%) :	79.06	957.44
Tax effect of -		
i) income exempt from taxation	(2.66)	(10.70)
ii) disallowable expenses (permanent difference)	13.97	13.23
iii) expenses allowable in excess of expenditure incurred	(31.96)	(14.25)
iv) effect of concessions (research and development and other allowances)	(0.47)	—
v) difference for long-term capital gains	(0.04)	—
vi) Adjustment relating to earlier years	(26.80)	26.29
vii) others	56.91	35.51
<b>Income tax expense recognised in profit or loss</b>	<b>88.01</b>	<b>1,007.52</b>

## 34.2 Income tax recognised directly in equity

<b>Current tax</b>		
Share buy-back costs	—	(1.39)
<b>Income tax recognised directly in equity</b>	<b>—</b>	<b>(1.39)</b>

## 34.3 Income tax recognised in other comprehensive income

Tax on remeasurement gain or loss of defined benefit obligations		
— Current Tax	—	3.85
— Deferred Tax	6.67	(4.06)
<b>Total income tax recognised in other comprehensive income</b>	<b>6.67</b>	<b>(0.21)</b>
Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will be reclassified to profit or loss	—	—
<b>Items that will not be reclassified to profit or loss</b>	<b>6.67</b>	<b>(0.21)</b>

## 34.4 Income tax recognised in other comprehensive income

## Notes to the Financial Statement

## 35. Segment information

## 35.1 Products from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods delivered. The directors of the company have chosen to organise the Company around differences in products. No reporting segment have been aggregated in arriving at the reportable segments in the Company. Specifically, the Company's reportable segment under Ind AS 108- Operating Segments are as follows:

- i) Chemical segment
- ii) Aluminium segment

The Company has considered Chemicals and Aluminium as the two primary operating business segments. Chemicals include Calcined Alumina, Alumina Hydrate and other related products. Aluminium includes aluminium ingots, wire rods, billets, strips, rolled and other related products. Bauxite produced for captive consumption for production of alumina is included under chemicals and power generated for captive consumption for production of Aluminium is included under Aluminium segment. Wind Power Plant commissioned primarily to harness the potential renewable energy sources is included in the unallocated Common segment.

## 35.2 Segment revenues and results

The following is an analysis of the Company's revenue and results from operations by reportable segment

	Amount in ₹ Crore	
	Segment revenue	
Operating Segments	Year ended 31.03.2020	Year ended 31.03.2019
Chemical segment	4,248.29	5,680.07
Aluminium segment	5,466.37	6,875.72
Unallocated	42.63	173.95
<b>Total for operations</b>	<b>9,757.29</b>	<b>12,729.74</b>
Less: Intersegment revenue	1,285.45	1,230.42
<b>Revenue from operations</b>	<b>8,471.84</b>	<b>11,499.32</b>

	Segment results	
Operating Segments	Year ended 31.03.2020	Year ended 31.03.2019
Chemical segment	554.26	1,819.81
Aluminium segment	(281.98)	778.38
<b>Segment result before exceptional items, interest and tax</b>	<b>272.28</b>	<b>2,598.19</b>
Interest & financing charges	5.74	2.37
Interest and dividend income	134.43	256.34
Other unallocated income net of unallocated expenses	(174.73)	(112.24)
<b>Profit before tax</b>	<b>226.24</b>	<b>2,739.92</b>

## 35.3 Segment assets and liabilities

	Amount in ₹ Crore			
	Segment Assets		Segment Liabilities	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Chemical segment	4,399.65	4,040.88	2,246.24	1,806.17
Aluminium segment	6,014.16	5,579.21	941.34	1,337.01
<b>Total segment assets and liabilities</b>	<b>10,413.81</b>	<b>9,620.09</b>	<b>3,187.58</b>	<b>3,143.18</b>
Unallocated	4,135.81	5,526.87	313.37	388.60
<b>Total assets and Liabilities</b>	<b>14,549.62</b>	<b>15,146.96</b>	<b>3,500.95</b>	<b>3,531.78</b>

## Notes to the Financial Statement

## 35.4 Other segment information

Amount in ₹ Crore

	Depreciation and amortisation		Additions to non-current assets	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Chemical segment	216.70	180.03	322.21	250.77
Aluminium segment	250.52	236.18	59.61	53.23
Unallocated	62.61	59.89	63.74	137.94
<b>Total for operations</b>	<b>529.83</b>	<b>476.10</b>	<b>445.56</b>	<b>441.94</b>

## Material non-cash expenditure

	Year ended 31.03.2020	Year ended 31.03.2019
Chemical segment	36.38	66.96
Aluminium segment	65.62	52.82
Unallocated	6.69	2.26
	<b>108.69</b>	<b>122.04</b>

Amount in ₹ Crore

## 35.5 Revenue from major products

The following is an analysis of the Company's revenue from continuing operations from its major products and services

	Year ended 31.03.2020	Year ended 31.03.2019
Chemical segment (Hydrate and Alumina)	2,978.28	4,435.08
Aluminium segment (Aluminium)	5,392.54	6,823.63
	<b>8,370.82</b>	<b>11,258.71</b>

## 35.6 Geographical information

Amount in ₹ Crore

The Company operates mainly in principal geographical areas-India (country of domicile) and Outside India.

	Revenue from external customers		Non-current assets	
	Year ended 31.03.2020	Year ended 31.03.2019	As at 31.03.2020	Year ended 31.03.2019
India	4,859.90	6,466.00	9,991.82	9,546.26
Outside India	3,510.92	4,792.71	—	—
<b>Total</b>	<b>8,370.82</b>	<b>11,258.71</b>	<b>9,991.82</b>	<b>9,546.26</b>

## Notes to the Financial Statement

## 36. Earnings per share

Amount in ₹ Crore

	Year ended 31.03.2020	Year ended 31.03.2019
<b>36.1 Basic Earnings per share (₹)</b>		
From total operations	0.74	9.06
<b>Total Basic earnings per share</b>	<b>0.74</b>	<b>9.06</b>

## 36.2 Basic Earnings per Share

Amount in ₹ Crore

The Earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows

	Year ended 31.03.2020	Year ended 31.03.2019
Profit for the year attributable to Owners of the Company	138.23	1,732.40
<b>Earnings used in the calculation of basic earnings per share</b>	<b>138.23</b>	<b>1,732.40</b>

	As at 31.03.2020	As at 31.03.2019
<b>Weighted average number of equity shares used in calculation of basic earnings per share (in crore)</b>	<b>186.56</b>	<b>191.17</b>

## 37. Financial Instruments

Amount in ₹ Crore

37.1 Categories of financial instruments		As at 31.03.2020	As at 31.03.2019
<b>Financial Assets</b>			
<b>Measured at fair value through profit or loss (FVTPL)</b>			
(a)	Mandatorily measured:		
	(i) Investments in mutual funds	55.01	80.81
	(ii) Forward contract on foreign currency	Nil	Nil
<b>Measured at Amortised cost</b>			
(a)	Cash and bank balances	18.47	171.60
(b)	Other financial assets at amortised cost	2,503.11	3,853.14
		<b>2,576.59</b>	<b>4,105.55</b>
<b>Financial Liabilities</b>			
Measured at Amortised cost			
		<b>1,282.48</b>	<b>1,791.26</b>

## 37.2 Financial risk management objectives

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks.

The objectives of the Company's risk management policy are, inter-alia, to ensure the following:

- i) Sustainable business growth with financial stability;
- ii) Provide a strategic framework for Company's risk management process in alignment with the strategic objectives including the risk management organisation structure;
- iii) That all the material risk exposures of Company, both on and off-balance sheet are identified, assessed, quantified, appropriately mitigated and managed and
- iv) Company's compliance with appropriate regulations, wherever applicable, through the voluntary adoption of international best practices, as far as may be appropriate to the nature, size and complexity of the operations.

The risk management policy is approved by the board of directors. The Internal Control Team would be responsible to evaluate the efficacy and implementation of the risk management system. It would present its findings to the Audit Committee every quarter. The Board is responsible for the Company's overall process of risk management. The Board shall, therefore, approve the compliance and risk management policy and any amendments thereto, and ensure its smooth implementation.

## 37.3 Market risk

Market risk is the risk of any loss in future earnings (spreads), in realizable fair values (economic value) or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest

## Notes to the Financial Statement

rates, foreign currency exchange rates, liquidity and other market changes. The Company may also be subjected to liquidity risk arising out of mismatches in the cash flows arising out of sales proceeds and funds raised and loan repayments/prepayments. Future specific market movements cannot be normally predicted with reasonable accuracy.

### 37.4 Foreign currency risk management

Foreign currency risk emanates from the effect of exchange rate fluctuations on foreign currency transactions. The overall objective of the currency risk management is to protect the Company's income arising from changes in foreign exchange rates. The policy of the Company is to avoid any form of currency speculation. Hedging of currency exposures shall be effected either naturally through offsetting or matching assets and liabilities of similar currency, or in the absence of thereof, through the use of approved derivative instruments transacted with reputable institutions. The Currency risk is measured in terms of the open positions in respective currencies vis-à-vis the Company's operating currency viz. INR. A currency gap statement shall be prepared to find the gap due to currency mismatch.

The fluctuation in foreign currency exchange rates may have impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

The Company undertakes transactions denominated in foreign currency; consequently, exposures to exchange rate fluctuations arise. Exchange rate are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:-

	Liabilities as at		Assets as at	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
USD	0.07	0.81	100.42	241.69
EURO	0.47	15.34	0.50	—

#### 37.4.1 Foreign currency sensitivity analysis

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 10%.

The following analysis is based on the gross exposure as of the relevant balance sheet dates, which could affect the income statement. There is no exposure to the income statement on account of translation of financial statements of consolidated foreign entities.

The following table sets forth information relating to foreign currency exposure as at March 31, 2020 and March 31, 2019.

	USD impact		EURO impact	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Impact on profit or loss for the year	10.0	24.1	0.00	1.53

### 37.5 Other price risks

#### 37.5.1 Equity price sensitivity analysis

The Company is not exposed to equity price risk arising from equity instruments as all the equity investments are held for strategic rather than trading purposes

### 37.6 Credit risk management

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. There is no significant credit exposure as advance collection from customer is made.

Financial instruments that are subject to concentrations of credit risk, principally consist of investments classified as loans and receivables, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

### 37.7 Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

Company has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cashflows and by matching the maturity profiles of financial assets and financial liabilities.

## Notes to the Financial Statement

## 38. Related party disclosures

## 38.1 Related parties

## A. Key Managerial Personnel:

## I) Whole time Directors

(a) Shri S Patra	Chairman Cum Managing Director [w.e.f 17.12.2019].*
(b) Shri V Balasubramanyam	Director (Production) & Director (Finance)-Addl. Charge.#
(c) Shri S K Roy	Director (Proj & Tech).
(d) Shri P K Mishra	Director (Commercial).
(e) Shri R S Mahapatro	Director (HR) [w.e.f 01.01.2020].
(f) Dr. T K Chand	Chairman Cum Managing Director [upto 30.11.2019].
(g) Shri B K Thakur	Director (HR) [upto 31.12.2019].

\* Shri Sridhar Patra was Director (Finance) of the Company w.e.f. 01.09.2018. He was entrusted with additional charge of Chairman-cum-Managing Director w.e.f. 01.12.2019, consequent upon superannuation of Dr. T.K. Chand, Chairman-cum-Managing Director on 30.11.2019. Later he assumed the charge of Chairman-cum-Managing Director w.e.f. 17.12.2019.

# Entrusted with additional charge of Director (Finance) w.e.f. 10.01.2020.

## Others

Shri N K Mohanty Company Secretary

## II) Part time Official Directors: (Nominee of Govt. of India):

- (a) Dr. K Rajeswara Rao, IAS  
(b) Shri Anil Kumar Nayak, IOFS

## III) Part time non official (Independent) Directors:

- (a) Shri N N Sharma  
(b) Smt. Achla Sinha  
(c) Smt. Kiran Ghai Sinha [upto 02.02.2020]  
(d) Shri Dipankar Mahanta [upto 20.11.2019]  
(e) Shri S Sankararaman [upto 20.11.2019]  
(g) Shri Maheswar Sahu [upto 20.11.2019]  
(h) Prof. Damodar Acharya [upto 20.11.2019]  
(i) Shri P K Nayak [upto 20.11.2019]

## B. Joint Ventures &amp; associates

- (a) Angul Aluminium Park Pvt. Ltd.  
(b) GACL NALCO Alkalies & Chemicals Ltd.  
(c) Utkarsha Aluminium Dhatu Nigam Limited  
(d) Khanij Bidesh India Limited

## C. Post Employment Benefit Plan

- (a) Nalco Employees Provident Fund Trust  
(b) Nalco Employees Group Gratuity Trust

## D. Entity controlled by a person identified in (A) as KMP

- (a) Nalco Foundation

## E. Government that has control or significance influence:

- (a) Govt. of India

## F. Entities on which Govt. of India has control or significant influence (CPSEs)

The Company has major business transactions during the year with the following CPSEs.

## i) Purchase of Goods and Services

1 Mahanadi Coalfields Limited	2 East Coast Railways
3 Indian Oil Corporation Ltd.	4 Hindustan Petroleum Corporation Ltd.
5 Gujarat Alkalies & Chemicals Ltd.	6 Bharat Petroleum Corporation Ltd.
7 Central Industrial Security Force	8 Northern Coalfields Limited
9 NUMALIGARH REFINERY LIMITED	10 Bharat Heavy Electricals Limited
11 Western Coalfield Limited	12 Central Railway
13 BEML Limited	14 Oriental Insurance Co. Ltd.
15 Bridge & Roof Co.(India) Ltd.	16 Diesel Locomotive Works
17 Balmer Lawrie & Co. Ltd.	18 Steel Authority of India Ltd.
19 South Central Railway	20 Executive Engineer, (Ukp) (For Wat C)
21 Life Insurance Corporation of India	22 MECON Limited
23 Southern Railway	24 Engineering India Ltd.
25 HMT Machine Tools Limited	26 RITES Ltd.

## Notes to the Financial Statement

- ii) Sale of Goods
- National Small Industries Corporation (NSIC)
  - Steel Authority of India Ltd.
  - Rashtriya Ispat Nigam Ltd.
  - National Thermal Power Corporation Ltd.
  - Mishra Dhatu Nigam Ltd.

## 38.2 Related Party Transactions

## I. Key Managerial Personnel

## Remuneration to Key Managerial Personnel

Amount in ₹ Crore

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Short-term employee benefits</b>		
— Salaries	4.36	3.79
— Contribution to Provident Fund	0.25	0.24
— Medical Benefits	0.01	0.01
— Other Benefits	0.03	0.03
<b>Post employment benefits #</b>	(0.09)	(0.09)
<b>Other long term benefits</b>	0.10	0.09
<b>Total</b>	<b>4.65</b>	<b>4.07</b>

# Since actuarial valuation of employee benefit expenses under post-employment benefits and other long-term benefits are done on an overall basis for all employees, these expenses for the key managerial persons is considered on a proportionate basis.

## Loans / advances due from Key Managerial Personnel

Amount in ₹ Crore

Particulars	As at 31.03.2020	As at 31.03.2019
Outstanding at the end of the year	0.02	0.01
Maximum amount due at any time during the year	0.03	0.01

## II. Joint Venture/Associate Companies

## During the year the company has made following transaction with the JVs.

Amount in ₹ Crore

Name of JV/Associate	Nature of Transaction	Year ended 31.03.2020	Year ended 31.03.2019
GACL NALCO Alkalis & Chemicals Limited	Equity Contribution (rights issue)	80.47	58.20
Utkarsha Aluminium Dhatu Nigam Limited	Equity Contribution (initial contribution)	10.00	—
Utkarsha Aluminium Dhatu Nigam Limited	Application Money (rights issue)	10.00	—
Khanij Bidesh India Limited	Equity Contribution (initial contribution)	0.04	—
Khanij Bidesh India Limited	Application Money (rights issue)	0.96	—

## Balance at the end of the reporting day

Amount in ₹ Crore

Name of JV/Associate	Nature of Transaction	As at 31.03.2020	As at 31.03.2019
Angul Aluminium Park Pvt. Ltd.	Investment in equity	16.22	16.22
GACL NALCO Alkalis & Chemicals Limited	Investment in equity	240	159.53



## Notes to the Financial Statement

## III. Post Employment Benefit Plan

Transactions during the year		Amount in ₹ Crore	
Name of Trust	Nature of Transaction	Year ended 31.03.2020	Year ended 31.03.2019
NEPF Trust	PF-Contribution	431.10	333.12
NEGG Trust	Funding of shortfall	57.35	270.75

Outstanding balance at the end of the year		Amount in ₹ Crore	
Name of Trust	Nature of Transaction	As at 31.03.2020	As at 31.03.2019
NEPF Trust	PF-Contribution payable	27.37	26.59
NEGG Trust	Funding of shortfall payable	55.98	57.40

## IV. Nalco Foundation

		Amount in ₹ Crore	
Particulars		Year ended 31.03.2020	Year ended 31.03.2019
Contribution to CSR Trust		18.58	9.61

## V. Govt. of India : Transaction during the year

		Amount in ₹ Crore	
Particulars		Year ended 31.03.2020	Year ended 31.03.2019
Buyback of shares		—	260.70
Dividend paid during the year		265.38	545.92

## VI. CPSEs/Govt. Undertakings – Transaction during the year

		Amount in ₹ Crore	
Particulars		Year ended 31.03.2020	Year ended 31.03.2019
Purchase of goods and services from CPSEs/ Govt. Undertakings		3,212.19	3,007.70
Sale of goods to CPSEs and Govt Undertakings		883.56	1,245.97

Outstanding balance at the end of the year		Amount in ₹ Crore	
Particulars		As at 31.03.2020	As at 31.03.2019
Payable for purchase of goods and services from CPSEs/ Govt. Undertakings		26.51	137.78
Receivable for sale of goods to CPSEs and Govt. Undertakings		—	—

## 39. Regrouping of previous year's figures

Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable.

For Patro & Co.  
Chartered Accountants  
FRN-310100E

For GNS & Associates  
Chartered Accountants  
FRN-318171E

(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)

(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)

Place: Bhubaneswar

Date: June 26, 2020

**Status of Compliance to Ind ASs notified by MCA:**

Ind AS	Nomenclature	Description
Ind AS 1	Presentation of Financial Statement	<ul style="list-style-type: none"> <li>— The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards and presented in the format prescribed under Schedule III to the Companies Act 2013, following the guidelines set out in Ind AS 1.</li> <li>— The measurement basis used in preparing the financial statements and accounting policies adopted have been disclosed.</li> <li>— Information as required by Ind ASs (also discussed below against respective Ind AS) that are not presented elsewhere in the Financial Statements have been disclosed as Notes to it. The Notes to the Financial Statement also provides the information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.</li> </ul>
Ind AS 2	Inventories	<ul style="list-style-type: none"> <li>— Accounting policy adopted in measuring inventories including the cost formula used is disclosed at para 3.10 of the Significant Accounting Policy placed at Notes 3 of the Financial Statements.</li> <li>— Disclosure in respect of classification of inventories and their carrying amounts, amount of inventory recognised as expenses, amount of any write-down of inventories recognised as an expense and inventory pledged has been made at note 15.</li> </ul>
Ind AS 7	Statement of Cash Flow	<ul style="list-style-type: none"> <li>— The cash flow statement using indirect method, whereby the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.</li> <li>— The cash flows are segregated into operating, investing and financing activities.</li> </ul>
Ind AS 8	Accounting Policies, Change in Accounting Estimates & Errors	<ul style="list-style-type: none"> <li>— Any change in accounting policy is applied retrospectively, unless impracticable, adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented.</li> <li>— Any Change in accounting estimate which gives rise to changes in assets and liabilities, or relates to an item of equity, is recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.</li> <li>— On discovery of any prior period error(s) with an impact of ₹50 crore during a period, the error is corrected retrospectively as guided by the standard.</li> </ul>
Ind AS 10	Events after Reporting Period	<ul style="list-style-type: none"> <li>— The Company adjusts the amounts recognised in its financial statements to reflect the adjusting events after the reporting period.</li> <li>— Dividends declared after the reporting period are not recognised as a liability at the end of the period. However, suitable disclosure is made to this effect at Note :18.4.</li> </ul>
Ind AS 11	Construction Contracts	<ul style="list-style-type: none"> <li>— This standard is applicable in preparing the financial statements of contractors which are into the construction business. Not being a contractor for construction of any asset, Ind AS 11 is not applicable to the Company.</li> </ul>
Ind AS 12	Income Taxes	<ul style="list-style-type: none"> <li>— Relationship between tax expenses and accounting profit is explained through a numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate at Note 35.</li> <li>— Current tax and deferred tax relating to items that are recognised in other comprehensive income and directly in equity are recognised in other comprehensive income and equity respectively. Disclosures are made at Note 35.</li> </ul>
Ind AS 16	Property, Plant & Equipment	<ul style="list-style-type: none"> <li>— Measurement basis, useful life and method of depreciation followed for each class of property, plant and equipment has been discussed at para 3.4 of the significant accounting policy.</li> <li>— A reconciliation between opening carrying value and the closing carrying value stating addition during the period, disposals and depreciation expenses is placed at note 5.</li> </ul>
Ind AS 19	Employee Benefits	<ul style="list-style-type: none"> <li>— Long term employees benefits are categorised into three heads i.e. Defined Contribution Plans, Defined Benefit Plans and Other Long Term Employee Benefits. Company's contribution to provident fund and pension fund of the employees are recognised as defined contribution plans where as gratuity on superannuation, post retirement medical benefits, settling-in-benefit, NALCO benevolent fund scheme, NALCO retirement welfare scheme are recognised as defined benefit plans. Payments towards compensated absences, Long service rewards and NEFFARS are recognised as long term employees benefits.</li> </ul>

## Status of Compliance to Ind ASs notified by MCA:

Ind AS	Nomenclature	Description
Ind AS 19	Employee Benefits	<ul style="list-style-type: none"> <li>— Actuarial valuation of Company's obligation towards defined benefit plans and long term employees benefits have been made and the expenses/ income is recognised accordingly.</li> <li>— A reconciliation between the opening liability and the closing liability against each defined benefit obligations showing service cost, interest expenses/ income, rereasurement gains or losses due to change in demographic and financial assumptions are disclosed at note 31.B.</li> <li>— A sensitivity analysis of the actuarial assumptions showing how the defined benefit obligation would have been affected by changing the relevant actuarial assumptions is disclosed at note 31.C.</li> </ul>
Ind AS 20	Accounting for Government Grants and Disclosure of Government Assistance	— Grants received from the Government for assets is presented as deferred income. Accounting policy of in this regard is disclosed at para 3.15.
Ind AS 21	The Effects of Changes in Foreign Exchange Rates	— Accounting policies with regard to transaction in foreign currency has been disclosed at para 3.7 of the Significant Accounting policy.
Ind AS 23	Borrowing Cost	— The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Disclosure in this regard has been made at para 3.14 of the significant accounting policy.
Ind AS 24	Related Party Disclosure	— Name of related parties, aggregated sales and purchase transaction with them, any outstanding balances against them and benefits paid to and loan outstanding against the key managerial persons has been disclosed at Note 39.
Ind AS 27	Separate Financial Statements	— Investments made in joint ventures and associates are presented at cost in the separate financial statements.
Ind AS 28	Investment in Associates & Joint Venture	— The Company adjusts its' share of profit in the profit or loss of the subsidiaries with the carrying amount of the investments in its consolidated financial statements using equity method.
Ind AS 29	Financial Reporting in Hyperinflationary Economics	— This standard is not applicable to the company as its' functional currency is not a currency of any hyperinflationary economy.
Ind AS 32	Financial Instruments Presentation	— All items of assets and liabilities have been segregated into financial and other assets and liabilities based on the definitions laid down in the standard and are presented as required in Schedule III.
Ind AS 33	Earnings per share	<ul style="list-style-type: none"> <li>— The Company has not issued any potential equity shares. Thus, both the Basic and Diluted EPS remains same.</li> <li>— Disclosure with regard to the weighted average number of equity shares and earnings for the period used in computation of EPS is made at Note 37.</li> </ul>
Ind AS 34	Interim Financial Reporting	— Being a listed entity, the Company prepares its interim financials as required by SEBI(LODR) Regulations, 2015 in accordance with the recognition and measurement principles laid down in this standard on a quarterly basis.
Ind AS 36	Impairment of Asset	<ul style="list-style-type: none"> <li>— Accounting policy relating to impairment of various assets is disclosed at respective paras in the significant accounting policies.</li> <li>— The management reviews the carrying values of assets at each reporting date and assesses whether there is any indication that an asset may be impaired in accordance with the standard.</li> </ul>
Ind AS 37	Provisions, Contingent Liabilities and Assets	<ul style="list-style-type: none"> <li>— Accounting policies relating to Provisions, Contingent Liabilities and Assets are stated at para 3.8 of the Significant Accounting Policies.</li> <li>— Provisions are recognised when the company has a present obligation as a result of past events, legal or constructive, which requires out flow of resources to settle the obligation and can reliably be estimated considering the risks and uncertainties surrounding the event. Movement of different types of provisions are disclosed at note 22 (C).</li> <li>— In case of other obligations that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company contingent liabilities are disclosed at note 25 and in compliance with the requirement of Schedule III.</li> <li>— Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.</li> </ul>

## Status of Compliance to Ind ASs notified by MCA:

Ind AS	Nomenclature	Description
Ind AS 38	Intangible Assets	<ul style="list-style-type: none"> <li>— The accounting policy in this regard is mentioned at para 3.5 of the significant accounting policies.</li> <li>— The Company recognises expenditure on R&amp;D activities, payments towards NPV, expenditure on cluster projects and expenditure on softwares, which qualifies the conditions for recognitions laid down in the standard, as intangible assets.</li> <li>— Reconciliation of opening carrying amount and closing carrying amount of intangible assets showing additions, reduction and amortisation is placed at note 7.</li> </ul>
Ind AS 40	Investment Property	— The company does not have any investment property, thus the standard is not applicable.
Ind AS 41	Agriculture	— The company does not have any agricultural activity, thus the standard is not applicable.
Ind AS 101	First time Adoption of Indian Accounting Standards	— The Company adopted Ind AS in the year 2016-17 and hence this standard is no longer applicable.
Ind AS 102	Share Based Payments	— There is no such transaction during the year which involves share-based payments, hence the standard is not applicable.
Ind AS 103	Business Combination	— The standard is not applicable.
Ind AS 104	Insurance Contracts	— The standard is not applicable.
Ind AS 105	Non-Current Assets Held for Sale and Discontinued Operations	— The Company does not have any disposal group, thus no disclosure has been made.
Ind AS 106	Exploration for and Evaluation of Mineral Resources	— The Company has not incurred any expenses on exploration and evaluation of mineral resources, hence the standard is not applicable.
Ind AS 107	Financial Instruments Disclosure	— Disclosure as required by the standard with regard to classification of financial instruments, nature and extent of risk arising from the instruments both qualitative and quantitative are made at note 37.
Ind AS 108	Operating Segments	<ul style="list-style-type: none"> <li>— The Company has classified its operation into two segments i.e. Chemical Segment and Aluminium Segment based on the approach of the Chief Operating Decision Maker (CODM) what it takes while reviewing the performance of the Company.</li> <li>— Segment revenue, results, assets and liabilities, revenue from major products, geographical information and other segment information are disclosed at note 35.</li> </ul>
Ind AS 109	Financial Instruments	— Except investments in mutual funds and forward contract on foreign currency other Financial assets and liabilities have been measured at amortised cost and same is disclosed at note 37.
Ind AS 110	Consolidated Financial Statements	— Consolidated financial statements are prepared considering the joint ventures and associates of the company following the equity method of consolidation.
Ind AS 111	Joint Arrangements	— The Company follows the principles set out in the standard for financial reporting of its interest in arrangements that are jointly controlled.
Ind AS 112	Disclosure of Interest in Other Entities	— The Company has two joint ventures whose summarised financial information and its reconciliation with the carrying amount of the interest are disclosed at note 9.
Ind AS 113	Fair Value Measurement	<ul style="list-style-type: none"> <li>— The Company has adopted the principles of fair value measurement as laid down in the standard while measuring its financial assets and liabilities.</li> <li>— Accounting policy in this regard is disclosed at para 4.2.6. of the Significant Accounting Policy.</li> </ul>
Ind AS 114	Regulatory Deferral Accounts	— The Company is not subject to any rate regulation, thus the standard is not applicable.
Ind AS 115	Revenue from contracts with customers	— The Company recognises revenue on completion of all its performance obligation relating to the contract with the customers.
Ind AS 116	Leases	<ul style="list-style-type: none"> <li>— The company identifies all leases wherever a contract is, or contains, a lease if it conveys the right to control the use of an identified asset (explicitly or implicitly specified in the contract) for a period of time in exchange of consideration, at the inception of the contract.</li> <li>— The company recognizes, "Right Of Use" ROU Asset at cost, and the Lease Liability is measured at the present value of all lease payments.</li> </ul>

# Consolidated Financial Statements for the year 2019-20

## INDEPENDENT AUDITOR'S REPORT

### To the Members of National Aluminium Company Limited

#### Report on the Audit of the Consolidated Financial Statements

##### Opinion

We have audited the accompanying consolidated financial statements of **National Aluminium Company Limited** (hereinafter referred to as "the Company") and its jointly controlled entities, which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Company as at March 31, 2020, of consolidated profit, total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Consolidated Financial Statements section of our report. We are independent of the Company and its jointly controlled entities 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 consolidated 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 opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that we have identified in the current year are as follows:

Key Audit Matter	How the matter was addressed in our audit
<b>1. Carrying value of property, plant and equipment including intangible assets and capital work-in-progress</b>	
<p>Property, plant and equipment totalling ₹. 7,174.54 crore (2018-19 : ₹ 7,109.37 crore) as disclosed in Note 5A, capital work-in-progress (Note 6) Rs 1177.16 crore (2018-19 : ₹ 843.91 crore) and intangible assets (Note 7) totalling ₹ 310.23 crore (2018-19 : ₹ 176.41 crore) represent significant balances recorded in the statement of financial position.</p> <p>The Company describes the significant accounting policies in respect of property, plant and equipment, capital work-in-progress and intangible assets in Note 3.4, 3.5 &amp; 3.6.</p> <p>The evaluation of the recoverable amount of these assets requires significant judgement in determining the key assumptions supporting the expected future cash flows of the business and the utilisation of the relevant assets.</p> <p>There are a number of areas where management judgement impacts the carrying value of property, plant and equipment, intangible assets and their respective depreciation profiles. These include the decision to capitalise or expense costs; the asset life review including the impact of changes in the Company's strategy; and the timeliness of the transfer from assets in the course of construction.</p>	<p>Our audit procedures relating to the carrying value of property, plant and equipments including intangible assets and capital work-in-progress included the following:</p> <ul style="list-style-type: none"> <li>We evaluated the assumptions made by management in the determination of residual values and useful lives to ensure that these are consistent with the principles of Indian Accounting Standards (Ind AS) 16 Property, Plant and Equipment and Ind AS 38 Intangible Assets.</li> <li>We assessed whether useful lives and residual values were reasonable by challenging management's judgements through comparing the useful lives and residual values prescribed in Schedule II to the Companies Act 2013 and the useful lives of certain assets as per the technical assessment of the management</li> <li>We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry.</li> <li>We assessed whether indicators of impairment existed as at 31 March 2020 based on our knowledge of the business and the industry.</li> <li>We tested the controls in place over the property, plant and equipment and intangible assets, evaluated the appropriateness of capitalisation policies, performed tests of details on costs capitalised and assessed the timeliness of the transfer of assets in the course of construction and the application of the asset life.</li> <li>In performing these substantive procedures, we assessed the judgements made by management including the nature of underlying costs capitalised; the appropriateness of asset lives applied in the calculation of depreciation and amortisation; and in assessing the need for accelerated depreciation/amortisation, if required, in the context of impairment.</li> </ul> <p>Based on the above procedures, we found management's assessment in determining the carrying value of the property, plant and equipment and intangible assets to be reasonable.</p>

Key Audit Matter	How the matter was addressed in our audit
<b>2. Valuation of Inventories</b>	
<p>As described in Note 3.10 (Significant Accounting Policies) and Note 15 (Inventories), the Company carries inventory value as at 31st March 2020 of ₹ 1,696.90 crore (2018-19 : ₹ 1,210.01 crore). The Company provides for obsolescence based on period for which an item remains as non-moving. This methodology relies upon assumptions made in determining appropriate provisioning to apply to inventory balances.</p>	<p>Our audit procedures relating to the valuation of inventory included the following:</p> <ul style="list-style-type: none"> <li>• We obtained a detailed understanding and evaluated the design and implementation of controls that the Company has established in relation to inventory valuation.</li> <li>• We obtained assurance over the appropriateness of management's control over transfer of finished product from one unit to be used as raw material in other unit and estimating year end actual level of in process stock compared to standard level to be maintained for ensuring continuity of production process and used data analytics to identify unusual inventory usage characteristics.</li> <li>• We critically assessed the Company's inventory provisioning policy, with specific consideration given to aged inventory and their movement status;</li> <li>• We have verified the value of a sample of inventory items to confirm whether they are held at the lower of cost and net realisable value.</li> </ul> <p>Based on the above procedures, we agree with the value of inventory as determined by the management.</p>
<b>3. Valuation of employees' defined benefit obligations and other long-term benefits</b>	
<p>The Company has recognised long-term employee benefit liabilities of ₹ 471.20 crore (2018-19 : ₹ 380.20 crore) and defined benefit obligations (net of plan asset against funded gratuity obligation) of ₹ 239.76 crore (2018-19 : ₹ 225.13 crore) and described them in Note 3.16 (Significant Accounting Policies) and Notes 22 and 31 (long-term and post-employment benefits). The valuation of employee benefit obligations is dependent on market conditions and assumptions made. The key audit matter specifically relates to the following key assumptions like discount rate, inflation expectations and life expectancy assumptions. The setting of these assumptions is complex and requires the exercise of significant management judgement with the support of third party actuary.</p>	<p>Our audit procedures relating to the valuation of employees, defined benefit obligations and other long-term benefits included the following:</p> <ul style="list-style-type: none"> <li>• In testing the valuation, we have examined the reports of external actuarial specialists to review the key actuarial assumptions used, both financial and demographic, and considered the methodology utilised to derive these assumptions.</li> <li>• We evaluated the assumptions made by management and the actuary to ensure that these are consistent with the principles of Ind AS 19</li> <li>• Furthermore, we have examined the sensitivity analysis on the key assumptions in valuing the defined benefit obligations.</li> </ul> <p>Based on the above procedures, we are satisfied that the methodology and assumptions applied in relation to determining the liabilities are acceptable.</p>
<b>4. Ascertainment, disclosure and provisioning in respect of contingent liabilities</b>	
<p>As described in Note 4.2.5 (Critical accounting judgments and key sources of estimation uncertainty) the Company disclosed in Note 25 contingent liabilities of ₹ 2,561.82 crore (2018-19 : ₹ 2,771.59 crore). The Company has material uncertain tax matters, both direct and indirect, under dispute involving aggregate demand of ₹ 1,602.70 crore (2018-19 : ₹ 1,814.14 crore) which require significant judgment to determine the possible outcome of these disputes.</p> <p>Additionally, the Company has other on-going legal matters relating to various claims by the Government of Odisha or other agencies constituted by the State Government and by contractors/suppliers involving an aggregate demand of ₹ 959.12 crore (2018-19 : ₹ 957.45 crore) which require application of management judgement in order to determine the likely outcome.</p>	<p>Our audit procedures relating to the ascertainment, disclosure and provisioning in respect of contingent liabilities included the following:</p> <p>We obtained a detailed understanding and evaluated the design and implementation of controls that the Company has established in relation to disclosure and provisioning of contingent liabilities in accordance to Ind AS 37 <i>Provisions, Contingent Liability and Contingent Assets</i>.</p> <p>Regarding direct and indirect tax contingent liabilities, we undertook following principal audit procedures:</p> <ul style="list-style-type: none"> <li>• Assessment of the process and relevant controls implemented to identify tax litigations and pending administrative proceedings.</li> <li>• Assessment of assumptions used in the evaluation of potential tax risks performed by the tax department of the Company considering the legal precedence and other rulings in similar cases.</li> <li>• Discussion with the management regarding the status of the most significant disputes and inspection of the key relevant documentation.</li> <li>• Analysis of opinion received from tax experts where available.</li> <li>• Review of the adequacy of the disclosures in the notes to the financial statements.</li> </ul> <p>In assessing the potential exposures of the Company in respect of other contingent liabilities, we have:</p> <ul style="list-style-type: none"> <li>• assessed the design and implementation of controls in relation to the monitoring of known exposures;</li> <li>• referred Board and other meeting minutes to identify areas subject to Company consideration;</li> <li>• consulted with the Company's internal legal advisors in understanding on-going and potential legal matters impacting the Company;</li> <li>• reviewed available legal opinions from experts; and</li> <li>• reviewed the proposed accounting and disclosure of actual and potential legal liabilities.</li> </ul> <p>Based on the above procedures performed, we concur that the accounting and disclosures in relation to the on-going legal matters are appropriate.</p>

Key Audit Matter	How the matter was addressed in our audit
<b>5. Advances and deposits in respect of tax matters under litigation continuing as assets</b>	
<p>As at March 31, 2020, other assets (Note 14) includes recoverable claims of direct and indirect tax deposits (net of provision) including VAT and Cenvat credits amounting to ₹ 649.87 crore (2018-19 : ₹ 597.61 crore) which are pending adjustment/adjudication.</p> <p>Significant judgement is required in assessing the nature of these exposures and their accounting and disclosure requirements.</p>	<p>Our audit procedures relating to the advance and deposits in respect of tax matters under litigation continuing as assets included the following:</p> <ul style="list-style-type: none"> <li>• We obtained from management details of completed tax assessments and demands and appeal orders of the appellate authority.</li> <li>• We involved our internal experts to challenge the management’s underlying assumptions in estimating the tax liability and the possible outcome of the disputes.</li> <li>• Our internal experts also considered legal precedence and other rulings in evaluating management’s position on these uncertain tax positions.</li> <li>• Additionally, we have considered opinions of legal and tax experts, wherever available, to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.</li> </ul> <p>Based on the above procedures performed, we are in agreement with the management’s determination of the claim amount considered recoverable.\</p>
<b>6. Valuation of deferred tax assets and liabilities</b>	
<p>The Company has disclosed in Note 23 deferred tax liability (net of deferred tax asset) as on March 31, 2020 ₹ 1,060.61 crore (2018-19 : ₹ 1,130.67 crore).</p> <p>The Company operates in activities which involves application of multiple income tax provisions.</p> <p>The assessment of the valuation of deferred tax assets/liability, resulting from timing differences, and provisions for uncertain tax positions is significant to our audit as the calculations are complex and depend on sensitive and judgmental assumptions. These include, amongst others, long-term future profitability and local fiscal regulations and developments.</p>	<p>Our audit procedures relating to the valuation of deferred tax assets and liabilities the following:</p> <ul style="list-style-type: none"> <li>• Ascertained the completeness and accuracy of the deferred tax assets/liabilities and recognizing uncertain tax positions.</li> <li>• We challenged and tested the Management’s assessment of the recoverability of the deferred tax assets, and the probability of future cash outflows in respect deferred tax liabilities identified by the Company.</li> <li>• We also assessed the applicable local fiscal regulations and developments, in particular those related to changes in the statutory income tax rate and of the statutes of limitation, as these are key assumptions underlying the valuation of the deferred tax assets/liabilities.</li> <li>• We analysed the tax positions and evaluated the assumptions and methodologies used by the Company.</li> <li>• In addition, we also focused on the adequacy of the Company’s disclosures as per Ind AS 12 Income Taxes on deferred tax assets/liabilities and assumptions used.</li> </ul> <p>Based on the above procedures performed, we are satisfied that the methodology and assumptions applied in relation to determining the deferred tax assets and liabilities are acceptable.</p>

**Other Information**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information contained in the Company’s Annual Report but does not include the consolidated financial statements and our report thereon. These reports are expected to be made available to us after the date of this auditors’ report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action, if required.

**Management’s Responsibility for the Consolidated 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 and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Company and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; the 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from



material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Company and its jointly controlled entities are responsible for assessing their 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 of the Company or the jointly controlled entities either intends to be liquidated or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the Company and jointly controlled entities are responsible for overseeing the financial reporting process of the Company and of the jointly controlled entities.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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 ability of the Company and its jointly controlled entities 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 consolidated 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 or its jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Company and its jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

#### Other Matters

The consolidated financial statements include the Company's share of net loss of ₹ 2.00 crore for the year ended 31st March, 2020 (2018-19: net profit of ₹ 1.29 crore), as considered in the consolidated financial statements, in respect of jointly controlled entities, whose financial statements have not

been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) Section 164(2) of the Act regarding disqualification of directors is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 and on the basis of the reports of the statutory auditors of its jointly controlled entities incorporated in India, none of the director of these jointly controlled entities is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and its jointly controlled entities and the operating effectiveness of such controls, refer to our separate report in Annexure "A" to this report.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended:  
The provision of section 197 read with Schedule V of the Act, relating to managerial remuneration is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 issued by the Ministry of corporate Affairs, Govt. of India.
  - (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company and its jointly controlled entities have pending litigations, the liabilities in respect of which is either provided for or disclosed as contingent liabilities. Refer Note 25 to the consolidated financial statements.
    - ii. The Company and its jointly controlled entities has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, long term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its jointly controlled entities.

**For Patro & Co.**  
Chartered Accountants  
FRN: 310100E

**(CA Ambika Prasad Mohanty)**  
Partner  
Membership No: 057820  
UDIN 20057820AAAAAP9186

**For GNS & Associates**  
Chartered Accountants  
FRN: 318171E

**(CA Santosh Kumar Dehuri)**  
Partner  
Membership No: 053937  
UDIN 20053937AAAAAX4832

Place: Bhubaneswar  
Date: June 26<sup>th</sup>, 2020

## Annexure “A”

**ANNEXURE TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020 OF NATIONAL ALUMINIUM COMPANY LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of NATIONAL ALUMINIUM COMPANY LIMITED (hereinafter referred to as (“the Company”) and considered the auditors’ reports on Internal Financial Controls over financial reporting of its jointly controlled entities, which are companies incorporated in India, as of that date.

The financial statements of the jointly controlled entities have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to these jointly controlled entities, is based solely on the reports of the other auditors.

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the jointly controlled entities, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company and jointly controlled entities which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, both issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company and its jointly controlled entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Patro & Co.**  
Chartered Accountants  
FRN: 310100E

**For GNS & Associates**  
Chartered Accountants  
FRN: 318171E

**(CA Ambika Prasad Mohanty)**  
Partner  
Membership No: 057820  
UDIN 20057820AAAAAP9186

**(CA Santosh Kumar Dehuri)**  
Partner  
Membership No: 053937  
UDIN 20053937AAAAAX4832

Place: Bhubaneswar

Date: June 26<sup>th</sup>, 2020

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF  
THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF  
NATIONAL ALUMINIUM COMPANY LIMITED  
FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of consolidated financial statements of National Aluminium Company Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on these financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of National Aluminium Company Limited for the year ended 31 March 2020 under Section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of National Aluminium Company Limited and its joint venture company Utkarsha Aluminium Dhatu Nigam Limited but did not conduct supplementary audit of financial statements of its joint venture companies Angul Aluminium Park Private Limited and Khanij Bidesh India Limited for the year ended on that date. **Further, section 139(5) and 143(6)(a) of the Act are not applicable to GACL NALCO Alkalies & Chemicals Private Limited, being private entity, for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this company.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

(Suparna Deb)

Director General Audit (Mines)

Kolkata

Place: Kolkata

Date: 03.09.2020

Consolidated Balance Sheet as at March 31, 2020

Particulars	Notes	Amount in ₹ Crore	
		As at 31.03.2020	As at 31.03.2019
<b>Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	5	7,174.54	7,109.37
(b) Capital work-in-progress	6	1,177.16	843.91
(c) Intangible assets	7	310.23	176.41
(d) Intangible assets under development	8	249.54	38.80
(e) Financial assets			
(i) Investments	9	275.68	176.21
(ii) Trade receivables	10	—	—
(iii) Loans	11	73.02	74.74
(iv) Other financial assets	12	10.48	10.37
(f) Other non-current assets	14	719.60	1,116.88
<b>Total non-current assets</b>		<b>9,990.25</b>	<b>9,546.69</b>
<b>(2) Current assets</b>			
(a) Inventories	15	1,696.90	1,210.01
(b) Financial assets			
(i) Investments	9	55.01	80.81
(ii) Trade receivables	10	140.09	240.52
(iii) Cash and cash equivalents	16	18.47	171.60
(iv) Bank balances other than (iii) above	16	1,962.06	3,324.75
(v) Loans	11	40.16	25.75
(vi) Other financial assets	12	0.05	1.23
(c) Current tax assets (Net)	13	46.22	51.26
(d) Other current assets	14	598.84	494.77
<b>Total current assets</b>		<b>4,557.80</b>	<b>5,600.70</b>
<b>Total assets</b>		<b>14,548.05</b>	<b>15,147.39</b>
<b>Equity and liabilities</b>			
<b>(1) Equity</b>			
(a) Equity share capital	17	932.81	932.81
(b) Other equity	18	9,053.69	9,552.13
<b>Total equity</b>		<b>9,986.50</b>	<b>10,484.94</b>
<b>Liabilities</b>			
<b>(2) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables			
(a) Dues of micro and small enterprises	20	—	—
(b) Dues of creditors other than micro and small enterprises	20	22.69	21.14
(ii) Other financial liabilities	21	58.53	6.70
(b) Provisions	22	628.80	530.93
(c) Deferred tax liabilities (Net)	23	1,060.61	1,130.67
(d) Other non-current liabilities	24	70.90	67.89
<b>Total non-current liabilities</b>		<b>1,841.53</b>	<b>1,757.33</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	12.31	66.79
(ii) Trade payables			
(a) Dues of micro and small enterprises	20	7.06	2.22
(b) Dues of creditors other than micro and small enterprises	20	765.87	1,283.55
(iii) Other financial liabilities	21	416.02	410.86
(b) Provisions	22	178.44	165.51
(c) Other current liabilities	24	1,340.32	976.19
<b>Total current liabilities</b>		<b>2,720.02</b>	<b>2,905.12</b>
<b>Total liabilities</b>		<b>4,561.55</b>	<b>4,662.45</b>
<b>Total equity and liabilities</b>		<b>14,548.05</b>	<b>15,147.39</b>

See accompanying notes (1-41) to the financial statements

For and on behalf of Board of Directors

(CS. N K Mohanty)  
(Company Secretary)

(V Balasubramanyam)  
Director (Finance)  
DIN: 06965313

(CA Sridhar Patra)  
Chairman-Cum-Managing Director  
DIN: 06500954

In terms of our attached report of even date.

For Patro & Co.  
Chartered Accountants  
FRN-310100E

For GNS & Associates.  
Chartered Accountants  
FRN-318171E

Place: Bhubaneswar  
Date : June 26,2020  
(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)

(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)

## Consolidated Statement of Profit and Loss for the period ended March 31, 2020

	Notes	Year ended 31.03.2020	Year ended 31.03.2019
Amount in ₹ Crore			
I Revenue from operations	27	8,471.84	11,499.32
II Other Income	28	272.58	325.87
<b>III Total Income (I + II)</b>		<b>8,744.42</b>	<b>11,825.19</b>
<b>IV EXPENSES</b>			
(a) Cost of raw materials consumed	29	1,702.48	1,919.68
(b) Cost of power and fuel consumed	29	2,964.60	2,927.12
(c) Changes in inventories of finished goods and work-in-progress	30	(365.23)	(5.08)
(d) Employee benefits expense	31	1,994.07	2,072.28
(e) Finance costs	32	5.74	2.38
(f) Depreciation and amortisation expenses	5 & 7	529.83	476.10
(g) Other expenses	33	1,686.69	1,692.79
<b>Total expenses (IV)</b>		<b>8,518.18</b>	<b>9,085.27</b>
<b>V Profit/(loss) before exceptional items and tax (III - IV)</b>		<b>226.24</b>	<b>2,739.92</b>
VI Exceptional Items		—	—
VII Share of Profit/(loss) of Joint Ventures		(2.00)	1.29
<b>VIII Profit/(loss) before tax (V - VI+VII)</b>		<b>224.24</b>	<b>2,741.21</b>
<b>IX Tax Expense</b>			
(1) Current tax	34	151.40	1,024.65
(i) Current tax		152.27	998.36
(ii) Current tax relating to previous years		(0.87)	26.29
(2) Deferred tax	34	(63.39)	(17.13)
<b>X Profit/(loss) for the year (VIII - IX)</b>		<b>136.23</b>	<b>1,733.69</b>
<b>XI Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement gains / (losses) on defined benefit plans		(22.84)	0.06
(ii) Income tax relating to items that will not be reclassified to profit or loss	34	6.67	(0.21)
<b>Other comprehensive income for the year (net of tax) (XI)</b>		<b>(16.17)</b>	<b>(0.15)</b>
<b>XII Total comprehensive income for the year (X+XI) (comprising profit/(loss) and other comprehensive income for the period)</b>		<b>120.06</b>	<b>1,733.54</b>
<b>XIII Earnings per equity share:</b>			
(1) Basic (in ₹)	36	0.73	9.07
(2) Diluted (in ₹)	36	0.73	9.07

See accompanying notes (1-41) to the financial statements

For and on behalf of Board of Directors

(CS. N K Mohanty)  
(Company Secretary)(V Balasubramanyam)  
Director (Finance)  
DIN: 06965313(CA Sridhar Patra)  
Chairman-Cum-Managing Director  
DIN: 06500954

In terms of our attached report of even date.

For Patro & Co.  
Chartered Accountants  
FRN-310100E(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)For GNS & Associates.  
Chartered Accountants  
FRN-318171E(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)Place: Bhubaneswar  
Date: June 26, 2020

## Consolidated Statement of changes on Equity for the period ended March 31, 2020

					Amount in ₹ Crore
A.	<b>Equity share capital</b>				
	Balance as at 31.03.2018				966.46
	Buy-back of equity shares				(33.65)
	Balance as at 31.03.2019				932.81
	Changes during the year				—
	Balance as at 31.03.2020				932.81
B.	<b>Other equity</b>				Amount in ₹ Crore
					Reserves and surplus
	Other equity	Capital redemption reserve	General reserve	Retained earnings	Total
	Balance as at 31.03.2018	322.16	8,620.53	594.80	9,537.49
	Profit for the year	—	—	1,733.69	1,733.69
	Other comprehensive income (net of taxes)	—	—	(0.15)	(0.15)
	<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>1,733.54</b>	<b>1,733.54</b>
	Premium on Buy-back of equity shares	—	(471.18)	—	(471.18)
	Expenses on Buy-back of equity shares	—	(2.60)	—	(2.60)
	Transfer of general reserve to Capital redemption reserve	33.65	(33.65)	—	—
	Final dividend for previous year	—	—	(193.29)	(193.29)
	Tax on final dividend for previous year	—	—	(39.73)	(39.73)
	Interim dividend for the year	—	—	(839.53)	(839.53)
	Tax on interim dividend for the year	—	—	(172.57)	(172.57)
	Balance as at 31.03.2019	355.81	8,113.10	1,083.22	9,552.13
	Profit for the year	—	—	136.23	136.23
	Other comprehensive income (net of taxes)	—	—	(16.17)	(16.17)
	<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>120.06</b>	<b>120.06</b>
	Final dividend for the previous year	—	—	(233.20)	(233.20)
	Tax on final dividend for the previous year	—	—	(47.94)	(47.94)
	Interim dividend for the year	—	—	(279.84)	(279.84)
	Tax on interim dividend for the year	—	—	(57.52)	(57.52)
	Balance as at 31.03.2020	355.81	8,113.10	584.78	9,053.69

For and on behalf of Board of Directors

(CS. N K Mohanty)  
(Company Secretary)(V Balasubramanyam)  
Director (Finance)  
DIN: 06965313(CA Sridhar Patra)  
Chairman-Cum-Managing Director  
DIN: 06500954

In terms of our attached report of even date.

For Patro & Co.  
Chartered Accountants  
FRN-310100E  
(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)For GNS & Associates.  
Chartered Accountants  
FRN-318171E  
(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)Place: Bhubaneswar  
Date : June 26,2020



## Consolidated Cash Flow Statement for the year ended March 31, 2020

		Amount in ₹ Crore	
		Year ended 31.03.2020	Year ended 31.03.2019
<b>A.</b>	<b>Cash flows from operating activities</b>		
	Profit for the period	136.23	1,733.69
	Adjustments for:		
	Income tax expense recognised in profit or loss	88.01	1,007.52
	Share of (profit) / loss of Joint Ventures	2.00	(1.29)
	Finance costs recognised in profit or loss	5.74	2.38
	Interest income recognised in profit or loss	(217.90)	(237.14)
	Dividend income recognised in profit or loss	(7.60)	(30.61)
	Net (gain) / loss on sale of investments	(1.35)	—
	Net (gain) / loss on disposal of property, plant and equipment	0.25	7.50
	Net (gain) / loss arising on financial assets mandatorily measured at fair value through profit or loss	(0.01)	2.16
	Impairment loss recognised on other assets	(1.35)	(3.51)
	Inventories of stores, spares written off	15.64	12.52
	Depreciation and amortisation of non-current assets	529.83	476.10
	Amortisation of lease premium	—	75.52
	Net foreign exchange (gain)/loss	(5.94)	(8.62)
	<b>Operating profit before working capital changes</b>	<b>543.55</b>	<b>3,036.22</b>
	Movements in working capital:		
	(Increase) / decrease in inventories	(502.15)	(28.37)
	(Increase) / decrease in trade receivables	100.43	17.61
	(Increase) / decrease in loans and other financial asset	(11.62)	157.85
	(Increase) / decrease in other assets	(103.57)	6.08
	Increase / (decrease) in trade payables	(505.35)	338.16
	Increase / (decrease) in other financial liabilities	(12.64)	(4.73)
	Increase / (decrease) in other liabilities	158.46	30.00
	Increase / (decrease) in provisions	84.79	(123.08)
	<b>Cash (used in) / generated from operations</b>	<b>(248.10)</b>	<b>3,429.74</b>
	Income taxes paid	(100.46)	(1,020.89)
	<b>Net cash flow from operating activities</b>	<b>(348.56)</b>	<b>2,408.85</b>
<b>B.</b>	<b>Cash flows from investing activities</b>		
	Payments to acquire financial assets	(29.00)	(48.00)
	Proceeds from sale of financial assets	56.17	560.97
	Payments to acquire equity in joint ventures and associates	(101.47)	(58.19)
	(Investment in) / redemption of term deposits with banks	1,568.10	(385.77)
	Dividends received from other investments	7.60	30.61
	Interest received from banks and others	217.90	237.14
	Payments for property, plant and equipment (including capital advances)	(844.82)	(749.49)
	Proceeds from disposal of property, plant and equipment	11.25	8.56
	Payments for other intangible assets	(13.01)	(18.49)
	Payment for acquiring leasehold assets	—	(109.19)
	<b>Net cash flow from investing activities</b>	<b>872.72</b>	<b>(531.85)</b>
<b>C.</b>	<b>Cash flows from financing activities</b>		
	Payments for buy-back of equity shares	—	(504.83)
	Payments for share buy-back costs (net of tax)	—	(2.60)
	Proceeds from / (Payment towards) short term borrowings	(54.48)	21.80
	Payment of lease liability	(3.45)	—
	Finance cost paid	(0.86)	—
	Dividends paid on equity shares	(513.04)	(1,032.82)
	Tax on dividends paid on equity shares	(105.46)	(212.30)
	<b>Net cash flow from financing activities</b>	<b>(677.29)</b>	<b>(1,730.75)</b>
	<b>Net increase or (decrease) in cash or cash equivalents</b>	<b>(153.13)</b>	<b>146.25</b>
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>171.60</b>	<b>25.35</b>
	<b>Cash and cash equivalents at the end of the year [refer note 15.A]</b>	<b>18.47</b>	<b>171.60</b>

Note: Figures in the brackets are cash outflow/income as the case may be.

For and on behalf of Board of Directors

(CS. N K Mohanty)  
(Company Secretary)

(V Balasubramanyam)  
Director (Finance)  
DIN: 06965313

(CA Sridhar Patra)  
Chairman-Cum-Managing Director  
DIN: 06500954

In terms of our attached report of even date.

For Patro & Co.  
Chartered Accountants  
FRN-310100E

For GNS & Associates.  
Chartered Accountants  
FRN-318171E

Place: Bhubaneswar  
Date: June 26, 2020

(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)

(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)

## Notes to the Consolidated Financial Statements

### Note No.1 Corporate Background

National Aluminium Company Limited is a Navratna Central Public Sector Enterprise (CPSE) under Ministry of Mines, Government of India, incorporated under the relevant provisions of the Companies Act and is listed in the stock exchanges in India. The Company is engaged in the business of manufacturing and selling of Alumina and Aluminium. The Company is operating a 22.75 lakh TPA Alumina Refinery plant located at Damanjodi in Koraput district of Odisha and 4.60 lakh TPA Aluminium Smelter located at Angul, Odisha. The Company has a captive bauxite mines adjacent to refinery plant to feed the bauxite requirement of Alumina Refinery and also a 1200 MW captive thermal power plant adjacent to Smelter plant to meet the power requirement of Smelter. Besides, the Company is also operating four wind power plants with total capacity of 198.40 MW located in the state of Andhra Pradesh (Gandikota), Rajasthan (Jaisalmer & Devikot) and Maharashtra (Sangli) to harness the renewable energy and to comply with its Renewable Purchase Obligation. The Company has made strategic investments in two joint ventures companies namely Angul Aluminium Park Pvt. Ltd. and Gujarat Alkalies and Chemicals Pvt. Ltd. for furtherance of its business.

### Note No.2 Statement of Compliance:

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and are applicable for the year and relevant to the Company and its joint ventures have been taken into consideration and complied with without any exception while preparing the consolidated financial statements of the Company and its joint ventures.

### Note No.3 Significant Accounting Policies:

#### 3.1 Basis of preparation

The consolidated financial statements of the Company and its joint ventures have been prepared in accordance with Ind AS and relevant provisions of the Companies Act, 2013.

The consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies given herewith.

All assets and liabilities have been classified as current or non-current as per Company's operating cycle and other criteria set out in Schedule-III of the Companies Act 2013. Based upon the nature of business, the Company and its joint ventures has ascertained a 12 month operating cycle for the purpose of current or non-current classification of assets and liabilities.

#### 3.2 Use of estimates:

These consolidated financial statements have been prepared using estimates and assumptions, wherever necessary, in conformity with the recognition and measurement principles of Ind AS.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions, if any, in such estimates are accounted for in the year of revision.

Key sources of estimation uncertainty, which may cause a material adjustment to the carrying amounts of assets and liabilities are stated in Note No.4.

#### 3.3 Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture.

Distributions received from an associate or a joint venture reduces the carrying amount of the investment. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture

## Notes to the Consolidated Financial Statements

(which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Company's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

For the purpose of consolidation the use of the equity method is discontinued from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

The equity method is continued when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the ownership interest in an associate or a joint venture is reduced but the use of equity method is continued, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

### 3.4 Property, Plant and Equipments

Property, plant and equipment, other than freehold lands, held for use in the production and/or supply of goods or services, or for administrative purposes, are stated at cost, less accumulated depreciation and accumulated impairment losses. Freehold lands, unless impaired, are stated at cost.

#### 3.4.1 Initial Measurement

The initial cost comprises purchase price, non-refundable purchase taxes, other expenditure directly attributable to bringing the assets to its location and condition necessary for it to be capable of operating in the manner intended by the management, borrowing cost, if any, incurred, and the initial estimates of the present value of any asset restoration obligation or obligatory decommissioning and dismantling costs.

Expenditure incurred on development of freehold land is capitalized as part of the cost of the land.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of overheads and directly attributable borrowing costs, if any.

## Notes to the Consolidated Financial Statements

Spare parts having unit value of more than Rs.5 lakh, held for use in the production and/or supply of goods or services and are expected to be used during more than one period are recognised as Property, Plant and Equipment. Spares of critical nature and irregular in use, which can be identified to a particular equipment and having unit value more than Rs.1 lakh is also recognised as Property, Plant and Equipments.

### 3.4.2 Subsequent expenditure

Expenditure on major inspection/maintenance or repairs including cost of replacing the parts of assets and overhaul costs where it is probable that future economic benefits associated with the expenditure will be available over a period of more than one year, are capitalised and the carrying amount of the identifiable parts so replaced is derecognised.

### 3.4.3 Capital work-in-progress

Assets in the course of construction are included under capital work in progress and are carried at cost, less any recognised impairment loss. Such capital work in progress, on completion, is transferred to the appropriate category of property, plant and equipment.

Expenses for assessment of new potential projects incurred till investment decisions are charged to revenue. Expenditure incurred for projects after investment decisions are accounted for under capital work in progress and capitalized subsequently.

Any costs directly attributable to acquisition/ construction of property, plant and equipment till it is brought to the location and condition necessary for it to be capable of operating in the manner as intended by the management form part of capital work-in-progress.

### 3.4.4 Depreciation and amortisation

Depreciation on assets are provided on a straight-line basis over their useful life, either as prescribed under Schedule II of the Companies Act, 2013 or, wherever considered necessary, determined on the basis of technical estimations carried out by the Management not exceeding the prescribed useful life as per Schedule II to the Companies Act, 2013.

Component of an item of property, Plant and Equipment with a cost that is significant in relation to the total cost of that item, is depreciated separately if its useful life differs from that of the asset. The Company and its joint ventures has chosen a benchmark of Rs.1 Crore as significant value for identification of a separate component except 'Pot Relining' which is considered as a component of each 'Electrolytic Pot' due to its inherent nature and useful life.

The residual value of plant and machinery, vehicles, mobile equipment and earth moving equipment, railway facilities, rolling stock, and residential quarters are maintained at 5% of the original cost and for all other assets, the residual value is considered as Nil.

The estimated useful lives are reviewed at each year end and the effect of change, if any, is accounted for prospectively.

For the purpose of depreciation of assets, useful lives of -

- (a) immovable property, plant and equipment at bauxite mines is the life of the individual asset or the balance lease period of Mines whichever is lower.
- (b) captive thermal power generation plant namely Captive Power Plant (CPP) is considered to be 30 years;
- (c) Steam Power Plant (SPP) is considered to be 25 years.
- (d) Red Mud Ponds and Ash Ponds at alumina Refinery and Ash Ponds at CPP are based on their estimated remaining useful lives evaluated on the basis of technical estimates made periodically;
- (e) assets laid on leasehold land excluding assets of Bauxite mines are considered to be lower of balance lease period or the useful life of the asset.

Assets laid on land not owned are depreciated over the useful life from the date on which the asset is capable of operating in the manner intended by the management unless a longer / shorter life can be justified.

Individual Assets costing Rs.10,000/- or less are depreciated fully in the year in which they are put to use.

## Notes to the Consolidated Financial Statements

Property plant and equipment other than mentioned above are subject to the following useful lives.

Sl. No.	Particulars of asset category (Property Plant & Equipment)	Range of useful life in years
1	Buildings	30 - 60
2	Plant and machinery	15 - 40
3	Railway siding	15
4	Vehicles	08 - 10
5	Furniture and fixtures	08 - 10
6	Computer equipment	06

### 3.4.5 De-recognition of assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the use of the asset. Any gain or loss arising on the disposal/de-recognition is recognised in the statement of profit and loss.

### 3.4.6 Stripping costs:

Stripping costs of surface mining is recognised as an asset when they represent significantly improved access to ore, provided all the following conditions are met:

- it is probable that the future economic benefit associated with the stripping activity will be realised;
- the component of the ore body for which access has been improved can be identified; and
- the costs relating to the stripping activity associated with the improved access can be reliably measured.

The stripping cost incurred during the production phase is added to the existing “stripping cost asset” to the extent the current period stripping ratio exceeds the planned stripping ratio.

The “stripping cost asset” is subsequently depreciated on a unit of production basis over the life of the identified component of the ore body that become more accessible as a result of the stripping activity and is then stated at cost less accumulated depreciation and impairment loss, if any.

## 3.5 Intangible Assets

### 3.5.1 Intangible assets acquired separately

Intangible assets acquired are reported at cost less accumulated amortisation and impairment loss, if any. Intangible assets having finite useful life are amortised over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, and the effect of any changes in estimate is accounted for on a prospective basis.

### 3.5.2 Internally-generated intangible assets – research and development expenditure

Expenditure on research activities, except capital expenditure considered as Property, plant and equipment, is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development is recognised if and only if all the conditions stipulated in “Ind AS 38 – Intangible Asset” are met.

### 3.5.3 Mining Rights

The costs of mining rights include amounts paid towards Net Present Value (NPV) including related payments and upfront money as determined by the regulatory authorities.

Cost of mining rights are amortised over the total estimated remaining commercial reserves of mining property and are subject to impairment loss.

### 3.5.4 Mines Development Expenses

Expenditure incurred for mines development prior to commercial production i.e., primary development expenditure other than land, buildings, plant and equipment is capitalised until the mining property is capable of commercial production.

## Notes to the Consolidated Financial Statements

### 3.5.5 User Rights

Amount of expenditure incurred in a cluster project, having future economic benefits with exclusive use of co-beneficiaries but without physical control on the assets, are capitalised as user rights.

### 3.5.6 Software

Operating software acquired separately (RDBMS, Sybase, ERP/SAP) are capitalised as software.

### 3.5.7 License and Franchise

Amount of expenditure incurred for obtaining license for use of technology is capitalised under the head "License and Franchise".

### 3.5.8 De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from disposal/de-recognition are recognised in the statement of profit and loss.

### 3.5.9 Amortisation

The basis of amortisation of intangible assets is as follows:

- (a) Licenses in the nature of technical know-how for processing plants which are available for the useful life of the respective processing plants are amortised over a period of ten years.
- (b) Software classified as intangible assets carries a useful life of 3 years and are amortised over that period.
- (c) Mining Rights and Mines Development Expenses are amortised over the period of availability of reserves.
- (d) User Right for cluster projects is amortised over the useful life of the asset from the date of commissioning.

### 3.6 Impairment of tangible and intangible assets

At the end of each reporting period the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) of the asset is estimated to determine the extent of impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is estimated. If the estimated recoverable amount of the CGU is less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount and the difference between the carrying amount and recoverable amount is recognised as impairment loss in the statement of profit or loss.

### 3.7 Foreign currency transaction and translation

Items included in the consolidated financial statements are measured using the currency of the primary economic environment i.e. Indian Rupee in which the Company and its joint ventures operates.

In preparing the consolidated financial statements, transactions in foreign currencies i.e. currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise.

### 3.8 Provisions and contingencies

#### 3.8.1 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the estimated cash outflows to settle the present obligation, its carrying amount is the present value of those cash outflows.

#### 3.8.2 Restoration, rehabilitation and decommissioning

An obligation to incur restoration, rehabilitation and environmental costs arise when environmental disturbance is caused by

## Notes to the Consolidated Financial Statements

the development or ongoing production of a mine and other manufacturing facilities. The obligated restoration, rehabilitation and decommissioning liability as per statutory mandate is recognised in the consolidated financial statements.

Net present value of such costs are provided for and a corresponding amount is capitalised at the commencement of each project. These costs are charged to the statement of profit or loss over the life of the asset by way of depreciation and unwinding of the discounted liability. 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 in lives of operations, new disturbance and revisions of 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 and other cost in the statement of profit or loss.

### 3.8.3 Environmental liabilities

Environmental liabilities are recognised when the Company and its joint ventures becomes obliged, legally or constructively to rectify environmental damage or perform remedial work.

### 3.8.4 Legal Obligations

Provision is recognised once it has been established that there is a present obligation based on consideration of the information which becomes available up to the date of reporting.

### 3.8.5 Contingent Liabilities

Contingent liabilities are possible obligations that arises from past events, the existence of which would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control or there is a present obligation but payment is not probable or the amount cannot be measured reliably. Contingent liabilities are disclosed in the consolidated financial statements unless the possibility of any outflow in settlement is remote.

### 3.8.6 Contingent Assets

Contingent assets are not recognised in the consolidated financial statement, but are disclosed where inflow of economic benefits is probable.

## 3.9 Leases

The Company has applied Ind AS 116-Leases effective 1st April, 2019 to all leases, using the modified retrospective method, with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated. The company identifies all leases wherever a contract is, or contains, a lease if it conveys the right to control the use of an identified asset (explicitly or implicitly specified in the contract) for a period of time in exchange of consideration, at the inception of the contract.

At the date of commencement of lease, the company recognizes, "Right Of Use" ROU Asset at cost, and the Lease Liability is measured at the present value of all lease payments that are not paid at that date, except leases with a lease term of 12 months or less that do not contain a purchase option (Short term leases) and leases for which the underlying asset is of low value.

The lease payments for leases with a lease term of 12 months or less that do not contain a purchase option (Short term leases) and leases for which the underlying asset is of low value, are recognized as operating expenses.

### 3.9.1 Initial Measurement:

The "Cost of ROU Asset" includes amount of:

- i. Initial measurement of lease liability
- ii. Prepaid lease payments less any lease incentives received
- iii. Initial direct cost incurred by the company as lessee And
- iv. Estimated costs to dismantle remove or, restore the underlying asset.

The lease liability is measured at the present value of lease payments by discounting lease payments at coupon rate of long term govt. bonds.

The "lease payment" includes:

- i. Fixed payments ( including in-substance fixed payment)
- ii. Variable lease payment that depend upon an index or a rate

## Notes to the Consolidated Financial Statements

- iii. Amount payable by the company as residual value guarantee
- iv. The exercise price of purchase option if the company expects with reasonable certainty to exercise the same.
- v. Payment of penalties for termination by the company, if the terms of lease contains such option for the company.

### 3.9.2 Subsequent Measurement:

During subsequent periods, Lease liability is measured at amortised cost using effective interest method. And the ROU asset is measured at cost less accumulated depreciation and accumulated impairment if any.

The lease payments are classified as cash flow from financing activities.

### 3.10 Inventories

Inventory of raw material, including bulk material such as coal and fuel oil are valued at the lower of cost net of tax credit wherever applicable and net realisable value.

Stores and spares other than those meeting the criteria for recognition as Property, Plant and Equipment are valued at cost net of tax credit wherever applicable.

Stores and spares (other than major spares considered as Property, Plant and Equipment) held but not issued for more than 5 years are valued at 5% of the cost.

Materials and other supplies held for use in the production (other than considered as non-moving) are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of raw materials, stores and spares as stated above are determined on moving weighted average price.

Inventories of finished goods, semi-finished goods, intermediary products and work in process including process scrap are valued at lower of cost and net realisable value. Cost is generally determined at moving weighted average price of materials, appropriate share of labour and related overheads. Net realisable value is the estimated selling price in the ordinary course of business available on the reporting date less estimated cost necessary to make the sale.

Inventory of scraps internally generated are valued at net realisable value.

### 3.11 Trade receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the outstanding is due for payment within a period 12 months or less from the reporting date, they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

### 3.12 Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Except for trade receivables and payables, financial assets and liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liabilities.

#### 3.12.1 Financial assets

##### a. Cash or Cash Equivalent:

All short-term bank deposits having a maturity period of three months or less as cash & cash equivalent is considered as cash or cash equivalent. Term deposits in Bank with a maturity period of more than 3 months are considered as other Bank Balance.

##### b. Financial assets at amortised cost:

Financial assets, including trade receivables where it contains significant financing component, are classified as subsequently measured at amortised costs and are measured accordingly using effective interest method if the financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



## Notes to the Consolidated Financial Statements

### c. Financial assets at Fair value through Other Comprehensive Income (OCI)

Financial assets are classified as subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### d. Financial assets at Fair value through Profit or loss

Financial assets are classified as subsequently measured at fair value through profit or loss unless it is classified as subsequently measured at amortised cost or at fair value through other comprehensive income. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit or loss.

#### 3.12.2 Financial liabilities

Trade payables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

Financial liabilities, including trade payables where it contains significant financing component, are subsequently measured at amortised cost using effective interest method.

#### 3.12.3 De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expires, or when substantially all the risks and rewards of ownership of the assets are transferred to another entity.

#### 3.12.4 Impairment of financial assets

At each reporting date, assessment is made whether the credit risk on a financial instrument has increased significantly or not since initial recognition.

If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on that financial instrument has increased significantly since initial recognition, the loss allowance is measured for a financial instrument at an amount equal to the lifetime expected credit losses.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the statement of profit and loss.

#### 3.12.5 De-recognition of financial liability

Financial liabilities are derecognised when, and only when, the obligations are discharged, cancelled or expired.

In the case of retention for liquidated damages, if on finalization/closure of contract, liquidated damage is leviable, the amount retained is written back and recognized as income except capital contracts where liquidated damage is directly attributable to escalation/increase in the cost of the asset. In such case, the retention amount is adjusted against cost of the asset.

#### 3.12.6 Off-setting financial instruments

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

### 3.13 Derivatives

Derivative instruments such as forward foreign exchange contracts are recognised at fair value at the date the derivative contracts are entered into and are re-measured at the end of each reporting period. The resulting gain or loss is recognised in statement of profit or loss immediately.

### 3.14 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

## Notes to the Consolidated Financial Statements

### 3.15 Accounting for government grants

Government grants are recognised when there is reasonable assurance that the conditions attached to them will be complied and that the grants will be received.

Government grants related to assets whose primary condition is to purchase, construct or otherwise acquire non-current assets are recognised in the balance sheet by setting up the grant as deferred income and are transferred to profit or loss on a systematic basis over the useful life of the related assets.

Government grants related to income are recognised as income on a systematic basis over the periods necessary to match them with the costs for which they are intended to compensate.

### 3.16 Employee Benefits

#### 3.16.1 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, short term compensated absences etc. in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid.

#### 3.16.2 Post-employment and long term employee benefits

#### 3.16.3 Defined contribution plans

A defined contribution plan is plan under which fixed contributions are paid to a separate entity. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them for such contributions.

#### 3.16.4 Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined through actuarial valuation using the Projected Unit Credit Method, carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability are recognised immediately in other comprehensive income. The service cost, net of interest on the net defined benefit liability, is treated as an expense.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised,

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value of plan assets.

#### 3.16.5 Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows in respect of services provided by employees up to the reporting date. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit retirement plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the period in which they arise. These obligations are valued annually by independent actuaries.

### 3.17 Revenue recognition

Revenue is earned primarily from sale of product like alumina, aluminium and sale of power. Revenue is recognised when the performance obligation by transferring promised good to a customer is satisfied.

#### 3.17.1 Sales of Goods

Revenue from ex-factory/ ex-stockyard sales are recognised upon handing over of goods at the factory/ stock yard along with commercial invoice with due statutory compliance. Sales on FOB basis are recognised on preparation of shipping bill and handing over of goods to the shipper. In case of sale on CIF basis, revenue is recognised on placing the goods on board at the port of shipment and getting the shipping document prepared as per the incoterm.

#### 3.17.2 Sale of Energy

Sale of wind power is recognised on the basis of energy transmitted to DISCOMs/ consumer at the price notified by respective authorities subject to Power Purchase Agreement (PPA) with them.

Sale of power from the captive power plant is considered based on quantity injected to state GRID excluding wheeling to Refinery and inadvertent energy injection, subject to Power Purchase Agreement, and scheduling by the State Load Despatch Centre (SLDC).

## Notes to the Consolidated Financial Statements

Revenue from sale of energy is recognised if -

- (a) the amount of revenue can be measured reliably;
- (b) It is probable that the economic benefits associated with the transaction will flow to the Company and its joint ventures;
- (c) recovery of the consideration is assured reasonably.

### 3.17.3 Income from dividend and interest

#### 3.17.4 Dividend

Dividend income from investments is recognised when the right to receive the dividend is established.

#### 3.17.5 Interest

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and its joint ventures and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and effective interest rate.

### 3.17.6 Income from Incentives from Government Agencies

Incentives from government agencies in the nature of duty draw back and Merchandise Export Incentive Scheme (MEIS) on exports and incentives on generation of renewable sources of energy are recognised as per the relevant statute on compliance of the conditions provided thereunder.

### 3.18 Income Taxes

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

#### 3.18.1 Current taxes

Current tax expense is based on taxable profit for the year as per the Income Tax Act, 1961. Current tax liabilities (assets) for the current and prior period are measured at amounts expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period and includes any adjustment to tax payable in respect of previous years.

#### 3.18.2 Deferred taxes

Deferred tax expense or income is recognised on temporary difference between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in computation of taxable profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Tax relating to items recognised directly in other comprehensive income forms part of the statement of comprehensive income.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and adjusted to the extent it has become probable that sufficient taxable profits will be available to allow the asset to be recovered

### 3.19 Exceptional items

Exceptional items are items of income and expenses within profit or loss from ordinary activities but of such size, nature or incidence whose disclosure is felt necessary for better explanation of the financial performance achieved.

### 3.20 Cash flow statement

Cash flow statement is prepared in accordance with indirect method prescribed in Ind AS 7 'Statement of Cash Flows'.

### 3.21 Restatement of material error / omissions

Errors and omissions is construed to be material for restating the opening balances of assets and liabilities and equity if the sum total effect of earlier period income / expenses exceeds Rs.50 crore.

## Note No. 4 : Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires the management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain. These estimates and assumptions affect the reported amounts of assets and liabilities as well as disclosure of contingent liabilities and assets at the date of the consolidated financial statements and also revenues and expenses during the reported period.

## Notes to the Consolidated Financial Statements

The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

### 4.1 Critical accounting judgments:

Apart from those involving estimations that the management have made in the process of applying the Company and its joint ventures's accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements, management has decided that reporting of Company and its joint ventures's financial assets at amortised cost would be appropriate in the light of its business model and have confirmed the Company and its joint ventures's positive intention and ability to hold these financial assets to collect contractual cash flows.

### 4.2 Key sources of estimation uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation of uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### 4.2.1 Impairment

Investments in Associates and other investments, loans and advances, property, plant and equipment and intangible assets are reviewed for impairment whenever events and changes in circumstances indicate that the carrying value may not be fully recoverable or atleast annually.

Future cash flow estimates of Cash Generating Units which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditure.

#### 4.2.2 Useful lives of property, plant and equipment

The Company and its joint ventures reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

#### 4.2.3 Assessment of Mining Reserve:

Changes in the estimation of mineral reserves where useful lives of assets are limited to the life of the project, which in turn is limited to the life of the probable and economic feasibility of reserve, could impact the useful lives of the assets for charging depreciation. Bauxite reserves at Mines is estimated by experts in extraction, geology and reserve determination and based on approved mining plan submitted to Indian Bureau of Mines (IBM).

#### 4.2.4 Obligation for post-employment benefit Liability

Liability for post-employment benefit and long term employee benefit is based on valuation by the actuary which is in turn based on realistic actuarial assumptions.

#### 4.2.5 Provisions & Contingent Liabilities:

The amount recognised as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any interest charges, taking into account the risks and uncertainties surrounding the obligation. The Company and its joint ventures assess its liabilities and contingent liabilities based upon the best information available, relevant tax and other laws, contingencies involved and other appropriate requirements.

#### 4.2.6 Fair value measurements and valuation processes:

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company and its joint ventures can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## Notes to the Consolidated Financial Statements

## 5.A - Property, plant and equipment

Amount in ₹ Crore

Description	Gross Carrying Amount			Accumulated Depreciation & Amortisation				Carrying Amount		
	As at 31-03-2019	Addition/ Transfer	Disposal/ Transfer/ Adjustment	As at 31-03-2020	As at 31-03-2019	For the Year	Withdrawal/ Transfer/ Adjustment	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
<b>Owned Assets</b>										
Freehold land	86.41	(4.53)	—	81.88	—	—	—	—	81.88	86.41
Buildings	723.15	33.33	—	756.48	144.98	34.88	—	179.86	576.62	578.17
Plant and equipment	7,921.89	448.89	(39.34)	8,331.44	1,575.52	447.01	(27.81)	1,994.72	6,336.72	6,346.37
Furniture and fixtures	19.39	3.13	(0.08)	22.44	9.76	2.39	(0.08)	12.07	10.37	9.63
Office equipments	44.39	7.29	(0.18)	51.50	20.18	8.34	(0.18)	28.34	23.16	24.21
Vehicles	27.32	4.83	(0.25)	31.90	10.69	2.91	(0.18)	13.42	18.48	16.63
Railway sidings	64.16	—	—	64.16	16.21	4.00	—	20.21	43.95	47.95
<b>Leased Assets</b>										
Leasehold Land (Right of Use)	—	86.54	—	86.54	—	3.18	—	3.18	83.36	—
<b>Grand Total</b>	<b>8,886.71</b>	<b>579.48</b>	<b>(39.85)</b>	<b>9,426.34</b>	<b>1,777.34</b>	<b>502.71</b>	<b>(28.25)</b>	<b>2,251.80</b>	<b>7,174.54</b>	<b>7,109.37</b>

## Notes:

- 5.A.1 Title deeds have been executed for freehold land acquired through Govt. of Odisha, except for land measuring 64.15 acres. The Company is in the process of conversion of freehold land for Industrial use and has taken-up matter with Revenue Authorities.
- 5.A.2 The Company has 1655.40 acres of leasehold land in respect of which lease deeds are yet to be executed. However, the Company has been permitted by the concerned authorities to carry on its operation on the said land.
- 5.A.3 Registration formalities in respect of office space (building) of 6,459 Sq.ft at Kolkata purchased from Kolkata Municipal Development Authority with a carrying amount of ₹5.50 crore is under progress.

## 5.A.4 Leased Assets (Right of Use)

	Leasehold land
<b>Balance as at 01.04.2019</b>	31.61
<b>Addition on account of transition to Ind AS 116</b>	2.16
Additions	52.77
Disposal	—
<b>Balance at at 31.03.2020</b>	86.54
<b>Accumulated depreciation</b>	
Addition	3.18
Disposal	—
<b>Balance as at 31.03.2020</b>	3.18
<b>Carrying amount as on 31.03.2020</b>	83.36

The Company has adopted Ind AS 116 effective from 1st April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April, 2019). Accordingly, previous period information has not been restated.

Accordingly, this has resulted in recognition of right-of-use asset (mostly leasehold lands) of ₹33.77 crores including lease liability of ₹2.16 crores as on 1.4.2019. During the year, right of use assets of ₹52.77 crore relating to lease hold land at Vizag Port has been added recognising a lease liability of same amount. Since all the leases are of prepaid in nature no adjustment was called for in retained earnings as at 1st April 2019.

In the statement of profit and loss for the current year, operating lease expenses which was recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset of ₹3.18 crores and finance cost for interest accrued on lease liability amounting to ₹ 3.98 Crores [refer note 32(a)]. The adoption of this standard does not have any significant impact on the profit for the year and earnings per share.

The Company incurred ₹0.82 crores for the year ended 31st March, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹4.27 crores for the year ended 31st March, 2020, including cash outflow of short-term leases and leases of low-value assets.

## 6. Capital work-in-progress (CWIP)

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
Capital work-in-progress	1,135.86	809.59
Construction materials including in transit	41.30	34.32
	<b>1,177.16</b>	<b>843.91</b>

- 6.1. The amount of capital work in progress includes an amount of ₹46.44 crore (previous year ₹41.16 crore) towards infrastructural development expenditure attributable to Utkal-D and Utkal-E Coal Block. It also includes directly attributable expenses of ₹62.09 crore (previous year ₹7.77 crore) for 5th Stream Alumina Refinery expansion and pre-project expenses of ₹62.01 crore towards expenditure on infrastructural development in Odisha which was a binding obligation of the Company to Govt. of Odisha for allotment of Pottangi Mines.

## Notes to the Consolidated Financial Statements

## 7. Intangible assets

Amount in ₹ Crore

Description	Gross Carrying Amount			Accumulated Depreciation & Amortisation				Carrying Amount		
	As at 31-03-2019	Addition/ Transfer	Disposal/ Transfer/ Adjustment	As at 31-03-2020	As at 31-03-2019	For the Year	Withdrawal/ Transfer/ Adjustment	As at 31-03-2020	As at 31.03.2020	As at 31.03.2019
User right	79.79	—	—	79.79	7.28	4.00	—	11.28	68.51	72.51
Computer software	8.33	2.91	—	11.24	6.09	1.61	—	7.70	3.54	2.24
Mining rights [refer note 8.1]	130.34	158.05	—	288.39	31.21	20.01	—	51.22	237.17	99.13
Licenses	10.25	—	—	10.25	7.72	1.52	—	9.24	1.01	2.53
<b>Grand Total</b>	<b>228.71</b>	<b>160.96</b>	<b>—</b>	<b>389.67</b>	<b>52.30</b>	<b>27.14</b>	<b>—</b>	<b>79.44</b>	<b>310.23</b>	<b>176.41</b>

## Notes:

- 7.1 The Company is operating its mining activities at Panchpatmali bauxite mines based on lease granted by Government of Odisha. In connection with lease renewal, the Company has paid NPV and related payments which is capitalized as intangible assets under Mining Rights and amortized on straight line basis as per the Accounting Policy of the Company.

## 8. Intangible assets under development

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
Mining right	249.54	38.80
	<b>249.54</b>	<b>38.80</b>

## Note:

- 8.1 Mining right under development constitutes expenses for acquisition of leasehold land for coal mining, amount paid to statutory authorities towards allotment of coal blocks, NPV and wild life management plan of coal blocks, and related jobs.

## 9. Investments

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A.</b>	<b>Non-current</b>		
	<b>A.1 Investments in equity instruments</b>		
	<b>A.1.1 Investment in associates</b>		
	<b>A.1.2 Investment in joint ventures</b>		
	<b>Unquoted investments</b>		
	a) <b>Utkarsha Aluminium Dhatu Nigam Limited</b> (As at 31.03.2020 : 1,00,00,000 shares of ₹ 10 each fully paid up, as at 31.03.2019: Nil shares of ₹ Nil each fully paid up). Share application money for 1,00,00,000 shares of ₹10 each fully paid. #	8.37 10.00	— —
	<b>Total</b>	<b>18.37</b>	<b>—</b>
	[# 1,00,00,000 no.s of equity shares of ₹10 each fully paid up has been issued by Utkarsha Aluminium Dhatu Nigam Limited on 14.05.2020 under Rights issue.]		
	b) <b>Khanij Bidesh India Limited</b> (As at 31.03.2020 : 40,000 shares of ₹10 each fully paid up, as at 31.03.2019: Nil shares of ₹ Nil each fully paid up). Share application money for 9,60,000 shares of ₹10 each fully paid.##	0.04 0.60	— —
	<b>Total</b>	<b>0.64</b>	<b>—</b>
	[## 9,60,000 no.s of equity shares of ₹10 each fully paid up has been issued by Khanij Bidesh India Limited on 12.06.2020 under Rights issue.]		

## Notes to the Consolidated Financial Statements

## 9. Investments (contd.)

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A.</b>	<b>Non-current</b>		
<b>A.1</b>	<b>Investments in equity instruments</b>		
<b>A.1.2</b>	<b>Investment in joint ventures</b>		
	<b>Unquoted investments</b>		
c)	<b>Anugul Aluminium Park Private Limited</b> (As at 31.03.2020 : 1,62,23,900 shares of ₹ 10 each fully paid up, as at 31.03.2019: 1,62,23,900 shares of ₹10 each fully paid up).	17.87	17.38
	<b>Total</b>	<b>17.87</b>	<b>17.38</b>
d)	<b>GACL-NALCO Alkalies &amp; Chemicals Private Limited</b> (As at 31.03.2020 : 24,00,00,000 shares of ₹ 10 each fully paid up, as at 31.03.2019: 15,95,30,934 shares of ₹ 10 each fully paid up).	238.77	158.80
	<b>Total</b>	<b>238.77</b>	<b>158.80</b>
	During the year GACL-NALCO Alkalies & Chemicals Private Limited has issued 8,04,69,066 nos. of fully paid equity shares of ₹10 each to the Company under right issue		
	<b>Total investment in joint ventures</b>	<b>275.65</b>	<b>176.18</b>

## Details of joint ventures

Details of each of the Company's joint ventures at the end of the reporting period are as follows:

Name of the joint venture	Principal Activity and place of business	Proportion of ownership interest/voting rights held by the Company	
(a) Utkarsha Aluminium Dhatu Nigam Limited	Manufacture, market, sell, buy, trade, distribute, import and export of all high end aluminium alloy products including scrap to fulfil the requirement of critical, strategic and other sectors	50.00%	—
(b) Khanij Bidesh India Limited	Identify, explore, acquire, develop, mine, process, procure and sell strategic minerals outside India	40.00%	—
(c) Angul Aluminium Park Private Limited	Promoting aluminium specific downstream in Odisha, Bhubaneswar, Odisha.	49.00%	49.00%
(d) GACL-NALCO Alkalies & Chemicals Private Limited	Production of caustic soda, Vadodara, Gujarat.	40.00%	40.00%

## Financial Information in respect of individually material Joint Ventures

Amount in ₹ Crore

Particulars	UDANL		KABIL		AAPPL		GNAL	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Non-current assets	2.23	—	—	—	28.87	4.35	1,338.46	424.87
Current asset	34.52	—	1.58	—	52.69	43.93	118.26	60.41
Non-current liabilities	—	—	—	—	23.99	12.21	701.10	48.13

## Notes to the Consolidated Financial Statements

## 9. Investments (contd.)

Amount in ₹ Crore

Current liabilities	0.01	—	0.01	—	21.09	0.59	158.65	40.12
<b>The above amounts of assets and liabilities includes the following:</b>								
Cash and cash equivalents	34.51	—	1.58	—	51.40	42.90	53.29	49.76
Current financial liabilities (excluding trade payables and provisions)	—	—	—	—	—	—	156.78	38.09
Non-current financial liabilities (excluding trade payables and provisions)	—	—	—	—	—	—	701.10	48.13
Revenue	—	—	—	—	1.51	1.38	1.38	5.59
Profit or loss from continuing operations	(3.26)	—	(0.01)	—	1.01	0.95	(1.25)	2.05
Other comprehensive income for the year	—	—	—	—	—	—	—	—
Total comprehensive income for the year	(3.26)	—	(0.01)	—	1.01	0.95	(1.25)	2.05
<b>Particulars</b>	<b>UDANL</b>		<b>KABIL</b>		<b>AAPPL</b>		<b>GNAL</b>	
	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Depreciation and amortisation	0.03	—	—	—	—	—	0.12	0.10
Interest Income	—	—	—	—	1.51	1.38	0.43	1.86
Interest expenses	—	—	—	—	—	—	—	—
Income tax expense/(income)	(0.38)	—	—	—	0.39	0.37	0.36	1.59

Reconciliation of the above summarised financial information to the carrying amount of the interest in JVs recognised in the consolidated financial statements:

Net asset of the Joint Venture	36.75	—	1.58	—	36.48	35.47	596.96	397.04
Proportion of the Group's ownership interest in JV (%)	50%	—	40%	—	49%	49%	40%	40%
Proportion of the Group's ownership interest in JV (INR)	18.37	—	0.63	—	17.87	17.38	238.78	158.80
Add:- additional subscription of share warrant/advance against equity	—	—	—	—	—	—	—	—
Add:- goodwill on acquisition	—	—	—	—	—	—	—	—
Less:- unrealised profit	—	—	—	—	—	—	—	—
<b>Group's share in the net asset of JV</b>	<b>18.37</b>	<b>—</b>	<b>0.63</b>	<b>—</b>	<b>17.87</b>	<b>17.38</b>	<b>238.78</b>	<b>158.80</b>
<b>Carrying amt of the Group's interest</b>	<b>18.37</b>	<b>—</b>	<b>0.63</b>	<b>—</b>	<b>17.87</b>	<b>17.38</b>	<b>238.78</b>	<b>158.80</b>

<b>A.1.3</b>	<b>Investment in other entities</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
	<b>Unquoted investments</b>		
	Odisha Capital Market & Enterprises Limited. (2,89,000 shares of Rs. 1 each fully paid up)	0.03	0.03
	<b>Total — Investments in other entities</b>	<b>0.03</b>	<b>0.03</b>
	<b>Total - investments in equity instruments</b>	<b>275.68</b>	<b>176.21</b>
	<b>Additional information</b>		
	Aggregate carrying amount of unquoted investments	275.68	176.21



## Notes to the Consolidated Financial Statements

## 9. Investments (contd.)

Amount in ₹ Crore

B.	Current	As at		As at	
		Units in '000	31.03.2020 Amount in ₹ Crore	Units in '000	31.03.2019 Amount in ₹ Crore
	<b>Investments in Mutual Funds</b>				
	<b>Quoted Investments</b>				
	BOI AXA Liquid Fund	50	5.00	130	13.01
	BOI AXA overnight Fund	100	10.00	—	—
	Baroda Liquid Fund	120	12.00	—	—
	Canara Robeco Liquid	—	—	80	8.01
	IDBI Liquid Fund	—	—	—	—
	SBI Liquid Fund Direct Daily Dividend	—	—	80	8.01
	SBI Premier Liquid Fund	—	—	—	—
	SBI Debt fund Series C-31(365 Days)	—	—	250	25.77
	Union KBC Liquid	180	18.01	110	11.00
	UTI Liquid Cash Plan-Direct Daily Dividend Reinvestment	100	10.00	150	15.01
	UTI Money Market Fund	—	—	—	—
	<b>Total - Other current Investments</b>	<b>—</b>	<b>55.01</b>	<b>—</b>	<b>80.81</b>
	<b>Additional Information</b>				
	Aggregate book value of quoted investments and market value thereof	—	55.01	—	80.81
	Aggregate carrying amount of unquoted investments	—	—	—	—
	Aggregate amount of impairment in value of investments	—	—	—	—

## Category-wise classification:

	As at 31.03.2020	As at 31.03.2019
Financial assets (quoted investments) mandatorily measured at fair value through profit or loss (FVTPL)	55.01	80.81
	<b>55.01</b>	<b>80.81</b>

## 10. Trade receivables

Amount in ₹ Crore

A.	Non-current	As at 31.03.2020	As at 31.03.2019
(a)	Considered good - Secured	—	—
(b)	Considered good - Unsecured	—	—
(c)	Having significant increase in credit risk	—	—
(d)	Credit impaired	37.11	37.11
	Less: Allowance for doubtful debts (expected credit loss allowance)	37.11	37.11
	<b>Non-current trade receivables</b>	<b>—</b>	<b>—</b>
B.	Current	As at 31.03.2020	As at 31.03.2019
(a)	Considered good - Secured	—	—
(b)	Considered good - Unsecured	140.09	240.52
(c)	Having significant increase in credit risk	—	—
(d)	Credit impaired	—	—
	Less: Allowance for doubtful debts	—	—
	<b>Current trade receivables</b>	<b>140.09</b>	<b>240.52</b>

## Notes to the Consolidated Financial Statements

## 10. Trade receivables (contd.)

## Notes:

10.1 The sale of goods (Alumina and Aluminium) is made against either advances received from customers or letter of credit. The advance received from customer is adjusted on sale. The average credit period for sale of wind power is 30 days from the date of metering which is considered as collection period.

10.2 Customers that individually represent more than 5% of the total trade receivable as on 31.03.2020:

Customers		% of trade receivables	Customer Category
a.	TRAFIGURA PTE LTD	39%	Alumina
b.	APSPDCL	18%	Wind Power
c.	NTPC Vidyut Vyapar Nigam Ltd.	12%	Wind Power
d.	RDPPC, DEVIKOT, RAJASTHAN	5%	Wind Power

10.3 The company has used a practical approach for computing expected credit loss allowance for trade receivables based on a case to case basis. Since there is no credit period for sale of alumina and aluminum and the sale is either made against an advance or backed by letter of credit (LC) given by customers, no credit loss is expected against such receivables. For sale of wind power, although there is no credit arrangement, the Company estimates credit losses based on credit loss experience and forward looking information.

Age of receivables	As at 31.03.2020	As at 31.03.2019
<b>Alumina and Aluminium</b>		
0-30 days	78.04	167.36
3-6 Months	—	—
More than 6 months	37.11	37.11
	<b>115.15</b>	<b>204.47</b>
<b>Wind Power</b>		
0-3 Months	9.28	14.50
3-6 Months	7.31	9.89
More than 6 months	45.46	48.77
	<b>62.05</b>	<b>73.16</b>

## 11. Loans

Amount in ₹ Crore

A.	Non-current	As at 31.03.2020	As at 31.03.2019
(a)	Loans to employees		
	Secured, considered good	62.42	62.60
	Unsecured, considered good	10.30	11.90
(b)	Loans to others		
	Secured, considered good	0.30	0.24
	<b>Total non-current loans</b>	<b>73.02</b>	<b>74.74</b>

B.	Current	As at 31.03.2020	As at 31.03.2019
(a)	Loans to employees		
	Considered good-Secured	29.52	17.88
	Considered good-Unsecured	9.07	7.16
(b)	Loans to related parties		
	Considered good-Secured [refer note 11.2]	0.02	0.01
(c)	Loans to others		
	Considered good - Secured	1.55	0.70
	<b>Total current loans</b>	<b>40.16</b>	<b>25.75</b>

## Note:

11.1 Loans to employees and others are carried at amortised cost.

11.2 The amount of loan outstanding from related parties (Directors) is the amount of house building loan taken from the Company in their capacity as employees. Further information on these loans is set out in note 38-Related party disclosure.

## Notes to the Consolidated Financial Statements

## 12. Other financial assets

Amount in ₹ Crore

A. Non current		As at 31.03.2020	As at 31.03.2019
Security deposits		10.48	10.37
<b>Total other non-current financial assets</b>		<b>10.48</b>	<b>10.37</b>
B. Current		As at 31.03.2020	As at 31.03.2019
(a) Advances to employees		0.04	0.12
(b) Insurance claims receivables and others		8.46	9.56
<b>Gross - other current financial assets</b>		<b>8.50</b>	<b>9.68</b>
<b>Less: Allowance for bad and doubtful other current financial assets</b>			
(a) Insurance claims		8.45	8.45
<b>Total allowance for bad and doubtful - other current assets</b>		<b>8.45</b>	<b>8.45</b>
<b>Net other current financial assets</b>		<b>0.05</b>	<b>1.23</b>
<b>Classification of other current financial assets:</b>			
Unsecured, considered good		0.05	1.23
Doubtful		8.45	8.45
<b>Gross other current financial assets</b>		<b>8.50</b>	<b>9.68</b>

## Note:

12.1 Other financial assets are carried at amortised cost.

## 13. Current tax assets

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
Income tax		46.22	51.26
<b>Total current tax assets</b>		<b>46.22</b>	<b>51.26</b>

## 14. Other assets

Amount in ₹ Crore

A. Non-current		As at 31.03.2020	As at 31.03.2019
(a) Capital advances		197.18	222.57
(b) Advances other than capital advance:			
Advance with public authorities			
(1)	Customs, excise, sales tax, port trusts etc.	216.66	226.86
(2)	Deposits with Income Tax Authority (net)	285.55	268.06
(3)	Other Government authorities	2.18	2.65
(c) Others			
Prepaid expenses			
(1)	Lease-hold land premiums [refer note 14.1]	—	377.35
(2)	Deferred employee benefits	18.29	19.66
<b>Gross other non-current assets</b>		<b>719.86</b>	<b>1,117.15</b>
<b>Less: Allowance for bad and doubtful for other non-current assets</b>			
(a) Capital advances		0.26	0.27
<b>Total allowance for bad and doubtful for other non-current assets</b>		<b>0.26</b>	<b>0.27</b>
<b>Total other non-current assets</b>		<b>719.60</b>	<b>1,116.88</b>

## Notes to the Consolidated Financial Statements

## 14. Other assets (contd.)

Amount in ₹ Crore

B. Current		As at 31.03.2020	As at 31.03.2019
<b>Advances other than capital advances</b>			
(a)	Claims with statutory authorities		
(1)	Export Incentive Claims	14.33	29.87
(2)	Generation Based Incentive on power generated from renewable source and Renewable energy certificates	3.86	2.73
(3)	VAT, CENVAT and GST Credit Recoverable	345.47	302.78
(4)	Claims receivable from customs, excise and railway authorities	8.79	8.94
(b)	Prepaid expenses		
(1)	Lease-hold land premiums (refer note 14.1)	-	12.95
(2)	Deferred employee benefits	2.85	4.21
(3)	Other prepaid expenses	5.29	6.65
(c)	Gold medallion and stamp in hand	0.01	0.08
(d)	Other receivables	1.63	2.08
(e)	Other advances		
(1)	Advances to employees	28.46	24.16
(2)	Advances to suppliers and service providers	395.11	304.40
(3)	Others	2.67	7.47
<b>Gross other current assets</b>		<b>808.47</b>	<b>706.32</b>
<b>Less: Allowance for bad and doubtful for other current assets</b>			
(a)	VAT and CENVAT Credit Recoverable	197.81	200.09
(b)	Claims receivable from customs, excise and railway authorities	7.09	6.39
(c)	Other receivables	1.00	1.26
(d)	Advances to suppliers and service providers	1.88	1.81
(e)	Others	1.85	2.00
<b>Total allowance for bad and doubtful for other current assets</b>		<b>209.63</b>	<b>211.55</b>
<b>Total other current assets</b>		<b>598.84</b>	<b>494.77</b>

**Note:**

14.1 With effect from April 1, 2019 the Company adopted Ind AS 116 'Leases', applied to all lease contracts existing as on April 1, 2019 using the modified retrospective method. On the transition date i.e. 1.4.2019, the total amount of lease premium of ₹390.30 crore which mainly constitutes prepaid premium on land leases has been recognised as

- Mining right of ₹157.57 crore for the lease premium relating to Bauxite Mines,
- Mining right under development of ₹201.12 crore for lease premium pertaining to Coal Mines division and,
- Leasehold land of ₹31.61 crore.

(The discounted value of future lease payments amounting to ₹2.16 crore together with prepaid lease premiums of ₹31.61 crore has been recognised as right-of-use assets of ₹33.77 crore as on 1.4.2019, refer note no.5).

## Notes to the Consolidated Financial Statements

## 15. Inventories

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
(a)	Raw materials	89.46	125.55
(b)	Coal and fuel oil	338.63	199.97
(c)	Finished goods	440.02	122.29
(d)	Carbon Anodes (Intermediaries)	153.03	141.12
(e)	Work-in-progress	282.54	246.95
(f)	Stores and spares	378.51	361.10
(g)	Scrap and disposables	14.71	13.03
<b>Total inventories</b>		<b>1,696.90</b>	<b>1,210.01</b>
<b>Included above, goods-in-transit:</b>			
(i)	Raw materials	10.71	9.26
(ii)	Coal and fuel oil	10.48	13.87
(iii)	Stores and spares	9.86	12.15
<b>Total goods-in-transit</b>		<b>31.05</b>	<b>35.28</b>

## Note:

- 15.1 Cost of inventories recognised as expenses during the year is ₹4,027.93 crore (previous year : ₹4,516.36 crore).
- 15.2 Cost of inventories recognised as expenses includes ₹4.23 crore (previous year: ₹3.52 crore) in respect of write-downs of inventory for non moving items.
- 15.3 Inventories are hypothecated/pledged against cash credit facility.
- 15.4 Method of valuation of inventories is stated in note 3.10 of Significant Accounting Policies.

## 16.A. Cash and cash equivalents

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
(a)	Balances with banks		
	(1) Balance with scheduled banks		
	(i) In current account	18.47	171.60
<b>Total cash and cash equivalents</b>		<b>18.47</b>	<b>171.60</b>

## 16.B. Bank balances (other than Cash and cash equivalents)

		As at 31.03.2020	As at 31.03.2019
(a)	In deposit account ( having original maturity between 3-12 months)	1,404.55	2,972.65
	Principal	1,358.00	2,880.00
	Accrued Interest	46.55	92.65
(b)	Earmarked balance with scheduled banks	557.51	352.10
<b>Total other bank balances</b>		<b>1,962.06</b>	<b>3,324.75</b>

## Note:

- 16.B.1 The earmarked balance with scheduled banks represents amount deposited towards unclaimed dividend amounting to ₹2.95 crore (previous year ₹3.27 crore) and deposit (including accrued interest) of ₹554.56 crore (previous year ₹348.83 crore) under Hon'ble High Court of Orissa's directive towards disputed electricity duty.
- 16.B.2 Amount due for credit to Investor's Education and Protection Fund at the end of the current year ₹ Nil (previous year ₹ Nil).

## Notes to the Consolidated Financial Statements

## 17. Share Capital

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
<b>Authorised share capital:</b>		
6,00,00,00,000 equity shares of ₹ 5 each	3,000.00	3,000.00
	<b>3,000.00</b>	<b>3,000.00</b>
<b>Issued and subscribed capital comprises:</b>		
1,86,56,17,498 fully paid-up equity shares of ₹ 5 each (As at 31.03.2019: 1,86,56,17,498 fully paid-up equity shares of ₹ 5 each)	932.81	932.81
	<b>932.81</b>	<b>932.81</b>

## 17.1 Reconciliation of the number of equity shares

	Number of shares	Amount ₹ in Crore
<b>Balance as at 31.03.2018</b>	<b>1,93,29,28,884</b>	<b>966.46</b>
Buy-back of shares	(6,73,11,386.00)	(33.65)
<b>Balance as at 31.03.2019</b>	<b>1,86,56,17,498</b>	<b>932.81</b>
Changes during the year	—	—
<b>Balance as at 31.03.2020</b>	<b>1,86,56,17,498</b>	<b>932.81</b>

- (i) The Company has only one class of equity shares having par value of ₹ 5 each. Each holder of equity shares is entitled to one vote per share and carries proportionate right to dividends declared by the Company based on their holdings.
- (ii) **Buy back:** During the year 2016-17, the Company bought back 64,43,09,628 numbers of equity shares of ₹ 5 each which led to decrease in the equity share capital from ₹ 1,288.62 crore to ₹ 966.46 crore. During 2018-19 Company again bought back 6,73,11,386 number equity shares of ₹5 each which further led to decrease in equity share capital from ₹966.46 crore to ₹ 932.81 crore.
- (iii) **Disinvestment:** During the year 2017-18 the Government of India divested 27,77,65,383 Nos fully paid equity shares (through OFS 17,80,69,927 Nos, through employee offer 76,17,057 Nos and through ETF 9,20,78,399 Nos), consequent to which holding of the Government of India came down from 1,44,14,82,490 Nos (74.58%) as on 31.03.2017 to 1,16,37,17,107 Nos (60.2%) as on 31.03.2018. During the year 2018-19, the Government of India further divested 8,89,86,323 Nos of equity shares through ETF. Consequent to buyback and transfer of shares through ETF by Government of India during 2018-19, the holding of Government of India has come down from 1,16,37,17,107 Nos (60.20%) as on 31.03.2018 to 97,00,81,517 nos (51.99%) as on 31.03.2019.

During the current year Government of India divested 92,88,506 Nos. of equity shares through Bharat 22 ETF upon which the holding of Government of India has come down from 97,00,81,517 nos (51.99%) as on 31.03.2019 to 96,07,93,011 Nos. (51.50%) as on 31.03.2020.

## 17.2 Details of shares held by each shareholder holding more than 5% of shares

Amount in ₹ Crore

	As at 31.03.2020		As at 31.03.2019	
	Number of shares held	% of holding of equity shares	Number of shares held	% of holding of equity shares
<b>Fully paid equity shares</b>				
Government of India	96,07,93,011	51.50%	97,00,81,517	51.99%
Life Insurance Corporation of India	9,41,04,003	5.04%	9,34,35,272	5.00%
ICICI Prudential Infrastructure Fund	11,00,27,027	5.90%	7,80,85,124	4.18%
Others	70,06,93,457	37.56%	72,40,15,585	38.81%
<b>Total</b>	<b>1,86,56,17,498</b>	<b>100.00%</b>	<b>1,86,56,17,498</b>	<b>100.00%</b>

## Notes to the Consolidated Financial Statements

## 18. Other equity

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
(a)	Capital redemption reserves	355.81	355.81
(b)	General reserve	8,113.10	8,113.10
(c)	Retained earnings	584.78	1,083.22
<b>Total</b>		<b>9,053.69</b>	<b>9,552.13</b>

## 18.1 Movement in other equity

Amount in ₹ Crore

Other equity	Reserves and Surplus			Total
	Capital redemption reserves	General reserve	Retained earnings	
<b>Balance as at 01.04.2018</b>	<b>322.16</b>	<b>8,620.53</b>	<b>594.80</b>	<b>9,537.49</b>
Profit for the year	—	—	1,733.69	1,733.69
Other comprehensive income (net of taxes)	—	—	(0.15)	(0.15)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>1,733.54</b>	<b>1,733.54</b>
Premium on Buy-back of equity shares	—	(471.18)	—	(471.18)
Expenses on Buy-back of equity shares	—	(2.60)	—	(2.60)
Transfer of general reserve to Capital redemption reserve	33.65	(33.65)	—	—
Final dividend for the previous year	—	—	(193.29)	(193.29)
Tax on final dividend for the previous year	—	—	(39.73)	(39.73)
Interim dividend for the year	—	—	(839.53)	(839.53)
Tax on interim dividend for the year	—	—	(172.57)	(172.57)
<b>Balance as at 31.03.2019</b>	<b>355.81</b>	<b>8,113.10</b>	<b>1,083.22</b>	<b>9,552.13</b>
Profit for the year	—	—	136.23	136.23
Other comprehensive income (net of taxes)	—	—	(16.17)	(16.17)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>120.06</b>	<b>120.06</b>
Final dividend for the previous year	—	—	(233.20)	(233.20)
Tax on final dividend for the previous year	—	—	(47.94)	(47.94)
Interim dividend for the year	—	—	(279.84)	(279.84)
Tax on interim dividend for the year	—	—	(57.52)	(57.52)
<b>Balance as at 31.03.2020</b>	<b>355.81</b>	<b>8,113.10</b>	<b>584.78</b>	<b>9,053.69</b>

18.2 The Company had bought back its own equity shares on Septmeber 26, 2016 at a premium utilising general reserve amounting to ₹ 2,834.97 crore and consequently a sum equal to the nominal value of the shares so bought back amounting to ₹ 322.16 crore had been transferred to the capital redemption reserve account in terms of section 69 of the Companies Act, 2013.

During the year 2018-19, the Company had bought back 6,73,11,386 number of fully paid equity shares of ₹5 each on December 4, 2018 at an offer price of ₹75 per share. The aggregate consideration paid was ₹504.83 crore. Post buyback, the paid up equity share capital of the Company is reduced by ₹33.65 crore from ₹966.46 crore to ₹932.81 crore. The premium amount ₹471.18 crore is appropriated from general reserve. The shares were extinguished on December 7, 2018 and in terms of the provisions of Companies Act, 2013 a sum of ₹33.65 crore was transferred from general reserve to capital redemption reserve.

18.3 During the year, the Company has paid interim dividend @ ₹ 1.5 per equity share amounting in total ₹279.84 crore and final dividend for the year 2018-19 @ ₹1.25 per equity share totaling ₹233.20 crore. During the preceeding year, the Company paid interim dividend of ₹ 839.53 crore for financial year 2018-19. Dividend tax of ₹ 57.52 crore, ₹47.94 crore and ₹ 172.57 crore on these respective amounts of dividends have been paid by the Company.

18.4 The Board has not recommended any final dividend for the year 2019-20.

## Notes to the Consolidated Financial Statements

## 19. Borrowings

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
Current (secured at amortised cost)		
Liabilities towards bills discounted	12.31	66.79
<b>Total other current financial liabilities</b>	<b>12.31</b>	<b>66.79</b>

## 20. Trade payables

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
<b>A. Non-current</b>		
(1) Creditors for supplies and services		
— Dues to micro and small enterprises	—	—
— Others	22.69	21.14
<b>Total non-current trade payables</b>	<b>22.69</b>	<b>21.14</b>
<b>B. Current</b>		
(1) Creditors for supplies and services		
— Dues to micro and small enterprises	7.06	2.22
— Others	535.03	435.38
(2) Accrued wages and salaries	230.84	848.17
<b>Total current trade payables</b>	<b>772.93</b>	<b>1,285.77</b>

## Notes:

- 20.1 Dues payable to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure pursuant to said Act in respect of such dues included in trade payables (note-20) and other financial liabilities (note-21) is as under.

Particulars	As at 31.03.2020	As at 31.03.2019
i) Principal amount due	7.06	2.69
ii) Interest on principal amount due	Nil	Nil
iii) Interest and principal amount paid beyond appointment day	Nil	Nil
iv) The amount of interest due and for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the amount of interest specified under MSME Development Act 2006.	Nil	Nil
v) The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSME Development Act 2006.	Nil	Nil



## Notes to the Consolidated Financial Statements

## 21. Other Financial Liabilities

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A.</b>	<b>Non-current</b>		
(a)	Creditors for supplies and services		
	— Dues to micro and small enterprises	—	—
	— Others	8.28	6.70
(b)	Lease Liability	50.25	—
	<b>Total other non-current financial liabilities</b>	<b>58.53</b>	<b>6.70</b>
<b>B.</b>	<b>Current</b>		
(a)	Unpaid dividends	2.95	3.27
(b)	Creditors for other liabilities		
	(1) Creditors for capital supplies and services		
	— Dues to micro and small enterprises	—	0.47
	— Others	312.72	299.35
	(2) Security deposits from customers	2.07	1.78
	(3) Refund due to customers	26.50	7.84
	(4) Liabilities for discount on sales to customers	65.93	98.00
	(5) Employees' recoveries	0.63	0.15
(c)	Lease Liability	5.22	—
	<b>Total other current financial liabilities</b>	<b>416.02</b>	<b>410.86</b>

## 22. Provisions

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>A.</b>	<b>Non-current</b>		
(a)	<b>Provision for employee benefits</b>		
(1)	Retirement benefits obligations		
	(i) Post retirement medical benefits scheme (PRMBS)	135.39	117.22
	(ii) Settling in benefit on retirement	17.27	19.52
	(iii) Nalco benevolent fund scheme (NBFS)	2.41	2.45
	(iv) Nalco retirement welfare scheme( NRWS)	12.07	11.56
	(v) Retirement gift	7.08	6.79
(2)	Other long-term employee benefits		
	(i) Compensated absences	383.08	315.57
	(ii) Long service rewards	11.01	9.31
	(iii) Nalco employees family financial assistance rehabilitation scheme(NEFFARS)	25.94	17.01
(b)	<b>Other Provisions</b>		
(1)	Asset restoration obligations/dismantling	34.17	31.12
(2)	Other legal and constructive obligations	0.38	0.38
	<b>Total non current provisions</b>	<b>628.80</b>	<b>530.93</b>

		As at 31.03.2020	As at 31.03.2019
<b>B.</b>	<b>Current</b>		
(a)	<b>Provision for employee benefits</b>		
(1)	<b>Retirement benefits obligations</b>		
	(i) Gratuity (funded)	55.98	57.40
	(ii) Post retirement medical benefits scheme (PRMBS)	5.03	6.22
	(iii) Settling in benefit on retirement	3.32	2.90
	(iv) Nalco benevolent fund scheme (NBFS)	0.58	0.59
	(v) Nalco retirement welfare scheme( NRWS)	0.45	0.34
	(vi) Retirement gift	0.18	0.14
(2)	<b>Other Long-term employee benefits</b>		
	(i) Compensated absences	44.49	31.69
	(ii) Long service rewards	0.53	1.05
	(iii) Nalco employees family financial assistance rehabilitation scheme(NEFFARS)	6.15	5.57
(b)	<b>Other Provisions</b>		
(1)	towards peripheral development expenses	31.03	31.53
(2)	towards other legal and constructive obligations	30.70	28.08
	<b>Total current provisions</b>	<b>178.44</b>	<b>165.51</b>

## Notes to the Consolidated Financial Statements

## 22. Provisions (contd.)

Amount in ₹ Crore

C. Movement of provisions		Compensated absences	Long service rewards	NEFFARS
(1)	Movement of retirement benefit obligations [refer note 31]			
(2)	Movement of employee benefits			
	Balance at 31.03.2018	273.06	10.10	21.61
	Additional provisions recognised	108.68	1.26	18.06
	Reductions arising from payments	(76.91)	(1.51)	(17.09)
	Changes arising from remeasurement	42.43	0.51	-
	Balance at 31.03.2019	347.26	10.36	22.58
	Additional provisions recognised	125.09	1.22	28.77
	Reductions arising from payments	(75.16)	(2.30)	(19.26)
	Changes arising from remeasurement	30.38	2.26	—
	Balance at 31.03.2020	427.57	11.54	32.09
(3)	Movement of other Provisions	Asset restoration obligation	Legal and Constructive Obligation	Peripheral Development Expenses
	Balance at 31.03.2018	23.57	26.82	32.64
	Additional provisions recognised	5.23	3.87	—
	Reductions arising from payments	—	(2.28)	(1.11)
	Unwinding of discount	2.32	0.05	—
	Balance at 31.03.2019	31.12	28.46	31.53
	Additional provisions recognised	0.50	4.52	—
	Reductions arising from payments	—	(1.95)	(0.50)
	Unwinding of discount	2.55	0.05	—
	Balance at 31.03.2020	34.17	31.08	31.03

## Note:

- 22.1 Provision related to retirement and other long term employee benefits are provided, in the case of gratuity as per the Gratuity Act, and for other benefits as per the Company rules. Liability for the same is recognised on the basis of actuarial valuation by independent Actuary.
- 22.2 Provision for asset restoration obligation and constructive obligation is made based on management estimation in line with Ind AS 16 and Ind AS 37 respectively.
- 22.3 Provision for peripheral development expenditure is the unspent development obligation of the Company prior to introduction of Companies Act 2013.

## 23. Deferred tax liabilities

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
Deferred tax liabilities	1,582.79	1,560.12
Deferred tax assets	522.18	429.45
	1,060.61	1,130.67

2018-19	Opening balance as at 01.04.2018	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as at 31.03.2019
<b>Deferred tax liabilities relating to:</b>				
Property, plant and equipment	(1,482.93)	(62.13)	—	(1,545.06)
FVTPL financial assets	2.85	0.09	—	2.94
Provision for defined benefit obligation (OCI)	(21.64)	—	3.64	(18.00)
<b>Deferred tax liabilities</b>	<b>(1,501.72)</b>	<b>(62.04)</b>	<b>3.64</b>	<b>(1,560.12)</b>

## Notes to the Consolidated Financial Statements

## 23. Deferred tax liabilities (contd.)

Amount in ₹ Crore

2018-19	Opening balance as at 01.04.2018	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as at 31.03.2019
<b>Deferred tax assets in relation to:</b>				
Provision for compensated absences and other employee benefits	94.50	26.85	—	121.35
Provision for defined benefit obligation	88.55	(0.38)	—	88.17
Provision for doubtful debts / advances	90.22	0.02	—	90.24
Temporary Difference due to application of section 43B	60.12	65.15	—	125.27
MAT credit entitlement	12.51	(12.51)	—	—
Others	4.37	0.04	—	4.42
<b>Deferred tax assets</b>	<b>350.27</b>	<b>79.17</b>	<b>—</b>	<b>429.45</b>
<b>Deferred tax (liabilities) / assets (net)</b>	<b>(1,151.45)</b>	<b>17.13</b>	<b>3.64</b>	<b>(1,130.67)</b>
2019-20	Opening balance as at 01.04.2019	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance as at 31.03.2020
<b>Deferred tax liabilities relating to:</b>				
Property, plant and equipment	(1,545.06)	(28.76)	—	(1,573.82)
FVTPL financial assets	2.94	(0.58)	—	2.36
Provision for defined benefit obligation (OCI)	(18.00)	—	6.67	(11.33)
<b>Deferred tax liabilities</b>	<b>(1,560.12)</b>	<b>(29.34)</b>	<b>6.67</b>	<b>(1,582.79)</b>
<b>Deferred tax assets in relation to:</b>				
Provision for compensated absences and other employee benefits	121.35	28.05	—	149.40
Provision for defined benefit obligation	88.17	2.65	—	90.82
Provision for doubtful debts / advances	90.24	(1.22)	—	89.02
Temporary Difference due to application of section 43B	125.27	63.25	—	188.52
MAT credit entitlement	—	—	—	—
Others	4.42	—	—	4.42
<b>Deferred tax assets</b>	<b>429.45</b>	<b>92.73</b>	<b>—</b>	<b>522.18</b>
<b>Deferred tax (liabilities) / assets (net)</b>	<b>(1,130.67)</b>	<b>63.39</b>	<b>6.67</b>	<b>(1,060.61)</b>

## 24. Other liabilities

Amount in ₹ Crore

	As at 31.03.2020	As at 31.03.2019
<b>A. Non-Current</b>		
(i) Deposits under NEFFARS	70.90	67.89
<b>Total other non-current liabilities</b>	<b>70.90</b>	<b>67.89</b>

## Notes to the Consolidated Financial Statements

## 24. Other liabilities (contd.)

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>B.</b>	<b>Current</b>		
(i)	Revenue received in advance	94.25	57.72
(ii)	Statutory and other dues		
(a)	Electricity duty [refer note: 24.1]	589.43	385.90
(b)	Tax deducted and collected at source	21.61	24.38
(c)	Contribution to NEPF trust and NPS	38.17	35.58
(d)	Dues towards stamp duty	212.78	212.78
(e)	Others (Service tax, excise duty etc)	64.91	78.28
(iii)	Renewable energy purchase obligation	293.82	162.71
(iv)	Deposits under NEFFARS	24.22	17.64
(v)	Grants for property, plant and equipment	0.53	0.56
(vi)	Other credit balances	0.60	0.64
<b>Total other current liabilities</b>		<b>1,340.32</b>	<b>976.19</b>

## Note:

- 24.1 The Energy Department of Govt. of Odisha vide its notification dated May 12, 2017 has enhanced the rate of electricity duty from ₹0.30 paise per unit to ₹0.55 paise per unit of consumption. Aggrieved by the said notification, Confederation of Captive Power Plants, Odisha of which the Company is a member, has challenged the order in the Hon'ble High Court of Orissa. As an interim measure, the Hon'ble High Court in its order dated 01.06.2017 has directed the petitioner to deposit the differential electricity duty in a separate interest bearing bank account which shall be subject to the result of writ petition. Accordingly, the Company provided for electricity duty expenditure at the enhanced rate and deposited the money into a separate interest bearing bank account as per direction of the Court. Interest earned on such deposits is not recognised as income but treated as liability along with the unpaid enhanced electricity duty. The amount lying as deposit as at the reporting date against such disputed liability is ₹554.56 crore (previous year ₹348.83 crore) [refer note 16.B.1]. The balance amount of ₹34.87 crore (previous year ₹37.07 crore) is towards electricity duty for the month of March which was paid in the month of April of the respective years.
- 24.2 The Company has filed a writ petition before the Hon'ble High Court of Odisha vide WP (C) Nos. 11367 of 2016 challenging the notification issued by OERC regarding renewable power purchase obligation. Pending disposal of the same, as the matter is sub judice, status quo is maintained.

## 25. Contingent liabilities (to the extent not provided for)

Amount in ₹ Crore

		As at 31.03.2020	As at 31.03.2019
<b>Claims against the Company not acknowledged as debts</b>			
<b>a.</b>	<b>Demand from statutory authority</b>		
1.	Odisha Sales tax	4.31	81.00
2.	Central Sales tax	281.01	282.96
3.	VAT	12.64	12.60
4.	Excise duty	410.44	416.65
5.	Custom duty	104.47	102.77
6.	Service tax	18.19	23.60
7.	Income tax	547.62	670.09
8.	Entry tax	221.37	221.82
9.	Road tax	2.65	2.65
10.	Stamp duty	0.51	—
11.	Claim From Govt. (NGT)	15.59	6.00
12.	Claim From PSUs	188.73	50.12
13.	Land acquisition and interest there on	88.20	48.15
14.	Demand from Dept. of mines Govt. of Odisha	136.32	136.32
15.	NPV related demand under Mining lease	92.45	92.45
16.	Demand from Water Resources Deptt. Govt. of Odisha for Water Conservation fund	119.24	119.24
<b>b.</b>	<b>Claim by contractors/suppliers and others</b>		—
1.	Claims of Contractor's suppliers and others	318.08	505.18
<b>Total</b>		<b>2,561.82</b>	<b>2,771.59</b>

## Notes to the Consolidated Financial Statements

## 25. Contingent liabilities (to the extent not provided for) (contd.)

Claims against the Company not acknowledged as debt includes:

- i. Demand from various statutory authorities towards income tax, sales tax, excise duty, custom duty, service tax, entry tax and other government levies. The Company is contesting the demands before the respective appellate authorities. It is expected that the ultimate outcome of these proceedings will be in favour of the Company and will not have any material adverse effect on the Company's financial position and results of operation.
- ii. Claims of contractors for supply of materials/services pending with arbitration/courts have arisen in the ordinary course of business. The Company reasonably expects that these legal actions will be concluded and determined in favour of the Company and will not have any material adverse effect on the Company's results of operation or financial position.
- iii. Claim from PSUs includes the energy compensation charges and the delayed payment surcharge on the same, since 2005, demanded by Odisha Hydro Power Corporation Limited (OHPC) towards loss of power generation by the Corporation due to drawal of water from the reservoir at Upper Kolab, Koraput by NALCO Refinery at M&R Complex.
- iv. The claims against the company are mostly due to demands raised by the IT department at assessment stage. These claims are on account of multiple issues of disallowances such as disallowance in respect of additional depreciation under section 32(i)(ii), disallowance of peripheral development expenses, provision for non-moving stores and spares, treatment of short term capital gain and not allowing loss under long term capital gain and treating the same as business income, disallowance u/s 14A etc. These matters are subjudice and pending before various appellate authorities. The Management, including its tax advisors, expect that its position will likely be upheld on the ultimate resolution in view of the decisions already available in favour of the Company by higher appellate forums being CIT(A) / ITAT (Jurisdictional). Thus it will not have a material adverse effect on the Company's financial position and in the results of operations. Hence, there is no uncertainty in tax treatment which will affect the determination of taxable profit (loss), tax bases, unused tax losses, unused tax credits, and tax rates of the Company.

				Amount in ₹ Crore			
				As at 31.03.2019	Reduction during the year	Addition during the year	As at 31.03.2020
<b>25.1 Movement of contingent liabilities</b>							
<b>a.</b>	<b>Demand by statutory authority</b>						
1.	Odisha Sales tax			81.00	(76.69)	—	4.31
2.	Central Sales tax			282.96	(1.95)	—	281.01
3.	VAT			12.60	—	0.05	12.64
4.	Excise duty			416.65	(7.66)	1.45	410.44
5.	Custom duty			102.77	—	1.70	104.47
6.	Service tax			23.60	(5.41)	—	18.19
7.	Income tax			670.09	(186.73)	64.26	547.62
8.	Entry tax			221.82	(1.01)	0.56	221.37
9.	Road tax			2.65	—	—	2.65
10.	Stamp duty			—	—	0.51	0.51
11.	Claim From Govt. (NGT)			6.00	—	9.59	15.59
12.	Claim From PSUs			50.12	—	138.61	188.73
13.	Land acquisition and interest there on			48.15	—	40.06	88.20
14.	Demand from Dept. of mines Govt. of Odisha			136.32	—	—	136.32
15.	NPV related demand under Mining lease			92.45	—	—	92.45
16.	Demand from Water Resources Deptt. Govt. of Odisha for Water Conservation fund			119.24	—	—	119.24
<b>b.</b>	<b>Claim by contractors/suppliers and others</b>						
1.	Claims of Contractor's suppliers and others			505.18	(192.91)	5.80	318.08
<b>Total</b>				<b>2,771.59</b>	<b>(472.35)</b>	<b>262.58</b>	<b>2,561.82</b>

## 26. Commitments

				Amount in ₹ Crore	
				As at 31.03.2020	As at 31.03.2019
a)	Estimated amount of Contracts remaining to be executed on capital account and not provided for			993.90	829.92
b)	Other Commitments				
(1)	Amount payable to the Government of India but not yet due for payment for allocation of Utkal D & E coal block.			18.11	18.11
(2)	Export obligation for import of capital goods under Export Promotion Capital Goods Scheme.			254.32	168.75
<b>Total</b>				<b>1,266.33</b>	<b>1,016.78</b>

## Notes to the Consolidated Financial Statements

## 27. Revenue from operations

Amount in ₹ Crore

		Year ended 31.03.2020	Year ended 31.03.2019
(a)	<b>Sale of products</b>		
	1) Export:		
	i) Alumina	2,764.30	4,222.41
	ii) Aluminium	746.62	570.30
	2) Domestic:		
	i) Alumina	213.98	212.67
	ii) Aluminium	4,645.92	6,253.33
(b)	<b>Sale of power</b>		
	i) Thermal power [refer note 27.1]	-	1.57
	ii) Wind Power	54.93	126.04
(c)	<b>Other operating income</b>	<b>46.09</b>	<b>113.00</b>
<b>Revenue from operations</b>		<b>8,471.84</b>	<b>11,499.32</b>

## Note:

- 27.1 As per minutes of the meeting held between the Company and GRIDCO on 06.04.2019 with regard to wheeling arrangement of power from CPP at Angul to Refinery at Damanjodi and sale of power to GRIDCO, no payment shall be made towards any surplus power injected to GRID w.e.f. 01.07.2015 without a valid contract and shall be treated as inadvertent power to be priced at zero. Accordingly, earlier dues to GRIDCO have been recasted and no revenue have been recognised against the inadvertent power injected during the current year. Further, this zero rated pricing of inadvertent power injected to GRID without a valid contract has been confirmed by OERC in case no. 62/2017 in the matter of *suo-motu* proceeding on the consultative paper on pricing of surplus power from CGPs to be purchased by GRIDCO Limited vide their order dated 09.04.2019 and Appellate Tribunal for Electricity vide their order dated 08.05.2017 against appeal no. 120 of 2016 and IA 272 of 2016.

## 28. Other income

Amount in ₹ Crore

		Year ended 31.03.2020	Year ended 31.03.2019
(a)	Interest income		
	(i) Interest income earned from financial assets that are not designated as at fair value through profit or loss:		
	— Bank deposits	144.30	224.28
	— Loans to employees	9.43	9.69
	— Other financial assets carried at amortised cost	2.99	3.17
	(ii) Interest income earned from Income tax refund	61.18	—
(b)	Dividend income		
	— Dividends from current investments	7.60	30.61
(c)	Net foreign exchange gain/(loss)	5.94	8.62
(d)	Net gain/(loss) on financial assets designated as at FVTPL	0.01	(2.16)
(e)	Net gain/(loss) on sale of other investments	1.35	—
(f)	Write back of liabilities no longer required [refer note: 28.1]	3.73	12.04
(g)	Income from internally generated scrap	19.52	19.47
(h)	Others	16.53	20.15
<b>Total other income</b>		<b>272.58</b>	<b>325.87</b>

## Note:

- 28.1 Unclaimed liability lying in books for a period of more than 3 years as on the reporting date are written back and recognized as income.

## Notes to the Consolidated Financial Statements

## 29. Cost of materials consumed

Amount in ₹ Crore

		Year ended 31.03.2020	Year ended 31.03.2019
<b>A.</b>	<b>Raw material</b>		
(1)	Caustic soda	935.17	941.02
(2)	C.P. coke	460.73	645.43
(3)	C.T. pitch	142.25	176.41
(4)	Aluminium flouride	80.58	75.43
(5)	Lime	51.47	50.00
(6)	Others	32.28	31.39
	<b>Total raw materials consumed</b>	<b>1,702.48</b>	<b>1,919.68</b>
<b>B.</b>	<b>Power and Fuel</b>		
(1)	Coal	1,667.11	1,525.72
(2)	Fuel oil	663.21	708.06
(3)	Duty on own generation [refer note: 24.1]	400.30	406.51
(4)	Purchased power	224.47	283.64
(5)	Power transmission charges	9.51	3.19
	<b>Total Power and Fuel consumed</b>	<b>2,964.60</b>	<b>2,927.12</b>

## 30. Changes in inventories of finished goods, intermediaries and work-in-process

Amount in ₹ Crore

		Year ended 31.03.2020	Year ended 31.03.2019
<b>Finished goods</b>			
<b>Opening stock</b>			
(1)	Bauxite	18.12	9.20
(2)	Chemical	91.48	114.18
(3)	Aluminium	12.68	19.83
	<b>Total opening stock of finished goods</b>	<b>122.28</b>	<b>143.21</b>
Less: Closing stock			
(1)	Bauxite	3.74	18.12
(2)	Chemical	159.30	91.48
(3)	Aluminium	276.97	12.68
	<b>Total Closing stock of finished goods</b>	<b>440.01</b>	<b>122.28</b>
	<b>(Accretion)/Depletion in finished goods</b>	<b>(317.73)</b>	<b>20.93</b>
<b>Intermediaries</b>			
<b>Opening stock</b>			
	Anodes	122.16	66.75
	Others	18.97	10.99
	<b>Total opening stock of intermediaries</b>	<b>141.13</b>	<b>77.74</b>
Less: Closing stock			
	Anodes	136.37	122.16
	Others	16.67	18.97
	<b>Total closing stock of intermediaries</b>	<b>153.04</b>	<b>141.13</b>
	<b>(Accretion)/depletion in intermediaries</b>	<b>(11.91)</b>	<b>(63.39)</b>
<b>Work in process</b>			
	Opening stock	246.95	284.33
	Less: Closing stock	282.54	246.95
	<b>(Accretion)/depletion in work in process</b>	<b>(35.59)</b>	<b>37.38</b>
	<b>Total (Accretion)/Depletion in inventory</b>	<b>(365.23)</b>	<b>(5.08)</b>

## Notes to the Consolidated Financial Statements

## 31. Employee benefits expense

Amount in ₹ Crore

	Year ended 31.03.2020	Year ended 31.03.2019
(a) Salaries and wages, including bonus	1,585.52	1,718.22
(b) Contribution to provident and other funds		
1) Provident fund	129.45	102.91
2) Gratuity	52.09	45.32
3) Post employment pension scheme	114.00	95.59
(c) Staff welfare expenses	113.01	110.24
<b>Total employee benefit expense</b>	<b>1,994.07</b>	<b>2,072.28</b>

Notes:

## 31.A. Employee benefit plans

## 31.A.1 Defined contribution plans

- Provident fund:** The Company pays fixed contribution to Provident Fund at predetermined rates, to a separate trust, which invests the funds in permitted securities. On contributions, the trust is required to pay a minimum rate of interest, to the members, as specified by Govt. of India.
- Pension fund:** The Company pays fixed contribution to the trustee bank of PFRDA, which in turn invests the money with the insurers as specified by the employee concerned. The company's liability is limited only to the extent of fixed contribution.

## 31.A.2 Defined benefit plans

- Gratuity:** Gratuity payable to employees as per The Payment of Gratuity Act subject to a maximum of ₹20,00,000/. The gratuity scheme is funded by the Company and is managed by a separate trust. The liability for gratuity under the scheme is recognised on the basis of actuarial valuation.
- Post retirement medical benefit:** The benefit is available to retired employees and their spouses who have opted for the benefit. Medical treatment as an in-patient can be availed from the Company's hospital/Govt. Hospital/ hospitals as per company's rule. They can also avail treatment as out patient subject to maximum ceiling of expenses fixed by the Company. The liability under the scheme is recognised on the basis of actuarial valuation.
- Settling-in-benefit:** On superannuation/retirement/termination of service, if opted for the scheme, the transfer TA is admissible to the employees and / or family from the last head quarters to the hometown or any other place of settlement limited to distance of home town. Transport of personal conveyance shall also be admissible. The liability for the same is recognised on the basis of actuarial valuation.
- NALCO Benevolent Fund Scheme :** The objective of the scheme is to provide financial assistance to families of the members of the scheme who die while in employment of the Company. As per the scheme there will be contribution by members @ ₹30/- per member per death, in the event of death of a member while in the service of the company and matching contribution is made by the Company. The liability for the same is recognised on the basis of actuarial valuation.
- NALCO Retirement Welfare Scheme :** The objective of the scheme is to provide financial assistance as a gesture of goodwill as post retirement support to employees retiring from the services of the company. As per the scheme the recovery form each employee member would be ₹ 10/- per retiring member. The Company would provide equivalent sum as matching contribution. The liability for the same is recognised on the basis of actuarial valuation.
- Superannuation gift scheme:** The objective of the scheme is to recognise the employees superannuating or retiring on medical ground from the services of the Company. The scheme includes a gift item worth of ₹25000/- per retiring employees to be presented on superannuation/ retirement. The liability for the same is recognised on the basis of actuarial valuation.

## 31.A.3 Other long term employees benefits

- Compensated absences :** The accumulated earned leave, half pay leave & sick leave is payable on separation, subject to maximum permissible limit as prescribed in the leave rules of the Company. During the service period encashment of accumulated leave is also allowed as per company's rule. The liability for the same is recognised on the basis of actuarial valuation.
- Long Service Reward :** The employee who completes 25 years of service are entitled for a long service reward which is equal to one month basic pay and DA. The liability for the same is recognised on the basis of actuarial valuation.
- NEFFARS :** In the event of disablement/death, on deposit of prescribed amount as stipulated under the scheme, the Company pays monthly benefit to the employee/ nominee at their option upto the date of notional superannuation. The liability for the same is recognised on the basis of actuarial valuation.



## Notes to the Consolidated Financial Statements

The employee benefit plans typically expose the Company to actuarial risks such as actuarial risk, investment risk, interest risk, longevity risk and salary risk:-

- i. **Actuarial risk:** It is the risk that employee benefits will cost to the Company more than expected. This can arise due to one of the following reasons:
  - a. **Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.
  - b. **Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption then the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.
  - c. **Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.
- ii. **Investment risk:** For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
- iii. **Interest risk:** The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
- iv. **Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- v. **Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants beyond assumed plan will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31.03.2020	31.03.2019
Discount rate(s)	6.50%	7.50%
Expected rate(s) of salary increase	8%	8%
Mortality	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE
Attrition Rate	1%	1%

Amount in ₹ Crore

Amounts recognised in statement of profit and loss in respect of these defined benefits plans are as follows:-

	Year ended 31.03.2020	Year ended 31.03.2019
<b>Service Cost:</b>		
— Current Service cost	(54.67)	(48.58)
— Past Service Cost and (gain)/loss	12.19	6.21
— Net Interest expense	(11.97)	(29.38)
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>(54.45)</b>	<b>(71.75)</b>
<b>Remeasurement of the net defined benefit liability:</b>		
Return on the net defined benefit liability	5.12	(10.98)
Actuarial (Gains)/losses arising from changes in financial assumptions	(45.79)	(17.24)
Actuarial (Gains)/losses arising from experience assumptions	23.08	28.28
Others		
Adjustments for restrictions on the defined benefit asset		
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(17.59)</b>	<b>0.06</b>
<b>Total</b>	<b>(72.04)</b>	<b>(71.69)</b>

## Notes to the Consolidated Financial Statements

## 31. Employee benefits expense (contd.)

Amount in ₹ Crore

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	Post retirement medical benefit	Settling-in-benefit	NALCO benevolent fund scheme	NALCO retirement welfare scheme	Super-annuation gift scheme	Gratuity (Funded)
<b>March 31, 2019</b>						
Present value of defined benefit obligation	(123.43)	(22.42)	(3.04)	(11.90)	(6.93)	(604.90)
Fair value of plan assets	—	—	—	—	—	547.80
<b>Net liability arising from defined benefit obligation</b>	<b>(123.43)</b>	<b>(22.42)</b>	<b>(3.04)</b>	<b>(11.90)</b>	<b>(6.93)</b>	<b>(57.10)</b>
<b>March 31, 2020</b>						
Present value of defined benefit obligation	(140.42)	(20.59)	(2.99)	(12.52)	(7.26)	(632.24)
Fair value of plan assets	—	—	—	—	—	576.26
<b>Net liability arising from defined benefit obligation</b>	<b>(140.42)</b>	<b>(20.59)</b>	<b>(2.99)</b>	<b>(12.52)</b>	<b>(7.26)</b>	<b>(55.98)</b>

Movements in the present value of the defined benefit obligations are as follows:

	Post retirement medical benefit	Settling-in-benefit	NALCO benevolent fund scheme	NALCO retirement welfare scheme	Super-annuation gift scheme	Gratuity (Funded)
<b>Opening defined benefit obligations as at April 01, 2018</b>	<b>(126.52)</b>	<b>(2.27)</b>	<b>(3.62)</b>	<b>(13.64)</b>	<b>(7.08)</b>	<b>(573.53)</b>
Current service cost	—	(3.35)	—	—	—	(45.23)
Interest Cost	(9.29)	(0.15)	(0.25)	(0.96)	(0.50)	(40.96)
<b>Remeasurement</b>						
Actuarial (Gains)/losses arising from changes in demographic assumptions	—	—	—	—	—	—
Actuarial (Gains)/losses arising from changes in financial assumptions	—	—	—	—	—	(17.24)
Actuarial (Gains)/losses arising from experience assumptions	7.07	2.96	0.27	0.96	(0.16)	17.18
Past Service Cost, including losses /(gains) on curtailment	—	(20.16)	—	—	—	—
Liabilities extinguished as settlements	—	—	—	—	—	—
Liabilities assumed in a business combination	—	—	—	—	—	—
Exchange differences on foreign plans	—	—	—	—	—	—
Benefits paid	5.31	0.55	0.56	1.74	0.81	54.88
Others	—	—	—	—	—	—
<b>Closing defined benefit obligation as at March 31, 2019</b>	<b>(123.43)</b>	<b>(22.42)</b>	<b>(3.04)</b>	<b>(11.90)</b>	<b>(6.93)</b>	<b>(604.90)</b>

## Notes to the Consolidated Financial Statements

## 31. Employee benefits expense (contd.)

Amount in ₹ Crore

	Post retirement medical benefit	Settling-in-benefit	NALCO benevolent fund scheme	NALCO retirement welfare scheme	Super-annuation gift scheme	Gratuity (Funded)
Current service cost	—	(3.55)	—	—	—	(51.12)
Interest Cost	(7.82)	(1.38)	(0.18)	(0.72)	(0.42)	(37.05)
<b>Remeasurement</b>	—	—	—	—	—	—
Actuarial (Gains)/losses arising from changes in demographic assumptions	—	—	—	—	—	—
Actuarial (Gains)/losses arising from changes in financial assumptions	(3.97)	(1.10)	(0.12)	(0.60)	(0.48)	(39.52)
Actuarial (Gains)/losses arising from experience assumptions	(11.43)	5.35	(0.11)	(1.06)	(0.32)	30.65
Past Service Cost , including losses /(gains) on curtailment	—	—	—	—	—	—
Liabilities extinguished as settlements	—	—	—	—	—	—
Liabilities assumed in a business combination	—	—	—	—	—	—
Exchange differences on foreign plans	—	—	—	—	—	—
Benefits paid	6.23	2.51	0.46	1.76	0.89	69.70
Others	—	—	—	—	—	—
<b>Closing defined benefit obligation as at March 31, 2020</b>	<b>(140.42)</b>	<b>(20.59)</b>	<b>(2.99)</b>	<b>(12.52)</b>	<b>(7.26)</b>	<b>(632.24)</b>
<b>Movements in the fair value of the plan assets are as follows:</b>						<b>Gratuity (Funded)</b>
<b>Opening fair value of plan assets as at April 01, 2018</b>						<b>302.48</b>
Interest income						22.73
<b>Remeasurement</b>						
Return on plan assets (excluding amounts included in net interest income)						(10.98)
Others						0.59
Contribution from the employer						287.86
Benefits paid						(54.88)
<b>Closing fair value of plan assets as at March 31, 2019</b>						<b>547.80</b>
Interest income						35.60
<b>Remeasurement</b>						
Return on plan assets (excluding amounts included in net interest income)						5.12
Others						(0.05)
Contribution from the employer						57.49
Contribution from plan participant						—
Assets distributed on settlements						—
Assets acquired in a business combination						—
Exchange differences on foreign plans						—
Benefits paid						(69.70)
Others						—
<b>Closing fair value of plan assets as at March 31, 2020</b>						<b>576.26</b>

The fair value of the plan assets at the end of the reporting period for each category, are as follows

	Fair value of plan assets as at	
	31.03.2020	31.03.2019
Investments in Funds:		
1. Insurance Companies	576.26	547.80
<b>Total</b>	<b>576.26</b>	<b>547.80</b>

Notes to the Consolidated Financial Statements

31 Employee benefits expense (contd.)

31.C. Sensitivity analysis of defined benefit plans

Significant actuarial assumption for determination of defined benefit plan are discount rate, expected salary growth, attrition rate and mortality rate. The sensitivity analysis below have been based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Sensitivity Analysis

Amount in ₹ Crore

Particulars	Post retirement medical benefit		Settling-in-benefit		NALCO benevolent fund scheme	
	Increase by	Decrease by	Increase by	Decrease by	Increase by	Decrease by
<b>2018-19</b>						
Impact on amount due to change in Discount rate (-/+0.5%)	3.57	3.64	0.65	0.66	0.08	0.08
% Change compared to base due to sensitivity [+ /(-)%]	2.89%	2.95%	2.89%	2.95%	2.71%	2.76%
Impact on amount due to change in Salary growth (+/-0.5%)	—	—	—	—	—	—
% Change compared to base due to sensitivity [+ /(-)%]	—	—	—	—	—	—
	0.15	0.15	0	0	—	—
% Change compared to base due to sensitivity [+ /(-)%]	0.12%	0.12%	0.12%	0.12%	0.15%	0.15%
Impact on amount due to change in Mortality rate (-/+10%)	0.57	0.57	0.10	0.10	0	0
% Change compared to base due to sensitivity [+ /(-)%]	0.46%	0.46%	0.46%	0.46%	0.26%	0.26%

Particulars	NALCO retirement welfare scheme		Superannuation gift scheme		Gratuity (Funded)	
	Increase by	Decrease by	Increase by	Decrease by	Increase by	Decrease by
<b>2018-19</b>						
Impact on amount due to change in Discount rate (-/+0.5%)	0.32	0.33	0.19	0.19	20.06	18.84
% Change compared to base due to sensitivity [+ /(-)%]	2.71%	2.76%	2.71%	2.76%	3.32%	3.11%
Impact on amount due to change in Salary growth (+/-0.5%)	—	—	—	—	3.22	3.67
% Change compared to base due to sensitivity [+ /(-)%]	—	—	—	—	0.53%	0.61%
Impact on amount due to change in Attrition rate (+/-0.5%)	0.02	0.02	0.01	0.01	0.10	0.10
% Change compared to base due to sensitivity [+ /(-)%]	0.15%	0.15%	0.15%	0.15%	0.02%	0.02%
Impact on amount due to change in Mortality rate (-/+10%)	0.03	0.03	0.02	0.02	0.63	0.63
% Change compared to base due to sensitivity [+ /(-)%]	0.26%	0.26%	0.26%	0.26%	0.10%	0.10%

Particulars	Post retirement medical benefit		Settling-in-benefit		NALCO benevolent fund scheme	
	Increase by	Decrease by	Increase by	Decrease by	Increase by	Decrease by
<b>2019-20</b>						
Impact on amount due to change in Discount rate (-/+0.5%)	4.25	5.19	0.60	0.61	0.08	0.08
% Change compared to base due to sensitivity [+ /(-)%]	3.03%	3.70%	2.89%	2.95%	2.71%	2.76%
Impact on amount due to change in Salary growth (+/-0.5%)	—	—	—	—	0.07	0.07
% Change compared to base due to sensitivity [+ /(-)%]	—	—	—	—	2.42%	2.37%
Impact on amount due to change in Attrition rate (+/-0.5%)	—	—	0.02	0.02	—	—
% Change compared to base due to sensitivity [+ /(-)%]	0.00%	0.00%	0.12%	0.12%	0.15%	0.15%
Impact on amount due to change in Mortality rate (-/+10%)	0.04	0.04	0.09	0.09	0	0
% Change compared to base due to sensitivity [+ /(-)%]	0.03%	0.03%	0.46%	0.46%	0.26%	0.26%

## Notes to the Consolidated Financial Statements

## Sensitivity Analysis (contd.)

Amount in ₹ Crore

Particulars	NALCO retirement welfare scheme		Superannuation gift scheme		Gratuity (Funded)	
	Increase by	Decrease by	Increase by	Decrease by	Increase by	Decrease by
<b>2019-20</b>						
Impact on amount due to change in Discount rate (-/+0.5%)	0.34	0.35	0.20	0.20	21.02	19.70
% Change compared to base due to sensitivity [+ /(-)%]	2.71%	2.76%	2.71%	2.76%	3.32%	3.12%
Impact on amount due to change in Salary growth (+/-0.5%)	0.30	0.30	0.18	0.17	3.66	3.24
% Change compared to base due to sensitivity [+ /(-)%]	2.42%	2.37%	2.42%	2.37%	0.58%	0.51%
Impact on amount due to change in Attrition rate (+/-0.5%)	0.02	0.02	0.01	0.01	0.21	0.21
% Change compared to base due to sensitivity [+ /(-)%]	0.15%	0.15%	0.15%	0.15%	0.03%	0.03%
Impact on amount due to change in Moratlity rate (-/+10%)	0.03	0.03	0.02	0.02	0.53	0.53
% Change compared to base due to sensitivity [+ /(-)%]	0.26%	0.26%	0.26%	0.26%	0.08%	0.08%

The sensitivity analysis presented above may not be representative of the actual change in the defined 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.

Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using projected unit credit method at the end of the reporting period, which is same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 32. Finance cost

Amount in ₹ Crore

	Year ended 31.03.2020	Year ended 31.03.2019
<b>Finance cost</b>		
a. Interest expenses on lease liabilities	3.98	—
b. Others	1.76	2.38
<b>Total finance cost</b>	<b>5.74</b>	<b>2.38</b>

## Notes to the Consolidated Financial Statements

## 33. Other expenses

Amount in ₹ Crore

		Year ended 31.03.2020	Year ended 31.03.2019
(a)	Stores and spares consumed	356.12	365.52
(b)	Repair and maintenance to		
	(1) Buildings	61.65	49.11
	(2) Machinery	164.08	166.14
	(3) Others	27.12	31.44
(c)	Other Manufacturing Expenses		
	(1) Water charges	32.04	29.37
	(2) Royalty	125.39	147.36
	(3) Contribution to District Mineral Fund and National Mineral Exploration Trust	40.13	47.16
	(4) Continuous Technical Assistance expenses	4.52	10.54
	(5) Others	90.59	80.13
(d)	Freight and handling charges		
	(1) Incoming materials (Alumina)	110.28	120.01
	(2) Outgoing materials	131.58	146.45
(e)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	0.35	0.35
	(ii) For Taxation matters	0.07	0.06
	(iii) For Other services	0.34	0.29
	(iv) For reimbursement of expenses	0.15	0.20
(f)	Payment to Cost Auditors	0.04	0.03
(g)	Security and fire fighting expenses	180.71	133.90
(h)	Corporate social responsibility expenses [refer note 33.1]	39.71	30.35
(i)	Administrative and general expenses	124.14	118.86
(j)	Renewable purchase obligation	114.11	55.22
(k)	Provision towards disputed Government dues and others	0.01	0.05
(l)	Selling and distribution expenses	25.17	23.01
(m)	Write off of Inventories, Claims etc	15.64	12.52
(n)	Bad and doubtful Provisions/ (write back)	(1.35)	(3.51)
(o)	Others	44.10	128.23
	<b>Total other expenses</b>	<b>1,686.69</b>	<b>1,692.79</b>

Note:

## 33.1 Expenditure on Corporate Social Responsibility.

a)	Gross amount to be spent by the company during the year ended March 31, 2020 is ₹ 37.38 crore (March 31, 2019 ₹ 27.38 crore)	
b)	Amount spent during the year ended March 31, 2020	
	i) Construction/acquisition of assets	₹ Nil crore (previous year ₹Nil)
	ii) On purpose other than (i) above	₹ 39.71 crore (previous year ₹30.35 crore)
	<b>Total</b>	<b>₹ 39.71 crore (previous year ₹30.35 crore)</b>

## Notes to the Consolidated Financial Statements

## 34. Income taxes

Amount in ₹ Crore

34.1 Income tax recognised in profit or loss	Year ended 31.03.2020	Year ended 31.03.2019
<b>Current tax</b>		
In respect of current year	152.27	998.36
In respect of prior years	(0.87)	26.29
	151.40	1,024.65
<b>Deferred tax</b>		
In respect of current year	(63.39)	(17.13)
Others (MAT credit entitlement)	—	—
	(63.39)	(17.13)
<b>Total income tax expense recognised in current year</b>	<b>88.01</b>	<b>1,007.52</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

<b>Profit before tax</b>	<b>224.24</b>	<b>2,741.21</b>
Income tax expense thereon @ 34.944% (previous year 34.944%) :	<b>78.36</b>	<b>957.89</b>
Tax effect of -		
i) income exempt from taxation	(1.96)	(11.15)
ii) disallowable expenses (permanent difference)	13.97	13.23
iii) expenses allowable in excess of expenditure incurred	(31.96)	(14.25)
iv) effect of concessions (research and development and other allowances)	(0.47)	—
v) difference for long-term capital gains	(0.04)	—
vi) Adjustment relating to earlier years	(26.80)	26.29
vii) others	56.91	35.51
<b>Income tax expense recognised in profit or loss</b>	<b>88.01</b>	<b>1,007.52</b>

## 34.2 Income tax recognised directly in equity

Current tax		
Share buy-back costs	—	(1.39)
<b>Income tax recognised directly in equity</b>	<b>—</b>	<b>(1.39)</b>

## 34.3 Income tax recognised in other comprehensive income

Tax on remeasurement gain or loss of defined benefit obligations		
— Current Tax	—	3.85
— Deferred Tax	6.67	(4.06)
<b>Total income tax recognised in other comprehensive income</b>	<b>6.67</b>	<b>(0.21)</b>
Bifurcation of the income tax recognised in other comprehensive income into:		
Items that will be reclassified to profit or loss	—	—
<b>Items that will not be reclassified to profit or loss</b>	<b>6.67</b>	<b>(0.21)</b>

## 34.4 Income tax recognised in other comprehensive income

## Notes to the Consolidated Financial Statements

## 35. Segment information

## 35.1 Products from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods delivered. The directors of the company have chosen to organise the Company around differences in products. No reporting segment have been aggregated in arriving at the reportable segments in the Company. Specifically, the Company's reportable segment under Ind AS 108- Operating Segments are as follows:

- i) Chemical segment
- ii) Aluminium segment

The Company has considered Chemicals and Aluminium as the two primary operating business segments. Chemicals include Calcined Alumina, Alumina Hydrate and other related products. Aluminium includes aluminium ingots, wire rods, billets, strips, rolled and other related products. Bauxite produced for captive consumption for production of alumina is included under chemicals and power generated for captive consumption for production of Aluminium is included under Aluminium segment. Wind Power Plant commissioned primarily to harness the potential renewable energy sources is included in the unallocated Common segment.

## 35.2 Segment revenues and results

The following is an analysis of the Company's revenue and results from operations by reportable segment

	Amount in ₹ Crore	
	Year ended 31.03.2020	Year ended 31.03.2019
<b>Operating Segments</b>		
Chemical segment	4,248.29	5,680.07
Aluminium segment	5,466.37	6,875.72
Unallocated	42.63	173.95
<b>Total for operations</b>	<b>9,757.29</b>	<b>12,729.74</b>
Less: Intersegment revenue	1,285.45	1,230.42
<b>Revenue from operations</b>	<b>8,471.84</b>	<b>11,499.32</b>

	Segment results	
	Year ended 31.03.2020	Year ended 31.03.2019
<b>Operating Segments</b>		
Chemical segment	554.26	1,819.81
Aluminium segment	(281.98)	778.38
<b>Segment result before exceptional items, interest and tax</b>	<b>272.28</b>	<b>2,598.19</b>
Interest & financing charges	5.74	2.37
Interest and dividend income	134.43	256.34
Other unallocated income net of unallocated expenses	(174.73)	(112.24)
Share of Profit/(loss) of Joint Ventures	(2.00)	1.29
<b>Profit before tax</b>	<b>224.24</b>	<b>2,741.21</b>

## 35.3 Segment assets and liabilities

Amount in ₹ Crore

	Segment Assets		Segment Liabilities	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Chemical segment	4,399.65	4,040.88	2246.24	1806.17
Aluminium segment	6,014.16	5,579.21	941.34	1337.01
<b>Total segment assets and liabilities</b>	<b>10,413.81</b>	<b>9,620.09</b>	<b>3,187.58</b>	<b>3,143.18</b>
Unallocated	4,134.24	5,527.30	313.37	388.60
<b>Total assets and Liabilities</b>	<b>14,548.05</b>	<b>15,147.39</b>	<b>3,500.95</b>	<b>3,531.78</b>



## Notes to the Consolidated Financial Statements

## 35.4 Other segment information

Amount in ₹ Crore

	Depreciation and amortisation		Additions to non-current assets	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Chemical segment	216.70	180.03	322.21	250.77
Aluminium segment	250.52	236.18	59.61	53.23
Unallocated	62.61	59.89	61.74	137.94
<b>Total for operations</b>	<b>529.83</b>	<b>476.10</b>	<b>443.56</b>	<b>441.94</b>

## Material non-cash expenditure

	Year ended 31.03.2020	Year ended 31.03.2019
Chemical segment	36.38	66.96
Aluminium segment	65.62	52.82
Unallocated	6.69	2.26
	<b>108.69</b>	<b>122.04</b>

## 35.5 Revenue from major products

Amount in ₹ Crore

	Year ended 31.03.2020	Year ended 31.03.2019
The following is an analysis of the Company's revenue from continuing operations from its major products and services		
Chemical segment (Hydrate and Alumina)	2,978.28	4,435.08
Aluminium segment (Aluminium)	5,392.54	6,823.63
	<b>8,370.82</b>	<b>11,258.71</b>

## 35.6 Geographical information

Amount in ₹ Crore

The Company operates mainly in principal geographical areas-India (country of domicile) and Outside India

	Revenue from external customers		Non-current assets	
	Year ended 31.03.2020	Year ended 31.03.2019	As at 31.03.2020	Year ended 31.03.2019
India	4,859.90	6,466.00	9,990.25	9,546.69
Outside India	3,510.92	4,792.71	—	—
<b>Total</b>	<b>8,370.82</b>	<b>11,258.71</b>	<b>9,990.25</b>	<b>9,546.69</b>

## Notes to the Consolidated Financial Statements

## 36. Earnings per share

	Year ended 31.03.2020 ₹ per share	Year ended 31.03.2019 ₹ per share
<b>36.1 Basic Earnings per share (₹)</b>		
From total operations	0.73	9.07
<b>Total Basic earnings per share</b>	<b>0.73</b>	<b>9.07</b>

## 36.2 Basic Earnings per Share

The Earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows

	Amount in ₹ Crore	
	Year ended 31.03.2020	Year ended 31.03.2019
Profit for the year attributable to Owners of the Company	136.23	1,733.69
<b>Earnings used in the calculation of basic earnings per share</b>	<b>136.23</b>	<b>1,733.69</b>
	As at 31.03.2020	As at 31.03.2019
<b>Weighted average number of equity shares used in calculation of basic earnings per share (in crore)</b>	<b>186.56</b>	<b>191.17</b>

## 37. Financial Instruments

	Amount in ₹ Crore	
	As at 31.03.2020	As at 31.03.2019
<b>37.1 Categories of financial instruments</b>		
<b>Financial Assets</b>		
<b>Measured at fair value through profit or loss (FVTPL)</b>		
(a) Mandatorily measured:		
(i) Investments in mutual funds	55.01	80.81
(ii) Forward contract on foreign currency	Nil	Nil
<b>Measured at Amortised cost</b>		
(a) Cash and bank balances	18.47	171.60
(b) Other financial assets at amortised cost	2,501.54	3,853.57
	<b>2,575.02</b>	<b>4,105.98</b>
<b>Financial Liabilities</b>		
Measured at Amortised cost	<b>1,282.48</b>	<b>1,791.26</b>

Financial assets measured at fair value based on level 1 information available. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19.

## 37.2 Financial risk management objectives

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks.

The objectives of the Company's risk management policy are, inter-alia, to ensure the following:

- i) Sustainable business growth with financial stability;
- ii) Provide a strategic framework for Company's risk management process in alignment with the strategic objectives including the risk management organisation structure;
- iii) That all the material risk exposures of Company, both on and off-balance sheet are identified, assessed, quantified, appropriately mitigated and managed and
- iv) Company's compliance with appropriate regulations, wherever applicable, through the voluntary adoption of international best practices, as far as may be appropriate to the nature, size and complexity of the operations.

The risk management policy is approved by the board of directors. The Internal Control Team would be responsible to evaluate the efficacy and implementation of the risk management system. It would present its findings to the Audit Committee every quarter. The Board is responsible for the Company's overall process of risk management. The Board shall, therefore, approve the compliance and risk management policy and any amendments thereto, and ensure its smooth implementation.

## Notes to the Consolidated Financial Statements

### 37.3 Market risk

Market risk is the risk of any loss in future earnings (spreads), in realizable fair values (economic value) or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, liquidity and other market changes. The Company may also be subjected to liquidity risk arising out of mismatches in the cash flows arising out of sales proceeds and funds raised and loan repayments/prepayments. Future specific market movements cannot be normally predicted with reasonable accuracy.

### 37.4 Foreign currency risk management

Foreign currency risk emanates from the effect of exchange rate fluctuations on foreign currency transactions. The overall objective of the currency risk management is to protect the Company's income arising from changes in foreign exchange rates. The policy of the Company is to avoid any form of currency speculation. Hedging of currency exposures shall be effected either naturally through offsetting or matching assets and liabilities of similar currency, or in the absence of thereof, through the use of approved derivative instruments transacted with reputable institutions. The Currency risk is measured in terms of the open positions in respective currencies vis-à-vis the Company's operating currency viz. INR. A currency gap statement shall be prepared to find the gap due to currency mismatch.

The fluctuation in foreign currency exchange rates may have impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

The Company undertakes transactions denominated in foreign currency; consequently, exposures to exchange rate fluctuations arise. Exchange rate are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:-

	Liabilities as at		Assets as at	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
USD	0.07	0.81	100.42	241.69
EURO	0.47	15.34	0.50	—

#### 37.4.1 Foreign currency sensitivity analysis

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 10%.

The following analysis is based on the gross exposure as of the relevant balance sheet dates, which could affect the income statement. There is no exposure to the income statement on account of translation of financial statements of consolidated foreign entities.

The following table sets forth information relating to foreign currency exposure as at March 31, 2020 and March 31, 2019.

	USD impact		EURO impact	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Impact on profit or loss for the year	10.0	24.1	0.00	1.53

### 37.5 Other price risks

#### 37.5.1 Equity price sensitivity analysis

The Company is not exposed to equity price risk arising from equity instruments as all the equity investments are held for strategic rather than trading purposes.

### 37.6 Credit risk management

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. There is no significant credit exposure as advance collection from customer is made.

Financial instruments that are subject to concentrations of credit risk, principally consist of investments classified as loans and receivables, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

### 37.7 Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

Company has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cashflows and by matching the maturity profiles of financial assets and financial liabilities.

## Notes to the Consolidated Financial Statements

**38. Related party disclosures****38.1 Related parties****A. Key Managerial Personnel:****I) Whole time Directors**

(a) Shri S. Patra*	Chairman Cum Managing Director [w.e.f 17.12.2019]
(b) Shri V Balasubramanyam <sup>f</sup>	Director (Production) & Director (Finance)-Addl. Charge
(c) Shri S K Roy	Director (Proj & Tech)
(d) Shri P K Mishra	Director (Commercial)
(e) Shri R S Mahapatro	Director (HR) [w.e.f 01.01.2020]
(f) Dr. T K Chand	Chairman Cum Managing Director [upto 30.11.2019]
(g) Shri B K Thakur	Director (HR) [upto 31.12.2019]

\* Shri Sridhar Patra was Director (Finance) of the Company w.e.f 01.09.2018. He was entrusted with additional charge of Chairman-cum-Managing Director w.e.f. 01.12.2019, consequent upon superannuation of Dr. T.K. Chand, Chairman-cum-Managing Director on 30.11.2019. Later he assumed the charge of Chairman-cum-Managing Director w.e.f. 17.12.2019.

# Entrusted with additional charge of Director (Finance) w.e.f. 10.01.2020.

**Others**

Shri N. K. Mohanty                      Company Secretary

**II) Part time Official Directors: (Nominee of Govt. of India):**

- (a) Dr. K. Rajeswara Rao., IAS  
(b) Shri Anil Kumar Nayak, IOFS

**III) Part time non official (Independent) Directors:**

- (a) Shri N. N. Sharma  
(b) Smt. Achla Sinha  
(c) Ms. Kiran Ghai Sinha [upto 02.02.2020]  
(d) Shri Dipankar Mahanta [upto 20.11.2019]  
(e) Shri S. Sankararaman [upto 20.11.2019]  
(g) Shri Maheswar Sahu [upto 20.11.2019]  
(h) Prof. Damodar Acharya [upto 20.11.2019]  
(i) Shri P.K.Nayak [upto 20.11.2019]

**B. Joint Ventures & associates**

- (a) Angul Aluminium Park Pvt Ltd.  
(b) GACL NALCO Alkalis & Chemicals Pvt. Ltd.  
(c) Utkarsha Aluminium Dhatu Nigam Limited  
(d) Khanij Bidesh India Limited

**C. Post Employment Benefit Plan**

- (a) Nalco Employees Provident Fund Trust  
(b) Nalco Employees Group Gratuity Trust

**D. Entity controlled by a person identified in (A) as KMP**

- (a) Nalco Foundation

**E. Government that has control or significance influence:**

- (a) Govt. of India

**F. Entities on which Govt. of India has control or significant influence (CPSEs)**

The Company has major business transactions during the year with the following CPSEs.

**i) Purchase of Goods and Services**

1 Mahanadi Coalfields Limited	2 East Coast Railways
3 Indian Oil Corporation Ltd	4 Hindustan Petroleum Corporation Ltd
5 Gujarat Alkalies & Chemicals Ltd	6 Bharat Petroleum Corporation Ltd
7 Central Industrial Security Force	8 Northen Coalfields Limited
9 NUMALIGARH REFINERY LIMITED	10 Bharat Heavy Electricals Limited
11 Western Coalfield Limited	12 Central Railway
13 BEML Limited	14 Oriental Insurance Co Ltd
15 Bridge & Roof Co.(India) Ltd.	16 Diesel Locomotive Works
17 Balmer Lawrie & Co.Ltd.	18 Steel Authority Of India Ltd
19 South Central Railway	20 Executive Engineer,(Ukp) (For Wat C
21 Life Insurance Corporation of India	22 MECON Limited.
23 Southern Railway	24 Engineering India Ltd
25 HMT Machine Tools Limited	26 RITES Ltd

## Notes to the Consolidated Financial Statements

- ii) Sale of Goods
- National Small Industries Corporation (NSIC)
  - Steel Authority of India Ltd.
  - Rashtriya Ispat Nigam Ltd.
  - National Thermal Power Corporation Ltd.
  - Mishra Dhatu Nigam Ltd.

## 38.2 Related Party Transactions

## I. Key Managerial Personnel

Amount in ₹ Crore

## Remuneration to Key Managerial Personnel

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Short-term employee benefits</b>		
— Salaries	4.36	3.79
— Contribution to Provident Fund	0.25	0.24
— Medical Benefits	0.01	0.01
— Other Benefits	0.03	0.03
<b>Post employment benefits #</b>	(0.09)	(0.09)
<b>Other long term benefits</b>	0.10	0.09
<b>Total</b>	<b>4.65</b>	<b>4.07</b>

# Since actuarial valuation of employee benefit expenses under post-employment benefits and other long-term benefits are done on an overall basis for all employees, these expenses for the key managerial persons is considered on a proportionate basis.

## Loans / advances due from Key Managerial Personnel

Amount in ₹ Crore

Particulars	As at 31.03.2020	As at 31.03.2019
Outstanding at the end of the year	0.02	0.01
Maximum amount due at any time during the year	0.03	0.01

## II. Post Employment Benefit Plan

## Transactions during the year

Amount in ₹ Crore

Name of Trust	Nature of Transaction	Year ended 31.03.2020	Year ended 31.03.2019
NEPF Trust	PF-Contribution	431.10	333.12
NEGG Trust	Funding of shortfall	57.35	270.75

## Outstanding balance at the end of the year

Amount in ₹ Crore

Name of Trust	Nature of Transaction	As at 31.03.2020	As at 31.03.2019
NEPF Trust	PF-Contribution payable	27.37	26.59
NEGG Trust	Funding of shortfall payable	55.98	57.40

## III. Nalco Foundation

Amount in ₹ Crore

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Contribution to CSR Trust	18.58	9.61

## IV. Govt. of India : Transaction during the year

Amount in ₹ Crore

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Buyback of shares	—	260.70
Dividend paid during the year	265.38	545.92

## Notes to the Consolidated Financial Statements

## V. CPSEs/ Govt Undertakings – Transaction during the year

Amount in ₹ Crore

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Purchase of goods and services from CPSEs/ Govt undertakings	3,212.19	3,007.70
Sale of goods to CPSEs and Govt undertakings	883.56	1245.97

## Outstanding balance at the end of the year

Amount in ₹ Crore

Particulars	As at 31.03.2020	As at 31.03.2019
Payable for purchase of goods and services from CPSEs/ Govt. undertakings	26.51	137.78
Receivable for sale of goods to CPSEs and Govt. undertakings	—	—

## 39. Regrouping of previous year's figures

Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable.

For Patro & Co.  
Chartered Accountants  
FRN-310100E

For GNS & Associates.  
Chartered Accountants  
FRN-318171E

(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)

(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)

Place: Bhubaneswar

Date: June 26, 2020

## Notes to the Consolidated Financial Statements

## 40. Disclosure of additional information :

Amount in ₹ Crore

(a) As at and for the year ended March 31, 2020									
Name of the entity in the Group	Net Assets i.e total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income		Amount
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income		
<b>Joint Ventures (Investments as per the Equity method)</b>									
<b>Indian</b>									
Utkarsha Aluminium Dhatu Nigam Limited	0.37%	36.75	-1.19%	(1.63)	—	—	-1.36%	(1.63)	
Khanij Bidesh India Limited	0.02%	1.58	-0.27%	(0.37)	—	—	-0.31%	(0.37)	
Angul Aluminium Park Private Limited	0.37%	36.48	0.36%	0.49	0.00%	0.00	0.41%	0.49	
GACL NALCO Alkalies & Chemicals Private Limited	5.98%	596.96	(0.37%)	(0.50)	0.00%	0.00	(0.42%)	(0.50)	
<b>Total</b>	<b>6.73%</b>	<b>671.76</b>	<b>-1.47%</b>	<b>(2.00)</b>	<b>0.00%</b>	<b>—</b>	<b>-1.67%</b>	<b>(2.00)</b>	
(b) As at and for the year ended March 31, 2019									
Name of the entity in the Group	Net Assets i.e total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income		Amount
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income		
<b>Joint Ventures (Investments as per the Equity method)</b>									
<b>- Indian</b>									
Utkarsha Aluminium Dhatu Nigam Limited	—	—	—	—	—	—	—	—	—
Khanij Bidesh India Limited	—	—	—	—	—	—	—	—	—
Angul Aluminium Park Private Limited	0.34%	35.47	0.03%	0.47	—	—	0.03%	0.47	
GACL NALCO Alkalies & Chemicals Private Limited	3.79%	397.04	0.05%	0.82	—	—	0.05%	0.82	
<b>Total</b>	<b>4.13%</b>	<b>432.51</b>	<b>0.07%</b>	<b>1.29</b>	<b>0.00%</b>	<b>—</b>	<b>0.07%</b>	<b>1.29</b>	

## Notes to the Consolidated Financial Statements

## 41. Salient features of associates and joint ventures

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF  
ASSOCIATE COMPANIES / JOINT VENTURES (FORM AOC-1)

## Part "B": Associates and Joint Ventures

Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Description	Joint ventures			
	Utkarsha Aluminium Dhatu Nigam Limited	Khanij Bidesh India Limited	Angul Aluminum Park Pvt. Ltd.	GACL NALCO Alkalies & Chemicals Pvt. Ltd.
1. Latest audited Balance Sheet Date	31.3.2020	31.3.2020	31.3.2020	31.03.2020
2. Shares of Associate/ Joint Ventures held by the company on the year end	31.3.2020	31.3.2020	31.3.2020	31.03.2020
Nos.	1,00,00,000	40,000	1,62,23,900	24,00,00,000
Amount of Investment in Associates / Joint Venture (₹)	10,00,00,000	4,00,000	16,22,39,000	2,40,00,00,000
Extend of Holding %	50.00%	40.00%	49.00%	40.00%
3. Description of how there is significant influence	[refer note 41.2]	[refer note 41.2]	[refer note 41.2]	[refer note 41.2]
4. Reason why the associate / joint venture is not consolidated	—	—	—	—
5. Networth attributable to share holding as per latest audited Balance sheet (₹)	18,37,25,000	63,14,464	17,87,39,508	2,38,78,38,400
6. Profit /(Loss) for the year (₹)				
i. Considered in Consolidation	-1,62,75,000	(36,85,536)	49,37,185.12	(50,00,000)
ii. Not Considered in Consolidation	—	—	—	—

## Note:

41.1 None of the associates or joint ventures have commenced operations.

41.2 Voting power as per the percentage of equity held.

For Patro & Co.  
Chartered Accountants  
FRN-310100E

For GNS & Associates.  
Chartered Accountants  
FRN-318171E

(CA Ambika Prasad Mohanty)  
Partner (M No.:057820)

(CA Santosh Kumar Dehuri)  
Partner (M No.:053937)



## Notes to the Consolidated Financial Statements

## Status of Compliance to Ind ASs notified by MCA:

Ind AS	Nomenclature	Description
Ind AS 1	Presentation of Financial Statement	<ul style="list-style-type: none"> <li>— The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards and presented in the format prescribed under Schedule III to the Companies Act 2013, following the guidelines set out in Ind AS 1</li> <li>— The measurement basis used in preparing the financial statements and accounting policies adopted have been disclosed.</li> <li>— Information as required by Ind ASs (also discussed below against respective Ind AS) that are not presented elsewhere in the Financial Statements have been disclosed as Notes to it. The Notes to the Financial Statement also provides the information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.</li> </ul>
Ind AS 2	Inventories	<ul style="list-style-type: none"> <li>— Accounting policy adopted in measuring inventories including the cost formula used is disclosed at para 3.10 of the Significant Accounting Policy placed at Notes 3 of the Financial Statements</li> <li>— Disclosure in respect of classification of inventories and their carrying amounts, amount of inventory recognised as expenses, amount of any write-down of inventories recognised as an expense and inventory pledged has been made at note 15.</li> </ul>
Ind AS 7	Statement of Cash Flow	<ul style="list-style-type: none"> <li>— The cash flow statement using indirect method, whereby the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.</li> <li>— The cash flows are segregated into operating, investing and financing activities.</li> </ul>
Ind AS 8	Accounting Policies, Change in Accounting Estimates & Errors	<ul style="list-style-type: none"> <li>— Any change in accounting policy is applied retrospectively, unless impracticable, adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented.</li> <li>— Any Change in accounting estimate which gives rise to changes in assets and liabilities, or relates to an item of equity, is recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.</li> <li>— On discovery of any prior period error(s) with an impact of Rs.50 crore during a period, the error is corrected retrospectively as guided by the standard.</li> </ul>
Ind AS 10	Events after Reporting Period	<ul style="list-style-type: none"> <li>— The Company adjusts the amounts recognised in its financial statements to reflect the adjusting events after the reporting period.</li> <li>— Dividends declared after the reporting period are not recognised as a liability at the end of the period. However, suitable disclosure is made to this effect at Note :18.4.</li> </ul>
Ind AS 11	Construction Contracts	<ul style="list-style-type: none"> <li>— This standard is applicable in preparing the financial statements of contractors which are into the construction business. Not being a contractor for construction of any asset, Ind AS 11 is not applicable to the Company.</li> </ul>
Ind AS 12	Income Taxes	<ul style="list-style-type: none"> <li>— Relationship between tax expenses and accounting profit is explained through a numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate at Note 35.</li> <li>— Current tax and deferred tax relating to items that are recognised in other comprehensive income and directly in equity are recognised in other comprehensive income and equity respectively. Disclosures are made at Note 35.</li> </ul>
Ind AS 16	Property, Plant & Equipment	<ul style="list-style-type: none"> <li>— Measurement basis, useful life and method of depreciation followed for each class of property, plant and equipment has been discussed at para 3.4 of the significant accounting policy.</li> <li>— A reconciliation between opening carrying value and the closing carrying value stating addition during the period, disposals and depreciation expenses is placed at note 5.</li> </ul>
Ind AS 19	Employee Benefits	<ul style="list-style-type: none"> <li>— Long term employees benefits are categorised into three heads i.e. Defined Contribution Plans, Defined Benefit Plans and Other Long Term Employee Benefits. Company's contribution to provident fund and pension fund of the employees are recognised as defined contribution plans where as gratuity on superannuation, post retirement medical benefits, settling-in-benefit, NALCO benevolent fund scheme, NALCO retirement welfare scheme are recognised as defined benefit plans. Payments towards compensated absences, Long service rewards and NEFFARS are recognised as long term employees benefits.</li> </ul>

## Notes to the Consolidated Financial Statements

## Status of Compliance to Ind ASs notified by MCA:

Ind AS	Nomenclature	Description
Ind AS 19	Employee Benefits	<ul style="list-style-type: none"> <li>— Actuarial valuation of Company's obligation towards defined benefit plans and long term employees benefits have been made and the expenses/ income is recognised accordingly.</li> <li>— A reconciliation between the opening liability and the closing liability against each defined benefit obligations showing service cost, interest expenses/ income, rereasurement gains or losses due to change in demographic and financial assumptions are disclosed at note 31.B.</li> <li>— A sensitivity analysis of the actuarial assumptions showing how the defined benefit obligation would have been affected by changing the relevant actuarial assumptions is disclosed at note 31.C.</li> </ul>
Ind AS 20	Accounting for Government Grants and Disclosure of Government Assistance	— Grants received from the Government for assets is presented as deferred income. Accounting policy of in this regard is disclosed at para 3.15.
Ind AS 21	The Effects of Changes in Foreign Exchange Rates	— Accounting policies with regard to transaction in foreign currency has been disclosed at para 3.7 of the Significant Accounting policy.
Ind AS 23	Borrowing Cost	— The Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Disclosure in this regard has been made at para 3.14 of the significant accounting policy.
Ind AS 24	Related Party Disclosure	— Name of related parties, aggregated sales and purchase transaction with them, any outstanding balances against them and benefits paid to and loan outstanding against the key managerial persons has been disclosed at Note 39.
Ind AS 27	Separate Financial Statements	— Investments made in joint ventures and associates are presented at cost in the separate financial statements.
Ind AS 28	Investment in Associates & Joint Venture	— The Company adjusts its' share of profit in the profit or loss of the subsidiaries with the carrying amount of the investments in its consolidated financial statements using equity method.
Ind AS 29	Financial Reporting in Hyperinflationary Economics	— This standard is not applicable to the company as its' functional currency is not a currency of any hyperinflationary economy.
Ind AS 32	Financial Instruments Presentation	— All items of assets and liabilities have been segregated into financial and other assets and liabilities based on the definitions laid down in the standard and are presented as required in Schedule III.
Ind AS 33	Earnings per share	<ul style="list-style-type: none"> <li>— The Company has not issued any potential equity shares. Thus, both the Basic and Diluted EPS remains same.</li> <li>— Disclosure with regard to the weighted average number of equity shares and earnings for the period used in computation of EPS is made at Note 37.</li> </ul>
Ind AS 34	Interim Financial Reporting	— Being a listed entity, the Company prepares its interim financials as required by SEBI(LODR) Regulations,2015 in accordance with the recognition and measurement principles laid down in this standard on a quarterly basis.
Ind AS 36	Impairment of Asset	<ul style="list-style-type: none"> <li>— Accounting policy relating to impairment of various assets is disclosed at respective paras in the significant accounting policies.</li> <li>— The management reviews the carrying values of assets at each reporting date and assesses whether there is any indication that an asset may be impaired in accordance with the standard.</li> </ul>
Ind AS 37	Provisions, Contingent Liabilities and Assets	<ul style="list-style-type: none"> <li>— Accounting policies relating to Provisions, Contingent Liabilities and Assets are stated at para 3.8 of the Significant Accounting Policies.</li> <li>— Provisions are recognised when the company has a present obligation as a result of past events, legal or constructive, which requires out flow of resources to settle the obligation and can reliably be estimated considering the risks and uncertainties surrounding the event. Movement of different types of provisions are disclosed at note 22 (C).</li> <li>— In case of other obligations that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company contingent liabilities are disclosed at note 25 and in compliance with the requirement of Schedule III.</li> <li>— Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.</li> </ul>

## Notes to the Consolidated Financial Statements

## Status of Compliance to Ind ASs notified by MCA:

Ind AS	Nomenclature	Description
Ind AS 38	Intangible Assets	<ul style="list-style-type: none"> <li>— The accounting policy in this regard is mentioned at para 3.5 of the significant accounting policies.</li> <li>— The Company recognises expenditure on R&amp;D activities, payments towards NPV, expenditure on cluster projects and expenditure on softwares, which qualifies the conditions for recognitions laid down in the standard, as intangible assets.</li> <li>— Reconciliation of opening carrying amount and closing carrying amount of intangible assets showing additions, reduction and amortisation is placed at note 7.</li> </ul>
Ind AS 40	Investment Property	— The company does not have any investment property, thus the standard is not applicable.
Ind AS 41	Agriculture	— The company does not have any agricultural activity, thus the standard is not applicable.
Ind AS 101	First time Adoption of Indian Accounting Standards	— The Company adopted Ind AS in the year 2016-17 and hence this standard is no longer applicable.
Ind AS 102	Share Based Payments	— There is no such transaction during the year which involves share-based payments, hence the standard is not applicable.
Ind AS 103	Business Combination	— The standard is not applicable.
Ind AS 104	Insurance Contracts	— The standard is not applicable.
Ind AS 105	Non-Current Assets Held for Sale and Discontinued Operations	— The Company does not have any disposal group, thus no disclosure has been made.
Ind AS 106	Exploration for and Evaluation of Mineral Resources	— The Company has not incurred any expenses on exploration and evaluation of mineral resources, hence the standard is not applicable.
Ind AS 107	Financial Instruments Disclosure	— Disclosure as required by the standard with regard to classification of financial instruments, nature and extent of risk arising from the instruments both qualitative and quantitative are made at note 37.
Ind AS 108	Operating Segments	<ul style="list-style-type: none"> <li>— The Company has classified its operation into two segments i.e. Chemical Segment and Aluminium Segment based on the approach of the Chief Operating Decision Maker (CODM) what it takes while reviewing the performance of the Company.</li> <li>— Segment revenue, results, assets and liabilities, revenue from major products, geographical information and other segment information are disclosed at note 35.</li> </ul>
Ind AS 109	Financial Instruments	— Except investments in mutual funds and forward contract on foreign currency other financial assets and liabilities have been measured at amortised cost and same is disclosed at note 37.
Ind AS 110	Consolidated Financial Statements	— Consolidated financial statements are prepared considering the joint ventures and associates of the company following the equity method of consolidation.
Ind AS 111	Joint Arrangements	— The Company follows the principles set out in the standard for financial reporting of its interest in arrangements that are jointly controlled.
Ind AS 112	Disclosure of Interest in Other Entities	— The Company has two joint ventures whose summarised financial information and its reconciliation with the carrying amount of the interest are disclosed at note 9.
Ind AS 113	Fair Value Measurement	<ul style="list-style-type: none"> <li>— The Company has adopted the principles of fair value measurement as laid down in the standard while measuring its financial assets and liabilities.</li> <li>— Accounting policy in this regard is disclosed at para 4.2.6. of the Significant Accounting Policy.</li> </ul>
Ind AS 114	Regulatory Deferral Accounts	— The Company is not subject to any rate regulation, thus the standard is not applicable.
Ind AS 115	Revenue from contracts with customers	— The Company recognises revenue on completion of all its performance obligation relating to the contract with the customers.
Ind AS 116	Leases	<ul style="list-style-type: none"> <li>— The company identifies all leases wherever a contract is, or contains, a lease if it conveys the right to control the use of an identified asset (explicitly or implicitly specified in the contract) for a period of time in exchange of consideration, at the inception of the contract.</li> <li>— the company recognizes, "Right Of Use" ROU Asset at cost, and the Lease Liability is measured at the present value of all lease payments</li> </ul>

## 5 YEARS PERFORMANCE AT A GLANCE

## PHYSICAL

Sl. No.	Particulars	Units	2019-20	2018-19	2017-18	2016-17	2015-16
<b>1</b>	<b>Production:</b>						
	Bauxite	MT	73,02,245	72,30,546	70,25,109	68,25,000	63,40,142
	Alumina Hydrate	MT	21,60,500	21,52,500	21,05,500	21,00,100	19,53,000
	Aluminium	MT	4,18,373	4,40,242	4,25,515	3,87,422	3,72,183
	Power (Net)	MU	6,067	6,256	6,547	6,066	5,841
	Wind Power	MU	312	330	243	198	156
<b>2</b>	<b>Export Sales:</b>						
	Alumina	MT	12,40,704	12,44,256	12,76,775	12,43,103	11,74,224
	Aluminium	MT	56,898	38,463	75,847	100,591	94,671
<b>3</b>	<b>Domestic Sales:</b>						
	Alumina, Hydrate and Other Chemicals	MT	63,000	73,377	60,641	51,797	45,702
	Aluminium	MT	3,38,864	4,02,134	3,50,469	2,84,926	2,77,753
	Power (Net)	MU		11	24	30	31
	Wind Power	MU	162	330	243	198	156

## FINANCIAL

(₹ in Crore)

Sl. No.	Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
<b>A</b>	<b>Income Statement :</b>					
1	Exports	3,510.92	4,792.71	4,075.46	3,624.99	3,247.00
2	Domestic Sales	4,914.83	6,593.61	5,429.66	4,308.00	3,910.00
3	Gross Sales (1+2)	8,425.75	11,386.32	9,505.12	7,932.99	7,157.00
4	Less : Excise Duty	—	—	128.96	494.51	454.00
5	Net Sales (3 - 4)	8,425.75	11,386.32	9,376.16	7,438.48	6,703.00
6	Other Income :					
7	Operating	46.09	113.00	113.19	117.03	113.00
8	Non-operating	272.58	325.87	299.65	408.27	537.00
9	Operating Expenses	7,982.61	8,606.79	8,091.90	6,475.86	5,879.00
10	Operating Profit (5+7-9)	489.23	2,892.53	1,397.45	1,079.65	937.00
11	Exceptional Items	—	—	(824.08)	40.15	(54.00)
12	Earning before interest, dep. & taxes (EBIDT)(10+8 -11)	761.81	3,218.40	2,521.18	1,447.77	1,528.00
13	Interest & Financing Charges	5.74	2.38	1.95	2.69	1.00
14	Earning before dep. & taxes (EBDT) (12-13)	756.07	3,216.02	2,519.23	1,445.08	1,527.00
15	Depreciation and Amortisation	529.83	476.10	480.40	480.36	424.00
16	Profit before Tax (PBT) (14-15)	226.24	2,739.92	2,038.83	964.72	1,103.00
17	Provision for Tax	88.01	1,007.52	696.42	296.19	372.00
18	Net Profit (PAT) (16 - 17)	138.23	1,732.40	1,342.41	668.53	731.00
<b>B</b>	<b>Balance Sheet :</b>					
19	Equity Capital	932.81	932.81	966.46	966.46	1,288.62
20	Reserves & Surplus	9,055.26	9,551.70	9,538.35	9,239.33	11,906.13
21	Networth (19+20)	9,988.07	10,484.51	10,504.81	10,205.79	13,194.75
<b>C</b>	<b>Ratios :</b>					
22	Operating Profit Margin (OPM) (%) (10 / 5*100)	5.81	25.40	14.90	14.51	13.98
23	Net Profit Margin (%) (18 / 5 *100 )	1.64	15.21	14.32	8.99	10.91
24	Return on Networth (RONW)(%) (18/21*100)	1.38	16.52	12.78	6.55	5.54
<b>D</b>	<b>Others :</b>					
25	Book value per share of ₹5 each (in ₹)	53.54	56.20	54.35	52.80	51.20
26	Earnings per share (in ₹)	0.74	9.06	6.94	2.98	2.84
27	Dividend per share (in ₹)	1.50	5.75	5.70	2.80	2.00

**RECONCILIATION OF PUBLISHED QUARTERLY(REVIEWED)FINANCIAL RESULTS AND ANNUAL  
( AUDITED) FINANCIAL RESULTS FOR THE YEAR 2019-20**

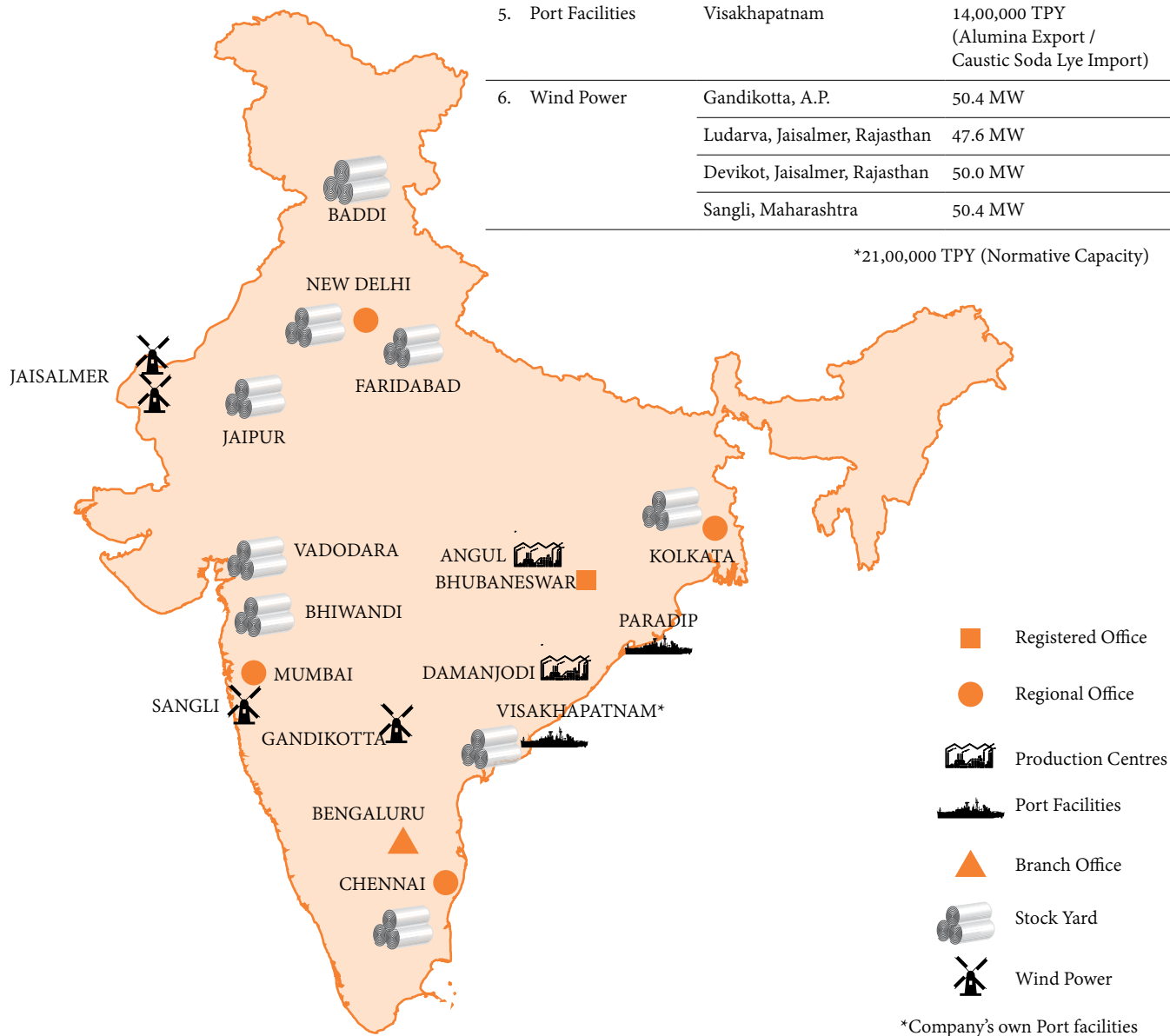
(₹ in crore except sl.no. 11 and 12)

Sl. No.	Particulars	1st Quarter (Reviewed)	2nd Quarter (Reviewed)	3rd Quarter (Reviewed)	4th Quarter (Reviewed)	Total of four quarters	Full Year (Audited)	Variiances
1	2	3	4	5	6	7	8	9
1	Revenue from Operation(Gross)	2084.08	2363.55	2088.35	1935.86	8471.84	8471.84	—
2	Other Income	61.39	56.56	48.22	106.41	272.58	272.58	—
3	Total Expenditure Excl. Depreciation	1871.35	2333.03	2055.66	1728.31	7988.35	7988.35	—
4	Depreciation & Provision	126.40	134.25	134.13	135.05	529.83	529.83	—
5	Profit Before Tax & Exceptional Items	147.72	-47.17	-53.22	178.91	226.24	226.24	—
6	Exceptional Items	—	—	—	—	—	—	—
7	Profit Before Tax	147.72	-47.17	-53.22	178.91	226.24	226.24	—
8	Provision for Tax	49.94	-18.82	-19.26	76.15	88.01	88.01	—
9	Net Profit (PAT)	97.78	-28.35	-33.96	102.76	138.23	138.23	—
10	Paid up Equity Share Capital	932.81	932.81	932.81	932.81	932.81	932.81	—
11	Earning per Share (₹) (Not annualised)	0.52	-0.15	-0.18	0.55	0.74	0.74	—
12	Aggregate of non-promotor Shareholding							
	Number of Shares	89,55,35,981	89,55,35,981	90,48,24,487	90,48,24,487			
	Percentage of Shareholding	48%	48%	48.5%	48.5%			

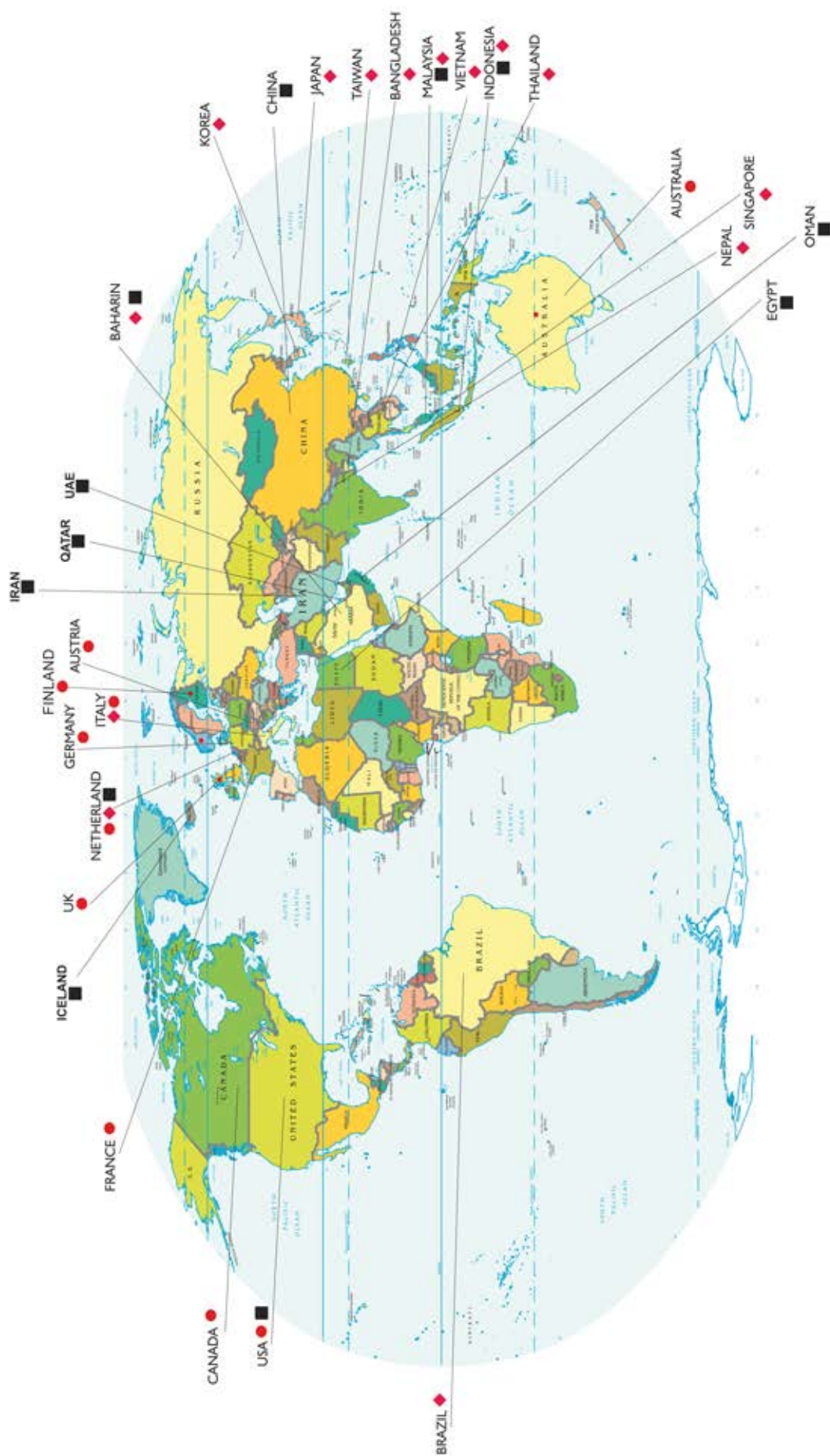
**NALCO'S VARIOUS PRODUCTION UNITS, THEIR LOCATION & INSTALLED CAPACITIES**

1. Bauxite Mines	Panchpatmali	68,25,000 TPY (North & Central Block) 31,50,000 TPY (South Block)
2. Alumina Refinery	Damanjodi	22,75,000 TPY*
3. Smelter Plant	Angul	4,60,000 TPY
4. Captive Power Plant	Angul	1,200 MW
5. Port Facilities	Visakhapatnam	14,00,000 TPY (Alumina Export / Caustic Soda Lye Import)
6. Wind Power	Gandikotta, A.P.	50.4 MW
	Ludarva, Jaisalmer, Rajasthan	47.6 MW
	Devikot, Jaisalmer, Rajasthan	50.0 MW
	Sangli, Maharashtra	50.4 MW

\*21,00,000 TPY (Normative Capacity)



# Global Reach



● TECHNOLOGY ASSOCIATES ■ ALUMINA EXPORT ◆ ALUMINIUM EXPORT



नालको  **NALCO**

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(A Govt. of India Enterprise)

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