



ABRIDGED
ANNUAL REPORT

2017-18

HINDALCO
INDUSTRIES
LIMITED

**BIG IN
YOUR LIFE**



GLOBAL LEADER IN ALUMINIUM AND COPPER



Mr. Aditya Vikram Birla
We live by his values

Integrity, Commitment, Passion, Seamlessness and Speed

THE CHAIRMAN'S LETTER TO SHAREHOLDERS



GLOBAL ECONOMY

The global economy is on a rebound. The International Monetary Fund (IMF) estimates indicate that the global real GDP grew 3.8% in CY17. This is the highest growth pace over the last six years. It is also the broadest synchronised global growth upsurge since CY10 as underlined by the IMF.

This impetus from a supportive monetary policy was further buoyed by a revival of investment spending in advanced economies. The expansionary fiscal and monetary policies in the US led to improved growth prospects. The US grew at 2.3% in CY17 as against 1.5% in CY16. Growth accelerated in Europe and Asia too.

The global economic recovery is expected to continue. For the current and the next year, a strong growth at 3.9% is projected. This positive outlook is somewhat clouded. Increased trade protectionism, rising international crude oil prices, geo-political risks and the uncertainty about normalisation of monetary policies in advanced economies from the highly accommodative conditions in the past are some of the factors that dim the outlook.

INDIAN ECONOMY

India's economy is emerging strongly from the transitory effects of demonetisation and the implementation of the Goods and Services Tax (GST). Although India's GDP growth slowed from 7.1% in FY17 to 6.7% in FY18, the economy recorded a seven-quarter-high GDP growth of 7.7% in the exit quarter of FY18. This reflects momentum.

India's macroeconomic indicators remain healthy. The fiscal deficit has been cut to 3.5% of GDP. India's foreign exchange reserves as at March end stood at a comfortable level of \$424 billion.

Investors seem to be positive on India's economic prospects. The Foreign Direct Investment (FDI) flows continue to be encouraging. India's global ranking on the ease of doing business notched up

India's economy is emerging strongly from the transitory effects of demonetisation and the implementation of the Goods and Services Tax (GST).

The Chairman's Letter to Shareholders (continued)

to 100 from 142 in barely four years, while the country's ranking on global competitiveness index has climbed from 71st in FY15 to 39th in FY17.

The prevailing sense of optimism accentuates India's continuing economic growth in the future as well. It is attributable to the country's solid fundamentals, such as deleveraging by corporates, resulting in much stronger balance sheets, better capacity utilisation with consumption demand becoming stronger and insolvency and bankruptcy process weeding out non-performing assets, among others. The Government's unwavering push for infrastructure projects – Bharatmala Pariyojana, airports, metros, affordable housing, urbanisation, smart cities and digitisation—are excellent stimulators for the economy's growth in the medium-term.

At the same time, we cannot ignore near-term challenges. The bucket of concerns consists of rising oil prices, hardening inflation, firming bond yields and widening current account deficit. The ongoing global trade frictions, particularly between the US and China, are worrisome and can have a spillover negative effect on countries like India. So, the terrain ahead could be a tad bumpy depending on the economic and geopolitical environment.

THE METALS SECTOR: IN BRIEF

The sector gained substantially from global economic growth, with a surge in demand from the user industries in both aluminium and copper. China controls about 50% of the world production and consumption of both the metals. In CY17, China implemented major reforms, resulting in environment-led closures in winter and a clamp permanently on all illegal capacities in aluminium.

Consequent to the Chinese actions, the average LME price of aluminium touched a five year high to \$ 1,969/ton, registering a growth of 23% in CY17 against a decline of 3% in CY16. The global demand barring China, reflected a growth of 3.5% in CY17 compared to 3% in the previous year. A robust growth by over 8% in CY17 for the second year in a row in China portends well. With the surge in demand and moderation in inventories, premiums increased across geographies. In Asia, premium coursed by 14% to \$100/ton in CY17 from \$88.5/ton in CY16.

The average LME price of copper in CY17 augmented by 27% to \$6,166/ton from \$4,862/ton in CY16. This was driven by the tight supply of copper concentrate in the global market, caused by disruptions in the world's two large copper mines in Indonesia

All the businesses, including aluminium and copper in India and Novelis Inc. (Novelis), continue to deliver remarkable operational and financial performance on the back of stable efficiencies, better realisations and supportive macros.

and Chile. The non-availability of concentrate in the global market moderated Tc/Rc. The demand for refined copper excluding China was a modest 1% in CY17 due to the abundance of scrap availability. The demand in China grew marginally at 4.5% in CY16 to around 5% in CY17.

The Indian aluminium industry showed a significant recovery in H2FY18, after a subdued H1FY18. The domestic demand of aluminium extended by 9% in FY18 vis-à-vis a moderate 1.5% growth in FY17. The domestic demand of primary copper increased by 6% in FY18 as against 2% in FY17.

Going forward, the thrust on building renewable energy, the emphasis on electrical vehicles and light weighting through increased usage of aluminium in railways, metros and mass transportation should generate significant long-term growth opportunities for the aluminium and copper sector in India. Furthermore, the ongoing government initiatives such as the creation of 100+ smart cities, the push for infrastructure, especially on rural infra development, along with Make-in-India and Digital India will stoke greater demand.

YOUR COMPANY'S PERFORMANCE

For your Company, this has truly been a record breaking year even as global markets experienced unusual volatility. Your Company registered its highest ever Consolidated EBITDA of ₹15,025 Crore on a turnover of ₹1,15,809 Crore. Your Company's aluminium and copper business in India and Novelis continued to deliver outstanding operational and financial performance. Stable efficiencies, better realisations and supportive macros were the major enablers.

Your Company (including Utkal) achieved record aluminium and alumina production levels at 1.29 million tons and 2.88 million tons respectively. All the plants operated at their designed capacities. The output of Value Added Products (including wire rods) stood at 479 kilotons.

In the Copper Business, Cathode production touched 410 kilotons, higher by 9% compared to the earlier year. CC Rod production was 156 kilotons, up by 4%. The new CCR#3 plant at Dahej was commissioned.

Novelis reported a remarkable performance this year with a record shipment of 3.2 million tons, higher by 4% over the previous year, and an EBITDA of \$1.2 billion, up by 12%. Their per ton EBITDA of \$381 is indeed notable. Novelis continues to improve its product mix by raising its share of automotive sector from 18% to 20%. Your Company intends to increase the share of recycling to 57% in FY18, from 55% in FY17.

DELEVERAGING

To further bolster the balance sheet, your Company has prepaid close to ₹ 8,000 Crore of long-term project loans in India. This has led to a significant improvement in the Consolidated Net Debt to EBITDA at below 3x at end March 2018.

WHAT GIVES US THE EDGE

Undeniably, our people, their dedication to work, their sense of belongingness and pride in the Group, their efforts in putting the organisation first and living our values give us an advantage over our competitors. I acknowledge their contribution and count on their continued commitment to take our business far ahead.

THE ADITYA BIRLA GROUP: IN PERSPECTIVE

The year FY18 has been a momentous year on all counts. We reached a record revenue of \$43 billion with an EBITDA of \$6 billion. Our Group's market cap crossed the \$50 billion mark. These spectacular achievements are a reflection not only of our growing size and scale, the inherent soundness of our strategies and operations, but importantly, a reflection of the enormous confidence that investors and other stakeholders have reposed in us.

I am delighted to share with you that Aon Hewitt, a reputed global consulting firm, in the 'Best Employers 2018' study conducted by them, have named our Aditya Birla Group as the 'Best Employer' in India.

Moving on to our people processes, what strikes me most is that the development and leadership aspects embedded in them, are all futuristic. I believe, we are headed in the right direction. Let me give you a flavour of what we have accomplished and how we are constantly refreshing and reengineering our HR initiatives.

Our Group HR has formulated a unique proposition for leadership development through the 2x2x2 formula. It is structured in a manner that accords opportunities to high talent to work in two businesses

across two geographies and in two functions. Such an approach should give a holistic experience and help prepare our future leaders.

I had apprised you earlier on the talent councils led by the Business Heads and Directors at the Group, business and at the functional levels. So far, more than 250 talent council meetings have been held with over 8,000 development conversations and actions initiated for these colleagues. I have attended several of these meetings and am much encouraged by the positivity and enthusiasm they generate among employees down the line. They rightly believe that talent will always bubble to the top.

More than ever before, in the people domain, two segments that have grabbed the attention of progressive corporates comprise the millennials and the gender diversity issue. In our Group, 52% of our executives are under 35 years of age. They are the leaders of tomorrow whom we need to groom today.

Today, women constitute over 14% of our employee force. Game-changing career-enabling policies have been introduced. These include work life issues such as maternity, childcare, flexi time, local commute and accompanied travel for the child and the caretaker. Alongside, as part of the family support initiative, paternity leave is also being provided.

For younger employees, through our flagship Aditya Birla Group Leadership Programme (ABGLP), we are building a robust talent pipeline at the entry, junior and middle levels, who will move into senior leadership over the years. From this cadre, over 350 youngsters have been placed across the Group.

Gyanodaya, the Aditya Birla Global Centre for Leadership and Learning, continues its commitment to prepare Profit and Loss (P&L) and manufacturing leaders through its Accelerated Leadership Development programmes. I take great pride in Gyanodaya bagging the Gold Award for the Best Corporate University – Culture and Brand in Global CCU Awards FY17 'for operating at the highest

I take great pride in Gyanodaya bagging the Gold Award for the Best Corporate University – Culture and Brand in Global CCU Awards 2017 'for operating at the highest levels of excellence and creating value for people, business and society'.

The Chairman's Letter to Shareholders (continued)

levels of excellence and creating value for people, business and society'.

The Sales, Marketing and Customer Centricity Academy and the HR academy enabled 1,765 managers to hone their expertise to greater heights. The Gyanodaya virtual campus continues to offer 900+ e-learning modules in multiple languages. During the year nearly 40,000 employees leveraged the e-learning programme.

We are enhancing our HR processes for scale, agility and consistent employee experience. A comprehensive HR assurance and excellence framework, the HR portal to enable the last-mile employee anytime anywhere connect and SeamEx, the Group HR Shared Services Centre are milestones in this journey, as they enthuse and energise our people.

IN SUM

Our Group's robust revenue growth, healthy EBITDA margins, efficient capital deployment and cash flow generation support our ambitious growth plans. Innovation and the spirit of entrepreneurship that our employees bring to work is amazing and a major contributor to our Group scaling newer heights year after year.

Yours sincerely,



Kumar Mangalam Birla

CHAIRMAN

I believe that the ongoing Government initiatives such as the creation of 100+ smart cities, the thrust on infrastructure, especially rural infra development, along with Make in India and Digital India will continue to support demand for aluminium and copper.

MESSAGE FROM THE MANAGING DIRECTOR



Dear Shareholders,

I am pleased to present to you our Annual Report for FY18. It was a remarkable year for Hindalco as all our businesses posted the highest-ever production numbers. Our record operational and financial performance was an outcome of stable operations at all the plants and efficient management of input costs, along with supporting macros.

A REMARKABLE PERFORMANCE

The stability of our operations is adequately reflected in the record production numbers achieved by our domestic aluminium and copper businesses, and the highest-ever shipments of 3.2 Mt registered at Novelis, our overseas 100% wholly-owned subsidiary in the US. As a result, our consolidated net profit grew 220% over FY17 to ₹6,083 Crore and we have delivered a record consolidated EBITDA of ₹15,025 Crore, up 11% over the previous year. In FY18, we prepaid ₹7,966 Crore of our long-term project loans in India. As a result, our consolidated Net Debt to EBITDA improved to 2.82 times versus 3.74 times in the previous year, thereby strengthening our balance sheet further.

During the year, we triumphed over the hurdles of over-supplied domestic markets and surge in input costs, particularly in carbon products and caustic soda. This was achieved by growing our aluminium EBITDA margin to its six-year-high level of 22.7%. Higher volumes and better realisation in value-added products aided EBITDA margin of the copper business as well. Pick-up in domestic aluminium demand, which grew around 10% in the year compared to a muted growth of 1.5% in the previous fiscal, was a key growth enabler for the domestic business.

During the year, revenues of our copper business grew by 15% which is commendable in view of the overall increased demand in the domestic market from 2% in FY17 to 6% in FY18, mainly on account of higher demand from end-user industries like computer and electronics, electrical equipment, machinery, and automotive.

Message from the Managing Director (continued)

We delivered record operational and financial performance in the year owing to efficient management of input costs and higher LME prices.

Novelis posted net profit of \$635 Million versus \$45 Million last year and an all-time high adjusted EBITDA of \$1.215 Billion, up 12% over FY17. It also reported record free cash flow of \$406 Million in FY18. The Company's continuous focus on automotive sheet has helped bolster the share of automotive shipments from 18% to 20% on a y-on-y basis in the overall dispatches during the year. Strong traction in the demand for Novelis' two major FRP products – beverage cans and automotive sheets – continued during the year. The trend of rising aluminium adoption by global automotive companies is growing at a rapid pace of 32% CAGR between FY10 to FY17, which has proved favourable for Novelis. With a dominating market share in this sector, Novelis is well-poised to tap into this growing opportunity.

Novelis' continuous focus on automotive has helped bolster the share of auto shipments from 18% to 20% on a y-o-y basis.

A PROMISING FUTURE

We have adopted a two-pronged growth strategy. First, we will continue to enhance and leverage our existing capabilities. Cementing our leadership position in existing businesses by staying aware of emerging and latent needs of our customers will be an integral part of our activities. Use of best-in-class technology and R&D capabilities will also enable us to achieve this. Second, we will expand in newer avenues to drive profitable growth. In the domestic aluminium business, we are looking to double the capacity in the high-margin, relatively-stable downstream segment. Similarly, in the domestic copper business, we will focus on growing both the upstream and downstream segments and will strive to achieve a healthy balance between volume and realisation growth.

Currently, we are solely importing the input, i.e. copper concentrate, which comes with its own set of challenges. We are looking to step up the visibility on sourcing copper concentrate and to bring down

its costs. This can be done by entering into long-term sourcing contracts as well as by making strategic investments a part of our long-term strategy.

For Novelis, the focus is on further enhancing the share of automotive sheets and increasing the proportion of use of the recycled contents across products. The recent announcement of adding approximately 200 Kt capacity of an automotive finishing line in Guthrie, Kentucky, in the US is a major step in this direction. It is expected to help in maintaining Novelis' global market leadership position. We will also explore making acquisitions strategic to our businesses at reasonable valuations. Overall, we will continue to create value for our stakeholders in a sustainable and responsible manner.

Cementing our leadership position in existing businesses by staying aware of the emerging and latent needs of our customers is an integral part of our activities.

Before I end, I would like to extend my heartfelt gratitude to each of our employees without whom we would not have achieved this position today. Their untiring efforts and loyalty towards the organisation will ensure that we grow from strength to strength. I will also request all our stakeholders to continue supporting us in our growth journey.

We see our stakeholders as our pillars of strength, empowering us to impact Millions of people in a positive manner, to fulfil our dream of becoming big in your life.

Yours sincerely,



Satish Pai

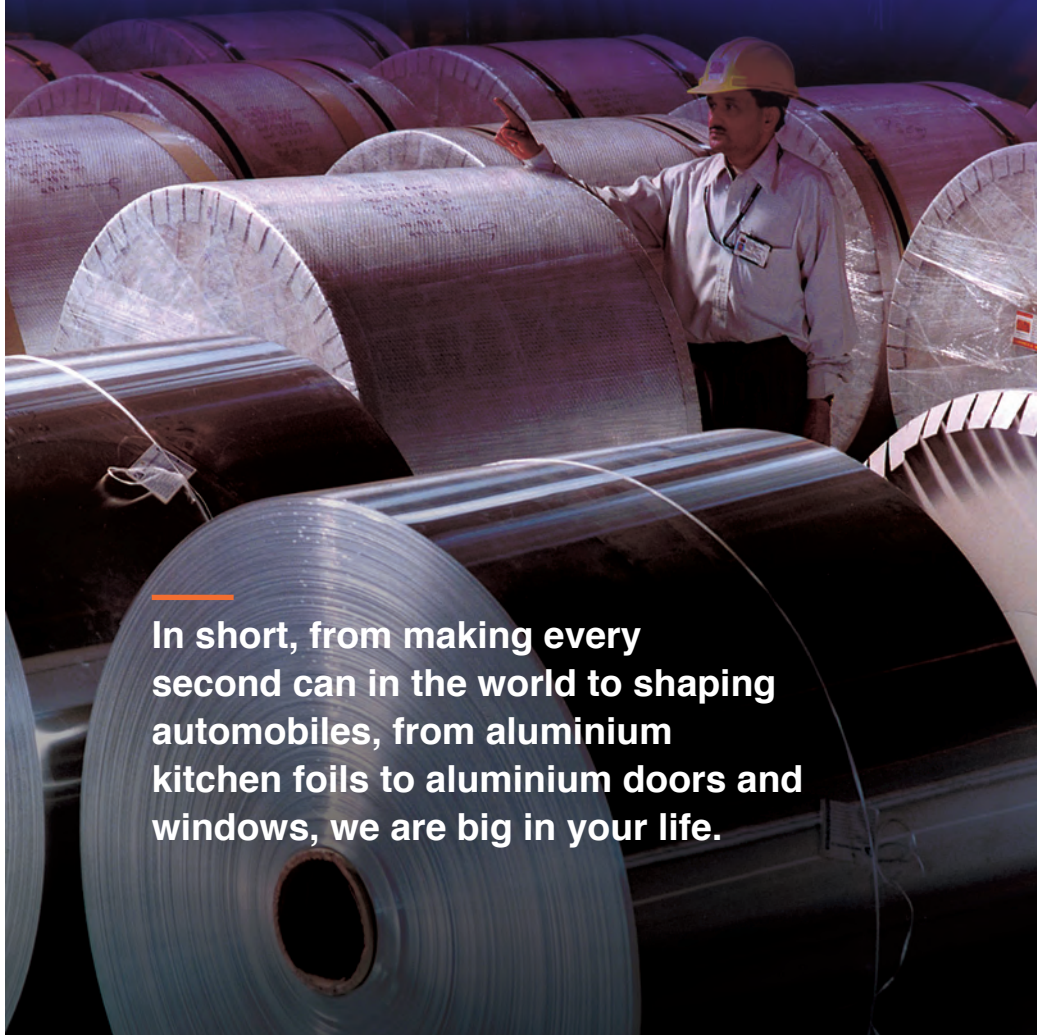
MANAGING DIRECTOR

BIG IN YOUR LIFE

Our relentless efforts over the past six decades have made Hindalco Industries Limited (Hindalco) a force to reckon with in the global aluminium and copper industries. With scale and ubiquity, we have touched lives of millions of people. Our products are helping you do better and achieve more, making us a big part of your life.

One of the largest aluminium rolling companies in the world and amongst the leading producers of primary aluminium in Asia. Our subsidiary, Novelis, is the world's largest aluminium Flat-rolled Products (FRP) producer. With a global team of over 35,000 people, we are continually scaling new horizons. Another big facet of ours is an extensive product suite that empowers homes with kitchen appliances, foils and doors and windows and includes world-class consumer electronics products such as cables and conductors, light reflectors, beverage cans, heat sinks, solar panels and insulation, among many others.

We are partners in the growth of multiple industries such as automobiles, power generation and transmission, industrial machinery components, packaging, etc., which together enable making your life easier every day. We are also a prominent supplier to India's defence and space applications.



In short, from making every second can in the world to shaping automobiles, from aluminium kitchen foils to aluminium doors and windows, we are big in your life.

Management Discussion & Analysis



Hindalco Industries Limited (HIL), the metals flagship company of Aditya Birla Group, is among the global leaders in aluminium and copper manufacturing. It is the world's largest aluminium rolling company and one of Asia's principal producers of primary aluminium. In India, the Company's aluminium units envelop the gamut of operations from bauxite mining, alumina refining, coal mining, captive power generation and aluminium smelting to downstream value addition of aluminium rolling, extruding and foil making.

Its state-of-the-art copper facility houses one of the world's largest custom smelter with its downstream facilities, a

fertiliser plant and a captive jetty at a single location. It produces copper cathodes and continuous cast copper rods (CCR) along with other byproducts.

Novelis Inc., Hindalco's wholly-owned subsidiary, is the leading producer of flat-rolled aluminium products and the world's largest recycler of aluminium. It provides innovative solutions in beverage cans, automobiles and specialty markets. Novelis operates an integrated network of technically advanced rolling and recycling facilities across North America, South America, Europe and Asia. It leverages its global manufacturing and recycling footprint to deliver consistent, high-quality products around the world.



FY18 was a remarkable year for the Company in operational and financial performance. Hindalco continued its accelerated deleveraging and prepaid long-term loans of around ₹8,000 Crore in FY18, supported by strong business performance. This helped to significantly improve the consolidated Net Debt to EBITDA ratio to 2.82 times at the end of FY18.

Key Highlights of Overall Operational and Financial Performance:

- FY18 was a year of operational excellence for the Company in which it achieved:
 - Highest-ever aluminium production at 1,291 Kt
 - Highest-ever Alumina production at 2,881 Kt (including Utkal, the wholly-owned subsidiary)
 - Production of India value-added products (VAP) in India (including wire rods) was 479 Kt in FY18.
 - Highest ever copper cathode production at 410 Kt
 - Highest ever overall shipments in Novelis of 3.2 Million Tonnes in FY18, 4% higher compared to FY17.
 - Automotive shipments in Novelis increased by 11%, representing 20% of the overall FRP shipments in FY18. Recycled inputs increased from 55% in FY17 to 57% in FY18
- Consolidated Revenue for FY18 stood at ₹1,15,809 Crore
- Achieved highest-ever Consolidated EBITDA of ₹15,025 Crore, up 11% over the previous year:
 - Recorded Adjusted EBITDA (excluding metal price lag) up 12% to \$1.215 billion in Novelis
 - Novelis also achieved highest ever adjusted EBITDA/ Ton of \$381 in FY18.

KEY INITIATIVES:

The Company commissioned the new Continuous copper cast rod plant (CCR#3) at Dahej, Gujarat, during the year. This will increase the copper rod capacity to cater to the increasing demand in domestic market.

Utkal's brownfield capacity expansion, by 500 Kt, also commenced during FY18 and is expected to be completed in the next 30 months. The project work has total capital outlay of around ₹1,300 Crore. This will strengthen integration and boost availability of best-in-class alumina to the Company's aluminium smelters in India.

During FY18, Novelis completed a joint venture to establish Ulsan Aluminium in South Korea by selling approximately 50% of its ownership in Ulsan Plant to Kobe Steel for \$314 million, which has helped unlock value for Novelis. With its objective to invest in world-class assets and technical capabilities to meet the increasing global demand for aluminium from the automotive market, Novelis announced plans to setup a 200 Kt automotive finishing facility in Guthrie, Kentucky in the US, which is expected to be commissioned in CY20. Novelis has also agreed to acquire the operating facilities and manufacturing assets at its plant in Sierre, Switzerland, that has historically been leased.

1. INDUSTRY ANALYSIS

1.1 Aluminium Segment and Industry Review

Environment led winter cuts coupled with permanent closures of illegal capacities in China were the major highlights of CY17 in the aluminium industry. These Chinese reforms had major impact on the aluminium industry as China controls 50% of global production and consumption.

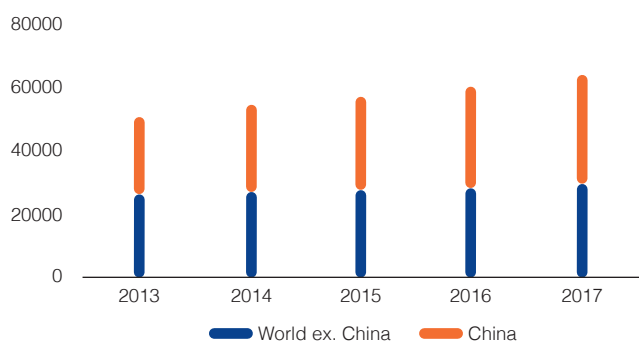
The second half of FY18 witnessed robust recovery in global economic activity, which in turn generated demand for

Notwithstanding the supply-side reforms in China that were expected to curtail production, production grew at a significant rate of around 13% in CY17, to 36 MnT, compared to growth of around 4.2% in CY16. On the contrary, production in the World ex. China was flat at 27.2 MnT in CY17 compared to 26.9 MnT in CY16 on account of decline in production in the Middle East and Western Europe. Only India witnessed an increase in the production of aluminium. Australia and North America also continued to witness a decline in production in CY17.

After five years and seven months, LME price of aluminium crossed the \$2,100/t mark in October 2017 to \$2,130/t. There were multiple factors which supported the LME price of aluminium in 2017. The major being Chinese supply reforms such as winter cuts and permanent closures of illegal capacities on the back of increase in global demand.

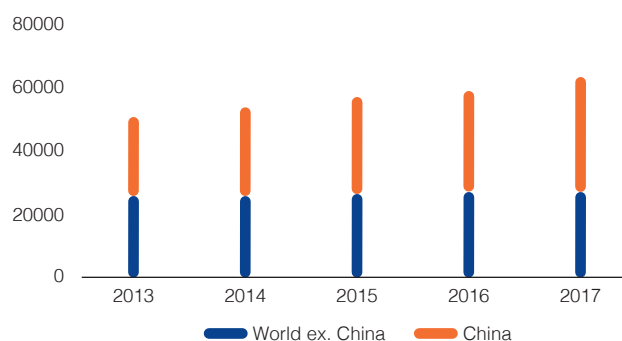
In the later half of 2017, surge in input costs coupled with low inventory levels led to an increase in the price of aluminium in the global market. The average value of LME price of aluminium rose around 23% to \$1,969/t in 2017 compared to \$1,604/t in 2016. Along with the prices, premiums also witnessed a sharp upturn in 2017 due to supportive demand

GLOBAL CONSUMPTION OF PRIMARY ALUMINIUM (Kt)



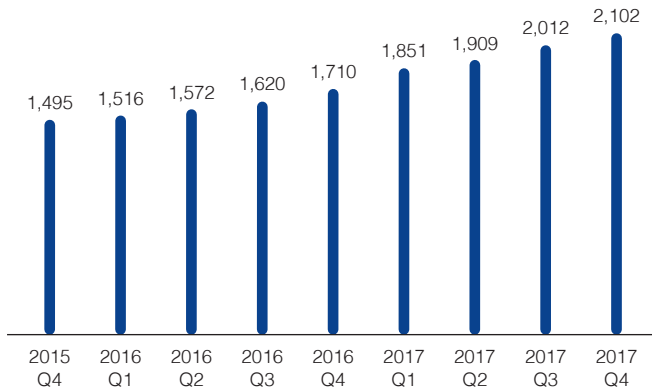
primary aluminium. In CY17, primary aluminium consumption touched around 64 MnT compared to approximately 60 MnT in CY16. Demand in China registered growth of over 8% for the second year in a row, driven primarily by the Transportation, Packaging and Industrial segments. In the world excluding China, demand grew by around 3.5% in CY17 against growth of around 3.0% in CY16. Surge in demand from North America, Europe, Japan and Brazil supported the growth of primary aluminium. Transportation, and building and construction, were the major user industries that supported the demand in the world ex. China in CY17.

GLOBAL PRODUCTION OF PRIMARY ALUMINIUM (Kt)



and low inventory levels. The average value of premiums at Main Japanese Port (MJP), European Rotterdam Premium and US Midwest premium in 2017 was \$100/t, \$147/t and 9 Cents/lb respectively as against \$88/t, \$129/t and 7.6 Cents/lb, respectively in 2016.

The average value of LME price of aluminium rose around 23% to \$1,969/t in 2017 compared to \$1,604/t in 2016.

MULTIPLE FACTORS SUPPORTED LME AT HIGHER LEVEL (\$/t)

In the domestic market, production maintained robust growth in FY18 by registering increase of 18% against 17% in FY17. On the other hand, consumption in H1 FY18 was subdued. However, consumption picked up in H2 FY18 and ended the year at growth of 9% compared to slow growth of around 1.5% in the previous year. The transportation and packaging including foil stock sectors were the major demand drivers in FY18. Imports continued to be the concern area for domestic players as the market share of imports was still above 50% in FY18. The overall imports including scrap touched at 1,957 Kt in FY18 compared to 1,750 Kt in FY17, registering growth of 12%.

1.1.1 Outlook

Since the beginning of CY18, the aluminium industry and the LME price of aluminium are being majorly impacted by US trade policies and announcement of sanction on UC Rusal created volatility in the global market. The US imposed tariff of 10% on aluminium imports under Section 232. This led to restarting of some aluminium smelters in the US in CY18. However, the actual impact of restarts of smelters in the US is likely to be felt after CY18. It is expected that China will continue to focus on environmental issues which in turn may adjust the production of primary aluminium going forward.

The global aluminium supply is likely to touch around 65 to 66 MnT in CY18 compared to around 64 MnT in CY17 on the back of US tariffs and likely continuation of Chinese reforms. The production in the world ex. China is expected to be around 27.5 to 28 MnT in CY18 from production of 27 MnT in CY17. The increase in production in CY18 is likely to come largely from India and the Middle East.

The global consumption of primary aluminium is expected to touch around 66 to 67 MnT in CY18. Transport, construction and machinery and equipment are among the few user industries that are expected to drive the demand for primary aluminium in CY18. India, the Middle East and the US are likely to post rapid growth in demand in the world excluding China during the same period.

In China, the Government is subduing expansion of credit offtake in the economy and has implemented policies in the real estate sector to cut down speculation. In the electrical sector the Chinese Government spending is not increasing significantly for the aluminium demand to rise. Therefore, Chinese demand may moderate from growth of 8% in CY17 to 6% in CY18. The growth in CY18 is expected to come from the increase of use of aluminium in the transportation sector.

On the LME side, surge in input cost, expected rise in demand and possible implementation of winter cuts in China for the second year in a row, are some of the factors likely to impact LME price of aluminium positively in CY18. On the other hand, emergence of trade protectionism and strong dollar value coupled with more than expected moderation in Chinese demand may put downward pressure on LME price of aluminium.

On the domestic front, we expect demand to recover significantly in FY19 with the surge in industrial activity. The power, packaging and transport sectors are the likely demand drivers of aluminium in India in FY19. The domestic imports of aluminium products, including scrap, are growing significantly, which is a major concern for the domestic aluminium producers.



1.2 Copper Segment and Industry Review

The year gone by witnessed a copper concentrate supply crunch due to major mine disruptions at the world's top two copper concentrate mines. The first disruption had occurred in Indonesia where the Government was nationalising natural resources, as a result of which production was halted for months. The other major disruption took place due to labour negotiations for wage hikes at the world's largest mine in Chile. These disruptions took few months to end, affecting concentrate supplies in the first half of 2017. In the second half, supplies returned to normal and posted marginal market surplus of around 40 Kt, from surplus of around 90 Kt in CY16. The adverse concentrate market led to decline of benchmark Treatment Charge and Refining Charge (Tc/Rc) value for the second year in a row, by about 5%, in CY17 against a decline of 9% in CY16. The Spot TC/RC, which was already 5% lower as compared to the benchmark starting of CY17, declined steadily during the year and was 11% lower compared to the benchmark by the yearend, reflecting a tightened copper concentrate market.

The LME price of copper recorded volatility during CY17. At the beginning of the year, the LME price of copper increased due to mines disruption coupled with the continuous recovery in global economic activities. This trend continued throughout CY17, mainly on account of improved global market sentiments, lowering of the quota for importing scrap in China and decline in global inventories.

On the demand side, global consumption of refined copper in CY17 grew at almost the same rate as in CY16, that is 2.5%. The major demand drivers being the user industries like construction, electrical and power and consumer durables. Growth in Chinese demand was at 5% in CY17

vs 4.5% in CY16 on account of robust growth in the construction, renewable energy and consumer durables sectors. Whereas overall world ex. China continued to witness lower growth of ~0.5% in CY17 against growth of 1% in CY16.

According to the latest data on imports released by Directorate General of Foreign Trade (DGFT), overall demand in the domestic market increased from 2% in FY17 to 6% in FY18, mainly on account of increase in demand from end-user industries like computer and electronics, electrical equipment, machinery, and automotive. The significant growth in demand came in H2 FY18, after subdued H1 FY18.

In India, production grew by 5.5% in FY18 compared to 0.3% in FY17. The low-cost imports from Foreign Trade Agreement (FTA) countries, at 35% market share in domestic market, remained a concern for domestic players.

1.2.1 Outlook

Globally the demand for refined copper is likely to touch around 24 MnT in CY18, thereby registering growth of around 3%. The major growth in demand is expected to come from China and India. China is likely to face moderation in the construction sector due to Government policies. However, due to lowering of the quota in the category and scrap import in China, demand of refined copper may get marginal support. It is expected that demand of refined copper in CY18 will grow by 3%, primarily supported by lower scrap imports and increasing demand from the power and consumer durables sectors.

In the copper concentrate market, CY18 benchmark Tc/Rc reflects further tightness in concentrate availability and settled at 11% lower compared to CY17. The expectation at the beginning of the year was tighter, however, the recent disruptions in some of the smelters at Philippines and India have resulted in change in the outlook for CY18. This has led to spot Tc/Rc improving from \$70/c7 in Q1-CY18 to nearly the benchmark level in June 2018. The market balance for the remaining CY18 will depend on the timing of the restart of these smelters. CY19 is expected to be a deficit year mainly due to likely disruption at the world's second-largest mine in Indonesia because of its shifting operations from open pit to underground mining.

In the domestic market, demand of refined copper is expected to grow further to around 10% in FY19 from growth of 6% in FY18. The growing demand from the power sector, Government thrust on renewable energy and increasing demand in the housing segment will lead the demand of copper in India.

1.3 Novelis – Aluminium Rolled Products and Industry Review

Aluminum rolled products are semi-finished merchandise that constitute the raw material for the manufacture of finished goods ranging from automotive structures and body panels to food and beverage cans. Economic growth and material substitution continue to drive increasing global demand for aluminum and rolled products. Global beverage can sheet overcapacity, increased competition from Chinese suppliers of flat rolled aluminum products, and customer consolidation are also adding downward pricing pressures on the beverage can sheet market.

In the domestic market, demand of refined copper is expected to improve significantly in FY19.

Meanwhile, demand for aluminum in the automotive industry continues to grow, which drove the investments we made in our automotive sheet finishing capacity in North America, Europe and Asia. This demand has been primarily led by the benefits that result from using lighter weight materials in the vehicles, as companies respond to Government regulations driving improved emissions and better fuel economy, while also maintaining or improving vehicle safety and performance.

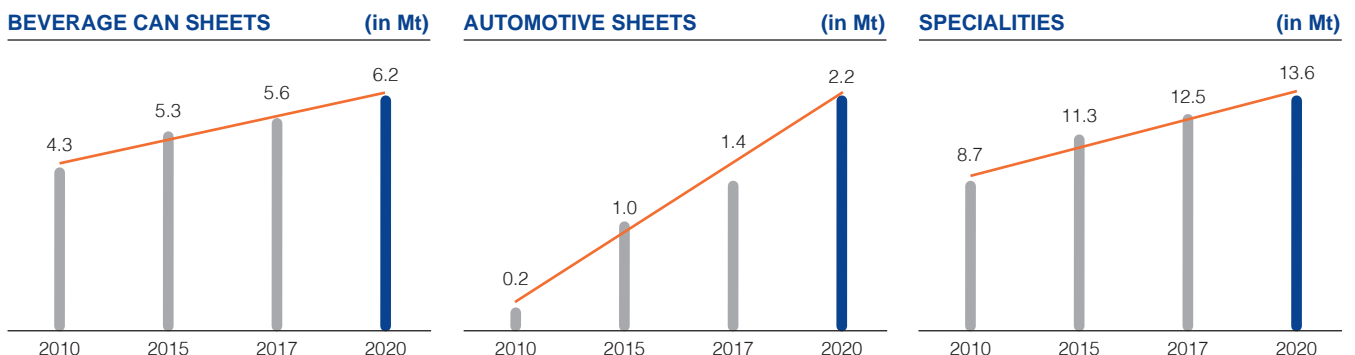
1.3.1 Outlook

With respect to the markets in which Novelis is operating, the demand for aluminium flat rolled products, mainly in beverage cans, automobile and specialty markets, remained strong. It remained high for beverage cans as the market has grown at CAGR of 4% between CY10 to CY17 and is expected to grow at the same pace in the coming years.

In the automotive segment, aluminium-intensive vehicles continue to be a core part of the market, with increased adoption of aluminium globally, driven by focus on EV, energy efficiency and light weighting. The use of aluminium in the automotive market has also grown at CAGR of 32% between CY10 to CY17 and is expected to grow to 2.2 Mt by CY20.





The specialties market has grown at CAGR of 5% between CY10 to CY17 with strong global demand and is expected to reach 13.6 Mt by CY20.

GLOBAL ALUMINIUM FRP MARKET SIZE



2. BUSINESS SEGMENT REVIEW

2.1 Hindalco – SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
			
India Aluminium			
<ul style="list-style-type: none"> • Integrated business model generating healthy cash • Dominant player in India across upstream and downstream • Utkal - amongst the most economical and efficient; Capacity expansion planned • Increased focused on Value added products (VAP) 	<ul style="list-style-type: none"> • Commodity product with smaller share of VAP today 	<ul style="list-style-type: none"> • Immense headroom for growing-current domestic aluminium consumption at 1/12th of global average • Increasing aluminium penetration in segments like B&C, Auto, Packaging bodes well for VAP • Substitution opportunity vs Steel, uPVC, Wood, etc. 	<ul style="list-style-type: none"> • LME, forex and raw material price volatility • Competition from China • Threat of imports - scrap and VAP • Domestic availability / shortage of coal and bauxite
Novelis			
<ul style="list-style-type: none"> • Global presence – across 10 countries. Enabling global play with marquee customers • Market leader in can and auto aluminium flat rolled products (FRP) • 57% share of recycling in Novelis portfolio – cost competitiveness • Strategy of deploying healthy cash flow to grow capacity and stay ahead of the market 	<ul style="list-style-type: none"> • Lack of access to Shanghai Future Exchange (SHFE) metal in China 	<ul style="list-style-type: none"> • Growing penetration of aluminium cans for beverage and food packaging in emerging markets • Growing auto market driven by EV, energy efficiency and lightweighting agenda across the globe • Foray into aerospace and defence 	<ul style="list-style-type: none"> • Increasing tariffs and protectionist measures • Widening LME-SHFE gap, hampering competitiveness in China • Price erosion on account of growing competition • Stagnating carbonated soft drinks & beer consumption in US and EU
Copper			
<ul style="list-style-type: none"> • Balanced portfolio of revenue streams to tide through a volatile market • Secured concentrate supply • Increased focused on VAP 	<ul style="list-style-type: none"> • Import dependence for copper concentrate 	<ul style="list-style-type: none"> • Immense headroom for growth due to lower consumption vs. global average 	<ul style="list-style-type: none"> • Mine disruptions • Duties & FTAs – Trade politics • Oversupply in India

2.2 Operational Performance & Financial Review

Financial Table – Hindalco Standalone & Consolidated

Description	Standalone		Consolidated	
	FY18	FY17	FY18	FY17
Revenue from Operations	43,435	39,383	1,15,809	1,02,631
Earnings Before Interest, Tax and Depreciation (EBITDA)				
Aluminium	3,708	3,473	4,692	4,033
Copper	1,539	1,456	1,594	1,438
Novelis	-	-	7,903	7,194
Others (including other income)	825	890	836	894
Total EBITDA	6,072	5,819	15,025	13,558
Depreciation including impairment	1,617	1,428	4,606	4,469
Finance Cost	1,901	2,323	3,911	5,742
Earnings Before Exceptional Items and Tax	2,554	2,068	6,508	3,347
Exceptional Income/(Expenses) (Net)	(325)	85	1,774	(8)
Profit Before Tax	2,229	2,153	8,157	3,315
Tax	792	596	2,074	1,433
Profit/(Loss) After Tax (attributable to the owners of the Company)	1,436	1,557	6,083	1,900

Post the applicability of GST with effect from July 1, 2017, Revenue is required to be disclosed net of GST as per requirement of Ind AS 18, 'Revenue'. Accordingly, the Revenue figures for the quarter and fully year ended March 31, 2018, are not comparable with the previous periods.

2.2.1 Hindalco Aluminium Business (Excluding Novelis)

Revenue for Hindalco's aluminium business (excluding Novelis) touched ₹21,396 Crore in FY18 compared to ₹20,602 Crore in FY17, up by 4%.

EBITDA was higher by 16% at ₹4,692 Crore compared to the previous year at ₹4,033 Crore, backed by higher realisations and supporting macros.

In the consolidated financial statements, within the aluminium segment, the significant entries are Hindalco and Utkal Alumina International Ltd. Since Utkal Alumina is a wholly owned subsidiary of Hindalco and supplies substantial quantity of its production to Hindalco, we have analysed the combined performance of Hindalco's aluminium business along with Utkal Alumina.

PAT
(Consolidated)

₹6,083 Crore

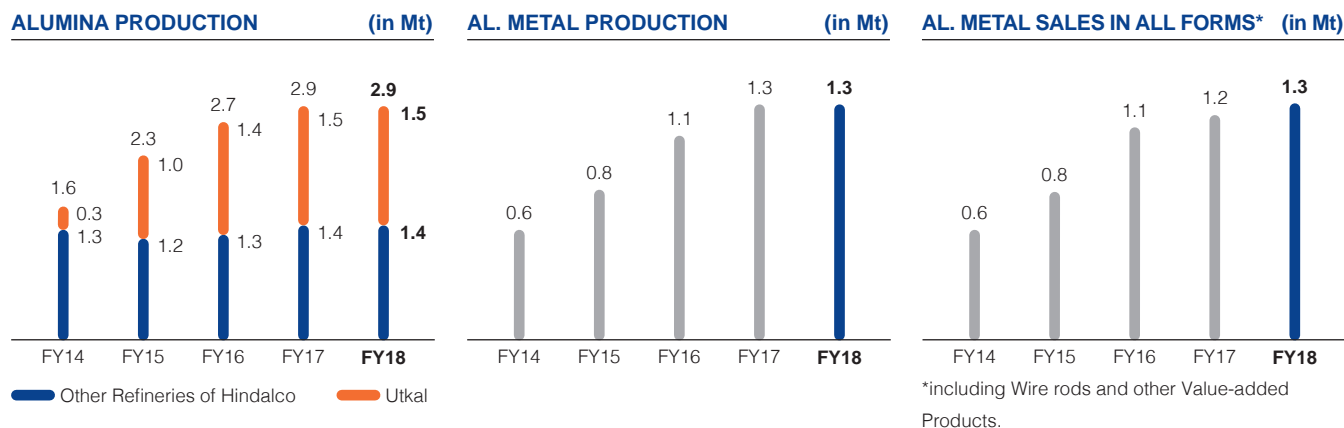
↑ 220% y-o-y

2.2.2 Operational Overview – Hindalco Aluminium (Plus Utkal)

The Company has achieved remarkable performance in its aluminium business in FY18 as all its manufacturing units were operating at their designed capacities and stable operations. It has achieved record production of aluminium metal at 1.29 Mt and alumina at 2.88 Mt in FY18. The overall metal sales in all forms stood at 1.27 Mt in FY18 compared to 1.24 Mt in FY17, showing marginal increase of 2%.

Utkal Alumina continues to be the most economical and an efficient alumina producer globally as it ran at maximum capacity producing 1.5 Mt of world-class alumina and providing strong support to Hindalco's smelting facilities, leading to better cost optimisation. The production of VAP including the wire rods was 479 Kt in FY18.

On the coal side, the Company has further secured around 3.2 Mt of coal in the linkage auctions concluded during FY18. With this, the total quantity secured through coal linkages reached to 11.9 Mt translating to about 71% of the annual coal requirement of Hindalco. Overall annual requirement of coal is currently secured for close to 94%, through long-term linkages and captive mines. Currently three captive mines that is Gare Palma IV/4, Gare Palma IV/5 and Kathautia are fully operational. The captive mine at Dumri is in the process of obtaining necessary statutory clearances by the end of FY19.



2.2.3 Financial Overview Hindalco Aluminium (plus Utkal)

Aluminium revenue including Utkal for FY18 was at ₹21,089 Crore compared to ₹20,327 Crore in FY17 reflecting growth of 4% over the previous year, driven by higher sales of aluminium metal, better realisations and supportive macros. The EBITDA was ₹4,790 Crore in FY18, up 17% compared to ₹4,094 Crore in FY17 on account of stable operations with supporting macros, despite increase in cost of major inputs like caustic soda and carbon products.

(₹ Crore)			
Description	FY18	FY17	% Change
Revenue	21,089	20,327	4%
EBITDA	4,790	4,094	17%

Revenue
(Hindalco Aluminium plus Utkal)

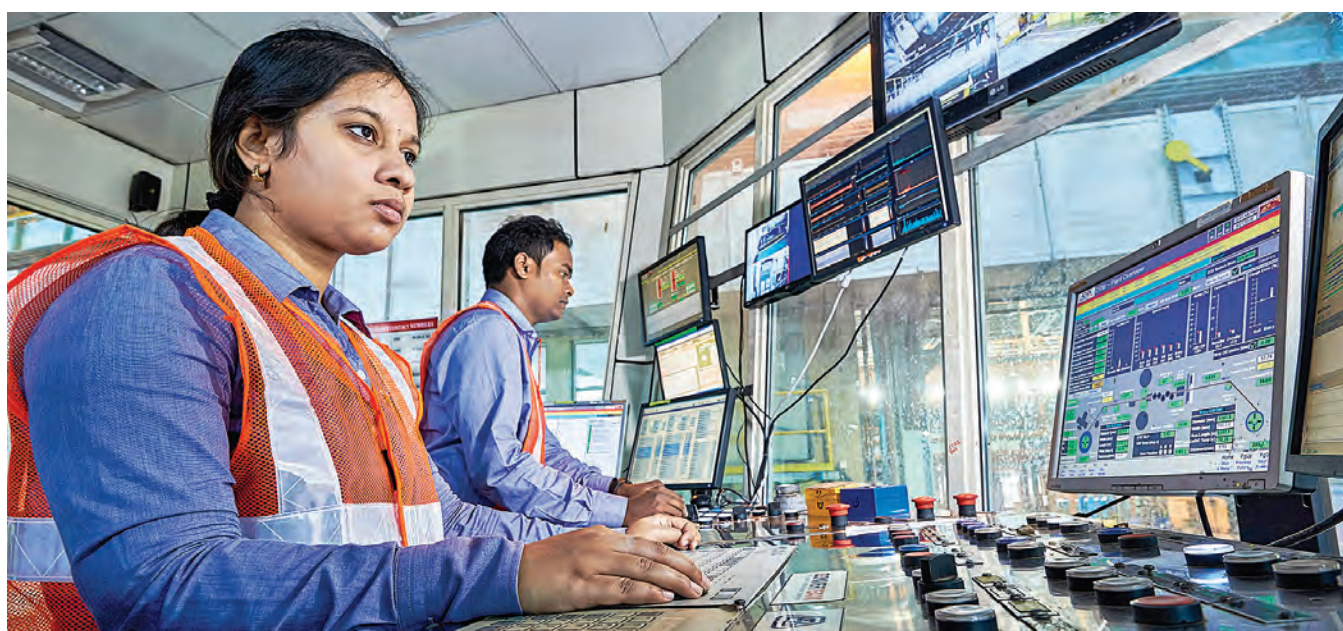
₹21,089 Crore

⬆️ 4% y-o-y

EBITDA
(Hindalco Aluminium plus Utkal)

₹4,790 Crore

⬆️ 17% y-o-y

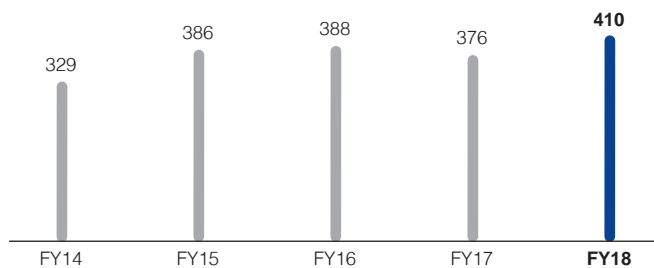


2.3 Copper Business Review

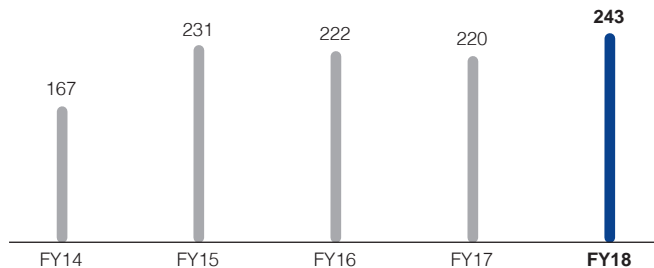
2.3.1 Operational Overview

The copper business reported highest-ever volumes and continues to deliver strong performance in FY18. Cathode production was the highest ever at 410 Kt in FY18, which was 9% higher than FY17. Copper cathode rod production stood at 156 Kt in FY18, up by 4% compared to FY17. The production of Di-Ammonium Phosphate (DAP) was lower at 205 Kt in FY18 compared to 301 Kt in FY17 due to some operational issues which were resolved in April-May 2018.

CATHODE PRODUCTION (Kt)



CATHODE SALES (Kt)



2.3.2 Financial Overview (Copper Business)

The copper revenue for FY18 stood at ₹22,371 Crore compared to ₹19,408 Crore in FY17 reflecting growth of 15%, driven by better realisations in VAP and increase in overall volumes.

EBITDA in the copper business was ₹1,539 Crore in FY18, up 6% compared to ₹1,456 Crore in FY17 on account of higher by-products realisation and volumes in FY18. The Tc/Rc was marginally lower in FY18 versus the previous year.

(₹ Crore)

Description	FY18	FY17	% Change
Revenue	22,371	19,408	15%
EBITDA	1,539	1,456	6%

2.4 Novelis Business Review

2.4.1 Operational Overview

Novelis Inc., the world's leading aluminum rolling and recycling facility, continues to report remarkable performance for the fiscal with a significant year-over-year increase in the adjusted EBITDA, net sales, net income, free cash flow and overall shipments in FY18. This was mainly driven by its focused strategy to improve operational efficiencies, increasing shipments of auto products, and key investments into the growing automotive capacities to secure its global leadership position in the aluminium industry.

Over the last year, Novelis has achieved record automotive shipment levels, supporting new product launches including the Land Rover Velar, Jaguar I-PACE, Ford Expedition, Lincoln Navigator and Jeep Wrangler and continues to collaborate with customers to launch electric vehicle platforms such as the new NIO ES8 and the London Electric Taxi in the coming years.

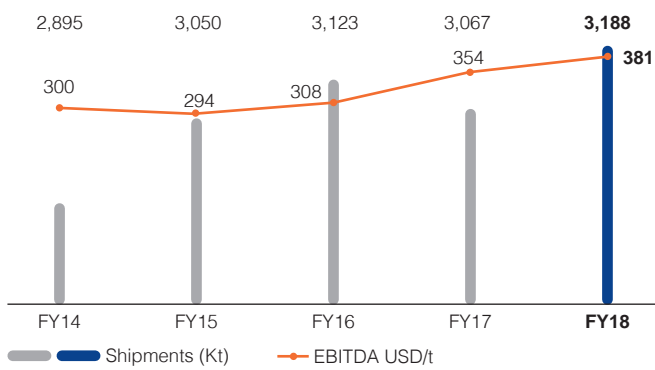
During the year, the total Flat Rolled Product shipments increased by around 4% over the previous year to 3.2 million tonnes in FY18 on account of higher automotive shipments which increased from 18% in FY17 to 20% in FY18. Beverage Can shipments increased from 60% in FY17 to 61% in FY18 and specialties product shipments was at 19% in FY18.

Novelis operates in the four key geographies of North America, Europe, Asia and South America. In North America, in FY18, the total shipments were 1,090 Kt compared to 1,014 Kt in FY17, reflecting an increasing trend over the year. Novelis has also announced plans to set up a 200 Kt automotive finishing facility in Guthrie, Kentucky in the US, to cater to the growing demand of automotive in this region.

In Europe, the Company has shipped 938 Kt across product categories in FY18. It has agreed to acquire the operating facilities of a plant in Sierre, Switzerland, that was been historically leased. In Asia, Novelis shipped 719 Kt of rolled products in FY18 versus 699 Kt in FY17. During FY18, it sold 50% ownership of its Ulsan facility in South Korea to Kobe Steel for \$314 million. In South America, Novelis made shipments of 653 Kt in FY18 compared to 562 Kt in FY17 reflecting an upward trend in this geography as well.

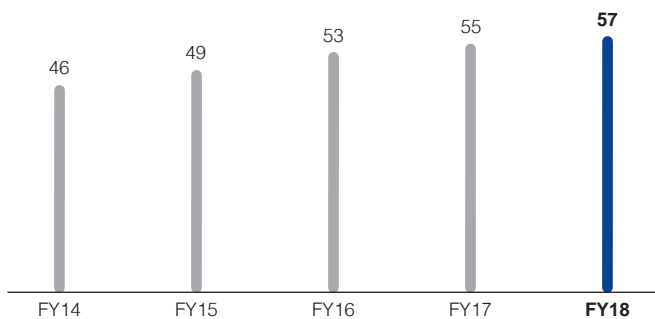
In FY18, the Company reported a record overall adjusted EBITDA per ton at \$381 vs \$354 per tonne in FY17 reflecting continuous strong performance of Novelis year after year.

SHIPMENTS AND EBITDA/TON



With Novelis' continuous thrust on sustainability and recycled aluminium, it has now increased inputs from the recycled material from 55% in FY17 to 57% in FY18. The Company has invested significantly in recycling initiatives and developed high-tech recycling capabilities over the years.

RECYCLING INPUTS



2.4.2 Financial Overview

The Net Sales of Novelis increased by 20% to \$11.5 billion in FY18 driven by higher average aluminium price and increased shipments during the year across all the products. The Adjusted Annual EBITDA (excluding metal price lag) stood at \$1.215 billion, up by 12% compared to FY17, on the back of higher auto shipments, operating efficiencies and favourable product mix, metal costs and currency impacts, partially offset by lower can prices. Novelis in FY18 has reported a record free cash flow of \$406 million driven by stronger adjusted EBITDA and lower interest, despite significant working capital pressures from higher aluminium prices.

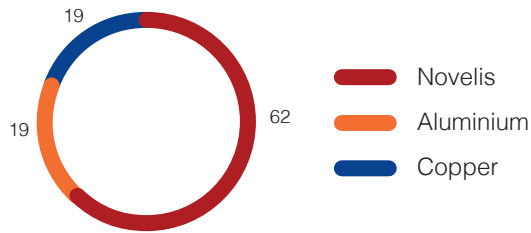
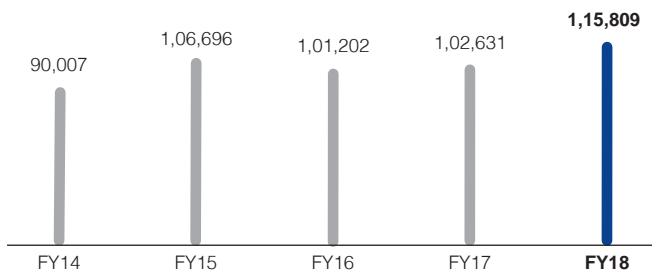
(\$ in Million)			
Description	FY18	FY17	% Change over FY17
Net Sales	11,462	9,591	20%
Adjusted EBITDA	1,215	1,085	12%
Net Income/(loss)	635	45	

3. CONSOLIDATED FINANCIAL STATEMENT

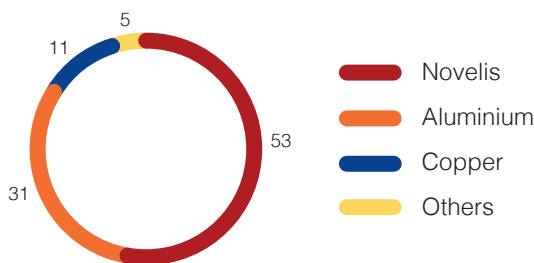
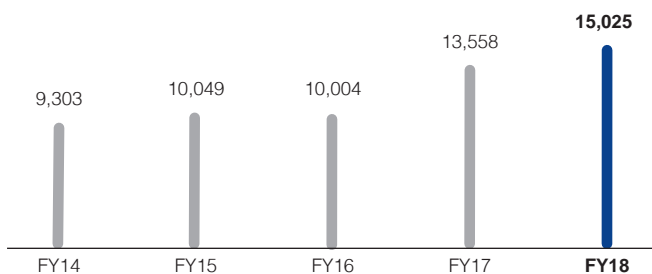
3.1 Revenue

Hindalco's Consolidated Revenue has grown to ₹1,15,809 Crore in FY18 compared to ₹1,02,631 Crore in FY17 as a result of excellent operating performance of all the businesses, and better realisations. The business-wise Revenue Split for FY18 is as under:



REVENUE SPLIT (BUSINESS WISE) (%)**REVENUE (₹ Crore)****3.2 EBITDA**

Consolidated EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation) has grown by 11% at ₹15,025 Crore compared to ₹13,558 Crore in FY17. This record performance was on the back of strong performance by all business in India and excellent performance by Novelis in FY18.

EBITDA SPLIT (BUSINESS – WISE) (%)**EBITDA (₹ Crore)****3.3 Finance Cost**

Finance Cost has reduced by 32% at ₹3,911 Crore compared to ₹5,742 Crore in FY17 on account of ₹7,996 Crore prepayment and re-pricing of long-term project loans in India and also refinancing of Senior Notes and term loans in Novelis.

3.4 Depreciation

Depreciation and amortisation increased from ₹4,469 Crore in FY17 to ₹4,606 Crore in FY18 on account of progressive capitalisation and certain reclassification during the year.

3.5 Exceptional Income/(Expense)

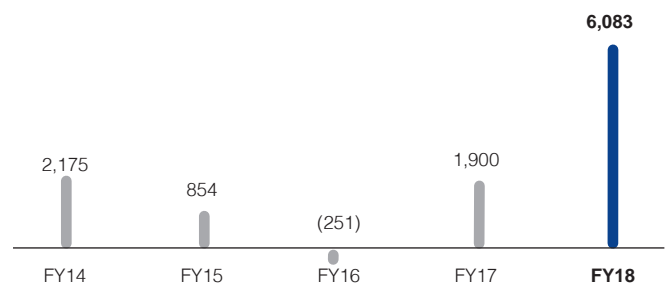
Exceptional Income in FY18 was at ₹1,774 Crore compared to ₹8 Crore of Exceptional Expense in FY17. This income was mainly on account of pre-tax gain in the Novelis selling approximately 50% ownership of its Ulsan facility in South Korea to Kobe Steel for \$314 million in FY18.

3.6 Taxes

Provision for tax was at ₹2,074 Crore in FY18 against ₹1,433 Crore in FY17. This increase in taxes was on account of increase in the overall profitability of the Company.

3.7 Net Profit/(Loss) (attributable to the owners of the Company)

Profit after Tax has trebled in FY18 at ₹6,083 Crore compared to ₹1,900 Crore in FY17, up by 220%. This includes the exceptional gain (before tax) of ₹1,774 Crore on account of sale of approximately 50% share of Ulsan, South Korea facility under Novelis in FY18.

PROFIT AFTER TAX (₹ Crore)**3.8 Net Debt to EBITDA**

To further bolster the balance sheet, the Company has prepaid close to ₹8,000 Crore of long-term project loans in India. This has led to significant improvement in the Consolidated Net Debt to EBITDA at 2.82x at the end of March 2018 vs 3.74x at the end of March 2017.

3.9 Consolidated Cash flows of Hindalco

The Cash from Operations for Hindalco Consolidated stands at ₹10,888 Crore in FY18 vs ₹12,687 Crore in FY17.

Particulars	(₹ Crore)	
	31-03-2018	31-03-2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Operating Cash flow before working capital changes	14,082	13,078
Changes in working capital	(1,786)	389
Cash generated from operations	12,296	13,467
Payment of Direct Taxes	(1,408)	(780)
Net Cash Generated/(used) – Operating Activities (a)	10,888	12,687
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Net Capital Expenditure	(2,956)	(2,870)
Disposal of Investment in Subsidiaries (Net)	2,053	48
(Purchase) / sale of treasury instrument (Net)	5,558	(418)
Loans and Deposit (given)/ received back (Net)	(133)	(45)
Interest and Dividend received	503	496
Net Cash Generated/ (Used) - Investing Activities	5,026	(2,789)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Equity Raised	16	3,314
Net Debt Outflows	(12,286)	(2,543)
Interest & Finance Charges paid	(3,849)	(6,075)
Dividend Paid (including Dividend Distribution Tax)	(294)	(248)
Net Cash generated/(Used) – Financing Activities (c)	(16,412)	(5,552)
Net Increase/(decrease) in Cash and Cash Equivalents (a)+(b)+(c)	(499)	4,347

4. BUSINESS OUTLOOK

The Company has strong focus on strengthening the balance sheet through deleveraging, allocation of capex towards growth strategies and generating positive free cash flows. It will also continue to increase its share in VAP. The Company is focusing on enriching its product mix and is evaluating investments in aluminium downstream facilities towards newer products and its existing products lines to cater to this demand. However, concerns on the import in aluminium and copper continue to hurt the domestic aluminium and copper industry. With the newly commissioned Continuous copper cast rod plant (CCR#3), which is expected to ramp up in FY19, Hindalco's rod capacity will become ~80% of the cathode production, from the earlier 33%. This added capacity will help the Company service the growing demand of copper in the domestic market. The Company will continue to keep a close watch on input prices which can impact the cost of production, including of coal, and strategise to mitigate these by utilising its resources well, with better efficiencies across all products and plant locations, including Novelis.

Novelis will continue to take a balanced approach and explore potential opportunities that will drive profitable volume growth in its current product lines and other core

end-markets, while maintaining its balanced and disciplined approach towards the decision-making process in each of its product categories.

5. PRICE RISK MANAGEMENT

Hindalco's financial performance is significantly impacted by fluctuations in prices of aluminium, exchange rates and interest rates. The Company takes a structured approach to the identification, quantification and hedging such risk by using derivatives in commodity and currency which is driven by a comprehensive risk management policy of the Company.

6. SUSTAINABILITY

The world is moving towards more sustainable products. There is widespread demand for developing new products which are environmentally and socially sensitive as well as utilising existing products in more sustainable applications. This places us in a unique position and sets us up for tremendous growth in times to come. Changing trends in other sectors such as automotive which is demanding lighter metals for enhancing fuel efficiency of vehicles, are also boosting this growth potential further.



It is our endeavour to become a leading metals Company for sustainable business practices across global operations and balancing our economic growth with environmental and societal interests. Our current footprint and nation-wide market presence also bestow upon us the responsibility of reducing the stress we create on the environment as well as enhancing inclusive development. Our focus is on leveraging operational excellence to optimise our environmental footprint. It helps us manage our resource sustainably while at the same time improving our performance on aspects like energy conservation, water use efficiency, waste minimisation and recycling, and safety performance. We have also aligned ourselves to the global call to mitigate climate change and have committed to do our bit to limit the global temperature rise to less than 2°C.

We continue to strive towards developing applications and products which maximise recycling and minimise resource extraction in India while Novelis maintains its position as the global leader in the FRP space. We draw upon the unique nature of aluminium which is a 100% recyclable metal and does not degrade in quality on recycling. The Company has initiated various steps to maximise usage of recycled materials as input materials. Novelis has invested in major recycling initiatives, including advanced equipment and technology, to process diversified scrap. Hindalco aims to avoid, reduce and reuse the waste we create by managing it through a lifecycle approach. We collect all the scrap we generate and process it for further use or disposal in a safe manner. During our upstream mining operations, metals production and during our downstream processes or product systems, we take care of our waste and focus wisely

use of resources, using processes that create the greatest possible value. To this end, Novelis has been able to use 57% of the input in the form of recycled scrap. This has been achieved through significant amount of investment in recycling technologies and equipment. The same amount of focus on recycling is also exercised in the copper business.

To further strengthen its systems, the Company has adopted various technical standards released by Group Sustainability Cell which covers various aspects on environment, safety and occupational health. The Company is in advanced stage of implementing these standards.

Inclusive growth is one of the key priorities for the Company. Through extensive community engagement and investment in creation of community infrastructure, we are propagating a culture of shared growth. By working in various areas such as health care, education, sustainable livelihood, infrastructure and social reform, the Company is doing its bit to help towards socio-economic development and upliftment of the underprivileged.

The focus is on the two concepts of triple bottom-line performance and trusteeship management help us carry out our business in a more responsible and sustainable manner year-on-year.

7. SAFETY

As a responsible corporate citizen, Hindalco, along with conservation of natural resources and the environment, is dedicated to the health and safety of its employees,

associates and the society. Safety is considered a core value all across Hindalco and thus the Company's plants and mines follow the environmental, health and safety management standard that integrates environment and safety responsibilities into everyday business. Focused efforts are made to make Hindalco the safest company and ensure 'zero harm' to its employees, community and environment. Initiatives which were rolled out to help achieve this ambition and to be the benchmark within the industry are in advanced stages of maturity. Extensive work is in progress to ensure risk control in important areas like human behaviour; mining activities, road traffic management and contractor management. In order to build a sustainable safe workplace environment, a common health and safety management system across the Company is by and large implemented. This includes implementation of world-class safety standards, organisational safety competency and capability improvement, safety leadership development, a cross auditing activity to enhance sharing experiences and sharing best practices across Hindalco. FY18 was a year of some significant safety achievements. The Loss Time Injury Severity Rate (LTISR) at Hindalco this year is least in its history.

8. HUMAN CAPITAL

With approximately 25,000 direct employees in India and another 11,000 outside the country, people are at the centre of driving excellence at Hindalco.

The Aditya Birla Group is one of the most preferred employer in the country and was recognised as a Best Employer in the AON 2018 survey. This enables us to attract the required talent and retain them. Since 2016, we have hired more than 450 young professionals (Engineers, CAs, MBAs) from the best campuses in the country and our management attrition has been less than 5%. Through a robust succession planning process, we have identified bench talent for all critical positions across locations and functions. We are investing more than 4 days/ employee per annum on need-based training and development inputs on both behavioral/ leadership and functional/ technical aspects. We have also

stepped up internal movements with a view to giving new experiences to our employees and are moving atleast 10% of the managerial population into new roles every year as part of our career development strategy. We are also making our performance management process more robust and transparent, with increased focus on goal settling, regular feedback and calibration, as well as linking our rewards to performance and market trends and practices. An HR shared service has recently been set up to enhance and provide consistent employee experience on HR processes and systems.

8.1. Training and Development

The Learning and Development function is well-integrated with the overall HR function and business objectives. The Company has a full-fledged learning infrastructure across locations to support its learning objectives. The Company's strategy aims at equipping people across units with business-linked knowledge along with developing them in ABG behavioural-based competencies. Recently, the Company created Hindalco Technical University (HTU) for technical-cum-functional capability building with the purpose of preparing people for current and future challenges of the business. For leadership development, the Company works closely with 'Gyanodaya – Aditya Birla Group Global Centre for Leadership Learning' that provides relevant and current knowledge and competency based learning opportunities along with e-learning programmes.

9. INTERNAL CONTROLS

A strong internal control culture is pervasive throughout the Group. Regular internal audits at all locations are undertaken to ensure that the highest standards of internal control are maintained. The effectiveness of a business' internal control environment is a component of senior management performance appraisals. The principal aim of the system of internal control is the management of business risks, with a view to enhancing shareholder value and safeguarding the Group's assets. It provides reasonable assurance on the internal control environment and against material misstatement or loss.

Cautionary Statement

Statements in this "Management's Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information events or otherwise

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Directors

Mr. Kumar Mangalam Birla
Chairman

Mrs. Rajashree Birla

Mr. Debnarayan Bhattacharya
Vice Chairman

Mr. Madhukar Manilal Bhagat

Mr. Kailash Nath Bhandari

Mr. Askaran Agarwala

Mr. Yazdi Dandiwala

Mr. Ram Charan

Mr. Girish Dave

Ms. Alka Bharucha (w.e.f. 11th July, 2018)

Executive Directors

Mr. Satish Pai
Managing Director

Mr. Praveen Kumar Maheshwari
Chief Financial Officer & Whole Time Director

Company Secretary & Compliance Officer

Mr. Anil Malik

Corporate

Mr. Samik Basu
Chief Human Resource Officer

Mr. Bibhu Prasad Mishra
President & Head Manufacturing Centre of Excellence

Mr. V. R. Shankar
President & Head-Legal

Mr. Chandan Agrawal
Chief Strategy Officer

BUSINESS/UNIT HEADS

Mr. Jagdish Chandra Laddha
Group Executive President & Head-Copper Business

Mr. Devotosh K. Das
Chief Marketing Officer (Aluminium)

Mr. A. Krishna Kumar
President & Head-Chemicals & Specialties Business

Mr. Satish Jajoo
Chief Operating Officer & Cluster Head
(*Renukoot, Renusagar and Mahan Units*)

Mr. B. Arun Kumar
President (Downstream Operations-Aluminium)

Mr. Rajesh Gupta
Senior President & Cluster Head
(*Aditya and Hirakud Units*)

Mr. Pramod Unde
President (Mining and Minerals)

SUBSIDIARIES

Utkal Alumina International Limited

Mr. Nagesh Narisetty
President & Unit Head

Novelis Inc.

Mr. Steve Fisher
President & CEO

Auditors

Price Waterhouse & Co Chartered Accountants LLP

Cost Auditors

R. Nanabhoy & Co., Mumbai

Table of Contents

18	Financial Highlights	54	Abridged Balance Sheet
20	Directors' Report	55	Abridged Statement of Profit and Loss
34	Sustainability & Business Responsibility Report	56	Abridged Standalone Statement of Changes in Equity
38	Corporate Governance Report	57	Abridged Cash Flow Statement
39	Shareholder Information	58	Notes forming part of the Abridged Financial Statements
43	Social Report	94	Abridged Consolidated Financial Statements
47	Independent Auditors' Report on Abridged Standalone Financial Statements		

FINANCIAL HIGHLIGHTS - STANDALONE

(₹ Crore)

	2017-18 ^o	2017-18 ^o	2016-17 ^o	2015-16 ^o	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
PROFITABILITY	US\$ in Mn[*]										
Sales and Operating Revenues	6,739	43,435	39,383	36,713	36,869	30,101	28,070	28,297	25,348	20,570	19,718
Less: Cost of Sales	5,944	38,311	34,569	33,367	33,453	27,609	25,866	25,192	22,193	17,620	16,682
Operating Profit	795	5,124	4,814	3,346	3,417	2,492	2,204	3,105	3,155	2,950	3,036
Other Income	147	948	1,005	979	882	1,124	983	616	347	260	637
Less: Depreciation, Amortization and Impairment	251	1,617	1,428	1,282	837	823	704	690	687	667	645
Less: Interest and Finance Charges	295	1,901	2,323	2,390	1,637	712	436	294	220	278	337
Profit before Exceptional Items and Tax	396	2,554	2,068	653	1,825	2,081	2,047	2,737	2,595	2,265	2,690
Exceptional Income/ (Expenses) (Net)	(50)	(325)	85	-	(578)	(396)	-	-	-	-	-
Profit/ (Loss) before Tax from Continuing Operations	346	2,229	2,153	653	1,247	1,685	2,047	2,737	2,595	2,265	2,690
Less: Tax Expenses	123	793	596	99	322	272	347	500	458	349	460
Profit/ (Loss) from Continuing Operations	223	1,436	1,557	554	925	1,413	1,699	2,237	2,137	1,916	2,230
Profit/ (Loss) from Discontinued Operations (Net of Tax)	-	-	-	(2)	-	-	-	-	-	-	-
Profit/ (Loss) for the Period	223	1,436	1,557	552	925	1,413	1,699	2,237	2,137	1,916	2,230
Business Reconstruction Reserve (BRR) [#]											
Expenses adjusted against BRR (Net of Tax)	-	-	-	682	97	86	-	-	-	-	67
Profit/ (Loss) for the Period had the expenses not adjusted against BRR	223	1,436	1,557	(130)	828	1,327	1,699	2,237	2,137	1,916	2,163
FINANCIAL POSITION											
Gross Fixed Assets (excluding CWIP)	7,412	48,264	46,742	43,316	35,434	26,804	15,073	14,478	14,287	13,793	13,393
Capital Work-in-Progress (CWIP) ^{**}	113	737	712	3,079	10,744	17,277	23,605	16,257	6,030	3,703	1,390
Less: Accumulated Depreciation, Amortization and Impairment	2,134	13,900	12,358	11,063	9,374	8,749	7,975	7,328	6,703	6,059	5,506
Net Fixed Assets	5,391	35,101	35,096	35,332	36,804	35,332	30,703	23,407	13,615	11,438	9,277
Investments	4,150	27,025	29,332	27,311	21,251	21,907	20,482	18,087	18,247	21,481	19,149
Other Non-Current Assets/(Liabilities) (Net)	(109)	(708)	516	(1,038)	(1,193)	(1,174)	(751)	(207)	2,096	(1,367)	(1,411)
Net Current Assets	1,279	8,330	9,539	9,230	9,400	8,339	8,409	5,319	4,782	2,716	5,068
Capital Employed	10,711	69,748	74,483	70,835	66,262	64,404	58,843	46,606	38,740	34,268	32,082
Less: Loan Funds	3,117	20,297	27,150	28,676	29,007	27,672	24,871	14,574	9,040	6,357	8,324
Net Worth	7,594	49,451	47,333	42,159	37,255	36,732	33,972	32,032	29,700	27,911	23,758
Net Worth represented by :											
Equity Share Capital	34	223	223	205	207	206	191	191	191	191	170
Other Equity:											
Share Warrants	-	-	-	-	-	-	541	541	-	-	-
Reserves and Surplus	6,526	42,497	41,235	36,568	37,049	36,526	33,240	31,300	29,509	27,720	23,588
Other Comprehensive Income	1,034	6,731	5,875	5,386	-	-	-	-	-	-	-
	7,594	49,451	47,333	42,159	37,255	36,732	33,972	32,032	29,700	27,911	23,758
RATIOS AND STATISTICS											
	Unit	2017-18	2016-17^o	2015-16^o	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Operating Margin	%	11.80	12.22	9.11	9.27	8.28	7.85	10.97	12.45	14.34	15.40
Net Margin	%	3.31	3.95	1.50	2.51	4.70	6.05	7.91	8.43	9.31	11.31
Gross Interest Cover	Times	3.18	1.73	1.81	1.75	1.50	1.61	3.62	5.74	5.23	5.48
Net Interest Cover	Times	3.19	2.51	1.81	2.63	5.08	7.31	12.67	15.92	11.55	10.90
ROCE	%	6.39	5.90	4.30	5.22	4.34	4.22	6.50	7.27	7.42	9.44
ROE	%	2.90	3.29	1.31	2.48	3.85	5.00	6.98	7.20	6.86	9.39
Basic EPS	₹	6.45	7.56	(0.64)	4.48	7.09	8.88	11.69	11.17	10.82	14.82
Diluted EPS	₹	6.45	7.55	(0.64)	4.48	7.09	8.87	11.68	11.16	10.81	14.82
Cash EPS	₹	13.71	14.49	8.95	8.53	11.22	12.55	15.29	14.76	14.58	19.10
Dividend per Share ^{##}	₹	1.20	1.10	1.00	1.00	1.00	1.40	1.55	1.50	1.35	1.35
Capital Expenditure (Cash outflow)	₹ Crore	1,178	1,041	1,399	2,073	3,458	5,531	7,168	5,749	2,642	1,001
Foreign Exchange earnings on Export	₹ Crore	18,573	15,663	12,490	13,334	8,292	7,572	7,857	7,096	5,268	5,148
Debt Equity Ratio	Times	0.41	0.57	0.68	0.78	0.75	0.73	0.45	0.30	0.23	0.35
Book value per Share	₹	220.28	211.00	204.16	180.41	177.92	177.44	167.31	155.14	145.87	139.73
Market Capitalisation [^]	₹ Crore	48,166	43,755	18,162	26,638	29,266	17,538	24,774	40,040	34,682	8,850
Number of Equity Shareholders	Nos.	2,99,521	3,19,783	3,92,888	3,38,655	3,61,686	4,41,166	3,83,724	3,20,965	3,39,281	4,35,064
Number of Employees	Nos.	23,555	23,679	24,118	21,976	20,902	20,238	19,975	19,341	19,539	19,867
Average Cash LME (Aluminium)	US\$	2,046	1,688	1,592	1,888	1,773	1,976	2,317	2,257	1,868	2,234
Average Cash LME (Copper)	US\$	6,451	5,152	4,852	6,556	7,103	7,855	8,485	8,140	6,112	5,885

* Balance Sheet items are translated at closing exchange rate and Profit and Loss items are translated at average exchange rate.

** Including Intangible assets under development.

[#] Financial restructuring scheme formulated by the Company under the provisions of the Companies Act, approved by the Bombay High Court, to deal with various costs associated with its organic and inorganic growth plan.

^{##} Proposed/Interim Dividend for the Period

^o Figures for FY 2017-18, FY 2016-17 and FY 2015-16 are as per Ind AS compliant financial statements. Previous periods figures are as per Previous GAAP financial statements.

[^] Including Treasury shares held by the Company.

FINANCIAL HIGHLIGHTS - CONSOLIDATED

(₹ Crore)

	2017-18 [®]	2017-18 [®]	2016-17 [®]	2015-16 [®]	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
	US\$ in Mn*										
PROFITABILITY											
Sales and Operating Revenues	17,967	1,15,809	1,02,631	1,01,202	1,06,696	90,007	82,243	82,549	73,703	61,762	67,469
Less: Cost of Sales	15,807	1,01,889	90,183	92,387	97,751	81,721	74,406	74,365	65,775	52,017	64,500
Operating Profit	2,160	13,920	12,448	8,815	8,944	8,286	7,837	8,184	7,929	9,746	2,970
Other Income	171	1,105	1,111	1,189	1,105	1,017	1,012	783	513	323	691
Less: Depreciation, Amortization and Impairment	714	4,606	4,469	4,507	3,591	3,553	2,861	2,864	2,759	2,784	3,038
Less: Interest and Finance Charges	607	3,911	5,742	5,134	4,178	2,702	2,079	1,758	1,839	1,104	1,228
Profit before Share in Equity Accounted Investments, Exceptional Items and Tax	1,010	6,508	3,348	362	2,280	3,049	3,909	4,345	3,843	6,181	(605)
Share in Profit/ (Loss) in Equity Accounted Investments (Net of Tax)	(19)	(125)	(25)	172	175	67	(16)	50	(57)	(3)	(37)
Profit before Tax and Exceptional Items	990	6,383	3,323	534	2,455	3,116	3,893	4,395	3,786	6,178	(642)
Exceptional Income/(Expenses) (Net)	275	1,774	(8)	(577)	(1,940)	(396)	-	-	-	-	-
Profit/ (Loss) before Tax from Continuing Operations	1,266	8,157	3,315	(43)	515	2,720	3,893	4,395	3,786	6,178	(642)
Less: Tax Expenses	322	2,074	1,433	498	256	525	886	786	964	1,829	(954)
Profit/ (Loss) from Continuing Operations	944	6,083	1,882	(541)	258	2,195	3,007	3,608	2,822	4,349	312
Profit/ (Loss) from Discontinued Operations (Net of Tax)	-	-	-	(161)	-	-	-	-	-	-	-
Profit/ (Loss) before Non-Controlling Interest	944	6,083	1,882	(702)	258	2,195	3,007	3,608	2,822	4,349	312
Less: Non-Controlling Interest in Profit/(Loss)	-	-	(18)	(451)	(596)	20	(20)	211	366	424	(172)
Net Profit/ (Loss) for the Period	944	6,083	1,900	(251)	854	2,175	3,027	3,397	2,456	3,925	484
Business Reconstruction Reserve (BRR)*											
Expenses adjusted against BRR (Net of Tax)	-	-	-	682	97	86	-	500	(3,439)	304	4,617
Profit/ (Loss) for the Period had the expenses not adjusted against BRR	944	6,083	1,900	(933)	757	2,089	3,027	2,896	5,896	3,621	(4,133)
FINANCIAL POSITION											
Gross Fixed Assets (excluding CWIP)	19,211	1,25,094	1,21,186	1,23,522	1,01,940	87,914	60,054	53,961	48,207	45,622	46,220
Capital Work-in-Progress (CWIP) **	317	2,063	1,814	4,214	14,111	23,059	33,834	22,798	9,253	5,801	2,949
Less: Accumulated Depreciation, Amortization and Impairment	6,144	40,006	36,499	37,849	29,981	26,750	22,126	18,661	15,802	16,622	14,404
Net Fixed Assets	13,384	87,151	86,501	89,887	86,070	84,223	71,763	58,098	41,657	34,801	34,765
Investments	1,656	10,781	15,157	12,438	12,346	12,961	12,601	10,551	10,855	11,246	10,389
Other Non-Current Assets /(Liabilities) (Net)	(1,373)	(8,940)	(6,737)	(8,859)	(7,235)	(6,924)	(6,573)	(5,758)	(3,142)	(3,938)	(2,811)
Net Current Assets	2,755	17,943	14,961	15,074	16,571	18,289	16,901	11,771	11,330	5,172	3,011
Capital Employed	16,422	1,06,935	1,09,882	1,08,540	1,07,752	1,08,549	94,692	74,662	60,700	47,281	45,355
Less: Loan Funds	7,997	52,074	63,817	67,552	68,467	66,163	57,603	41,042	29,460	23,999	28,310
Less: Non-Controlling Interest	1	9	6	381	956	1,781	1,759	1,709	2,217	1,737	1,287
Net Worth	8,424	54,852	46,059	40,607	38,329	40,605	35,330	31,911	29,023	21,545	15,758
Net Worth represented by :											
Equity Share Capital	34	223	223	205	207	206	191	191	191	191	170
Other Equity:											
Share Warrants	-	-	-	-	-	6	541	541	-	-	-
Equity Component of Compound Financial Instruments	1	4	4	3	-	-	-	-	-	-	-
Reserves and Surplus	7,317	47,645	41,770	36,443	38,122	40,393	34,597	31,179	28,832	21,353	15,588
Other Comprehensive Income	1,072	6,980	4,062	3,956	-	-	-	-	-	-	-
	8,424	54,852	46,059	40,607	38,329	40,605	35,330	31,911	29,023	21,545	15,758
RATIOS AND STATISTICS											
	Unit	2017-18 [®]	2016-17 [®]	2015-16 [®]	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Operating Margin	%	12.02	12.13	8.71	8.38	9.21	9.53	9.91	10.76	15.78	4.40
Net Margin	%	5.25	1.85	(0.25)	0.80	2.42	3.68	4.12	3.33	6.36	0.72
Gross Interest Cover	Times	3.83	2.36	1.91	1.95	1.85	2.04	3.16	3.56	6.99	2.35
Net Interest Cover	Times	3.84	2.36	1.95	2.41	3.44	4.26	5.10	4.59	9.12	2.98
ROCE	%	9.74	8.27	5.06	5.99	5.30	6.32	8.17	9.36	15.41	1.37
ROE	%	11.09	4.13	(0.62)	2.23	5.36	8.57	10.64	8.46	18.22	3.07
Basic EPS	₹	27.30	9.22	(4.55)	4.14	10.91	15.81	17.74	12.84	22.17	3.21
Diluted EPS	₹	27.29	9.22	(4.55)	4.13	10.91	15.81	17.74	12.83	22.16	3.21
Cash EPS	₹	47.98	30.91	20.78	21.53	28.73	30.75	32.70	27.25	37.88	23.40
Capital Expenditure (Cash outflow)	₹ Crore	3,001	2,938	4,245	5,978	9,424	11,871	12,512	7,909	4,276	2,675
Debt Equity Ratio	Times	0.95	1.39	1.66	1.79	1.63	1.63	1.29	1.02	1.11	1.80
Book value per Share	₹	244.33	205.32	196.64	185.61	196.67	184.53	166.68	151.61	112.60	92.68

* Balance Sheet items are translated at closing exchange rate and Profit and Loss items are translated at average exchange rate.

** Including Intangible assets under development.

* Financial restructuring scheme formulated by the Company under the provisions of the Companies Act, approved by the Bombay High Court, to deal with various costs associated with its organic and inorganic growth plan.

* Figures for FY 2017-18, FY 2016-17 and FY 2015-16 are as per Ind AS compliant financial statements. Previous periods figures are as per Previous GAAP financial statements.

DIRECTORS' REPORT

Dear Shareholder,

Your Directors have pleasure in presenting the 59th Annual Report and the audited standalone and consolidated financial statements of your company for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

(₹ Crore)

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations	43,435	39,383	1,15,809	1,02,631
Other Income	948	1,005	1,105	1,111
Earnings before Interest, Tax and Depreciation (EBITDA)	6,072	5,819	15,025	13,558
Depreciation including impairment	1,617	1,428	4,606	4,469
Finance Costs	1,901	2,323	3,911	5,742
Profit before Exceptional Items and Tax	2,554	2,068	6,508	3,348
Share of Equity Accounted Investments	-	-	(125)	(25)
Profit before Exceptional Items and Tax	2,554	2,068	6,383	3,323
Exceptional Items	(325)	85	1,774	(8)
Profit before Tax	2,229	2,153	8,157	3,315
Tax Expenses	792	596	2,074	1,433
Profit/ (Loss) for the period	1,437	1,557	6,083	1,882
Other Comprehensive Income (Loss)	957	536	2,991	(18)
Total Comprehensive Income	2,394	2,093	9,074	1,864
Basic EPS	6.45	7.56	27.3	9.22

Appropriations to Reserves

(₹ Crore)

Appropriations	2017-18	2016-17
Opening Balance in Retained Earnings and Other Comprehensive Income	8,847	7,143
Total Comprehensive Income for the Current Year	2,394	2,093
Dividends paid	(291)	(239)
Transferred to Debenture Redemption Fund	(150)	(150)
Closing Balance in Retained Earnings and Other Comprehensive Income	10,800	8,847

Dividend:

For the year ended 31st March, 2018, the Board of Directors of your Company has recommended dividend of ₹ 1.20 per equity share (Previous year ₹ 1.10 per equity share) to equity shareholders.

Equity shares that may be allotted upon exercise of Options granted under the Employee Stock Option Scheme and out of the Share Capital Suspense, and before the Book Closure for payment of dividend will rank *pari passu* with the existing shares and shall also be entitled to receive the aforesaid dividend.

In terms of provisions of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, herein after referred to as "Listing Regulations" your Company has formulated a Dividend Distribution Policy. The Policy is given in **Annexure-I** to the Full Annual Report and is also accessible from your Company's Website www.hindalco.com.

OVERVIEW AND STATE OF THE COMPANY'S AFFAIRS:

Standalone Full year highlights

Hindalco registered a revenue of ₹ 43,435 crore for the fiscal year 2018 vs ₹ 39,383 crore in the previous year. EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) stood at ₹ 6,072 crore, up 4 percent compared to the previous year, on the back of stable operations with supporting macros despite increasing input costs. Depreciation was higher by 13 percent due to progressive capitalization and certain reclassification in FY18. The Finance Cost was down by 18 percent at ₹ 1,901 crore on account of prepayment and reduction in pricing of the project loans. Profit before Tax (and Before Exceptional Items) stood at ₹ 2,554 crore, up by 24 percent compared to the previous year. Net Profit for FY18 stood at ₹ 1,437 crore in FY18 as compared to ₹ 1,557 crore in the previous year.

Consolidated Full Year Highlights

Hindalco's consolidated Revenue stood at ₹ 1,15,809 crore for FY18 compared to ₹ 102,631 crore in the previous year, on the back of excellent operating performance of all the businesses and better realisations. The Company recorded highest ever consolidated PBITDA (Profit before Interest, Tax, Depreciation and Amortisation) of ₹ 15,025 crore, up by 11 percent supported by stable operations and improving efficiencies across all businesses. Consolidated Profit before Tax (and Before Exceptional Items) almost doubled and stood at ₹ 6,508 crore, up by 94 percent compared to the previous year on account of strong overall business performance and savings in interest outgo. Net Profit in FY18, trebled at ₹ 6,083 crore up by 223% compared to the previous year.

For detailed analysis, refer to the Management Discussion and Analysis section of the Full and Abridged Annual Report.

Highlights of the Company's Subsidiaries:

(a) Utkal Alumina International Ltd.

Utkal Alumina revenues has grown to ₹ 2,863 Crore in FY 18 compared to ₹ 2,375 Crore in FY 17 up 21% as a result of excellent operating performance. The EBITDA for FY 18 stood at ₹ 1187 Crore up 77% compared to ₹ 672 Crore in FY 17. The Profit after tax in FY 18 was ₹ 561 Crore v/s ₹ (114) Crore in FY17.

(₹ Crore)

Particulars	FY18	FY17	% Growth
Revenue	2863.37	2374.81	21%
EBITDA	1186.55	672.02	77%
PAT	561.29	-114.18	

(b) Novelis Inc.

Performance highlights of Novelis Inc. are provided in the Management Discussion and Analysis section of the Full and Abridged Annual Report.

Key Initiatives

The Company successfully commissioned the new Continuous Cast Rod Plant (CCR-3) in Copper in Dahej during the year. This will further enhance the copper rod capacity of its Dahej Plant. The Work on Utkal's brown field capacity expansion by 500 Kt commenced during the year and is expected to be completed in 30 months with a total capital outlay of around ₹ 1,300 crore, which will provide further strength to its integration and availability of best in class alumina to its smelters.

During the fiscal year 2018, Novelis completed JV to establish Ulsan Aluminium in South Korea, by selling approximately 50% its ownership to Kobe Steel for US\$ 314 million which have helped to unlock the value. Novelis with its objective to invest in world class assets and technical capabilities to position itself to meet the increasing global demand for aluminium from the Automotive market, announced its plans to setup a 200 Kt automotive finishing facility in Guthrie, Kentucky, US which is expected to be commissioned in CY 2020. Novelis has agreed to acquire the operating facilities and manufacturing assets at its plant in Sierre, Switzerland, that has been historically leased.

HUMAN RESOURCES:

Several innovative people - focused initiatives have been instituted at the Group level, and these are translated into action at all of the Group Companies. Our basic objective is to ensure that a robust talent pipeline and a high-performance culture, centred around accountability is in place. We feel this is critical to enable us retain our competitive edge.

RESEARCH AND DEVELOPMENT

Your Company's Research & Development (R&D) activities are focused on providing innovative, cost-effective and sustainable solutions to support consistent growth of business.

The R&D activities of your Company include process, product and application development, to develop short term as well as long term solutions to the issues faced by nonferrous sector, such as, raw material quality, cost effective management of waste generated during processing, recovery of value from by product as well as any waste products, developing better understanding of the science of processes, reducing the specific energy consumption and carbon footprint etc. Specific programs have also been initiated to foster better understanding of the requirement of existing and prospective customers, and to provide a better service through application development, so as to increase your company's market share in the chosen market space. Technical competencies developed by your company will go a long way in terms of quick absorption of technologies, enabling pushing boundaries of our processes, so as to increase the economic performance and improve our new product/new application pipeline to address the impending market opportunities.

Your Company already operates two Hindalco Innovation Centres (HIC), one HIC-Alumina at Belagavi working on R&D of bauxite ore, alumina refining and specialty alumina, hydrate products; as well as waste management; and one HIC-SemiFab located at

Taloja, near Mumbai, working in the area of tribology, energy and environment management and aluminium fabricated products and new applications. R&D Team at Birla Copper, Dahej, is focusing on maximisation of copper recovery as well recovery of various metal values, such as, Selenium, Tellurium, Nickel, Bismuth, etc., from the effluent generated in the plant. In addition, your company engages the Aditya Birla Group's corporate research and development centre, Aditya Birla Science and Technology Company Private Limited ("ABSTCPL"), for conducting R&D in select areas of work through chartered R&D projects. These are based on the domain expertise and R&D facilities available in ABSTCPL. The engagement has resulted into patent applications, which have been and will be assigned to your company on the grant of the patent. ABSTCPL's forte of having multidisciplinary teams of technical experts, scientists and engineers, enables your company to develop building competencies in select areas, as a long term value to business. Both the HICs at Belagavi and Taloja as well as ABSTCPL are DSIR, GOI, recognised R&D Centres.

CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements for the year ended 31st March, 2018 have been prepared by your Company in accordance with the provisions of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, applicable Accounting Standards and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Listing Regulations" and forms part of the Full Annual Report.

EMPLOYEE STOCK OPTION SCHEMES:

ESOS – 2006

During the year ended 31st March, 2018, the Company has allotted 1,33,438 fully paid-up equity share of ₹ 1/- each of the Company (Previous year 4,43,476) on exercise of options under ESOS 2006.

ESOS – 2013:

During the year ended 31st March, 2018, the Company has allotted 15,75,374 fully paid-up equity share of ₹ 1/- each of the Company (Previous year 9, 97,195) on exercise of options under ESOS 2013.

The details of Stock Options and Restricted Stock Units granted under the above mentioned Schemes are available on your Company's website viz. www.hindalco.com.

A certificate from the statutory auditor on the implementation of your Company's Employees Stock Option Schemes will be placed at the ensuing Annual General Meeting for inspection by the members.

There is no material change in the Schemes and the aforementioned schemes are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014.

CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices. Your Company fully adheres to the standards set out by the Securities and Exchange Board of India for Corporate Governance practices.

The entire report on Corporate Governance forms part of Full Annual Report.

ABRIDGED ANNUAL REPORT

In terms of the provision of Section 136(1) of the Companies Act, 2013, Rule 10 of Companies (Accounts of Companies) Rules, 2014 and Regulation 36 of the Listing Regulations, the Board of Directors has decided to circulate the Abridged Annual Report containing salient features of the Financial Statements and Directors' Report and other documents to the shareholders for the Financial Year 2017-18, under the relevant laws.

The Abridged Annual Report is being circulated to the members excluding the 'Annual Report on CSR Activities', 'Remuneration Philosophy/ Policy', 'Secretarial Audit Report', 'Extract of Annual Return', 'Dividend Policy', 'Full Report on Corporate Governance and Shareholders' Information'.

Members who desire to obtain the full version of the Annual Report may write to the Company Secretary at the registered office. Full version of the Annual Report is also available on the Company's website www.hindalco.com.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 134(3)(c) of the Companies Act, 2013 "the Act", your Directors subscribe to the "Directors' Responsibility Statement" and confirm that:

- a) in the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) the accounting policies selected have been applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2018 and of the profit of your company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your company and

for preventing and detecting fraud and other irregularities;

- d) the annual accounts of your Company have been prepared on a going concern basis;
- e) your Company had laid down internal financial controls and that such internal financial controls are adequate and were operating effectively;
- f) your Company has devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

The information on conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 is set out in **Annexure-II** to the Full and Abridged Annual Report.

PARTICULARS OF EMPLOYEES:

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 “the Act”, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees are to be set out in the Directors’ Report, as an addendum thereto. However, in line with the provisions of Section 136(1) of the Act, the Report and Accounts as set out therein, are being sent to all Members of your Company excluding the aforesaid information about the employees. Any Member, who is interested in obtaining these particulars about employees, may write to the Company Secretary at the Registered Office of your Company.

Disclosures pertaining to remuneration and other details as required under section 197(12) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as **Annexure-III** to the Full and Abridged Annual Report.

DIRECTORS:

Board constitution and changes:

Mr. Kumar Mangalam Birla (DIN: 00012813) will retire from office by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for reappointment.

Mr. Kumar Mangalam Birla has given required declaration under Companies Act, 2013.

Brief resume of the director being reappointed form part of the notice of the ensuing Annual General Meeting.

Mr. Jagdish Khattar (DIN: 00013496) has resigned as an Independent Director w.e.f 4th May 2018 due to his personal commitment.

Ms. Alka Bharucha (DIN:00114067) is appointed as an Independent Director on the Board of the Company w.e.f 11th July, 2018. Ms. Bharucha has given the required declarations under the Companies Act, 2013 and Listing Regulations.

The Board recommends the reappointment of Mr. Kumar Mangalam Birla and appointment of Ms. Alka Bharucha. Items seeking your approval is included in the Notice convening the Annual General Meeting.

Independent Directors Statement:

Independent Directors on your Company’s Board have submitted declarations of independence to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

Policy on appointment and remuneration of Directors and Key Managerial Personnel:

The Nomination and Remuneration Committee has formulated the remuneration policy of your company which is attached as **Annexure-IV** to the Full Annual Report.

Meetings of the Board:

The Board of Directors of your Company met five times during the year, details of which are given in the Corporate Governance Report forming part of the Full Annual Report.

Annual Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Directors has carried annual performance evaluation of Board, Independent Directors, Non Executive Directors, Executive Directors, Committee and Chairman of the Board.

The evaluation framework focused on various aspects of the Board and Committees such as review, timely information from management etc. Also, the performance of individual directors was divided into Executive, Non Executive and Independent Directors and based on the parameters such as contribution, attendance, decision making, action oriented, external knowledge etc.

The evaluation exercise has been carried out by the Board members on the basis of evaluation templates for Board, Independent Directors, Non Executive Directors, Executive Directors, Committees and Chairman of the Board. The template had various

questions to be replied by the directors on aforesaid parameters. The Nomination and Remuneration Committee evaluated the performance on the basis of the response received from the Directors. Similarly, the Independent Directors evaluated the performance of non independent directors, Chairman and assessed the quality, quantity and flow of information between company management and Board.

Outcome of the evaluation exercise:

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

AUDIT COMMITTEE:

The Audit Committee comprises of Mr. M.M. Bhagat, Mr. K.N. Bhandari, Mr. Y.P. Dandiwala, Independent Directors of your Company. Mr. Satish Pai: Managing Director and Mr. Praveen Kumar Maheshwari: Chief Financial Officer and Whole-Time Director are the permanent invitees. Further details relating to the Audit Committee are provided in the Corporate Governance Report forming part of the Full Annual Report.

KEY MANAGERIAL PERSONNEL:

In terms of provisions of Section 203 of the Companies Act, 2013, Mr. Satish Pai: Managing Director, Mr. Praveen Kumar Maheshwari: Chief Financial Officer and Mr. Anil Malik: Company Secretary are the Key Managerial Personnel of your Company.

VIGIL MECHANISM:

Your Company has in place a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of your Company's Code of Conduct.

Adequate safeguards are provided against victimisation to those who avail of the mechanism and direct access to the Chairman of the Audit Committee in exceptional cases is provided to them. The vigil mechanism is available on your Company's website viz. www.hindalco.com.

AUDITORS

Statutory Auditors

M/s. Price Waterhouse & Co Chartered Accountants LLP (Registration No. 304026E/E-300009), are the Statutory Auditors of the Company who are appointed for a period of five years i.e., to hold office from the conclusion of the Fifty Eighth Annual General Meeting held in 2017 till the conclusion of the Sixty third Annual General Meeting of the Company, to be held in the Calendar year 2022, subject to ratification, if required, of their appointment by the Members at every Annual General Meeting till the Sixty-second Annual General Meeting.

The requirement to place the matter relating to appointment of the Auditors for ratification by the members at every Annual General Meeting is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of the Auditors, who were appointed in the Annual General Meeting held on 13th September, 2017.

The observation made in the Auditor's Report are self explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Act.

Cost Auditors

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors of your Company have on the recommendation of the Audit Committee, appointed M/s. Nanabhoy & Co., Cost Accountants, Mumbai as Cost Auditors, to conduct the cost audit of your Company for the financial year ending 31st March, 2019, at a remuneration as mentioned in the Notice convening the Annual General Meeting. As required under the Act, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to Cost Auditors forms part of the Notice of the ensuing Annual General Meeting.

Secretarial Auditors

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed BNP & Associates, Company Secretaries, Mumbai as Secretarial Auditor for conducting the Secretarial Audit of your Company for the financial year ended 31st March, 2018. The Report of the Secretarial Auditors is annexed herewith as **Annexure-V** to the Full Annual Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

ENVIRONMENT PROTECTION AND POLLUTION CONTROL

Your Company is committed to sustainable development. A detailed report of the Company's initiatives and commitment to environment conservation is part of Sustainability & Business Responsibility Report forming part of the Full and Abridged Annual Report.

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 notes to Financial Statements of the Full Annual Report.

CORPORATE SOCIAL RESPONSIBILITY:

In terms of the provisions of Section 135 of the Companies Act, 2013 ("the Act") read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee which is chaired by Mrs. Rajashree Birla. The other Members of the Committee for the Financial year ending 31st March 2018 were Mr. Jagdish Khattar, Independent Director, Mr. A.K. Agarwala, Non Executive Director, Mr. Satish Pai: Managing Director and Mr. D. Bhattacharya: Non Executive Director. Dr. Pragnya Ram, Group Executive President, Corporate Communication & CSR is a permanent invitee to the Committee.

Mr. Jagdish Khattar: Independent Director and Member of CSR Committee has resigned from the Board w.e.f 4th May 2018. Mr. Y. P. Dandiwala: Independent Director was inducted as a member of the CSR Committee in the meeting of the Board held on 16th May, 2018.

Your Company also has in place a CSR Policy and the same is available on your Company's website viz. www.hindalco.com. The Committee recommends to the Board activities to be undertaken during the year.

Your Company is a caring corporate citizen and lays significant emphasis on development of the communities around which it operates. Your Company has identified several projects relating to Social Empowerment & Welfare, Infrastructure Development, Sustainable Livelihood, Health Care and Education during the year and initiated various activities in neighbouring villages around plant locations. During

the financial Year 2017-18 the Company has spent ₹ 31.09 Crore under Section 135 of the Companies Act, 2013 on CSR activities, which represent 2.33% of average net profits of the Company for last three financial years.

The Annual Report on CSR activities is attached as **Annexure-VI** to the Full Annual Report.

RISK MANAGEMENT

Pursuant to the requirement of Listing Regulations, the Company has constituted Risk Management Committee, which is mandated to review the risk management plan/process of your company.

Risk evaluation and management is an ongoing process within the Organization. Your Company has comprehensive risk management policy which is periodically reviewed by the Risk Management Committee.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the financial year, your Company entered into related party transactions which were on arm's length basis and in the ordinary course of business. There are no material transactions with any related party as defined under Section 188 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 and Listing Regulations. All related party transactions have been approved by the Audit Committee of your Company.

The policy on Related Party Transactions as approved by the Audit Committee and the Board is available on your Company's website viz. www.hindalco.com.

EXTRACT OF ANNUAL RETURN:

In terms of the provisions of Section 92 (3) of the Companies Act, 2013 ("the Act") read with the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return of your Company for the financial year ended 31st March, 2018 is given in **Annexure-VII** to the Full Annual Report.

BUSINESS RESPONSIBILITY REPORT:

As per the Listing Regulations, a separate section of Business Responsibility Report forms part of the Full and Abridged Annual Report.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has Internal Financial Control (IFC) framework commensurate with its size, scale and complexity of businesses. The framework has been designed to provide reasonable assurance with respect to reliable operational and financial information, complying with applicable laws, safeguarding of assets,

prevention and detection of frauds & errors, executing transactions with proper authorization and ensuring compliance with company policies & procedures. The controls based on the prevailing business conditions and processes have been tested for operating effectiveness and no reportable material deficiencies in the design were observed.

The Internal Audit team develops an annual audit plan based on the risk profile of the businesses. The Internal Audit plan is approved by the Audit Committee, who also reviews compliance to the audit plan.

The Audit Committee has appointed Internal Auditors who periodically audit the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements to strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee. The Audit Committee reviews the reports submitted by the Internal Auditors in each of its meeting, quarterly.

INTERNAL FINANCIAL CONTROL

Your directors confirm having laid down internal financial controls and that such internal financial controls are adequate and were operating effectively.

SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES:

The financial statements of your Company's subsidiaries and related information have been placed on the website of your Company viz. www.hindalco.com and also available for inspection during business hours at the registered office of your Company. Any Member, who is interested in obtaining a copy of financial statements of your Company's subsidiaries, may write to the Company Secretary at the Registered Office of your Company.

In accordance with the provisions of the 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 subsidiaries, associates and Joint Venture is attached as **Annexure-VIII** to the Full and Abridged Annual Report.

The names of Companies which have become or ceased to be subsidiaries, Joint Ventures and associates are also provided in the aforesaid statement.

OTHER DISCLOSURES:

- There were no material changes and commitments affecting the financial position of your Company between end of financial year and the date of report.
- Your Company has not issued any shares with differential voting.

- There was no revision in the financial statements.
- Your Company has not issued any sweat equity shares.
- Mr. Satish Pai is a director on the Board of Novelis Inc, wholly owned subsidiary. He is in receipt of annual fee of US\$ 1,50,000 in the calendar year 2017. Mr. Praveen Kumar Maheshwari: Whole Time Director and Chief Financial Officer has not received any commission/remuneration from your Company's subsidiaries.
- There is no change in the nature of business.
- During the year under review, your Company has not accepted any fixed deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on March 31, 2018, there were no deposits which were unpaid or unclaimed and due for repayment.
- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
- There were no frauds reported by the Auditors u/s 143(12) of the Companies Act, 2013.

APPRECIATION

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Honorable Ministers, Secretaries and other officials of the Ministry of Mines, Ministry of Coal, the Ministry of Chemicals and Fertilizers and various State Governments. Your Directors thank the Financial Institutions and Banks associated with your Company for their support as well.

Your Company's employees are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged.

Your involvement as Shareholders is greatly valued. Your Directors look forward to your continuing support.

For and on behalf of the Board

Satish Pai
Managing Director
DIN:06646758

M.M. Bhagat
Independent Director
DIN:00006245

Mumbai
Dated : July 11, 2018

Annexure-II**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PRESCRIBED UNDER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.****A. CONSERVATION OF ENERGY****a. STEPS TAKEN ON CONSERVATION OF ENERGY**

- i. In addition to Periodic Energy audit in all units, during the year, specific Heat loss study was conducted across all Power Plants.
- ii. With a view of enhancing knowledge on Energy Efficiency & Audit, in addition to the existing Energy Managers/Auditors across all units, a batch of additional 84 professionals will undergo training and appear in the Energy Manager/Auditor examination to be conducted by BEE in the next financial year.
- iii. Reduction in steam consumption in Aluminium Refinery units through process optimization and loss reduction.
- iv. Reduction in Aluminium Smelter energy consumption through various initiatives like new design collector bar, bus bar/riser design change, anode ring, cathode ring, Anode Current density equalization etc.
- v. Efficiency improvement in Boilers by minimising Radiation/Convection/leakage Losses and through process optimization.
- vi. Auxiliary power reduction through automation & process optimization.
- vii. Replacement of Metallic Fan blade of Cooling Towers with FRP blades.
- viii. Rationalization of motor, pump & fan capacities and replacement of inefficient pumps & motors with high efficiency pumps & motors.
- ix. Energy efficient & corrosion resistant coating in pumps.
- x. Revamping/ replacement of Annealing & Homogenizing Furnaces.
- xi. Reduction in lighting consumption by installing translucent roofing sheet/sun pipe, replacement of conventional light with energy efficient LED Light, Astronomical timer, voltage optimization etc.
- xii. Installation of VFD in variable load application
- xiii. Compressed Air system efficiency improvement through replacement of inefficient compressors, arresting leakages, process optimization etc.

b. STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY.

- i. Use of biomass as a supplementary fuel in our boilers.
- ii. Use of translucent roofing sheet/Sun light pipe for more use of Natural light.
- iii. Use of turbine ventilators in place of conventional exhaust system
- iv. Installation of Solar water & solar emulsion heaters.
- v. Contract has been finalized for setting up a 30 MW Solar PV Power plant. Feasibility study/project approval/Contract finalization for another 17 MW Solar PV power plant across multiple location is in progress.

c. THE CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT & PROJECTS.

The Capital investment on Energy conservation equipment & projects for the year was ₹102 crore.

B. TECHNOLOGY ABSORPTION:

a) Efforts made towards technology absorption –

- i. Developed various grades of speciality grade alumina for high end specific uses like glassware, polishing applications; low soda & high purity alumina for high grade fused-alumina applications.
- ii. Streamlined usage of scale-inhibitor chemical and realised 15% reduction in overall refinery energy consumption.
- iii. Commissioned project on pressure filtration technology for bauxite residue filtration at Utkal refinery. This has enabled environment friendly bauxite residue storage in form of dry cake and increased disposal pond life.
- iv. Surpassed designed level of liquor productivity by 1.5 g/l, which is among the best in world for identical technology in Alumina Refinery. This is achieved by process control optimization, keeping the product quality unaffected through fine-tuned nucleation control based particle size management using Accusizer.
- v. Laboratory scale evaluation of new generation mud separation (HRD) flocculants 160RRX carried out. This product is found superior with a potential reduction in consumption by 10-15% over current flocculant in use.
- vi. IOT panel developed and implemented to facilitate sale of hot metal from the pot line directly to wire rod customer at Aditya Aluminium smelter.
- vii. Developed on line cloud based smelter technological vehicle monitoring system to view the real time vehicle movement within the Mahan premises.
- viii. In house development of hands free voice communication system for overhead crane operator during communication with shop floor persons.
- ix. Implementation of online defect management system.
- x. Stabilised process parameters for steady production of high purity metal production P0610 - 100% in Aluminium smelters.
- xi. Laser engraving and auto weighing of Billets implemented in Cast House for Customer centricity.
- xii. Copper Smelter – I -Up-gradation by increasing reaction shaft diameter.

b) Benefits derived like product improvement, cost reduction, product development or import substitution

- a. Developed process for production of Ultra low UTS aluminium wire rod suitable for drawing thin wire at Customer end which has resulted in Import substitution of same.
- b. Conceptual engineering and Basic engineering activities was completed by in-house team for expansion of alumina to 2.0 Million t/yr.
- c. Development of aluminium hard alloy products for defence applications.
- d. In house technology development for high strength high formable AC fin stock.
- e. In house technology development for new foil products – AA 8079 and AA 8021 grade foil laminates production process thus reducing energy consumption and environmental footprint.
- f. Development of novel process to eliminate homogenization process in blister foil Conceptual engineering and Basic engineering activities was completed by in-house team for expansion of the refinery to 2.0 Million t/yr.
- g. In house technology development of semi-rigid foil containers and product commercialisation.
- h. In -house design modification in Copper scrap melting furnace.
- i. Indigenous design change of mother blank used in Copper smelter.

c) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

Technology Imported for	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reason thereof and future plan of action
Contiroad Casting and Rolling Technology for Continuous Cast Copper Rod, from SMS Meer, Germany	2017-18	Yes	NA
High pressure filtration of Bauxite Residue at Utkal alumina refinery	2017-18	Yes	NA
Test pots trials for upgrade at Hirakud	2016-17	Yes	NA
Upgrade of Anode baking furnace-5 at Renukoot from Riedhammer, Germany	2017-18	In progress	Project in progress

d) **Expenditure incurred on Research and Development (R&D)**

The Company has spent ₹ 22.06 Crore for Research and Development during the financial year 2017-18.

C) FOREIGN EXCHANGE EARNINGS & OUTGO

a) **Activities related to exports**

Exports [FOB] during the year were ₹ 18,573 Crore.

b) **Total Foreign Exchange Used and Earned**

Foreign Exchange used ₹ 20,980 Crore (Excluding Dividend paid in Foreign Exchange).

Foreign Exchange Earned ₹ 18,573 Crore.

For and on behalf of the Board

Satish Pai
Managing Director
DIN:06646758

M.M. Bhagat
Independent Director
DIN: 00006245

Mumbai
Dated : July 11, 2018

Annexure-III

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial year 2017-18 are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration* of Director/KMP for financial year 2017-18 (₹ in Lakhs)	% increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director/to median remuneration of employees
1	Kumar Mangalam Birla	517.02	(15.84)	95.57
2	Rajashree Birla	6.16	(27.27)	1.14
3	A.K.Agarwala	8.77	(2.99)	1.62
4	M.M. Bhagat	14.32	(0.49)	2.65
5	Y.P. Dandiwala	12.12	7.73	2.24
6	K.N. Bhandari	15.05	(1.31)	2.78
7	Jagdish Khattar	5.48	(29.11)	1.01
8	Ram Charan	6.73	168.13	1.24
9	D.Bhattacharya [^]	7.51	^	1.39
10	Girish Dave	6.84	34.12	1.26
11	Satish Pai	2097.25	19.75	387.66
12	Praveen Kumar Maheshwari	408.48	11.00	75.50
13	Anil Malik	129.00	13.16	23.84

* Remuneration includes commission payable to Non Executive Directors for the year ended 31st March, 2018 which is subject to the approval of the members of the Company. Sitting fees paid to Directors is excluded.

[^] Mr. D. Bhattacharya was Managing Director till 31st July, 2016 and then was inducted as Non-Executive Director. Hence his remuneration of FY 2016-17 and FY 2017-18 is not comparable. In addition to the above, he was paid ₹ 2.91 Crore as a performance linked incentive for the period April 2016 to July 2016 as the Managing Director. At the time of retirement, the Board had approved pension of ₹ 0.335 Crore per month, hence he has been paid ₹ 4.02 Crore as pension for his past services as the Managing Director.

- ii. The median remuneration of employees of the Company during the financial year was ₹ 5.41 Lacs.
 iii. In the financial year, there was an increase of 7.98% in the median remuneration of employees.
 iv. There were around 23,555 permanent employees on the rolls of Company as on 31st March, 2018.
 v. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2017-18 was 10.7% whereas the increase in the managerial remuneration for the same financial year was 18.25%. For the purpose of managerial personnel, Managing Director and Whole time Director are considered.
 vi. It is hereby affirmed that the remuneration paid is as per the Remuneration Philosophy / Policy of the Company.

For and on behalf of the Board

Satish Pai
Managing Director
DIN:06646758

M.M. Bhagat
Independent Director
DIN:00006245

Mumbai
Dated : July 11, 2018

Form AOC-1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Part "A" - Subsidiaries

Sr. No.	Name of the Subsidiary Company	Country	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities	Investments Shares, Debenture, Bonds & Others	Turnover/ Revenues	Profit/ (Loss) in Crore & Foreign Currency in Million			% of Share Holding
										Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	
1	Minerals and Minerals Limited	India	INR	0.05	6.96	19.97	12.96	-	43.32	7.20	1.89	5.31	100
2	Renuka Investments and Finance Limited	India	INR	9.25	168.89	178.79	0.65	171.13	10.06	9.75	1.49	8.26	100
3	Renukeshwar Investments and Finance Limited	India	INR	4.80	101.70	106.50	0.00	105.24	6.73	6.71	0.25	6.45	100
4	Suvas Holdings International	India	INR	13.31	(0.27)	35.59	22.55	0.00	0.05	(0.24)	0.01	(0.25)	51
5	Utkal Alumina Limited	India	INR	6,251.48	(606.04)	8,424.25	2,778.80	0.00	2,884.11	579.51	18.22	561.29	100
6	Hindalco-Almex Aerospace Limited	India	INR	88.56	(6.80)	88.61	8.86	16.63	64.54	3.36	0.67	2.69	97.18
7	Lucknow Finance Company Limited	India	INR	9.90	9.28	20.12	0.94	10.41	2.83	1.79	0.20	1.59	100
8	Dahel Harbour and Infrastructure Limited	India	INR	50.00	49.10	115.24	16.14	49.14	82.34	52.49	12.56	39.93	100
9	East Coast Bauxite Mining Co.Pvt.Ltd.	India	INR	0.01	(0.03)	0.01	0.03	0.00	0.00	(0.00)	0.00	(0.00)	74
10	Tubed Coal Mines Limited*	India	INR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60
11	Mauda Entergy Limited	India	INR	0.18	(0.18)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100
12	Utkal Alumina Technical and General Services Ltd.*	India	INR	0.05	(0.05)	0.00	0.00	0.00	0.00	(0.04)	0.00	(0.04)	100
13	A V Minerals (Netherlands) N.V.*	Netherlands	INR	11,157.46	(229.84)	10,937.62	0.00	10,937.16	0.00	(0.70)	0.00	(0.70)	100
			USD	1,715.04	(35.30)	1,679.74	0.00	1,679.67	0.00	(0.11)	0.00	(0.11)	
14	A V Metals Inc.**	Canada	INR	0.00	10,181.78	10,181.79	0.01	10,181.79	0.00	0.01	0.00	0.01	100
			USD	0.00	1,563.66	1,563.66	0.00	1,563.66	0.00	0.00	0.00	0.00	
15	Novelis Inc.**	Canada	INR	10,288.16	(6,575.76)	16,778.68	13,075.80	0.00	4,397.55	2,312.19	(45.82)	2,266.37	100
			USD	1,580.00	(1,009.87)	2,576.78	2,008.11	0.00	682.24	358.72	(7.11)	351.61	
16	4260848 Canada Inc.*	Canada	INR	798.59	(536.53)	262.06	0.00	0.00	58.26	(5.89)	64.15	-	100
			USD	122.64	(82.40)	40.25	0.00	0.00	9.04	(0.91)	0.10	9.95	
17	4260856 Canada Inc.*	Canada	INR	1,197.92	(814.52)	383.40	-	0.00	0.00	0.09	(0.01)	0.10	100
			USD	183.97	(125.09)	58.88	-	0.00	0.00	0.01	(0.00)	0.01	
18	Novelis South America Holdings LLC*	USA	INR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100
			USD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
19	Novelis (India) Infotech Ltd.*	India	INR	1.00	1.36	2.43	0.07	-	0.09	0.09	0.03	0.06	100
			USD	-	-	-	-	-	-	-	-	-	
20	Novelis Corporation (Texas)*	USA	INR	(6,790.45)	(1,042.84)	19,601.20	26,501.56	0.00	28,818.47	1,218.44	297.84	1,516.27	100
			USD	0.04	(0.04)	3,010.24	4,069.96	0.00	4,470.94	189.03	46.21	235.24	
21	Novelis de Mexico SA de CV*	Mexico	INR	0.01	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100
			USD	1,888.49	2,992.64	10,788.04	5,906.92	0.00	12,381.74	1,560.99	(522.27)	1,038.72	
22	Novelis do Brasil Ltda.*	Brazil	Reals	958.53	1,518.95	5,475.62	2,998.14	0.00	6,178.60	778.95	(260.62)	518.33	100
			INR	107.50	3,015.98	10,060.94	6,937.46	0.00	12,717.14	1,301.57	396.79	904.78	
23	Novelis Korea Limited*	Korea	Won	17,536.00	492,003.00	1,641,262.00	1,131,723.00	0.00	2,102,007.00	215,135.00	65,585.00	149,550.00	100
			INR	1,334.90	670.39	3,037.60	1,032.31	0.00	3,923.62	25.33	4.60	20.73	
24	Novelis UK Ltd.*	England	Pounds	146.09	73.37	332.43	112.97	0.00	458.85	2.96	0.54	2.42	59
			INR	1,308.88	1,436.61	2,783.23	37.74	0.00	673.78	419.71	95.66	324.05	
25	Novelis Services Limited*	England	USD	201.01	220.63	427.43	5.80	0.00	104.53	65.11	14.84	50.27	59
			INR	894.44	110.44	6,069.01	5,064.14	0.00	23,771.01	113.25	-	113.25	
26	Novelis Deutschland GmbH*	Germany	Euro	111.50	13.77	756.56	631.29	0.00	3,150.59	15.01	-	0.00	100
			INR	0.20	0.18	0.38	-	0.00	(0.0009)	0.00	0.00	(0.00)	
27	Novelis Aluminium Beteiligungs GmbH*	Germany	Euro	0.03	0.02	0.05	0.00	0.00	0.00	0.00	0.00	0.00	100
			INR	770.10	(256.06)	1,060.63	1,060.63	0.00	1,314.64	(9.26)	(1.66)	(10.92)	
28	Novelis Switzerland SA*	Switzerland	Euro	96.00	(31.92)	132.22	132.22	0.00	132.22	(1.23)	(0.22)	(1.45)	100
			INR	1,741.51	575.17	6,981.94	4,665.25	0.00	131.22	(92.80)	(67.59)	(160.39)	
29	Novelis Laminex France SAS*	France	Euro	217.10	71.70	870.37	581.57	0.00	171.39	(12.30)	(8.96)	(21.26)	100
			INR	32.41	81.13	316.54	203.00	0.00	82.58	(36.13)	(3.13)	(33.00)	
30	Novelis Italia SPA*	Italy	Euro	4.04	10.11	39.46	25.31	0.00	10.95	(4.79)	(0.41)	(4.37)	100
			INR	319.70	2,072.17	5,090.90	2,699.04	0.00	306.14	0.00	0.00	(306.14)	
31	Novelis Aluminium Holding Company*	Ireland	Euro	49.10	318.23	781.83	414.50	0.00	1.47	(47.50)	0.00	(47.50)	100
			INR	32.41	81.13	316.54	203.00	0.00	82.58	(36.13)	(3.13)	(33.00)	
32	Novelis PAE SAS*	France	Euro	4.04	10.11	39.46	25.31	0.00	10.95	(4.79)	(0.41)	(4.37)	100
			INR	319.70	2,072.17	5,090.90	2,699.04	0.00	306.14	0.00	0.00	(306.14)	
33	Novelis Europe Holdings Ltd.*	Wales	USD	49.10	318.23	781.83	414.50	0.00	1.47	(47.50)	0.00	(47.50)	100

Figures INR in Crore & Foreign Currency in Million

Sr. No.	Name of the Subsidiary Company	Country	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities	Investments Shares, Debentures, Bonds & Others	Turnover/ Revenues	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend	% of Share Holding
34	Novelis AG (Switzerland)*	Switzerland	INR	6.83	1,181.67	6,244.80	5,056.30	-	5,097.54	(122.91)	(1.04)	(123.95)	-	100
		France	EUR	1.00	172.96	914.06	740.10	0.00	767.33	(18.50)	(0.16)	(18.66)	0.00	100
35	Novelis Holdings Inc.*	USA	USD	0.00	1,919.15	1,950.78	31.62	-	-	98.53	385.67	(237.13)	-	100
		USA	USD	0.00	294.73	2,995.51	4.86	-	0.00	(76.26)	(6.88)	(69.38)	0.00	100
36	8018227 Canada Inc.*	USA	USD	0.00	(425.60)	1,651.75	2,077.35	-	-	(11.83)	(1.07)	(10.76)	0.00	100
37	Novelis Acquisitions LLC*	USA	USD	0.00	(65.36)	253.67	319.03	-	0.00	-	-	-	-	100
38	Novelis Sheet Ingot GmbH*	Germany	EUR	160.44	0.00	1,429.84	1,269.20	0.00	0.00	(30.19)	-	(30.19)	-	100
		UAE	EUR	20.00	0.00	178.22	158.22	0.00	84.45	(4.00)	0.00	(4.00)	0.00	40
39	Novelis MEA Ltd.*	China	USD	5.94	399.58	805.55	400.03	-	2,330.00	133.47	0.00	133.47	0.00	100
		China	USD	0.91	61.37	123.71	61.43	-	361.48	20.71	0.00	20.71	0.00	100
40	Novelis (Shanghai) Aluminium Trading Co., Ltd.*	China	USD	22.98	88.79	124.55	12.78	-	59.91	0.33	(0.24)	0.09	0.00	100
41	Novelis (China) Aluminium Products Co., Ltd.*	China	CNY	22.14	85.57	120.03	12.32	0.00	61.53	0.34	(0.24)	0.10	0.00	100
		Vietnam	CNY	368.47	(34.53)	1,472.72	1,138.78	-	1,239.60	149.20	(37.30)	111.90	0.00	100
42	Novelis Vietnam Company Limited*	Vietnam	USD	355.12	(33.27)	1,419.35	1,097.51	0.00	1,273.13	153.24	(38.31)	114.93	0.00	100
		USA	USD	5.93	31.81	48.37	10.62	0.00	(0.03)	(12.15)	0.05	(12.15)	0.00	100
43	Novelis Services (North America) Inc.*	USA	USD	20,820.00	111,626.57	169,708.61	37,262.05	0.00	(105.28)	(43,590.97)	185.02	(43,405.95)	0.00	100
		Brazil	USD	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.00	99
44	Brecha Energetica Ltda.*	Brazil	Reals	0.002	-	0.002	-	0.00	0.00	-	-	-	-	100
45	Novelis Global Employment Organization Inc.*	USA	USD	2.116	(0.54)	9.22	7.64	-	-	0.002	0.20	(0.20)	-	100
46	Novelis Services (Europe) Inc.*	USA	USD	0.33	(0.08)	1.42	1.17	0.00	0.00	0.00	0.03	(0.03)	0.00	100
47	Logan Aluminum, Inc.* [§]	USA	USD	0.00001	(552.57)	2,093.62	2,646.19	-	2,944.16	3.18	177.01	(173.84)	-	40
		South Africa	USD	0.15	2,177.16	3,619.14	1,441.82	0.00	456.76	0.49	27.46	(26.97)	0.00	100
48	Ulsan Aluminum Ltd. (60.1%) [§]	South Africa	Won	25.05	355,165.34	590,397.50	235,207.11	0.00	406,686.84	3,850.40	871.47	2,978.93	0.00	100
		Brazil	USD	0.01	(0.01)	0.01	0.01	0.00	0.00	(0.00)	0.00	(0.00)	0.00	100
49	Hindalco Guinea SARL	Brazil	USD	0.00	(0.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100
50	Hindalco Do Brazil Industria Comercio de Alumina LTDA	Brazil	USD	730.40	(602.11)	293.87	165.58	0.00	275.99	(149.96)	0.00	(149.96)	0.00	100
51	Deutsche Aluminium Verpackung Recycling GmbH	Germany	EUR	370.73	(305.61)	149.16	84.04	0.00	137.72	(74.83)	0.00	(74.83)	0.00	100
52	France Aluminium Recyclage SA	France	EUR	-	-	-	-	-	-	-	-	-	-	100

Not consolidated with 20% ownership
Not consolidated with 30% ownership

Deutsche Aluminium Verpackung Recycling GmbH

France Aluminium Recyclage SA

*Subsidiary of AV Minerals (Netherlands) N.V.

**Subsidiary of AV Metals Inc.

§Subsidiary of Utkal Alumina International Limited

%Held for sale

§ Joint Operations

* Balance sheet items are translated at closing exchange rate and Profit/(Loss) items are translated at average exchange rate.

List of Subsidiaries which have been liquidated/amalgamated/sold during FY 17-18

From Ccy	To Ccy	Avg spot rate for the year	Closing rate for 31 st March 2018
AUD	INR	49.8779	50.0279
BRL	INR	20.0397	19.7020
CAD	INR	50.2751	50.5159
CHF	INR	66.4324	68.3192
CNY	INR	9.7367	10.3764
EUR	INR	75.4494	80.2184
GBP	INR	85.5101	91.3759
JPY	INR	0.5819	0.6129
NOK	INR	7.9475	8.3023
SEK	INR	7.7370	7.8085
SGD	INR	47.5398	49.6701
USD	INR	64.4573	65.1150

NA

Name of subsidiaries which are yet to commence operations

1	Mauda Energy Limited
2	East Coast Bauxite Company Private Limited
3	Utkal Alumina Technical and General Services Ltd
4	Hindalco Guinea SARL

From Ccy	To Ccy	Avg spot rate for the year	Closing rate for 31 st March 2018
BRL	USD	0.3109	0.3026
CHF	USD	1.0307	1.0492
CNY	USD	0.1511	0.1594
EUR	USD	1.1706	1.2320
GBP	USD	1.3266	1.4033
JPY	USD	0.0090	0.0094
SEK	USD	0.1200	0.1199
SGD	USD	0.7376	0.7628

**PART-“B” STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013
RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES**

Sr. No.	Name of Associates/Joint Ventures	Latest Audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end			Network to Shareholding as per latest audited balance sheet (₹ in crore)	Profit/Loss for the year			Reason why the associate/joint venture is not considered
			Number	Amount of investment (Carrying Value) in Associates/ Joint Venture (₹ in crore)	Extent of Holding% attributable		Considered in consolidation (₹ in crore)	Not considered in consolidation (₹ in crore)	Description of how there is significant influence	
Associates										
1	Aditya Birla Science and Technology Private Limited	31-Mar-18	9,800,000	9.80	49.00	2.39	0.53	-	Note A	
2	Idea Cellular Limited*	31-Mar-18	-	-	5.24	-	(660.90)	-	Note A	
3	Aluminium Norf GmbH	31-Dec-17	1	41,511.00	50.00	83,022.00	4,651.00	-		Joint operation
4	Deutsche Aluminium Verpackung Recycling GmbH	31-Dec-17	1	92.10	30.00	77.60	(0.44)	-		Immaterial Financial
5	France Aluminium Recyclage SA	31-Dec-17	3000	31.40	20.00	157.00	9.18	-		Immaterial Financial
Joint Ventures										
1	Mahan Coal Limited [®]	31-Mar-18	95,250,000	73.25	50.00	73.60	1.33	-	Note A	Joint operation
2	Hydromine Global Minerals (GMBH) Limited [§]	31-Mar-18	6,465,000	1	45.00	30.45	-	(0.14)	Note A	Discontinued Operation
3	MNH Shakti Limited [§]	31-Mar-18	12,765,000	13	15.00	12.69	-	-	Note A	Discontinued Operation

Note A: There is significant influence due to percentage holding of share capital

* No significant influence as at March 31, 2018 - Refer Note 56 D of the Consolidated Financial Statements

[®] Held for sale as on 31st March, 2018.

[§] Held for sale as on 31st March, 2018 and accordingly equity accounting has been discontinued.

For and on behalf of the Board of
Hindalco Industries Limited

Satish Pai – Managing Director
DIN-06646758

Praveen Kumar Maheshwari
Whole-time Director &
Chief Financial Officer
DIN-00174361

Place : Mumbai
Dated : May 16, 2018

M.M. Bhagat – Director
DIN-00006245

Anil Malik
Company Secretary

SUSTAINABILITY & BUSINESS RESPONSIBILITY REPORT

Building Sustainable Businesses at the Aditya Birla Group:

At the Aditya Birla Group, we endeavour to become the leading Indian conglomerate for sustainable business practices across our global operations. We define a “Sustainable Business” as one that can continue to survive and thrive within the growing needs and tightening legal and resource constraints of a “Sustainable World”. We believe that this means that as we go forward towards the constrained operating environments of 2030 and 2050 that for a continued “Sustainable World” it can increasingly only contain “Sustainable Businesses”.

To achieve our Group vision, we are innovating away from the traditional sustainability models to one consistent with our vision to build sustainable businesses capable of operating in the next three decades. It is in our own interests to mitigate our own impact in every way we can as this is a direct assistance to creating a sustainable planet. It also prepares us for further mitigation and the need to adapt to a world that is a full two degrees or even three or four hotter than today.

We began our quest with the question, “If everyone and every business followed the law as written today, is the planet sustainable?” We quickly concluded that around the year 2050, when the Earth’s population reaches an estimated 9 billion, climate change, water scarcity, pollution, biodiversity loss and an overload of waste, if left unchecked, would set the planet on a possibly irreversible unsustainable course. It is therefore intuitive that leaders must find ways to transform industries such that international bodies can codify and governments can legislate over time to reduce the damage and it is imperative that the Aditya Birla Group remains ahead of the curve.

The first step of our programme to build sustainable businesses is focused on increasing the capability of our business management systems. Under this programme called “Responsible Stewardship” we try to move from merely complying with current legal standards to conforming to the international standards set by the global bodies of the International Finance Corporation (IFC), the Organisation for Economic Cooperation and Development (OECD), the International Standards Organisation (ISO), Occupational Health and Safety Advisory Services (OHSAS), the Global Reporting Initiative (GRI), the Forestry Stewardship Council and others. To support our businesses in this endeavour, we have created the Aditya Birla Group’s Sustainable Business Framework of Policies, Technical Standards, and Guidance Notes to give our leaders, managers, employees and contract employees the chance to train,

learn, understand, and apply improvement techniques to help our businesses reach higher standards of performance. Our Group Sustainable Business Framework is currently certified to 14 international standards (<http://sustainability.adityabirla.com/>) So far, we have had much success with respect to reductions in accidents, energy use, water use, and have implemented our first Biodiversity plans. Our programme to achieve the World Business Council for Sustainable Development’s Water and Sanitation and Hygiene pledge (WASH) to ensure that we provide safe drinking water, sanitation and hygiene in all our operations has resulted in our building over 600 new bathrooms, many for women and differently abled people. Each of these achievements helps reduce and mitigate our impact on the planet and are imperative to building the sustainable business platform for our future.

If we are to create fully sustainable business models and systems for the future then “Responsible Stewardship” by itself is not enough. We need other components to help us with a greater transformation. We need to understand the global mega-trends and their effect on us; geographically, physically, technologically and how the legal system (including regulations and tax) will need to change in order to motivate business to create a sustainable world. Our performance will need to be improved further to meet the changes needed to mitigate and adapt to these External Factors. By talking to our Strategic Stakeholders knowledgeable in these issues, we can scan the horizon to better understand their likely risk to our business. With this information, we enhance our business models, strategies and risk profiles in order to “Future Proof” them and our value chains in the medium to long term. Since only “Sustainable” business can exist in a Sustainable World then a Sustainable Value Chain can also only contain these businesses and so it becomes imperative to map our value chains to look for vulnerabilities. Our goal is to create not only Sustainable Businesses but also Sustainable Value Chains of which we can be a key member. We are helping our leaders to understand which external changes might heavily influence our value chains and business models in the future and what might be expected of our products and brands. For example, the world will need businesses that are able to mitigate and adapt to climate change, with robust and sustainable supply chains that are also impervious to all external forces that will inevitably begin to affect us in the future. To build sustainable businesses will take time, particularly when we consider some of our very complex value chains but by pushing to be a leader today, we are giving our businesses the best possible chance of achieving long-term success not only for ourselves but also for our value chains and hence for our planet.

BUSINESS THROUGH SUSTAINABILITY – THE HINDALCO WAY

Hindalco Sustainability Vision

Hindalco endeavours to become a leading metals Company for sustainable business practices across the global operations, balancing its economic growth with environmental and societal interests.

In line with Sustainability Vision, we, at Hindalco Industries Limited, operating across the process chain from mining to semi-fabricated products in non-ferrous metals, will strive for excellence in sustainable processes, products and practices to create long term value for all our stakeholders, while conserving resources, protecting the environment, nurturing our people and enriching societal well-being. Hindalco's approach to sustainability is aligned with the Group's triple-faceted framework resting on Responsible Stewardship, Stakeholder Engagement and Future proofing including Supply Chain.

Our approach to sustainability focuses on areas like sustainable mining practices, energy conservation, recycling, environment-friendly disposal of industrial wastes, safety practices, socio economic development of the communities around the plant and empowerment of employees. It sets clear policy and institutional framework, systematically monitors performance, encourages continuous improvements and innovative practices, and deepens the dialogue with all stakeholders.

To further strengthen our systems, we have adopted various technical standards released by Group Sustainability Cell which covers various aspects on environment, safety and occupational health. We are in advance stage of implementing these standards.

We have also been able to align our sustainability initiatives and strategies with the UN Sustainable Development Goals (SDGs). Through this alignment we are more likely to create long term and lasting changes.

To ensure that we provide safe drinking water, sanitation and hygiene in all our operations, WBCSDs WASH implementation has been monitored very closely. We have successfully implemented WASH requirements at all manufacturing sites and at mines locations, implementation is in very advanced stage.

Business Responsibility Report:

Hindalco has been publishing Sustainability Report since FY 11 using the Global Reporting Initiative (GRI) Framework. The report for 2016-17 titled 'Towards a 2 Degree – make the world Greener, Stronger and Smarter' has been assured to the GRI G4 standard by KPMG (External independent assessing agency).

The Company will also publish Sustainability Report for FY 2017-18 and it will be hosted on its website www.hindalco.com. Any shareholder interested in obtaining a physical copy of the same may write to the Company Secretary at the Registered Office of your Company.

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L27020MH1958PLC011238	
2.	Name of the Company	Hindalco Industries Limited	
3.	Registered address	Ahura Centre, 1 st Floor, B Wing, 82, Mahakali Caves Road, Andheri (East), Mumbai-400093	
4.	Website	www.hindalco.com	
5.	E-mail id	anil.malik@adityabirla.com	
6.	Financial Year reported	1 st April, 2017 to 31 st March, 2018	
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	ITC Code	Product Description
		7601	Aluminium Ingots
		7606	Aluminium Rolled Products
		7605	Aluminium Redraw Rods
		740311	Copper Cathodes
		740710	Continuous Cast Copper Rods

8.	List three key products/services that the Company manufactures/provides (as in balance sheet):	(i) Aluminium Ingots / Rolled Products (ii) Copper Cathodes (iii) Concast Copper Rods								
9.	Total number of locations where business activity is undertaken by the Company	i. 5 major International Locations <ul style="list-style-type: none"> • USA • Germany • United Kingdom • Brazil • South Korea ii. Number of National Locations: <ul style="list-style-type: none"> • 4 Aluminium; • 1 Copper Unit • 4 Chemical Units (including one unit of Utkal Alumina International Limited, wholly owned subsidiary of the Company) • 4 Power Units • 5 Rolled FRP • 2 Extrusions • 1 Foil • Registered Office and Zonal Marketing Offices Bauxite and Coal Mines in the state of • Jharkhand, Chhattisgarh, Maharashtra and Odisha. 								
10.	Markets served by the Company	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 25%;">Local</td> <td style="width: 25%;">State</td> <td style="width: 25%;">National</td> <td style="width: 25%;">International</td> </tr> <tr> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> </table>	Local	State	National	International	√	√	√	√
Local	State	National	International							
√	√	√	√							

Section B: Financial Details of the Company (Standalone)

1.	Paid-up Capital (INR)	₹ 222.89 Crore
2.	Total Turnover (INR)	₹ 43,434.93 Crore
3.	Total Profits after taxes (INR)	₹ 1436.49 Crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company's total spending on CSR was ₹ 31.09 Crore which is 2.33% of the average net profit for the previous three financial years.
5.	List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> a. Education b. Health Care c. Women empowerment d. Sustainable Livelihood e. Infrastructure Development

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

Yes, as on 31st March, 2018, the Company has 50 subsidiaries – 13 domestic and 37 foreign.

2. 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):

Hindalco's Sustainability Report covers the India Operations including Mines. Further, Novelis Inc., also publishes Sustainability Report based of Global Reporting Initiative (GRI) framework.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

At present, suppliers and distributors with whom the Company does business, do not participate in the Business Responsibility initiatives of the Company directly.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a. Details of the Director/Director responsible for implementation of the BR policy/policies

DIN Number	01055000
Name	Mr. Y. P. Dandiwala
Designation	Independent Director

b. Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	N.A.
2.	Name	Mr. Anil Malik
3.	Designation	President & Company Secretary
4.	Telephone number	022-66626666
5.	E-mail ID	anil.malik@adityabirla.com

2. The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

The mapping of the aforesaid principles to the disclosures shall be made in the Sustainability Report 2017-18 which will be available on our website www.hindalco.com.

CORPORATE GOVERNANCE REPORT

GOVERNANCE PHILOSOPHY

The **Aditya Birla Group** is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self desire reflecting the culture of the trusteeship i.e., deeply ingrained in our value system and reflected in our strategic thought process. At a macro level, our governance philosophy rests on five basic tenets viz., Board accountability to the Company and the shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosures.

In line with this philosophy, HINDALCO, the flagship company of the Aditya Birla Group, is striving for excellence through adoption of best governance and disclosure practices. The Company, as a continuous process, strengthens the quality of disclosures, on the Board composition and its functioning, remunerations paid and level of compliance with various Corporate Governance Codes.

Compliance with Corporate Governance Guidelines

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

The entire Corporate Governance Report forms part of the Full Annual Report. The Full Annual Report of the Company is available on our website: www.hindalco.com.

Any member who is interested in obtaining the physical copy of the Full Annual Report may write to the Company Secretary at the Registered Office of your Company.

The Auditors' certificate on Corporate Governance is annexed as below:

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Hindalco Industries Limited

We have examined the compliance of conditions of Corporate Governance by Hindalco Industries Limited ("the Company"), for the year ended March 31, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No. 304026E/E-300009

Place : Mumbai
Date : May 16, 2018

Sumit Seth
Partner
Membership No. 105869

SHAREHOLDER INFORMATION

1. Annual General Meeting
 - Date and Time : 21st September, 2018 at 3:00 P.M.
 - Venue : Ravindra Natya Mandir
P. L. Deshpande Maharashtra Kala Academy, Prabhadevi, Mumbai : 400025
2. Financial Year
 - Financial reporting for the quarter ending June 30, 2018 : On or before 14th August, 2018
 - Financial reporting for the half year ending September 30, 2018 : On or before 14th November, 2018
 - Financial reporting for the quarter ending December 31, 2018 : On or before 14th February, 2019
 - Financial reporting for the year ending March 31, 2019 (Audited) : On or before 30th May, 2019
 - Annual General Meeting for the year ended March 31, 2019 : On or before 30th September, 2019
3. Dates of Book Closure : 15th September, 2018 to 21st September, 2018
4. Dividend Payment Date : On or after 21st September, 2018
5. Registered Office/Investors Service Department : Ahura Centre, 1st Floor,
B Wing, 82, Mahakali Caves Road,
Andheri (East),
Mumbai - 400 093.
Tel: (91-22) 6691 7000
Fax: (91-22) 6691 7001
E-Mail: hilinvestors@adityabirla.com
Website: www.adityabirla.com
CIN No. L27020MH1958PLC011238
6. ISIN: Fully paid up equity share: ISIN INE038A01020
GDR: ISIN US4330641022
CUSIP No. 433064300
7. Stock Code:

Stock Code:	Scrip Code
Bombay Stock Exchange	500440
National Stock Exchange	HINDALCO

Stock Exchange	Reuters	Bloomberg
Bombay Stock Exchange	HALC.BO	HNDL IN
National Stock Exchange	HALC.NS	NHNDL IN
Luxembourg Stock Exchange (GDRs)	HALCg.LU	HDCD LI

Name and Address of Debenture Trustee : IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17 R. Kamani Marg
Ballard Estate,
Mumbai : 400 001

8. Registrar and Transfer Agents : The Company has In-House Investors Service Department registered with SEBI as Category II Share Transfer Agent vide Registration no INR 000003910

9. OTHER USEFUL INFORMATION FOR SHAREHOLDERS

Shareholders who have not yet encashed their dividend warrants for the years 2010-2011 to 2016-2017 may approach to the Company with a request letter quoting their Ledger Folio numbers / DP & Client ID along with dividend warrant(s) (if any) and a cancelled cheque leaf for revalidation/claim.

The details of Dividend paid by the Company and the respective due dates of transfer of unclaimed/un-encashed dividend to the designated fund of the Central Government is given as below:

Date of Declaration	Financial Year of Dividend	Due date of transfer to the Government
23 rd September, 2011	2010-11	23 rd October, 2018
11 th September, 2012	2011-12	10 th November, 2019
10 th September, 2013	2012-13	10 th October, 2020
24 th September, 2014	2013-14	24 th October, 2021
16 th September, 2015	2014-15	16 th October, 2022
14 th September, 2016	2015-16	14 th October, 2023
13 th September, 2017	2016-17	13 th October, 2024

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment 2017, the Company is mandated to transfer all such shares to Investor Education and Protection Fund (IEPF) in respect of which dividend has not been claimed for seven consecutive years or more.

The unclaimed dividend amount(s) for the financial years 2008-2009, 2009-2010 and 1,697,798 Equity Shares and 177,581 Equity Shares related to unclaimed dividend for the financial years 2008-2009 and 2009-2010 have been credited to Investor Education and Protection Fund (IEPF).

Shareholder can claim the unclaimed dividend amounts and shares credited to IEPF with a separate application made to the IEPF Authority, in Form IEPF-5, as prescribed under the Rules and are available at IEPF website i.e www.iepf.gov.in.

In case of any query contact –

Hindalco Industries limited
Ahura Centre, 1st floor, B Wing
82, Mahakali Caves Road
Andheri (East), Mumbai- 400 093.
Tel: (91-22) 6691 7000, Fax: (91-22) 6691 7001
Email ID: hilinvestors@adityabirla.com

Green Initiative In Corporate Governance – Service of Documents in Electronic Form

As you are aware, Ministry of Corporate Affairs Government of India (MCA) vide its Circular(s) Nos. 17 and 18 dated 21st April, 2011 and 29th April, 2011 respectively has now allowed the companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Director's Report, Auditor's Report etc. henceforth to their shareholders electronically as a part of its Green Initiative in Corporate Governance.

Keeping in view the aforesaid green initiative of MCA, your Company shall send the Annual Report and other documents to its shareholders in electronic form at the e-mail address provided by them and made available to us by the Depository.

Unclaimed Shares in Physical Form

Regulation 39(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides the manner of dealing with shares issued in physical form pursuant to public issue or any other issue which remains unclaimed with the Company. In compliance with the provisions of Listing Regulations, the Company has sent three reminders to the shareholders whose share certificates are lying unclaimed.

Disclosures pursuant to Regulation 39(4) of Listing Regulation are as below:

- Aggregate number of shareholders and outstanding shares lying in Unclaimed Suspense account lying as at 1st April, 2017:
4,164 shareholders holding 1,282,492 equity shares of the Company.
- Number of shareholders who approached the issuer for transfer of shares from Unclaimed Suspense Account during the year.
26 shareholders 6,820 equity shares of the Company.
- Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year
26 shareholders 6,820 equity shares of the Company.
During the year 3,051 shareholders holding 719,776 equity shares were transferred to Investor Education and Protection Fund Account.
- Aggregate number of shareholders and outstanding shares lying in Unclaimed Suspense Account as at 31st March, 2018.
1,087 shareholders holding 555,896 equity shares of the Company.

INVESTOR SERVICES

- i. Equity Shares of the Company are under compulsory demat trading by all investors, with effect from 5th April, 1999. Considering the advantages of scrip less trading, shareholders are requested to consider dematerialization of their shareholding so as to avoid inconvenience in future.
- ii. Shareholders/Beneficial Owners are requested to quote their Folio No./DP & Client ID Nos., as the case may be, in all correspondence with the Company. All correspondences regarding shares & debentures of the Company should be addressed to the Investor Service Department of the Company at Ahura Centre, 1st Floor, 'B' Wing, 82, Mahakali Caves Road, Andheri (East), Mumbai - 400 093 and not to any other office(s) of the Company.
- iii. Shareholders holding shares in physical form are requested to notify to the Company, change in their address/ Pin Code number and Bank Account details promptly by written request under the signatures of sole / first joint holder. Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, etc. directly to their DP.
- iv. To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Details (if not provided earlier) to the Company (if shares are held in physical form) or to DP (if shares are held in demat form), as the case may be, for printing of the same on their dividend warrants.
- v. Non-resident members are requested to immediately notify:-
 - change in their residential status on return to India for permanent settlement;
 - Particulars of their NRE Bank Account with a bank in India, if not furnished earlier.
- vi. In case of loss/misplacement of share certificate, investors should immediately lodge a FIR/Complaint with the police and inform to Company along with original or certified copy of FIR/acknowledged copy of the complaint.
- vii. For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. wherever applicable registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.

Further please note that Securities and Exchange Board of India(SEBI),vide its Circular No MRD/DoP/Cir-05/2009 dated 20th May 2009,has made it mandatory for the transferee(s) to furnish the copy of the PAN Card to the Company for registration of physical transfer of shares.

Investors therefore are requested to furnish the self attested copy of PAN card at the time of sending the physical transfer of shares.

- viii. Shareholders are requested to keep record of their specimen signature before lodgment of shares with the Company to obviate possibility of difference in signature at a later date.
- ix. Shareholders(s) of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificates in the same name under different Ledger Folio(s) are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.

- x. Shareholders are requested to give us their valuable suggestions for improvement of our investor services.
- xi. Shareholders are requested to quote their E-mail IDs, Telephone/Fax numbers for prompt reply to their communication.
- xii. The Securities and Exchange Board of India has by its Circular No. SEBI/HO/DOP1/CIR/P/2018/73 dated 20th April, 2018 has mandated to register PAN and bank account details for the security of the holders holding securities in physical form.

The security holders whose folio(s) do not have complete details relating to their PAN and Bank Account, or where there is any change in the bank account details provided earlier, have to compulsorily furnish the details to the Company/Depository Participant for registration/updation.

- xiii. Pursuant to SEBI Listing Regulations as amended, effective from 5th December, 2018, and BSE Circular No. LIST/COMP/15/2018 dated July 05, 2018 SEBI has mandated that transfer of securities would be carried out in dematerialized form only.

Accordingly request for effecting transfer of securities shall not be processed unless the securities are held in the Dematerialised form with the depository with effect from 5th December 2018. Hence the Company will not be accepting any request for transfer of shares in physical form with effect from 5th December, 2018. This restriction shall not be applicable to the request received for transmission or transposition of physical shares.

The entire Shareholder's Information forms part of the Full Annual Report. The Full Annual Report of the Company is available on our website: www.hindalco.com.

Any member who is interested in obtaining the physical copy of the Full Annual Report may write to the Company Secretary at the Registered Office of your Company.

SOCIAL REPORT

“In its march towards poverty alleviation, we as a nation have made phenomenal progress. Our Government with a sense of resoluteness has ushered in transformative high impact projects to lift people living at the bottom of the pyramid. Governance and reformist policies at the development level have helped make an enormous difference to them.

We in the Aditya Birla Group, have been and continue to be absolutely committed to inclusive growth. We also reaffirm our pledge to the Global Sustainable Development Goals to end poverty in all its dimensions and help work towards an “equal, just and secure” society.

Through the Aditya Birla Centre for Community Initiatives and Rural Development, we are engaged in 5,000 villages, reaching out to 7.5 million people. Of this, Hindalco reaches out to 1.2 million people across 626 villages and 22 urban slums spanning 10 States. Our focus is on healthcare, education, sustainable livelihood, infrastructure and social reform.”

— Mrs. Rajashree Birla

Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development

At Hindalco, our CSR engagement is concentrated in West Bengal, Jharkhand, Madhya Pradesh, Chhattisgarh, Uttar Pradesh, Gujarat, Maharashtra, Karnataka, Telangana and Kerala.

Health Care

To provide healthcare facilities, we held 2,010 rural medical and awareness camps. Health check-ups were conducted for ailments such as malaria, filarial, diarrhoea, diabetes, hepatitis, arthritis, skin diseases, gynaecological disorders and cardiac related issues. Our rural mobile medical van services complemented these efforts. More than 1,28,429 villagers availed of our healthcare services. Those afflicted with serious ailments were referred to our hospitals.

The Company has 8 hospitals, 15 dispensaries/clinics. These are located at Renukoot, & Renusagar (Uttar Pradesh), Belgavi (Karnataka), Muri, Lohardaga, Kathautia (Jharkhand) and Durgamwadi (Maharashtra). More than 2,54,113 underserved patients were treated at our hospitals.

Furthermore, our support extended to 8 Government/Charity run primary health centres where 3,914 patients were cared for at Singrauli, Dumri, Durgamwadi and Taloja. Over 888 patients afflicted with chronic ailments were examined and medical advice/treatment given at Renukoot, Renusagar, Kathautia, Dumri and Singrauli. In surgical camps 40 patients underwent surgeries at Renukoot and Renusagar.

At our Eye camps 2,443 persons were treated. Of these 548 patients at Renukoot, Belgavi, Dahej, Muri, Singrauli, Kathautia and Belur were operated for cataract and intra-ocular lens were fitted for their vision. The teams also distributed 751 spectacles to better the eyesight of senior citizens.

At 61 dental check-up camps, organised in the locations near Renukoot, Renusagar, Singrauli, Belur and Kathautia 4732 persons were treated.

In Renukoot, Renusagar and Lohardaga, over 470 patients were diagnosed with Tuberculosis and registered under the directly observed treatment programme (DOT) at 10 designated microscopic centres (DMC) at Hindalco family welfare center, Arogyam hospitals, The Rajendra Hospital, Lohardaga mines and the Aditya Birla Rural Technology Park, Muirpur.

At 37 camps in Singrauli, Belgavi, Lohardaga, Kathautia, Renusagar, Belur, Taloja and Renukoot on STD/RTI and AIDS awareness, 5,070 persons underwent tests and many were given treatment in line with the diagnosis.

At Muri, we operate the GPS based ambulance service facility ‘Jeevan Mitra Sewa Yojana’. In the 15 ambulances, we examined/treated over 4,345 people. Free ambulance services were accorded to 2,689 emergency cases at Lohardaga and Kathautia in Jharkhand.

At 50 health check-up and blood grouping camps, we examined 5103 students in Lohardaga, Renukoot, Dahej, Kathautia, Taloja, Samri, Dumri, Renusagar, Alupuram, Belur and Belgavi.

We organised 17 camps for detection/treatment of Malaria and Diarrhoea in the villages as a preventive care initiative.

Furthermore, we distributed mosquito nets to 4,205 people at Renusagar, Singrauli, Lohardaga, Muri and Taloja.

Mother and Child Health Care:

In collaboration with the District Health Department, over 1,97,830 children were immunised against polio. Further, 1,89,78 children were administered BCG, DPT and anti-hepatitis B vaccines across the company's units.

More than 66,776 expectant mothers and their children leveraged our 22 family welfare centres at Renukoot, Renusagar, Samri and Lohardaga to avail the services offered under our Safe Motherhood and Child Survival Programme.

Nearly 11,000 women participated in 638 camps on ante-natal, post-natal care, mass immunisation, nutrition and escort services for institutional delivery. These camps organised at Renukoot, Singrauli, Belgavi, Kathautia, Samri, Dahej, Belur, Durgamwadi and Lohardaga form part of our reproductive and child health care programmes.

Our focused programme on adolescent health care covered 4,729 girls at Kanyashrams, Govt. Girls High Schools and Kasturba Gandhi Balika Vidyalayas. In addition, 11 adolescent health talk programmes were organised for the girls and rural women, reaching out to 1,030 girls and women in nine villages at Dahej.

To address issues related to menstrual health and hygiene of school going adolescent girls, we have installed a sanitary napkin vending machine at TH Memorial Urdu High School, Belur (West Bengal) in collaboration with the Rotary Club.

Our intensive motivational drive towards responsible family raising led to 260 villagers going in for planned families across Renukoot, Belgavi and Renusagar.

Safe Drinking Water and Sanitation:

We have installed 59 hand pumps, repaired 1692 hand pumps and provided wells. With this, safe drinking water reaches over 35,510 villagers. Potable water is supplied to 28 villages through water tankers and pipelines. This is looked upon as a boon by 57,729 beneficiaries.

We have constructed 18 New School Toilets at Lohardaga, Renukut, Kathautia and Taloja and repaired 14 school toilets at Singrauli, Samri, Kathautia, Durgamwadi and Belgavi making them functional.

In collaboration with the Swachh Bharat Abhiyan, 135 toilets at Garepalma, Lohardaga, Samri and Mahan were set up. Besides these, we availed of Government schemes and contributed from our own funds as well to build 2,041 toilets. We were able to act as catalysts and motivate 14,550 households to have sanitation facilities by leveraging Government schemes. Overall, we facilitated the construction of 16,726 individual toilets. In all so far, 212 villages have achieved the ODF status as a result of our intervention.

Education:

We run 30 Balwadis at Renukoot, Lohardaga, Samri, Belgavi and Singrauli, mentoring 871 underprivileged children.

We extend support to 82 Anganwadis at Renukoot, Singrauli, Samri, Belur, Lohardaga, Renusagar, Kathautia, Dumri, Durgamwadi and Belgavi. Over 4,000 children are enrolled at these Anganwadis. Among these we are working with 423 malnourished children from and creating awareness besides health check-ups under Integrated Child Development Scheme (ICDS) at Renukoot and Dumri.

At our 10 Aditya Birla Public Schools at Renukoot, Renusagar, Dahej and Muri, we have enrolled 6,422 rural students. Additionally, 2,272 students have been enlisted in our 11 Aditya Birla Vidya Mandirs at Renukoot, Lohardaga, Kathautia and Samri.

We foster the cause of the girl child through encouraging and supporting 3,122 girls at the 13 Kasturba Gandhi Balika Vidyalayas (KGBV) operating in Renukoot, Lohardaga, Muri and Samri.

Under the Sarva Siksha Abhiyan (SSA) programme, we have tied up with 21 primary schools' initiatives at Renukoot and Lohardaga. Over 4,774 students in these schools have received technical support, study materials, school bags and uniforms.

More than 60 teachers have been posted in primary and secondary schools in Dumri, Garepalma, Kollur, Bharuch, Lohardaga, Kathautia and Belgavi.

Under the 'Shala Praveshotsav' programme, 15,000 students from grade 1st to 8th in 85 schools from Vagra tehsil in Bharuch district were given notebooks, practice work books, slates, school bags, Education Materials for "PRAGNYA" classes for standard 1st to 5th. Additionally, school bags, uniforms, sweaters and educational kits have been provided to over 8,393 students at most of our Units.

Over,1047 students from the 109 rural schools were accorded scholarships. Furthermore, 100 girl students of class XI were given “Mahan Jyoti scholarship” of ₹1000 each at Singrauli.

At Dahej, we felicitated 36 meritorious students from Grade 10th & 12th (Commerce & Science stream) and 33 outstanding teachers.

To address the issue of school dropouts, we organised 117 ‘meet the parent’ counselling events at Renukoot, Renusagar, Lohardaga, Singrauli Belagavi, Taloja and Kathautia. Through this process we managed to bring 3,579 students back to school. At the same time, we also began coaching classes for 1128 students who were weak in Math, Science and English, to enable them get through the exams.

In Dahej, Lohardaga, Garepalma, Muri, where the dropout rate among secondary level girl students is high, we provide bus services to encourage them to continue their education. So now, 1505 students are availing our 18 buses to commute to their school.

We have set up a Mini Science Center cum museum at Mahan. Quite a few exhibits are interactive. The center stokes the curiosity of more than 600 students.

“Kishore-Kishori” clubs are being run through 30 centers at Muri. Up until now, 1003 village youths have received formal training on personality development, leadership and communication etc. We are also running 9 “Sanskar Kendras” (values-based centres) at Singrauli and Lohardaga.

We have a roster of 507 students at the 19 Non Formal Schools at Muri. At our 23 adult literacy programmes at Renusagar, Singrauli and Muri, 549 participants evinced keen interest.

At Renukoot, Renusagar, Belur, Muri, Singrauli, Samri, Belagavi, Garepalma, Dahej and Mouda we conduct 6-monthly computer literacy programmes. This year, 493 rural students took the course.

Our 12 career counselling camps at Renukoot, Lohardaga, Dahej, Belgavi and Kathautia saw the active participation of 980 aspiring students. Subsequently, many of them joined technical and vocational training programmes.

We organised Sports and cultural programmes in more than 106 schools where 26813 students participated.

We have repaired 19 school buildings at Singrauli, Kathautia, Belagavi and Durgamwadi. We have also provided furniture's to 16 Schools at Lohardaga, Dumri, Belgavi, Renusagar, Belur and Samri.

Sustainable Livelihood:

To boost agricultural and horticultural activities and help farmers reap a rich harvest, we reach out

to 22,661 farmers across Muri, Dahej, Singrauli, Renukoot, Renusagar, Belgavi and Lohardaga. Farmer training programmes to enable them be in sync with the most modern agricultural practices, demonstration plots, soil testing, providing quality seeds, tutoring them in inter-cropping, field visits to the agricultural universities forms the spectrum of our work.

In the agriculture support programmes organised at Renukoot, Renusagar, Singrauli, Samri and Lohardaga, 5,741 farmers were given agricultural tools, seeds, fertilisers and insecticides.

To comprehend contemporary cropping pattern and techniques, 40 farmers from Lohardaga were taken for an exposure visit to Vikas Bharti, Gumla Agricultural Demonstration farm, Gumla.

We promoted farmers’ clubs to ensure cost optimization through economics of scale in the procurement of inputs, to realise better margin through collective marketing of agricultural produces, to avail all the facilities and services under different schemes and to enrich knowledge by exchanging ideas and information. Currently, 62 farmers club are functional at Renukoot and Renusagar having 1,572 farmer members.

Our agricultural farmland levelling and trench digging at Renukoot, Samri, Belgavi, Lapanga and Lohardaga benefitted 2,229 farmers - 1,789 farmers were supported with lift and drip irrigation facilities at 73 locations in Renukoot, Singrauli, and Durgamwadi. We have also constructed 12 check dams/irrigation wells at Singrauli and Muri to provide assured irrigation facility to enhance cash crop production in more than 1,000 acres of land.

At Renusagar, Renukut, Samri and Belgavi, 67 camps were organised on rainwater/roof water harvesting. Over 2,801 villagers were trained in groundwater recharge and retention through technology.

This year as well, a training programme on scientific lac cultivation method was organised in collaboration with Indian Lac Research Institute, Namkum, Ranchi, where 596 farmers from the nearby villages of Muri were trained to increase Lac productivity with. Today all of them are self-employed.

At Renukoot and Lohardaga, we have developed 69 vermi compost tank to encourage the use of waste in making manure for their land and improve crop output.

Furthermore, in solidarity with the Green Energy movement, we distributed 901 Solar lanterns/lamps at Renukut, Renusagar, Mahan and Kathautia. We have also installed 2 solar operated 24×7 drinking water supply at Samri and Lohardaga.

Under the social forestry programme, we continue to give saplings. This year we reached out to 37,715 farmers at Renukoot, Renusagar, Lohardaga, Samri, Muri, Dumri, Belgavi, Dahej, Singrauli, Taloja and Mouda.

This year, 24493 animals were immunised in veterinary camps held at our units at Renukoot, Renusagar, Lohardaga, Samri and Belgavi.

Vocational Training:

Vocational skills training is provided to 3,950 people at Renukoot, Renusagar, Lohardaga, Muri, Singrauli, Belgavi, Taloja, Kollur, Belur, Samri, Kathautia, Garepalma and Mouda.

We sponsored and facilitated 488 students from Muri, Belur, Belgavi, Lohardaga, Kathautia, Dumri and Renukoot to the ITI's/ Pan ITIs, Rudiseti-Silli, Ramakrishna mission Belur, SRI-Ranchi and our Aditya Birla Technology Park at Muirpur, for semi-skilled job oriented training.

At the Aditya Birla Rural Technology Park, more than 27 training batches were organised. The thrust continued on computer literacy, beautician, repair of electric and electronic goods, handicrafts, bag making, soft toys, tailoring and knitting, ways to enhance agricultural output, veterinary science. This year 250 aspirants were trained this year. Furthermore, 16 Programmes of capacity building training was also conducted for 785 participants. Veterinary services offered to 466 farm folks.

Self Help Group (SHG):

The 1,571 SHGs set up by us empower 21,696 households economically and socially. Most of the SHGs have been linked with income generation activities at various centres. Women are engaged in a series of activities like tailoring, weaving, knitting, handicrafts, beauty parlour, bamboo basket making, making pickles, spices papad, vegetable vending, cultivation, small business etc.

Infrastructure Development:

We support infrastructure development by helping construct village approach roads, culverts, panchayat bhawans, pond excavations, bathing ghats, bathrooms, protection wall, rural houses, check dams, bus stops etc. This activity is undertaken across Hindalco units.

Espousing Social Causes:

Yet another aspect of our work includes bringing in a social reform through behavioural changes. So, we work with communities on issues such as advocacy against child labour, illiteracy, child marriages, the marginalisation and abuse of the girl child and women, alcoholism and poor hygiene among others.

Sports, cultural programmes and celebration of national events are encouraged by us.

In partnership with Govt. district authorities, villages panchayats, other likeminded NGOs and the community, we organised a dowry less mass marriage programme at Mahan. Over 2400 marriages solemnised.

We have distributed 6,587 blankets at Renusagar, Singrauli, Muri, Belur, Kathautia & Dumri and 182 cookers at Dumri and Mahan to the needy.

We support residents of orphanages and old age homes at Taloja, Belgavi and Lohardaga.

Accolades/Awards received:

In recognition of our CSR work, several accolades were bestowed upon us. These include:

Mahan:

- ◆ India CSR Award for Best practices in the field of CSR and Rehabilitation & Resettlement at Green Field Project.
- ◆ FAME Gold Award for Excellence in CSR
- ◆ PRSI National Award for best Pvt. Sector implementing CSR.

Birla Copper:

- ◆ CMO Asia- 7th Best International CSR Practice Award for Support & Improvement in Quality of Education".
- ◆ NGO BOX- 4th Best CSR practices award for Rural Development & Infrastructure.

Jharkhand Mines:

- ◆ World CSR Responsible Business Award for best Community Programme around Mines.

Belagavi:

- ◆ ET Now- CSR Leadership Award for best community Development projects instituted by National CSR Leadership Congress.

Renukoot:

- ◆ CMO Asia- 7th Best International CSR Practice Award for "Poverty Alleviation".

Our Investment:

For the year 2017-18, our CSR spend was ₹ 31.09 crores, which is 2.33% of average net profits of the Company for last three financial years. In Odisha under the Enterprise Social commitment (ESC), we have invested ₹ 5.18 crores on CSR activities. We mobilised ₹ 83.31 crores through the various schemes of the Government, acting as catalysts for the community.

Our Board of Directors, our Management and our colleagues across Hindalco are committed to inclusive growth.

INDEPENDENT AUDITOR'S REPORT ON THE ABRIDGED STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

To The Members of Hindalco Industries Limited

1. The accompanying abridged standalone Ind AS financial statements of Hindalco Industries Limited (the "Company"), which comprise the abridged standalone Balance Sheet as at March 31, 2018, the abridged standalone Statement of Profit and Loss (including Other Comprehensive Income), the abridged standalone Cash Flow Statement and the abridged standalone Statement of Changes in Equity for the year then ended, together with the related notes, which we have signed under reference to this report.
2. These abridged standalone Ind AS financial statements are derived from the statutory audited standalone Ind AS financial statements of the Company for the year ended March 31, 2018 prepared by the Company's Management in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Companies Act, 2013 (the "Act"), covered by our attached report of even date to the Members of the Company pursuant to section 143 of the Act, in which we have expressed an unmodified audit opinion.
3. The abridged standalone Ind AS financial statements do not contain all the disclosures required by the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act and Schedule III to the Act, applied in the preparation and presentation of the statutory audited standalone Ind AS financial statements of the Company. Reading the abridged standalone Ind AS financial statements, therefore, is not a substitute for reading the statutory audited standalone Ind AS financial statements of the Company.

Management's Responsibility for the Abridged Standalone Ind AS Financial Statements

4. The Company's Management is responsible for the preparation of the abridged standalone Ind AS financial statements in accordance with Section 136 of the Act. The Company's Management (including Directors) are ultimately responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the abridged standalone Ind AS financial statements that are consistent with the statutory audited standalone Ind AS financial statements and are free from material misstatement, whether due to fraud or error; and also includes appropriate interpretation and application of the relevant provisions of the Act.
5. The Company's Management (including Directors) are also responsible for ensuring that the Company complies with the requirements of Section 136 of the Act.

Auditors' Responsibility

6. Our responsibility is to express an opinion on the abridged standalone Ind AS financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, 'Engagements to Report on Summary Financial Statements', issued by the Institute of Chartered Accountants of India.

Opinion

7. In our opinion, the accompanying abridged standalone Ind AS financial statements, are consistent, in all material respects, with the statutory audited standalone Ind AS financial statements of the Company as at and for the year ended March 31, 2018 prepared in accordance with Division II to Schedule III to the Act, covered by our attached report of even date to the Members of the Company pursuant to Section 143 of the Act, in accordance with Section 136 of the Act.

Other Matter

8. The abridged standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 30, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E-300009

Place : Mumbai
Date : May 16, 2018

Sumit Seth
Partner
Membership Number: 105869

INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

TO THE MEMBERS OF HINDALCO INDUSTRIES LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Hindalco Industries Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018 the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 30, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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), the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors, except one director (who has resigned from the office subsequent to the year-end), is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 44;
 - ii. The Company has made provision as at March 31, 2018, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Notes 20A, 20B, 21A and 21B;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018, except for a sum of ₹ 0.07 crore; and
 - iv. The reporting on disclosure relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Sumit Seth
Partner

Membership Number: 105869

Place : Mumbai
Date : May 16, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Hindalco Industries Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2018

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

1. We have audited the internal financial controls over financial reporting of Hindalco Industries Limited ("the Company") as of March 31, 2018, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 Act.

Auditor's Responsibility

3. 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") issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act 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 ICAI. 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.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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

6. 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 the 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 the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. 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, 2018, 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 Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Sumit Seth

Partner

Membership Number: 105869

Place : Mumbai

Date : May 16, 2018

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Hindalco Industries Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year, and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 2 on Property, Plant and Equipment, and Note 3 on Investment Property to the standalone Ind AS financial statements, are held in the name of the Company, except for the following:
 - i. in respect of freehold land (Birla Copper and Muri unit) having gross block of ₹ 0.32 crore and building (Birla Copper unit, Delhi branch) having gross block of ₹ 8.04 crore, the title deeds of which are held in the name of erstwhile companies which have subsequently been amalgamated with the Company;
 - ii. in respect of freehold land (Mahan unit) and building (Mumbai branch) having gross block of ₹ 3.66 crore and ₹ 20.42 crore, respectively, the title deeds of which are yet to be transferred in the name of the Company; and
 - iii. in respect of freehold land and building (Birla Copper unit) having gross block of ₹ 0.50 crore and ₹ 1.38 crore, respectively, the title deeds of which are presently not readily available with the Company.
- ii. The physical verifications of inventory, excluding stocks with third parties, have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of account.

- 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 Act. Therefore, the provisions of Clauses 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the books of account and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii. (a) According to the information and explanations given to us, and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax (with effect from July 1, 2017), and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us, and the records of the Company examined by us, there are no dues of income tax and, goods and services tax which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of customs, duty of excise and value added tax as at March 31, 2018, which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of Dues	₹ in crores*	Period to which the amount relates	Forum where the disputes are pending
Central Sales Tax Act and Local Sales Tax (including VAT) Act	Sales Tax	30.97	1992-2010, 2015-2016	Assistant Commissioner/ Commissioner/Deputy Commissioner/ Revisionary Authorities Level/ Joint Commissioner/Additional Commissioner (A)
		0.73	2005-2006, 2009-2011, 2013-2015	Tribunal
		32.44	1986-87, 1989-1991, 2003-2007	High Court
The Central Excise Act, 1944	Central Excise	8.27	2000-2004, 2008-2009, 2012-2018	Assistant Commissioner/ Commissioner/Revisionary Authorities Level/Commissioner (Appeals)
		530.27	2001-2017	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		156.42	2007-2012	High Court
The Customs Act, 1962	Customs Duty	18.30	2004-2007, 2017-2018	Commissioner/Deputy Commissioner/ Commissioner of Customs (Appeal)
		22.78	2009-2014	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
The Service Tax under the Finance Act, 1994	Service Tax	8.86	2001-2002, 2008-2018	Assistant Commissioner/ Commissioner/Revisionary Authorities Level/Commissioner (Appeals)
		314.14	2004-2017	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		0.35	2009-2010	High Court

*Exclude matters in respect of which favourable order has been received at various appellate authorities.

- viii. According to the records of the Company examined by us, and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank, or dues to debentureholders as at the Balance Sheet date. The Company does not have any loans or borrowings from Government as at the Balance Sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys during the year by way of initial public offer and further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- xii. As the Company is not a Nidhi Company, & the Nidhi Rules, 2014, are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standards (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares, or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with them to which Section 192 of the Act applies. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Sumit Seth
Partner

Membership Number: 105869

Place : Mumbai
Date : May 16, 2018

ABRIDGED STANDALONE BALANCE SHEET AS AT MARCH 31, 2018

(₹ Crore)

	31/03/2018	As At 31/03/2017
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	33,999.58	34,017.71
Capital Work-in-Progress	736.25	711.54
Investment Properties	9.03	9.26
Intangible Assets	355.55	357.31
Intangible Assets Under Development	0.48	0.01
Financial Assets		
Investments in Subsidiaries	16,596.93	14,122.49
Investments in Associates	14.27	1,971.30
Other Investments	6,638.47	4,385.38
Loans	5.88	50.53
Other Financial Assets	311.54	382.84
Non-Current Tax Assets (Net)	1,242.79	1,567.78
Other Non-Current Assets	861.49	724.02
	<u>60,772.26</u>	<u>58,300.17</u>
Current Assets		
Inventories	10,738.38	9,268.03
Financial Assets		
Other Investments	3,775.59	8,852.78
Trade Receivables	1,737.25	1,872.83
Cash and Cash Equivalents	1,809.45	4,307.42
Bank Balances other than Cash and Cash Equivalents	11.90	27.76
Loans	54.57	179.82
Other Financial Assets	1,373.24	1,114.44
Current Tax Assets	316.55	-
Other Current Assets	2,064.73	2,630.23
	<u>21,881.66</u>	<u>28,253.31</u>
Non-Current Assets or Disposal Groups classified as Held For Sale or as Held For Distribution to Owners	74.99	81.51
	<u>21,956.65</u>	<u>28,334.82</u>
	<u>82,728.91</u>	<u>86,634.99</u>
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	222.89	222.72
Other Equity	49,227.85	47,109.84
	<u>49,450.74</u>	<u>47,332.56</u>
Liabilities		
Non-Current Liabilities		
Financial Liabilities		
Borrowings	17,198.94	18,391.95
Trade Payables	24.04	0.44
Other Financial Liabilities	134.34	476.88
Provisions	404.10	490.01
Deferred Tax Liabilities (Net)	1,922.18	1,231.67
Other Non-Current Liabilities	644.88	10.66
	<u>20,328.48</u>	<u>20,601.61</u>
Current Liabilities		
Financial Liabilities		
Borrowings	3,092.96	4,229.98
Trade Payables	5,524.05	4,890.85
Other Current Financial Liabilities	2,079.63	7,146.87
Provisions	658.31	634.53
Other Current Liabilities	778.17	697.12
Current Tax Liabilities (Net)	816.54	1,101.42
	<u>12,949.66</u>	<u>18,700.77</u>
Liabilities Associated with Non-current Assets or Disposal Groups classified as Held For Sale or as Held For Distribution to Owners	0.03	0.05
	<u>12,949.69</u>	<u>18,700.82</u>
	<u>33,278.17</u>	<u>39,302.43</u>
	<u>82,728.91</u>	<u>86,634.99</u>

Basis of Preparation and Significant Accounting Policies (refer Note 1 of the Audited Standalone Financial Statements)

The accompanying Notes are an integral part of the Abridged Standalone Financial Statements.

This is the Abridged Standalone Balance Sheet referred in our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No. 304026E/E-300009

Sumit Seth

Partner

Membership No. 105869

Praveen Kumar Maheshwari

Whole-time Director &

Chief Financial Officer

DIN-00174361

Place : Mumbai

Dated : May 16, 2018

Anil Malik

Company Secretary

For and on behalf of the Board of
Hindalco Industries Limited**Satish Pai – Managing Director**

DIN-06646758

M.M. Bhagat – Director

DIN-00006245

ABRIDGED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ Crore)

	Year Ended	
	31/03/ 2018	31/03/ 2017
INCOME		
Revenue from Operations	43,434.93	39,383.12
Other Income	947.82	1,005.17
Total Income	44,382.75	40,388.29
EXPENSES		
Cost of Materials Consumed	25,407.73	21,018.22
Purchases of Stock-in-Trade	4.92	89.11
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(419.23)	(1,100.16)
Excise Duty on Sales	636.89	2,446.51
Employee Benefits Expense	1,894.65	1,752.12
Power and Fuel	6,000.12	5,898.67
Finance Costs	1,900.54	2,322.87
Depreciation and Amortisation	1,617.31	1,427.97
Other Expenses	4,785.79	4,464.63
Total Expenses	41,828.72	38,319.94
Profit/(Loss) Before Exceptional Items and Tax	2,554.03	2,068.35
Exceptional Income (Expenses)	(325.21)	84.89
Profit/(Loss) Before Tax	2,228.82	2,153.24
Tax Expenses		
Current Tax	412.44	414.58
Deferred Tax	379.89	181.77
	792.33	596.35
Profit/(Loss) for the year	1,436.49	1,556.89
Other Comprehensive Income		
Items that will not be reclassified to the Statement of Profit and Loss		
Actuarial Gain/(Loss) on Defined Benefit Obligations	62.08	84.54
Change in Fair Value of Financial Instruments designated as FVTOCI	380.83	710.91
Income Tax Effect	(21.84)	(29.26)
Items that will be reclassified to the Statement of Profit and Loss		
Change in Fair Value of Debt Instruments designated as FVTOCI	(1.56)	3.23
Cash Flow Hedges	826.42	(361.91)
Income Tax Effect	(288.78)	128.42
Other Comprehensive Income for the year	957.15	535.93
Total Comprehensive Income for the year	2,393.64	2,092.82
Earnings Per Share		
Earnings Per Equity Share		
Basic (₹)	6.45	7.56
Diluted (₹)	6.45	7.55

Basis of Preparation and Significant Accounting Policies (refer Note 1 of the Audited Standalone Financial Statements)

The accompanying Notes are an integral part of the Abridged Standalone Financial Statements.

This is the Abridged Standalone Statement of Profit and Loss referred in our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No. 304026E/E-300009

Sumit Seth

Partner

Membership No. 105869

Praveen Kumar Maheshwari

Whole-time Director &

Chief Financial Officer

DIN-00174361

Anil Malik

Company Secretary

Place : Mumbai

Dated : May 16, 2018

*For and on behalf of the Board of
Hindalco Industries Limited*

Satish Pai – Managing Director

DIN-06646758

M.M. Bhagat – Director

DIN-00006245

ABRIDGED STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A' Equity Share Capital

Particulars	(₹ Crore)	Amount
Balance as at April 01, 2016		204.89
Changes in Equity Share Capital during 2016-17		17.83
Equity Share Capital as at March 31, 2017		222.72
Changes in Equity Share Capital during 2017-18		0.17
Equity Share Capital as at March 31, 2018		222.89

B' Other Equity

Particulars	Reserves and Surplus										Other Reserves				Total	
	Share Application Money Pending Allotment	Capital Reserve	Capital Redemption Reserve	Business Reconstruction Reserve	Securities Premium Account	Debt Redemption Reserve	Employee Stock Options Outstanding	General Reserve	Retained Earnings	Actuarial Gain/(Loss) on Defined Benefit Obligations	Gain/(loss) on Equity Instruments FVTOCI	Gain/(loss) on Debt Instruments FVTOCI	Effective Portion of Cash Flow Hedges	Cost of Hedging Reserve		Total OCI
Balance as at March 31, 2016	-	144.54	101.57	7,714.77	4,861.25	600.00	35.52	21,353.80	1,748.44	-	5,050.42	(1.05)	292.80	52.53	5,394.70	41,954.59
Profit for the year								1,556.89	55.28	713.24	4.06	(598.69)	362.04		535.93	1,556.89
Other Comprehensive Income								(238.78)	55.28	713.24	4.06	(598.69)	362.04		535.93	535.93
Total Comprehensive Income for the year								(238.78)	55.28	713.24	4.06	(598.69)	362.04		535.93	2,092.82
Dividends on Equity Shares and Dividend Tax								(150.00)								(238.78)
Transfer to Debt Redemption Reserve						150.00										
Equity Share Issued Under ESOS					19.04											
Issuance of equity shares through Qualified Institutional Placement					3,332.31			0.36								6.01
Adjustment of Expenses for Issuance of Equity Shares through Qualified Institutional Placement					(42.68)											(42.68)
Employee Share Options Expenses							5.57									5.57
Transfer from OCI - Actuarial Gain/(Loss)							(7.82)	0.36	55.28							(55.28)
Total Changes					3,308.67	150.00	(7.82)	0.36	1,223.39		713.24	4.06	(598.69)	362.04	480.65	5,155.25
Balance as at March 31, 2017		144.54	101.57	7,714.77	8,169.92	750.00	27.70	21,354.16	2,971.83		5,763.66	3.01	(305.89)	414.57	5,875.35	47,109.84
Profit for the year								1,436.49	40.25	380.83	(1.02)	304.35	232.74		1,436.49	1,436.49
Other Comprehensive Income								(1,436.49)	40.25	380.83	(1.02)	304.35	232.74		957.15	957.15
Total Comprehensive Income for the year									40.25	380.83	(1.02)	304.35	232.74		2,393.64	2,393.64
Share Application Money received during the year	0.16															
Realised Gain/Loss on Equity FVTOCI transferred in Equity																
Dividends on Equity Shares and Dividend Tax																
Transfer to Debt Redemption Reserve					27.25	150.00										
Equity Shares issued under ESOS																
Employee Share Options Expenses							1.95									1.95
Transfer from OCI - Actuarial Gain/(Loss)									40.25							(40.25)
Total Changes	0.16				27.25	150.00	(11.87)		1,096.62		319.78	(1.02)	304.35	232.74	855.85	2,118.01
Balance as at March 31, 2018	0.16	144.54	101.57	7,714.77	8,197.17	900.00	15.83	21,354.16	4,068.45		6,083.44	1.99	(1.54)	647.31	6,731.20	49,227.85

Basis of Preparation and Significant Accounting Policies (refer Note 1 of the Audited Standalone Financial Statements)

The accompanying Notes are an integral part of the Abridged Standalone Financial Statements.

This is the Abridged Standalone Statement of Changes in Equity referred in our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No. 304026E/E-300009

Sumit Seth
Partner

Membership No. 105869

Place : Mumbai
Dated : May 16, 2018

Praveen Kumar Maheshwari
Whole-time Director &
Chief Financial Officer
DIN-00174361

Anil Malik
Company Secretary

For and on behalf of the Board of
Hindalco Industries Limited

Satish Pai – Managing Director
DIN-06646758

M.M. Bhagat – Director
DIN-00006245

ABRIDGED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ Crore)

	Year Ended	
	31/03/2018	31/03/2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net Cash Generated From/(Used in) Operating Activities	4,414.39	5,897.60
CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Generated From/(Used in) Investing Activities	2,282.65	(1,240.53)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Generated From/(Used in) Financing Activities	(9,187.57)	(583.54)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,490.53)	4,073.53
Add: Opening Cash and Cash Equivalents before Fair Value Gain/Loss on Liquid Investments	4,295.96	222.43
Cash and Cash Equivalents before Fair Value Gain/(Loss) on Liquid Investments	1,805.43	4,295.96
Add: Fair Value Gain/(Loss) on Liquid Investments	4.02	11.46
Cash and Cash Equivalents as reported in Balance Sheet	1,809.45	4,307.42

Basis of Preparation and Significant Accounting Policies (refer Note 1 of the Audited Standalone Financial Statements)

The accompanying Notes are an integral part of the Abridged Standalone Financial Statements.

This is the Abridged Standalone Cash Flow Statement referred in our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No. 304026E/E-300009

Sumit Seth

Partner

Membership No. 105869

Praveen Kumar Maheshwari

Whole-time Director &

Chief Financial Officer

DIN-00174361

*For and on behalf of the Board of
Hindalco Industries Limited*

Satish Pai – Managing Director

DIN-06646758

Place : Mumbai

Dated : May 16, 2018

Anil Malik

Company Secretary

M.M. Bhagat – Director

DIN-00006245

NOTES FORMING PART OF THE ABRIDGED FINANCIAL STATEMENTS

1. Company Overview

Hindalco Industries Limited (“the Company”) was incorporated in India in the year 1958 having its registered office at Ahura Centre, 1st Floor, B Wing, Mahakali Caves Road, Andheri (East), Mumbai – 400093.

The Company has two main stream of business, Aluminium and Copper. In Aluminium, the Company caters to the entire value chain starting from mining of bauxite and coal through production of value added products for various applications.

The Company also has one of the largest single location Copper smelting facilities in India.

The Equity Shares of the Company are listed on the Indian Stock Exchanges (National Stock Exchange and Bombay Stock Exchange), and GDRs are listed on the Luxemburg Stock Exchange.

1A Note 1A of the Audited Standalone Financial Statements

Basis of Preparation

The separate financial statements of Hindalco Industries Limited (“the Company”) comply in all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under Section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standard) Amendment Rules, 2016, and other accounting principles generally accepted in India.

The financial statements for the year ended 31st March, 2018, have been approved by the Board of Directors of the Company in their meeting held on 16th May, 2018.

The financial statements have been prepared on historical cost convention on accrual basis except for the following assets and liabilities which, have been measured at fair value or revalued amount:

- Financial instruments - Measured at fair value;
- Assets held for sale - Measured at fair value less cost of sale;
- Plan assets under defined benefit plans - Measured at fair value; and
- Employee share-based payments - Measured at fair value.

In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationship.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for employee share-based payments, leasing transactions, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Inventories or value in use in Impairment of Assets. The basis of fair valuation of these items are given as part of their respective accounting policies.

In addition, 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.

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

Use of Estimates and Management Judgement

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect reported amounts of assets and liabilities, and the disclosure of contingent liabilities as at the date of the financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period in which the same is determined.

1B Note 1B of the Audited Standalone Financial Statements

Significant Accounting Policies

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

A. Investments in Subsidiaries and Joint Ventures

The investments in subsidiaries and joint ventures are carried in these financial statements at historical cost except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for as Non-current assets held for sale and discontinued operations. When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for at historical cost.

B. Investment in Associates

The investments in associates are carried in these financial statements at fair Value through Other Comprehensive Income (OCI) except when the investment, or a portion thereof, is classified as held for sale, in which case it is presented as Non-current assets held for sale and discontinued operations. When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment in an associate the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for at fair value through OCI.

Upon loss of significant influence over the associate the company measures and recognises any retained investment at its fair value.

C. Investment in Joint Operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the standards applicable to the particular assets, liabilities, revenues and expenses.

When the Company transacts with a joint operation, in which the Company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the financial statements only to the extent of other parties' interests in the joint operation.

When the Company transacts with a joint operation, in which the Company is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it re-sells those assets to a third party.

D. Property, Plant and Equipment

Property, plant and equipment held for use in the production and/or supply of goods or services, or for administrative purposes, are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The initial cost at cash price equivalence of property, plant and equipment acquired comprises its purchase price, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the assets to its working condition and location, and present value of any obligatory decommissioning costs for its intended use. Costs may also include effective portion on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment transferred from hedge reserve as basis adjustment.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of overheads, directly attributable borrowing costs and effective portion of cash flow hedges of foreign currency transferred from the hedge reserve as basis adjustment.

Subsequent expenditure on major maintenance or repairs includes the cost of the replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will be available to the Company, the expenditure is capitalised and the carrying amount of the item replaced is derecognised. Similarly, overhaul costs associated with major maintenance are capitalised and depreciated over their useful lives where it is probable that future economic benefits will be available, and any remaining carrying amounts of the cost of previous overhauls are derecognised. All other costs are expensed as incurred.

Capital Work-in-Progress

Capital work-in-progress assets comprises of in the course of construction for production and/or supply of goods or services or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use, but incapable of operating at normal levels until a period of commissioning has been completed.

Depreciation

Depreciation is charged so as to write off the cost or value of assets, over their estimated useful lives or, in the case of leased assets (including leasehold improvements), over the lease term, if shorter. The lease period is considered by excluding any lease renewals options, unless the renewals are reasonably certain. Depreciation is recorded using the straight-line basis. The estimated useful lives and residual values are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Each 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 the others components of the asset.

Depreciation commences when the assets are ready for their intended use. Depreciated assets in property and accumulated depreciation accounts are retained fully until they are removed from service.

The useful life of the items of PPE estimated by the management for the current and comparative period is in line with the useful life as per Schedule II of the Companies Act, 2013.

Disposal 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 continued use of the asset. Any gain or loss arising on the disposal

or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset, and is recognised in the Statement of Profit and Loss.

E. Investment Properties

Investment properties, held to earn rentals or for capital appreciation or both, are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any gain or loss on disposal of investment property is determined as the difference between net disposal proceeds and the carrying amount of the property, and is recognised in the Statement of Profit and Loss. Transfer to, or from, investment property is done at the carrying amount of the property.

F. Intangible Assets

Intangible Assets Acquired Separately

Intangible assets acquired are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives other than Mining Rights. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-Generated Intangible Assets – Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset is recognised. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the Statement of Profit and Loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Mining Reserves, Resources and Rights (Mining Rights)

Mineral reserves, resources and rights (together mining rights), which can be reasonably valued, are recognised in the assessment of fair values on acquisition. Exploitable mineral rights are amortised using the unit of production basis over the commercially recoverable reserves. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner. Commercially recoverable reserves are proved and probable reserves. Changes in the commercial recoverable reserves, affecting unit of production calculations, are dealt with prospectively over the revised remaining reserves.

Derecognition of Intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

G. Stripping Costs

Stripping costs incurred during the mining production phase are allocated between the cost of inventory produced and the existing mine asset. The stripping ratio, as approved by the regulatory authority, for the life of the mine is obtained by dividing the estimated quantity of overburden by the estimated quantity of mineable coal/bauxite reserve to be extracted over the life of the mine. This ratio is periodically reviewed and changes, if any, are accounted for prospectively.

Stripping costs are allocated and included as a component of the mine 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 overburden removal costs are included in Mining Rights under intangible assets and amortised based on stripping ratio on the quantity of coal/bauxite excavated.

H. Non-Current Assets (or Disposal Groups) held for sale

Non-current assets and disposal groups are classified as held for sale, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group), and its sale is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as Held For Sale are measured at the lower of their carrying amount and fair value less costs to sell.

I. Impairment

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset/cash-generating unit is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the group of cash-generating units, for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

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

J. Foreign Currency Transactions

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) 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. Non-monetary items are measured at historical cost.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for:

- eligible exchange differences on foreign currency borrowings relating to qualifying assets under construction are included in the cost of those assets when they are regarded as an adjustment to interest; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedge accounting policies).

Changes in the fair value of financial asset denominated in foreign currency, classified as Fair Value through Other Comprehensive Income, are analysed between differences resulting from exchange differences related to changes in the amortised cost of the security and other changes in the carrying amount of the security. Exchange differences related to changes in amortised cost are recognised in the Statement of Profit and Loss, and other change in carrying amount are recognised in other Comprehensive Income.

Changes in the fair value of non-monetary equity instruments, irrevocably classified as Fair Value through Other Comprehensive Income, includes gain or loss on account of exchange differences.

The fair value of financial liabilities denominated in a foreign currency is translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss.

K. Provisions and Contingencies

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 flows to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money in that jurisdiction and the risks specific to the liability.

Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Restructurings

A restructuring provision is recognised when there is a detailed formal plan for the restructuring, which has raised a valid expectation in those affected. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

Restoration (including Mine Closure), Rehabilitation and Decommissioning

Close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of the estimated future costs of restoration to be incurred during the life of the mining operation and post-closure. Provisions for close-down and restoration costs do not include any additional obligations, which are expected to arise from future disturbance.

The initial close-down and restoration provision is capitalised. Subsequent movements in the close-down and restoration provisions for ongoing operations, including those resulting from new disturbance related to expansions or other activities qualifying for capitalisation, updated cost estimates, changes to the

estimated lives of operations, changes to the timing of closure activities and revisions to discount rates, are also capitalised within "Property, Plant and Equipment".

Environmental Liabilities

Environment liabilities are recognised when the Company becomes obliged, legally or constructively to rectify environmental damage or perform remediation work.

Litigation

Provision is recognised once it has been established that the Company has a present obligation based on consideration of the information, which becomes available upto the date on which the Company's financial statements are approved, and may in some cases entail seeking expert advice in making the determination on whether there is a present obligation.

L. Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of net investment in the leases. Finance lease income is allocated to accounting periods, so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as Lessee

Assets held under finance leases are initially recognised at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern, in which economic benefits from the leased asset are consumed. Variable increases in lease payments, which are not linked to an inflation price index, are recognised on a straight-line basis. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

M. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work-in-progress includes raw materials, direct labour, other direct costs and related production overheads. Costs of inventories include the transfer from equity any gains/losses on qualifying cash flow hedges for purchases of raw materials.

The inventories are measured at fair value only in those cases where the inventories are designated into a fair value hedge relationship.

Cost is determined using the weighted-average cost basis. However, the same cost basis is applied to all inventories of a particular class. Inventories of stores and spare parts are valued at weighted-average cost basis after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

However, materials and other supplies held for use in the production of inventories (finished goods, work-in-progress) are not written down below the cost, if the finished products in which they will be used are expected to sell at or above the cost.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

N. Trade Receivables

Trade receivables are the amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), 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.

Trade receivables, which arise from contracts where the sale price is provisional and revenue model has the character of a commodity derivative, are measured at fair value. The fair value is measured at forward rate and recognised as an adjustment to revenue.

Loss allowance for expected life time credit loss is recognised on initial recognition.

O. Financial Instruments

All financial assets are recognised on trade date when the purchase of a financial asset is under a contract, whose term requires delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets, which are classified as at fair value through profit or loss (FVTPL) at inception. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Classification of Financial Assets

Financial assets are classified as 'equity instrument', if it is a non-derivative and meets the definition of 'equity' for the issuer. All other non-derivative financial assets are 'debt instruments'.

Financial Assets at Amortised Cost and the Effective Interest Method

Debt instruments are measured at amortised cost if both of the following conditions are met:

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

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment, with interest recognised on an effective yield basis in investment income.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Company may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Debt instruments are measured at FVTOCI, if both of the following conditions are met:

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

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated, using the effective interest method, is recognised in the Statement of Profit and Loss in investment income. When the debt instrument is derecognised the cumulative gain or loss previously recognised in the Other Comprehensive Income is reclassified to the Statement of Profit and Loss account as a reclassification adjustment.

At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI.

A financial asset is held for trading, if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated in an effective hedge relationship as a hedging instrument or not a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income. Where the asset is sold or disposed of, the cumulative gain or loss previously accumulated in the Other Comprehensive Income is directly reclassified to retained earnings.

For equity instruments measured at fair value through Other Comprehensive Income no impairments are recognised in the Statement of Profit and Loss.

Dividends on these investments in equity instruments are recognised in the Statement of Profit and Loss in investment income when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

Financial Assets at Fair Value Through Profit and Loss (FVTPL)

Financial assets that do not meet the criteria of classifying as amortised cost or fair value through Other Comprehensive Income described above, or that meet the criteria but the entity has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL.

Investments in equity instruments are classified as at FVTPL, unless the Company designates an investment that is not held for trading at FVTOCI at initial recognition.

Financial assets classified at FVTPL are initially measured at fair value, excluding transaction costs.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognised in the Statement of Profit and Loss.

Dividend income on investments in equity instruments at FVTPL is recognised in the Statement of Profit and Loss in investment income when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

Impairment of Financial Assets

On initial recognition of the financial assets, a loss allowance for expected credit loss is recognised for debt instruments at amortised cost and FVTOCI. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in the Statement of Profit and Loss.

Expected credit losses of a financial instrument is measured in a way that reflects:

- an unbiased and probability-weighted-amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition.

When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition, and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance 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 Company measures the loss allowance 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.

Derecognition of Financial Assets

The Company derecognises a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset, and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the Statement of Profit and Loss. Cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial Liabilities and Equity Instruments Issued by the Company

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

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

Compound Instruments

The component parts of compound instruments (convertible instruments) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability

component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Financial Guarantee Contract Liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance is determined by using expected credit loss model; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading, if:

- it has been acquired or incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may also be designated as at FVTPL upon initial recognition, if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109, Financial Instruments, permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of Profit and Loss, except for the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is recognised in Other Comprehensive Income.

The net gain or loss recognised in the Statement of Profit and Loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net

basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

P. Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Company designates certain derivatives as either:

- (a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (c) hedges of a net investment in a foreign operation (net investment hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the residual maturity of the derivative is more than 12 months, and as a current asset or liability when the residual maturity of the derivative is less than 12 months.

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item, arising from the hedged risk, is amortised to the Statement of Profit and Loss from that date.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability as a basis adjustment.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

Hedges of Net Investments in Foreign Operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the statement of profit and loss on the disposal of the foreign operation.

Q. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits with an original maturity of three months or less and short term highly liquid investments.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the Balance Sheet, bank overdrafts are shown within borrowings in current liabilities.

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

Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. All other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

S. Accounting for Government Grants

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

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses to the related costs for which the grants are intended to compensate. Government grants, 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.

Other government grants (grants related to income) are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants, that are receivable as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support with no future related costs, are recognised in the Statement of Profit and Loss in the period in which they become receivable.

Grants related to income are presented under other income/ other operating revenue in the statement of profit and loss except for grants received in the form of rebate or exemption which are deducted in reporting the related expense.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

T. Employee Benefits

Retirement Benefit and Termination Benefits

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement and medical plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings, and will not be reclassified to the Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurements.

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Short-Term and Other Long-Term Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave (which is short-term in nature) in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits, including long-term compensated absences, are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto 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 qualified actuaries.

U. Employee Share-based Payments

Equity-settled share-based payments to employees are measured at the fair value of the options at the grant date.

The fair value of option at the grant date is expensed over the vesting period with a corresponding increase in equity as "Employee Stock Options Account". In case of forfeiture of unvested option, portion of amount already expensed is reversed. In a situation where the vested option forfeited or expires unexercised, the related balance standing to the credit of the "Employee Stock Options Account" are transferred to the "General Reserve".

When the options are exercised, the Company issues new equity shares of the Company of ₹ 1/- each fully paid-up. The proceeds received and the related balance standing to credit of the Employee Stock Options Account, are credited to share capital (nominal value) and Securities Premium Account.

V. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date.

The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements, where it is not probable that the differences will reverse in the foreseeable future, and taxable profit will not be available against which the temporary difference can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternate Tax (MAT) is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of credit to the Statement of Profit and Loss and included in deferred tax assets. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Current and Deferred Tax for the Period

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

W. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Material contingent liabilities are disclosed in the Financial Statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognised in the financial statements.

X. Revenue Recognition

The Company derives revenue principally from sale of speciality alumina, aluminium, aluminium value-added products, copper, precious metals, di-ammonium phosphate and other materials. The Company recognises revenue from sale of goods when the goods are delivered and titles have been passed at which time all the following conditions are satisfied:

- i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) the amount of revenue can be measured reliably;
- iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programmes and contract signing bonus.

Shipping and handling amounts invoiced to customers are included in revenue and the related shipping and handling costs incurred are included in freight expenses when the Company is acting as principal in the shipping and handling arrangement.

Sales include excise duty and are net of Sales Tax and other applicable taxes.

For sales incentives to its customers, the Company makes estimates related to customer performance and sales volume to determine the total amounts earned, and to be recorded as deductions from revenue. In making these estimates, the Company considers historical results that have a predictive value of the amount that the Company expects for the transferred goods and services. The actual amounts may differ from these estimates and are accounted for prospectively.

Certain of the Company's sales contracts provide for provisional pricing based on the price on the London Metal Exchange Limited (LME) or London Bullion Markets Association (LBMA), as specified in the contract, when shipped. Final settlement of the prices is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked-to-market using the relevant forward prices for the future period specified in the contract with a corresponding adjustment to revenue.

Revenue from irrevocable bill and hold/holding certificate contracts is recognised when it is probable that delivery will be made, goods have been identified and kept separately, are ready for delivery in the present condition and usual payment terms for such contracts applies. Under these arrangements, revenue is recognised once legal title has passed and all significant risks and rewards of ownership of the asset sold are transferred to the customer.

Export incentives and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received.

Claims on insurance companies, railway authorities and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Y. Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

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 basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Z. Exceptional Items

Exceptional items include income or expense that are considered to be part of ordinary activities, however are of such significance and nature that separate disclosure enables the user of the Financial Statements to understand the impact in a more meaningful manner. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Company.

1C Note 1C of Audited Standalone Financial Statements

Measurement of Fair Value

A. Financial Instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

B. Marketable and Non-Marketable Equity Securities

Fair value for listed shares is based on quoted market prices as of the reporting date. Fair value for unlisted shares is calculated based on commonly accepted valuation techniques utilising significant unobservable data, primarily cash flow-based models.

C. Derivatives

Fair value of financial derivatives is estimated as the present value of future cash flows, calculated by reference to quoted price curves and exchange rates as of the Balance Sheet date. Options are valued using appropriate option pricing models, and credit spreads are applied where deemed to be significant.

D. Embedded Derivatives

Embedded derivatives that are separated from the host contract are valued by comparing the forward curve at contract inception to the forward curve as of the Balance Sheet date. Changes in the present value of the cash flows related to the embedded derivative are recognised in the Balance Sheet and in the Statement of Profit and Loss.

1D Note 1D of the Audited Standalone Financial Statements

Critical Accounting Judgment and Key Sources of Estimation Uncertainty

The application of accounting policies requires the Management to make estimates and judgements in determining certain revenues, expenses, assets and liabilities. The following paragraphs explain areas that are considered more critical, involving a higher degree of judgement and complexity.

A. Impairment of Non-Current Assets

Ind AS 36 requires that the Company assesses conditions that could cause an asset or a Cash-Generating Unit (CGU) to become impaired and to test recoverability of potentially impaired assets. These conditions include internal and external factors such as the Company's market capitalisation, significant changes in the Company's planned use of the assets or a significant adverse change in the expected prices, sales volumes or raw material cost. The identification of CGUs involves judgement, including assessment of where active markets exist, and the level of inter-dependency of cash inflows. CGU is usually the individual plant, unless the asset or asset group is an integral part of a value chain, where no independent prices for the intermediate products exist, a group of plants is combined and managed to serve a common market, or where circumstances otherwise indicate significant inter-dependencies.

In accordance with Ind AS 36, certain intangible assets are reviewed 'at least' annually for impairment. If a loss in value is indicated, the recoverable amount is estimated as the higher of the CGU's fair value less cost to sell, or its value in use. Directly observable market prices rarely exist for the Company's assets, however, fair value may be estimated based on recent transactions on comparable assets, internal models used by the Company for transactions involving the same type of assets or other relevant information. Calculation of value in use is a discounted cash flow calculation based on continued use of the assets in its present condition, excluding potential exploitation of improvement or expansion potential.

Determination of the recoverable amount involves the Management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax, and legal systems. The Company uses internal business plans, quoted market prices and the Company's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Company does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

B. Employee Retirement Plans

The Company provides both defined benefit employee retirement plans and defined contribution plans. Measurement of pension and other superannuation costs and obligations under such plans require numerous assumptions and estimates that can have a significant impact on the recognised costs and obligations, such as future salary level, discount rate, attrition rate and mortality.

The Company provides defined benefit plans in several countries and in various economic environments. The discount rate is based on the yield on high quality corporate bonds. In geographies, when the Corporate Bond market is not developed, Government Bond yield is considered as discount rate. Assumptions for salary increase in the remaining service period for active plan participants are based on expected salary increase for each country or economic area. Changes in these assumptions can influence the net asset or liability for the plan as well as the pension cost.

C. Environmental Liabilities and Asset Retirement Obligations (ARO)

Estimation of environmental liabilities and ARO require interpretation of scientific and legal data, in addition to assumptions about probability and future costs.

D. Taxes

The Company calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on the Management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

E. Classification of Leases

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

F. Useful Lives of Depreciable/Amortisable Assets (Tangible and Intangible)

The Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment, and other plant and equipment.

G. Recoverability of Advances/Receivables

At each Balance Sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the Management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.

H. Fair Value Measurements

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

I. Contingent Assets and Liabilities, Uncertain Assets and Liabilities

Liabilities that are uncertain in timing or amount are recognised when a liability arises from a past event and an outflow of cash or other resources is probable and can be reasonably estimated. Contingent liabilities are possible obligations where a future event will determine whether the Company will be required to make a payment to settle the liability, or where the size of the payment cannot be determined reliably. Material contingent liabilities are disclosed unless a future payment is considered remote. Evaluation of uncertain liabilities and contingent liabilities and assets requires judgement and assumptions regarding the probability of realisation and the timing and amount, or range of amounts, that may ultimately be incurred. Such estimates may vary from the ultimate outcome as a result of differing interpretations of laws and facts.

1E Note 1E of the Audited Standalone Financial Statements

Recent Accounting Pronouncements:

Amendments to Standards Issued but not yet effective

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules'), on 28th March, 2018. The rules notify the new revenue standard Ind AS 115, Revenue from Contracts with Customers, brings amendments Ind AS 21, Foreign Currency Transactions and Advance Consideration, Ind AS 40, Investment Property - Transfers of investment Property, and Ind AS 12, Income Taxes, regarding recognition of deferred tax assets on unrealised losses. The rules shall be effective from reporting periods beginning on or after 1 April, 2018, and cannot be early adopted.

A. Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles. Under the new standard, revenue is recognised when a customer obtains control of a promised goods or services and, thus, has the ability to direct the use and obtain the benefits from the goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18, Revenue, and Ind AS 11, Construction Contracts and Appendices, related to these standards.

The Company is in the process of assessing the detailed impact of Ind AS 115. Presently, the Company is not able to reasonably estimate the impact that the new standard is expected to have on its Financial Statements. However, the Company does not expect that adoption of Ind AS 115 is going to significantly change the timing of the Company's revenue recognition for product sales. Consistent with the current practice, recognition of revenue will continue to occur at a point in time when products are dispatched to customers or in other cases delivered to customers, which is also when the control of the asset is transferred to the customer under Ind AS 115.

B. Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration

The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income, where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of transaction should be the date on which the Company initially recognises the non-monetary asset or

liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, the date of transaction should be determined as above for each payment or receipt.

The Company intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e., from 1st April, 2018).

C. Amendments to Ind AS 40, Investment Property - Transfers of Investment Property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples, and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

The Company has decided to apply the amendment prospectively to changes in use that occur after the date of initial application (i.e., 1st April, 2018). The Company has evaluated the effect of this on the Financial Statements, and the impact is not expected to be material.

D. Amendments to Ind AS 12, Income Taxes regarding recognition of Deferred Tax Assets on Unrealised Losses

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets as below:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount, if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value but the entity expects to hold and collect the contractual cash flows and it is probable that recoverable value will be more than its carrying amount.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

The amendments to Ind AS 12 need to be applied retrospectively in accordance with Ind AS 8. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

The Company shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind AS 8 with the corresponding impact recognised in opening retained earnings as at 1st April, 2017, based on the relief provided by the standard. The Company has evaluated the effect of this on the Financial Statements and the impact is not expected to be material.

2. This Abridged Standalone Financial Statements have been compiled from Audited Standalone Financial Statements of the Company and contains the salient features of the Balance Sheet, Statement of Profit and Loss, Statement of Change in Equity, and Cash Flow Statement as per the first proviso to Sub-section (1) of Section 136 of the Act and Rule 10 of the Companies (Accounts) Rules, 2014 (as amended). Complete set of Balance Sheet, Statement of Profit and Loss, Statement of Change in Equity, Cash Flow Statement and Notes thereto, prepared as per the requirements of Division II to the Schedule III of the Act, are available at the Company's website at link www.hindalco.com. Copy of the Financial Statements is also available for inspection at the registered office of the Company during working hours for a period of 21 days before the date of Annual General Meeting.

3. Note 7A of the Audited Standalone Financial Statements

(₹ Crore)

	Face Value Per Unit	Numbers-As at		Value As at	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017
Other Investments					
Equity Instruments					
(Fully Paid-up) at FVTOCI - (a)					
Quoted					
National Aluminium Company Limited	₹ 5	18,385,327	28,384,938	122.17	217.15
Aditya Birla Nuvo Limited - (b)	₹ 10	-	8,650,412	-	1,313.52
Grasim Industries Limited - (b)	₹ 2	28,222,468	15,246,850	2,965.90	1,599.39
UltraTech Cement Limited	₹ 10	1,258,515	1,258,515	497.11	501.49
Aditya Birla Fashion & Retail Limited	₹ 10	44,982,142	44,982,142	678.56	692.05
IDEA Cellular Limited - (c)	₹ 10	228,340,226	-	1,733.10	-
Aditya Birla Capital Limited - (b)	₹ 10	39,511,455	-	576.67	-
				6,573.51	4,323.60
Unquoted - (a)					
Sai Wardha Power Generation Limited	₹ 10	2,830,352	2,830,352	2.83	2.83
Aditya Birla Ports Limited	₹ 10	-	100,000	-	0.13
Birla International Limited	CHF 100	2500	2500	3.43	3.10
Bharuch Dahej Railway Company Limited	₹ 10	13,530,000	13,530,000	17.90	17.53
				24.16	23.59
Debt Instruments at FVTOCI - (a)					
Government and Trust Securities					
6.83% Government of India Bond, 2039		2,000,000	2,000,000	18.14	18.85
Debt Instruments at FVTPL - (a)					
Preference Shares					
5.25% Redeemable Cumulative Preference Shares of Aditya Birla Health Services Limited	₹ 100	2,500,000	2,500,000	22.66	19.34
				6,638.47	4,385.38
(a) Aggregate amount of investments and market value are given below:					
Aggregate Cost of Quoted Investments				500.65	298.54
Aggregate Market Value of Quoted Investments				6,573.51	4,323.60
Aggregate Cost of Unquoted Investments				62.02	62.12
(b) Aditya Birla Nuvo Ltd. got amalgamated with Grasim Industries Ltd. Upon amalgamation, financial service business got de-merged from Grasim Industries Ltd. and transferred to Aditya Birla Financial Services Ltd. Pursuant to the scheme of amalgamation between Aditya Birla Nuvo Limited (ABNL) and Grasim Industries Limited (Grasim), having record date of 6th July, 6th, 2017, the Company received 12,975,618 shares of Grasim in exchange of 8,650,412 equity shares it held of ABNL as at record date, making total equity shares held in Grasim to 28,222,468. Further, pursuant to the scheme of demerger of Aditya Birla Capital Limited (ABCL) (formerly Aditya Birla Financial Services Limited) from Grasim, having record date of 20th July, 2017, the Company received 39,511,455 equity shares of ABCL for 28,222,468 equity shares it held of Grasim as at record date.					
(c) The Company has discontinued the accounting of its Investment in Idea Cellular Limited (ICL) as 'Investment in Associates' effective 31st March, 2018, as it no longer has significant influence over ICL.					

4. Note 9A of the Audited Standalone Financial Statements

(₹ Crore)

	Value As at	
	31/03/2018	31/03/2017
Other Financial Assets, Non-Current		
(Unsecured, Considered Good, unless otherwise stated)		
Derivative Assets (refer Note 51 of Audited Standalone Financial Statements)	107.41	187.54
Security Deposits		
Unsecured, Considered Good - (a)	136.84	136.15
Considered Doubtful	-	0.10
Allowance for Doubtful Deposits	-	(0.10)
Deposit with Others	67.29	59.15
	311.54	382.84

(a) Includes deposit to a related party, refer Note 16, Related Party Transactions.

5. Note 9B of the Audited Standalone Financial Statements**Other Financial Assets, Current**

(Unsecured, Considered Good, unless otherwise stated)

Derivative Assets (refer Note 51 of Audited Standalone Financial Statements)	885.35	781.89
Other Financial Assets at Amortised Costs		
Amounts Recoverable from Related Parties	0.02	0.64
Security Deposits		
Unsecured, Considered Good	35.13	111.52
Considered Doubtful	0.35	0.25
Allowance for Doubtful Amount	(0.35)	(0.25)
Deposits with Non Banking Financial Company (NBFC) with initial maturity more than 3 months	370.00	60.00
Accrued Interest	40.00	67.80
Project Expenses Recoverable from Government	11.32	61.06
Others		
Unsecured, Considered Good	31.42	31.53
Unsecured, Considered Doubtful	40.13	35.26
Allowance for Doubtful Amount	(40.13)	(35.26)
	1,373.24	1,114.44

6. Note 13 of the Audited Standalone Financial Statements**Cash and Cash Equivalents**

Cash on Hand	0.37	0.48
Cheques and Drafts on Hand - (a)	16.36	17.11
Balances with Banks		
Current Accounts	218.95	127.56
Deposit with Banks with less than 3 months initial maturity	8.13	0.05
Short-term Liquid Investments in Mutual Funds	1,565.64	4,162.22
	1,809.45	4,307.42

(a) Includes ₹ 9.4 crore (as at 31/03/2017 ₹ 7.79 crore) remittance in transit.

(b) There is no repatriation restriction with regard to cash and cash equivalents at the end of reporting period and prior periods.

7. Note 20A of Audited Standalone Financial Statements

(₹ Crore)

	Value As at	
	31/03/2018	31/03/2017
Other Financial Liabilities, Non-Current		
Derivative Liabilities (refer Note 51 of Audited Standalone Financial Statements)	65.38	403.13
Financial Guarantee Contract Liabilities	61.60	62.79
Liabilities for Capital Expenditure	7.33	9.71
Security and Other Deposits	0.03	1.25
	134.34	476.88

8. Note 20B of the Audited Standalone Financial Statements

Other Financial Liabilities, Current

Derivative Liabilities (refer Note 51 of Audited Standalone Financial Statements)	620.88	945.15
Application/Call Money Due for Refund	0.31	0.31
Current Maturities of Finance Lease Obligations	5.36	3.04
Current Maturities of Long-term Borrowings	-	4,524.78
Derivatives Matured but not yet settled	4.34	41.66
Financial Guarantee Contract Liabilities	1.45	4.80
Interest Accrued but not due	542.40	534.05
Liabilities for Capital Expenditure	792.16	985.20
Retention Amount Payables	79.38	73.82
Security and Other Deposits	26.74	24.57
Unclaimed Dividends - (a)	4.87	8.75
Unclaimed Matured Debentures	0.02	0.02
Deferred Operating Lease Obligations	1.72	0.72
	2,079.63	7,146.87

(a) This amount does not include any due and outstanding, to be credited to Investor Education and Protection Fund except ₹ 0.07 crore (as at 31/03/2017 ₹ 0.02 crore), which is held in abeyance due to legal cases pending.

9. Note 21A of the Audited Standalone Financial Statements

Provisions, Non-Current

Provision for Employee Benefits	178.03	262.32
Provision for Asset Retirement Obligations - (a)	86.61	82.14
Provision for Environmental Liabilities - (a)	6.13	18.29
Provision for Enterprise Social Commitments - (a)	133.33	127.26
	404.10	490.01

(a) Refer Note 45 of Audited Standalone Financial Statements

10. Note 21B of the Audited Standalone Financial Statements

Provisions, Current

Provision for Employee Benefits	216.83	190.47
Provision for Environmental Liabilities - (a)	12.80	-
Provision for Enterprise Social Commitment - (a)	12.54	15.23
Provision for Renewable Power Obligations - (a)	140.80	394.27
Legal Cases	263.56	-
Other Provisions - (a)	11.78	34.56
	658.31	634.53

(a) Refer Note 45 of Audited Standalone Financial Statements.

11. Note 25 of the Audited Standalone Financial Statements

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Revenue from Operations		
Sale of Products - (a)		
Domestic Sales - (b) (d)	24,288.41	23,024.03
Export Sales	18,713.64	15,921.62
	43,002.05	38,945.65
Other Operating Revenues	432.88	437.47
Gross Revenue from Operations	43,434.93	39,383.12

- (a) Sales of Copper products and precious metals are accounted for provisionally, pending finalisation of price and quantity. Variations are accounted for in the year of settlement. Final price receivable on sale of above products, for which quotational price was not finalised in the year ended 31/03/2017, was realigned at year-end forward LME/LMBA rate and reversal of sales of ₹ 5.30 crore (year ended 31/03/2017 addition of ₹ 5.24 crore) was accounted for during the year, final price was settled at reversal of ₹ 10.90 crore (year ended 31/03/2017 was settled for ₹ 14.73 crore) and further reduction of sales of ₹ 5.60 crore (year ended 31/03/2017 additional sales of ₹ 9.49 crore) was taken into account. As on 31st March, 2018, sale of Copper products and precious metals, pending for price finalisation, was realigned at year-end forward LME/LMBA and an reversal of sales of ₹ 1.33 crore (year ended 31/03/2017 reversal of sales of ₹ 5.30) was accounted for. Actual cash flow is expected on finalisation of quotational price and quantity in the subsequent financial year.
- (b) Includes sale of Di Ammonium Phosphate (DAP) including nutrient based subsidy of Phosphorus (P) and Potassium (K) ₹ 186.98 crore (year ended 31/03/2017 ₹ 295.10 crore).
- (c) Includes Government Grant in the nature of Export Incentives and other benefits of ₹ 315.93 crore (year ended 31/03/2017 ₹ 288.16 crore).
- (d) Includes Excise Duty ₹ 636.89 crore (year ended 31/03/2017 ₹ 2,446.51 crore) till 30/06/2017. Subsequent to the introduction of Goods and Service Tax (GST), with effect from 1st July, 2017, revenue is being reported excluding GST.

12. Note 27 of the Audited Standalone Financial Statements**Cost of Material Consumed**

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Copper Concentrate - (a)	18,104.67	15,195.79
Alumina	2,957.96	2,100.41
Bauxite	322.39	255.39
Caustic Soda	716.10	593.94
Calcined Petroleum Coke	1,398.80	1,020.04
Rock Phosphate	227.35	409.12
Anode	446.72	357.44
Others	1,233.74	1,086.09
	25,407.73	21,018.22

- (a) Purchase of copper concentrate is accounted for provisionally, pending finalisation of contents in the concentrate and price. Variations are accounted for in the year of settlement. Final price payable on purchase of copper concentrate for which quotational price and quantity were not finalised in the year ended 31/03/2017, was realigned based on forward LME and LBMA rate at the year end of copper and precious metals, respectively, and accordingly payable of ₹ 75.53 crore (year ended 31/03/2017 receivable of ₹ 95.20 crore) was accounted for. During the current year, final price was settled at ₹ 9.48 crore (year ended 31/03/2017 ₹ 43.98 crore) and accordingly balance amount of ₹ 66.04 crore (year ended 31/03/2017 ₹ 51.22 crore) has been accounted for. As on 31st March, 2018, payable of ₹ 79.88 crore (year ended 31/03/2017 ₹ 75.73 crore) was accounted for on realignment of unpriced copper concentrate. Actual cash flow is expected on finalisation of quotational price and quantity in the subsequent financial year.

13. Note 35 of the Audited Standalone Financial Statements

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Exceptional Income/(Expenses)		
Exceptional Income	61.25	144.93
Exceptional (Expenses)	(386.46)	(60.04)
	(325.21)	84.89

*** Details of Exceptional Income/(Expenses) as follows:**

(₹ Crore)

Nature	Brief Details	Year ended	
		31/03/2018	31/03/2017
Legal Cases	Basis a Hon'ble Supreme Court judgment dated 13 th October, 2017, and considering the prospective contribution required to be made to the District Mineral Fund (DMF) by the holder of a mining lease or a prospecting licence-cum-mining lease in addition to the payment of royalty, an amount of ₹ 61.25 crore has been written back during the financial year 2017-18, which was provided/ paid in earlier years relating to the period for which such levy was held invalid or not applicable.	61.25	(60.04)
	Based on the Hon'ble Supreme Court judgement dated 2 nd August, 2017, in the matter of Common Cause V/s Union of India (to which the Company is not a party), provisional demands are raised on the Company for its bauxite mines. The Company has challenged the purported demand and obtained stay on the demands. As the matter is pending final determination and considering the implication of existing litigation, the Company has provided ₹ 219.69 crore during the financial year 2017-18.	(219.69)	-
	Based on the Hon'ble Supreme Court judgement dated 15 th September, 2017, in the matter of Transit Fee on forest produce (as applicable, amongst others, in the States of Uttar Pradesh and Madhya Pradesh), an amount of ₹139.35 crore has been provided during the financial year 2017-18 towards probable obligation that may arise.	(139.35)	-
	Based on the Hon'ble Supreme Court judgment dated 22 nd September, 2017, in the matter of proportionate reduction in input tax credit in, case of sale in course of inter-state trade, commerce and branch transfer under the Gujarat Value Added Tax Act, 2003, to which the Company is not a party, an amount of ₹ 27.42 crore, related to earlier periods, has been provided during the financial year 2017-18.	(27.42)	-
(Gain)/Loss on Sale of Controlling Interest in Subsidiary	During the financial year 2016-17, the Company has sold its entire holding in a subsidiary, Aditya Birla Minerals Limited, Australia (ABML), by accepting an off-market take-over offer from Metals X Limited. As per the offer, a part of the proceeds was realised in cash and the balance in the equity shares of Metals X Limited. The equity shares of Metals X Limited received as part of this transaction have also been liquidated. The resultant gain over the carrying value of this investment arising out of these transactions is ₹ 144.93 crore and the same has been accounted for as exceptional income in the Statement of Profit and Loss.	-	144.93
		(325.21)	84.89

14. Note 39 of the Audited Standalone Financial Statements**Earnings per Share (EPS)**

	Year ended	
	31/03/2018	31/03/2017
Basic EPS from continuing operations (₹)	6.45	7.56
Diluted EPS from continuing operations (₹)	6.45	7.55
Reconciliation of earnings used in calculating earnings per share		
Profit/(Loss) for the period attributable to equity shareholders	1,436.49	1,556.89
Weighted-average numbers of equity shares used in the calculation of EPS:		
Weighted-average numbers of equity shares used in the calculation of Basic EPS	2,227,789,728	2,060,348,932
Dilutive impact of Employee Stock Option Scheme	1,292,718	1,463,706
Weighted-average numbers of equity shares and potential equity shares used in the calculation of Diluted EPS	2,229,082,446	2,061,812,638
Face Value per Equity Share (₹)	1.00	1.00

15. Note 40 of the Audited Standalone Financial Statements**Segment Reporting**

The Company has two reportable segments, viz., Aluminium and Copper, which have been identified taking into account the business activities it engages in. No operating segments have been aggregated to form these reportable segments. Description of each of the reporting segments is as under:

- i. Aluminium Segment: This part of business manufactures and sells Hydrate and Alumina, Aluminium and Aluminium Products.
- ii. Copper Segment: This part of business manufactures and sells Copper Cathode, Continuous Cast Copper Rods, Sulphuric Acid, DAP and Complexes, Gold, Silver and other precious metals.

The chief operating decision maker (CODM) primarily uses earnings before interest, tax, depreciation and amortisation (EBITDA) as performance measure to assess the performance of the operating segments. However, the CODM also receives information about the segment's revenues, segment assets and segment liabilities on regular basis.

A. Segment Profit or Loss:

- (i) Segment's performance are measured based on Segment EBITDA. Segment EBITDA is defined as "Earnings from Continuing Operations before Finance Costs, Exceptional Items, Tax Expenses, Depreciation and Amortisation, Impairment of Non-Current Assets, Investment Income and Fair Value Gains or Losses on Financial Assets but after allocation of Corporate Expenses". Segment EBITDA are as follows:

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Segment Profit or Loss:		
Aluminium	3,708.01	3,472.63
Copper	1,538.69	1,456.46
Total Segment EBITDA	5,246.70	4,929.09
Segment EBITDA reconciles to Profit/(Loss) before Tax as follows:		
Total Segment EBITDA	5,246.70	4,929.09
Finance Costs	(1,900.54)	(2,322.87)
Depreciation and Amortisation	(1,617.31)	(1,427.97)
Exceptional Items (Net)	(325.21)	84.89
Interest and Dividend Income	357.58	332.99
Fair Value Gain/(Loss) on Financial Assets/Liabilities	462.45	547.84
Other Unallocated Income/(Expense) (Net)	5.15	9.27
Profit/(Loss) Before Tax	2,228.82	2,153.24

- (ii) Following amounts are either included in the measure of segment profit or loss reviewed by the CODM or are regularly provided to the CODM:

(₹ Crore)

	Year ended			
	31/03/2018		31/03/2017	
	Aluminium	Copper	Aluminium	Copper
Interest Income - (a)	27.66	47.46	53.01	44.03
Depreciation and Amortisation - (b)	1,444.81	152.63	1,270.61	139.87

(a) Represents interest income from customers/security deposits, etc., which are included in the measure of segment profit or loss.

(b) Does not include in the measure of segment profit or loss but provided to the CODM.

B. Segment Revenue:

- (i) The segment revenue is measured in the same way as in the Statement of Profit and Loss. Sales between operating segments are eliminated on consolidation. Segment Revenue and reconciliation of the same with total revenue are as follows:

(₹ Crore)

	Year ended					
	31/03/2018			31/03/2017		
	Total Segment Revenue	Inter-Segment Revenue	Revenue from External Customers	Total Segment Revenue	Inter-segment Revenue	Revenue from External Customers
Aluminium	21,072.59	1.18	21,071.41	19,985.66	2.90	19,982.76
Copper	22,371.27	7.75	22,363.52	19,408.39	8.03	19,400.36
Total	43,443.86	8.93	43,434.93	39,394.05	10.93	39,383.12

- (ii) Revenue of approximately ₹ 4,359.88 crore for the year ended 31/03/2017, included in revenue from Copper Segment, arose from a single external customer, which is more than 10% of the Company's total revenue. During the year, there is no revenue from a single customer which is more than 10% of the Company's total revenue.

- (iii) The amount of its revenue from external customers analysed by the country, in which customers are located, are given below:

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
India	24,437.44	23,207.86
Outside India		
China	4,358.75	2,064.90
Korea	3,639.53	2,901.45
Taiwan	-	2,238.03
USA	2,058.96	-
Others	8,940.25	8,970.88
	43,434.93	39,383.12

C. Segment Assets:

Segment assets are measured in the same way as in the Financial Statements. These assets are allocated based on the operations of the segment and the physical location of the asset. However, certain assets like investments, loans, assets classified as held for sale, current and deferred tax assets, etc., are not considered to be segment assets as they are managed at corporate level. Further, corporate administrative assets are not allocated to individual segments as they are also managed at corporate level, and these are not linked to any specific segment.

(i) Segment Assets and Reconciliation of the same with Total Assets are as under:

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
Aluminium	42,312.75	41,645.94
Copper	9,224.86	8,984.77
Total Segment Assets	51,537.61	50,630.71
Investments (Non-Current and Current)	28,590.90	33,494.16
Investment Properties	9.03	9.26
Loans	60.45	230.35
Assets classified as Held For Sale	74.99	81.51
Other Corporate Assets	2,455.93	2,189.00
Total Assets	82,728.91	86,634.99

During the year ended 31/03/2018, capital expenditure relating to Aluminium and Copper segments are ₹ 1,388.07 crore and ₹ 236.50 crore, respectively (year ended 31/03/2017 ₹ 973.06 crore and ₹ 228.26 crore, respectively).

(ii) The total of non-current assets excluding financial assets and deferred tax assets analysed by the country in which assets are located are given below:

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
India	37,205.17	37,387.63
Outside India	-	-
	37,205.17	37,387.63

D. Segment Liabilities:

Segment liabilities are measured in the same way as in the Financial Statements. These liabilities are allocated based on the operations of the segment. In measurement of Aluminium and Copper segment's liabilities, items like borrowings, current and deferred tax liabilities, liabilities associated with assets classified as held for sale, etc., are not considered to be segment liabilities as they are managed at corporate level. Further, corporate administrative liabilities are not allocated to individual segments as they also managed at corporate levels and does not linked to any specific segment.

Segment Liabilities and Reconciliation of the same with Total Liabilities are as under:

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
Aluminium	5,680.49	5,606.36
Copper	3,979.93	3,626.36
Total Segment Liabilities	9,660.42	9,232.72
Borrowings (Non-Current and Current, including Current Maturity)	20,297.26	27,149.75
Deferred Tax Liabilities (Net)	1,922.18	1,231.67
Current Tax Liabilities (Net)	816.54	1,101.42
Liabilities classified as Held For Sale	0.03	0.05
Other Corporate Liabilities	581.74	586.82
Total Liabilities	33,278.17	39,302.43

16. Note 43 of the Audited Standalone Financial Statements**Related Party Transactions**

The following transactions were carried out with the Related Parties in the ordinary course of business:

(I) Subsidiaries, Associates and Joint Ventures

(₹ Crore)

	Year ended					
	31/03/2018			31/03/2017		
	Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
1. Sales and Conversion	30.32	-	-	43.40	-	-
(a) Hindalco - Almix Aerospace Limited	30.03	-	-	20.63	-	-
(b) Novelis Inc. and its Subsidiaries	0.19	-	-	22.02	-	-
(c) Utkal Alumina International Limited - (I)	0.10	-	-	0.75	-	-
2. Services Rendered	0.95	0.03	-	0.03	0.03	-
(a) Dahej Harbour and Infrastructure Limited	0.33	-	-	0.03	-	-
(b) Utkal Alumina International Limited	0.62	-	-	-	-	-
(c) Idea Cellular Limited	-	0.03	-	-	0.03	-
3. Interest and Dividend Received during the year						
Interest Received	1.82	4.37	-	10.51	5.51	-
(a) Idea Cellular Limited	-	0.92	-	-	0.95	-
(b) Aditya Birla Science & Technology Company Private Limited	-	3.45	-	-	4.56	-
(c) Hindalco - Almix Aerospace Limited	0.19	-	-	0.09	-	-
(d) Utkal Alumina International Limited	1.63	-	-	10.42	-	-
Dividend Received	20.00	-	-	45.00	13.71	-
(a) Idea Cellular Limited	-	-	-	-	13.71	-
(b) Dahej Harbour and Infrastructure Limited	20.00	-	-	45.00	-	-
4. Purchase of Materials, Capital Equipment's and Others	3,010.87	-	-	2,211.07	-	-
(a) Birla (Nifty) Pty Limited	-	-	-	218.15	-	-
(b) Hindalco - Almix Aerospace Limited	1.85	-	-	1.14	-	-
(c) Minerals & Minerals Limited	43.20	-	-	30.12	-	-
(d) Novelis Inc. and its Subsidiaries	3.80	-	-	1.45	-	-
(e) Utkal Alumina International Limited - (ii)	2,962.02	-	-	1,960.21	-	-
5. Services Received	41.71	17.12	-	36.74	15.26	-
(a) Idea Cellular Limited	-	3.89	-	-	3.16	-
(b) Aditya Birla Science & Technology Company Private Limited	-	13.23	-	-	12.10	-
(c) Dahej Harbour and Infrastructure Limited	39.04	-	-	34.17	-	-
(d) Novelis Inc. and its Subsidiaries	1.74	-	-	1.75	-	-
(e) Others	0.93	-	-	0.82	-	-
6. Investments, Deposits, Loans and Advances made during the year	2,574.63	-	-	1,007.45	-	-
Deposits, Loans and Advance Given during the year	100.00	-	-	740.00	-	-
(a) Utkal Alumina International Limited	100.00	-	-	740.00	-	-
Investments Made during the year	2,474.63	-	-	267.45	-	-
(a) A V Minerals (Netherlands) N.V.	192.35	-	-	266.83	-	-
(b) Suvas Holdings Limited	2.56	-	-	0.62	-	-
(c) Utkal Alumina International Limited	2,279.72	-	-	-	-	-

(₹ Crore)

	Year ended					
	31/03/2018			31/03/2017		
	Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
7. Investments, Deposits, Loans and Advances Received Back during the year	100.00	4.90	-	743.22	12.81	-
(a) Aditya Birla Science & Technology Company Private Limited	-	4.90	-	-	2.45	-
(b) Utkal Alumina International Limited	100.00	-	-	740.00	-	-
(c) Birla Resources Pty Limited (iii)	-	-	-	-	3.22	-
(d) Idea Cellular Limited	-	-	-	-	10.36	-
8. Guarantees and Collateral Securities Given	2.71	-	-	-	-	-
(a) Suvas Holdings Limited	2.71	-	-	-	-	-
9. Guarantees and Collateral securities taken back during the year	178.37	-	-	30.72	-	-
(a) Utkal Alumina International Limited	-	-	-	26.88	-	-
(b) Hindalco do Brasil Indústria e Comércio de Alumina Ltda.	178.37	-	-	3.84	-	-
10. Licence and Lease Arrangements	0.01	-	-	0.01	-	-
(a) Dahej Harbour and Infrastructure Limited	0.01	-	-	0.01	-	-
11. Outstanding Balances[#]						
(i) Receivables	10.15	-	0.03	11.87	0.40	0.03
(a) Idea Cellular Limited	-	-	-	-	0.40	-
(b) Aditya Birla Science & Technology Company Private Limited	-	-	-	-	0.00	-
(c) Hydromine Global Minerals GMBH Limited	-	-	0.03	-	-	0.03
(d) East Coast Bauxite Mining Company Private Limited	0.02	-	-	0.02	-	-
(e) Hindalco - Almex Aerospace Limited	2.38	-	-	1.64	-	-
(f) Minerals & Minerals Limited	7.29	-	-	9.49	-	-
(g) Utkal Alumina International Limited	0.22	-	-	-	-	-
(h) Others	0.24	-	-	0.72	-	-
(ii) Payables	406.87	0.26	-	210.18	0.10	-
(a) Idea Cellular Limited	-	-	-	-	0.10	-
(b) Dahej Harbour and Infrastructure Limited	0.34	-	-	2.20	-	-
(c) Novelis Inc. and its Subsidiaries	1.47	-	-	0.83	-	-
(d) Utkal Alumina International Limited	405.06	-	-	207.15	-	-
(e) Others	-	0.26	-	0.00	-	-

All outstanding balances are unsecured and are payable in cash.

(₹ Crore)

	As at			As at		
	31/03/2018			31/03/2017		
	Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
(iii) Deposits, Loans and Advances	0.19	50.59	-	0.19	55.49	-
(a) Aditya Birla Science & Technology Company Private Limited	-	50.59	-	-	55.49	-
(b) Lucknow Finance Company Limited	0.19	-	-	0.19	-	-

(₹ Crore)

	As at			As at		
	31/03/2018			31/03/2017		
	Subsidiaries	Associates	Joint Ventures	Subsidiaries	Associates	Joint Ventures
(iv) Guarantees and Collateral Securities Given	4,869.62	-	-	5,045.28	-	-
(a) Hindalco do Brasil Indústria e Comércio de Alumina Ltda.	-	-	-	178.37	-	-
(b) Dahej Harbour and Infrastructure Limited	4.50	-	-	4.50	-	-
(c) Suvas Holdings Limited	12.62	-	-	9.91	-	-
(d) Utkal Alumina International Limited	4,852.50	-	-	4,852.50	-	-
(v) Investments						
For details of investments in Subsidiaries and Associates refer Notes 5 and 6 of Audited Standalone Financial Statements.						
12 Other Capital Contribution - (iv)	77.67	-	-	77.67	-	-
(a) Utkal Alumina International Limited	74.41	-	-	74.41	-	-
(b) A V Minerals (Netherlands) N.V.	3.24	-	-	3.24	-	-
(c) Suvas Holdings Limited	0.02	-	-	0.02	-	-

* For details of investments refer Notes 5 and 6 of Audited Standalone Financial Statements.

(II) Trusts

Contribution to Trusts:

- Hindalco Employee's Gratuity Fund, Kolkata
- Hindalco Employee's Gratuity Fund, Renukoot
- Hindalco Employee's Provident Fund Institution, Renukoot
- Hindalco Superannuation Scheme, Renukoot
- Hindalco Industries Limited Employees' Provident Fund II
- Hindalco Industries Limited Senior Management Staff Pension Fund II
- Hindalco Industries Limited Office Employees' Pension Fund

For details of transaction with the trust refer Note 42 of Audited Standalone Financial Statements.

Note:

- Including Excise Duty (till 30/06/2017).
- Excluding Excise Duty and GST.
- Includes Foreign Exchange Gain/Loss on Return of Capital.
- With respect to fair valuation of Financial Guarantees.

(III) Key Managerial Personnel

Managerial Remuneration

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
(a) Mr. D. Bhattacharya - Vice Chairman*	6.93	48.29
(b) Mr. Satish Pai - Managing Director **	20.97	17.51
(c) Mr. Praveen Kumar Maheshwari - Whole-time Director & Chief Financial Officer **	4.08	3.68

* Includes Pension of ₹ 4.02 crore (year ended 31/03/2017 ₹ Nil).

** Excluding gratuity, leave encashment provision and compensation under Employee Stock Option Scheme.

(IV) Directors' Remuneration

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
(a) Mr. Kumar Mangalam Birla	5.19	5.21
(b) Smt. Rajashree Birla	0.08	0.11
(c) Mr. D. Bhattacharya	0.12	0.11
(d) Mr. A.K. Agarwala	0.14	0.15
(e) Mr. M.M. Bhagat	0.20	0.21
(f) Mr. K.N. Bhandari	0.20	0.21
(g) Mr. Y.P. Dandiwala	0.07	0.16
(h) Mr. Ram Charan	0.09	0.03
(i) Mr. Girish Dave	0.15	0.07
(j) Mr. Jagdish Khattar	0.10	0.11
	6.34	6.37

- (V) The Company is one of the promoter members of Aditya Birla Management Corporation Private Limited (ABMCPL), a Company limited by guarantee, which has been formed to provide common facilities and resources to its members, with a view to optimize the benefits of specialisation and minimise cost for each member. The Company is one of the participants in the common pool, and shares the expenses incurred by ABMCPL and accounted for under appropriate heads. The share of expenses charged by ABMCPL during the year is ₹ 326.66 crore (year ended 31/03/2017 ₹ 263.05 crore) and net outstanding payable balance as at 31/03/2018 is ₹ 71.58 crore (as at 31/03/2017 ₹ 18.46 crore). The outstanding deposit with ABMCPL as at 31/03/2018 is ₹ 44.71 crore (as at 31/03/2017 ₹ 44.71 crore).

17. Note 44 of Audited Standalone Financial Statements

(₹ Crore)

Contingent Liabilities and Commitments

	As at	
	31/03/2018	31/03/2017

A. Contingent Liabilities**(a) Claims against the Company not acknowledged as Debt:**

Following demands are disputed by the Company and are not provided for

- | | | |
|--|--------|--------|
| (i) Demand for Stamp Duty by Collector (Stamp), Kanpur, Uttar Pradesh (U.P.) on merger of Copper Business of IndoGulf Corporation with the Company | 252.96 | 252.96 |
| The matter is pending before the Hon'ble High Court of Allahabad. Moreover, the properties in question are located in the State of Gujarat and, thus, the Collector (Stamp), Kanpur, has no territorial jurisdiction to make such a demand. Further, the Company has already paid stamp duty in 2003-04 under the provisions of the Bombay Stamp Act, 1958, which can be setoff against stamp duty demand, if any, in U.P. | | |
| (ii) Demand towards drawal of energy during peak hours by Uttar Pradesh Power Corporation Limited (UPPCL)/Purvanchal Viduyt Vitran Nigam Limited (PVVNL) | 80.81 | 64.50 |
| The dispute relates to the agreement entered with UPPCL for the period 2009-14. Demand was raised by UPPCL for drawal of banked energy during peak hours. The Hon'ble Supreme Court has stayed the demand and the matter is pending with Appellate Tribunal for Electricity (APTEL). | | |

Contingent Liabilities and Commitments	(₹ Crore)	
	As at	
	31/03/2018	31/03/2017
(iii) Demand towards excess production of Coal by Deputy Director of Mines (DDM), Sambalpur Appropriate provision has been made pursuant to a recent Hon'ble Supreme Court judgement on similar matter to which the Company is not a party.	-	310.00
(iv) Retrospective Revision of Water Rates by UP Jal Vidyut Nigam Limited Writ petition pending with Lucknow Bench of Hon'ble Allahabad High Court. The demand for arrears stayed.	4.08	4.08
(v) Demand for Entry Tax relating to valuation dispute Appeals have been filed with Additional CCT, Sambalpur.	28.05	28.05
(vi) Interest demand on withholding of 50% payment of Entry tax Appeal is pending before Hon'ble High Court of Odhisa and stay has been granted.	27.56	-
(vii) Transit Fees on Coal (U.P. and M.P.) Contingency is w.r.t. transit fee on coal (other than through road transport). On the basis of Hon'ble Supreme Court order issued during the year, transit fees on Coal has been provided for coal transport through road.	68.65	250.02
(viii) Cess on Coal by Shaktinagar Special Area Development Authority The matter is pending before Nine Judges Bench of the Hon'ble Supreme Court.	3.98	3.98
(ix) Revision of surface rent on land by Government of Jharkhand. The matter is pending before the Hon'ble Supreme Court.	41.30	37.52
(x) Demand for environment tax on royalty and development tax by the Collector, Chhatisgarh The matter is pending before the Hon'ble Supreme Court.	11.29	9.76
(xi) Demand from State and Central Sales Tax authorities for various years At different levels of appeal.	19.96	19.96
(xii) Disallowances of Cenvat Credit on inputs and Capital goods, and short payment of excise on additional consideration received from recipient of deemed exporter Matters are pending with CESTAT.	25.77	8.75
(xiii) Disallowances of Service Tax credit on Input services at various locations These matters are pending with CESTAT authorities.	110.73	108.57
(xiv) Demand for recovery of Cenvat Credit availed on Service Tax paid on Goods Transport Agency (outward charges) The matter is pending with Commissioner (Appeals), Vadodara and Commissioner, Bharuch.	7.22	-
(xv) Excess rebate sanctioned to the extent of duty paid by supplementary invoice Favourable judgement in favor of the Company.	-	5.08
(xvi) Water Tariff revision demand for previous years The matter is pending in the Hon'ble High Court of Karnataka.	8.14	8.14

Contingent Liabilities and Commitments	(₹ Crore)	
	As at	
	31/03/2018	31/03/2017
(xvii) Green Cess Provision Under Electricity Act, Year 2012-13 to Year 2017-18 The matter is pending at the Hon'ble Supreme Court.	9.12	-
(xviii) Other Contingent Liabilities in respect of Excise, Customs, Sales Tax, etc., each being for less than ₹ 1 crore The demands are in dispute at various legal forums.	13.54	15.26
	713.16	1,126.63
(b) Other money for which the Company is contingently liable		
(i) Customs Duty on raw materials imported under Advance Licence, against which export obligation is to be fulfilled	10.28	100.69
B. Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	339.59	369.52
(b) The Board of Directors of Idea Cellular Limited (Idea), an Associate of the Company, has approved the amalgamation of Vodafone India Limited (VIL) and its wholly owned subsidiary Vodafone Mobile Services Limited (VMSL) with the Idea, subject to requisite regulatory and other approvals. As a member of promoter group of Idea, the Company has undertaken to indemnify (liable jointly and severally with other promoters of Idea) to the promoters of VIL and its wholly owned subsidiary VMSL up to USD 500 million, if Idea fails to meet some of its indemnity obligation under the implementation agreement for proposed amalgamation of VIL and VMSL with Idea.		
(c) The Company has given the following undertakings in connection with the loan of Utkal Aluminium International Limited (UAIL), a wholly owned subsidiary:		
(i) To hold minimum 51% equity shares in UAIL.		
(ii) To ensure to meet the Financial Covenants, except Fixed Asset Coverage Ratio, as provided in the loan agreements.		
(d) The Company has export obligation to be fulfilled under EPCG Scheme	5,563	6,988
(e) Corporate Guarantee of USD 215 million issued in favour of M/s. Volkswagen AG on behalf of M/s. Novelis Inc. to ensure Novelis will supply as per its future commitments to Volkswagen AG and its subsidiaries.		

18. Note 50 of the Audited Standalone Financial Statements

Capital Management

The Company's objective to manage its capital is to ensure continuity of business while at the same time provide reasonable returns to its various stakeholders but keep associated costs under control. In order to achieve this, requirement of capital is reviewed periodically with reference to operating and business plans that take into account capital expenditure and strategic investments. Apart from internal accrual, sourcing of capital is done through judicious combination of equity and borrowing, both short-term and long-term. Net debt (total borrowings less current investment, and cash and cash equivalents) to equity ratio is used to monitor capital. No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2018 and 31st March, 2017.

	As at	
	31/03/2018	31/03/2017
Debt Equity Ratio	0.41	0.57

As at 31st March, 2018 and 31st March 2017, the Company was in compliance with all of its debt covenants for borrowings.

19. Note 52 of the Audited Standalone Financial Statements

A. As per Section 135 of the Companies Act, 2015, a Corporate Social Responsibility Committee has been formed. As per the provisions of the Companies Act, 2013, amount not less than ₹ 26.70 crore (year ended 31/03/2017 ₹ 20.97 crore) should have been incurred during the year under CSR. The Company has incurred expenses amounting to ₹ 31.43 crore (Year ended 31/03/2017 ₹ 28.36 crore), in line with the CSR policy, which is in conformity with the activities specified in Schedule VII of the Companies Act, 2013.

B. Details of loans given, investments made and guarantees given covered under Section 186(4) of the Companies Act, 2013:

i. Details of investments made have been given as part of Note '5' Investments in Subsidiary, Note '6' Investments in Associate and Note '7B' Investments in Debt and Equity Instruments of the Audited Standalone Financial Statements.

ii. Loans and Financial Guarantees are given below:

(₹ Crore)

Name of the Company	Relationship	Nature of Transaction	As at	
			31/03/2018	31/03/2017
Details of Loans				
Aditya Birla Science & Technology Company Private Limited	Associate	Inter-Corporate Deposit for Working Capital	50.59	55.49
Details of Guarantees				
Hindalco Do Brazil Industrial e Comercio de Alumina Ltda.	Subsidiary	Financial Guarantee	-	178.37
Suvas Holdings Limited	Subsidiary	Financial Guarantee	12.62	9.91
Utkal Alumina International Limited	Subsidiary	Financial Guarantee	4,852.50	4,852.50
Dahej Harbour and Infrastructure Limited	Subsidiary	Financial Guarantee	4.50	4.50

iii. Disclosure relating to the amount outstanding at year end and maximum outstanding during the year of loans and advances, in nature of loan, required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are given below:

(₹ Crore)

Name of the Company	As at 31/03/2018	Maximum Outstanding during 2017-18	As at 31/03/2017	Maximum Outstanding during 2016-17
	Associate:			
Aditya Birla Science & Technology Company Private Limited	50.59	55.49	55.49	57.94

C. Disclosure on Specified Bank Notes (SBNs)

	SBNs (₹)	Other Denomination (₹)	Total (₹)
Closing Cash on Hand as at 8th November 2016*	7,921,500	1,409,232	9,330,732
Transactions between 9 th November, 2016 and 30 th December, 2016			
Add: Permitted Receipts	19,486,000	41,162,401	60,648,401
Less: Permitted Payments	3,000	15,255,272	15,258,272
Less: Amount Deposited in Banks	27,404,500	24,660,180	52,064,680
Closing Cash on Hand as at 30th December, 2016	-	2,656,181	2,656,181

* Includes cash balances lying with employees/branches on imprest basis.

20. Note 53 of the Audited Standalone Financial Statements

During the financial year ended March 31, 2018, the Company has reclassified/regrouped certain comparatives in order to confirm with current year's presentation.

The key reclassification/regrouping included the following:

- (i) Provisions amounting to ₹ 394.27 crore reclassified from Trade Payables to Current Provisions. Further an amount of ₹ 36.69 crore has been reclassified from current provision to non-current provisions.
- (ii) Other current assets related to tax amounting to ₹ 1,254.95 crore reclassified to non-current tax assets amounting to ₹ 1,567.68 crores and current income tax liabilities amounting to ₹ 312.83 crore.

As per our report annexed.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No. 304026E/E-300009

*For and on behalf of the Board of
Hindalco Industries Limited*

Sumit Seth
Partner
Membership No. 105869

Praveen Kumar Maheshwari
Whole-time Director &
Chief Financial Officer
DIN-00174361

Satish Pai – Managing Director
DIN-06646758

Place : Mumbai
Dated : May 16, 2018

Anil Malik
Company Secretary

M.M. Bhagat – Director
DIN-00006245

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Directors

Mr. Kumar Mangalam Birla
Chairman

Mrs. Rajashree Birla

Mr. Debnarayan Bhattacharya
Vice Chairman

Mr. Madhukar Manilal Bhagat

Mr. Kailash Nath Bhandari

Mr. Askaran Agarwala

Mr. Yazdi Dandiwala

Mr. Ram Charan

Mr. Girish Dave

Ms. Alka Bharucha (w.e.f. 11th July, 2018)

Executive Directors

Mr. Satish Pai
Managing Director

Mr. Praveen Kumar Maheshwari
Chief Financial Officer & Whole Time Director

Company Secretary & Compliance Officer

Mr. Anil Malik

Corporate

Mr. Samik Basu
Chief Human Resource Officer

Mr. Bibhu Prasad Mishra
President & Head Manufacturing Centre of Excellence

Mr. V. R. Shankar
President & Head-Legal

Mr. Chandan Agrawal
Chief Strategy Officer

BUSINESS/UNIT HEADS

Mr. Jagdish Chandra Laddha
Group Executive President & Head-Copper Business

Mr. Devotosh K. Das
Chief Marketing Officer (Aluminium)

Mr. A. Krishna Kumar
President & Head-Chemicals & Specialties Business

Mr. Satish Jajoo
Chief Operating Officer & Cluster Head
(Renukoot, Renusagar and Mahan Units)

Mr. B. Arun Kumar
President (Downstream Operations-Aluminium)

Mr. Rajesh Gupta
Senior President & Cluster Head
(Aditya and Hirakud Units)

Mr. Pramod Unde
President (Mining and Minerals)

SUBSIDIARIES

Utkal Alumina International Limited

Mr. Nagesh Narisetty
President & Unit Head

Novelis Inc.

Mr. Steve Fisher
President & CEO

Auditors

Price Waterhouse & Co Chartered Accountants LLP

Cost Auditors

R. Nanabhoy & Co., Mumbai

Table of Contents

18	Financial Highlights	54	Abridged Balance Sheet
20	Directors' Report	55	Abridged Statement of Profit and Loss
34	Sustainability & Business Responsibility Report	56	Abridged Standalone Statement of Changes in Equity
38	Corporate Governance Report	57	Abridged Cash Flow Statement
39	Shareholder Information	58	Notes forming part of the Abridged Financial Statements
43	Social Report	94	Abridged Consolidated Financial Statements
47	Independent Auditors' Report on Abridged Standalone Financial Statements		

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

To the Members of Hindalco Industries Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Hindalco Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint ventures and associate companies (refer Note 56 to the attached consolidated Ind AS financial statements), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act"), that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and changes in equity of the Group including its associate companies and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended), under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group and of its associate companies and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate companies and joint ventures, respectively, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view, and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit

also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs 8 and 10 of the Other Matters paragraph below, other than the unaudited financial statements/financial information as certified by the Management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate companies and joint ventures as at March 31, 2018, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

8. We did not audit the financial statements of eight subsidiaries and consolidated financial information of one subsidiary, whose financial statements/financial information reflect total assets of ₹ 81,606.16 crore and net assets of ₹ 21,873.30 crore as at March 31, 2018, total revenue of ₹ 74,976.66 crore, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 6,385.99 crore and net cash flows amounting to ₹ 2,262.60 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive loss (comprising of loss and other comprehensive income) of ₹ 125.09 crore for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of two associate companies and one joint venture, whose financial statements/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, associate companies and joint venture and our report in terms of Sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, associate companies and joint venture, is based solely on the reports of the other auditors.
9. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 0.01 crore and net assets of ₹ * as at March 31, 2018, total revenue, total comprehensive income (comprising of loss and other comprehensive income) and net cash out flows amounting to ₹ *, respectively, for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive income of ₹ Nil for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of one joint venture, whose financial information have not been audited by us. These financial statements/financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of Sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries and joint venture is based solely on such unaudited financial statements/financial information. In our opinion, and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.
(* represents figures below the rounding convention used in this report)
10. The financial statements of one subsidiary, located outside India, included in the consolidated Ind AS financial statements, which constitute total assets of ₹ 293.88 crore and net assets of ₹ 128.30 crore as at March 31, 2018, total revenue of ₹ 273.83 crore, total comprehensive loss (comprising of loss and other comprehensive income) of ₹ 161.03 crore and net cash flows amounting to ₹ 7.31 crore for the year then ended, have been prepared in accordance with the accounting principles generally accepted in its country, and have been

audited by other auditor under generally accepted auditing standards applicable in its country. The Holding Company's Management has converted the financial statements of such subsidiary located outside India from the accounting principles generally accepted in its country to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the Management of the Holding Company and audited by us.

Our opinion on the consolidated Ind AS 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 and the financial statements/financial information certified by the Management.

11. The consolidated Ind AS financial statements of the Group for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013, who, vide their report dated May 30, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

12. 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 Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law have been kept by the Holding Company, its subsidiaries included in the Group, associate companies and joint venture incorporated in India, including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements, so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group, associate companies and joint venture incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture incorporated in India, except one director of the Holding Company (who has resigned from the office subsequent to the year-end), none of the directors of the Holding Company, the aforesaid subsidiaries, associate companies and joint venture incorporated in India is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, associate companies and joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' 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 consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018, on the consolidated financial position of the Group, its associate companies and joint venture – Refer Note 50 to the consolidated Ind AS financial statements.

- ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2018 – Refer Notes 26, 27 and 28 to the consolidated Ind AS financial statements.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint venture incorporated in India during the year ended March 31, 2018, except for a sum of ₹ 0.07 crore.
- iv. The reporting on disclosure relating to Specified Bank Notes is not applicable to the Group, its associate companies and joint venture incorporated in India for the year ended March 31, 2018.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Sumit Seth
Partner

Place : Mumbai
Date : May 16, 2018

Membership Number: 105869

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Hindalco Industries Limited on the consolidated Ind AS financial statements as of and for the year ended March 31, 2018

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

1. In conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Hindalco Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate company and joint venture company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate company and joint venture company, to whom reporting under clause (i) of Sub-section 3 of Section 143 of the Act, in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 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 Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Holding 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") issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act, 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 ICAI. 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.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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 the 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 the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. In our opinion, the Holding Company, its subsidiary companies, its associate company and joint venture company, to whom reporting under clause (i) of Sub-section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, 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, 2018, 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.

Other Matter

9. 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 insofar as it relates to eight subsidiaries companies, one associate company and one joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Sumit Seth

Partner

Membership Number: 105869

Place : Mumbai

Date : May 16, 2018

ABRIDGED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

(₹ Crore)

	As At	
	31/03/2018	31/03/2017
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	63,886.59	63,951.15
Capital Work-in-Progress	1,982.98	1,740.88
Investment Property	23.72	24.29
Goodwill	17,829.44	17,134.96
Other Intangible Assets	3,348.68	3,576.40
Intangible Assets under Development	79.96	72.98
Investments Accounted for using Equity Method	14.69	1,566.26
Financial Assets:		
Non-Current Investments	6,863.14	4,639.46
Loans	77.48	151.15
Other Financial Assets	408.18	472.39
Non-Current Tax Assets (Net)	1,246.04	1,572.56
Deferred Tax Assets (Net)	643.30	849.79
Other Non-Current Assets	1,289.67	1,127.88
	<u>97,693.87</u>	<u>96,880.15</u>
Current Assets		
Inventories	21,631.39	18,291.36
Financial Assets:		
Current Investments	3,903.48	8,951.76
Trade Receivables	9,959.81	8,274.80
Cash and Cash Equivalents	8,044.94	8,233.40
Bank Balances other than Cash and Cash Equivalents	12.82	27.77
Loans	57.95	184.66
Other Financial Assets	2,982.49	2,432.56
Current Tax Assets (Net)	331.21	13.59
Other Current Assets	2,930.28	3,601.53
	<u>49,854.37</u>	<u>50,011.43</u>
Assets or Disposal Groups classified as Held For Sale	108.88	102.60
	<u>49,963.25</u>	<u>50,114.03</u>
	<u>147,657.12</u>	<u>146,994.18</u>
EQUITY AND LIABILITIES		
EQUITY		
Equity Share Capital	222.89	222.72
Other Equity	54,628.88	45,836.08
	<u>54,851.77</u>	<u>46,058.80</u>
Non-Controlling Interest	8.64	6.23
	<u>54,860.41</u>	<u>46,065.03</u>
LIABILITIES		
Non-Current Liabilities		
Financial Liabilities:		
Non-Current Borrowings	47,874.26	51,855.29
Trade Payables	24.04	0.45
Other Non-Current Financial Liabilities	178.82	545.43
Provisions	7,445.69	6,960.15
Deferred Tax Liabilities (Net)	3,776.57	2,881.93
Other Non-Current Liabilities	1,180.81	522.39
	<u>60,480.19</u>	<u>62,765.64</u>
Current Liabilities		
Financial Liabilities:		
Current Borrowings	3,398.16	6,595.93
Trade Payables	20,415.11	17,463.34
Other Current Financial Liabilities	4,570.63	10,091.26
Provisions	1,656.62	1,417.98
Current Tax Liabilities (Net)	954.60	1,199.29
Other Current Liabilities	1,321.37	1,395.66
	<u>32,316.49</u>	<u>38,163.46</u>
Liabilities directly associated with Disposal Groups classified as Held For Sale	0.03	0.05
	<u>32,316.52</u>	<u>38,163.51</u>
	<u>92,796.71</u>	<u>100,929.15</u>
	<u>147,657.12</u>	<u>146,994.18</u>

Basis of Preparation and Significant Accounting Policies (refer Note 2 of the Audited Consolidated Financial Statements)

The accompanying Notes are an integral part of the Abridged Consolidated Financial Statements.

This is the Abridged Consolidated Balance Sheet referred in our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No. 304026E/E-300009

*For and on behalf of the Board of
Hindalco Industries Limited*

Sumit Seth

Partner

Membership No. 105869

Praveen Kumar Maheshwari

Whole-time Director &

Chief Financial Officer

DIN-00174361

Satish Pai – Managing Director

DIN-06646758

Place : Mumbai

Dated : May 16, 2018

Anil Malik

Company Secretary

M.M. Bhagat – Director

DIN-00006245

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ Crore)

	Year Ended	
	31/03/2018	31/03/2017
INCOME		
Revenue from Operations	115,808.59	102,631.45
Other Income	1,104.57	1,111.00
Total Income	116,913.16	103,742.45
EXPENSES		
Cost of Materials Consumed	70,865.98	58,401.08
Purchases of Stock-in-Trade	4.92	89.11
Changes in Inventories of Finished Goods and Work-in-Progress	(1,991.42)	(2,828.83)
Excise Duty on Sales	636.90	2,447.67
Employee Benefits Expenses	8,644.78	8,546.01
Power and Fuel	8,584.12	8,523.07
Finance Costs	3,910.73	5,742.44
Depreciation and Amortisation	4,506.24	4,457.24
Impairment Loss/(Reversal), (Net)	100.25	11.54
Other Expenses	15,142.69	15,005.45
Total Expenses	110,405.19	100,394.78
Profit/(Loss) before Share in Profit/(Loss) in Investments Accounted for using Equity Method	6,507.97	3,347.67
Share in Profit/(Loss) in Equity Accounted Investments (Net of Tax)	(125.09)	(25.14)
Profit/(Loss) before Exceptional Items and Tax from Continuing Operations	6,382.88	3,322.53
Exceptional Items (Net)	1,774.16	(7.64)
Profit/(Loss) before Tax from Continuing Operations	8,157.04	3,314.89
Income Tax Expenses:		
Current Tax	1,585.46	1,320.98
Deferred Tax	488.71	111.61
Profit/(Loss) for the year	6,082.87	1,882.30
Other Comprehensive Income:		
Items that will not be reclassified to Profit and Loss		
Actuarial Gain/(Loss) on Defined Benefit Obligations	105.79	395.24
Change in Fair Value of Financial Instruments through FVTOCI	580.60	1,378.87
Share in Joint Ventures/Associates	0.06	(0.61)
Income Tax Effect	(96.77)	(114.69)
Items that will be reclassified to Profit and Loss		
Change in Fair Value of Financial Instruments through FVTOCI	(1.56)	3.23
Cash Flow Hedges	1,471.17	(715.06)
Foreign Currency Translation Reserves	1,427.04	(1,232.74)
Income Tax Effect	(494.91)	267.78
Other Comprehensive Income/(Loss) for the year (Net of Tax)	2,991.42	(17.98)
Total Comprehensive Income for the year	9,074.29	1,864.32
Profit/(Loss) attributable to:		
Owners of the Company	6,082.92	1,899.74
Non-Controlling Interests	(0.05)	(17.44)
Other Comprehensive Income/(Loss) attributable to:		
Owners of the Company	2,991.42	(12.34)
Non-Controlling Interests	-	(5.64)
Total Comprehensive Income/(Loss) attributable to:		
Owners of the Company	9,074.34	1,887.40
Non-Controlling Interests	(0.05)	(23.08)
Earnings/(Loss) Per Share:		
Basic (₹)	27.30	9.22
Diluted (₹)	27.29	9.21

Basis of Preparation and Significant Accounting Policies (refer Note 2 of the Audited Consolidated Financial Statements)

The accompanying Notes are an integral part of the Abridged Consolidated Financial Statements.

This is the Abridged Consolidated Statement of Profit and Loss referred in our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No. 304026E/E-300009

Sumit Seth

Partner

Membership No. 105869

Praveen Kumar Maheshwari

Whole-time Director &

Chief Financial Officer

DIN-00174361

Place : Mumbai

Dated : May 16, 2018

Anil Malik

Company Secretary

For and on behalf of the Board of
Hindalco Industries Limited

Satish Pai – Managing Director

DIN-06646758

M.M. Bhagat – Director

DIN-00006245

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity Share Capital

Particulars	Amount
Balance as at April 01, 2016	204.89
Changes in Equity Share Capital	17.83
Balance as at March 31, 2017	222.72
Changes in Equity Share Capital	0.17
Balance as at March 31, 2018	222.89

B. Other Equity

Particulars	Share Application Money Pending Allotment	Equity Component of Other Financial Instruments	Reserves and Surplus						Other Reserves				Attributable to Owners to Company	Attributable to Non-controlling Interests	Total Equity									
			Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Debiture Redemption Reserve	Employees Stock Options Outstanding	Special Reserve	Business Reconstruction Reserve (BRR)	General Reserve	Retained Earnings	Actuarial Gain/(Loss) on Defined Benefit Obligations				Gain/(Loss) on Equity Instruments	Gain/(Loss) on Debt Instruments	Effective Portion of Cash Flow Hedge	Cost of Hedging Reserve	Foreign Currency Translation Reserve				
Balance as at April 01, 2016	-	2.76	503.22	103.67	5,519.79	603.06	44.10	13.62	-	-	-	5,798.30	21,370.36	2,477.50	-	2,863.49	(1.06)	397.26	52.53	652.09	40,401.69	381.34	40,783.03	
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	1,899.74	1,899.74	-	-	4.06	(810.15)	362.04	(1,230.77)	1,899.74	(17.44)	1,882.30	
Other Comprehensive Income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,381.20	4.06	(810.15)	362.04	(1,230.77)	1,381.20	(12.34)	(17.98)	1,363.22	
Total Comprehensive Income for the period	-	-	-	-	-	-	-	-	-	-	-	-	1,899.74	1,899.74	1,381.20	4.06	(810.15)	362.04	(1,230.77)	1,887.40	(23.08)	1,864.32	3,332.92	
Issue of Equity Share Capital	-	-	-	3,332.32	-	-	-	-	-	-	-	-	-	-	(42.67)	-	-	-	-	-	3,332.32	(42.67)	(42.67)	
Share Issue Expenses	-	-	-	(42.67)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(42.67)	-	(42.67)	
Share in Equity Accounted Investments	-	1.02	-	186.16	-	-	5.28	(0.08)	-	-	-	-	-	(79.22)	-	-	-	-	-	-	113.16	-	113.16	
Employee Share-Based Payments	-	-	-	19.03	-	-	-	(7.82)	-	-	-	-	0.36	-	-	-	-	-	-	-	11.57	-	11.57	
Dividend Paid (including Dividend Distribution Tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	(247.93)	-	-	-	-	-	-	(247.93)	-	(247.93)	
Transfer from Retained Earnings	-	-	-	-	-	-	150.00	-	-	1.85	-	-	-	(151.85)	-	-	-	-	-	-	-	-	-	-
Transfer from OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	(81.28)	-	-	-	-	-	-	(81.28)	-	(81.28)	
Transfer to Non-Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Currency Translation Adjustments	-	-	(8.37)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposal/Loss of Control	-	-	(347.49)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at March 31, 2017	-	3.78	147.36	103.67	9,014.63	758.34	36.20	15.47	-	-	-	5,798.30	21,370.72	4,524.49	4,244.89	3.00	(477.34)	414.57	(122.60)	45,856.08	6.23	45,862.31		
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	6,082.92	6,082.92	3.95	(1.00)	743.01	232.73	1,427.04	6,082.92	(0.05)	6,082.87		
Other Comprehensive Income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.95	(1.00)	743.01	232.73	1,427.04	6,082.92	(0.05)	6,082.87		
Total Comprehensive Income for the period	-	-	-	-	-	-	-	-	-	-	-	-	6,082.92	6,082.92	3.95	(1.00)	743.01	232.73	1,427.04	9,074.34	(0.05)	9,074.29		
Issue of Equity Share Capital	0.16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.16	-	0.16	0.16	
Share in Equity Accounted Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Employee Share-based Transactions	-	-	-	(844.71)	-	-	(8.34)	(8.50)	-	-	-	-	(1.07)	862.62	-	-	-	-	-	-	13.44	-	13.44	
Employee Share Options Expenses	-	-	-	27.25	-	-	-	(13.81)	-	-	-	-	-	-	-	-	-	-	-	-	1.94	-	1.94	
Dividend Paid (including Dividend Distribution Tax)	-	-	-	-	-	-	-	1.94	-	-	-	-	-	-	-	-	-	-	-	-	(293.76)	-	(293.76)	
Transfer from Retained Earnings	-	-	-	-	-	-	150.00	-	-	1.65	-	-	-	(151.65)	-	-	-	-	-	-	(7.05)	-	(7.05)	
Transfer from OCI	-	-	-	-	-	-	-	-	-	-	-	-	-	3.95	-	-	-	-	-	-	-	-	-	
Transfer to Non-Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Realised Gain/Loss on Equity FVTOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	(66.29)	-	-	-	-	-	-	(7.05)	-	(7.05)	
Transferred in Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	66.29	-	-	-	-	-	-	3.73	-	3.73	
Balance as at March 31, 2018	0.16	3.78	147.36	103.67	8,197.17	900.00	15.83	17.12	-	-	-	5,798.30	21,369.65	11,094.86	4,764.09	2.00	(262.35)	647.30	1,304.24	54,628.88	8.64	54,637.52		

Basis of Preparation and Significant Accounting Policies (refer Note 2 of the Audited Consolidated Financial Statements)

The accompanying Notes are an integral part of the Abridged Consolidated Financial Statements

This is the Abridged Consolidated Statement of Changes in Equity referred in our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No. 304026E/E-300009

Sumit Seth
Partner

Membership No. 105869

Place : Mumbai
Dated : May 16, 2018

Praveen Kumar Maheshwari

Whole-time Director &

Chief Financial Officer

DIN-00174361

Anil Malik

Company Secretary

For and on behalf of the Board of
Hindalco Industries Limited

Satish Pai – Managing Director

DIN-06646758

M.M. Bhagat – Director

DIN-00006245

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ Crore)

	Year Ended	
	31/03/2018	31/03/2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Cash Generated/(Used) - Operating Activities	10,887.73	12,687.47
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Net Cash Generated/(Used) - Investing Activities	5,025.75	(2,788.53)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Generated/(Used) - Financing Activities	(16,412.40)	(5,552.27)
Net Increase/(Decrease) in Cash and Cash Equivalents	(498.92)	4,346.67
Add: Opening Cash and Cash Equivalents	8,221.95	4,261.60
Add: Cash and Cash Equivalents on Disposal	-	(298.90)
Add: Effect of exchange variation on Cash and Cash Equivalents	317.47	(87.42)
Closing Cash and Cash Equivalents	8,040.50	8,221.95
Reconciliation of Closing Cash and Cash Equivalents with Balance Sheet:		
Cash and Cash Equivalents as per Balance Sheet (refer Note 19 of the Audited Consolidated Financial Statements)	8,044.94	8,233.40
Less: Fair Value Adjustments in Liquid Investments	(4.44)	(11.45)
Cash and Cash Equivalents as per Cash Flow Statement	8,040.50	8,221.95

Basis of Preparation and Significant Accounting Policies (refer Note 2 of the Audited Consolidated Financial Statements)

The accompanying Notes are an Integral part of the Abridged Consolidated Financial Statements.

This is the Abridged Consolidated Cash Flow Statement referred in our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No. 304026E/E-300009

Sumit Seth

Partner

Membership No. 105869

Praveen Kumar Maheshwari

Whole-time Director &

Chief Financial Officer

DIN-00174361

For and on behalf of the Board of

Hindalco Industries Limited

Satish Pai – Managing Director

DIN-06646758

Place : Mumbai

Dated : May 16, 2018

Anil Malik

Company Secretary

M.M. Bhagat – Director

DIN-00006245

NOTES FORMING PART OF THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

1. Note 1 of the Audited Consolidated Financial Statements

Company Overview

Hindalco Industries Limited (“the Company/the Parent”) was incorporated in India in the year 1958 having its registered office at Ahura Centre, 1st Floor, B Wing, Mahakali Caves Road, Andheri (East), Mumbai – 400093.

The Company has two main stream of business, Aluminium and Copper.

In Aluminium, the Company caters to the entire value chain starting from mining of bauxite and coal through production of value added products for various application.

The Company, along with its subsidiaries, has manufacturing operations in eleven countries, including India, spread over four continents – North America, South America, Asia and Europe. Apart from primary aluminium, the Company produces aluminium sheet, extrusion and light gauge products for use in packaging market, which includes beverage and food, can and foil products, as well as for use in automotive, electronics, architecture, transportation and industrial product markets.

The Company also has one of the largest single location Copper smelting facility in India.

The equity shares of the Company are listed on the Indian Stock Exchanges (National Stock Exchange and Bombay Stock Exchange) and GDRs are listed on the Luxemburg Stock Exchange.

2. Note 2 of the Audited Consolidated Financial Statements

Basis of Preparation and Significant Accounting Policies

I. Basis of Preparation

The Consolidated Financial Statements (“the financial statements”) relate to the Company and its subsidiaries (collectively “the Group”) and its interest in associates and joint ventures. The consolidated financial statements comply in all material aspects with Indian Accounting Standards (“Ind-AS”) as prescribed under Section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standard) Amendment Rules, 2016, and other accounting principles generally accepted in India.

The Group’s consolidated financial statements for the year ended March 31, 2018 have been approved by the Board of Directors of the Company in their meeting held on May 16, 2018.

The financial statements have been prepared under the historical cost convention on accrual basis, except for the following assets and liabilities, which have been measured at fair value:

- Financial instruments - Measured at fair value;
- Assets held for sale - Measured at fair value less cost of sale;
- Plan assets under defined benefit plans - Measured at fair value; and
- Employee share-based payments - Measured at fair value.

In addition, the carrying values of recognised assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationship.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for employee share-based payments, leasing transactions and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Inventories or value in use in Impairment of Assets. The basis of fair valuation of these items are given as part of their respective accounting policies.

In addition, 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 Group 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.

In preparing the financial statements in conformity with Ind-AS requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements, and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period in which the same is determined.

The consolidated financial statements are presented in Indian Rupees (INR/₹), which is also the Parent's Functional Currency, and all values are rounded off to the nearest crore with two decimals, except when otherwise stated.

II. Significant Accounting Policies:

A. Principles of Consolidation

Subsidiaries

Subsidiaries are the entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Consolidation of subsidiary begins when the Group obtains control over the subsidiary, and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains the control until the date the Group ceases to control the subsidiary.

The Group combines the financial statements of the Parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-group transactions, balances and unrealised profits on transactions between the Group companies are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. Appropriate adjustments for deferred taxes are made for temporary differences that arise from the elimination of unrealised profits and losses from intra-group transactions or undistributed earnings of the Group's entity included in the Consolidated Profit and Loss, if any.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements to ensure conformity with the Group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent Company. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary, unless it is impractical to do so.

Non-controlling interests in the profit/loss and equity of the subsidiaries are shown separately in the Consolidated Statement of Profit and Loss and the consolidated balance sheet, respectively.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. This results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

In case the Group ceases to consolidate a subsidiary because of a loss of control, any retained interest in the entity is remeasured to its fair value. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial assets. When the Group loses control over a subsidiary, it derecognises the assets, including goodwill, and liabilities of the subsidiary, carrying amount of any non-controlling interests, cumulative translation differences recorded in equity and recognise resulting difference between the fair value of the investment retained and the consideration received, and total of amount derecognised as gain or loss attributable to the Parent. In addition, amounts, if any, previously recognised in other comprehensive income in relation to that entity are reclassified to profit or loss as would be required if the Parent had directly disposed of the related assets or liabilities.

Interest in Associates and Joint Ventures

An associate is an entity over which the Group 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, generally accompanying a shareholding between 20% and 50% of the voting rights.

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 Group's interests in its associates or joint ventures are accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. Under equity method, the investment in an associate or a joint venture is initially recognised at cost and adjusted thereafter to recognise the changes in the Group's share of net assets of the associate or joint venture, since the acquisition date. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group'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 Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognised in equity as Capital Reserve, in the period in which the investment is acquired.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income (OCI) is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of that changes, when applicable, in the Consolidated Statement of Changes in Equity. Unrealised gains or losses, resulting from transactions between the Group and the associate or joint venture, are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profit equals the share of losses not recognised.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the impairment loss in the Statement of Profit and Loss. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases. Goodwill, relating to associate or joint venture, is included in the carrying amount of the investment, and is not tested for impairment individually.

The Group continues to use the equity method 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.

If ownership interest in an associate or a joint venture is reduced but significant influence or joint control is retained, the Group continues to use the equity method, and only proportionate share of the amount previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Profit and Loss where appropriate.

When the Group classified its investments, or a portion thereof, in an associate or a joint venture as held for sale, it discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture and the fair value of retained investment and proceeds from disposal is recognised in the Consolidated Statement of Profit and Loss.

B. Business Combination

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group and fair value of any assets or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values. However, certain assets and liabilities, i.e., deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements, liabilities or equity instruments related to share-based payment arrangements and assets or disposal groups that are classified as held for sale, acquired or assumed in a business combination are measured as per the applicable Ind-AS.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the acquisition-date fair value of the net identifiable assets acquired is recognised as goodwill. Any gain on a bargain purchase is recognised in other comprehensive income and accumulated in equity as Capital Reserve, if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase, otherwise the gain is recognised directly in equity as Capital Reserve.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date, and changes in the fair value of contingent consideration are recognised in profit or loss.

When a business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the Consolidated Statement of Profit and Loss or other comprehensive income, as appropriate.

Where it is not possible to complete the determination of fair values by the end of the reporting period in which the combination occurs, a provisional assessment of fair values is made, and any adjustments required to those provisional values, and the corresponding adjustments to goodwill, are finalised within 12 months of the acquisition date.

C. Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the Ind-AS, applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

D. Property, Plant and Equipment

Property, plant and equipment held for use in the production and/or supply of goods or services, or for administrative purposes, are stated in the Consolidated Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The initial cost at cash price equivalence of property, plant and equipment acquired comprises its purchase price, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the assets to its working condition and location, and present value of any obligatory decommissioning costs for its intended use. Costs may also include effective portion on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment recycled from hedge reserve as basis adjustment.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of overheads, directly attributable borrowing costs and effective portion of cash flow hedges of foreign currency recycled from the hedge reserve as basis adjustment.

Subsequent expenditure on major maintenance or repairs includes the cost of the replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will be available to the Group, the expenditure is capitalised and the carrying amount of the item replaced is derecognised. Similarly, overhaul costs associated with major maintenance are capitalised and depreciated over their useful lives, where it is probable that future economic benefits will be available, and any remaining carrying amounts of the cost of previous overhauls are derecognised. All other costs are expensed as incurred.

Capital Work-in-Progress

Capital work-in-progress assets in the course of construction for production and/or supply of goods or services or administrative purposes, or for the purposes not yet determined, are carried at cost, less any recognised impairment loss. At the point, when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed.

Depreciation

Depreciation is charged so as to write off the cost or value of assets, over their estimated useful lives or, in the case of leased assets (including leasehold improvements), over the lease term, if shorter. The lease

period is considered by excluding any lease renewal options, unless the renewals are reasonably certain. Depreciation is recorded using the straight-line basis. The estimated useful lives and residual values are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Each 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 the other components of the asset.

The useful life of the items of property, plant and equipment estimated by the Management for the current and comparative period are in line with the useful life as per Schedule II of the Companies Act, 2013.

Freehold land is not depreciated.

Depreciation commences when the assets are ready for their intended use. Depreciated assets in property and accumulated depreciation accounts are retained fully until they are removed from service.

Disposal 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 continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset, and is recognised in the Consolidated Statement of Profit and Loss.

E. Investment Property

Investment properties, held to earn rentals or for capital appreciation or both, are stated in the Consolidated Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any gain or loss on disposal of investment property is determined as the difference between net disposal proceeds and the carrying amount of the property, and is recognised in the Consolidated Statement of Profit and Loss. Transfer to, or from, investment property is at the carrying amount of the property.

F. Intangible Assets (Other than Goodwill)

Intangible Assets Acquired Separately

Intangible assets acquired are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives other than Mining Rights. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-Generated Intangible Assets – Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset is recognised. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the Consolidated Statement of Profit and Loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible Assets Acquired in a Business Combination

Identified intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Mining Reserves, Resources and Rights

Mineral reserves, resources and rights (together mining rights), which can be reasonably valued, are recognised in the assessment of fair values on acquisition. Exploitable mineral rights are amortised using the unit of production basis over the commercially recoverable reserves. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner. Commercially recoverable reserves are proved and probable reserves. Changes in the commercial recoverable reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Derecognition of Intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

G. Stripping Costs

Stripping costs incurred during the mining production phase are allocated between cost of inventory produced and the existing mine asset. The stripping ratio, as approved by the regulatory authority, for the life of the mine is obtained by dividing the estimated quantity of overburden by the estimated quantity of mineable coal/bauxite reserve to be extracted over the life of the mine. This ratio is periodically reviewed, and changes, if any, are accounted for prospectively.

Stripping costs are allocated and included as a component of the mine 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 overburden removal costs are included in Mining Rights under intangible assets and amortised based on stripping ratio on the quantity of coal/bauxite excavated.

H. Non-Current Assets (or Disposal Groups) Held for Sale

Non-current assets and disposal groups are classified as held for sale, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such asset (or disposal group), and its sale is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

I. Goodwill

Goodwill arising on acquisition is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

Cash-generating units, to which goodwill has been allocated, are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit *pro-rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described above.

J. Impairment

Impairment of Tangible and Intangible Assets excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units, for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss.

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

Refer accounting policy on "Goodwill" for impairment of goodwill.

K. Foreign Currency Transactions and Translation

Transactions in foreign currencies are recorded by the Group entities at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities, denominated in foreign currency, are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit and Loss with the exception of the following:

- exchange differences on foreign currency borrowings relating to qualifying assets under construction are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedge accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in Other Comprehensive Income and reclassified from equity to the Consolidated Statement of Profit and Loss on repayment of the monetary items.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

For the purposes of presenting the Consolidated Financial Statements, the assets, liabilities and equity (except retained earnings) of foreign operations are translated into Indian Rupees, at the rate of exchange prevailing at the reporting date, and their income and expenses are translated at the exchange rates prevailing at the date of transactions. For practical reason, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income and accumulated in Equity. Accumulated exchange differences arising from translation and attributable to non-controlling interests are allocated to, and recognised as part of, non-controlling interests in the Consolidated Balance Sheet.

On the disposal of a foreign operation, all of the exchange differences accumulated in OCI, relating to that particular foreign operation attributable to the owners of the Group, are recognised in the Consolidated Statement of Profit and Loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests, and are not recognised in the Consolidated Statement of Profit and Loss. For partial disposal of investments in associates or joint arrangements that do not result in the Group losing significant influence or joint control, the proportionate share of the accumulated exchange differences is recognised in the Consolidated Statement of Profit and Loss.

Any goodwill and fair value adjustments, arising in business combinations or acquisition of a foreign operation, are treated as assets and liabilities of the foreign operation and translated at the exchange rates prevailing at the reporting date, and resulting exchange differences are recognised in Other Comprehensive Income.

L. Provisions and Contingencies

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 flows to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money in that jurisdiction and the risks specific to the liability.

Onerous Contracts

Present obligations arising under onerous contracts, are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Restructurings

A restructuring provision is recognised when there is a detailed formal plan for the restructuring, which has raised a valid expectation in those affected. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring.

Contingent Liabilities Acquired in a Business Combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind-AS 37, and the

amount initially recognised less cumulative amortisation recognised in accordance with Ind-AS 18 - Revenue.

Restoration, Rehabilitation and Decommissioning

Close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of the estimated future costs of restoration to be incurred during the life of the mining operation and post-closure. Provisions for close-down and restoration costs do not include any additional obligations, which are expected to arise from future disturbance.

The initial close-down and restoration provision is capitalised. Subsequent movements in the close-down and restoration provisions for ongoing operations, including those resulting from new disturbance related to expansions or other activities qualifying for capitalisation, updated cost estimates, changes to the estimated lives of operations, changes to the timing of closure activities and revisions to discount rates are also capitalised within "Property, Plant and Equipment".

Environmental Liabilities

Environment liabilities are recognised when the Group becomes obliged, legally or constructively, to rectify environmental damage or perform remediation work.

Litigation

Provision is recognised once it has been established that the Group has a present obligation based on consideration of the information, which becomes available upto the date on which the Group's consolidated financial statements are finalised, and may in some cases entail seeking expert advice in making the determination on whether there is a present obligation.

M. Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lesser

Amounts due from lessee under finance leases are recorded as receivables at the amount of net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as Lessee

Assets held under finance leases are initially recognised at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lesser is included in the Consolidated Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Consolidated Statement of Profit and Loss, unless they are directly attributable to the qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Variable increases in lease payments, which are not linked to an inflation price index, are recognised on a straight-line basis. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern, in which economic benefits from the leased asset are consumed.

N. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work-in-progress includes raw materials, direct labour, other direct costs and related production overheads. Costs of inventories include the transfer from equity any gains/losses on qualifying cash flow hedges for foreign currency purchases of raw materials.

Cost is determined using the weighted-average cost basis. However, the same cost basis is applied to all inventories of a particular class. Inventories of stores and spare parts are valued at weighted-average cost basis after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

However, materials and other supplies held for use in the production of inventories (finished goods, work-in-progress) are not written down below the cost, if the finished products in which they will be used are expected to sell at or above cost.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

O. Trade Receivable

Trade receivables are the amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), 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 when the entity applies the practical expedient) or pricing adjustments embedded in the contract.

Trade receivables, which arise from contracts where the sale price is provisional and revenue model has the character of a commodity derivative, are measured at fair value. The fair value is measured at forward rate and recognised as an adjustment to revenue.

Loss allowance for expected life time credit loss is recognised on initial recognition.

P. Financial Instruments

All financial assets are recognised on trade date when the purchase of a financial asset is under a contract, whose term requires delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value plus transaction costs, except for those financial assets, which are classified as at fair value through profit or loss (FVTPL) at inception. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Classification of Financial Assets

Financial assets are classified as 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under Ind-AS 32 - Financial Instruments: Presentation). All other non-derivative financial assets are 'debt instruments'.

Financial Assets at Amortised Cost and the Effective Interest Method

Debt instruments are measured at amortised cost, if both of the following conditions are met:

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

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment, with interest recognised on an effective yield basis in investment income.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts

the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at FVTPL, if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Debt instruments are measured at FVTOCI, if both of the following conditions are met:

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

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognised in Other Comprehensive Income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated using the effective interest method is recognised in the Consolidated Statement of Profit and Loss as investment income. When the debt instrument is derecognised the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified to the Consolidated Statement of Profit and Loss as a reclassification adjustment.

At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI.

A financial asset is held for trading, if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together, and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in Other Comprehensive Income. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is directly reclassified to retained earnings.

For equity instruments measured at fair value through Other Comprehensive Income no impairments are recognised in the Consolidated Statement of Profit and Loss.

Dividends on these investments in equity instruments are recognised in the Consolidated Statement of Profit and Loss in investment income when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

Financial Assets at FVTPL

Financial assets that do not meet the criteria of classifying as amortised cost or fair value through Other Comprehensive Income described above, or that meet the criteria but the entity has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL.

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading at FVTOCI at initial recognition.

Financial assets classified at FVTPL are initially measured at fair value excluding transaction costs.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognised in the Consolidated Statement of Profit and Loss.

Dividend income on investments in equity instruments at FVTPL is recognised in the Consolidated Statement of Profit and Loss in investment income when the Group's right to receive the dividends is

established, it is probable that the economic benefits associated with the dividend will flow to the entity, and the amount of the dividend can be measured reliably.

Impairment of Financial Assets

On initial recognition of the financial assets, a loss allowance for expected credit loss is recognised for debt instruments at amortised cost and FVTOCI. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in the Consolidated Statement of Profit and Loss.

Expected credit losses of a financial instrument is measured in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition.

When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition, and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance 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 Group measures the loss allowance 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 Consolidated Statement of Profit and Loss.

Derecognition of Financial Assets

The Group derecognises a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in Other Comprehensive Income is recognised in the Consolidated Statement of Profit and Loss. A cumulative gain or loss that had been recognised in Other Comprehensive Income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial Liabilities and Equity Instruments Issued by the Group

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

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

Compound Instruments

The component parts of compound instruments (convertible instruments) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Financial Guarantee Contract Liabilities

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are

- the amount of the obligation under the contract, as determined in accordance with Ind-AS 37, Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading, if:

- it has been acquired or incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may also be designated as at FVTPL upon initial recognition, if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind-AS 109, Financial Instruments, permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Consolidated Statement of Profit and Loss, except for the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is recognised in Other Comprehensive Income.

The net gain or loss recognised in the Consolidated Statement of Profit and Loss incorporates any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Offsetting Financial Instruments

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

Q. Derivatives and Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the residual maturity of the derivative is more than 12 months and as a current asset or liability when the residual maturity of the derivative is less than 12 months.

Fair Value Hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Consolidated Statement of Profit and Loss, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the Consolidated Statement of Profit and Loss from that date.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in Other Comprehensive Income and accumulated in equity are reclassified to the Consolidated Statement of Profit and Loss in the periods when the hedged item affects the Consolidated Statement of Profit and Loss, in the same line as the recognised hedged item. However,

when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in Other Comprehensive Income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity at that time remains in equity, and is recognised when the forecast transaction is ultimately recognised in the Consolidated Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Consolidated Statement of Profit and Loss.

Hedges of Net Investments in Foreign Operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in Other Comprehensive Income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the Consolidated Statement of Profit and Loss on the disposal of the foreign operation.

R. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits and highly liquid investments with an original maturity of three months or less, which are readily convertible in cash and subject to insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the Consolidated Balance Sheet, bank overdrafts are shown within borrowings in current liabilities.

S. Borrowing Costs

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 or sale. The Group considers a period of 12 months or more as a substantial period of time.

Transaction costs in respect of long-term borrowings are amortised over the tenure of respective loans using effective interest method. All other borrowing costs are recognised in the Consolidated Statement of Profit and Loss in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

T. Accounting for Government Grants

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

Government grants are recognised in the Consolidated Statement of Profit and Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants, whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets, are recognised in the Consolidated Balance Sheet by setting up the grant as deferred income.

Other government grants (grants related to income) are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support with no future related costs are recognised in the Consolidated Statement of Profit and Loss in the period in which they become receivable.

Grants related to income are presented under other income in the Consolidated Statement of Profit and Loss except for grants received in the form of rebate or exemption, which are deducted in reporting the related expense.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Emission allowances are initially recognised as an intangible asset measured at fair value when the Group is granted the allowances and able to exercise control with a corresponding recognition of a grant at the same amount under deferred income. As carbon dioxide is emitted, the corresponding tons of emission allowances initially recognised under deferred income is reclassified and recognised in the Consolidated Statement of Profit and Loss.

Emission allowances are not amortised as their carrying value equals their residual value and, therefore, the depreciable basis zero, as their value is constant until delivery to the authorities. Emission allowances are subject to impairment test.

The provision for the liability to deliver allowances is recognised based on actual emission. The provision is measured at the carrying amount of allowances to the extent that the provision will be settled using allowances on hand with any excess emission being measured at the market value of the allowances at the period end. The Group records the expense in the Consolidated Statement of Profit and Loss under other expenses.

When the emission allowances for the carbon dioxide emitted are delivered to the authorities, the intangible asset as well as the corresponding provision are derecognised from the Consolidated Balance Sheet without any effect on the Consolidated Statement of Profit and Loss.

U. Employee Benefits

Retirement Benefit, Medical Costs and Termination Benefits

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement and medical plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. In countries where there is a deep market in high-quality corporate bonds, the market rate on those bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation are used.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the Consolidated Balance Sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Remeasurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and will not be reclassified to the Consolidated Statement of Profit and Loss. Past service cost is recognised in the Consolidated Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in the Consolidated Statement of Profit and Loss in the line item employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Short-term and other Long-Term Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees upto 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 Consolidated Statement of Profit and Loss in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

V. Employee Share-based Payments

Equity-Settled Transactions

Equity-settled share-based payments to employees are measured at the fair value of options at the grant date. The fair value of options at the grant is expensed over the vesting period with a corresponding increase in equity as "Employee Stock Options Outstanding". In case of forfeiture of unvested option, portion of the amount already expensed is reversed. In a situation where the vested options are forfeited or expires unexercised, the related balance standing to the credit of the "Employee Stock Options Outstanding" are transferred to the "General Reserve".

When the options are exercised, the Company issues new equity shares of the Company of ₹ 1/- each fully paid-up. The proceeds received and the related balance standing to credit of the Employee Stock Options Account is credited to share capital (nominal value) and Securities Premium Account.

Cash-Settled Transactions

For cash-settled share-based payments, a liability is measured for goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in the Consolidated Statement of Profit and Loss.

W. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the countries where the Group's entities operate and generate taxable income using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of the amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Consolidated Balance Sheet and the corresponding tax bases used in the computation of taxable profit. Where the local currency is not the functional currency, deferred tax is recognised on temporary difference arising from exchange rate changes between the closing rate and the historical purchase price of non-monetary assets translated at the exchange rate at the date of purchase, if those non-monetary assets have tax consequences. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised, if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences, and they are expected to reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternative Tax (MAT) is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of credit to the Consolidated Statement of Profit and Loss and included in deferred tax assets. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income tax during the specified period.

Current and Deferred Tax for the Year

Current and deferred tax are recognised in the Consolidated Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

X. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognised in the financial statements but disclosed, where an inflow of economic benefit is probable.

Y. Revenue Recognition

The Group derives revenue principally from sale of speciality alumina, aluminium, aluminium value-added products, copper, precious metals, di-ammonium phosphate and other materials. The Group recognises revenue from sale of goods when the goods are delivered and titles have been passed at which time all the following conditions are satisfied:

- (a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services recognised in the period in which services are rendered.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, incentive programmes and contract signing bonuses.

Shipping and handling amounts invoiced to customers are included in revenue and the related shipping and handling costs incurred are included in freight expenses when the Group is acting as principal in the shipping and handling arrangement.

Revenue excludes taxes that are collected on behalf of Government Authorities.

For sales incentives to its customers, the Group makes estimates related to customer performance and sales volume to determine the total amounts earned and to be recorded as deductions from revenue. In making these estimates, the Group considers historical results that have a predictive value of the amount that the Group expects for the transferred goods and services. The actual amounts may differ from these estimates and are accounted for prospectively.

Certain of the Group's sales contracts provide for provisional pricing based on the price on the London Metal Exchange Limited (LME) or London Bullion Markets Association (LBMA), as specified in the contract, when shipped. Final settlement of the prices is based on the applicable price for a specified future period. The Group's provisionally priced sales are marked-to-market using the relevant forward prices for the future period specified in the contract with a corresponding adjustment to revenue.

Revenue from irrevocable bill and hold/holding certificate contracts is recognised when it is probable that delivery will be made, goods have been identified and kept separately, are ready for delivery in the present condition and usual payment terms for such contracts applies. Under these arrangements, revenue is recognised once legal title has passed, and all significant risks and rewards of ownership of the asset sold are transferred to the customer.

Export incentives and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions and the incentive will be received.

Claims on insurance companies, railway authorities and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Z. Dividend and Interest Income

Dividend income from investments is recognised when the Group's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

AA. Exceptional Items

Exceptional items include income or expense that are considered to be part of ordinary activities, however are of such significance and nature that separate disclosure enables the user of the financial statements to understand the impact in a more meaningful manner. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Group.

3. Note 3 of the Audited Consolidated Financial Statements

Measurement of Fair Value

A. Financial Instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

B. Marketable and Non-Marketable Equity Securities

Fair value for listed shares is based on quoted market prices as of the reporting date. Fair value for unlisted shares is calculated based on commonly accepted valuation techniques utilising significant unobservable data, primarily cash flow based models.

C. Derivatives

Fair value of financial derivatives is estimated as the present value of future cash flows, calculated by reference to quoted price curves and exchange rates as of the Balance Sheet date. Options are valued using appropriate option pricing models, and credit spreads are applied where deemed to be significant.

D. Embedded Derivatives

Embedded derivatives that are separated from the host contract are valued by comparing the forward curve at contract inception to the forward curve as of the Balance Sheet date. Changes in the present value of the cash flows related to the embedded derivative are recognised in the Consolidated Balance Sheet and in the Consolidated Statement of Profit and Loss.

4. Note 4 of the Audited Consolidated Financial Statements

Critical Accounting Judgment and Key Sources of Estimation Uncertainty

The application of accounting policies requires the management to make estimates and judgements in determining certain revenues, expenses, assets, and liabilities. The following paragraphs explain areas that are considered more critical, involving a higher degree of judgement and complexity.

(a) Business Combination

In a business combination consideration, assets and liabilities are recognised at estimated fair value and any excess purchase price included in goodwill. In the businesses in which the Group operates, fair values of individual assets and liabilities are normally not readily observable in active markets. This requires the use of valuation models to estimate the fair value of assets acquired and liabilities assumed. Such valuations are subject to numerous assumptions and thus uncertain.

(b) Joint Arrangements

We invest in certain joint ventures and consortiums which are accounted for as joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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. When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises assets, liabilities, income and expenses in relation to its interest in a joint operation. (refer Note 56C of the Audited Consolidated Financial Statements).

(c) Impairment of Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets of acquired companies. Goodwill is not amortised; instead, it is tested for impairment, at least, annually. The recoverable amount is determined based on value in use calculations which require the use of assumptions as directly observable market prices are generally not exist for the Group's assets. However, fair value may be estimated based on recent transactions on comparable assets, internal models used by the Group for transactions involving the same type of assets or other relevant information. Calculation of value in use is a discounted cash flow calculation based on continued use of the assets in its present condition, excluding potential exploitation of improvement or expansion potential. (refer Note 8 of the Audited Consolidated Financial Statements)

(d) Impairment of Non-Current Assets

Ind-AS 36 requires that the Group assesses conditions that could cause an asset or a Cash-Generating Unit (CGU) to become impaired and to test recoverability of potentially impaired assets. These conditions include internal and external factors, such as the Group's market capitalisation, significant changes in the Group's planned use of the assets or a significant adverse change in the expected prices, sales volumes or raw material cost. The identification of CGUs involves judgement, including assessment of where active markets exist, and the level of inter-dependency of cash inflows. CGU is usually the individual plant, unless the asset or asset group is an integral part of a value chain where no independent prices for the intermediate products exist, a group of plants is combined and managed to serve a common market, or where circumstances otherwise indicate significant inter-dependencies.

In accordance with Ind-AS 36, certain intangible assets are reviewed at least annually for impairment. If a loss in value is indicated, the recoverable amount is estimated as the higher of the CGU's fair value less cost to sell, or its value in use. Directly observable market prices rarely exist for the Group's assets, however, fair value may be estimated based on recent transactions on comparable assets, internal models used by the Group for transactions involving the same type of assets or other relevant information. Calculation of value in use is a discounted cash flow calculation based on continued use of the assets in its present condition, excluding potential exploitation of improvement or expansion potential.

Determination of the recoverable amount involves the Management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax, and legal systems. The Group uses internal business plans, quoted market prices and the Group's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Group does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

(e) Employee Retirement plans

The Group provides both defined benefit employee retirement plans and defined contribution plans. Measurement of pension and other superannuation costs and obligations under such plans require numerous assumptions and estimates that can have a significant impact on the recognised costs and obligation, such as future salary level, discount rate, attrition rate and mortality.

The Group provides defined benefit plans in several countries and in various economic environments. The discount rate is based on the yield on high quality corporate bonds. In geographies when the Corporate Bond market is not developed, Government Bond yield is considered as discount rate. Assumptions for salary increase in the remaining service period for active plan participants are based on expected salary increase for each country or economic area. Changes in these assumptions can influence the net asset or liability for the plan as well as the pension cost. (refer Note 48 of the Audited Consolidated Financial Statements).

(f) Environmental Liabilities and Asset Retirement Obligations (ARO)

Estimation of environmental liabilities and ARO require interpretation of scientific and legal data, in addition to assumptions about probability and future costs. (refer Note 28 of the Audited Consolidated Financial Statements).

(g) Taxes

The Group calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes, and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on the Management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability. (refer Note 14 of the Audited Consolidated Financial Statements)

(h) Classification of Leases

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

(i) Useful Lives of Depreciable/Amortisable Assets (Tangible and Intangible)

The Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

(j) Recoverability of Advances/Receivables

At each Balance Sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.

(k) Fair Value Measurements

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

(l) Contingent Assets and Liabilities, Uncertain Assets and Liabilities

Liabilities that are uncertain in timing or amount are recognised when a liability arises from a past event and an outflow of cash, or other resources is probable and can be reasonably estimated. Contingent liabilities are possible obligations where a future event will determine whether the Group will be required to make a payment to settle the liability, or where the amount of the payment cannot be determined reliably. Material contingent liabilities are disclosed unless a future payment is considered remote. Evaluation of uncertain liabilities and contingent liabilities and assets requires judgement and assumptions regarding the probability of realisation and the timing and amount, or range of amounts, that may ultimately be incurred. Such estimates may vary from the ultimate outcome as a result of differing interpretations of laws and facts.

5. Note 5 of the Audited Consolidated Financial Statements

Recent Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules'), on 28th March, 2018. The rules notify the new revenue standard Ind AS-115, Revenue from Contracts with Customers, brings amendments to Ind AS-21, Foreign Currency Transactions and Advance Consideration, Ind-AS 40, Investment property - Transfers of Investment Property and Ind AS-12, Income taxes, regarding recognition of deferred tax assets on unrealised losses. The rules shall be effective from reporting periods beginning on or after April 1, 2018, and cannot be early adopted.

(a) Ind AS-115 - Revenue from Contracts with Customers

Ind AS-115, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles. Under the new standard, revenue is recognised when a customer obtains control of a promised goods or services and, thus, has the ability to direct the use and obtain the benefits from the goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind-AS 18 Revenue and Ind-AS 11, Construction Contracts and Appendices, related to these standards.

The Company is in the process of assessing the detailed impact of Ind AS 115. Presently, the Group is not able to reasonably estimate the impact that the new standard is expected to have on its financial statements. However, the Group does not expect that adoption of Ind AS-115 is going to significantly change the timing of the Group's revenue recognition for product sales. Consistent with the current practice, recognition of revenue will continue to occur at a point in time when products are dispatched to customers or in some cases delivered to customers, which is also when the control of the asset is transferred to the customer under Ind-AS 115.

(b) Appendix B to Ind AS 21 - Foreign Currency Transactions and Advance Consideration

The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of transaction should be the date on which the Group initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The Group intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from April 1, 2018).

(c) Amendments to Ind AS 40 - Investment Property - Transfers of Investment Property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples, and the scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

The Group has decided to apply the amendment prospectively to changes in use that occur after the date of initial application (i.e. April 1, 2018). The Group has evaluated the effect of this on the financial statements and the impact is not expected to be material.

(d) Amendments to Ind AS 12, Income Taxes – regarding recognition of Deferred Tax Assets on Unrealised Losses

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets as below:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount, if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value but the entity expects to hold and collect the contractual cash flows and it is probable that recoverable value will be more than its carrying amount.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

The amendments to Ind AS 12 need to be applied retrospectively in accordance with Ind-AS 8. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

The Group shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind-AS 8 with the corresponding impact recognised in opening retained earnings as at April 1, 2017, based on the relief provided by the standard. The Group has evaluated the effect of this on the financial statements and the impact is not expected to be material.

6. This Abridged Consolidated Financial Statements has been compiled from the Audited Consolidated Financial Statements of the Group and containing the salient features of the Consolidated Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Statement of Changes in Equity as per first proviso to Sub-section 1 of Section 136 of the Companies Act, 2013, and Rule 10 of the Companies (Accounts) Rules, 2014 (as amended). Complete set of the Consolidated Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow, Statement of Changes in Equity and Notes thereto prepared as per the requirements of Division II to the Schedule III of the Act are available at the Company's website at link www.hindalco.com. Copy of the Consolidated Financial Statements is also available for inspection at the registered office of the Company during working hours for a period of 21 days before the date of Annual General Meeting.

7. Note 8 of the Audited Consolidated Financial Statements

Goodwill

	(₹ Crore)	
	As at	
	31/03/2018	31/03/2017
Cost	17,829.44	17,134.96
Less: Accumulated Impairment	-	-
Net Carrying Amount	17,829.44	17,134.96

	31/03/2018			31/03/2017		
	Cost	Accumulated Impairment	Net Carrying Amount	Cost	Accumulated Impairment	Net Carrying Amount
	Opening - As at April 01	17,134.96	-	17,134.96	17,735.27	-
Additions - (a)	382.43	-	382.43	-	-	-
Deduction/Adjustments	(274.17)	-	(274.17)	-	-	-
Exchange differences	586.22	-	586.22	(600.31)	-	(600.31)
Closing - As at March 31	17,829.44	-	17,829.44	17,134.96	-	17,134.96

- (a) Goodwill attributable to 100% of Ulsan Aluminium Limited's (UAL) assets is derecognised due to loss of control of subsidiary during the year ended March 31, 2018. For remaining 50% of stake retained in UAL, which is accounted as business combination, additional goodwill is recognised as 'Additions' during the year ended March 31, 2018. (refer Note 57 of the Audited Consolidated Financial Statements)

(b) Impairment Testing of Goodwill

Goodwill acquired in business combinations has been allocated to the following cash-generating units (CGU) of Aluminium and Novelis segment. However, there were no goodwill acquired with regard to Copper segment.

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
Aluminium segment		
Utkal Alumina International Limited (Utkal)	110.27	110.27
Minerals and Minerals Limited (M&M)	0.12	0.12
Novelis segment		
Novelis - North America	6,955.10	6,927.87
Novelis - Europe	7,127.99	6,582.49
Novelis - South America	2,382.72	2,373.39
Novelis - North Asia	1,253.24	1,140.82
	<u>17,829.44</u>	<u>17,134.96</u>

Goodwill is not amortized, instead, it is tested for impairment annually or more frequently if indicators of impairment exist. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of certain assumptions. The calculations use cash flow projections based on financial budgets approved by management covering three to five years period depending upon segment/CGU's financial budgeting process. Cash flow beyond these financial budget period are extrapolated using the estimated growth rates.

The key assumptions used in the estimation of the recoverable amount of CGU's are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Aluminium segment		Novelis segment	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Discount rate (i)	12.75%	12.75%	9.00%	11.66%
Terminal growth rate (ii)	5.00%	4.51%	2.00%	1.50% to 2%

i. For Novelis segment, the recoverable amount for the year ended March 31, 2018 is determined based on fair value less cost to sell and the projected cash flows are discounted to the present value using a post tax weighted average cost of capital (discount rate). The recoverable amount for the year ended March 31, 2017 is determined based on value in use and the projected cash flows were discounted to the present value using a pre tax weighted average cost of capital (discount rate).

For Aluminium segment, the recoverable amount for the year ended March 31, 2018 and March 31, 2017 is determined based on value in use and the projected cash flows are discounted to the present value using pre tax weighted average cost of capital (discount rate).

The discount rate commensurate with the risk inherent in the projected cash flows and reflects the rate of return required by an investor in the current economic conditions.

ii. The Group use's specific revenue growth assumptions for each cash generating unit based on history and economic conditions.

As a result of goodwill impairment test for the year ended March 31, 2018 and year ended March 31, 2017, no goodwill impairment was identified as the recoverable value of the CGUs to whom goodwill was allocated exceeded their respective carrying amounts at all the periods reported above.

(c) **Impact of possible changes in key assumptions**

Management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of any of the CGU having allocated goodwill. The determination of fair value less costs of disposal for each of the CGUs uses Level 3 valuation techniques in March 31, 2018.

8. Note 10 of the Audited Consolidated Financial Statements

Non-Current Investments

(Fully Paid-up, unless otherwise stated)

	Face Value per Unit	Numbers As at		Value As at	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017
		(₹ Crore)			
Quoted Investments					
Investments in Equity Instruments at FVTOCI					
National Aluminium Company Limited	₹ 5	47,618,555	57,618,166	316.42	440.79
Aditya Birla Nuvo Limited - (b)	₹ 10	-	8,650,412	-	1,313.52
Grasim Industries Limited - (b)	₹ 2	28,464,653	15,489,035	2,991.35	1,624.80
UltraTech Cement Limited	₹ 10	1,258,515	1,258,515	497.11	501.49
IDEA Cellular Limited - (c)	₹ 10	228,340,226	-	1,733.10	-
Aditya Birla Fashion and Retail Limited	₹ 10	44,982,142	44,982,142	678.56	692.05
Gujarat Narmada Valley Fertilizers & Chemicals Limited	₹ 10	100	100	*	*
Gujarat State Fertilizers & Chemicals Limited	₹ 2	500	500	0.01	*
Southern Petrochemical Industries Limited	₹ 10	100	100	*	*
Madras Fertilizer Limited	₹ 10	100	100	*	*
Rashtriya Chemicals and Fertilizers Limited	₹ 10	100	100	*	*
Aditya Birla Capital Limited - (b)	₹ 10	39,850,514	-	581.62	-
				<u>6,798.17</u>	<u>4,572.65</u>
Unquoted Investments					
Investments in Equity Instruments at FVTOCI					
Sai Wardha Power Generation Limited	₹ 10	2,830,352	2,830,352	2.83	2.83
Aditya Birla Ports Limited	₹ 10	-	100,000	-	0.13
Birla International Limited	CHF 100	2,500	2,500	3.43	3.10
Bharuch-Dahej Railway Company Limited	₹ 10	13,530,000	13,530,000	17.90	17.53
Aditya Birla Power Company Limited	₹ 10	-	11,500	-	5.02
Birla Management Centre Services Limited	₹ 10	7,000	7,000	0.01	0.01
				<u>24.17</u>	<u>28.62</u>
Investments in Preference Shares at FVTPL					
Aditya Birla Health Services Limited - 5.25% Redeemable Cumulative	₹ 100	2,500,000	2,500,000	22.66	19.34
Birla Management Centre Services Limited - 9% Redeemable Cumulative	₹ 10	300	300	*	*
				<u>22.66</u>	<u>19.34</u>
Investments in Government Securities at FVTOCI					
6.83% Government of India Bond, 2039	-	2,000,000	2,000,000	18.14	18.85
				<u>18.14</u>	<u>18.85</u>
				<u>64.97</u>	<u>66.81</u>
				<u>6,863.14</u>	<u>4,639.46</u>

* Amounts below ₹ 50,000

(₹ Crore)

Value As at

	31/03/2018	31/03/2017
--	------------	------------

- (a) Aggregate amount of quoted and unquoted investments, market value of quoted investments and aggregate amount of impairment in value of Investments are given below:

Aggregate Cost of Quoted Investments	539.42	337.31
Aggregate market value of Quoted Investments	6,798.17	4,572.65
Aggregate Cost of Unquoted Investments	62.02	62.12

- (b) Aditya Birla Nuvo Limited (ABNL) got amalgamated with Grasim Industries Limited (Grasim). Upon amalgamation financial service business got de-merged from Grasim and transferred to Aditya Birla Financial Services Limited (ABFSL).

Pursuant to the scheme of amalgamation between ABNL and Grasim, having record date of July 06, 2017, the Group received 12,975,618 equity shares of Grasim in exchange of 8,650,412 equity shares held in ABNL on the record date.

Further, pursuant to the scheme of demerger of Aditya Birla Capital Limited (ABCL) (formally Aditya Birla Financial Services Limited) from Grasim, having record date July 20, 2017, the Group received 39,850,514 equity shares of ABCL for 28,464,653 equity shares held in Grasim on the record date.

- (c) Effective March 31, 2018, the Company has discontinued the accounting of its investment in Idea Cellular Limited (ICL) as 'Investment in Associates' as it no longer has significant influence over ICL. Accordingly, the Company has designated its investment in ICL as 'Fair Value through Other Comprehensive Income (FVTOCI)'.

9. Note 12 of the Audited Consolidated Financial Statements

Other Financial Assets

(Unsecured, Considered Good unless otherwise stated)

(₹ Crore)

	As at 31/03/2018		As at 31/03/2017	
	Non-Current	Current	Non-Current	Current
Derivative Assets - (refer Note 54 of the Audited Consolidated Financial Statements)	118.23	1,923.16	201.50	1,512.99
Security Deposits				
Unsecured, Considered Good	139.43	35.56	138.69	111.96
Unsecured, Considered Doubtful	-	0.35	0.10	0.25
Less: Allowance for Doubtful Amount	-	(0.35)	(0.10)	(0.25)
Other Deposits	150.52	370.00	131.96	60.00
Accrued Interests	-	40.87	-	67.87
Project Expenditure Recoverable from the Governments	-	11.32	-	61.05
Other Receivables				
Unsecured, Considered Good	-	601.58	0.24	618.69
Unsecured, Considered Doubtful	-	40.13	-	35.26
Less: Allowance for Doubtful Amount	-	(40.13)	-	(35.26)
	408.18	2,982.49	472.39	2,432.56

10. Note 19 of the Audited Consolidated Financial Statements

Cash and Cash Equivalents

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
Balance with Banks:		
Deposits with initial maturity of less than three months	1,185.92	1,157.14
Current Accounts	5,183.68	2,884.31
Cheques and Drafts on Hand - (a)	16.36	17.11
Cash on Hand	0.39	0.49
Short-term Liquid Investments in Mutual Funds	1,658.59	4,174.35
	<u>8,044.94</u>	<u>8,233.40</u>

(a) Includes ₹ 9.4 crore (31/03/2017: ₹ 7.79 crore) remittance in transit.

(b) There is no repatriation restriction with regard to cash and cash equivalents as the end of reporting period and prior periods.

11. Note 26 of the Audited Consolidated Financial Statements

Other Non-Current Financial Liabilities

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
Derivative Liabilities	119.96	489.09
Capital Creditors	7.33	9.70
Security and Other Deposits	2.28	1.25
Others	49.25	45.39
	<u>178.82</u>	<u>545.43</u>

12. Note 27 of the Audited Consolidated Financial Statements

Other Current Financial Liabilities

Current Maturities of Long-term Debts	743.10	5,300.23
Current Maturities of Finance Lease obligations	58.50	66.00
Interest Accrued but not due on Borrowings	846.83	955.77
Investor Education and Protection Fund - (a)		
Unpaid Dividends	5.08	8.93
Application Money Received Due for refund and interest accrued thereon	0.31	0.31
Unpaid Matured Debentures and Interest Accrued thereon	0.02	0.02
Derivative Liabilities	1,308.99	1,922.18
Derivative Matured, pending settlement	269.17	321.30
Capital Creditors	1,217.69	1,404.58
Security and Other Deposits	28.04	28.07
Debentures - (b)	3.00	3.00
Others	89.90	80.87
	<u>4,570.63</u>	<u>10,091.26</u>

(a) These figures do not include any amount, due and outstanding, to be credited to "Investor Education and Protection Fund" except ₹ 0.07 crore (31/03/2017: ₹ 0.02 crore), which is held in abeyance due to legal cases pending.

(b) In terms of Debenture Subscription Agreement between Utkal Alumina International Limited ('UAIL'), subsidiary of the Group, and Orissa Mining Corporation Limited ('OMCL'), UAIL issued, during the year, a Zero Coupon Unsecured Redeemable Non-Convertible Debentures of ₹ 3.00 crore to OMCL towards its obligation to pay OMCL an amount equivalent to 15% per annum on ₹ 20.00 crore as return upto March 31, 2018 which is due for redemption at par on September 30, 2018.

13. Note 28 of the Audited Consolidated Financial Statements

Provisions

(₹ Crore)

	As at 31/03/2018			As at 31/03/2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Employee Benefits	6,130.64	832.14	6,962.78	5,772.82	656.35	6,429.17
Other Provisions						
Environmental Contingencies	20.04	29.95	49.99	34.29	9.13	43.42
Assets Retirement Obligations	416.10	-	416.10	235.95	36.69	272.64
Enterprise Social Responsibilities	133.33	12.54	145.87	127.26	15.23	142.49
Renewable Power Obligations	-	141.46	141.46	-	394.26	394.26
Legal Matters	507.12	324.76	831.88	517.81	60.78	578.59
Tax Contingencies	159.13	-	159.13	180.83	-	180.83
Others - (a)	79.33	315.77	395.10	91.19	245.54	336.73
	1,315.05	824.48	2,139.53	1,187.33	761.63	1,948.96
	7,445.69	1,656.62	9,102.31	6,960.15	1,417.98	8,378.13

- (a) The Group has made provisions towards environmental, asset retirement, social responsibility, renewable power, restructuring, rehabilitation, carbon emission, legal and other obligations at various locations involving considerable uncertainties towards amount and timing of outflow of economic resources. The provisions are discounted over the Management expected timing of related cash flows.
- (b) Movements in each class of provisions are set out below:

(₹ Crore)

	Environmental Contingencies	Assets Retirement Obligation	Enterprise Social Responsibility	Renewable Power Obligation	Legal Matters	Tax Contingencies	Others	Total
As at April 01, 2016	44.31	207.11	-	-	530.74	183.83	517.83	1,483.82
Additional Provisions recognised	15.41	46.06	142.49	132.18	54.91	56.46	130.70	578.21
Reclassified	-	-	-	249.57	-	-	-	249.57
Amount Used	(9.37)	(0.28)	-	12.51	(61.92)	(25.00)	(127.66)	(211.72)
Amount Reversed	(7.39)	-	-	-	-	-	-	(7.39)
Unwinding of Discounts	0.87	9.53	-	-	-	-	2.08	12.48
Exchange Adjustments	(0.41)	10.22	-	-	54.86	(34.46)	11.26	41.47
Amount Reversed on Loss of Control	-	-	-	-	-	-	(197.43)	(197.43)
Others	-	-	-	-	-	-	(0.05)	(0.05)
As at March 31, 2017	43.42	272.64	142.49	394.26	578.59	180.83	336.73	1,948.96
Additional Provisions Recognised	11.72	114.08	-	150.55	418.38	41.84	251.48	988.05
Amount Used	(5.52)	(4.59)	(5.17)	(403.35)	(141.29)	(85.28)	(62.47)	(707.67)
Unwinding of Discounts	0.87	18.38	8.55	-	-	-	0.85	28.65
Exchange Adjustments	(0.50)	15.59	-	-	(23.80)	21.74	(126.32)	(113.29)
Others	-	-	-	-	-	-	(5.17)	(5.17)
As at March 31, 2018	49.99	416.10	145.87	141.46	831.88	159.13	395.10	2,139.53

14. Note 31 of the Audited Consolidated Financial Statements
Revenue from Operations

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Sale of Products - (a)	115,140.16	102,006.46
Sale of Services	44.36	39.87
Other Operating Revenues - (b)	624.07	585.12
	115,808.59	102,631.45

(a) Includes Excise Duty ₹ 636.90 crore till June 30, 2017 (31/03/2017: ₹ 2,447.67 crore). Subsequent to introduction of Goods and Service Tax (GST) with effect from July 01, 2017, revenue is reported excluding GST.

(b) Includes Government Grant in the nature of Export Incentives and other benefits of ₹ 315.93 crore (31/03/2017: ₹ 288.16 crore).

15. Note 33 of the Audited Consolidated Financial Statements
Cost of Materials Consumed

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Raw Materials	70,864.81	58,397.63
Packing Materials	1.17	3.45
	70,865.98	58,401.08

16. Note 40 of the Audited Consolidated Financial Statements
Impairment Loss/(Reversal) (Net)

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Impairment Loss	100.25	11.54
Impairment Reversal	-	-
Impairment Loss/(Reversal) (Net)	100.25	11.54

The Group assesses the recoverability of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that we may not be able to recover the asset's carrying amount. Such events or circumstances include, but are not limited to, a significant decrease in the fair value of the underlying business or a change in utilisation of property and equipment, and intangible assets.

If any indication exists and an impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, and it will be its new cost basis. For a depreciable asset, the new cost basis will be depreciated over the remaining useful life of that asset. For an amortisable intangible asset, the new cost basis will be amortised over the remaining useful life of the asset.

Impairment loss calculations require the Management to apply judgements in estimating future cash flows to determine asset fair values, including forecasting useful lives of the assets and selecting the discount rate that represents the risk inherent in future cash flows. Impairment charges are recorded in "Impairment

Loss/(Reversal) (Net)” in the Consolidated Statement of Profit and Loss. For the year ended March 31, 2018, based on the impairment testing exercise performed by the Group for its various CGUs, Novelis Inc., a subsidiary of the Group, recorded impairment charges as under:

- (a) ₹ 64.58 crore related to plant and equipment in the Gottingen, Germany facility. This was related to the production litho material line that was shut down.
- (b) ₹ 30.50 crore related to intangible asset under development in Europe. This is related to the SAP software that would no longer be developed.
- (c) ₹ 5.17 crore in CWIP items within the projects related to Research and Development facility.

The recoverable value of all the impaired assets discussed above was nil.

For the year ended March 31, 2017, Novelis Inc. had recorded ₹ 11.54 crore as impairment loss related to its plant and equipment (including ₹ 5.12 crore towards Capital Work-in-Progress) in North America.

17. Note 42 of the Audited Consolidated Financial Statements

Exceptional Items (Net)

Exceptional Items consist of the followings:

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Exceptional Income	2,160.62	143.62
Exceptional Expenses	(386.46)	(151.26)
	1,774.16	(7.64)

Details of Exceptional Items are given below:

- (a) Based on Honourable Supreme Court judgement dated October 13, 2017, and considering the prospective contribution required to be made to the DMF by the holder of a mining lease or a prospecting licence-cum-mining lease in addition to the payment of royalty, an amount of ₹ 73.06 crore has been written back during the financial year 2017-18, which was provided/paid in earlier years relating to the period for which such levy was held invalid or not applicable. The corresponding provision for the financial year 2016-17 was ₹ 60.04 crore.
- (b) During the year ended March 31, 2018, Novelis Korea Limited, a subsidiary of the Group, sold 49.9% of its shares resulting in the Group recognising a net gain of ₹ 1,782.46 crore on the transaction. (refer Note 57 of the Audited Consolidated Financial Statements)
- (c) The Group has discontinued the accounting of its Investment in Idea Cellular Limited (ICL) as ‘Investment in Associates’ effective March 31, 2018 and designated the investment in ICL as “Fair Value through Other Comprehensive Income (FVTOCI)”. This change has resulted into a gain of ₹ 305.10 crore. (refer Note 56D of the Audited Consolidated Financial Statements)
- (d) Based on the Honourable Supreme Court judgement dated August 02, 2017, in the matter of Common Cause V/s Union of India (to which the Company is not a party), provisional demands are raised on the Company for its bauxite mines. The Company has challenged the purported demand and obtained stay on the demands. As the matter is pending final determination and considering the implication of existing litigation, the Company has provided ₹ 219.69 crore during the financial year 2017-18.
- (e) Based on the Honourable Supreme Court judgement dated September 15, 2017, in the matter of Transit Fee on forest produce (as applicable, amongst others, in the States of Uttar Pradesh and Madhya Pradesh), an amount of ₹ 139.35 crore has been provided during the financial year 2017-18 towards probable obligation that may arise.
- (f) Based on the Honourable Supreme Court judgement dated September 22, 2017, in the matter of proportionate reduction in input tax credit in case of sale in course of inter-state trade, commerce and branch transfer under the Gujarat Value Added Tax Act, 2003, to which the Company is not a party, an amount of ₹ 27.42 crore related to earlier periods has been provided during the financial year 2017-18.

- (g) During the year ended March 31, 2017, the Group has sold its entire holding in its subsidiary, Aditya Birla Minerals Limited, Australia (ABML) by accepting an off-market take-over offer from Metals X Limited. As per the offer, a part of the proceeds were realised in cash and the balance in the equity shares of Metals X Limited. The equity shares of Metals X Limited received as part of this transaction have also been liquidated. The resultant gain of ₹ 143.62 crore arising out of these transactions is accounted for as exceptional income.
- (h) During the year ended March 31, 2017, Novelis Inc., wholly-owned subsidiary of the Company, has sold its 59.15% equity interest in Aluminium Company of Malaysia Berhad to Towerpack Sdn. Bhd. for USD 12 million. The transaction includes Novelis's interest in the Bukit Raja, Malaysia facility, which processed aluminium within the construction/industrial and heavy and light gauge foil markets, and the wholly owned entity Alcom Nikkei Specialty Coating Sdn. Berhad. The resultant loss arising out of these transactions is ₹ 91.22 crore.

18. Note 45 of the Audited Consolidated Financial Statements
Earnings/(Loss) Per Share (EPS)

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Profit/(Loss) from Continuing Operations		
As per the Consolidated Statement of Profit and Loss	6,082.87	1,882.30
Less: Non-Controlling Interests share in Profit/(Loss)	(0.05)	(17.44)
Profit/(Loss) from Continuing Operations attributable to Owners of the Company	6,082.92	1,899.74
Weighted-average number of shares used in the calculation of EPS:		
Weighted-average Number of Equity Shares for Basic EPS	2,227,789,728	2,060,348,932
Dilutive Impact of Employee Stock Options Scheme	1,292,718	1,463,706
Weighted-average Number of Equity Shares for Diluted EPS	2,229,082,446	2,061,812,638
Face Value of Per Equity Share (₹)	1.00	1.00
Earnings/(Loss) Per Share from Continuing Operations		
Basic (₹)	27.30	9.22
Diluted (₹)	27.29	9.21

19. Note 47 of the Audited Consolidated Financial Statements

Segment Information:

The Group has three reportable segments, viz., Aluminium, Copper and Novelis, which have been identified taking into account the business activities it engages in, and geographical areas and regulatory environments in which it operates. No operating segments have been aggregated to form these reportable segments.

Description of each of the reporting segments is as under:

- Aluminium Segment: This part of business manufactures and sells Hydrate and Alumina, Aluminium and Aluminium Products.
- Copper Segment: This part of business manufactures and sells Copper Cathode, Continuous Cast Copper Rods, Sulphuric Acid, DAP and Complexes, Gold, Silver and other precious metals.
- Novelis Segment: This represents Novelis Inc., a wholly owned foreign subsidiary, engaged in producing and selling aluminium sheet and light gauge products, and operating in all four major industrialised continents – North America, South America, Europe and Asia – identified as separate reportable segment based on its geographical area and regulatory environment.

The chief operating decision maker (CODM) primarily uses earnings before interest, tax, depreciation and amortisation (EBITDA) as performance measure to assess the performance of the operating segments. However, the CODM also receives information about the segment's revenues, segment assets and segment liabilities on regular basis.

A. Segment Profit or Loss:

Segment's performance are measured based on Segment EBITDA. Segment EBITDA is defined as "Earnings from Continuing Operations before Finance Costs, Exceptional Items, Tax Expenses, Depreciation and Amortisation, Impairment of Non-Current Assets, Investment Income, Fair Value gains or losses on financial assets and share in profit/loss in equity accounted entities but after allocation of Corporate Expenses". Segment EBITDA are as follows:

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
Aluminium	4,692.12	4,032.61
Copper	1,594.36	1,437.90
Novelis	7,902.55	7,194.36
Total Segment EBIDTA	14,189.03	12,664.87
Segment EBITDA reconciles to Profit/(Loss) Before Tax from Continuing Operations as follows:		
Total Segment EBIDTA	14,189.03	12,664.87
Unrealised Profit of Inter-segment Sales	-	0.36
Finance Costs	(3,910.73)	(5,742.44)
Depreciation and Amortisation	(4,506.24)	(4,457.24)
Impairment Loss/(Reversal) (Net)	(100.25)	(11.54)
Exceptional Items (Net)	1,774.16	(7.64)
Share in Profit/(Loss) of Associates	(125.09)	(25.14)
Investment and Treasury Income	976.41	347.79
Fair Value Gain/(Loss) on Financial Assets	(212.89)	482.67
Other Unallocated Income/(Expenses) (Net)	72.64	63.20
Profit/(Loss) Before Tax from Continuing Operations	8,157.04	3,314.89

Following amounts are either included in the measure of segment profit or loss reviewed by the CODM or are regularly provided to the CODM:

(₹ Crore)

	Year ended 31/03/2018			Year ended 31/03/2017		
	Aluminium	Copper	Novelis	Aluminium	Copper	Novelis
Interest Income - (a)	31.53	47.46	55.26	64.56	45.50	68.16
Depreciation and Amortisation - (b)	1,770.47	159.26	2,556.30	1,592.99	167.35	2,679.06
Impairment Loss/(Reversal) of Non-Current Assets (Net) - (b)	-	-	100.24	-	-	11.54

(a) Represents interest income from customers/security deposits, etc., which are included in the measure of segment profit or loss.

(b) Does not included in the measure of segment profit or loss but provided to the CODM.

B. Segment Revenue:

The segment revenue is measured in the same way as in the Statement of Profit and Loss. Sales between operating segments are eliminated on consolidation. Segment revenue and reconciliation of the same with total revenue are as follows:

(₹ Crore)

	Year ended 31/03/2018			Year ended 31/03/2017		
	Segment Revenue	Inter-segment Revenue	Revenue from External Customers	Segment Revenue	Inter-segment Revenue	Revenue from External Customers
Aluminium	21,395.95	1.38	21,394.57	20,602.30	22.85	20,579.45
Copper	22,415.63	7.75	22,407.88	19,448.27	8.03	19,440.24
Novelis	72,006.14	-	72,006.14	62,611.76	-	62,611.76
Total	115,817.72	9.13	115,808.59	102,662.33	30.88	102,631.45

Revenue of approximately ₹ 2,619.47 crore (31/03/2017: ₹ 4,359.88 crore) included in revenue from Copper Segment are arose from a single external customer, which is more than 10% of the Copper Segment's total revenue during the reported period.

Novelis's ten largest customers accounted for approximately 63% of Novelis segment's total "Revenue from Operations" for the years ended March 31, 2018 and 2017, respectively, out of which two major customers contribute to 22% (₹ 15,959.92 crore) (31/03/2017: 30% (₹ 19,195.04 crore)) and 11% (₹ 7,657.96 crore) (31/03/2017: 4% (₹ 2,559.34 crore)) of the Novelis segment's total "Revenue from Operations", respectively.

The Company's operations is located in India. The amount of its revenue from external customers analysed by the country in which customers are located, irrespective of origin of the goods or services, are given below:

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
India	24,473.80	23,296.31
Outside India	91,334.79	79,335.14
	115,808.59	102,631.45

C. Segment Assets:

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. However, certain assets like investments, investments accounted for using equity method, loans, assets classified as held for sale, current and deferred tax assets are not considered to be segment assets as they are managed at corporate level. Further, corporate administrative assets of an entity having operation, which are part of more than one reporting segments, are not allocated to individual segments as they are also managed at corporate levels and does not linked to any specific segment.

In the case of Novelis segment, all the assets of Novelis Inc. are considered as part of segment assets as it solely represents Novelis Inc., a separate legal entity as separate segment.

Segment assets and reconciliation of the same with total assets are as follows:

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
Aluminium	50,574.80	51,676.19
Copper	9,282.55	9,018.72
Novelis	72,767.95	65,914.20
Total Segment Assets	132,625.30	126,609.11
Investment Properties	23.72	24.29
Investments (Non-Current and Current)	10,766.62	13,591.22
Equity Accounted Entities	14.69	1,566.26
Other Corporate Assets	4,226.79	5,203.30
Total Assets	147,657.12	146,994.18

During the year ended 31/03/2018, capital expenditure relating to Aluminium, Copper and Novelis segments are ₹ 1,516.29 crore, ₹ 236.50 crore and ₹ 1,919.10 crore, respectively (31/03/2017: Aluminium ₹ 905.41 crore, Copper ₹ 227.44 crore and Novelis ₹ 1,583.13 crore).

The total of non-current assets excluding financial assets, investments accounted for using equity method, and current and deferred tax assets analysed by the country, in which assets are located, are given below:

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
India	43,543.24	43,613.63
Outside India	44,897.80	44,014.91
Total	88,441.04	87,628.54

D. Segment Liabilities:

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment. In measurement of Aluminium and Copper segment's liabilities, items like borrowings, current and deferred tax liabilities, liabilities associated with assets classified as held for sale, etc., are not considered to be segment liabilities as they are managed at corporate level. Further, corporate administrative liabilities of an entity having operation, which are part of more than one reporting segments, are not allocated to individual segments as they are also managed at corporate levels and does not linked to any specific segment.

In the case of Novelis segment, all the liabilities of Novelis Inc., except borrowings, are considered as part of segment liabilities as it solely represents Novelis Inc., a separate legal entity as separate segment.

Segment liabilities and reconciliation of the same with total liabilities are as follows:

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
Aluminium	5,864.64	5,904.40
Copper	3,986.23	3,633.71
Novelis	27,603.86	24,375.41
Total Segment Liabilities	37,454.73	33,913.52
Borrowings (Non-Current and Current, including Current Maturity)	52,074.02	63,817.45
Other Corporate Liabilities	3,267.96	3,198.18
Total Liabilities	92,796.71	100,929.15

20. Note 50 of the Audited Consolidated Financial Statements

Contingent Liabilities

The Group is party to, and may in the future be involved in, or subject to, disputes, claims and proceedings arising in the ordinary course of our business, including some we assert against others, such as environmental, health and safety, product liability, employee, tax, personal injury and other matters. The Group has established a liability with respect to contingencies for which a loss is probable and estimable. While the ultimate resolution of and liability and costs related to these matters cannot be determined with certainty, the Management does not believe any of these pending actions, individually or in the aggregate, will materially impact our operations or materially affect our financial condition or liquidity.

The Group's estimates involve significant judgement, and, therefore, the estimate will change from time to time, and actual losses may differ from the current estimate. The Management reviews the status of, and estimated liability related to, pending claims and civil actions on a quarterly basis. The evaluation model includes all asserted and unasserted claims that can be reasonably identified, including claims relating to our responsibility for compliance with environmental, health and safety laws, and regulations in the jurisdictions in which we operate or formerly operated. The estimated costs in respect of such reported liabilities are not offset by the amounts related to insurance or indemnification arrangements, unless otherwise noted.

The amount for which the Group is contingently liable are given below:

	(₹ Crore)	
	<u>As at</u>	
	<u>31/03/2018</u>	<u>31/03/2017</u>
(a) Claims against the Company not acknowledged as Debt (Disputed demands for excise duty, customs duty, sales tax, stamp duty, etc., and other matters not acknowledged as debts, pending at various appellate authorities)	1,496.12	1,008.03
(b) Other money for which the Company is contingently liable:		
i. Customs Duty on Raw Materials imported under Advance Licence, against which export obligation is to be fulfilled	10.28	100.69
ii. For contingent liabilities relating to associates and joint ventures, if any, are given in Note 56D and 56 E of Audited Consolidated Financial Statements.		

21. Note 51 of the Audited Consolidated Financial Statements

Commitments

The Group's commitments with regard to various items in respect of:

	(₹ Crore)	
	<u>As at</u>	
	<u>31/03/2018</u>	<u>31/03/2017</u>
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	442.41	401.87
(b) The Company has an export obligation to be fulfilled under EPCG Scheme	5,563.25	6,987.75
(c) Purchase commitments in relation to Materials and Services	34,958.66	34,815.36
(d) The Company has given the following undertakings in connection with the loan of Utkal Aluminium International Limited (UAIL), a wholly owned subsidiary:		
i. To hold minimum 51% equity shares in UAIL.		
ii. To ensure to meet the Financial Covenants, except Fixed Asset Coverage Ratio, as provided in the loan agreements.		
(e) Corporate Guarantee of USD 215 million issued in favour of M/s. Volkswagen AG on behalf of M/s. Novelis Inc. to ensure Novelis will supply as per its future commitments to Volkswagen AG and its subsidiaries.		
(f) The Board of Directors of Idea Cellular Limited (Idea) has approved the amalgamation of Vodafone India Limited (VIL) and its wholly owned subsidiary Vodafone Mobile Services Limited (VMSL) with Idea, subject		

to requisite regulatory and other approvals. As a member of promoter group of Idea, the Company has undertaken to indemnify (liable jointly and severally with other promoters of Idea) to the promoters of VIL and its wholly owned subsidiary VMSL upto USD 500 million, if Idea fails to meet some of its indemnity obligation under the implementation agreement for the proposed amalgamation of VIL and VMSL with Idea.

22. Note 52 of the Audited Consolidated Financial Statements

Capital Management

The Group's objective to manage its capital is to ensure continuity of business while at the same time provide reasonable returns to its various stakeholders but keep associated costs under control. In order to achieve this, requirement of capital is reviewed periodically with reference to operating and business plans that take into account capital expenditure and strategic investments. Apart from internal accrual, sourcing of capital is done through judicious combination of equity and borrowing, both short-term and long-term. Net debt (total borrowings less current investment, and cash and cash equivalents) to equity ratio is used to monitor capital. No changes were made to the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

As at March 31, 2018 and March 31, 2017, the Group was in compliance with all of its debt covenants for borrowings.

23. Note 56 of the Audited Consolidated Financial Statements

Interest in Other Entities

A. Subsidiaries:

The Group's wholly-owned subsidiaries along with country of incorporation, place of operation and principal activities are set out below.

Name of the Entity	Principal Activity	Country of Incorporation	Place of Operation
Minerals & Minerals Limited	Mining	India	India
Renukeshwar Investments & Finance Limited	Investment	India	India
Renuka Investments & Finance Limited	Investment	India	India
Lucknow Finance Company Limited	Investment	India	India
Dahej Harbour and Infrastructure Limited	Cargo services	India	India
Utkal Alumina International Limited	Manufacturing	India	India
Utkal Alumina Technical & General Services Limited [§]	Technical Services	India	India
Mauda Energy Limited [§]	Power Generation	India	India
Hindalco Guinea SARL [§]	Dormant	South Africa	South Africa
A V Minerals (Netherlands) N.V.	Investment	Netherlands	Netherlands
Hindalco Do Brasil Industria Comercia de Alumina Ltda.	Subsidiary	Brazil	Brazil
A V Metals Inc.	Investment	Canada	Canada
Novelis Inc.	Manufacturing	Canada	Canada
Albrasilis - Aluminio do Brasil Industria e Comercio Ltda.	Manufacturing	Brazil	Brazil
Novelis do Brasil Ltda.	Manufacturing	Brazil	Brazil
Brecha Energetica Ltda.	Dormant	Brazil	Brazil
Brito Energetica Ltda.	Dormant	Brazil	Brazil
4260848 Canada Inc.	Manufacturing	Canada	Canada
4260856 Canada Inc.	Manufacturing	Canada	Canada

Name of the Entity	Principal Activity	Country of Incorporation	Place of Operation
8018227 Canada Inc	Manufacturing	Canada	Canada
8018243 Canada Limited	Manufacturing	Canada	Canada
Novelis (China) Aluminum Products Co. Limited	Manufacturing	China	China
Novelis (Sanghai) Aluminum Trading Company	Manufacturing	China	China
Novelis Lamines France SAS	Distribution Services	France	France
Novelis PAE SAS	Engineering	France	France
Novelis Aluminium Beteiligungs GmbH	Manufacturing	Germany	Germany
Novelis Deutschland GmbH	Manufacturing	Germany	Germany
Novelis Sheet Ingot GmbH	Manufacturing	Germany	Germany
Novelis Aluminium Holding Company	Intermediate Subsidiary	Ireland	Ireland
Novelis Italia SpA	Manufacturing	Italy	Italy
Novelis (India) Infotech Ltd.	Information Technology	India	India
Novelis de Mexico SA de CV	Dormant	Mexico	Mexico
Novelis Korea Ltd.	Manufacturing	South Korea	South Korea
Novelis AG	Manufacturing	Switzerland	Switzerland
Novelis Switzerland SA	Manufacturing	Switzerland	Switzerland
Novelis Europe Holdings Limited	Intermediate Subsidiary	UK	UK
Novelis UK Ltd.	Manufacturing	UK	UK
Aluminum Upstream Holdings LLC	Dormant	USA	USA
Eurofoil, Inc. (USA)	Dormant	USA	USA
Novelis Corporation	Manufacturing	USA	USA
Novelis Services Limited	Management Company	UK	UK
Novelis PAE Corporation	Dormant	USA	USA
Novelis South America Holdings LLC	Intermediate Subsidiary	USA	USA
Novelis Acquisitions LLC	Manufacturing	USA	USA
Novelis Holdings Inc.	Intermediate Subsidiary	USA	USA
Novelis Delaware LLC	Manufacturing	USA	USA
Novelis Services (North America) Inc.	Cash Management	USA	USA
Novelis Vietnam Company Limited	Manufacturing	Vietnam	Vietnam
Novelis MEA Limited	Import and Export	UAE	UAE
Novelis Asia Holdings (Singapore) Pte. Limited	Dormant	Singapore	Singapore

[§] De-registration application filed.

B. Non-Controlling Interests (NCI):

The Group has following non-wholly owned subsidiaries:

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest held by the Group	
			31/03/2018	31/03/2017
Suvas Holdings Limited	Power Generation	India	51.00%	51.00%
Hindalco-Almex Aerospace Limited	Manufacturing	India	97.18%	97.18%
East Coast Bauxite Mining Company Private Limited	Mining	India	74.00%	74.00%

None of above non-wholly owned subsidiary is material to the Group, therefore financial information about these non-wholly owned subsidiary are not disclosed separately.

C. Joint Operations

The Group is engaged in various arrangements on a joint basis with other companies. In assessing whether joint control exists for these arrangements, the Management evaluates the structure and legal framework and contracts governing the arrangement combined with an assessment of which decisions that significantly influence the return from the arrangement. The Group assesses whether joint arrangements are joint operations where the Group has rights to the assets and obligations for the liabilities related to the arrangement, or a joint venture where the Group has an interest in the net assets of the joint arrangement. Accordingly, the Group has identified following joint arrangements as joint operations:

Name of the Joint Operations	Principal Activity	Country of Incorporation	Group's Proportion of Ownership Interest and Voting Power	
			31/03/2018	31/03/2017
Mahan Coal Limited - (a)	Mining	India	50.00%	50.00%
Tubed Coal Mines Limited - (a)	Mining	India	60.00%	60.00%
Aluminium Norf GmbH - (b)	Rolling and Recycling	Germany	50.00%	50.00%
Logan Aluminium Inc. - (b)	Rolling and Finishing	USA	40.00%	40.00%
Ulsan Aluminium Limited - (b)	Rolling and Recycling	South Korea	50.00%	-

(a) Mahan Coal Limited and Tubed Coal Mines Limited have been classified as discontinued operations, since going concern concept is vitiated following deallocation of coal blocks earlier allotted to them and accounted for and presented accordingly.

(b) Novelis Inc., a subsidiary of the Group, is engaged in the following arrangements that are concluded to be joint operations.

- i. Aluminium Norf GmbH ("Alunorf"), a large rolling mill in Germany, is a joint operation between Novelis and Hydro Aluminium Deutschland GmbH ("Hydro"). Both Novelis and Hydro hold a 50% interest in equity, profits and losses, shareholder voting and management control. Novelis shares control of the management of Alunorf with Hydro through a jointly-controlled shareholders' committee and supervisory board. The management of Alunorf is led jointly by two managing executives, one nominated by Novelis and one nominated by Hydro. The primary objective of Alunorf is to provide tolling services (output) exclusively to Novelis and Hydro, as the total output capacity is allocated between Novelis and Hydro. This indicates that both Novelis and Hydro get substantially all of the economic benefits from the assets of the joint arrangement. The major or sole sources of cash inflows for Alunorf are Novelis and Hydro, who are legally obliged to cover production costs.
- ii. Logan Aluminium Inc. ("Logan"), an aluminum rolling mill in Kentucky, is a joint operation between Novelis and Tri-Arrows Aluminium Inc. ("Tri-Arrows"). Logan processes metals exclusively received from Novelis and Tri-Arrows, and charges the respective partner a fee to cover expenses. This indicates that both Novelis and Tri-Arrows get substantially all of the economic benefits from the assets of the joint arrangement. Logan is thinly capitalised and relies on the regular reimbursement of costs and expenses by Novelis and Tri-Arrows to fund its operations, indicating that Novelis and Tri-Arrows have an obligation for the liabilities of the arrangement. Other than these contractually required reimbursements, Novelis does not provide other material support to Logan. Logan's creditors do not have recourse to our general credit. Novelis has a 40% voting interest; however, our participating interest in operations ranges from greater than 50% to approximately 55%, depending on output. Novelis has joint ability to make decisions regarding Logan's production operations and take our share of production and associated costs.
- iii. In May 2017, Novelis Korea Ltd., a subsidiary of Novelis Inc., entered into definitive agreements with Kobe Steel Ltd. ("Kobe"), an unrelated party, under which Novelis Korea and Kobe Steel Ltd. will jointly own and operate the Ulsan manufacturing plant, currently owned by Novelis Korea. In April 2017, Novelis Korea formed a new wholly owned subsidiary, Ulsan Aluminium, Ltd. (UAL). In

September 2017, the transaction closed and Novelis Korea sold 49.9% of its shares in UAL to Kobe. The primary objective of UAL is to provide output exclusively to Novelis and Kobe as the total output capacity is allocated between Novelis and Kobe. This indicates that both Novelis and Kobe get substantially all of the economic benefits from the assets of the joint arrangement. The major or sole sources of cash inflows for UAL are Novelis and Kobe, who are legally obliged to cover production costs. We have joint ability to make decisions regarding UAL's production operations and take our share of production and associated costs.

The primary objective of UAL is to provide output exclusively to Novelis and Kobe, as the total output capacity is allocated between Novelis and Kobe. This indicates that both Novelis and Kobe get substantially all of the economic benefits from the assets of the joint arrangement. The major or sole sources of cash inflows for UAL are Novelis and Kobe, who are legally obliged to cover production costs. We have joint ability to make decisions regarding UAL's production operations and take our share of production and associated costs. We have a 49.1% voting interest; however, our participating interest in operation ranges from greater than 50% to approximately 100%, depending on output. We have joint ability to make decisions regarding Logan's production operations and take our share of production and associated costs. (refer Note 57 of the Audited Consolidated Financial Statements)

D. Investments in Associates:

Details of Associates of the Group are set out below. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Group's interests in these entities are accounted for using equity method in the Consolidated Financial Statements.

Name of the Entity	Country of Incorporation	Proportion of Ownership Interests (%)		Carrying Amount (₹ Crore)	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017
Aditya Birla Science & Technology Company Pvt. Limited (ABSTCPL)	India	49.00%	49.00%	14.69	13.56
IDEA Cellular Limited (ICL) #	India	-	6.33%	-	1,552.70

(a) Summarised financial information in respect of the Group's associates are set out below. These information is based on their Ind-AS financial statements after the alignment of Group's accounting policies.

(₹ Crore)

	As at 31/03/2018		As at 31/03/2017	
	ABSTCPL	ICL	ABSTCPL	ICL
Summarised Balance Sheet				
Total Assets	147.76	-	150.53	96,704.69
Total Liabilities	117.79	-	122.85	71,972.45
Net Assets	29.97	-	27.68	24,732.24
Group's Share of Net Assets of Associates	14.69	-	13.56	1,566.40
Dividend Received	-	-	-	13.70
Carrying Amount	14.69	-	13.56	1,552.70
Contingent Liabilities				
Share of Contingent Liabilities of the Associates	3.25	-	0.28	1,027.32

(₹ Crore)

	Year ended 31/03/2018		Year ended 31/03/2017	
	ABSTCPL	ICL #	ABSTCPL	ICL
Summarised Statement of Profit and Loss				
Total Revenues	56.54	28,242.00	56.36	35,575.74
Total Profit/(Loss) for the year	2.22	(4,168.20)	0.36	(399.70)
Other Comprehensive Income for the year	0.07	28.30	(0.29)	(4.33)
Group's Share of Profit/(Loss) of Associates	1.09	(218.33)	0.18	(25.31)
Group's Share of Other Comprehensive Income of Associates	0.03	-	(0.14)	(0.27)
Reconciliation to Carrying Amounts				
Opening Net Assets	27.68	24,732.24	25.52	23,550.49
Profit/(Loss) for the year	2.22	(4,168.20)	0.36	(399.70)
Other Comprehensive Income	0.07	-	(0.29)	(4.33)
Amounts Directly Recognised in Equity	-	6,698.36	2.09	1,585.78
Closing Net Assets	29.97	27,262.40	27.68	24,732.24
Group's Share (%)	49.00%	5.24%	49.00%	6.33%
Group's share (Amount)	14.69	1,428.00	13.56	1,566.40
Dividend Received	-	-	-	(13.70)
Carrying Amount	14.69	1,428.00	13.56	1,552.70

During the year ended March 31, 2018, Idea Cellular Limited (ICL) had issued additional shares to its investors which has resulted in dilution of the Group's interest ICL from 6.33% to 5.23%. This dilution of interest in ICL resulted in gain of ₹ 92.15 crore, which has been recorded in the Consolidated Statement of Profit and Loss as part of "Share in Profit/(Loss) in Equity Accounted Investments (Net of Tax)". Further, effective March 31, 2018, the Group has discontinued the equity accounting for its investment in ICL as 'Investment in Associates' as it no longer has significant influence over ICL. Accordingly, the Group has designated its investment in ICL as 'Fair Value through Other Comprehensive Income (FVTOCI)' and recognised a gain of ₹ 305.10 crore, which has been recorded as exceptional income. (refer Note 42 of the Audited Consolidated Financial Statements)

E. Interests in Joint Ventures:

Details of Joint Ventures of the Group are set out below. The joint ventures listed below have share capital consisting solely equity shares, which are directly held by the Group. The country of incorporation is also their principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held. No entity listed below is listed on any public stock exchange.

	Country of Incorporation	Proportion of Ownership Interests		Carrying Amount (₹ Crore)	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017
MNH Shakti Limited (MNH Shakti)	India	15.00%	15.00%	12.77	12.77
Hydromine Global Minerals (GMBH) Limited (Hydromine)	British Virgin Islands	45.00%	45.00%	0.70	0.70

MNH Shakti and Hydromine have been classified as held for sale. Accordingly, equity accounting for consolidation of MNH Shakti and Hydromine has been discontinued from said dates. The investments in both the joint ventures are carried at fair value and presented as part of "Not-Current Assets, classified as Held For Sale/Distribution to Owners" in the Consolidated Balance Sheet.

24. Note 57 of the Audited Consolidated Financial Statements

Disposal of Subsidiaries

In May 2017, Novelis Korea Ltd., a subsidiary of Novelis Inc., entered into definitive agreements with Kobe Steel Ltd. ("Kobe"), an unrelated party, under which Novelis Korea and Kobe Steel Ltd. will jointly own and operate the Ulsan manufacturing plant, currently owned by Novelis Korea. In April 2017, Novelis Korea formed a new wholly owned subsidiary, Ulsan Aluminium, Ltd. (UAL). In September 2017, the transaction closed, and Novelis Korea sold 49.9% of its shares in UAL to Kobe for the purchase price of ₹ 2,053.15 crore. In this transaction, the Group recognised a net gain of ₹ 1,782.46 crore on the transaction, pre-tax, consisting of: (1) ₹ 915.35 crore gain related to the difference between the fair value of the consideration received and the carrying amount of the former subsidiary's assets (including goodwill of ₹ 274.14 crore) and liabilities; (2) ₹ 952.94 crore gain related to the remeasurement of the retained share in UAL; and (3) ₹ 85.83 crore transaction fees. The net gain of ₹ 1,782.46 crore is recognised as 'exceptional income' in the Consolidated Statement of Profit and Loss. The fair value of the retained investment was determined using the third party purchase price determined in an arm's length transaction (i.e., fair value). Pursuant to the loss of control in UAL, 100% of UAL's assets (including goodwill) are first de-recognised and for remaining 50.1% stake retained, being accounted as business combination, those assets are again recognised as 'additions'.

Gain/(Loss) on disposal of UAL and analysis of assets and liabilities as at date of disposal over which control was lost given below:

	(₹ Crore)
Gain/(Loss) on Disposal of Subsidiary	
Consideration Received	2,053.15
Net Assets over which control was lost	(1,090.20)
Deferred Income	(38.06)
Selling Cost	(85.83)
Foreign Currency Translation	(9.54)
Gain/(Loss) on Disposal	<u>829.52</u>
Fair Value of Net Assets Retained in UAL	1,679.84
Goodwill Created	382.43
Carrying Value of Net Assets Retained in UAL	(1,094.58)
Presentational Foreign Currency Translation	(14.75)
Gain on remeasurement of the retained interest in the Net Assets of UAL	<u>952.94</u>
Total Gain on Disposal of Subsidiary	<u>1,782.46</u>

Analysis of Assets and Liabilities as at date of disposal over which control was lost

ASSETS

Non-Current Assets

Property, Plant and Equipment	
Land	319.74
Buildings	451.56
Plant and Equipment	1,089.96
Vehicles and Aircraft	0.52
Furniture and Fixtures	15.14
Office Equipment	0.60
Capital Work-in-Progress	27.96
Goodwill	274.14
Other Intangible Assets	0.54
Other Non-Current Assets	4.62
Total Assets	<u>2,184.78</u>
Less: Carrying Value of Net Assets Retained in UAL	<u>(1,094.58)</u>
Net Assets over which control was lost	<u>1,090.20</u>

On September 30, 2016, we sold our 59.15% equity interest in Aluminium Company of Malaysia Berhad (ALCOM), a previously consolidated subsidiary, to Towerpack Sdn. Bhd. for USD 12 million. The transaction includes our interest in the Bukit Raja, Malaysia facility, which processed aluminum within the construction/industrial and heavy and light gauge foil markets, and the wholly-owned entity Alcom Nikkei Specialty Coatings Sdn. Berhad.

(₹ Crore)

Gain/(Loss) on Disposal of Subsidiary

Consideration Received	76.79
Net Assets over which control was lost	(275.14)
Deferred Income	135.88
Selling cost	(9.76)
Foreign Currency Translation	(18.99)
Gain/(Loss) on Disposal	<u>(91.22)</u>

25. Note 58 of the Audited Consolidated Financial Statements**Related Party Transactions**

The Group's related parties principally consist of its associates, joint ventures, trusts and its key managerial personnel. The Group routinely enters into transactions for sale and purchase of products and rendering and receiving services with these related parties. Transactions and balances between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions and balances between the Group and other related parties, included in the financial statements, are disclosed below.

A Associates and Joint Ventures:

(₹ Crore)

(a) Transactions	Year ended 31/03/2018		Year ended 31/03/2017	
	Associates	Joint Ventures	Associates	Joint Ventures
i. Services Rendered	0.03	-	0.03	-
Idea Cellular Limited	0.03	-	0.03	-
ii. Interest and Dividend Received	4.37	-	19.21	-
Idea Cellular Limited	0.92	-	14.65	-
Aditya Birla Science & Technology Company Pvt. Ltd.	3.45	-	4.56	-
iii. Services Received	17.14	-	15.26	-
Idea Cellular Limited	3.91	-	3.16	-
Aditya Birla Science & Technology Company Pvt. Ltd.	13.23	-	12.10	-
iv. Deposits, Loans and Advances Received Back during the year	4.90	-	2.45	-
Aditya Birla Science & Technology Company Pvt. Ltd.	4.90	-	2.45	-
(b) Outstanding Balances	As at 31/03/2018		As at 31/03/2017	
	Associates	Joint Ventures	Associates	Joint Ventures
i. Receivables	-	0.03	0.40	0.03
Idea Cellular Limited	-	-	0.40	-
Hydromine Global Minerals GmbH Limited	-	0.03	-	0.03
ii. Payables	0.26	-	0.10	-
Idea Cellular Limited	-	-	0.10	-
Aditya Birla Science & Technology Company Pvt. Ltd.	0.26	-	-	-
iii. Deposits, Loans and Advances	50.59	-	55.49	-
Aditya Birla Science & Technology Company Pvt. Ltd.	50.59	-	55.49	-

All outstanding balances are unsecured and are repayable in cash.

B. Trusts:

(a) Name of the Trusts

Hindalco Employee's Gratuity Fund, Kolkata
Hindalco Employee's Gratuity Fund, Renukoot
Hindalco Employee's Provident Fund Institution, Renukoot
Hindalco Superannuation Scheme, Renukoot
Hindalco Industries Limited Employees' Provident Fund II
Hindalco Industries Limited Senior Management Staff Pension Fund II
Hindalco Industries Limited Office Employees' Pension Fund

For details of transaction with the trust refer Note 48 of the Audited Consolidated Financial Statements.

C. Key Managerial Personnel

(₹ Crore)

	Year ended	
	31/03/2018	31/03/2017
(a) Managerial Remuneration	31.98	69.48
Mr. D. Bhattacharya - Vice Chairman*	6.93	48.29
Mr. Satish Pai - Managing Director **	20.97	17.51
Mr. Praveen kumar Maheshwari - Whole-time Director & Chief Financial Officer **	4.08	3.68
* Includes Pension of ₹ 4.02 crore (31/03/2017: ₹ NIL)		
** Excluding gratuity, leave encashment provision and compensation under Employee Stock Options Scheme		
(b) Directors' Remuneration	10.16	9.47
Mr. Kumar Mangalam Birla	5.19	5.21
Smt. Rajashree Birla	0.77	0.11
Mr. A.K. Agarwala	1.11	1.16
Mr. D. Bhattacharya	1.15	1.15
Mr. M.M. Bhagat	0.24	0.23
Mr. K.N. Bhandari	0.21	0.21
Mr. Y.P. Dandiwala	0.08	0.17
Mr. Ram Charan	0.09	0.03
Mr. Jagdish Khattar	0.11	0.12
Mr. Girish Dave	0.15	0.07
Mr. Satish Pai (As a Director of Novelis Inc.)	1.06	1.01

(c) Outstanding Balances

(₹ Crore)

	As at	
	31/03/2018	31/03/2017
Payables		
Directors' Remuneration Payables	0.01	0.01

- D.** The Company is one of the promoter members of Aditya Birla Management Corporation Private Limited (ABMCPL), a Company limited by guarantee, which has been formed to provide common facilities and resources to its members, with a view to optimise the benefits of specialisation and minimise the cost for each member. The Company is one of the participants in the common pool, and shares the expenses incurred by ABMCPL and accounted for under appropriate heads. The share of expenses charged by ABMCPL during the year ended March 31, 2018 is ₹ 341.77 crore (31/03/2017: ₹ 278.08 crore) and net outstanding payable balance as at March 31, 2018 is ₹ 71.58 crore (31/03/2017: ₹ 18.46 crore).

26. Note 59 of the Audited Consolidated Financial Statements

During the year ended March 31, 2018, the Group has reclassified/regrouped certain comparatives in order to confirm with current year's presentation. The key reclassification/regrouping included the following:

- Provisions amounting to ₹ 394.27 crore reclassified from Trade Payables to Current Provisions. Further, an amount of ₹ 36.69 crore has been reclassified from current provision to Non-current provisions.
- Other current assets related to tax amounting to ₹ 1,254.95 crore, reclassified to non-current tax assets amounting to ₹ 1,567.68 crore and current income tax liabilities amounting to ₹ 312.83 crore.
- Right to use asset amounting to ₹ 151.15 crore along with its accumulated depreciation amounting to ₹ 116.41 crore reclassified from intangible assets to property, plant and equipment.
- Currents asset amounting to ₹ 170.95 crore, reclassified from Other Current Liabilities to Other Current Assets.

27. Note 60 of the Audited Consolidated Financial Statements

Additional information required under Schedule III of the Companies Act, 2013

A. Information regarding subsidiaries, associates and joint ventures included in the consolidated financial statements for the year ended March 31, 2018:

	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	As % of Consolidated Net Assets	Amount (₹ Crore)	As % of Consolidated Profit/(Loss)	Amount (₹ Crore)	As % of Other Comprehensive Income	Amount (₹ Crore)	As % of Total Comprehensive Income	Amount (₹ Crore)
Parent:								
Hindalco Industries Limited	90.14%	49,450.74	23.62%	1,436.49	32.00%	957.15	26.38%	2,393.64
Subsidiaries:								
Indian:								
Minerals & Minerals Limited	0.01%	7.01	0.09%	5.31	0.00%	-	0.06%	5.31
Utkal Alumina International Limited	10.29%	5,645.44	9.23%	561.29	0.00%	0.09	6.19%	561.38
Utkal Alumina Technical & General Services Limited	0.00%	-	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
Suvas Holdings Limited	0.02%	13.04	0.00%	(0.25)	0.00%	-	0.00%	(0.25)
Renuka Investments & Finance Limited	0.32%	178.14	0.14%	8.26	-0.26%	(7.70)	0.01%	0.56
Renukeshwar Investments & Finance Limited	0.19%	106.50	0.11%	6.45	-0.38%	(11.37)	-0.05%	(4.92)
Dahej Harbour and Infrastructure Limited	0.18%	99.10	0.66%	39.93	0.00%	-	0.44%	39.93
Lucknow Finance Company Limited	0.03%	19.18	0.03%	1.59	0.00%	-	0.02%	1.59
Hindalco-Almex Aerospace Limited	0.15%	79.76	0.04%	2.69	0.00%	(0.12)	0.03%	2.57
East Coast Bauxite Mining Company Private Ltd.	0.00%	(0.02)	0.00%	-	0.00%	-	0.00%	-
Mauda Energy Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Foreign:								
A V Minerals (Netherlands) N.V.	19.94%	10,937.62	-0.01%	(0.70)	-0.03%	(0.90)	-0.02%	(1.60)
A V Metals Inc.	18.56%	10,181.78	0.00%	0.01	0.00%	(0.10)	0.00%	(0.09)
Novelis Inc. (Consolidated)	28.87%	15,837.28	65.41%	3,978.69	60.07%	1,796.81	63.65%	5,775.50
Hindalco Do Brasil Industria Comercia de Alumina Ltda.	0.23%	128.29	-2.47%	(149.96)	-0.37%	(11.07)	-1.77%	(161.03)
Hindalco Guinea SARL	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-Controlling Interest	0.02%	8.64	0.00%	(0.05)	0.00%	-	0.00%	(0.05)
Associates								
Indian:								
Idea Cellular Limited (refer Note 56D of the Audited Consolidated Financial Statements)	0.00%	-	-2.07%	(126.18)	0.00%	-	-1.39%	(126.18)
Aditya Birla Science and Technology Company Private Limited	0.03%	14.69	0.02%	1.09	0.00%	0.04	0.01%	1.13
	168.99%	92,707.19	94.77%	5,764.62	91.02%	2,722.83	93.53%	8,487.45
Consolidation Adjustments	-68.99%	(37,846.78)	5.23%	318.25	8.98%	268.59	6.47%	586.84
	100.00%	54,860.41	100.00%	6,082.87	100.00%	2,991.42	100.00%	9,074.29

B. Information regarding subsidiaries, associates and joint ventures included in the consolidated financial statements for the year ended March 31, 2017:

	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount (₹ Crore)	As % of Consolidated Profit/(Loss)	Amount (₹ Crore)	As % of Other Comprehensive Income	Amount (₹ Crore)	As % of Total Comprehensive Income	Amount (₹ Crore)
Parent:	-							
Hindalco Industries Limited	102.75%	47,332.56	82.71%	1,556.89	-2980.65%	535.92	112.26%	2,092.81
Subsidiaries:								
Indian:								
Minerals & Minerals Limited	0.00%	1.71	0.03%	0.55	0.00%	-	0.03%	0.55
Utkal Alumina International Limited	6.09%	2,804.35	-6.07%	(114.18)	-1.28%	0.23	-6.11%	(113.95)
Utkal Alumina Technical & General Services Limited	0.00%	0.04	0.00%	-	0.00%	-	0.00%	-
Suvas Holdings Limited	0.02%	8.28	0.00%	0.03	0.00%	-	0.00%	0.03
Renuka Investments & Finance Limited	0.39%	177.58	0.49%	9.26	-375.64%	67.54	4.12%	76.80
Renukeshwar Investments & Finance Limited	0.24%	111.42	0.35%	6.54	-263.68%	47.41	2.89%	53.95
Dahej Harbour and Infrastructure Limited	0.18%	83.24	1.64%	30.89	-0.17%	0.03	1.66%	30.92
Lucknow Finance Company Limited	0.04%	17.59	0.10%	1.81	-0.06%	0.01	0.10%	1.82
Hindalco-Almex Aerospace Limited	0.17%	77.18	0.12%	2.18	0.11%	(0.02)	0.12%	2.16
East Coast Bauxite Mining Company Private Ltd.	0.00%	(0.02)	0.00%	-	0.00%	-	0.00%	-
Mauda Energy Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Foreign:								
Birla Resources Pty Limited	0.00%	-	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Aditya Birla Minerals Limited (Consolidated)	0.00%	-	-2.73%	(51.48)	-94.94%	17.07	-1.85%	(34.41)
A V Minerals (Netherlands) N.V.	23.23%	10,702.21	-0.03%	(0.53)	1249.17%	(224.60)	-12.08%	(225.13)
A V Metals Inc.	22.02%	10,141.89	0.00%	-	1213.18%	(218.13)	-11.70%	(218.13)
Novelis Inc. (Consolidated)	21.76%	10,024.79	34.59%	651.08	4339.43%	(780.23)	-6.93%	(129.15)
Hindalco Do Brasil Industria Comercia de Alumina Ltda.	0.20%	93.18	-6.74%	(126.91)	40.93%	(7.36)	-7.20%	(134.27)
Hindalco Guinea SARL	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-Controlling Interest	0.01%	6.23	-0.93%	(17.44)	31.37%	(5.64)	-1.24%	(23.08)
Associates								
Indian:								
Idea Cellular Limited	3.37%	1,552.70	-1.34%	(25.31)	1.50%	(0.27)	-1.37%	(25.58)
Aditya Birla Science and Technology Company Private Limited	0.03%	13.56	0.01%	0.18	17.46%	(3.14)	-0.16%	(2.96)
	180.50%	83,148.50	102.19%	1,923.55	3176.75%	(571.18)	72.54%	1,352.37
Consolidation Adjustments	-80.50%	(37,083.47)	-2.19%	(41.25)	-3076.75%	553.20	27.46%	511.95
	100.00%	46,065.03	100.00%	1,882.30	100.00%	(17.98)	100.00%	1,864.32

C. MNH Shakti Limited, an Indian joint venture, and Hydromine Global Minerals (GmbH) Limited, a foreign joint venture, of the Group have been classified as held for sale. As a result of the same, equity accounting for these joint ventures has been discontinued and the investments in these joint ventures are carried at fair value.

As per our report annexed.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No. 304026E/E-300009

*For and on behalf of the Board of
Hindalco Industries Limited*

Sumit Seth
Partner
Membership No. 105869

Praveen Kumar Maheshwari
Whole-time Director &
Chief Financial Officer
DIN-00174361

Satish Pai – Managing Director
DIN-06646758

Place : Mumbai
Dated : May 16, 2018

Anil Malik
Company Secretary

M.M. Bhagat – Director
DIN-00006245



Hindalco Industries Limited

Registered Office:
Ahura Centre, 1st Floor, B Wing,
Mahakali Caves Road, Andheri (East),
Mumbai-400 093.

Tel: (91-22) 6691 7000

Fax: (91-22) 6691 7001

E-mail: hilinvestors@adityabirla.com

Website: www.hindalco.com

CIN No. L27020MH1958PLC011238