ADITYA BIRLA

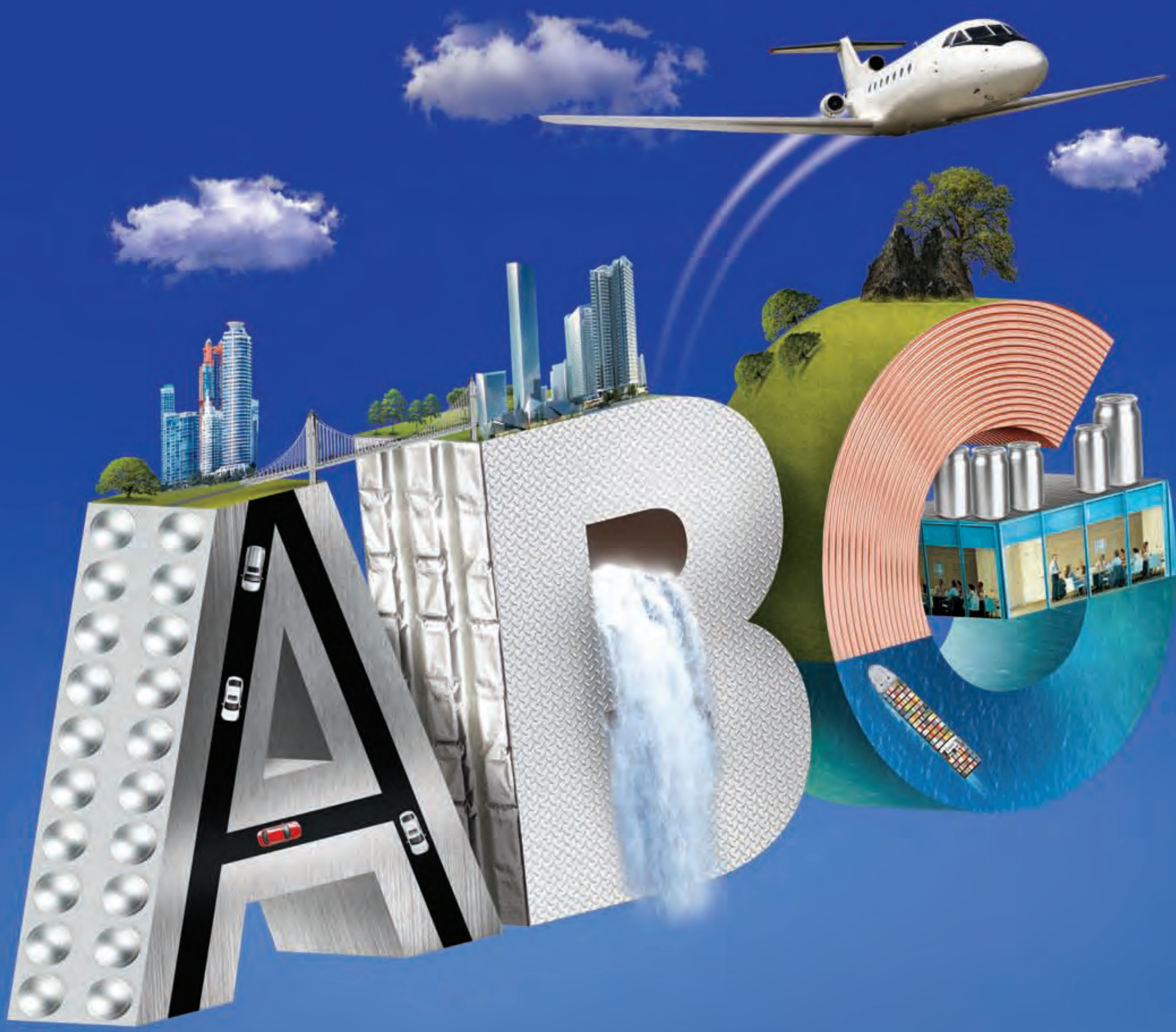
HINDALCO

ANNUAL REPORT

# 2015-16

**HINDALCO INDUSTRIES LIMITED**

**SUBSIDIARY COMPANIES - 1**



# BIG ON GROWTH

BASED ON STRONG FUNDAMENTALS

## Hindalco Subsidiary - 2015-16

TELEGRAMS : "TROBAS' CALCUTTA
TELEPHONE : 2212-6253, 2212-8016
FAX : 00-91-33-2212 7476
WEBSITE : www.gbasuandcompany.org
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G. BASU & CO.
CHARTERED ACCOUNTANTS

BASU HOUSE
3, CHOWRINGHEE APPROACH
KOLKATA - 700 072

**Independent Auditor's Report**
**To the Members of Minerals & Minerals Limited**

**Report on the Standalone Financial Statements**
We have audited the accompanying standalone financial statements of Minerals & Minerals Limited ("the Company"), which comprise the balance sheet as at 31st March 2016, the statement of profit and loss, thecash flow statement for theyear then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**
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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules 2014. 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 appropriateaccounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of 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.

**Auditor's Responsibility**
Our responsibility is to express an opinion on these standalonefinancial statements based on our audit.
We have taken into account the provisions of the Act, 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.
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March'2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-2 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   c) The Balance Sheet, Statement of Profit and Loss, and theCash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaidstandalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014.

   e) On the basis of the written representations received from the directors as on 31stMarch'2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March'2016 from being appointed as a director in terms of Section 164(2) of the Act.

   f) Our separate report on adequacyof internal financial control system and operating effectiveness of such controls is enclosed in Annexure-1.

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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

   a) The Company has no pending litigation.

   b) The Company did not have any long-term contract including derivative contract which may lead to any foreseeable loss.

   c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For G. BASU & CO.
Chartered Accountants
R. No.-301174E

(GAUTAM GUHA)
Partner
(M. No.-054702)

Place: Kolkata
Date: April 30, 2016

TELEGRAMS : "TROBAS' CALCUTTA
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**G. BASU & CO.**
CHARTERED ACCOUNTANTS

**BASU HOUSE**
3, CHOWRINGHEE APPROACH
KOLKATA - 700 072

**Annexure-1**

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

We have audited the internal financial controls over financial reporting of Minerals & Minerals Limited ("the Company") as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the GuidanceNote require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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 G. BASU & CO.
Chartered Accountants
R. No.-301174E
Gluha
(GAUTAM GUHA)
Partner
(M. No.-054702)

Place: Kolkata
Date: April 30, 2016

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## ANNEXURE - 2

**RE: Minerals & Minerals Ltd.**

**THIS IS REFERRED TO IN PARAGRAPH 1OF OUR REPORT OF EVEN DATE**

1a. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.

1b. The fixed assets have been physically verified during the year, at reasonable intervals by the management and no material discrepancies were noticed on such verification.

2. The company has adequate arrangement for periodical verification of inventory and last verification has been conducted on 31.03.2016.

3. No loans secured or unsecured have been granted by the company, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. The company has not made any loans or investments or issued any guarantee during the year.

5. In our opinion and according the information and explanations given to us the company has not accepted any deposit from the public.

6. The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for the year under review.

7a. According to the books and records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, vat, cess and any other statutory dues to the extent applicable to it. However, Municipal Tax amounting to Rs. 38,780/- has been lying unpaid for more than 6 months.

7b. Income Tax amounting to Rs. 19.28 lacs (for AY: 2012-13) has not been deposited as an appeal is lying pending with CIT(Appeal), Ranchi against demand raised by Income Tax Authority.

8. The Company has not defaulted in repayment of loans to banks, financial institutions and debenture holders.

9. The company has not raised any fund by way of initial public offer or further public offer or term loan.

10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

11. No managerial remuneration has been paid by the company during the year.

12. The company is not a Nidhi Company.

13. There has been no non compliance with relevant provisions of Companies Act in respect of transaction with related parties.

14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. The company has not entered into any non cash transactions with directors or persons connected with him.

16. The company is not required to be registered under section 45 IA of the Reserve Bank of India Act 1934.

Place: Kolkata
Date: April 30, 2016

For G. BASU & CO.
Chartered Accountants
R. No.-301174E

(GAUTAM GUHA)
Partner
(M. No.-054702)

# MINERALS & MINERALS LIMITED
## BALANCE SHEET AS ON 31ST MARCH 2016

Amount in Rs.

| | | NOTE NO. | As at 31-Mar-16 | As at 31-Mar-15 |
|---|---|---|---|---|
| I | **EQUITY AND LIABILITIES** | | | |
| | **1. Share holder's Funds** | | | |
| | a) Share Capital | 1 | 500,000 | 500,000 |
| | b) Reserves and Surplus | 2 | 11,082,358 | 10,758,173 |
| | | | | |
| | **2. Non-current liabilities** | | | |
| | a) Long Term borrowings | | - | - |
| | b) Deferred Tax Liabilities (Net) | | 2,172,020 | 1,858,785 |
| | c) Other long term liabilities | | - | - |
| | d) Long-term provisions | | - | - |
| | **3. Current Liabilities** | | | |
| | a) Short-term borrowings | | - | - |
| | b) Trade payables | 3 | 5,860,014 | 9,258,551 |
| | c) Other current liabilities | 4 | 33,846,113 | 30,745,517 |
| | d) Short-term provisions | | - | - |
| | **Total:** | | **53,460,505** | **53,121,026** |
| II | **ASSETS** | | | |
| | **1. Non-current assets** | | | |
| | a) Fixed Assets | 5 | | |
| | i) Tangible assets | | 22,991,282 | 15,415,773 |
| | ii) Intangible assets | | 9,987,721 | 10,562,652 |
| | iii) Capital work-in-progress | | 1,314,695 | 14,922,346 |
| | b) Non-current investments | | | - |
| | c) Deferred Tax assets | | | - |
| | d) Long-term loans and advances | 6 | 6,135,334 | 3,708,733 |
| | e) Other non-current assets | | | - |
| | **2. Current assets** | | | |
| | a) Current investment | | | - |
| | b) Inventories | 7 | - | 27,642 |
| | c) Trade receivables | | - | - |
| | d) Cash and cash equivalents | 8 | 4,581,037 | 988,002 |
| | e) Short-term loans and advances | 9 | 8,450,436 | 7,495,877 |
| | f) Other current assets | | | - |
| | **Total:** | | **53,460,505** | **53,121,025** |

Notes on Accounts — 14

As per report attached

For G. BASU & CO.
Chartered Accountants
R. No.-301174E

(GAUTAM GUHA)
Partner
(M. No.-054702)

Place: Kolkata
Date: 30-Apr-2016

For and on behalf of the Board

D. C. Kabra - Director

I. J. Joshi - Director

## MINERALS & MINERALS LIMITED

**Statement of Profit and Loss Account for the year ended 31st Mar-2016**

Amount in Rs

| | | | Particulars | Note No. | 31-Mar-2016 | 31-Mar-2015 |
|---|---|---|---|---|---|---|
| 1. | | | Revenue from Operations | 10(a) | 198,675,042 | 180,222,722 |
| 2. | | | Other Income | 10(b) | | 31,613 |
| 3. | | | Total Revenue (1+2) | | 198,675,042 | 180,254,335 |
| | | | | | | |
| 4. | | | **Expenses:** | | | |
| | a). | | Cost of material consumed | | - | - |
| | b). | | Purchase of Stock-in-trade | | - | - |
| | | | | | | |
| | c). | | **Decrease / (-) Increase in inventories:** | | | |
| | | i). | Finished Goods | | - | - |
| | | ii). | Work-in-Progress | | - | - |
| | | iii). | Stock-in-trade | | - | - |
| | d). | | Employees Benefits Expenses | | - | - |
| | e). | | Finance Costs | 11 | 10,826 | 2,988 |
| | f). | | Depreciation & amortisation expense | 5 | 1,811,332 | 1,314,706 |
| | g). | | Raising Expenses | | 142,890,570 | 137,667,522 |
| | h). | | Royalty | | 41,137,081 | 38,928,685 |
| | i). | | Other Expenses | 12 | 11,730,358 | 697,172 |
| | | | | | | |
| | | | **Total Expenses (Sub total 4)** | | **197,580,167** | **178,611,073** |
| | | | | | | |
| 5. | | | Profit before exceptional & extra ordinary items (3-4) | | 1,094,875 | 1,643,262 |
| 6. | | | Exceptional Items | | - | - |
| 7. | | | Profit / (Loss) before extra ordinary items (5-6) | | 1,094,875 | 1,643,262 |
| 8. | | | Extra Ordinary Items | | - | - |
| 9. | | | Profit before tax (7-8) | | 1,094,875 | 1,643,262 |
| | | | | | | |
| 10. | | | **Tax expenses:** | | | |
| | a). | | Current tax | | 457,455 | - |
| | b). | | Tax for earlier years | | | 5,956,078 |
| | c). | | Deferred tax | | 313,235 | - |
| 11. | | | Profit / (Loss) from continuing operations (9-10) | | 324,185 | -4,312,816 |
| 12. | | | Profit / (Loss) from discontinuing operations | | - | - |
| 13. | | | Tax expenses of discontinuing operations | | - | - |
| 14. | | | Profit / (Loss) for the year (11 +12-13) | | 324,185 | -4,312,816 |
| 15. | | | Profit / (Loss) for the year (11 + 14) | | | |
| | | | | | | |
| 16. | | | Earnings as per equity share: | | | |
| | a). | | Basic & Diluted before extraordinary item | | 6.48 | -86.26 |
| | b). | | Basic & Diluted after extraordinary item | | 6.48 | -86.26 |

Notes on Accounts 14

As per report attached

For G. BASU & CO.
Chartered Accountants
R. No.-301174E

(GAUTAM GUHA)
Partner
(M. No.-054702)

Place: Kolkata
Date: 30-Apr-2016

For and on behalf of the Board

D. C. Kabra - Director

I. J. Joshi - Director

## MINERALS & MINERALS LIMITED

### Cash Flow Statement for the year ended 31st March 2016

Amount in Rs.

| | For the year ended | |
|---|---|---|
| | 31st March, 2016 | 31st March, 2015 |
| | Rs. | Rs. |
| **Net Profit before Tax and Extraordinary items:** | 1,094,875 | 1,643,262 |
| Adjustment for : | | |
| Depreciation | 1,811,332 | 1,314,706 |
| Finance Cost | 10,826 | 2,988 |
| Assets written off | 27,642 | - |
| Adjustment of expenses against CWIP | 5,548,376 | - |
| **Operating Profit before changing in Working Capital** | **8,493,051** | **2,960,956** |
| Trade and Other receivable | -1,030,290 | 5,186,159 |
| Inventories | | - |
| Trade & Other Payable | -297,941 | 18,499,231 |
| Short Term Loans & Advances | | - |
| Refund / (Payment) of Tax | -692,331 | -2,542,336 |
| **Net Cash Flow from Operating Activities** | **6,472,489** | **24,104,010** |
| **Cash Flow From Investing Activities** | | |
| Addition to Fixed Asset and Capital Advance | -2,868,628 | -17,545,149 |
| Mining Right | - | -5,896,039 |
| **Net Cash Flow From Investing Activities** | **-2,868,628** | **-23,441,188** |
| Cash Flow From Financing Activities | | - |
| Finance cost | -10,826 | -2,988 |
| **Net Cash Flow From Financing Activities** | | - |
| Net Increased / (Decreased) in Cash or Cash equivalent | 3,593,035 | 659,834 |
| Cash / Cash equivalent as at the beginning of the year | 988,002 | 328,168 |
| **Cash / Cash equivalent as at the closing the year** | **4,581,037** | **988,002** |

For G. BASU & CO.
Chartered Accountants
R. No.-301174E

(GAUTAM GUHA)
Partner
(M. No.-054702)

Place: Kolkata
Date: April 30, 2016

For and on behalf of the Board

D. C. Kabra - Director

I. J. Joshi - Director

**Minerals & Minerals Limited**

1 (a) Particulars of Shares:

| Sl | Class of Shares | | Face value of one shares | Authorised Capital | | Issued & Subscribed | | | | | | Number of shares held by: | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Fully paid up | | Partly paid up | | Total | | Holding Company | Subsidiary / fellow subsidiary | Associates | Associates of holding Company | Any share holder holding 5% stake in concerned share |
| | | | | No. | Value | No. | Value | No. | Value | No. | Value | | | | | |
| A (i) | Equity Shares | 2015-16 | 10 | 50000 | 500000 | 50000 | 500000 | | | 50000 | 500000 | 50000 | 100% HOLDINGS- HINDALCO INDUSTRIES LTD.RENUKOOT | | | NIL |
| | | 2014-15 | 10 | 50000 | 500000 | 50000 | 500000 | | | 50000 | 500000 | 50000 | | | | NIL |
| (ii) | Paid up value of equity shares | 2015-16<br>2014-15 | | | | | 500000<br>(500000) | | | | | | | | | |
| | Right, Preference repaybility & restriction, if any, on equity shares | | Nil | | | | | | | | | | | | | |
| | Total paid up share capital | | | | | 50000 | 500000 | | | 50000 | 500000 | 50000 | | | | NIL |

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

Cont... Next Page

**Minerals & Minerals Limted**
**Cont....... Note 1**

(b) Reconciliation of number of shares outstanding at the beginning and end of the year.

| Particulars: | | Numbers of Equity Shares | | Numbers of Preference Shares | |
|---|---|---|---|---|---|
| | | 31-Mar-2016 | 31-Mar-2015 | 31-Mar-2016 | 31-Mar-2015 |
| Shares issued & subscribed as on 01/04/2015 | | | | | |
| Add: Issued during the year toward | | 50000 | 50000 | | |
| Public Issue | Not Applicable | | | | |
| Right Issue | | | | | |
| Private Placement | | | | | |
| Bonus Issue | | | | | |
| ESOP | | | | | |
| Merger / Amalgamation | | | | | |
| Conversion of bond/debentures | | | | | |
| Total | | | | | |
| Less: Buy Back | Not Applicable | | | | |
| Forfeiture | | | | | |
| Capital reduction | | | | | |
| Redemption of preference share | | | | | |
| Demerger | | | | | |
| Shares issued & subscribed as on 31/03/2016 | | 50000 | 50000 | | |

| c). Particulars for submission for a continuing period of 5 years | Number of Equity Shares | | Number of Preference Shares | |
|---|---|---|---|---|
| | Nil | Nil | Nil | Nil |
| | 31-Mar-2016 | 31-Mar-2015 | 31-Mar-2016 | 31-Mar-2015 |
| A). Aggregate number of shares alloted as fully paid up without payment being received in cash | Nil | Nil | Nil | Nil |
| B). Aggregate numbers of shares alloted as fully paid bonus share | Nil | Nil | Nil | Nil |
| C). Aggregate number and class of shares bought back | Nil | Nil | Nil | Nil |

| d). Others: | Number of Equity Shares | | Number of Preference Shares | |
|---|---|---|---|---|
| | 31-Mar-2016 | 31-Mar-2015 | 31-Mar-2016 | 31-Mar-2015 |
| i). Shares reserved for issue under options contracts / commitment for sale for shares / disinvestment | NIL | NIL | NIL | NIL |
| ii). Term therein | | | | |

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

**2. Reserve & Surplus**

Amount in Rs.

| Particulars | Details | 31st -Mar-2016 | Details | 31-Mar-2015 |
|---|---|---|---|---|
| Other Reserve (General Reserve): | | | | |
| Opening Balance | 10,758,173 | | 15,198,667 | |
| Add: Addition during the year (Transfer from Surplus) | | | | |
| Less : Amount Where Life Exhaused Written off | | | 127,679 | |
| | **10,758,173** | | 15,070,988 | |
| | | 10,758,173 | | 15,070,988 |
| Surplus / (deficit): | | | | |
| Opening Balance | | | | |
| Add: Profit/(Loss) for the year | 324,185 | | -4,312,816 | |
| Transfers from Reserves | - | | - | |
| Depreciation on Revaluation | - | | - | |
| Total | 324,185 | | -4,312,816 | |
| Less: Bonus shares | | | - | |
| Premium on shares issued under ESOP | | | - | |
| Bonus issue | | | - | |
| Dividend | | | - | |
| Tax on Dividend | | | - | |
| Total | | | - | |
| Less: Transfer to General Reserve | | 324,185 | | -4,312,816 |
| **Total** | | **11,082,358** | | **10,758,173** |

## 3 Trade Payables

Amount in Rs.

| Particulars | 31-Mar-16 | 31-Mar-2015 |
|---|---|---|
| Creditor for Goods & Services | 5860014 | 9,258,551 |
| Total | 5,860,014 | 9,258,551 |

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

4 **Other Current Liabilities**

Amount in Rs.

| Particulars | 31-Mar-16 | 31-Mar-2015 |
|---|---|---|
| **SECURITY DEPOSIT** | 247,208 | 247,208 |
| **ADVANCE FROM CUSTOMERS** | | |
| Hil - Renukoot | 30,395,507 | 26,469,818 |
| **STATUTORY LIABILITIES** | | |
| Income Tax payable | - | 3,038,627 |
| Centra Sales Tax | 500,031 | 179,719 |
| Tax Deduction at Source | 172,239 | 208,219 |
| Dead Rent | 95,163 | 95,163 |
| Project Liability | 450,000 | 450,000 |
| Special Officer Lohardaga(Municipality) | 38,780 | 38,780 |
| Inspection Charges(P.F) | | 100 |
| Railway Plot Rent | 275,636 | - |
| TCS on Mining | 32,426 | - |
| District Mining Officer - Lohardaga | 1,491,071 | - |
| District Mining Officer - Gumla | 130,169 | - |
| **Other Payable** | 17,883 | 17,883 |
| **TOTAL** | **33,846,113** | **30,745,517** |

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

Minerals & Minerals Ltd.
Court Road Lohardaga
Jharkhand

NOTE NO 5

## SCHEDULE OF FIXED ASSETS

| Sl No. | Particulers of Assets | ORIGINAL COST: As at 1st April 2015 | Addition: Acquisition | Addition: Other Adjustment | Addition: Sub Total | Sale/adjustment during this nYear | As at 31st March 2016 | DEPRECIATION: Total Dep As at 01.04.15 | For the period | Sale/Adjustment during Year | Total As at 31.03.16 | NET BOOK VALUE: W.D.V as at 31.03.16 | W.D.V as at 31.03.15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| I. | TANGIBLE ASSETS | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | Land : Freehold | 4,367 | | - | - | | 4,367 | - | - | | - | 4,367 | 4,367 |
| | Land : Leasehold | 16,690,676 | 623,700 | 6,014,371 | 6,638,071 | | 23,328,747 | 1,847,072 | 1,000,031 | | 2,847,103 | 20,481,644 | 14,843,604 |
| | Building | 652,562 | | - | - | | 652,562 | 620,132 | 488 | | 620,620 | 31,942 | 32,430 |
| | Road & Paths | 18,231 | | - | - | | 18,231 | 17,319 | - | | 17,319 | 912 | 912 |
| | Plant & Machinery | 5,420,352 | | 809,434 | 809,434 | | 6,229,786 | 4,931,940 | 121,543 | | 5,053,483 | 1,176,303 | 488,412 |
| | Furniture & Fixture | 157,112 | | 214,394 | 214,394 | | 371,506 | 149,968 | 8,221 | | 158,189 | 213,317 | 7,144 |
| | Vehicles | 1,980 | | 1,135,457 | 1,135,457 | | 1,137,437 | 1,980 | 103,912 | | 105,892 | 1,031,545 | - |
| | Office Equipment ( Computer) | 84,750 | | 14,556 | 14,556 | | 99,306 | 80,512 | 2,208 | | 82,720 | 16,586 | 4,238 |
| | Railway Siding | 661,306 | | - | - | | 661,306 | 628,240 | - | | 628,240 | 33,065 | 33,065 |
| | Electricity Installation | 28,355 | | - | - | | 28,355 | 27,092 | - | | 27,092 | 1,263 | 1,263 |
| | Tools & Implements | 6,750 | | - | - | | 6,750 | 6,412 | - | | 6,412 | 337 | 337 |
| | Othetr Minerals Concession | 100,000 | | - | - | | 100,000 | 100,000 | - | | 100,000 | - | - |
| | **Total** | **23,826,440** | **623,700** | **8,188,212** | **8,811,912** | - | **32,638,352** | **8,410,668** | **1,236,402** | - | **9,647,070** | **22,991,282** | **15,415,772** |
| II. | INTANGEBLE ASSETS | | | - | - | | - | | | | - | - | - |
| | Mining Rights | 11,498,599 | | - | - | | 11,498,599 | 935,948 | 574,930 | | 1,510,878 | 9,987,721 | 10,562,651 |
| | **Total** | **11,498,599** | - | - | - | - | **11,498,599** | **935,948** | **574,930** | - | **1,510,878** | **9,987,721** | **10,562,651** |
| | **Total (I+II)** | **35,325,039** | **623,700** | **8,188,212** | **8,811,912** | - | **44,136,951** | **9,346,616** | **1,811,332** | - | **11,157,948** | **32,979,003** | **25,978,423** |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| III. | Capita Work in Progress | 14,922,346 | 128,937 | | 128,937 | 13,736,588 | 1,314,695 | | | | - | 1,314,695 | 14,922,346 |
| | | | | | | | | | | | | | |
| | **G.Total (I+II+III)** | **50,247,385** | **752,637** | **8,188,212** | **8,940,849** | **13,736,588** | **45,451,646** | **9,346,616** | **1,811,332** | - | **11,157,948** | **34,293,698** | **40,900,769** |
| | | | | | | | | | | | | | |
| | **Previous Year** | 29,359,873 | 20,887,513 | | 20,887,513 | - | 50,247,386 | 7,904,230 | 1,442,385 | - | 9,346,615 | 40,900,771 | 21,455,643 |

G. BASU & CO. CHARTERED ACCOUNTANTS KOLKATA

**NOTE**

1 Lease against Land & Mining Rights had been sanctioned by the appropriate authourity for a period of 20 years. The lease consists of Pakhar 15.58 Ha, Pakhar 109.507 Ha & Bimarla 134.526 Ha.

2 The opening balance of CWIP includes an amount of Rs 5548376/- by way of preoperative expenses. Necessary adjustment has been made during the year. Balance amount has been capitalised along with further amount of 128937/- incurred during the year.

**Minerals & Minerals Limited**

**6. Long term Loans & Advances** **Amount in Rs.**

| **Particulars** | **31st-Mar-2016** | **31st-Mar-2015** |
|---|---|---|
| **Unsecured & Considered Good** | | |
| Security Deposit with Govt Authorities | 76,223 | 76,223 |
| Capital Advance | 5,003,708 | 2,887,717 |
| Advance payment of Tax<br>( Net provision of Rs 457455 PY NIL) | 1,055,403 | 744,793 |
| | **6,135,334** | **3,708,733** |

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

Minerals & Minerals Limited

**7. Inventories ( (Valued at lower of cost or net realisable value)**

Amount in Rs.

| Particulars | 31st-Mar-2016 | 31st-Mar-2015 |
|---|---|---|
| Stores & spares | - | 27,642 |
| **Total** | **-** | **27,642** |

G. BASU & CO. ★ KOLKATA ★ CHARTERED ACCOUNTANTS

## 8. Cash & Cash Equivalents

Amount in Rs.

| Particulars | 31st March 2016 | 31st March 2015 | # |
|---|---|---|---|
| Balances with banks | 4,576,619 | 986,118 | |
| Cash-in-Hand | 4,418 | 1,884 | |
| Total | **4,581,037** | **988,002** | |

## 9. Short term Loans & Advances

Amount in Rs.

| Particulars | 31st-Mar-2016 | 31st-Mar-2015 |
|---|---|---|
| **Unsecured & considered good** | | |
| Other Loans & Advances | 697,923 | - |
| Balance with Government Authority | 7,504,059 | 7,171,692 |
| | | - |
| Advance payment of tax | 246,774 | 322,505 |
| (Net of provision Rs. 437379/- PY: Rs. 1226010) | | |
| **Fringe Benefit Tax** | | |
| ( Net of Provision Rs 32560.00, P yr 32560.00) | 1,680 | 1,680 |
| Total | **8,450,436** | **7,495,877** |

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

**Note No. 10**

Amount in Rs.

| | | | | 31st March 2016 | 31st March 2015 |
|---|---|---|---|---|---|
| | a). | | **Revenue from Operation:** | | |
| | | i). | Sale of Products (Bauxite) | 198,675,042 | 180,222,722 |
| | | | | | |
| | b). | | **Other Income** | | |
| | | i). | Other Interest Income | - | 31,613 |
| | | | | **198,675,042** | **180,254,335** |

**Note No. 11**

Amount in Rs.

| | | | **Finance Costs** | 31st March 2016 | 31st March 2015 |
|---|---|---|---|---|---|
| | | i). | Interest expenses | | |
| | | ii). | Bank charges | 10826 | 2,988 |
| | | | | **10,826** | **2,988** |

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

**Note No. 12 (Other Expenses)**

Amount in Rs.

| | 31st March 2016 | 31st March 2015 |
|---|---|---|
| **Auditors' remuneration** | | |
| Audit Fees | 22,576 | 19,663 |
| For Tax Audit | 17,175 | 16,854 |
| For Other Services | | - |
| For re-imbursement of expenses | 6,000 | 5,000 |
| **Sub Total** | **45,751** | **41,517** |
| | | |
| **Other Mining Expenses** | | |
| | | |
| *Surface Rent & Cess* | 2,613 | 1,490 |
| *Exploration Expenses and others* | 924,882 | - |
| *Laboratory Expenses* | 16,758 | - |
| *Stone Pillaring Expenses* | 81,200 | - |
| *Road Maintenance Expenses* | 934,895 | - |
| *Mines Electricity & Lighting Expenses* | 45,100 | - |
| *Mines Safety Week Expenses* | 25,000 | - |
| *New Mines Lease Expenses* | 7,177,195 | - |
| **Sub Total** | **9,207,643** | **1,490** |
| | | |
| **Other General Expenses** | | |
| | | |
| *Staff Welfare Expenses* | 68,747 | - |
| *Insurance Charges* | 4,706 | - |
| *Motor Vehicle repairing expenses* | 393,318 | - |
| *Rates & Taxes* | 73,261 | 53,550 |
| *Rent Paid including siding* | 314,666 | 250,578 |
| *CSR Exp* | 614,199 | 224,839 |
| *Vehicle hiring Exp* | 477,636 | - |
| *Printing & Stationery* | 12,229 | - |
| *Guest House Exp* | 59,635 | - |
| *Security Expenses* | 202,056 | - |
| *Conveyance Exp* | 19,549 | - |
| *Miscellaneous general charges* | 52,740 | 100,198 |
| *Inventory written off* | 27,642 | - |
| *Labour charges* | 156,580 | - |
| *Legal Charges* | - | 25,000 |
| **Sub Total** | **2,476,964** | **654,165** |
| **TOTAL OTHER EXPENSES** | **11,730,358** | **697,172** |

MINERALS & MINERALS LIMITED

**Note No. 13**

**Movement of Provisions:**

Amount in Rs.

| Particulars | Provision for tax Fy 2015-16 | Provision for tax Fy 2014-15 |
|---|---|---|
| Opening Balance | 1,226,010 | 1,765,851 |
| Addition during the year | 457,455 | - |
| Sub Total | **1,683,465** | **1,765,851** |
| Less: Adjustment | 788,631 | 539,841 |
| **Closing Balance** | **894,834** | **1,226,010** |

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

14 (A) **Notes on Accounts**

a Related Party disclosers (lone party in transaction):-
Hindalco Industries Limited ( Holding Company)
The following transactions were carried out with the related party in the ordinary course of business

| | 2015-16 | 2014-15 |
|---|---|---|
| Bauxite Sales | 198,675,042 | 180,222,722 |
| Share Capital | 500,000 | 500,000 |
| Advance from Hindalco Industries Ltd, Renukoot | *30,395,507* | *26,469,818* |

b Company through contractual work is dealing with one product,Bauxite ore and as such there is no segment reporting in this regards(AS-17)

c Old liability for dead rent amounting to Rs.95163 is still outstanding.

d Other current liabilities includes Rs.4,50,000.The amount was paid to Govt.Authority for registration and miscellenious charges.Cheques were not presented to the Bank.Liability in this respect had been provided earlier.

e There is no impairment of Assets covered under Accounting Standard 28.

14 (B) Contingent liability(as per AS-29)

(a) Counter guarantee infavour of SBI, Renukoot Rs.2274750/-(Previous year Rs.1839750/-)

(b) Claims/Demands related to royalty on vanadium and others of Bauxite mines:

i) Claims / Demands by the Assistant Mining Officer, Lohardaga,in the state of Jharkhand on the Company towars Royalty for Rs. 81,04,105 together with interest of Rs.85,62,150 upto December 2005 on account of vanadium extracted and sold by Hindalco Industries Limited against Bauxite supplied to them from 1991 - 92 to December 2005 not admitted by the company and against which proceedings are pending before the Certificate Officer, Chhotanagpur Anchal Division,Ranchi and Allahabad High Court. Company has deposited Rs.42,86,122 and furnished Bank Guarantees for Rs.42,86,122 in compliance with the orders of said Certificate officer against these demands.The Company has filed a petition for this matter on 5th March, 2013 before Certificate Officer (Mines), South Chotanagpur, Ranchi to refund the deposit amount and exempt to renew the Bank Gaurantee, hearing pending.

ii) Company received notice of demand/claim from the court of Certificate Officer ( Mines ) Chotanagpur Anchyal, Doranda, Ranchi in the state of Jharkhand for Royalty on Vanadium along with interest for the period from January,2006 to June,2006 amount to Rs.1,86,500 for which demand petition u/s 9 of PDR Act has been submitted, which is still pending for final hearing.Impact of cash out flow if any on the demand could not be estimated the pending petition with the authority.

iii) A notice U/S 7 of P.D.R.Act received from Assistant Mining officer, Lohardaga had filed certificate case in the court of certificate officer, South Chhotanagpur Anchal, Ranchi for realization of Rs. 124263415/-joint provisional demand from Hindalco Industries Ltd & Company towards Royalty with interest due on vanadium mineral for the period from 01.07.06 to 31.11.10 for which objection petition U/S 9 of PDR Act has been filed on 29.03.11. Hearing of the case is pending. Impact of cash out flow if any on the demand could not be estimated pending disposal of petition the authority.

iv) There is a Demand for Surface Rent amounted to Rs.1265132/- (Previous year Rs.1128361) which has been received from DMO's Office of Lohardaga, Jharkhand which is pending for settlement with the authority. No reliable estimated of probable cash out flow could be made pending disposal .

v) Others Rs 13065345/-

(c) Capital commitments Gross Rs 5250000/-, advance Rs. 5003708/- , Net Rs. 246292/-

(d) The Minerals Minerals Limited has no Micro and Small parties registered under MSMED Act 2006.

(e) Figures of the previous year have been regrouped/rearranged wherever considered necessary.

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

15 **Significant Accounting Policies**

**Nature of operations**

Minerals & Minerals Limited is a 100% subsidiary of Hindalco Industries Limited and is engaged in the Business of Mining and Trading of Bauxite.

**Significant Accounting Policies**

**(a)Accounting convention**

The Financial Statements are prepared under the historical cost convention on an accrual basis and in accordence with the generally accepted accounting principles in India,the applicable mandatory accounting Standards as notified by the companies (Accountng Standard) Rules, 2006 and the relevant provisions of the companies Act,1956 of India.

(b) **Use Of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period.Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

(c ) **Fixed Assets**

(I) Tangible Assets are stated at cost less accumulated depreciation and impairment if any.
expenditure on making the assets ready for its intended use.

(d) **Depreciation and Amortization**

(I) Depreciation of Fixed Assets as at 31.12.1986 continues to be provided at the rates prevailing at that time on strainght line method pursuant to Circular No. 1/86 dated 21.5.1986 issues by the department of Company Affairs, New Delhi.

(II) For Fixed Assets added from 1987 onwards depreciation has been provided on straght-line method -over the estimated useful life of the assets in a manner prescribed in Part C of Schedule II of the Companies Act,2013.

(III) Mining rights and leasehold land are amortized over the period of lease on straight line basis.

(e) INVENTORIES:

(i) Stores & Spare parts are valued at Lower of cost or realisable Value

(ii) Sales revenue of the year is based on transfer price structured on the basis of cost of production prevailing in

the beginning of the year mutually agreed between the company and the transferee holding company.

(f) RECOGNITION OF INCOME AND EXPENDITURE :
Income & expenditure are recognised on accrual basis.

(g) TAXES ON INCOME
Current tax is determined as the amount of tax payable in respect of taxable income for the period.Deferred tax consideration of prudence,on timing difference,being the difference between taxable income and liabilities and assets are recognised at substantially enacted tax rates,subject to the accounting income that orginate in one period and are capable of reversal in one or more .

(h) Claim against the Company not admitted as a debt is disclosed as Contingent Liability.

For G. BASU & CO.
Chartered Accountants
R. No.-301174E

(GAUTAM GUHA)
Partner
(M. No.-054702)

For and on behalf of the Board

D. C. Kabra - Director

I. J. Joshi - Director

Place: Kolkata
Date: 30-Apr-2016

# M. L. SHARMA & CO. (Regd.)
CHARTERED ACCOUNTANTS

107, Chartered House, 297 - 299, Dr. C. H. Street, Behind Dolours Church, Marine Lines, Mumbai - 400 002.
☎ : (022) 2201 0808, 2201 1010 • Fax : (022) 2201 1414 • Resi. : (022) 2613 4916 • E-mail : mlsharma@mlsharma.in


## RENUKA INVESTMENTS & FINANCE LIMITED

### AUDITORS CERTIFICATE
### TO WHOMSOEVER IT MAY CONCERN

**Statutory Auditors Certificate in terms of para 15 of Non Banking Financial (Non-Deposit taking) Companies Prudential Norms, (RB) Directions 2007**

This is to certify that we are the statutory Auditors of **Renuka Investment & Finance Limited** having its Registered Office at **post Renukoot, Dist. Sonbhadra, Uttar Pradesh: 231 217**, have examined the books of accounts of the company as on March 31, 2016 and we certify that Renuka Investments & Finance Ltd is engaged in the business of non-banking financial institution requiring to hold a Certificate of Registration No.12.00046 dated 27th February, 1998 under Section 45-IA of the RBI Act, 1934

2. The company has Net Own Fund of **Rs. 3,283.91 (in Lakhs)** as on March 31, 2016.

3. Further, it is also certified that asset and income pattern of the company as on March 31, 2016 is as under.

**Asset Pattern as on March 31, 2016**

| Particulars | Rupees in lakhs | %age of total assets |
|---|---|---|
| HP assets (Stock on hire) | NIL | NIL |
| Equipment Leasing | NIL | NIL |
| Investment | 2782.60 | 83.12% |
| Loan & Advances | NIL | NIL |
| Cash, bank balance | 1.24 | 00.04% |
| Fixed Assets (Net owned assets) | 560.52 | 16.74% |
| Other Assets(specify) | 3.48 | 00.10% |
| Total asset | **3347.84** | **100.00%** |

**Income Pattern as on March 31, 2016**

| Particulars | Rupees in lakhs | % of total income |
|---|---|---|
| HP Income | NIL | NIL |
| Equipment Leasing Income | NIL | NIL |
| Income from Investments | 577.45 | 82.20% |
| Income from loans and advances | NIL | NIL |
| Other income (Show break-up and specify) | 125.07 | 17.80% |
| Total Income | **702.52** | **100.00%** |

Place: Mumbai
Dated: 25 APR 2016

For M L Sharma & co.,
Firm Reg. No. 109963W
Chartered Accountants

(C.H. Bandi) Partner
M. NO. 5385

# M. L. SHARMA & CO. (Regd.)
CHARTERED ACCOUNTANTS

107, Chartered House, 297 - 299, Dr. C. H. Street, Behind Dolours Church, Marine Lines, Mumbai - 400 002.
☎ : (022) 2201 0808, 2201 1010 • Fax : (022) 2201 1414 • Resi. : (022) 2613 4916 • E-mail : mlsharma@mlsharma.in


## AUDITOR'S REPORT

To

The Board of Directors
Renuka Investments & Finance Limited
P.O. Renukoot,
Dist. Sonbhadra,
U.P. 231 217.

As required by the Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions 1998,and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us during the course of the audit for the year ended 31st March, 2016 we are to state that :

I. The company has received a Certificate of Registration under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) from the Reserve Bank of India, Lucknow vide their letter No. LK.DBBS No.691/1475/1999-2000 dated 5th November,1999 with effect from 27th February, 1998 to carry on the business of a non banking financial company

**II.** The Board of Directors has passed a resolution for the non-acceptance of public deposits on, **25th, April, 2016.**

III. The Company has not accepted any public deposits during the financial year ended 31st March, 2016.

IV. The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it.

For M. L. SHARMA & CO.
Firm Reg. No. 109963W
CHARTERED ACCOUNTANTS

M. L. SHARMA & CO. CHARTERED ACCOUNTANTS

(C. H. BANDI) PARTNER
Membership No. 5385

Place of Signature: Mumbai
Dated: 25 APR 2016

**M. L. SHARMA & CO. (Regd.)**
CHARTERED ACCOUNTANTS

107, Chartered House, 297 - 299, Dr. C. H. Street, Behind Dolours Church, Marine Lines, Mumbai - 400 002.
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# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF**

**RENUKA INVESTMENTS & FINANCE LIMITED**

## Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **RENUKA INVESTMENTS & FINANCE LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014. 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, 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.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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 31st March, 2016, and its **Profits** and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 (the order); issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, (hereinafter referred to as the "Order"), and on the basis of such checks of the books & records of the company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure "A",** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

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 purpose of our audit.

(b) In our opinion the Company has kept proper books of account as required by law so far as appears from our examination of those books.

(c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the Written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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 system over financial reporting of the Company and the operating effectiveness of such control as at 31st March 2016, refer to our separate report in **Annexure "B"** attaches with this report.

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

i. The company has disclosed the impact, if any of pending litigations as at 31st march, 2016 on its financial position in its financial statements. Refer note no. 3 of note no. 24 of the notes to the Financial Statements in respect of contingent liability.

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

*iii.* There was no amount, which was required to be transferred to the investor Education and Protection Fund by the Company.

**For M. L. SHARMA & CO.**
**FIRM REG. NO. 109963W**
**CHARTERED ACCOUNTANTS**

**Place of Signature: Mumbai**
**Date:** 25 APR 2016

**(C. H. BANDI) PARTNER**
**Membership No.5385**

## ANNEXURE "A" TO THE INDEPENDENT AUDITORS REPORT

**The Annexure referred to in our Report of even date to the Members of RENUKA INVESTMENTS & FINANCE LIMITED on the Standalone financial statements for the year ended 31st March, 2016. We report that:**

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

   (b) As explained to us, the fixed assets of the company have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

   (c) According to the information and explanations given to us, the title deeds of the Immovable properties as disclosed in Fixed Assets (Note – 7) to the financial statements are held in the name of the Company.

2. There were no stock of goods during the year with the Company; hence, comments on its physical verification and Material discrepancies is not required and accordingly the provisions of clause 3 (ii) of the order, is not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured to the Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the companies Act, 2013 and Accordingly, provision of clause 3 (iii), (iii) (a), (iii) (b) & (iii) (c) of the order, are not applicable to the Company.

4. According to the information and explanations given to us, the company is a registered Non-Banking Finance Company with the Reserve Bank of India under section 45-IA of the RBI Act, 1934, accordingly provision of section 185 and 186 of the companies Act, 2013 are not applicable to the company hence, provision of clause 3 (iv)of the order, is not applicable to the Company.

5. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and any other relevant provision of the Companies Act, 2013 and the rules framed there under apply.

6. According to the information, explanations given to us and the books & records examined by us, since the company is a Registered Non Banking Financial Company and not carrying out any Manufacturing activity during the year therefore Maintenance of cost records Under section 148 (1) of the Companies Act, 2013 is not applicable to the company.

7. (a) According to the information and explanations given to us, the provisions of Provident Fund, Employees' State Insurance Sales Tax, duty of customs, duty of excise and value added Tax are not applicable to the company. the company is regular in depositing Income tax, Service tax and any other statutory dues with the appropriate authorities and there are no undisputed amounts payable for the same were outstanding as at 31st March, 2016 for a period exceeding six months from the date they became payable.

(b) According to information and explanations given to us and the books and records examined by us, there are no disputed amounts payables for Income Tax, Wealth Tax, Service Tax and Cess etc except Income Tax demand, the details of which are as under.

| **Name of the Statute** | **Nature of dues** | **Amount (in RS.)** | **Forum where dispute is pending** |
|---|---|---|---|
| Income Tax Act, 1961 | Income Tax & Interest AY-2007-08 | 3,24,540/- | CIT (Appeals), Allahabad |
| Uttar Pradesh Stamp Act (Sec. 47A of the Stamp Act. | Stamp Duty on Immoveable Properties | 1,83,195/- | Allahabad High Court |

8. The Company has not availed any loan from financial institution or Banks, government or debenture holders during the current year as well as in the earlier years and accordingly the provision of clause 3 (viii) of the order is not applicable to the Company.

9. In our opinion, and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and Term Loan during the year accordingly the provision of clause 3 (ix) of the order is not applicable to the Company.

10. According to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees have been noticed or reported during the year.

11. In our opinion, and according to the information and explanations given to us, the Company has not paid any amount to its Directors as a Managerial Remuneration as prescribed by the provision of section 197 read with schedule V of the companies Act, 2013 and accordingly the provision of clause 3 (xi) of the order is not applicable to the Company.

12. In our opinion, the company is not a Nidhi company and accordingly the provision of clause 3 (xii) of the order is not applicable to the Company.

13. In our opinion, and according to the information and explanations given to us, the company has not carried out any transactions with the related parties as defined in section 177 and 188 of the companies Act, 2013. However, the details of related party transactions has been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. In our opinion, and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the and accordingly the provisions of clause 3 (xiv) of the order is not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, the Company has not entered into any Non-Cash transaction with directors or persons connected with the directors, accordingly the provisions of clause 3 (xv) of the order is not applicable to the Company.

16. The Company is a Registered Non-Banking Finance Company vide its Certificate of Registration under Section 45-IA of the Reserve Bank of India Act, 1934 from the Reserve Bank of India, Lucknow vide their letter No. LK. DBBS No.691/1475/1999-2000 dated 5th November,1999 with effect from 27th February, 1998 to carry on the business of a Non-Banking Financial Company (NBFC).

**For M. L. SHARMA & CO.**
**FIRM REG. NO. 109963W**
**CHARTERED ACCOUNTANTS**

**(C. H. BANDI) PARTNER**
**Membership No.5385**

**Place of Signature: Mumbai**
**Date:** 25 APR 2016

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS REPORT

**The Annexure referred to in our Report of even date to the Members of RENUKA INVESTMENTS & FINANCE LIMITED on the Standalone financial statements for the year ended 31st March, 2016.**

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

We have audited the internal financial controls over financial reporting of RENUKA INVESTMENTS & FINANCE LIMITED ("the Company) as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company 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, 2016, 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 M. L. SHARMA & CO.
FIRM REG. NO. 109963W
CHARTERED ACCOUNTANTS

(C. H. BANDI) PARTNER
Membership No.5385

**Place of Signature: Mumbai**
**Date:** 25 APR 2016

# RENUKA INVESTMENT & FINANCE LIMITED

## Balance Sheet as at 31st March, 2016

(In Rs.)

| | Note No. | As at 31-Mar-16 | As at 31-Mar-15 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 2 | 9,25,00,000 | 9,25,00,000 |
| Reserves and Surplus | 3 | 23,58,91,036 | 53,62,11,513 |
| | | **32,83,91,036** | **62,87,11,513** |
| **Current Liabilities** | | | |
| Trade Payables | 4 | 2,20,038 | 23,251 |
| Other Current Liabilities | 5 | 61,73,031 | 61,84,726 |
| Short-term Provisions | 6 | - | 19,46,009 |
| | | **63,93,069** | **81,53,986** |
| | | **33,47,84,105** | **63,68,65,499** |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Fixed Assets | | | |
| Tangible Assets | 7 | 5,60,51,652 | 5,76,42,837 |
| Non-Current Investments | 8 | 19,76,47,270 | 19,76,47,356 |
| | | **25,36,98,922** | **25,52,90,193** |
| **Current Assets** | | | |
| Current Investments | 9 | 8,06,13,179 | 37,78,12,992 |
| Cash and Bank Balances | 10 | 1,24,380 | 30,11,276 |
| Other Current Assets | 11 | 3,47,624 | 7,51,038 |
| | | **8,10,85,183** | **38,15,75,306** |
| | | **33,47,84,105** | **63,68,65,499** |
| | | - | - |

| | |
|---|---|
| **Significant Accounting Policies** | 1 |
| The accompanying Notes are an integral part of the Financial Statements | 18 to 23 |

As per our report annexed
For M.L. Sharma & Co.
Registration No-109963W
Chartered Accountants

M.L. SHARMA & CO. CHARTERED ACCOUNTANTS Firm Reg. No. 109963W 107, Cine... House, 237/239, Dr. C.H. Street, Mumbai - 400 002.

(C.H. Bandi)
Partner
Membership No. 5385

D.C. Kabra
Director Cum Company Secretary

Anil Malik
Director

Place: Mumbai
Dated : 25th April, 2016

# RENUKA INVESTMENT & FINANCE LIMITED

## Statement of Profit and Loss for the Year ended 31st March, 2016

(In Rs.)

| | Note No. | Year ended 31-Mar-16 | Year ended 31-Mar-15 |
|---|---|---|---|
| **REVENUES** | | | |
| Other Income | 12 | 7,02,51,772 | 4,64,52,302 |
| Total Revenues | | **7,02,51,772** | **4,64,52,302** |
| **EXPENSES** | | | |
| Finance Costs | 13 | 12,507 | 8,580 |
| Depreciation and Amortization Expenses | 14 | 13,40,602 | 13,40,602 |
| Other Expenses | 15 | 14,00,850 | 14,77,096 |
| Total Expenses | | **27,53,959** | **28,26,278** |
| Profit before tax | | 6,74,97,813 | 4,36,26,024 |
| Tax Expense: | 16 | | |
| Current Tax | | 67,45,350 | 57,27,511 |
| Total Tax Expense: | | **67,45,350** | **57,27,511** |
| Profit for the period | | **6,07,52,463** | **3,78,98,513** |
| **Earnings per Equity Share:** | 17 | | |
| Basic (Rs.) | | 6.57 | 4.10 |
| Diluted (Rs.) | | 6.57 | 4.10 |
| **Significant Accounting Policies and Notes on Accounts** | 1 | | |
| The accompanying Notes are an integral part of the Financial Statements | 18 to 23 | | |

As per our report annexed
For M.L. Sharma & Co.
Registration No-109963W
Chartered Accountants

(C.H. Bandi)
Partner
Membership No. 5385

D.C. Kabra
Director Cum Company Secretary

Anil Malik
Director

Place: Mumbai
Dated : 25th April, 2016

# RENUKA INVESTMENT & FINANCE LIMITED

## Cash Flow Statement for the year ended 31st March, 2016

| | Year ended 31-Mar-16 | Year ended 31-Mar-15 |
|---|---|---|
| | | (In Rs.) |
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before Tax | 6,74,97,813 | 4,36,26,024 |
| Adjustment for : | | |
| Finance Costs | 12,507 | 8,580 |
| Depreciation and Amortization Expenses | 13,40,602 | 13,40,602 |
| Diminution in value of Investments | (22,492) | 22,492 |
| Investing Activities (Net) | (5,78,41,591) | (3,32,65,842) |
| Operating profit before working capital changes | 1,09,86,839 | 1,17,31,856 |
| Changes in working Capital: | | |
| Trade and other Receivables | (1,70,384) | 74,089 |
| Trade and other Payables | 1,85,092 | 16,96,737 |
| Cash generation from Operation | 1,10,01,547 | 1,35,02,682 |
| Payment of Direct Taxes | (83,49,031) | (36,37,056) |
| **Net Cash generated/ (used) - Operating Activities** | **26,52,516** | **98,65,626** |
| **B. CASH FLOW FROM INVESTMENT ACTIVITIES** | | |
| Purchase of Investments | (10,74,35,122) | (18,12,53,040) |
| Sale of Fixed Assets | 45,50,840 | - |
| Sale of Investments | 41,64,34,563 | 12,75,42,200 |
| Sale of Shares of Fellow Subsidiary | 1,713 | - |
| Interest Received | 2,92,733 | 2,33,348 |
| Dividend Received | 4,17,01,309 | 2,53,40,926 |
| **Net Cash Generated/ (Used) - Investing Activities** | **35,55,46,036** | **(2,81,36,566)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Repayment of Long-term Borrowings | - | (15,000) |
| Finance Cost Paid | (12,507) | (8,580) |
| Dividend Paid on Equity shares(including Dividend Distribution Tax) | (36,10,72,941) | (31,778) |
| **Net Cash Generated/ (Used) - Financing Activities** | **(36,10,85,448)** | **(55,358)** |
| **Net Increase/ (Decrease) in Cash and Cash Equivalents** | **(28,86,896)** | **(1,83,26,298)** |
| Add : Opening Cash and Cash Equivalents | 30,11,276 | 2,13,37,574 |
| Closing Cash and Cash Equivalents | **1,24,380** | **30,11,276** |

**Notes:**

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement".
2. The previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with figures of current financial year.

As per our report annexed
For M.L. Sharma & Co.
Registration No-109963W
Chartered Accountants

(C.H. Bandi)
Partner
Membership No. 5385

Place: Mumbai
Dated : 25th April, 2016

D.C. Kabra
Director Cum Company Secretary

Anil Malik
Director

# RENUKA INVESTMENT & FINANCE LIMITED

## Notes to Financial Statements

Note No.

1. **Significant Accounting Policies**

A. **Accounting Convention**

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as prescribed under section 133 of the companies Act,2013('Act') read with rule 7 of the companies(Accounts) rules,2014 and the relevant provisions of the Companies Act, 2013 as applicable to the company.

B. **Use of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. **Fixed Assets**

Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

D. **Depreciation and Amortization**

Depreciation on Tangible Assets has been provided using Straight Line Method at the rates and manner prescribed under Schedule II of the Companies Act,2013.

E. **Impairment**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value being higher of value-in-use and net selling price. Value-in-use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

F. **Investments**

(a). Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b). Current investments are valued at lower of cost and fair value.

G. **Revenue Recognition**

Revenue is recognized on transfer of significant right to use of property to the user. Interest, Dividend and other income on investments is accounted for when the right to receive the payment is established. The amounts where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

H. **Taxation**

Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference.

I. **Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

# RENUKA INVESTMENT & FINANCE LIMITED
## Notes to Financial Statements

| Note No. | | As at 31-Mar-16 | As at 31-Mar-15 |
|---|---|---|---|
| | | | (In Rs.) |
| 2 | **Share Capital:** | | |
| | **Authorized:** | | |
| | 99,95,000 (Previous year 99,95,000) Equity Shares of Rs.10/- each. | 9,99,50,000 | 9,99,50,000 |
| | 500 (Previous year 500) 15% Redeemable Cumulative Preference Shares of Rs.100/- each | 50,000 | 50,000 |
| | | **10,00,00,000** | **10,00,00,000** |
| | **Share Capital issued , Subscribed & Fully Paid-up:** | | |
| | 92,50,000 (Previous year 92,50,000) **Equity Shares** of Rs.10/-each | 9,25,00,000 | 9,25,00,000 |
| | | **9,25,00,000** | **9,25,00,000** |

Note :

a. Entire shares capital is held by holding company, Hindalco Ind.Ltd. or its nominees.

b. Other disclosure pursuant to Note no. 6 of Part I of Schedule III to the Companies Act, 2013 is either Nil or not applicable to the Company.

| Note No. | | 31-Mar-16 | 31-Mar-15 |
|---|---|---|---|
| 3 | **Reserves and Surplus:** | | |
| | Reserves and Surplus consist of the following: | | |
| | **Capital Redemption Reserve** | | |
| | Balance as at the beginning of the year | 15,000 | 15,000 |
| | **Special Reserve (As defined u/s 45-I(c) of the RBI Act)** | | |
| | Balance as at the beginning of the year | 11,02,55,086 | 10,26,32,533 |
| | Add: Amount transferred from surplus in the Statement of Profit and Loss | 1,21,99,647 | 76,22,553 |
| | Balance as at the end of the year | **12,24,54,733** | **11,02,55,086** |
| | **Surplus in the Statement of Profit and Loss** | | |
| | Balance as at the beginning of the year | 42,59,41,428 | 39,57,12,245 |
| | Add: Profit for the year | 6,07,52,463 | 3,78,98,513 |
| | Less: Transfer to Special Reserve | (1,21,99,647) | (76,22,553) |
| | Less: Transfer to Capital Redemption Reserve | - | (15,000) |
| | Less: Interim Dividend paid on Equity Shares | (30,00,00,000) | (26,377) |
| | Less: Dividend Distribution Tax | (6,10,72,941) | (5,401) |
| | Balance as at the end of the year | **11,34,21,303** | **42,59,41,427** |
| | | **23,58,91,036** | **53,62,11,513** |
| 4 | **Trade Payables** | | |
| | Payable to Others | 2,20,038 | 23,251 |
| | | 2,20,038 | 23,251 |
| 5 | **Other Current Liabilities** | | |
| | Statutory Dues Payables | 1,326 | 13,021 |
| | Security and other Deposits | 61,71,705 | 61,71,705 |
| | | **61,73,031** | **61,84,726** |
| 6 | **Short-term Provisions** | | |
| | Provision for Current Tax (Net of Advance Tax) | - | 19,46,009.00 |
| | | - | **19,46,009.00** |

## RENUKA INVESTMENT & FINANCE LIMITED
### Notes to Financial Statements

(In Rs.)

| Note No. | As at 31-Mar-16 | 31-Mar-15 |
|---|---|---|
| 7 **Tangible Assets** | | |
| Summary and net carrying amount of each class of tangible assets are given below: | | |
| Cost | 7,85,25,147 | 7,87,75,730 |
| Less: Accumulated Depreciation | 2,24,73,495 | 2,11,32,893 |
| Net Carrying Amount | **5,60,51,652** | **5,76,42,837** |

| | Cost | | Accumulated Depreciation | | Net Carrying Amount | |
|---|---|---|---|---|---|---|
| | 31-Mar-16 | 31-Mar-15 | 31-Mar-16 | 31-Mar-15 | 31-Mar-16 | 31-Mar-15 |
| Land | 1,86,383 | 4,36,966 | - | - | 1,86,383 | 4,36,966 |
| Buildings | 7,83,38,764 | 7,83,38,764 | 2,24,73,495 | 2,11,32,893 | 5,58,65,269 | 5,72,05,871 |
| | **7,85,25,147** | **7,87,75,730** | **2,24,73,495** | **2,11,32,893** | **5,60,51,652** | **5,76,42,837** |

Reconciliation of the gross and net carrying amounts of assets at the beginning and period ending 31/03/2016 are as under:

**Cost**

| | As at 31-Mar-15 | Additions | Disposals | Other Adjustments | As at 31-Mar-16 |
|---|---|---|---|---|---|
| Land | 4,36,966 | - | 2,50,583 | - | 1,86,383 |
| Buildings | 7,83,38,764 | - | - | - | 7,83,38,764 |
| | **7,87,75,730** | **-** | **2,50,583** | **-** | **7,85,25,147** |

**Accumulated Depreciation**

| | As at 31-Mar-15 | Additions | Disposals | Other Adjustments | As at 31-Mar-16 |
|---|---|---|---|---|---|
| Land | - | - | - | - | - |
| Buildings | 2,11,32,893 | 13,40,602 | - | - | 2,24,73,495 |
| | **2,11,32,893** | **13,40,602** | **-** | **-** | **2,24,73,495** |

**Note:** Building represents rights to use and occupy an office space in a building at Mumbai for which the Company has invested Rs. 702.27 Lacs in Equity shares & debentures in a company.

Note No.

(In Rs.)

| | | | | As at 31-Mar-16 | As at 31-Mar-15 |
|---|---|---|---|---|---|
| **8 Non-Current Investments** | | | | | |
| **Other Investments** | | | | | |
| | Quoted/ Unquoted | Face value per Unit | Numbers | | |
| **Investments in Equity Instruments of Associates** | | | | | |
| Aditya Birla Chemicals (India) Ltd | Quoted | Rs.10/- | 7,75,000 | - | 83,35,000 |
| **Investments in Equity Instruments of Others** | | | | | |
| National Aluminium Company Ltd | Quoted | Rs.5/- | 1,64,18,964 | 18,91,24,356 | 18,91,24,356 |
| Grasim Industries Limited | Quoted | Rs.10/- | 48,437 | 83,34,914 | - |
| Birla Management Centre Services Limited | Unquoted | Rs.10/- | 7,000 | 70,000 | 70,000 |
| Aditya Birla Power Company Limited | Unquoted | Rs.10/- | 11,500 | 1,15,000 | 1,15,000 |
| **Investments in Preference Shares of Others** | | | | | |
| Birla Management Centre Services Limited | Unquoted | Rs.10/- | 300 | 3,000 | 3,000 |
| **Total Non-Current Investments** | | | | **19,76,47,270** | **19,76,47,356** |
| Aggregate amount of Unquoted Investments | | | | **1,88,000** | **1,88,000** |
| Aggregate amount of Quoted Investments | | | | **19,74,59,270** | **19,74,59,356** |
| Aggregate market value of Quoted Investments | | | | **83,47,48,172** | **93,50,49,671** |

"During the year, pursuant the Scheme of Amalgamation of Aditya Birla Chemicals (India) Limited (ABCIL), a fellow subsidiary of the Company, with Grasim Industries Limited (Grasim) formulated under Sections 391 to 394 of the Companies Act, 1956 read with other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (Scheme). the Company has got 48,437 equity shares of Rs. 10/- each fully paid-up of Grasim in exchange for shares of ABCIL as per the terms of the Scheme. The carrying cost of investments in ABCIL has been assigned as acquisition cost of investments in Grasim. Further, Rs. 1723/- received on sale of fraction shares of Grasim, as a result of said transaction, has been accounted for as sales of investments and recognized Rs. 1627/- as profit on sale of long-term investments. "

**9 Current Investments**

**Investments in Mutual Funds :**

| | | Quoted/ Unquoted | 31-Mar-16 | 31-Mar-15 |
|---|---|---|---|---|
| i. | Nil (previous year 5000000)units of Sundaram Fixed term plan GE 366 Days Direct Growth till 07-May-2015 | Quoted | - | 5,00,00,000 |
| ii. | Nil (previous year 209721.080) units of Sundaram Money Fund - Direct Plan - Growth | Quoted | - | 57,11,229 |
| iii | 2455911.200 (previous year 2455911.200) units of Baroda Pioneer Dynamic Bond Fund - Plan B Growth - ISIN INF955L01AA3 | Quoted | 3,19,67,200 | 3,19,67,200 |
| iv. | Nil (previous year 4804.358) units of UTI Money Market Fund-Institutional daily Dividend | Quoted | - | 48,20,623 |
| v. | Nil (previous year 1421703.250) units of Birla Sunlife Dynamic Bond Fund-Monthly Dividend | Quoted | - | 1,48,40,689 |
| vi. | 354406.085 (previous year 464265.861) units of Birla Sun Life Short Term Fund - Growth - Direct Plan | Quoted | 1,96,78,000 | 2,25,00,000 |
| vii. | Nil (previous year 20908605.350) units of Birla Sun Life Short Term Fund-Monthly Dividend-Direct Plan | Quoted | - | 24,43,44,819 |
| viii. | 140792.772 (previous year Nil) units of Birla Sunlife Dynamic Bond Fund - Retail - Growth - Direct | Quoted | 34,99,616 | - |
| ix. | 2112799.525 (previous year 300987.336) units of IDFC Arbitrage Plus Fund - Direct Plan - Dividend | Quoted | 2,54,68,363 | 36,28,432 |
| | | | **8,06,13,179** | **37,78,12,992** |
| | Aggregate amount of Quoted Investments | | **8,06,13,179** | **37,78,12,992** |
| | Aggregate market value of Quoted Investments | | **8,51,18,139** | **38,89,25,576** |
| | Diminution in value of Investment | | - | 22,492 |

**10 Cash and Bank Balances:**

| | 31-Mar-16 | 31-Mar-15 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| Balance with Banks: | | |
| Deposits with less than 3 months initial maturity | - | 27,08,699 |
| Current Accounts | 1,24,011 | 3,02,208 |
| Cash in hand | 369 | 369 |
| | **1,24,380** | **30,11,276** |
| | **1,24,380** | **30,11,276** |

# RENUKA INVESTMENT & FINANCE LIMITED
## Notes to Financial Statements

(In Rs.)

| Note No. | | As at 31-Mar-16 | As at 31-Mar-15 |
|---|---|---|---|
| 11 | **Other Current Assets** | | |
| | Other Current Assets consist of the following: | | |
| | Interest accrued but not due | - | 1,70,405 |
| | Income Tax Refund & Interest Receivable | 17,970 | 5,15,568 |
| | Advance Tax & Tds (Net of Provisions) | 1,55,270 | - |
| | Receivables against Land | - | 61,065 |
| | Receivables against Rent | 71,483 | - |
| | Others | 1,02,901 | 4,000 |
| | | **3,47,624** | **7,51,038** |

| Note No. | | Period ended 31-Mar-16 | Period ended 31-Mar-15 |
|---|---|---|---|
| 12 | **Other Income:** | | |
| | **Other Income consist of the following:** | | |
| | Interest Income | | |
| | On Inter Corporate Deposits and Fixed Deposits | 1,22,328 | 2,46,486 |
| | Dividend Income | | |
| | On Long Term Investments | 3,26,08,187 | 77,30,086 |
| | On Current Investments | 90,93,122 | 1,76,10,840 |
| | Net Gain/ (Loss) on sale of Investments | | |
| | On Current Investments | 1,17,77,135 | 76,78,429 |
| | On Long Term Investments | 1,627 | - |
| | Rent Income | 1,23,84,101 | 1,31,86,461 |
| | Sundry Credit Balances Written Back | 3,588 | - |
| | Profit on sale of Land | 42,39,192 | - |
| | Diminution in value of Investment | 22,492 | - |
| | | **7,02,51,772** | **4,64,52,302** |
| 13 | **Finance Cost:** | | |
| | Interest Paid to Income Tax Dep | - | 8,580 |
| | Interest Paid to Service Tax Dep | 12,507 | - |
| | | 12,507 | 8,580 |
| 14 | **Depreciation and Amortization Expenses:** | | |
| | Depreciation and Amortization Expenses: | 13,40,602 | 13,40,602 |
| | | **13,40,602** | **13,40,602** |
| 15 | **Other Expenses:** | | |
| | **Other Expenses consist of the following:** | | |
| | Property Tax | 4,70,212 | 4,92,594 |
| | Repair & Maintanance-Buildings | 8,27,962 | 9,07,468 |
| | **Auditors' Remuneration** | | |
| | Audit Fees | 14,313 | 14,045 |
| | Tax Audit Fees | 5,725 | 5,618 |
| | Certification Charges | 2,247 | 2,247 |
| | Fees Paid to Auditor for IT Matters | 2,850 | 2,809 |
| | Reimbursement of Expenses | 25,249 | 23,314 |
| | ROC filing fees | 4,200 | 4,200 |
| | Professional Charges | 45,000 | 843 |
| | Demat Charges | 1,685 | - |
| | Miscellaneous Expenses | 1,407 | 1,466 |
| | Diminution in value of Investment | - | 22,492 |
| | | **14,00,850** | **14,77,096** |
| 16 | **Tax Expenses** | | |
| | **Current Tax Expenses** | | |
| | Current Tax for the period | 64,99,576 | 55,13,261 |
| | Tax adjustments for earlier years (Net) | 2,45,774 | 2,14,250 |
| | | **67,45,350** | **57,27,511** |

# RENUKA INVESTMENT & FINANCE LIMITED
## Notes to Financial Statements

(In Rs.)

| Note No. | | Period ended 31-Mar-16 | Period ended 31-Mar-15 |
|---|---|---|---|
| 17 | **Earning per Share (EPS)** | | |
| | Profit/ (Loss) for the period | 6,07,52,463 | 3,78,98,513 |
| | Weighted average number of shares used in the calculation of EPS: | | |
| | Weighted average number of Basic Equity Shares outstanding | 92,50,000 | 92,50,000 |
| | Weighted average number of Diluted Equity Shares outstanding | 92,50,000 | 92,50,000 |
| | Face value of per share (Rs.) | 10 | 10 |
| | Basic EPS (Rs.) | 6.57 | 4.10 |
| | Diluted EPS (Rs.) | 6.57 | 4.10 |

**18 Impairment Loss**

The Company has carried out impairment test of assets and identified that there is no impairment loss during the period.

**19 Contingent Liabilities and Commitments**

Contingent liability not provided for in respect of

| | Details | As at 31st Mar, 2016 | As at 31st Mar, 2015 |
|---|---|---|---|
| A. | Income Tax & Interest For A. Y. 2007-2008 (Net of Adjustment against refund due for A. Y. 2012-13 amounting to Rs. 9,37,370/-) | 3,24,540 | 3,24,540 |
| B. | Income Tax & Interest For A. Y. 2009-2010 (Net of Adjustment against refund due for A. Y. 2011-12 amounting to Rs. 6,95,460/-) | - | - |
| C. | Stamp Duty Demand raised by the State Government of U.P. on Purchase of Land from Gwalior Properties and Estate Limited (Net of Payment of Rs. 1,83,195/-) | 1,83,195 | |
| | | **5,07,735** | **3,24,540** |

**20 Related Party Disclosures:**

A. List of Related Parties:

| Name | Relationship |
|---|---|
| Hindalco Industries Limited | Holding Company |
| Minerals & Minerals Limited | Fellow Subsidiary |
| Renukeshwar Investments and Finance Limited | Fellow Subsidiary |
| Lucknow Finance Company Limited | Fellow Subsidiary |
| Dahej Harbour and Infrastructure Limited | Fellow Subsidiary |
| Birla Resources Pty Limited | Fellow Subsidiary |
| Aditya Birla Minerals Limited | Fellow Subsidiary |
| Birla Maroochydore Pty Limited | Fellow Subsidiary |
| Birla (Nifty) Pty Limited | Fellow Subsidiary |
| Birla Mt. Gordon Pty Limited(Disposed of on 27-Oct-2015) | Fellow Subsidiary |
| Utkal Alumina international Limited | Fellow Subsidiary |
| Utkal Alumina Technical & General Services Limited | Fellow Subsidiary |
| Suvas Holdings Limited | Fellow Subsidiary |
| Hindalco-Almex Aerospace Limited | Fellow Subsidiary |
| Hindalco Do Brasil Ind Com Alumina Limited | Fellow Subsidiary |
| A V Minerals (Netherlands) B.V. | Fellow Subsidiary |
| A V Metals Inc. | Fellow Subsidiary |
| Novelis Inc. | Fellow Subsidiary |
| East Coast Bauxite Mining Company Private Limited | Fellow Subsidiary |
| Tubed Coal Mines Limited | Fellow Subsidiary |
| Mouda Energy Limited | Fellow Subsidiary |
| Hindalco Guinea SARL | Fellow Subsidiary |
| Mahan Coal Limited | Joint Ventures of Holding Company |
| Hydromine Global Minerals GMBH Limited | Joint Ventures of Holding Company |
| MNH Shakti Limited | Joint Ventures of Holding Company |
| Aditya Birla Science & Technology Pvt. Limited | Associates of the Holding Company |
| Idea Cellular Limited | Associates of the Holding Company |
| Trident Trust | Trust of the Holding company |

## RENUKA INVESTMENT & FINANCE LIMITED
### Notes to Financial Statements

B. The following transactions were carried out with the related parties in the ordinary course of business:

| | | | | | (In Rs.) |
|---|---|---|---|---|---|
| | | 2015-16 | | 2014-15 | |
| Sl. No. | Transaction | Holding Company | Fellow Subsidiary Company | Holding Company | Fellow Subsidiary Company |
| 1 | Dividend Received-ABCIL | - | - | - | 1162500 |
| 2 | Redemption of Pref. Share capital-Hindalco Inds. Ltd. | - | - | 15000 | - |
| 3 | Dividend paid on Pref. Shares-Hindalco Inds. Ltd. | - | - | 26377 | - |
| 3 | Dividend paid on Equity Shares-Hindalco Inds. Ltd. | 300000000 | - | - | - |

Note No.

21 There are no deferred tax assets and liabilities as on 31st March, 2016

22 There are no Micro Small & Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at the Balance Sheet date. The Company has also not paid any interest to any Micro, Small & Medium Enterprises during the Accounting Year and no interest are payable to such parties on the Balance Sheet date. This information as required to be disclosed under section 22 of The Micro, Small and Medium Enterprises Development Act,2006 has been determined to the extent such parties have been identified on the basis of information available with the comapny.

23 The figures have been rounded off to nearest rupee and previous period's figures have been regrouped / rearranged wherever necessary to make them comparable with figures of current period.

As per our report annexed
For M.L. Sharma & Co.
Registration No-109963W
Chartered Accountants

(C.H. Bandi)
Partner
Membership No. 5385

M. L. SHARMA & CO. Firm Reg. No. 109963W 107, Charaned House, 297/299 Dr. D.N. Street, Mumbai - 400 002. CHARTERED ACCOUNTANTS

Place: Mumbai
Dated : 25th April, 2016

D.C. Kabra
Director Cum Company Secretary

Anil Malik
Director

M. L. SHARMA & CO. (Regd.)
CHARTERED ACCOUNTANTS

107, Chartered House, 297 - 299, Dr. C. H. Street, Behind Dolours Church, Marine Lines, Mumbai - 400 002.
☎ : (022) 2201 0808, 2201 1010 • Fax : (022) 2201 1414 • Resi. : (022) 2613 4916 • E-mail : mlsharma@mlsharma.in

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF

## RENUKESHWAR INVESTMENTS & FINANCE LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **RENUKESHWAR INVESTMENTS & FINANCE LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014. 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, 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.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion, and to the best of our information, and according to the explanations given to us, the aforesaid Standalone 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 31st March, 2016, and its **Profits** and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 (the order); issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, (hereinafter referred to as the "Order"), and on the basis of such checks of the books & records of the company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure "A",** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

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 purpose of our audit.

(b) In our opinion the Company has kept proper books of account as required by law so far as appears from our examination of those books.

(c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the Written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of section 164 (2) of the Act.

M. L. SHARMA & CO. MUMBAI Firm Reg No 109963W Chartered Accountants

(f) With respect to the adequacy of the internal financial controls system over financial reporting of the Company and the operating effectiveness of such control as at 31st March, 2016, Refer to our separate report in **Annexure "B"** attaches with this report.

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

i. The company did not have any pending litigations, which would impact its financial position.

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

iii. There was no amount, which was required to be transferred, to the investor Education and Protection Fund by the Company.

**For M. L. SHARMA & CO.**
**FIRM REG. NO. 109963W**
**CHARTERED ACCOUNTANTS**

**(C. H. BANDI) PARTNER**
**Membership No.5385**

**Place of Signature: Mumbai**
**Date:** 25 APR 2016

## ANNEXURE "A" TO THE INDEPENDENT AUDITORS REPORT

**The Annexure referred to in our Report of even date to the Members of RENUKESHWAR INVESTMENTS & FINANCE LIMITED on the Standalone financial statements for the year ended 31st March, 2016. We report that:**

1. The Company does not own any fixed assets during the financial year under review. Therefore, comments regarding maintenance of proper records, Physical verification of Fixed Assets by the management and title of the immovable Properties are not required and accordingly the provisions of clause 3 (i) (a) to (c) of the order are not applicable to the Company

2. There were no stock of goods during the year with the Company; hence, comments on its physical verification and Material discrepancies is not required and accordingly the provisions of clause 3 (ii) of the order, is not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured to the Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the companies Act, 2013 and Accordingly, provision of clause 3 (iii), (iii) (a), (iii) (b) & (iii) (c) of the order, are not applicable to the Company.

4. According to the information and explanations given to us, the company is an Investment Company whose principal business is the acquisition of securities and accordingly provision of section 185 and 186 of the companies Act, 2013 are not applicable to the company.

5. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 and any other relevant provision of the Companies Act, 2013 and the rules framed there under apply.

6. According to the information, explanations given to us and the books & records examined by us, since the company is an Investment & Financial Company and not carrying out any Manufacturing activity during the year therefore Maintenance of cost records Under section 148 (1) of the Companies Act, 2013 is not applicable to the company.

7\. (a) According to the information and explanations given to us, the provisions of Provident Fund, Employees' State Insurance Sales Tax, duty of customs, duty of excise and value added Tax are not applicable to the company. the company is regular in depositing Income tax, Service tax and any other statutory dues with the appropriate authorities and there are no undisputed amounts payable for the same were outstanding as at 31st March, 2016 for a period exceeding six months from the date they became payable.

M. L. SHARMA & CO. MUMBAI Firm Reg. No. 109963W Chartered Accountants

(b) According to information and explanations given to us and the books and records examined by us, there are no disputed amounts payables for Income Tax, Service Tax and Cess etc.

8. The Company has not availed any loan from financial institution or Banks, government or debenture holders during the current year as well as in the earlier years and accordingly the provision of clause 3 (viii) of the order is not applicable to the Company.

9. In our opinion, and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and Term Loan during the year accordingly the provision of clause 3 (ix) of the order is not applicable to the Company.

10. According to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In our opinion, and according to the information and explanations given to us, the Company has not paid any amount to its Directors as a Managerial Remuneration as prescribed by the provision of section 197 read with schedule V of the companies Act, 2013 and accordingly the provision of clause 3 (xi) of the order is not applicable to the Company.

12. In our opinion, the company is not a Nidhi company and accordingly the provision of clause 3 (xii) of the order is not applicable to the Company.

13. In our opinion, and according to the information and explanations given to us, the company has not carried out any transactions with the related parties as defined in section 177 and 188 of the companies Act, 2013. However, the details of related party transactions has been disclosed in the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. In our opinion, and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the and accordingly the provisions of clause 3 (xiv) of the order is not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, the Company has not entered into any Non-Cash transaction with directors or persons connected with the directors, accordingly the provisions of clause 3 (xv) of the order is not applicable to the Company.

M.L. SHARMA & CO. MUMBAI Firm Reg. No. 109963W Chartered Accountants

16. In our opinion and according to the information and explanations given to us, the Company is required to be Registered with the Reserve Bank of India as a Non-Banking Finance Company under section 45-IA of the RBI Act, 1934 to carry on the business of a Non-Banking Financial Company (NBFC) and accordingly the company has applied for registration under Section 45-1A of the Reserve Bank of India Act, 1934 (2 of 1934), to carry on the business of a Non -Banking financial company, in the office of the RBI, Kanpur, but the registration number is still awaited.

**For M. L. SHARMA & CO.**
**FIRM REG. NO. 109963W**
**CHARTERED ACCOUNTANTS**

**Place of Signature: Mumbai**
**Date:** 25 APR 2016

**(C. H. BANDI) PARTNER**
**Membership No.5385**

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS REPORT

**The Annexure referred to in our Report of even date to the Members of RENUKESHWAR INVESTMENTS & FINANCE LIMITED on the Standalone financial statements for the year ended 31st March, 2016.**

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

We have audited the internal financial controls over financial reporting of RENUKESHWAR INVESTMENTS & FINANCE LIMITED ("the Company) as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

M. L. SHARMA & CO. MUMBAI Firm Reg. No. 109963W Chartered Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 M. L. SHARMA & CO.
FIRM REG. NO. 109963W
CHARTERED ACCOUNTANTS

M. L. SHARMA & CO. ★ CHARTERED ACCOUNTANTS ★ Firm Reg. No. 109963W 107, Chartered House, 297/299, Dr. C.H. Street, Mumbai - 400 002.

**Place of Signature: Mumbai**
**Date:** 25 APR 2016

(C. H. BANDI) PARTNER
Membership No.5385

# RENUKESHWAR INVESTMENT & FINANCE LIMITED
## Balance Sheet as at 31st March, 2016

(In.Rs.)

| | Note No. | As at 31-Mar-16 | As at 31-Mar-15 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 2 | 4,79,50,000 | 4,79,50,000 |
| Reserves and Surplus | 3 | 20,54,40,256 | 35,30,68,482 |
| | | **25,33,90,256** | **40,10,18,482** |
| **Current Liabilities** | | | |
| Trade Payables | 4 | 20,652 | 19,663 |
| Other Current Liabilities | 5 | 5,03,917 | - |
| | | **5,24,569** | **19,663** |
| | | **25,39,14,825** | **40,10,38,145** |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Non-Current Investments | 6 | 19,01,88,080 | 19,01,88,080 |
| | | **19,01,88,080** | **19,01,88,080** |
| **Current Assets** | | | |
| Current Investments | 7 | 6,30,02,219 | 21,00,88,904 |
| Cash and Bank Balances | 8 | 30,077 | 89,526 |
| Other Current Assets | 9 | 6,94,449 | 6,71,635 |
| | | **6,37,26,745** | **21,08,50,065** |
| | | **25,39,14,825** | **40,10,38,145** |
| | | - | - |

| | |
|---|---|
| **Significant Accounting Policies** | 1 |
| The accompanying Notes are an integral part of the Financial Statements | 15 to 18 |

As per our report annexed
For M.L. Sharma & Co.
Registration No-109963W
Chartered Accountants

(C.H. Bandi)
Partner
Membership No. 5385

D.C. Kabra
Director

Anil Malik
Director

Place: Mumbai
Dated : 25th April, 2016

# RENUKESHWAR INVESTMENT & FINANCE LIMITED
## Statement of Profit and Loss for the year ended 31st March, 2016

(In.Rs.)

| | Note No. | Year ended 31-Mar-16 | Year ended 31-Mar-15 |
|---|---|---|---|
| **REVENUES** | | | |
| Other Income | 10 | 3,54,54,769 | 1,59,25,687 |
| Total Revenues | | **3,54,54,769** | **1,59,25,687** |
| **EXPENSES** | | | |
| Finance Costs | 11 | 190 | 33,145 |
| Other Expenses | 12 | 1,27,917 | 39,345 |
| Total Expenses | | **1,28,107** | **72,490** |
| Profit before tax | | 3,53,26,662 | 1,58,53,197 |
| Tax Expense: | 13 | | |
| Current Tax | | 24,18,416 | 1,71,763 |
| Total Tax Expense: | | **24,18,416** | **1,71,763** |
| Profit for the period | | **3,29,08,246** | **1,56,81,434** |
| **Earnings per Equity Share:** | 14 | | |
| Basic (Rs.) | | 6.86 | 3.27 |
| Diluted (Rs.) | | 6.86 | 3.27 |
| **Significant Accounting Policies** | 1 | | |
| The accompanying Notes are an integral part of the Financial Statements | 15 to 18 | | |

As per our report annexed
For M.L. Sharma & Co.
Registration No-109963W
Chartered Accountants

(C.H. Bandi)
Partner
Membership No. 5385

D.C. Kabra
Director

Anil Malik
Director

Place: Mumbai
Dated : 25th April, 2016

## RENUKESHWAR INVESTMENT & FINANCE LIMITED

### Cash Flow Statement for the year ended 31st March, 2016

(In.Rs.)

| | Year ended 31/03/2016 | Year ended 31/03/2015 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before Tax | 3,53,26,662 | 1,58,53,197 |
| Adjustment for : | | |
| Finance Costs | 190 | 33,145 |
| Investing Activities (Net) | (3,54,54,769) | (1,59,09,887) |
| Operating profit before working capital changes | (1,27,917) | (23,545) |
| Changes in working Capital: | | |
| Trade and other Payables | 5,04,906 | - |
| Cash generation from Operation | 3,76,989 | (23,545) |
| Payment of Direct Taxes | (24,41,230) | (10,37,825) |
| **Net Cash generated/ (used) - Operating Activities** | **(20,64,241)** | **(10,61,370)** |
| **B. CASH FLOW FROM INVESTMENT ACTIVITIES** | | |
| Purchase of Investments (Including FD Investment) | (2,58,75,017) | (8,08,92,400) |
| Sale of Investments (Including FD Maturity) | 18,08,00,491 | - |
| Proceeds/ Repayment of Loans to Body Corporate (Net) | - | 4,00,00,000 |
| Interest Received | - | 18,98,904 |
| Dividend Received | 2,76,15,979 | 1,51,18,106 |
| **Net Cash Generated/ (Used) - Investing Activities** | **18,25,41,453** | **(2,38,75,390)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds/ Repayment of Long-term Borrowings (Net) | - | (15,000) |
| Dividend Paid on Equity Shares(including Dividend Distribution Tax) | (18,05,36,471) | (31,778) |
| Finance Cost Paid | (190) | (33,145) |
| **Net Cash Generated/ (Used) - Financing Activities** | **(18,05,36,661)** | **(79,923)** |
| **Net Increase/ (Decrease) in Cash and Cash Equivalents** | **(59,449)** | **(2,50,16,683)** |
| Add : Opening Cash and Cash Equivalents | 89,526 | 2,51,06,209 |
| Closing Cash and Cash Equivalents | **30,077** | **89,526** |

**Notes:**

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement".
2. The previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with figures of current financial year.

As per our report annexed
For M.L. Sharma & Co.
Registration No-109963W
Chartered Accountants

(C.H. Bandi)
Partner
Membership No. 5385

M.L. SHARMA & CO. CHARTERED ACCOUNTANTS

D.C. Kabra
Director

Anil Malik
Director

Place: Mumbai
Dated : 25th April, 2016

# RENUKESHWAR INVESTMENT & FINANCE LIMITED
## Notes to Financial Statements

Note No.

1. **Significant Accounting Policies**

**A. Accounting Convention**

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as prescribed under section 133 of the companies Act,2013('Act') read with rule 7 of the companies(Accounts) rules,2014 and the relevant provisions of the Companies Act, 2013 as applicable to the company.

**B. Use of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**C. Investments**

(a). Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b). Current investments are valued on category basis at lower of cost and fair value.

**D. Revenue Recognition**

Revenue is recognized on transfer of significant right to use of property to the user. Interest, Dividend and other income on investments is accounted for when the right to receive the payment is established. The amounts where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

**E. Taxation**

Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference.

**F. Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

# RENUKESHWAR INVESTMENT & FINANCE LIMITED
## Notes to Financial Statements

| NOTE NO. | | As at 31-Mar-16 (In.Rs.) | As at 31-Mar-15 (In.Rs.) |
|---|---|---|---|
| 2 | **Share Capital:** | | |
| | **Authorized:** | | |
| | 49,95,000 (Previous year 49,95,000) Equity Shares of Rs.10/- each. | 4,99,50,000 | 4,99,50,000 |
| | 500 (Previous year 500) 15% Redeemable Cumulative Preference Shares of Rs.100/- each | 50,000 | 50,000 |
| | | **5,00,00,000** | **5,00,00,000** |
| | **Share Capital issued, Subscribed & Fully Paid-up:** | | |
| | 47,95,000 (Previous year 47,95,000) **Equity Shares** of Rs.10/- each. | 4,79,50,000 | 4,79,50,000 |
| | | **4,79,50,000** | **4,79,50,000** |

Note :

a. Entire shares capital is held by holding company, Hindalco Ind.Ltd. or its nominees.

b. Other disclosure pursuant to Note no. 6 of Part I of Schedule III to the Companies Act, 2013 is either Nil or not applicable to the Company.

| NOTE NO. | | 31-Mar-16 | 31-Mar-15 |
|---|---|---|---|
| 3 | **Reserves and Surplus:** | | |
| | **Capital Redemption Reserve** | | |
| | Balance as at the beginning of the year | 15,000 | 15,000 |
| | **Profit and Loss Account :** | | |
| | Balance at the beginning of the Year | 35,30,53,481 | 33,74,18,826 |
| | Add: Profit for the the year | 3,29,08,246 | 1,56,81,434 |
| | Less: Transfer to Capital Redemption Reserve | - | (15,000) |
| | Less: Interim Dividend paid on Equity Shares | (15,00,00,000) | (26,377) |
| | Less: Dividend Distribution Tax | (3,05,36,471) | (5,401) |
| | Balance as at the end of the year | **20,54,25,256** | **35,30,53,482** |
| | | **20,54,40,256** | **35,30,68,482** |
| 4 | **Trade Payables** | | |
| | Payable to Others | 20,652 | 19,663 |
| | | **20,652** | **19,663** |
| 5 | **Other Current Liabilities** | | |
| | Other Liabilities (Sundry Creditors) | 5,03,917 | - |
| | | **5,03,917** | - |

6 **Non-Current Investments**

**Other Investments**

| | Quoted/ Unquoted | Face value per Unit | Numbers | 31-Mar-16 | 31-Mar-15 |
|---|---|---|---|---|---|
| **Investments in Equity Instruments to Others** | | | | | |
| National Aluminium Company Limited | Quoted | Rs. 5/- | 12814264 | 19,01,88,080 | 19,01,88,080 |
| | | | | **19,01,88,080** | **19,01,88,080** |
| Aggregate amount of Quoted Investments | | | | **19,01,88,080** | **19,01,88,080** |
| Aggregate market value of Quoted Investments | | | | **50,61,63,428** | **59,77,85,416** |

# RENUKESHWAR INVESTMENT & FINANCE LIMITED
## Notes to Financial Statements

NOTE NO.

| | | | As at 31-Mar-16 (In.Rs.) | As at 31-Mar-15 (In.Rs.) |
|---|---|---|---|---|
| **7** | **Current Investments** | | | |
| | **Investments in Mutual Funds** | Quoted/ Unquoted | | |
| i. | 784291.369 (previous year 743367.335) units of Birla Sunlife Dynamic Bond Fund Retail Plan Monthly Dividend | Quoted | 82,02,211 | 77,60,408 |
| ii. | Nil (previous year 92343.869) units of Birla Sun Life Cash Plus - Instl. - Daily Dividend -Reinvestment | Quoted | - | 92,52,394 |
| iii. | Nil (previous year 9315692.212) units of Birla Sun Life Short Term Fund - Monthly Dividend - Direct | Quoted | - | 10,87,56,651 |
| iv. | 263015.665 (previous year 1253065.586) units of Birla Sun Life Short Term Fund - Growth - Direct Plan | Quoted | 1,34,64,292 | 6,02,00,000 |
| v. | 879679.619 (previous year 879679.619) units of Baroda Pioneer Dynamic Bond Fund - Growth | Quoted | 1,07,00,000 | 1,07,00,000 |
| vi. | 1392769.441 (previous year Nil ) units of IDFC Arbitrage Plus Fund - Direct Plan - Dividend | Quoted | 1,67,70,749 | - |
| vii. | 13856.107 (previous year 13411.612) units of Premerica Dynamic Bond Fund - Monthly Dividend - Reinvestment | Quoted | 1,38,64,968 | 1,34,19,451 |
| | | | **6,30,02,219** | **21,00,88,904** |
| | **Aggregate amount of Quoted Investments** | | **6,30,02,219** | **21,00,88,904** |
| | **Aggregate market value of Quoted Investments** | | **6,72,02,084** | **21,85,57,168** |
| **8** | **Cash and Bank Balances:** | | | |
| | **Cash and Cash Equivalents** | | | |
| | Current Accounts | | 29,663 | 89,112 |
| | Cash in hand | | 414 | 414 |
| | | | **30,077** | **89,526** |
| **9** | **Other Current Assets** | | | |
| | Income Tax Refund & Interest Receivable | | 6,71,635 | - |
| | Advance Tax & Tds (Net of Provisions) | | 22,814 | 6,71,635 |
| | | | **6,94,449** | **6,71,635** |

# RENUKESHWAR INVESTMENT & FINANCE LIMITED
## Notes to Financial Statements

| NOTE NO. | | (In.Rs.) | |
|---|---|---|---|
| | | Period ended | |
| | | 31-Mar-16 | 31-Mar-15 |
| 10 | **Other Income:** | | |
| | **Other Income consist of the following:** | | |
| | Interest Income | | |
| | On Inter Corporate Deposits and Fixed Deposits | - | 7,91,781 |
| | Interest Received from I.Tax Dept. | - | 15,800 |
| | Dividend Income | | |
| | On Long Term Investments | 2,24,24,962 | 51,25,706 |
| | On Current Investments | 51,91,017 | 99,92,400 |
| | Net Gain/ (Loss) on sale of Investments | | |
| | On Current Investments | 78,38,790 | - |
| | | **3,54,54,769** | **1,59,25,687** |
| 11 | **Finance Cost:** | | |
| | Interest Paid to Income Tax Dep | 190 | 33,145 |
| | | **190** | **33,145** |
| 12 | **Other Expenses:** | | |
| | **Other Expenses consist of the following:** | | |
| | ROC Filing Fee | 4,200 | 4,200 |
| | **Payment to Auditor** | | |
| | Audit Fees | 14,313 | 14,045 |
| | Tax Audit Fees | 5,725 | 5,618 |
| | Fees Paid to Auditor for IT Matters | 2,850 | 2,809 |
| | Professional Charges | 97,500 | 6,461 |
| | Demat Charges | 1,685 | - |
| | Miscellaneous Expenses | 1,644 | 594 |
| | Prior Period Items (Net) | - | 5,618 |
| | | **1,27,917** | **39,345** |
| 13 | **Tax Expenses** | | |
| | **Current Tax Expenses** | | |
| | Current Tax for the period | 24,22,186 | 2,49,543 |
| | Current Tax adjustments for earlier years (Net) | (3,770) | (77,780) |
| | | **24,18,416** | **1,71,763** |
| 14 | **Earning per Share (EPS)** | | |
| | Profit/ (Loss) for the period | 3,29,08,246 | 1,56,81,434 |
| | Weighted average number of shares used in the calculation of EPS: | | |
| | Weighted average number of Basic Equity Shares outstanding | 47,95,000 | 47,95,000 |
| | Weighted average number of Diluted Equity Shares outstanding | 47,95,000 | 47,95,000 |
| | Face value of per share (Rs.) | 10 | 10 |
| | Basic EPS (Rs.) | 6.86 | 3.27 |
| | Diluted EPS (Rs.) | 6.86 | 3.27 |

# RENUKESHWAR INVESTMENT & FINANCE LIMITED

## Notes to Financial Statements

**15** The Deferred Tax Assets on Long Term Capital Loss of Rs. 11,87,982/- for Financial Year 2009-10 has not been created since it is not certain that sufficient future taxable Long term capital gain will be available for the reversal of the same and there is no deferred tax assets and liabilities at the end of this period.

**16 Related Party Disclosures:**

A. List of Related Parties:

| Name | Relationship |
|---|---|
| Hindalco Industries Limited | Holding Company |
| Minerals & Minerals Limited | Fellow Subsidiary |
| Renuka Investments and Finance Limited | Fellow Subsidiary |
| Lucknow Finance Company Limited | Fellow Subsidiary |
| Dahej Harbour and Infrastructure Limited | Fellow Subsidiary |
| Birla Resources Pty Limited | Fellow Subsidiary |
| Aditya Birla Minerals Limited | Fellow Subsidiary |
| Birla Maroochydore Pty Limited | Fellow Subsidiary |
| Birla (Nifty) Pty Limited | Fellow Subsidiary |
| Birla Mt. Gordon Pty Limited(Disposed of on 27-Oct-2015) | Fellow Subsidiary |
| Utkal Alumina international Limited | Fellow Subsidiary |
| Utkal Alumina Technical & General Services Limited | Fellow Subsidiary |
| Suvas Holdings Limited | Fellow Subsidiary |
| Hindalco-Almex Aerospace Limited | Fellow Subsidiary |
| Hindalco Do Brasil Ind Com Alumina Limited | Fellow Subsidiary |
| A V Minerals (Netherlands) B.V. | Fellow Subsidiary |
| A V Metals Inc. | Fellow Subsidiary |
| Novelis Inc. | Fellow Subsidiary |
| East Coast Bauxite Mining Company Private Limited | Fellow Subsidiary |
| Tubed Coal Mines Limited | Fellow Subsidiary |
| Mouda Energy Limited | Fellow Subsidiary |
| Hindalco Guinea SARL | Fellow Subsidiary |
| Mahan Coal Limited | Joint Ventures of Holding Company |
| Hydromine Global Minerals GMBH Limited | Joint Ventures of Holding Company |
| MNH Shakti Limited | Joint Ventures of Holding Company |
| Aditya Birla Science & Technology Pvt. Limited | Associates of the Holding Company |
| Idea Cellular Limited | Associates of the Holding Company |
| Trident Trust | Trust of the Holding company |

# RENUKESHWAR INVESTMENT & FINANCE LIMITED
## Notes to Financial Statements

B. The following transactions were carried out with the related parties in the ordinary course of business:

| | | | | | (In Rs.) |
|---|---|---|---|---|---|
| | | 2015-16 | | 2014-15 | |
| **Sl. No.** | **Transaction** | **Holding** | **Fellow Subsidiary** | **Holding** | **Fellow Subsidiary** |
| 1 | Redemption of Pref. Share capital-Hindalco Inds. Ltd. | - | - | 15,000 | - |
| 2 | Dividend paid on Pref. Shares-Hindalco Inds. Ltd. | - | - | 26,377 | - |
| 3 | Dividend paid on Equity Shares-Hindalco Inds. Ltd. | 15,00,00,000 | - | - | - |
| 4 | Loans & Advances - from Hindalco Inds. Ltd. | (5,03,917) | - | - | - |

C. **Amount due to related parties as on 31st march , 2016**

Rs. 5,03,917/- due to Hindalco Inds. Ltd. and shown as other current liability (Previous year NIL)

**17** There are no Micro Small & Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at the Balance Sheet date. The Company has also not paid any interest to any Micro, Small & Medium Enterprises during the Accounting Year and no interest are payable to such parties on the Balance Sheet date. This information as required to be disclosed under section 22 of The Micro, Small and Medium Enterprises Development Act,2006 has been determined to the extent such parties have been identified on the basis of information available with the comapny.

**18** The figures have been rounded off to nearest rupee and previous period's figures have been regrouped / rearranged wherever necessary to make them comparable with figures of current period.

As per our report annexed
For M.L. Sharma & Co.
Registration No-109963W
Chartered Accountants

(C.H. Bandi)
Partner
Membership No. 5385

Place: Mumbai
Dated : 25th April, 2016

D.C. Kabra
Director

Anil Malik
Director

*Jhavar Ladha & Associates*
*Chartered Accountants*

## Independent Auditors' Report

To the Members of,
**SUVAS HOLDINGS LIMITED, MUMBAI**

**Reports on the Financial Statements**

We have audited the accompanying standalone financial statements of **SUVAS HOLDINGS LIMITED** ('the Company') which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors are responsible for the matters stated in Section134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

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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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2016, and its Profits and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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

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

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014( as amended).

   e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016 from being appointed as a directors in terms of Section 164(2) of the Act.

   f. In our opinion, the Company has, in all material respects, an adequate internal financial controls, system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the Company.

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

i. The Company does not have any pending litigations which would impact its financial position.

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

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

**For JHAVAR LADHA & ASSOCIATES**
**Chartered Accountants**
**Firm Registration No. 104223W**

**CA Kailash Jhavar (Partner)**
**Membership No. 070521**

Place : Mumbai
Date : April 30, 2016

501 Samadhan, Chandavarkar Road Extension, Vazira Naka,Borivali West, Mumbai 400091
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**"Annexure A" to Independent Auditors' Report**

Annexure "A" referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" section of our Report of even date to the members of **SUVAS HOLDINGS LIMITED("the Company")** on the standalone financial statements as of and for the year ended March 31, 2016

i. In respect of its Fixed Assets:

(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 one year, which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. Pursuant to the programme the fixed assets have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The Leasehold rights and its Title deeds for leasehold land on which project is being implemented are in the name of the Company

ii. In respect of its Inventory:

(a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examinations of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies if any noticed on physical verification of inventory as compared to book records were not material and have been properly dealt in the books of account.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnership (LLP) or other parties covered by clause (76) of Section 2 of the Act and in the Register maintained under Section 189 of the Act.

iv. According to the information and explanations given to us, the Company has not granted any loans and advances to its Directors, made any investment, given any guarantees and provided any security and therefore there is no contravention of the provisions of Section 185 and 186 of the Act.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 and 76 of the Act and the Rules framed there under apply.

vi. In our opinion, the provisions of sub-section (1) Section 148 of the Act, regarding maintenance of Cost Records are not applicable to the company during the year since the company has not yet started any business activity which attracts the said provisions for maintenance of cost records.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(c )There is no amount due in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues which were in dispute.

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 repayments of loans or borrowings to any financial institutions, bank or Government or dues to Debenture Holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanation given to us, the Company has not raised any IPO or further Public Offer during the year. However the Company has taken term loans for the project and the same were applied for the purpose for which the term loans were obtained. Repayment of the same has not yet started and therefore reporting is not required for the same

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 and no significant fraud on the Company by its Officers and employees noticed or reported during the year, nor have we been informed of any such case by the management.



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xi. The Company has been paying any managerial remuneration to its Manager which is in accordance with section 197 read with Schedule V of the Act. Total remuneration paid during the year isRs. 6,93,737/-

xii. The Company is not a Nidhi Company and therefore there is no need to comply the provisions of a Nidhi Company and rules specified in the Nidhi Rules, 2014 to meet out the liability.

xiii. The Company has not entered into any related party transaction during the year with the related parties. Whenever such transactions are entered the details have been disclosed in the financial statements as required by the applicable accounting standards and in accordance with the provisions of Section 188 and 177 of the Act.

xiv. The Company has not raised any funds by way of Prefrential allotment or on the basis of Private Placement of Shares or for fully or partly paid up Convertible Debentures during the year and therefore requirement of Section 42 of the Act are not required to be complied.

xv. The Company has not entered into any Non-cash Transaction with the Directors or persons connected with them during the year.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 since it is not carrying any activity which requires its registration as such.

**For JHAVAR LADHA & ASSOCIATES**
**Chartered Accountants**
**Firm Registration No. 104223W**

**CA Kailash Jhavar (Partner)**
**Membership No. 70521**

Place : Mumbai
Date : April 30, 2016

# SUVAS HOLDINGS LIMITED
## Balance Sheet as at March 31, 2016

| | Note No. | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | '3' | 70,835,300.00 | 70,835,300.00 |
| Reserves and Surplus | '4' | (408,902.79) | (632,972.29) |
| Money received against Share Warrants | | - | - |
| | | 70,426,397.21 | 70,202,327.71 |
| **Non-Current Liabilities** | | | |
| Long-term Borrowings | '5' | 88,500,000.00 | 17,500,000.00 |
| Deferred Tax Liabilities (Net) | '6' | 1,139.00 | 1,608.00 |
| Other Long-Term Liabilities | | - | - |
| Long-term Provisions | | - | - |
| | | 88,501,139.00 | 17,501,608.00 |
| **Current Liabilities** | | | |
| Trade Payables | '7' | 44,200.00 | 23,300.00 |
| Other Current Liabilities | '8' | 8,469,214.00 | 24,708,502.00 |
| Short-term Provisions | '9' | 29,732.00 | - |
| | | 8,543,146.00 | 24,731,802.00 |
| **Total** | | 167,470,682.21 | 112,435,737.71 |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Fixed Assets | | | |
| Tangible Assets | '10' | 136,309.00 | 249,312.00 |
| Intangible Assets | | - | - |
| Capital Work-in-Progress ( Refer Note 28 ) | '11' | 152,646,497.64 | 102,052,019.67 |
| Non-Current Investments | | - | - |
| Long-term Loans and Advances | '12' | 3,231,469.00 | 1,347,090.00 |
| Other Non-Current Assets | '13' | 6,290,000.00 | 6,290,000.00 |
| | | 162,304,275.64 | 109,938,421.67 |
| **Current Assets** | | | |
| Current Investments | | - | - |
| Inventories | | - | - |
| Trade Receivables | | - | - |
| Cash and Bank Balances | '14' | 4,686,569.57 | 1,668,490.04 |
| Short-Term Loans and Advances | | - | - |
| Other Current Assets | '15' | 479,837.00 | 828,826.00 |
| | | 5,166,406.57 | 2,497,316.04 |
| Total | | 167,470,682.21 | 112,435,737.71 |
| | | - | - |

**Significant accounting policies** '2'

**The accompanying notes are integral part of the Financial Statements**

**As per our report attached of even date**

**for JHAVAR LADHA & ASSOICATES**
**Chartered Accountants**
**Firm Registration No. 104223W**

**CA ~~Kailash~~ Jhavar(Partner)**
**M.No. F -070521**

Place: Mumbai dated April 30, 2016

**FOR SUVAS HOLDINGS LIMITED**

DIRECTORS

Director

Company Secretary

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# SUVAS HOLDINGS LIMITED
## Statement of Profit and Loss for the year ended March 31, 2016

| | Note No. | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|---|
| **REVENUES** | | | |
| Other Income | '16' | 562,019.00 | 637,925.00 |
| Total Revenues | | 562,019.00 | 637,925.00 |
| **EXPENSES** | | | |
| Employee Benefits Expenses | '17' | - | - |
| Finance Cost | '18' | - | - |
| Depreciation and Amortization Expenses | '19' | 22,138.00 | 4,404.00 |
| Other Expenses | '20' | 196,934.50 | 1,283,189.29 |
| Total Expenses | | 219,072.50 | 1,287,593.29 |
| Profit before Exceptional and Extraordinary items and Tax | | 342,946.50 | (649,668.29) |
| Exceptional items | | - | - |
| Profit before Extraordinary items and tax | | 342,946.50 | (649,668.29) |
| Extraordinary Items | | - | - |
| Profit before tax | | 342,946.50 | (649,668.29) |
| Tax Expense: | | | |
| Current tax | | 173,664.00 | 197,100.00 |
| Deferred tax | | (469.00) | (711.00) |
| Tax Adjustment for earlier year | | (54,318.00) | (74,463.00) |
| Profit/ (Loss) for the period from Continuing Operations | | 224,069.50 | (771,594.29) |
| Profit/ (Loss) from Discontinuing Operations after Tax | | | |
| Profit/ (Loss) from Discontinuing Operations | | - | - |
| Tax Expenses of Discontinuing Operations | | - | - |
| Profit/ (Loss) for the period | | 224,069.50 | (771,594.29) |
| **Earnings per Share (EPS):** | | | |
| Basic EPS (`Rs) | | 0.03 | (0.11) |
| Diluted EPS (Rs`) | | 0.03 | (0.11) |

**Significant accounting policies** '2'

**The accompanying notes are integral part of the Financial Statements**

**As per our report attached of even date**

**for JHAVAR LADHA & ASSOICATES**
**Chartered Accountants**
**Firm Registration No. 104223W**

**CA Kailash Jhavar(Partner)**
**M.No. F - 070521**

Place: Mumbai dated April 30, 2016

**FOR SUVAS HOLDINGS LIMITED**

DIRECTORS

Director

Company Secretary

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# SUVAS HOLDINGS LIMITED
## Cash Flow Statement for the year ended March 31, 2016

| | Note No. | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Net Profit before Tax | | 342,946.50 | (649,668.29) |
| Adjustment for : | | | |
| Depreciation and Amortization Expenses | | 22,138.00 | 4,404.00 |
| Impairment Loss/ (Reversal) (Net) | | - | - |
| Unrealized Foreign Exchange (Gain)/ Loss (Net) | | - | - |
| Finance Costs | | - | - |
| Provisions/ (Provisions written-back) (Net) | | - | - |
| Loss/ (gain) on Derivative transactions (Net) | | - | - |
| Investing Activities (Net)- Interest income | | (562,019.00) | (637,925.00) |
| Operating profit before working capital changes | | (196,934.50) | (1,283,189.29) |
| Changes in working Capital: | | | |
| Change in Inventories | | - | - |
| Change in Trade and other Receivables | | 334,485.00 | (504,974.00) |
| Change in Trade and other Payables | | (16,218,388.00) | 24,693,791.00 |
| Cash generation from Operation | | (16,080,837.50) | 22,905,627.71 |
| Payment of Direct Taxes | | (75,110.00) | (115,122.00) |
| **Net Cash Generated/ (Used) - Operating Activities** | | **(16,155,947.50)** | **22,790,505.71** |
| **B. CASH FLOW FROM INVESTMENT ACTIVITIES** | | | |
| Purchase of Fixed Assets (including WIP and Capital Advances) | | (45,417,726.97) | (47,033,700.67) |
| Sale of Fixed Assets | | - | - |
| Purchase/ Sale of Investments (Net) | | - | - |
| Proceeds/ Repayment of Advances and Loans from Subsidiaries (Net) | | - | - |
| Interest Received | | 561,219.00 | 636,485.00 |
| Interest Received on Income Tax | | 800.00 | 1,440.00 |
| Dividend Received | | - | - |
| **Net Cash Generated/ (Used) - Investing Activities** | | **(44,855,707.97)** | **(46,395,775.67)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of Shares | | - | 8,000,000.00 |
| Proceeds from Long-term Borrowings | | 71,000,000.00 | 17,500,000.00 |
| Repayment of Long-term Borrowings | | - | - |
| Proceeds/ Repayment of Short-term Borrowings (Net) | | - | - |
| Finance Cost Paid | | (6,970,265.00) | (455,629.00) |
| Dividend Paid (including Dividend Tax) | | - | - |
| **Net Cash Generated/ (Used) - Financing Activities** | | **64,029,735.00** | **25,044,371.00** |
| **Net Increase/ (Decrease) in Cash and Cash Equivalents** | | **3,018,079.53** | **1,439,101.04** |
| **Cash and Cash equivvalents at the beginning of the year** | | **1,668,490.04** | **229,389.00** |
| **Cash and Cash equivvalents at the end of the year** | '14' | **4,686,569.57** | **1,668,490.04** |
| Components of Cash and Cash Equivalents | | | |
| Cash on hand | | 1,431.00 | 43,346.00 |
| Balance with Banks | | | |
| On Current Accounts | | 4,685,138.57 | 1,625,144.04 |
| | | 4,686,569.57 | 1,668,490.04 |
| **Significant accounting policies and Notes to Financial Statements** | "2" | | |

**for JHAVAR LADHA & ASSOICATES**
**Chartered Accountants**
**Firm Registration No. 104223W**

CA ~~Kailash~~ Jhavar(Partner)
M.No. F -070521

**FOR SUVAS HOLDINGS LIMITED**

DIRECTORS

Director

Company Secretary

Place: Mumbai dated April 30, 2016

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# SUVAS HOLDINGS LIMITED

## Notes to Financial Statements as at March 31, 2016

**1. Corporate Information**

Suvas Holding Company Limited is a Company formed and registered under the Companies Act, 1956. The company's identification number is U40500MH2001ULC128785. Company is a subsidiary company of Hindalco Industries Ltd. Which holds 51% equity shares of the Company. The main object of the Company is generation of hydel power and accordingly company is setting up a project for generation of Hydel Power.

**2. Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting except otherwise stated, and in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements have been prepared to comply in all material aspects with the Accounting Standards specified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 as amended and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current / noncurrent as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of business and services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current / noncurrent classification of assets and liabilities.

The accounting policies adopted in preparation of these financial statements are consistent with those of the previous year.

**B. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAPP) requires Management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from these estimates.

**C. Fixed Tangible and Intangible Assets**

**Tangible Assets**

Tangible assets are stated at their original cost (net of cenvet and mvat where applicable) including freight, duties, customs and other incidental expenses relating to acquisition and installation less accumulated depreciation and impairment loss if any. Interest and other finance charges paid on loans for the acquisition of tangible qualifiying assets are apportioned to the cost of fixed assets till they are ready for use.

Expenditure incurred during the period of construction is carried as capital work-in-progress and on completion the costs are allocated to the respective fixed assets.

When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any , is reflected in the Statement of Profit and Loss.

Depreciation on tangible assets is provided on written down value method over the useful life of the asset prescribed in Part C of Schedule II of the Companies Act, 2013 in order to reflect the actual usages of the assets. Individual assets acquired for less than Rs. 5000 are entirely depreciated in the year of acquisition. Depreciation is charged on pro-rata basis for the assets purchased/sold during the year.

Machinery spares which can be used only in connection with an item of Fixed Asset and whose use is not of regular nature are written off over the estimated useful life of the relevant asset.

Leasehold rights acquired and premium paid on such rights is written off over a period of remaining life of the assets under lease and written off on straight line basis over the period of useful life after the assets are put to use.

**Intangible Assets**

All intangible assets are measured at cost and amortized so as to reflect the pattern in which the assets' economic benefits are consumed. Software capitalised is amortised over useful life of three to five years equally commencing from the year in which, the software is put to use.

**D Impairment**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount. (Goodwil)

E **Leases**

Lease payments under an operating lease are recognized as expense in the statement of Profit & Loss Account as per terms of lease agreement on commencement of commercial activities

F **Investments**

(a). Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than

(b). Current investments are stated at lower of cost and fair value.

G **Inventories**

(a). Inventories of stores and spare parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

(b). Inventories of items other than those stated above are valued 'At cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(c). Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

H **Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise.

I **Employee benefits**

Employee benefits of short term nature are recognized as expense as and when it accrues. Long term employee benefits (e.g. long-service leave) and post employment benefits (e.g. gratuity), both funded and unfunded, are recognized as expense based on actuarial valuation at year end using the Projected unit credit method. Actuarial gain and losses are recognized immediately in the Profit & Loss Account.

J **Revenue Recognition**

Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discount and rebates. Dividend income on investments is accounted for when the right to receive the payment is established. Export incentive, certain insurance, railway and other claims where quantum of accruals can not be ascertained with reasonable certainty, are accounted on acceptance basis.

K **Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

L **Taxation**

Provision for current income tax is made in accordance with the Income tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

M **Research and Development**

Expenditure incurred during research phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized.

N **Government Grants**

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

O **Provisions, Contingent Liabilities and Contingent AssetsImpairment of tangible and intangible assets excluding goodwill**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

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# SUVAS HOLDINGS LIMITED
## Notes to Financial Statements as at March 31, 2016

**3. Share Capital:**

A. **Authorized, Issued, Subscribed and Paid-up Share Capital**

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| **Authorized:** | | |
| 9,000,000 (Previous year 9,000,000) Equity Shares of ` 10/- each. | 90,000,000.00 | 90,000,000.00 |
| | 90,000,000.00 | 90,000,000.00 |
| **Issued:** | | |
| 7,083,530 (Previous year 70,83,530) Equity Shares of ` 10/- each | 70,835,300.00 | 70,835,300.00 |
| | 70,835,300.00 | 70,835,300.00 |
| **Subscribed and Paid-up:** | | |
| 7,083,530 (Previous year 70,83,530) Equity Shares of ` 10/- each fully paid-up | 70,835,300.00 | 70,835,300.00 |
| | 70,835,300.00 | 70,835,300.00 |

(i). 3,612,600 Equity Shares (Previous year 3,612,600 equity shares) of the Company are held by Hindalco Industries Limited, the holding company.

(ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

B. **Reconciliation of the number of Shares outstanding:**

| | Year ended 31/03/2016 | Year ended 31/03/2015 |
|---|---|---|
| Equity shares outstanding at the beginning of the period/year | 7,083,530 | 6,283,530 |
| Equity Shares issued during the period | - | 800,000 |
| Equity shares outstanding at the end of the period/year | 7,083,530 | 7,083,530 |

C. **Shareholder holding more than 5 percent shares of the Company:**

| Name of shareholder | Percentage of Holding | 31/03/2016 Numbers of Shares held | 31/03/2015 Numbers of Shares held |
|---|---|---|---|
| Hindalco Industries Limited | 51 | 3,612,600 | 3,612,600 |
| Laxmi Organic Industries Ltd | 49 | 3,470,930 | 3,470,930 |
| | | | |

**4. Reserves and Surplus:**

Reserves and Surplus consist of the following:

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| General Reserve | - | - |
| Profit and Loss Account Surplus/(Deficit) | (408,902.79) | (632,972.29) |
| | (408,902.79) | (632,972.29) |

For the year ended 31/03/2016 additions and deductions under each head since last balance sheet are as under:

| | Opening | Addition | Deduction | CLOSING |
|---|---|---|---|---|
| General Reserve | - | - | - | - |
| Profit and Loss Account - (a) | (632,972.29) | 224,069.50 | - | (408,902.79) |
| | (632,972.29) | 224,069.50 | - | (408,902.79) |

For the year ended 31/03/2015 additions and deductions under each head since last balance sheet are as under:

| | Opening | Addition | Deduction | CLOSING |
|---|---|---|---|---|
| General Reserve | - | - | - | - |
| Profit and Loss Account - (a) | 138,622.00 | (771,594.29) | | (632,972.29) |
| | 138,622.00 | (771,594.29) | - | (632,972.29) |

(a). Details of allocations and appropriation for balance in statement of Profit and Loss are given below:

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| As per last Balance Sheet | (632,972.29) | 138,622.00 |
| Add: Profit for the year | 224,069.50 | (771,594.29) |
| | (408,902.79) | (632,972.29) |
| Less: Transfer to General Reserve | - | - |
| Closing Balance | (408,902.79) | (632,972.29) |

## 5. Long Term Borrowings

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| Secured | | |
| Term Loan | | |
| :- From Banks | 88,500,000.00 | 17,500,000.00 |
| | 88,500,000.00 | 17,500,000.00 |

**Note:-**

**1. Nature of Security and Terms of Repayment of Secured Borrowings:-**

a) Rupee Term Loan Secured by Hypothecation of all the movable assets, book debts including future assets.

b) Further secured by way of assignment/hypothecation of all the rights, interest, benefits, claims and demands whatsoever of the Company in the Project documents including PPA and MOU and all permits and approvals pertaining to the project.

c) Corporate guarantees of Hindalco Industries Ltd & Laxmi Organic Industries Ltd. on several basis.

d) Further secured by personal guarantees of two promoter directors namely i) Shri Ravi Vasudeo Goenka and ii) Shri Rajeev Vasudeo Goenka.

e) Repayment of the loan shall be repaid in 44 structured quarterly instalments starting from 30th Sept., 2016 or earlier if the project is completed before 30/06/2016. Prepayment of any loan amount is without any pre-payment charges

f) Rate of interest is Axis Bank base rate plus 150 bps( presently 11.75%) p.a. payable every month.

g) Instalmnets faqlling due during the financial year 2016-17 Rs.__________ has not been bifurcated into short term liability since the Project is yet to be completed and generation of power is to be started.

## 6 Deferred Tax Liability-(net)

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| a) Deferred Tax Liability | | |
| On Depreciation:- | | |
| As per last Balance Sheet | 1,608.00 | 2,319.00 |
| For the current year (transferred from Statement of Profit & Loss) | (469.00) | (711.00) |
| Sub Total | 1,139.00 | 1,608.00 |
| b) Deferred Tax Asset: | | |
| i) On Provision for Leave Salary | - | - |
| ii) Others | - | - |
| Sub Total | - | - |
| c) Net Deferred Tax Liability (a+b) | 1,139.00 | 1,608.00 |

## 7 Trade Payables

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| Trade Payables - Goods | - | - |
| Trade Payables - Expenses | 44,200.00 | 23,300.00 |
| | 44,200.00 | 23,300.00 |

## 8 Other Current Liabilities

Other current Liabilities consist of the following:

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| Employees Liabilities | - | - |
| Payable to holding Co.for Expenses | - | 614.00 |
| Liability for Capital Expenditure | - | 19,225,078.00 |
| Interest payable on Term Loan | - | 156,877.00 |
| Retention Amount payable to Contractors | 8,204,914.00 | 5,002,185.00 |
| Statutory dues | 106,327.00 | 248,359.00 |
| Others | 157,973.00 | 75,389.00 |
| | 8,469,214.00 | 24,708,502.00 |

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**9 Short-Term Provisions**

Other short term provision consist of the following:

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| Provision for retirement benefits | - | - |
| Provision for Tax (Net of payment) | 29,732.00 | - |
| Other Current Liabilities (Expenses payable) | - | - |
| | 29,732.00 | - |

**10 Tangible Assets**

Summary and net carrying amount of each class of tangible assets are given below:

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| Cost | 333,256.00 | 277,539.00 |
| Less: Accumulated Depreciation | (196,947.00) | (28,227.00) |
| Less: Accumulated Impairment | - | - |
| Net Carrying Amount | 136,309.00 | 249,312.00 |
| **Net Carrying Amount** | | |
| Freehold Land - | - | - |
| Leasehold Land - | - | - |
| Office Cabin | 82,477.00 | 223,878.00 |
| Furniture & Fixtures | 12,768.00 | 17,229.00 |
| Office Equipment | 41,064.00 | 8,205.00 |
| | 136,309.00 | 249,312.00 |

Reconciliation of the Gross and Net Carrying Amount of each class of tangible Assets for year ended 31/03/2016 are as under:

| | As at 31/03/2015 | Acquisition | Additions/ Adjustments | Deductions | 31/03/2016 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Freehold Land - (b) | - | - | - | - | - |
| Leasehold Land - (c) | - | - | - | - | - |
| Office Cabin | 226,546.00 | - | - | - | 226,546.00 |
| Furniture & Fixtures | 18,100.00 | | - | - | 18,100.00 |
| Office Equipment | 32,893.00 | - | 55,717.00 | - | 88,610.00 |
| | 277,539.00 | - | 55,717.00 | - | 333,256.00 |
| **Accumulated Depreciation** | | | | | |
| Freehold Land | - | - | - | - | - |
| Leasehold Land | - | - | - | - | - |
| Office Cabin | 2,668.00 | - | 141,401.00 | | 144,069.00 |
| Furniture & Fixtures | 871.00 | - | 4,461.00 | - | 5,332.00 |
| Office Equipment | 24,688.00 | - | 22,858.00 | - | 47,546.00 |
| | 28,227.00 | - | 168,720.00 | - | 196,947.00 |
| **Accumulated Impairment** | | | | | |
| Freehold Land | - | - | - | - | - |
| Leasehold Land | - | - | - | - | - |
| Office Cabin | - | | - | - | - |
| Furniture & Fixtures | - | - | - | - | - |
| Office Equipment | - | - | - | - | - |
| | - | - | - | - | - |

Reconciliation of the Gross and Net Carrying Amount of each class of tangible Assets for the year ended 31/03/2015 are as under:

| | As at 31/03/2014 | Acquisition | Additions/ Adjustments | Deductions | Currency Translation |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Freehold Land - (b) | - | - | - | - | - |
| Leasehold Land - (c) | - | - | - | - | - |
| Office Cabin | | | 226,546.00 | - | 226,546.00 |
| Furniture & Fixtures | | | 18,100.00 | - | 18,100.00 |
| Office Equipment | 31,293.00 | - | 1,600.00 | - | 32,893.00 |
| | 31,293.00 | - | 246,246.00 | - | 277,539.00 |

| | | | | | |
|---|---|---|---|---|---|
| **Accumulated Depreciation** | | | | | |
| Freehold Land | | - | - | - | - |
| Leasehold Land | | - | - | - | - |
| Office Cabin | | | 2,668.00 | - | 2,668.00 |
| Furniture & Fixtures | | | 871.00 | - | 871.00 |
| Office Equipment | 20,282.00 | - | 4,406.00 | - | 24,688.00 |
| | 20,282.00 | - | 7,945.00 | - | 28,227.00 |
| **Accumulated Impairment** | | | | | |
| Freehold Land | - | - | - | - | - |
| Leasehold Land | - | - | - | - | - |
| Office Cabin | - | - | - | - | - |
| Furniture & Fixtures | - | - | - | - | - |
| Office Equipment | - | - | - | - | - |
| | - | - | - | - | - |

**11 Capital Work-in-Progress**

Capital Work-in-Progress consist of the following:

| | As at | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Construction and other Work-in-Progress | 128,270,646.00 | 91,021,715.00 |
| Expenditure during Construction pending allocation (a) | 24,375,851.64 | 11,030,304.67 |
| | 152,646,497.64 | 102,052,019.67 |

(a). Detail of Expenditure during Construction pending allocation are given below:

| | As at | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Expenditure during the year | | |
| Employee Benefits Expenses | 711,199.00 | 619,030.00 |
| Other Expenses: | | |
| Fess to Contractual Personnel | 1,207,761.00 | 708,195.00 |
| Consiltancy Fees | 1,404,901.00 | 1,345,640.00 |
| Interest on Term Loan | 6,970,265.00 | 455,629.00 |
| Loan Processing Fees | - | 2,198,886.00 |
| Legal Fees | - | 299,999.00 |
| Travelling expenses | 546,140.00 | 238,341.27 |
| Security Charges | 128,814.00 | - |
| Generator Running Cost and Expenses | 622,497.00 | |
| Fabrication Charges | 1,228,640.37 | |
| Rent Paid | 16,000.00 | 16,000.00 |
| Testing Charges | 79,115.00 | - |
| Depreciation on assets to be capitalised | 146,582.00 | 3,541.00 |
| Miscellaneous Expenses | 283,632.60 | 58,981.40 |
| | 13,345,546.97 | 5,944,242.67 |
| Income during the year | | |
| Other Income | - | - |
| | 13,345,546.97 | 5,944,242.67 |
| Add: Balance brought forward from previous year | 11,030,304.67 | 5,086,062.00 |
| | 24,375,851.64 | 11,030,304.67 |
| Less: Amount allocated to Fixed Assets | - | - |
| | - | - |
| Balance pending allocation | 24,375,851.64 | 11,030,304.67 |

**12. Long-term Loans and Advances**

Long-Term Loans and Advances consist of the following:

| | As at | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Security Deposits | | |
| Secured, Considered Good | - | - |
| Unsecured, Considered Good - Sales Tax Deposit | 5,000.00 | 5,000.00 |
| - Capital Advances | 3,226,469.00 | 1,342,090.00 |
| | 3,231,469.00 | 1,347,090.00 |
| Less: Allowance for bad and doubtful loans and advances | - | - |
| | 3,231,469.00 | 1,347,090.00 |

**13. Other Non-Current Assets**

Other non-current Assets consist of the following:

| | As at | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Accrued Income | - | - |
| Non-current Bank Balance (Refer Note - 14) | 6,290,000.00 | 6,290,000.00 |
| | 6,290,000.00 | 6,290,000.00 |

**14. Cash and Bank Balances:**

Cash and Bank Balances consist of the following:

| | As at | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Balance with Banks: | | |
| Margin Money Account | - | - |
| Deposits with original maturity of less than 3 months | - | - |
| On Current Account | 4,685,138.57 | 1,625,144.04 |
| Cash on Hand | 1,431.00 | 43,346.00 |
| | 4,686,569.57 | 1,668,490.04 |
| Other Bank Balances | | |
| Deposits with original maturity for more than 3 months but less than 12 months | - | - |
| Deposits with original maturity for more than 12 months ** | 6,290,000.00 | 6,290,000.00 |
| Less:- Amount disclosed under other non current asset (Refer Note -13) | (6,290,000.00) | (6,290,000.00) |
| | - | - |
| | 4,686,569.57 | 1,668,490.04 |

** Includes fixed deposit with lien in favour of Govt. of Maharashtra Rs. 62,90,000/- (Previous year Rs. 62,90,000/-)

**15. Other Current Assets**

Other Current Assets consist of the following:

| | As at | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Accrued Interest | 397,909.00 | 774,061.00 |
| Current Tax Assets (Net of Provisions) | - | 14,504.00 |
| Rent Deposit | 53,360.00 | 8,000.00 |
| MVAT Refund Receivable | 15,333.00 | 14,250.00 |
| Prepaid Expenses | 13,235.00 | 18,011.00 |
| | 479,837.00 | 828,826.00 |

**16. Other Income:**

Other Income consist of the following:

| | Year ended | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Interest Income | | |
| On Inter Corporate Deposits and Fixed Deposits | 561,219.00 | 636,485.00 |
| On Others | 800.00 | 1,440.00 |
| Other Non-Operating Income (Net) | - | - |
| | 562,019.00 | 637,925.00 |
| Less: Other Income transferred to Capital Work-in-Progress (b) | - | - |
| | 562,019.00 | 637,925.00 |

**17. Employee Benefits Expenses:**

Employee Benefits Expenses consist of the following:

| | Year ended | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Salaries and Wages | 587,472.00 | 523,179.00 |
| Ex-Gratia | 65,710.00 | 58,500.00 |
| Employee Stock Option Scheme | - | - |
| LTA and Medical Expenses | 40,555.00 | 37,351.00 |
| Employee Welfare | 17,462.00 | - |
| | 711,199.00 | 619,030.00 |
| Less: Transfer to Capital Work-in-Progress | 711,199.00 | 619,030.00 |
| | - | - |

**18 Finance Charges**

| | Year ended | |
|---|---|---|
| | - | - |
| Interest on Term Loan | 6,970,265.00 | 455,629.00 |
| | 6,970,265.00 | 455,629.00 |
| Less: Transfer to Capital Work-in-Progress | 6,970,265.00 | 455,629.00 |
| | - | - |

**19 Depreciation and Amortization Expenses:**

| | Year ended | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Depreciation Expenses | 168,720.00 | 7,945.00 |
| Amortization Expenses | - | - |
| | 168,720.00 | 7,945.00 |
| Less:- Transferred to Capital work in Progress | 146,582.00 | 3,541.00 |
| | 22,138.00 | 4,404.00 |

**20 Other Expenses:**

Other Expenses consist of the following:

| | Year ended | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Generator Running cost and expenses | 622,497.00 | - |
| Fabrication Charges | 1,228,640.37 | - |
| Advertisement Charges | - | 5,000.00 |
| Rates and Taxes | 2,500.00 | 2,500.00 |
| Auditors' Remuneration (a) | 22,900.00 | 37,000.00 |
| Bank Charges | 86,306.50 | 55,350.26 |
| Fees to contractual personnel | 1,207,761.00 | 708,195.00 |
| Consultancy Fees | 1,404,901.00 | 1,345,640.00 |
| Security Charges | 128,814.00 | - |
| Capital Issue Expenses | - | 1,104,530.00 |
| Travelling Expenses | 546,140.00 | 238,341.27 |
| Loading and Unloading Expenses | 276,082.60 | 57,081.40 |
| Testing Charges | 79,115.00 | - |
| Loan Processing Fees | - | 2,198,886.00 |
| Legal Fees | - | 299,999.00 |
| Rent for quarter | 16,000.00 | 16,000.00 |
| Miscellaneous Expenses | 92,778.00 | 80,709.03 |
| | 5,714,435.47 | 6,149,231.96 |
| Less: Transfer to Capital Work-in-Progress | 5,517,500.97 | 4,866,042.67 |
| | 196,934.50 | 1,283,189.29 |

(a). Details of Auditors' Remuneration are as follows:

| | | |
|---|---|---|
| Statutory Auditors: | | |
| Audit Fees | 22,900.00 | 20,000.00 |
| Certification and others | - | 17,000.00 |
| | 22,900.00 | 37,000.00 |

**21. Cash and Cash Equivalents**

Reconciliation of Cash and Cash Equivalents are given below:

| | As at | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Cash and Bank Balance as per Balance Sheet | 4,686,569.57 | 1,668,490.04 |
| Add: Current Investments maturing within 3 months | - | - |
| Less: Balances with desiganected accounts not available for use | - | - |
| Less: Bank deposits with initial maturity exceeding 3 months | - | - |
| | 4,686,569.57 | 1,668,490.04 |

**22. Employee Benefits**

No Employee has put in requisite services as required to become eligible for the benefits, and accordingly **no** provision has been made in the accounts during the year for such liability and benefits.

**23. Earning per Share (EPS)**

| | Year ended | |
|---|---|---|
| | 31/03/2016 | 31/03/2015 |
| Net Profit | 224,069.50 | (771,594.29) |
| Weighted average number of shares used in the calculation of EPS: | | |
| Weighted average number of Basic Equity Shares outstanding | 7,083,530 | 6,715,311 |
| Weighted average number of Diluted Equity Shares outstanding | 7,083,530 | 6,715,311 |
| Face value of per share (`) | 10.00 | 10.00 |
| Basic EPS (Rs.) | 0.03 | (0.11) |
| Diluted EPS (Rs.`) | 0.03 | (0.11) |

**24. Related Party Disclosure**

a. Name of the related parties where control exists: — Nature of relationship

i Hindalco Industries Ltd. — Holding Company

b. Others - with whom transactions have been taken placeduring the year

i Names of other related parties — Nature of relationship

Laxmi Organic Industries Ltd — Associate company

c. Key Management Personnel:

i Names of other related party — Nature of relationship

Gaurav Sidhapura — Company Secretary

Nilesh Bhosale — Manager

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| d. Transactions with Holding Company | | |
| i Issue of Equity Shares | - | 4,080,000 |
| ii Reimbursement of expenses paid/payable | - | 614 |
| iii Corporate Guarantee given for Secured Loan | 99,042,000 | 99,042,000 |
| e. Transactions with Associate Company | | |
| i Issue of Equity Shares | - | 3,920,000 |
| ii Corporate Guarantee given for Secured Loan | 95,158,000 | 95,158,000 |
| f. Transactions with Key Management Personnel : Mr.Nilesh Bhosale (Managerial remuneration) | 693,737 | 619,030 |

**25.** Information related to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act), are given below. The information given below have been determined to the extent such enterprises have been identified on the basis of information available with the Company:

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| (a). Principal amount due | Nil | Nil |
| (b). Interest on Principal amount due | Nil | Nil |
| (c). Interest and Principal amount paid beyond appointment day | Nil | Nil |
| (d). The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSME Development Act. | Nil | Nil |
| (e). The amount of interest accrued and remaining unpaid at the end of the year. | Nil | Nil |
| (f). The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSME Development Act. | Nil | Nil |

**26. Contingent Liabilities and Commitments (to the extent not provided)**

**A. Contingent Liabilities**

| | As at 31/03/2016 | As at 31/03/2015 |
|---|---|---|
| (a). Claims against the company not acknowledged as debt: | - | - |
| (b). Guarantees | 6,290,000 | 6,290,000 |
| **B. Commitments** | | |
| (a). Estimated amount of contracts remaining to be executed on capital account and not provided for | 96,760,351 | 90,949,862 |

**27** The Company has been incurring the expenses during construction period for implementation of Hydel Power Project and therefore such expenses which are directly attributed to the power project are shown as expenses under construction period pending allocation and will be allocated to various assets on completion of the project.

**28** Figures of the previous year have been regrouped/ rearranged wherever necessary.

**for JHAVAR LADHA & ASSOICATES**
**Chartered Accountants**
**Firm Registration No. 104223W**

**CA Kailash Jhavar(Partner)**
**M.No. F -070521**

**FOR SUVAS HOLDINGS LIMITED**

DIRECTORS DIRECTORS

Gaurav
Company Secretary

Place: Mumbai dated April 30 , 2016

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF UTKAL ALUMINA INTERNATIONAL LIMITED

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Utkal Alumina International Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. 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 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 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 standards and matters which are required to be included in the audit report.

5. We conducted our audit 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2016, and its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. 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 (hereinafter referred to as 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.

10. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

(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 of pending litigations as at March 31, 2016 on its financial position in its financial statements – Refer Note 30.

ii. The Company has long-term contracts including derivative contracts as at March 31, 2016 for which there were no material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number: 109553

Mumbai
May 12 , 2016

**Annexure A to Independent Auditors' Report**

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Utkal Alumina International Limited on the financial statements for the year ended March 31, 2016



## 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 Utkal Alumina International Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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.

## Auditors' 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") 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 generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

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, 2016, 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
Firm Registration Number: 301112E
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number: 109553

Mumbai
May 12, 2016

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Utkal Alumina International Limited on the financial statements as of and for the year ended March 31, 2016

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, other than for self-constructed buildings, as disclosed in Note 10 and Note 11 on fixed assets to the financial statements, are held in the name of the Company.

ii. The physical verification 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 the Company's management. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

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 Clause 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 Section 186 of the Companies Act, 2013 in respect of the investment made. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013.

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 there under 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 prescribed accounts 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 regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. The undisputed statutory dues in respect of income tax have not generally been regularly deposited with the appropriate authorities, though the delays in deposit have not been serious.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Sales tax and duty of customs which have not been deposited on account of any dispute. The particulars of dues of income tax, service tax, duty of excise, value added tax as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs.) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Orissa Value Added Tax, 2004 | Value Added Tax | 568,101 | April 2005 to September 2006 | Additional Commissioner of Sales Tax |
| Central Excise Act, 1944 | Excise Duty | 118,563,821 | December 2007 to December 2014 | Commissioner, Central Excise, Customs & Service, Bhubaneswar |
| Income tax Act, 1961 | Income tax | 109,344 | April 1, 2012 to March 31, 2013 | Assistant Commissioner of Income tax, Bhubaneswar |
| Finance Act, 1994 | Service tax | 17,940,511 | April 1, 2011 to March 31, 2012 | Commissioner, Central Excise, Customs & Service, Bhubaneswar |

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 debenture holders 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 term loans have been applied for the purposes for which they were obtained. The company has not raised any money by way of initial public offer or 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 to the Act.

xii. As the Company is not a Nidhi Company and 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 Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

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 then. 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
Firm Registration Number: 301112E
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number: 109553

Mumbai
May 12, 2016

## UTKAL ALUMINA INTERNATIONAL LIMITED
### Balance Sheet as at March 31, 2016

(Rs. in Crores)

| | Note | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 2 | 3,971.76 | 3,911.76 |
| Reserves and Surplus | 3 | (1,045.64) | (952.28) |
| | | 2,926.12 | 2,959.48 |
| **Non-Current Liabilities** | | | |
| Long-term Borrowings | 4 | 4,715.68 | 4,550.00 |
| Long-term Provisions | 5 | 152.24 | 0.39 |
| | | 4,867.92 | 4,550.39 |
| **Current Liabilities** | | | |
| Short-term Borrowings | 6 | 246.08 | 353.61 |
| Trade Payables | 7 | | |
| -Total outstanding dues of micro enterprises and small enterprises | | 0.01 | - |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | | 174.87 | 149.22 |
| Other Current Liabilities | 8 | 343.35 | 562.24 |
| Short-term Provisions | 9 | 17.37 | 3.27 |
| | | 781.68 | 1,068.34 |
| **TOTAL** | | **8,575.72** | **8,578.21** |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Fixed Assets | | | |
| Tangible Assets | 10 | 7,749.35 | 6,795.85 |
| Intangible Assets | 11 | 43.83 | 14.84 |
| Capital Work-in-Progress | 12 | 82.72 | 1,023.54 |
| Non-Current Investments | 13 | 0.05 | 0.05 |
| Long-term Loans and Advances | 14 | 47.83 | 68.27 |
| Other Non-Current Assets | 15 | 0.93 | 0.01 |
| | | 7,924.71 | 7,902.56 |
| **Current Assets** | | | |
| Inventories | 16 | 369.78 | 400.03 |
| Trade Receivables | 17 | 196.44 | 16.68 |
| Cash and Bank Balances | 18 | 1.79 | 5.95 |
| Short-term Loans and Advances | 19 | 82.97 | 252.97 |
| Other Current Assets | 20 | 0.03 | 0.02 |
| | | 651.01 | 675.65 |
| **TOTAL** | | **8,575.72** | **8,578.21** |

**Significant Accounting Policies** 1

The accompanying notes are integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

**Priyanshu Gundana**
Partner
Membership No. 109553

Place: Mumbai
Date: May 12, 2016

**For and on behalf of the Board of Directors**

Director
DIN: 06587706
Bharat Bhushan Jha
Place: Mumbai
Date: May 12, 2016

Director Vijay Sapra
DIN: 05247213
Place: Mumbai
Date: May 12, 2016

**Shree Nath Mishra**
Chief Financial Officer
Place: Mumbai
Date: May 12, 2016

**Sunita Narayan**
Company Secretary
Place: Mumbai
Date: May 12, 2016

Utkal Alumina International Limited

UTKAL ALUMINA INTERNATIONAL LIMITED

**Statement of Profit and Loss for the year ended March 31, 2016**

| | Note | For the Year Ended March 31, 2016 | (Rs. in Crores) For the Year Ended March 31, 2015 |
|---|---|---|---|
| **REVENUES** | | | |
| Gross Revenue from Operations | 21 | 2,515.56 | 1,875.26 |
| Less: Excise duty | | (275.86) | (206.33) |
| Net Revenue from Operations | | 2,239.70 | 1,668.93 |
| Other Income | 22 | 4.70 | 3.06 |
| **Total** | | **2,244.40** | **1,671.99** |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 23 | 301.85 | 253.40 |
| Purchases of Stock in Trade | 24 | - | 0.06 |
| Changes in Inventory of Finished Goods and Work-in-Progress | 25 | 36.16 | (67.36) |
| Employee Benefits | 26 | 50.80 | 47.04 |
| Power and Fuel | 27 | 550.05 | 609.21 |
| Finance Costs | 28 | 517.87 | 518.78 |
| Depreciation and Amortization | 29 | 289.40 | 237.81 |
| Other Expenses | 30 | 591.67 | 569.13 |
| **Total** | | **2,337.80** | **2,168.07** |
| **Loss before Taxation** | | (93.40) | (496.08) |
| Tax Expense: | | | |
| Current Tax | | - | - |
| Excess Provision of earlier years | | 0.04 | 0.02 |
| **Loss after taxation** | | **(93.36)** | **(496.06)** |
| Loss per Equity Share [Nominal Value per Share: Rs. 10 (Previous Year : Rs. 10)] | | | |
| -Basic and Diluted in Rupees | 35 | (0.24) | (1.39) |
| **Significant Accounting Policies** | 1 | | |

The accompanying notes are integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

**Priyanshu Gundana**
Partner
Membership No. 109553

Place: Mumbai
Date: May 12, 2016

**For and on behalf of the Board of Directors**

12/5

Director
DIN: 06587706
Bharat Bhushan Jha
Place: Mumbai
Date: May 12, 2016

Director Vijay Sapra
DIN: 05247213

Place: Mumbai
Date: May 12, 2016

**Shree Nath Mishra**
Chief Financial Officer

Place: Mumbai
Date: May 12, 2016

**Sunita Narayan**
Company Secretary

Place: Mumbai
Date: May 12, 2016

Utkal Alumina International Limited

UTKAL ALUMINA INTERNATIONAL LIMITED
Cash Flow Statement for the year ended March 31, 2016

(Rs. in Crores)

| | For the Year Ended March 31, 2016 | Year Ended March 31, 2015 |
|---|---|---|
| **A. Cash Flow generated from Operating Activities** | | |
| **Net Loss before tax** | (93.40) | (496.08) |
| Adjustment for: | | |
| Compensation in lieu of return | 3.00 | 3.00 |
| Depreciation and Amortization | 289.40 | 237.81 |
| Unrealised Foreign Exchange Loss (Net) | (0.45) | 0.05 |
| Interest Income | (0.29) | (0.13) |
| Gain on sale of current Investments (Net) | (0.16) | - |
| Loss on Fixed Assets sold/ discarded (Net) | 0.01 | 0.03 |
| Finance Costs | 517.87 | 518.78 |
| (Gain) / Loss on changes in fair value of Derivatives | (0.03) | 0.01 |
| **Operating Profit before working capital changes** | **715.95** | **263.47** |
| Adjustment for changes in Working Capital : | | |
| - Increase in Trade Payables | 27.13 | 35.15 |
| - Increase / (Decrease) in Other liabilities and Provisions | 14.50 | (4.47) |
| - (Increase) / Decrease in Trade Receivables | (179.76) | 174.35 |
| - (Increase) / Decrease in Inventories | 30.25 | (129.16) |
| - Decrease in Loans and advances, other current assets | 173.94 | 76.06 |
| - Increase in Other Non Current Assets | (0.92) | - |
| **Cash generated from Operations** | **781.09** | **415.40** |
| Direct Taxes Paid | (1.49) | (1.02) |
| **Net Cash generated from Operating Activities** | **779.60** | **414.38** |
| **B. Cash Flow used in Investing Activities** | | |
| Purchase of Fixed Assets | (183.68) | (382.87) |
| Sale of Tangible Assets | 0.01 | 0.02 |
| Investments in Mutual Funds | (65.00) | - |
| Redemption of Investments in Mutual Funds | 65.16 | - |
| (Increase) / Decrease in Other bank Balances | 0.90 | (0.90) |
| Interest Received | 0.29 | 0.14 |
| **Net Cash used in Investing Activities** | **(182.32)** | **(383.61)** |
| **C. Cash Flow used in Financing Activities** | | |
| Proceeds from issue of equity share capital | 60.00 | 784.50 |
| Proceeds from Term Loan from Banks | 1,915.00 | - |
| Prepayment of Term Loan to Banks | (1,915.00) | - |
| Repayment of Term Loan to Banks | (61.44) | (125.00) |
| Repayment of Short Term Borrowings | (107.80) | (131.52) |
| Redemption of Debenture | (3.00) | (3.00) |
| Finance Costs | (488.30) | (553.33) |
| **Net Cash used in Financing Activities** | **(600.54)** | **(28.35)** |
| **Net increase / (decrease) in Cash and Cash equivalents** | **(3.26)** | **2.42** |
| Cash and Cash Equivalents at the beginning of the year | 5.05 | 2.63 |
| **Cash and Cash Equivalents at the end of the year** | **1.79** | **5.05** |

Utkal Alumina International Limited

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

UTKAL ALUMINA INTERNATIONAL LIMITED
Cash Flow Statement for the year ended March 31, 2016

| Cash and Cash Equivalents comprise: | As At March 31, 2016 | (Rs. in Crores) As At March 31, 2015 |
|---|---|---|
| **Bank Balances:** | | |
| - Current Accounts | 1.79 | 5.04 |
| - Term Deposits with less than 3 months maturity | - | 0.01 |
| - Cash on hand | - | - |
| | **1.79** | **5.05** |

Note:

1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statement".

2 Previous year's figures have been reclassified to conform to the current year's classification.

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

**Priyanshu Gundana**
Partner
Membership No. 109553

Place: Mumbai
Date: May 12, 2016

**For and on behalf of the Board of Directors**

Director Bharat Bhushan Jha
DIN: 06587706

Place: Mumbai
Date: May 12, 2016

Director
DIN: Vijay Sapre

Place: Mumbai
Date: May 12, 2016

**Shree Nath Mishra**
Chief Financial Officer

Place: Mumbai
Date: May 12 2016

**Sunita Narayan**
Company Secretary

Place: Mumbai
Date: May 12 2016

Utkal Alumina International Limited

**Notes annexed to and forming part of the Balance Sheet as at March 31, 2016 and Statement of Profit and Loss for the year ended March 31, 2016**

**1 Significant Accounting Policies**

**1.1 Accounting Convention**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing accounting standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [(Companies (Accounting Standards) Rules, 2006), as amended] and the other relevant provisions of the Companies Act, 2013 (the "Act") and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in sub-section (3C) of Section 211 of the Act.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. April 01, 2016.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to the Companies Act, 2013.

**1.2 Fixed Assets**

(a) Tangible assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

(b) Intangible assets are stated at acquisition cost less accumulated amortisation and impairment loss, if any.

(c) Expenditure incurred on 'start up' and commissioning of the project, including expenditure incurred on 'test run' and experimental production, net of realisation if any, is capitalised as an indirect element of the construction cost. However the expenditure incurred after the project commences commercial production, is treated as revenue expenditure.

**1.3 Depreciation and Amortisation**

(a) Depreciation on tangible assets, except Leasehold Land and Leasehold Land Improvement, has been provided on straight-line method over the estimated useful life of the assets in the manner prescribed under Schedule II to the Companies Act 2013. Leasehold Land and Leasehold Land Improvement is amortised over the period of lease on straight line basis.

(b) Intangible asset comprises of Mining Lease and Development Rights and Computer Software. Mining Lease and Development Rights is amortised over the period of lease on straight line basis. Computer Software is amortised over a period of five years on straight line basis.

(c) "Incidental Expenditure during Construction Period pending capitalisation" as included under Capital Work-in-Progress represents expenditure incurred during setting-up of the manufacturing facility. Dividend/Interest income received from short term investments of surplus funds deployed out of borrowed funds are netted off from the incidental expenditure pending capitalisation.

**1.4 Investments**

Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature. Current investments are stated at lower of cost and fair market value. Fair value has been determined on the basis of realisable market value.

**1.5 Inventories**

Inventories of stores and spares parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Inventory of other items are valued ' at cost or net realisable value, whichever is lower'. Cost is determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realisable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

**1.6 Derivative Financial Instruments**

The Company uses derivative financial instruments to hedge its risks associated with foreign exchange transactions arising from procurement of capital assets. The fair value of those derivative financial instruments is recognised as assets or liabilities at the balance sheet date. Such derivative instruments are used as risk management tools and not for speculative purposes.

For derivative financial instruments designated as Cash flow hedges and where the exposure gives rise to non-financial asset, the effective portion of fair value of such instruments are recognised in the Hedging Reserve Account and reclassified to the initial carrying amount of the non-financial asset as a 'basis adjustment'. The ineffective portion of the change in fair value of such instruments is recognised in the Statement of Profit and Loss in the period in which they arise.

If the hedge relationship ceases to be effective, hedge accounting is discontinued and fair value changes arising from such instruments are recognised in the Statement of Profit and Loss in the period in which they arise. If it becomes evident that a hedged transaction is no longer highly probable, hedge accounting is discontinued and fair value changes arising from those instruments are recognised in the Statement of Profit and Loss in the period in which they arise.

For derivative financial instruments that are not designated in a hedge relationship, the fair value of the derivative financial instruments is marked to market through the Statement of Profit and Loss.

**1.7 Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of difference in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss. Non-monetary foreign currency items are carried at cost.

Utkal Alumina International Limited

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

**Notes annexed to and forming part of the Balance Sheet as at March 31, 2016 and Statement of Profit and Loss for the year ended March 31, 2016**

**1.8 Borrowing costs**

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition/ construction of qualifying assets are apportioned to the cost of the qualifying assets up to the date on which the assets are substantially ready for their intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

**1.9 Employee Benefits**

**a) Defined Contribution Plans**

The Company contributes on a defined contribution basis to Employee's Provident Fund, Employee's Superannuation Fund and Employee's Pension Scheme towards post employment benefits. Except for the Superannuation fund, which is administered by an employees' trust set up by the Company for its certain employees, all of the above funds are administered by the respective Government authorities. The Company has no further obligation beyond making its contribution, which is recognized in the year to which it pertains.

**b) Defined Benefit Plans**

The Company has a defined benefit plan, namely Gratuity, for all its employees. Gratuity fund is setup by the Company and is administered through trustees. Plan Assets are invested in Insurer Managed Fund.

Liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the period end, which is calculated using projected unit credit method.

**c) Employee Leave Entitlement**

Employees of the Company are entitled to leave as per the leave policy of the Company. Liability in respect of unutilized leave balances is provided based on actuarial valuation carried out by an independent actuary as at the period end.

**1.10 Use of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities at the date of the Balance Sheet. Difference between the actual results and estimates are recognized in the period in which the results are known / materialize.

**1.11 Accounting for Taxes**

Income tax expense comprises current tax and deferred tax charge or credit.

**(a) Current Taxation**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year as per 'The Income Tax Act, 1961', of India.

**(b) Deferred Taxation**

Deferred tax resulting from timing differences between book and tax profits is accounted at the current/ substantively enacted rate of tax to the extent that the timing differences are expected to crystallize.

Deferred tax assets arising in situations where there are brought forward losses and unabsorbed depreciation, are recognized only when there is a virtual certainty supported by convincing evidence that such assets will be realized.

**1.12 Impairment of Assets**

At each balance sheet date an assessment is made as to whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is estimated. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. The impairment loss recognised in prior accounting period is reversed if there has been an improvement in recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

**1.13 Provisions and Contingent Liabilities**

A provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made.

**Restoration and Rehabilitation Costs**

Provision for close down and restoration costs are provided for in the accounting period in which the obligation to rectify the damage arises. Provision for such costs is recorded based on the assessment of the amount, the Company estimates to incur to meet such obligations.

**Environmental Liabilities**

Environmental liabilities are recognised when there is present obligation arising out of past events to rectify environmental damage or perform remediation work.

**1.14 Revenue Recognition**

Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and are net of trade discounts, rebates, sales taxes and excise duties. Dividend income on investments is accounted for when the right to receive the payment is established. Interest Income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable. Insurance claims where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

Export Incentives are accounted on accrual basis when there is reasonable certainty that those export incentives will be received.

**1.15 Leases**

Lease payments under an operating lease are recognized as expense in the statement of profit and loss on a straight line basis over the lease term.

Utkal Alumina International Limited

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

**2 Share Capital**

| | As at March 31, 2016 | (Rs. in Crores) March 31, 2015 |
|---|---|---|
| **Authorized:** | | |
| 4,970,000,000 (As at March 31,2015 : 3,970,000,000) Equity Shares of Rs.10 each | 4,970.00 | 3,970.00 |
| 30,000,000 (As at March 31, 2015: 30,000,000) Preference Shares of Rs.10 each | 30.00 | 30.00 |
| | 5,000.00 | 4,000.00 |
| **Issued, Subscribed and Paid up capital:** | | |
| 3,971,764,068 (As at March 31, 2015 : 3,911,764,068) Equity Shares of Rs.10 each fully paid up | 3,971.76 | 3,911.76 |
| | 3,971.76 | 3,911.76 |

**a. Reconciliation of the Equity Shares outstanding at the beginning and at the end of the reporting year**

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---|---|---|---|---|
| | Nos. | Rs. in Crores | Nos. | Rs. in Crores |
| At the beginning of the year | 3,911,764,068 | 3,911.76 | 3,127,264,068 | 3,127.26 |
| Issued during the year | 60,000,000 | 60.00 | 784,500,000 | 784.50 |
| Outstanding at the end of the year | 3,971,764,068 | 3,971.76 | 3,911,764,068 | 3,911.76 |

**b. Terms/ rights attached to equity shares**

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**c. Details of shareholders holding more than 5% of the aggregate shares in the Company and shares held by Holding Company**

Entire issued, subscribed and paid up equity shares are held by Hindalco Industries Limited, the Holding Company, and its nominees.

**3 Reserves and Surplus**

| | As at March 31, 2016 | (Rs. in Crores) March 31, 2015 |
|---|---|---|
| **Deficit in the Statement of Profit and Loss** | | |
| Balance at the beginning of the year | (952.28) | (455.49) |
| Add: Loss for the year | (93.36) | (496.06) |
| Add: Transitional Depreciation on adoption of Schedule II (Refer Note 10) | - | (0.73) |
| Balance at the end of the year | **(1,045.64)** | **(952.28)** |

**4 Long-term Borrowings**

| | As at March 31, 2016 | (Rs. in Crores) March 31, 2015 |
|---|---|---|
| **Secured** | | |
| Term Loans from Banks | | |
| (Refer Note (a) below) | 4,715.68 | 4,550.00 |
| | **4,715.68** | **4,550.00** |

a. During the year ended March 31, 2016, the Company has refinanced the erstwhile term loan from Banks of Rs. 4787.50 Crores and extended the tenor of the loan.
Term Loan from banks carries floating interest at SBI base rate plus 0.5% margin per annum, and is repayable in 60 quarterly installments as per the agreed repayment schedule commenced from December 31, 2015. The repayment towards oustanding loan in each financial year in percentage is 1,1,2,3.5,5,7,8,8,9,10,10,10,10,10 and 5 of the loan amount.The loan is secured by (a) first ranking pari passu mortgage/ Security Interest in respect of all the immovable properties (excluding the forest land and land surrendered for rehabilitation and resettlement colony) (b) first ranking charge on movable assets (including movable machinery, machinery spares, tools and accessories) both present and future, pertaining to the project (c) second charge on the current assets of the Company (excluding cash, cash equivalents and investments) both present and future. (d) corporate guarantee of Hindalco Industries Limited, the Holding Company.

**5 Long-Term Provisions**

| | As at March 31, 2016 | (Rs. in Crores) March 31, 2015 |
|---|---|---|
| **Provision for Employee Benefits:** | | |
| - Provision for Gratuity (Refer Note 44 II) | 0.75 | 0.39 |
| | 0.75 | 0.39 |
| Provision for Site Restoration Expenditure (Refer Note 37 and 47) | 147.23 | - |
| Environmental Restoration Liabilities (Refer Note 37 and 48) | 4.26 | - |
| | 151.49 | - |
| | **152.24** | **0.39** |

Utkal Alumina International Limited

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

6 **Short Term Borrowings**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Secured** | | |
| **From Banks :** | | |
| Cash Credit and Packing Credit (Refer Note (a) below) | 171.08 | 308.61 |
| | 171.08 | 308.61 |
| **Unsecured** | | |
| **From Banks :** | | |
| Working Capital Loan Repayable on Demand | 75.00 | 45.00 |
| | 75.00 | 45.00 |
| | 246.08 | 353.61 |

a. Cash Credit and Packing Credit facilities from banks availed under the consortium lending arrangement are secured by (a) first pari-passu charge by hypothecation of investments classified as "held for trading", entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares, investments classified as "available for sale", stock-in trade and book debts pertaining to the company's business, both present and future and (b) second charge on the fixed assets of the Company.
Packing credit facilities from banks are repayable within 180 days from the date of disbursement.

7 **Trade Payables**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| Micro, Small and Medium Enterprises (Refer Note 34) | 0.01 | - |
| Others | 174.87 | 149.22 |
| | 174.88 | 149.22 |

8 **Other Current Liabilities**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| Debentures (Refer Note (a) below) | 3.00 | 3.00 |
| Current Maturities of Secured Term Loan from Banks (Refer Note 4(a) above) | 47.88 | 275.00 |
| Interest accrued but not due on borrowings | 30.34 | 0.78 |
| Derivative Liabilities (Refer Note 43) | - | 0.03 |
| Employee related Liabilities | 4.23 | 3.64 |
| Liabilities towards Purchase/construction of Fixed Assets (Refer Note (b) below) | 237.87 | 272.04 |
| Statutory dues | 19.93 | 7.61 |
| Advance from Customers | 0.07 | 0.11 |
| Other Liabilities | 0.03 | 0.03 |
| | 343.35 | 562.24 |

a In terms of Debenture Subscription Agreement between the Company and Orissa Mining Corporation Limited ('OMCL'), the Company issued during the year, a Zero Coupon Unsecured Redeemable Non-Convertible Debentures of Rs. 3 crores to OMCL towards its obligation to pay OMCL an amount equivalent to 15% per annum on Rs. 20 crores as return up to March 31, 2016 which is due for redemption at par on September 30, 2016.

b Liabilities towards Purchase/construction of Fixed Assets includes Rs. 20 Crores payable to Orissa Mining Corporation Limited ('OMCL') pursuant to an agreement between the Company and OMCL dated October 1, 2007 and subsequent addendum on January 31, 2011. Pursuant to the agreement, the Company has agreed to issue 15% Fully Convertible Cumulative Preference Shares amounting to Rs. 20 crores with face value of Rs. 10 each at par in consideration for transfer of prospecting license, mining leases and all rights thereto, rendering of related technical services etc. by OMCL. Pending issuance of such Preference Shares, the obligation is recognised and included under 'Liabilities towards Purchase/ construction of Fixed Assets' in the above note.

9 **Short-term Provisions**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Provision for Employee Benefits:** | | |
| - Provision for Leave Entitlement (Refer Note 44 III) | 4.53 | 3.27 |
| | 4.53 | 3.27 |
| Provision for Site Restoration Expenditure (Refer Note 37 and 47) | 12.67 | - |
| Environmental Restoration Liabilities (Refer Note 37 and 48) | 0.17 | - |
| | 12.84 | - |
| | 17.37 | 3.27 |

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## 10 Tangible Assets

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| Cost | 8,372.89 | 7,130.85 |
| Less: Accumulated Depreciation | 623.54 | 335.00 |
| Net Carrying Amount | 7,749.35 | 6,795.85 |

(Rs. in Crores)

| | Original Cost As at | | Accumulated Depreciation As at | | Net Carrying Amount As at | |
|---|---|---|---|---|---|---|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| Leasehold Land | 96.53 | 96.53 | 14.96 | 13.86 | 81.57 | 82.67 |
| Leasehold Land Improvement | 119.87 | 119.87 | 4.88 | 3.55 | 114.99 | 116.32 |
| Freehold Land | 0.19 | 0.19 | - | - | 0.19 | 0.19 |
| Buildings | 1,598.32 | 1,524.68 | 111.40 | 65.35 | 1,486.92 | 1,459.33 |
| Roads & Bridges | 162.90 | 154.33 | 31.07 | 15.33 | 131.83 | 139.00 |
| Plant and Machinery | 6,124.93 | 4,966.76 | 423.41 | 214.58 | 5,701.52 | 4,752.18 |
| Furniture and Fittings | 8.75 | 7.84 | 3.15 | 2.26 | 5.60 | 5.58 |
| Vehicles | 1.03 | 1.05 | 0.38 | 0.34 | 0.65 | 0.71 |
| Office Equipment | 4.36 | 3.82 | 3.34 | 2.87 | 1.02 | 0.95 |
| Railway Siding | 256.01 | 255.78 | 30.95 | 16.86 | 225.06 | 238.92 |
| | 8,372.89 | 7,130.85 | 623.54 | 335.00 | 7,749.35 | 6,795.85 |

Reconciliation of the gross and net carrying amounts of assets at the beginning and end of the year:

(Rs. in Crores)

| | As at April 1, 2015 | Transitional Depreciation * During the year | Additions During the year | Disposal/ Adjustments During the year | As at March 31, 2016 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Leasehold Land | 96.53 | - | - | - | 96.53 |
| Leasehold Land Improvement | 119.87 | - | - | - | 119.87 |
| Freehold Land | 0.19 | - | - | - | 0.19 |
| Buildings | 1,524.68 | - | 73.64 | - | 1,598.32 |
| Roads & Bridges | 154.33 | - | 8.57 | - | 162.90 |
| Plant and Machinery ** | 4,966.76 | - | 1,158.17 | - | 6,124.93 |
| Furniture and Fittings | 7.84 | - | 0.91 | - | 8.75 |
| Vehicles | 1.05 | - | 0.12 | (0.14) | 1.03 |
| Office Equipment | 3.82 | - | 0.54 | - | 4.36 |
| Railway Siding | 255.78 | - | 0.23 | - | 256.01 |
| | 7,130.85 | - | 1,242.18 | (0.14) | 8,372.89 |
| **Previous Year** | 5,899.70 | - | 1,232.00 | (0.85) | 7,130.85 |
| **Accumulated Depreciation** | | | | | |
| Leasehold Land | 13.86 | - | 1.10 | - | 14.96 |
| Leasehold Land Improvement | 3.55 | - | 1.33 | - | 4.88 |
| Freehold Land | - | - | - | - | - |
| Buildings | 65.35 | - | 46.05 | - | 111.40 |
| Roads & Bridges | 15.33 | - | 15.74 | - | 31.07 |
| Plant and Machinery | 214.58 | - | 208.83 | - | 423.41 |
| Furniture and Fittings | 2.26 | - | 0.89 | - | 3.15 |
| Vehicles | 0.34 | - | 0.16 | (0.12) | 0.38 |
| Office Equipment | 2.87 | - | 0.47 | - | 3.34 |
| Railway Siding | 16.86 | - | 14.09 | - | 30.95 |
| | 335.00 | - | 288.66 | (0.12) | 623.54 |
| **Previous Year** | 98.42 | 0.73 | 236.65 | (0.80) | 335.00 |

* Represents transitional Depreciation on adoption of Schedule II of Companies Act 2013.

**Addition to Plant and Machinery includes :-

-Rs. 130.17 Crores (Previous Year: Nil) towards cost for close down and restoration expenditure of redmud pond and ashpond (Refer Note 47)

-Rs. 4.43 Crores (Previous Year: Nil) towards environmental restoration cost. (Refer Note 48)

## 11 Intangible Assets

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| Cost | 54.80 | 25.07 |
| Less: Accumulated amortisation | 10.97 | 10.23 |
| Net Carrying Amount | 43.83 | 14.84 |

(Rs. in Crores)

| | Original Cost As at | | Accumulated amortisation As at | | Net Carrying Amount As at | |
|---|---|---|---|---|---|---|
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| Computer Software | 0.28 | 0.28 | 0.25 | 0.24 | 0.03 | 0.04 |
| Mining Lease and Development Rights | 54.52 | 24.79 | 10.72 | 9.99 | 43.80 | 14.80 |
| | 54.80 | 25.07 | 10.97 | 10.23 | 43.83 | 14.84 |

Reconciliation of the gross and net carrying amounts of assets at the beginning and end of the year.

(Rs. in Crores)

| | As at April 1, 2015 | Additions During the year | Disposal During the year | As at March 31, 2016 |
|---|---|---|---|---|
| **Cost** | | | | |
| Computer Software | 0.28 | - | - | 0.28 |
| Mining Lease and Development Rights*** | 24.79 | 29.73 | - | 54.52 |
| | 25.07 | 29.73 | - | 54.80 |
| **Previous Year** | 25.03 | 0.04 | - | 25.07 |
| **Accumulated Amortization** | | | | |
| Computer Software | 0.24 | 0.01 | - | 0.25 |
| Mining Lease and Development Rights | 9.99 | 0.73 | - | 10.72 |
| | 10.23 | 0.74 | - | 10.97 |
| **Previous Year** | 9.07 | 1.16 | - | 10.23 |

*** Addition to Mining Lease and Development Rights include Rs. 29.73 Crores (Previous Year: Nil) towards restoration costs of the quarries developed for mining (Refer Note 47)

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| | | | (Rs. in Crores) |
|---|---|---|---|
| | | As at | |
| **12** | **Capital Work-in-Progress** | **March 31, 2016** | **March 31, 2015** |
| | Construction Work-in-Progress | 80.10 | 824.31 |
| | Incidental Expenditure during Construction Period pending capitalisation [Refer Note (a)] | 2.62 | 199.23 |
| | | **82.72** | **1,023.54** |

**(a) Incidental Expenditure during Construction Period pending capitalisation:**

| | | (Rs. in Crores) |
|---|---|---|
| | As at | |
| | **March 31, 2016** | **March 31, 2015** |
| **Incidental Expenditure brought forward from previous year** | 199.23 | 407.39 |
| Add: Expenditure during the year | - | 43.31 |
| | **199.23** | **450.70** |
| **Less: Capitalised during the year** | | |
| Interest capitalised during the year | (152.91) | (197.95) |
| Incidental expenditure capitalised during the year | (43.70) | (53.52) |
| **Incidental Expenditure during Construction Period pending capitalisation** | **2.62** | **199.23** |

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**13 Non Current Investments**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Long-Term Trade and Unquoted Investments (Valued at Cost)** | | |
| **Investment in Subsidiaries** | | |
| Utkal Alumina Technical & General Services Limited | | |
| 50,000 (As at March 31, 2015 : 50,000) Equity Shares of Rs.10 each | 0.05 | 0.05 |
| | 0.05 | 0.05 |

**14 Long-term Loans and Advances**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Capital Advances | 3.30 | 21.31 |
| Security Deposits | 2.62 | 2.64 |
| Loan to Employees | 0.44 | 0.32 |
| Advance Tax [Net of Provisions of Rs.0.43 Crores (As at March 31, 2015: Rs.3.65 Crores)] | 3.89 | 2.36 |
| Prepaid Expenses | 1.98 | 0.48 |
| Advances to Vendors | 35.60 | 41.16 |
| | 47.83 | 68.27 |

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **15 Other Non Current Assets** | | |
| **Other Bank Balances** | | |
| - Long term deposits with maturity more than 12 months [Refer Note (a) below] | 0.93 | 0.01 |
| | 0.93 | 0.01 |

(a) Held as lien: Rs. 0.02 Crores with Deputy Director of Mines; Rs. 0.91 Crores with Harabhanghi Irrigation Division (As at March 31, 2015 : Rs. 0.01 Crores with Deputy Director of Mines)

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **16 Inventories** | | |
| Stores and Spares [includes in transit : Rs Nil (As at March 31, 2015: Rs.0.46 Crores)] | 61.62 | 52.95 |
| Packing Material | 2.00 | 3.75 |
| Raw Material [includes in transit : Rs 5.00 Crores (As at March 31, 2015: Rs.8.17 Crores)] | 91.05 | 63.30 |
| Coal and Fuel [includes in transit : Rs 19.32 Crores (As at March 31, 2015: Rs 46.88 Crores)] | 60.98 | 96.06 |
| Work In Progress | 106.15 | 142.40 |
| Finished Goods - Alumina | 47.98 | 41.57 |
| | 369.78 | 400.03 |

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**17 Trade Receivables**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Unsecured, considered good** | | |
| -Outstanding for a period exceeding 6 months from the date they are due for payment | - | - |
| -Others | 196.44 | 16.68 |
| | **196.44** | **16.68** |

**18 Cash and Bank Balances**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Cash and Cash Equivalents:** | | |
| Cash on hand | - | - |
| **Bank Balances** | | |
| - Current accounts | 1.79 | 5.04 |
| - Term Deposits with less than 3 months maturity | - | 0.01 |
| **Other Bank Balances** | | |
| - Term Deposits with more than 3 months but less than 12 months maturity | - | 0.90 |
| | **1.79** | **5.95** |

**19 Short-term Loans and Advances**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Loan and Advance to Related parties | 0.03 | 19.39 |
| Loan and Advance to Employees | 0.32 | 0.34 |
| Balance with Excise, Customs and Sales tax Authorities | 44.23 | 186.52 |
| Security Deposits | 0.45 | 1.43 |
| Prepaid Expenses | 9.39 | 6.38 |
| Advances to Vendors | 16.23 | 19.02 |
| Others | 12.32 | 19.89 |
| | **82.97** | **252.97** |

**20 Other Current Assets**

Unsecured, Considered good

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| Interest Accrued on Term Deposits | 0.02 | 0.02 |
| Derivative Assets (Refer Note 43) | 0.01 | - |
| | **0.03** | **0.02** |

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**21 Revenue from Operations**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| Sale of Products (Refer Note a and b below) | 2,484.63 | 1,860.03 |
| Other Operating Revenues | 30.93 | 15.23 |
| Gross Revenue from Operations | 2,515.56 | 1,875.26 |
| Less: Excise duty | (275.86) | (206.33) |
| Net Revenue from Operations | 2,239.70 | 1,668.93 |
| a. Details of Sale of finished goods is given below: | | |
| Alumina | 2,484.63 | 1,858.10 |
| Hydrate | - | 1.84 |
| | **2,484.63** | **1,859.94** |
| b Details of Sale of traded goods is given below: | | |
| Flocculant | - | 0.09 |
| | - | **0.09** |

**22 Other Income**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| Interest Income on Security Deposit | 0.22 | 0.07 |
| Gain on Change in Fair Value of Derivatives (Net) | 0.03 | - |
| Gain on sale of current Investments (Net) | 0.16 | - |
| Interest Income on bank deposits | 0.07 | 0.08 |
| Miscellaneous Income | 4.22 | 2.93 |
| | **4.70** | **3.08** |
| Less: Transfer to Capital Work in Progress | - | (0.02) |
| **Total** | **4.70** | **3.06** |

**23 Cost of Material Consumed**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| **Raw Material Consumed** | | |
| - Caustic Soda | 254.00 | 191.01 |
| - Lime | 21.58 | 22.11 |
| - Others | 15.39 | 15.43 |
| **Packing Material Consumed** | 10.88 | 24.85 |
| **Total** | **301.85** | **253.40** |

**24 Purchases of Stock in Trade**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| **Purchase of Stock in Trade** | | |
| Flocculant | - | 0.06 |
| | - | **0.06** |

**25 Changes in Inventory of Finished Goods and Work-in-Progress**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| **Opening Inventories** | | |
| Work In Progress | 142.40 | 81.28 |
| Finished Goods | 41.57 | 45.13 |
| **Total** | **183.97** | **126.41** |
| **Closing Inventories** | | |
| Work In Progress | 106.15 | 142.40 |
| Finished Goods | 47.98 | 41.57 |
| **Total** | **154.13** | **183.97** |
| (Increase)/ Decrease in Inventory | 29.84 | (57.56) |
| Add: Increase/ (Decrease) of Excise Duty on Inventories | 6.32 | (9.80) |
| **Total** | **36.16** | **(67.36)** |

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**26 Employee Benefits**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| Salaries and Bonus | 43.28 | 43.00 |
| Contribution to Provident and other Funds (Refer Note 44 I) | 2.19 | 1.96 |
| Gratuity (Refer Note 44 II) | 1.30 | 1.25 |
| Employee Stock Option Scheme (Refer Note 46) | 0.14 | 0.06 |
| Employee Welfare | 3.89 | 3.65 |
| | **50.80** | **49.92** |
| Less: Transfer to Capital Work in Progress | - | (2.88) |
| | **50.80** | **47.04** |

**27 Power and Fuel**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| Power and Fuel | 550.05 | 609.21 |
| | **550.05** | **609.21** |

**28 Finance Costs**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| Interest Paid on Long-term Borrowings from Banks | 482.44 | 515.45 |
| Interest Paid on Short-term borrowings | 24.86 | 38.41 |
| Other Borrowing Costs | 5.80 | 0.09 |
| Net Loss on foreign currency transactions and translation (Refer Note a below) | 4.77 | 0.13 |
| Interest paid-Others | * | 0.02 |
| | **517.87** | **554.10** |
| Less: Transfer to Capital Work in Progress | - | (35.32) |
| | **517.87** | **518.78** |

** Amount is below the rounding off norm adopted by the Company*

a. Represents the net exchange rate differences arising on Packing Credit Facilities and Buyer's Credit availed during the year in foreign currency to the extent considered as an adjustment to the interest cost.

**29 Depreciation and Amortization**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| Depreciation on Tangible assets | 288.66 | 236.65 |
| Amortization on Intangible assets | 0.74 | 1.16 |
| | **289.40** | **237.81** |

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30 Other Expenses

(Rs. in Crores)

| | For the Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|
| Mining Expenses | 206.16 | 192.30 |
| Royalty | 87.93 | 50.30 |
| Explosive Cost | 7.53 | 5.91 |
| | **301.62** | **248.51** |
| Consumption of Stores and Spares | 62.32 | 49.08 |
| Rates and Taxes | 4.52 | 8.93 |
| Lease Rent (Refer Note 36) | 1.24 | 0.68 |
| Auditors' Remuneration - (Refer note 'a' below) | 0.56 | 0.51 |
| Loss on Fixed Assets sold/ discarded (Net) | 0.01 | 0.03 |
| Directors' Fees | 0.03 | 0.01 |
| Loss on Change in Fair Value of Derivatives (Net) | - | 0.01 |
| Compensation in lieu of Return | 3.00 | 3.00 |
| Loss on foreign currency transactions and translation (Net) | 4.49 | 1.38 |
| Legal, Professional and Consultancy Fees | 4.82 | 5.28 |
| Expenditure towards Corporate Social Responsibility activities | 7.04 | 9.15 |
| Repair and Maintenance-Machinery | 16.84 | 15.36 |
| Repair and Maintenance-Others | 84.70 | 94.50 |
| Freight and Forwarding Expenses | 13.34 | 44.06 |
| Security Expenses | 8.52 | 8.00 |
| Travelling and Conveyance | 7.59 | 8.24 |
| Insurance Charges | 7.03 | 5.68 |
| Electricity Charges | 9.21 | 6.80 |
| Miscellaneous Expenses | 54.79 | 65.05 |
| | **591.67** | **574.26** |
| Less: Transfer to Capital Work in Progress | - | (5.13) |
| | **591.67** | **569.13** |

| | | |
|---|---|---|
| **(a) Auditors' Remuneration -** | | |
| Statutory Auditors | | |
| - Statutory Audit | 0.39 | 0.30 |
| - Tax Audit | 0.06 | 0.05 |
| - Other Services | 0.09 | 0.13 |
| - Out-of-Pocket Expenses | 0.01 | 0.01 |
| Cost Audit Fees and Expenses | 0.01 | 0.02 |
| | **0.56** | **0.51** |

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**31 Capital commitment :**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 37.41 | 21.17 |

**32 Contingent Liabilities :**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **(a) Claims against the Company not acknowledged as debt:** | | |
| Following demands are disputed by the Company and are not provided for : | | |
| (i) Vat Demand notice against which the appeal of the Company is pending with Additional Commissioner of Sales Tax, Cuttack, Odisha. | 0.06 | 0.06 |
| (ii) Demand notice from Cess Collector and District Labour Officer, dated April 25, 2009 Rayagada, Odisha, in which a Cess of 1 per cent of the construction cost incurred by the Company under the Provisions of Section 3(1) of Building and Other Construction Workers Welfare Cess (BOCW) Act, 1996 has been levied. The Company has been legally advised on the aforesaid matter that provision of BOCW Act, does not include any building or other construction work to which the provisions of the Factories Act, 1948 applies, and since the Company comes under the purview of the Factories Act, 1948, no cess is leviable. | 0.15 | 0.15 |
| (iii) Demand Notice dated March 1,2013 from Income Tax Department, Bhubaneswar, Odisha, levying demand as per assessment order u/s 143(3) of the Income Tax Act 1961 for the Assessment Year 2010-11. In response to appeal against the demand, the Commissioner of Income Tax (Appeal), Bhubaneswar has provided partial allowance and passed the order. The Company has filed an appeal on September 07,2015 against the order. The case is pending for disposal before the Income Tax Appellate Tribunal,Cuttack. | *1.66 | *1.68 |
| *Amount deposited under protest Rs 1.34 Crores (As on March 31, 2015 Rs 1.04 Crores) and amount of Rs. 0.32 Crores (Previous Year : Nil) adjusted by department against refund on account of assessment under Section 143(1) for Assessment Year 2014-15. | | |
| (iv) Demand Notice dated December 30, 2015 from Income Tax Department Bhubaneswar, Odisha, levying demand towards interest as per assessment order u/s 143(3) for the Assessment Year 2013-14. In response, the Company has filled a rectification petition u/s 154 of the Income Tax Act, 1961 for rectifying the assessed interest amount. The case is pending for disposal before the Asst.Commissioner of Income Tax, Bhubaneswar. | 0.01 | - |
| (v) Show cause cum demand notices from Central Excise Department, Bhubaneswar, Odisha, levying demand towards disallowance of cenvat credit availed by the Company during the period from December 2007 to June 2014. The case is pending for disposal before the Commissioner of Central Excise, Bhubaneswar. | 11.48 | 11.48 |
| (vi) Show cause cum demand notice dated July 22, 2015 from Central Excise Department, Bhubaneswar, Odisha, levying demand towards disallowance of cenvat credit availed by the Company during the period from July 2014 to December 2014. The case is pending for disposal before the Commissioner of Central Excise, Bhubaneswar. | 0.37 | - |
| (vii) Demand notice dated February 12, 2015 from The Deputy Director of Mines, Koraput, Odisha levying demand towards differential royalty for minerals transported during the period from November 14, 2013 to March 31, 2014. During the year, the case was disposed off in favour of the Company by the Mines Tribunal, Ministry of Mines, New Delhi. | - | 4.34 |
| (viii) As per assessment order dated November 30, 2015 under the CST Act for the year 2012-13 and 2013-14, the Joint Commissioner of Sales Tax, Koraput has raised a demand for interest under the Central Sales Tax (Orissa) Rules, 1957 and adjusted the demand with the assessed refund under the Orissa Entry Tax Act.The Company has filed appeal on January 11, 2016 which is pending for disposal before the Additional commissioner of sales tax, Odisha, Cuttack. | 0.14 | - |
| (ix) As per assessment order dated November 30, 2015 under the Odisha VAT Act for the year 2012-13 and 2013-14, the Joint Commissioner of Sales Tax, Koraput has raised a demand under the Act and adjusted the demand with the assessed refund under the Entry Tax Act. The Company has filed appeal on January 11, 2016 which is pending for disposal before the Additional commissioner of sales tax, Odisha, Cuttack. | 0.03 | - |
| (vi) Show cause cum demand notice dated April 8, 2016 from Central Excise, Customs and Service Tax Department (Audit), Bhubaneswar, Odisha, levying demand towards disallowance of cenvat credit availed by the Company during the year 2011-12. | 1.79 | - |
| | 15.69 | 17.71 |

- It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- The Company does not expect any reimbursements in respect of the above contingent liabilities.

**33 Performance Guarantee**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Performance Guarantee given by Banks on behalf of the Company** | | |
| (i) Indian Bureau of Mines, Bhubaneswar | 0.36 | 0.30 |

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34 The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| (a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year | 0.01 | Nil |
| (b) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end. | * | 0.02 |
| (c) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year. | 0.29 | 2.97 |
| (d) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year. | Nil | Nil |
| (e) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year. | Nil | Nil |
| (f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made | * | 0.02 |
| (g) Further interest remaining due and payable for earlier years. | 0.04 | 0.02 |

** Amount is below the rounding off norm adopted by the Company*

**35 Loss Per Share (Basic and Diluted)**

| | | For the Year Ended March 31, 2016 | Year Ended March 31, 2015 |
|---|---|---|---|
| Loss after tax as per the Statement of Profit and Loss (Rs. in Crores) | (A) | (93.36) | (496.06) |
| Weighted Average number of Equity shares outstanding | (B) | 3,961,764,068 | 3,561,299,684 |
| Loss per share (Basic and Diluted) (in Rupees) | (A / B) | (0.24) | (1.39) |
| Nominal value of an Equity Share (in Rupees) | | 10 | 10 |

**36 Operating Leases :**

The Company has entered into various leasing arrangements for office, residential premises, machineries and godowns which includes both cancellable and non-cancellable leases.

(Rs. in Crores)

| | For the year ended March 31, 2016 | March 31, 2015 |
|---|---|---|
| With respect to all operating leases: | | |
| Lease payments recognised in the Statement of Profit and Loss during the year (Refer Note 30) | 1.24 | 0.68 |
| | **1.24** | **0.68** |
| With respect to non-cancellable operating leases, the future minimum lease payments are as follows: | | |
| - Not later than one year | - | 0.02 |
| - Later than one year and not later than five years | - | - |
| - Later than five years | - | - |
| | **-** | **0.02** |

**37 Provisions**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| The details of provisions and its movement included in Note 5 and Note 9 are as under : | | |
| Opening Provision | - | - |
| Add: Provision during the year | 164.33 | - |
| Less: Utilisation during the year | - | - |
| Less: Reversal of Provision no longer required | - | - |
| Closing Provision | **164.33** | **-** |

Utkal Alumina International Limited

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**38 Related Party Disclosures**

(A) Related Parties and nature of relationship:

| | |
|---|---|
| Holding Company | Hindalco Industries Limited |
| Subsidiary Company | Utkal Alumina Technical & General Services Limited |
| Fellow Subsidiary Company | Aditya Birla Chemicals (India) Limited (Upto April 01, 2015) |
| Key Management Personnel | Mr. Rajesh Jha (CEO and Managing Director-Upto April 30, 2014)<br>Mr. Vijay Sapra (Whole Time Director) |

As there were no transactions with other parties, defined in Accounting Standard 18 - Related Parties, no disclosure has been made of the names of such other parties.

(B) The following transactions were carried out during the year with the related parties mentioned in (A) above:

(Rs. in Crores)

| Nature of Transactions | Holding Company | | Key Management Personnel | |
|---|---|---|---|---|
| | For the | | For the | |
| | Year ended March 31, 2016 | Year ended March 31, 2015 | Year ended March 31, 2016 | Year ended March 31, 2015 |
| Managerial Remuneration | - | - | 1.11 | 1.48 |
| Reimbursement of ESOP compensation cost | 0.14 | 0.06 | - | - |
| Advance received against Equity Shares | 60.00 | (784.50) | - | - |
| Issuance of Equity Shares | 60.00 | 784.50 | - | - |
| Purchase of Goods | - | 38.17 | - | - |
| Purchase of Fixed Assets | 0.14 | 0.06 | - | - |
| Sale of Goods (Net of Excise) | 1,988.15 | 1,056.48 | - | - |
| Reimbursement received | 153.44 | 51.65 | | |
| Corporate Guarantee Received | 4,852.50 | - | - | - |
| Corporate Guarantee cancelled @ | (5,000.00) | - | - | - |
| Corporate Guarantee Renewed | - | 12.12 | - | - |
| Rental of Fixed Assets | - | 0.23 | - | - |

@ The company has refinanced the erstwhile term loan during the year ended March 31, 2016 and pursuant to the refinancing of the term loan, the corporate guarantee amounting to Rs 5,000 crores given by Parent Company to the erstwhile lenders has been cancelled and a fresh corporate guarantee amounting to Rs 4,852.50 crores has been issued during the year ended March 31, 2016 to the new lenders.

(Rs. in Crores)

| Nature of Transactions | Subsidiary Company | | Fellow Subsidiary Company | |
|---|---|---|---|---|
| | For the | | For the | |
| | Year ended March 31, 2016 | Year ended March 31, 2015 | Year ended March 31, 2016 | Year ended March 31, 2015 |
| Purchase of Goods | - | - | - | 11.16 |

(C) The following are balances of related parties mentioned in (A) above:

(Rs. in Crores)

| Nature of Transactions | Holding Company | | Fellow Subsidiary Company | |
|---|---|---|---|---|
| | As at | | As at | |
| | March 31, 2016 | March 31, 2015 | March 31, 2016 | March 31, 2015 |
| Other Receivable | 0.03 | 19.39 | - | - |
| Corporate Guarantee | 4,879.38 | 5,026.88 | - | - |
| Payable against Purchase of Goods | - | 0.03 | - | 3.16 |
| Receivable against Sale of Goods | 196.44 | 16.56 | - | - |

Utkal Alumina International Limited

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

**Notes annexed to and forming part of the Balance Sheet as at March 31, 2016 and Statement of Profit and Loss for the year ended March 31, 2016**

**39 Expenditure in Foreign Currency**

| | (Rs. in Crores) For the Year ended March 31, 2016 | March 31, 2015 |
|---|---|---|
| Technology License Fee (Net of withholding tax) | - | 0.23 |
| Engineering Services (Net of withholding tax) | 0.25 | 3.67 |
| Other Expenses | 0.07 | 0.90 |
| **Total** | **0.32** | **4.80** |

**40 Value of Imports calculated on CIF basis**

| | (Rs. in Crores) For the Year ended March 31, 2016 | March 31, 2015 |
|---|---|---|
| Raw Materials | 238.65 | 137.39 |
| Coal and Fuel | 44.87 | 56.03 |
| Stores and Spares | 2.41 | 3.90 |
| Capital Goods | 2.48 | - |
| Trading Goods | - | 0.06 |
| **Total** | **288.41** | **197.38** |

**41 Value of Imported and Indigenous Raw Materials and Stores and Spares Consumed**

| | (Rs. in Crores) For the Year ended | | Percentage (%) For the Year ended | |
|---|---|---|---|---|
| | **March 31, 2016** | **March 31, 2015** | **March 31, 2016** | **March 31, 2015** |
| Raw Materials : | | | | |
| Imported | 217.28 | 178.72 | 71.98% | 70.53% |
| Indigenous | 84.57 | 74.68 | 28.02% | 29.47% |
| | **301.85** | **253.40** | | |
| Stores and Spares : | | | | |
| Imported | 2.61 | 2.19 | 4.19% | 4.46% |
| Indigenous | 59.71 | 46.89 | 95.81% | 95.54% |
| | **62.32** | **49.08** | | |

**42 Earnings in Foreign Currency**

| | (Rs. in Crores) For the Year ended March 31, 2016 | March 31, 2015 |
|---|---|---|
| Export of Goods on F.O.B. basis | 213.76 | 597.10 |
| Other Income | - | 0.54 |
| | **213.76** | **597.64** |

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43 Derivative Instruments and Unhedged Foreign Currency Exposure

A) As at March 31, 2016, none of the outstanding contracts are in a hedge relationship as it is difficult to predict with sufficient specificity the timing of the respective underlying exposure pertaining to these derivative instruments. The following table presents the outstanding position and fair value of foreign exchange derivative instruments outstanding as at March 31, 2016:

(Rs. in Crores)

| | Non-designated Hedges As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| Liability (Refer Note 8) | - | 0.03 |
| Asset (Refer Note 20) | 0.01 | - |
| Net Fair Value | 0.01 | 0.03 |

B) The following table represents the outstanding position and fair value of foreign exchange derivative financial instruments as at March 31, 2016

| Foreign currency forwards | Currency Pair | Average Exchange Rate | Notional Value | Fair Value Gain/ (Loss) (Rs. in Crores) |
|---|---|---|---|---|
| Buy | EUR-INR | 76.09 | EUR 0.02 Cr | 0.01 |
| **Total** | | | | **0.01** |

The following table represents the outstanding position and fair value of foreign exchange derivative financial instruments as at March 31, 2015

| Foreign currency forwards | Currency Pair | Average Exchange Rate | Notional Value | Fair Value Gain/ (Loss) (Rs. in Crores) |
|---|---|---|---|---|
| Buy | AUD-INR | 49.55 | AUD 0.01 Cr | (0.01) |
| Buy | EUR-INR | 69.25 | EUR 0.02 Cr | (0.02) |
| **Total** | | | | **(0.03)** |

C) Loss /(Gain) on Change in Fair Value of Derivatives (Net)

(Rs. in Crores)

| | For the Year Ended March 31, 2016 | March 31, 2015 |
|---|---|---|
| Gain /(Loss) on Change in Fair Value of Derivatives (Net) | 0.03 | (0.01) |
| | 0.03 | (0.01) |

D) The following table represents the estimated potential changes in the fair values of the foreign currency derivative instruments as at March 31, 2016 given a 10% change in their respective indexes

| Currency Pair | Change in Exchange Rate | Change in Fair Value (Rs. in Crores) | Change in the Statement of Profit and Loss (Rs. in Crores) |
|---|---|---|---|
| EUR – INR | +/- 10% | +/-0.12 | +/-0.12 |

The following table presents the estimated potential changes in the fair values of the foreign currency derivative instruments as at March 31, 2015 given a 10% change in their respective indexes

| Currency Pair | Change in Exchange Rate | Change in Fair Value (Rs. in Crores) | Change in the Statement of Profit and Loss (Rs. in Crores) |
|---|---|---|---|
| AUD – INR | +/- 10% | +/-0.02 | +/-0.02 |
| EUR – INR | +/- 10% | +/-0.11 | +/-0.11 |

E) Net Foreign Currency exposures that are not covered by derivative instruments are as follows:

| Particulars | As at March 31, 2016 Foreign Currency Amount (in '000) | As at March 31, 2016 Rs. In Crores | As at March 31, 2015 Foreign Currency Amount (in '000) | As at March 31, 2015 Rs. In Crores |
|---|---|---|---|---|
| **Payable** | | | | |
| AUD | 3.73 | 0.02 | - | - |
| USD | 17,993.79 | 119.21 | 9,952.41 | 62.02 |
| CHF | - | - | - | - |
| EURO | 22.03 | 0.17 | - | - |
| **Total** | | **119.40** | | **62.02** |

| Particulars | As at March 31, 2016 Foreign Currency Amount (in '000) | As at March 31, 2016 Rs. In Crores | As at March 31, 2015 Foreign Currency Amount (in '000) | As at March 31, 2015 Rs. In Crores |
|---|---|---|---|---|
| **Receivable** | | | | |
| USD | - | - | 119.46 | 0.12 |
| **Total** | | - | | **0.12** |

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Utkal Alumina International Limited

**44 Employee Benefits Schemes**

The Company has classified the various benefits provided to employees as under -

**I Defined Contribution Plan**

During the year, the Company has recognised Rs.2.19 Crores (Previous Year Rs. 1.96 Crores) under "Contribution to Provident and other Funds" in Note 26

**II Defined Benefit Plan**
**Gratuity**

| | For the Year ended March 31, 2016 (% p.a.) | March 31, 2015 (% p.a.) |
|---|---|---|
| **a. Major Assumptions** | | |
| Discount Rate | 7.50 | 7.50 |
| Expected Rate of Return on Plan Assets | 8.00 | 8.00 |
| Salary Escalation Rate@ | 8.00 | 7.50 |

@ The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| **b. Change in the Present Value of Obligation** | | |
| Opening Present Value of Obligation | 4.57 | 2.87 |
| Current Service Cost | 0.79 | 0.49 |
| Interest Cost | 0.34 | 0.25 |
| Benefits paid | (0.19) | (0.13) |
| Actuarial Losses/ (Gain) | 0.36 | 1.09 |
| Closing Present Value of Obligation | 5.87 | 4.57 |

**c. Change in Fair Value of Plan Assets**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| Opening Fair Value of Plan Assets | 4.18 | 3.11 |
| Contributions | 0.94 | 0.62 |
| Expected Return on Plan Assets | 0.36 | 0.27 |
| Actuarial Gain/ (Losses) | (0.17) | 0.31 |
| Benefits paid | (0.19) | (0.13) |
| Closing Fair Value of Plan Assets | 5.12 | 4.18 |
| Actual Return on Plan Assets | **0.19** | **0.58** |

**d Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Asset**

(Rs. in Crores)

| | As at March 31, 2016 | March 31, 2015 |
|---|---|---|
| Present Value of Obligation as at the end of the Year | 5.87 | 4.57 |
| Fair Value of Plan Assets as at the end of the Year | 5.12 | 4.18 |
| Surplus/(Deficit) Funded Status at the end of the Year (Refer Note 5) | (0.75) | (0.39) |

Utkal Alumina International Limited

Price Waterhouse
Chartered Accountants
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Mumbai

**e. Amount Recognised in the Current Year and Previous Four Years**

(Rs. in Crores)

| | As at | | | | |
|---|---|---|---|---|---|
| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
| Present Value of Obligation at the end of the year | 5.87 | 4.57 | 2.87 | 2.21 | 1.77 |
| Fair Value of Plan Assets as at the end of the year | 5.12 | 4.18 | 3.11 | 2.32 | 1.67 |
| Liability recognised in the Balance Sheet and disclosed under Long-Term Provisions | 0.75 | 0.39 | - | - | 0.10 |
| Asset recognised in the Balance Sheet and disclosed under Long-Term Loans and Advances | - | - | 0.24 | 0.11 | - |

**f. Expenses Recognised during the year**

(Rs. in Crores)

| | For the year ended | |
|---|---|---|
| | March 31, 2016 | March 31, 2015 |
| Current Service Cost | 0.79 | 0.49 |
| Interest Cost | 0.34 | 0.25 |
| Expected Return on Plan Assets | (0.36) | (0.27) |
| Net Actuarial (Gain)/ Losses | 0.53 | 0.78 |
| Total Expenses recognised in the Statement of Profit and Loss (Refer Note 26) | 1.30 | 1.25 |

g. Plan Assets are invested in Insurer Managed Fund

**h. Other Disclosure**

(Rs. in Crores)

| | For the year ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 | March 31, 2012 |
| Experience Adjustments on | | | | | |
| On Plan Obligation Gain/ (Loss) | (0.04) | (0.30) | (0.16) | (0.05) | (0.16) |
| On Plan Assets Gain/(Loss) | (0.17) | 0.31 | (0.03) | 0.05 | 0.05 |

**III Other Employee Benefit**

The liability for leave entitlement and compensated absences as at the year end is Rs.4.53 Crores (Previous year: Rs.3.27 Crores) (Refer Note 9).

Utkal Alumina International Limited

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

**45 A. Primary Segment : Business Segment**

In accordance with Accounting Standard 17 'Segment Reporting' as specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 the Company has determined its business segment as Alumina Refinery as the Company is engaged in manufacture of Alumina. As the Company is engaged in only one business segment, the balance sheet as at March 31, 2016 and the statement of profit and loss for the year ended on that date pertains to this business segment.

**B. Secondary Segment : Geographic Segment**

(Rs. in Crores)

| | For the Year ended March 31, 2016 | For the Year ended March 31, 2015 |
|---|---|---|
| **i) Segment Revenue from Operation by Location of Customer** | | |
| Within India | 2,025.94 | 1,071.83 |
| Outside India | 213.76 | 597.10 |
| **Total** | **2,239.70** | **1,668.93** |

(Rs. in Crores)

| | As at March 31, 2016 | As at March 31, 2015 |
|---|---|---|
| **ii) Carrying value of Segment Assets** | | |
| Within India | 8,575.72 | 8,578.09 |
| Outside India | - | 0.12 |
| **Total** | **8,575.72** | **8,578.21** |

**iii) Addition to Tangible and Intangible Assets**

Addition to Tangible and Intangible Assets are all within India.

The secondary segmental reporting is on the basis of the geographical location of its customers. The geographical segments considered for disclosure are as follows:

- Sales within India includes sales to customer located within India
- Sales outside India includes sales to customer located outside India

Utkal Alumina International Limited

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

**46** Certain employees of the Company have been granted 35,106 number (including 17,553 numbers to Director) of Employee Stock Options of Hindalco Industries Limited, the Holding Company during the year and towards the same, the Holding Company has recharged the Company Rs. 0.14 Crores (Previous Year Rs. 0.06 Crores) which has been included under "Employee Benefit Expenses". (Refer Note 26)

**47** The Company has made provision for close down and restoration obligation for redmud pond, ash pond and restoration of quarries at mines amounting to Rs 159.90 crores (Previous year Nil). The above provision is recorded based on the assessment of the amount the Company estimates to incur to meet such obligations.

**48** The Company has made provision for environmental restoration obligation for developing green belt amounting to Rs 4.43 crores (Previous year Nil). The above provision is recorded based on the assessment of the amount the Company estimates to incur to meet such obligations.

**49** Company is having Deferred Tax liabilities amounting to Rs.930.57 crores (As at March 31, 2015: Rs.639.68 crores) in respect of timing differences arising on account of depreciation which are fully adjusted against deferred tax assets arising mainly on account business losses and unabsorbed depreciation. In accordance with its accounting policy, balance deferred tax assets amounting to Rs. 301.89 crores (As at March 31, 2015: Rs. 282.09 crores) has not been recognized in the financial statements. Deferred Tax assets and liabilities have been offset as they relate to the same governing tax laws.

**50** Previous year's figures have been reclassified/regrouped to conform to the current year's classification.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

**Priyanshu Gundana**
Partner
Membership No. 109553

Place: Mumbai
Date: May 12, 2016

**For and on behalf of the Board of Directors**

Director Bharat Bhushan Jha
DIN: 06587706

Place: Mumbai
Date: May 12 2016

Director Vijay Kapra
DIN: 05247213

Place: Mumbai
Date: May 12, 2016

**Shree Nath Mishra**
Chief Financial Officer

Place: Mumbai
Date: May 12 2016

**Sunita Narayan**
Company Secretary

Place: Mumbai
Date: May 12, 2016

Utkal Alumina International Limited

# HINDALCO-ALMEX AEROSPACE LIMITED

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF HINDALCO – ALMEX AEROSPACE LIMITED**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Hindalco – Almex Aerospace Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 standards and matters which are required to be included in the audit report.

5. We conducted our audit 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 2016, and its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. 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 (hereinafter referred to as 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.

10. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

(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, 2016, on its financial position in its financial statements – Refer Note 27.

ii. The Company has long-term contracts as at March 31, 2016 for which there were no material foreseeable losses. The Company does not have derivative contracts as at March 31, 2016.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sumit Seth
Partner
Membership Number: 105869

Mumbai
April 30, 2016

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Hindalco – Almex Aerospace Limited on the financial statements as of and for the year ended March 31, 2016.

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 2 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 10 on fixed assets to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year.

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 Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

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 there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

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 service tax though there has been a slight delay in a case, and is regular in depositing undisputed statutory dues, including provident fund, sales tax, income tax, duty of customs, value added tax, cess 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 sales-tax, income-tax, duty of customs, service-tax and value added tax which have not been deposited on account of any dispute.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Hindalco – Almex Aerospace Limited on the financial statements for the year ended March 31, 2016.


xi. The Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and 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 Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 him. 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
Firm Registration Number: 301112E
Chartered Accountants

Sumit Seth
Partner
Membership Number: 105869

Mumbai
April 30, 2016

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Hindalco – Almex Aerospace Limited on the financial statements for the year ended March 31, 2016.



## 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 – Almex Aerospace Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

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.

## Auditors' 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") 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 generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

**Annexure A to Independent Auditors' Report**

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of Hindalco – Almex Aerospace Limited on the financial statements for the year ended March 31, 2016.



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, 2016, 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
Firm Registration Number: 301112E
Chartered Accountants

Sumit Seth
Partner
Membership Number: 105869.

Mumbai
April 30, 2016

**HINDALCO-ALMEX AEROSPACE LIMITED**
**BALANCE SHEET AS AT MARCH 31, 2016**

| | Note | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 3 | 885,578,720 | 885,578,720 |
| Reserves and Surplus | 4 | (125,250,534) | (99,306,414) |
| | | 760,328,186 | 786,272,306 |
| **Non-Current Liabilities** | | | |
| Deferred Tax Liabilities (Net) | 5 | - | - |
| Long-term Provisions | 6 | 9,297,681 | 7,516,951 |
| | | 9,297,681 | 7,516,951 |
| **Current Liabilities** | | | |
| Trade Payables | 7 | | |
| Total outstanding dues of micro enterprises and small enterprises | | - | - |
| Total outstanding dues of Creditors other than micro enterprises and small enterprises | | 21,840,825 | 12,619,553 |
| Other Current Liabilities | 8 | 6,983,937 | 8,346,796 |
| Short-term Provisions | 9 | 1,294,910 | 313,000 |
| | | 30,119,672 | 21,279,349 |
| | | **799,745,539** | **815,068,606** |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Fixed Assets | | | |
| Tangible Assets | 10 | 587,263,211 | 593,276,936 |
| Intangible Assets | 11 | - | - |
| Capital Work-in-Progress | | - | 25,075,427 |
| Long-term Loans and Advances | 12 | 866,139 | 837,290 |
| | | 588,129,350 | 619,189,653 |
| **Current Assets** | | | |
| Current Investments | 13 | 130,343,206 | 67,269,467 |
| Inventories | 14 | 60,196,829 | 79,974,038 |
| Trade Receivables | 15 | 15,677,469 | 37,596,613 |
| Cash and Bank Balances | 16 | 1,680,560 | 1,707,279 |
| Short-term Loans and Advances | 17 | 3,718,126 | 9,331,556 |
| | | 211,616,189 | 195,878,953 |
| | | **799,745,539** | **815,068,606** |

**The accompanying notes are integral part of these financial statements.**

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse**
Firm Registration No: 301112E
Chartered Accountants

**Sumit Seth**
Partner
Membership No. 105869

Place: Mumbai
Dated: April 30, 2016

For and on behalf of the Board of Directors

**Madhukar Manilal Bhagat**
Director
DIN No. 00006245

Place: Mumbai
Dated: April 30, 2016

Praveen Kumar Maheshwari
Director
DIN No. 00174361

Place: Mumbai
Dated: April 30, 2016

**Shrikant Turalkar**
Company Secretary

Place: Mumbai
Dated: April 30, 2016

**Suchit Naidu**
Chief Financial Officer

Place: Mumbai
Dated: April 30, 2016

HINDALCO-ALMEX AEROSPACE LTD.

**HINDALCO-ALMEX AEROSPACE LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

| | Note | For the year ended March 31, 2016 Rs. | For the year ended March 31, 2015 Rs. |
|---|---|---|---|
| **REVENUES** | | | |
| Revenue from Operations | 18 | 370,299,095 | 434,109,930 |
| Other Income | 19 | 5,476,466 | 4,689,410 |
| **Total Revenues** | | **375,775,561** | **438,799,340** |
| **EXPENSES** | | | |
| Cost of Raw Materials Consumed | 20 | 243,055,123 | 295,153,924 |
| Changes in Inventory of Finished Goods and Work-in-Progress | 21 | 14,479,577 | 11,040,019 |
| Employee Benefits Expenses | 22 | 38,290,644 | 34,049,366 |
| Power and Fuel | 23 | 18,843,518 | 28,328,432 |
| Finance Costs | 24 | 680,537 | 814,196 |
| Depreciation and Amortisation Expenses | 25 | 37,326,259 | 38,442,383 |
| Other Expenses | 26 | 49,044,022 | 48,446,768 |
| **Total Expenses** | | **401,719,681** | **456,275,088** |
| Loss before Tax | | (25,944,120) | (17,475,748) |
| Tax Expense: | | | |
| Current Tax and Deferred Tax | | - | - |
| **Loss for the Year** | | **(25,944,120)** | **(17,475,748)** |
| Loss Per Equity Share (Rs.) [Nominal value per share: Rs. 5, March 31, 2015: Rs. 5] | | | |
| - Basic and Diluted | 34 | 0.15 | 0.10 |

**The accompanying notes are integral part of these financial statements.**

This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse**
Firm Registration No: 301112E
Chartered Accountants

**Sumit Seth**
Partner
Membership No. 105869

Place: Mumbai
Dated: April 30, 2016

For and on behalf of the Board of Directors

**Madhukar Manilal Bhagat**
Director
DIN No. 00006245

Place: Mumbai
Dated: April 30, 2016

Praveen Kumar Maheshwari
Director
DIN No. 00174361

Place: Mumbai
Dated: April 30, 2016

**Shrikant Turalkar**
Company Secretary

Place: Mumbai
Dated: April 30, 2016

**Suchit Naidu**
Chief Financial Officer

Place: Mumbai
Dated: April 30, 2016

HINDALCO-ALMEX AEROSPACE LTD. *

## HINDALCO-ALMEX AEROSPACE LIMITED
## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

| | Rs. | For the year ended March 31, 2016 Rs. | For the year ended March 31, 2015 Rs. |
|---|---|---|---|
| **A - CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Loss Before Taxation | | (25,944,120) | (17,475,748) |
| Adjustment for: | | | |
| Depreciation and Amortization | 37,326,259 | | 38,442,383 |
| Interest on Income Tax Refund | - | | (69,369) |
| Gain on Redemption of Mutual Funds (net) | (5,373,739) | | (4,470,340) |
| Unrealised foreign exchange loss (net) | 7,826 | | 35,542 |
| Provision for Doubtful Debts | 12,112 | | - |
| Finance Costs | 680,537 | | 814,196 |
| | | 32,652,995 | 34,752,412 |
| Operating Profit Before Working Capital Changes | | 6,708,875 | 17,276,664 |
| **Adjustments for changes in working capital** | | | |
| Inventories | 19,777,209 | | 14,894,665 |
| Trade Receivables and Loans and Advances | 29,913,057 | | (11,900,958) |
| Trade Payables, Current Liabilities and Provisions | 10,172,829 | | (8,231,765) |
| | | 59,863,095 | (5,238,058) |
| **Cash Flow Generated From Operations** | | 66,571,970 | 12,038,606 |
| Refund of Income tax including interest on refund and Tax deducted at source | | - | 298,830 |
| **Net Cash Flow From/ (Used In) Operating Activities** | | **66,571,970** | **12,337,436** |
| **B - CASH FLOW USED IN INVESTING ACTIVITIES** | | | |
| Purchase of Fixed Assets | | (8,218,152) | (8,187,654) |
| Redemption of Current Investments | | 149,000,000 | 163,500,000 |
| Purchase of Current Investments | | (206,700,000) | (167,100,000) |
| **Net Cash Used in Investing Activities** | | **(65,918,152)** | **(11,787,654)** |
| **C - CASH FLOW USED IN FINANCING ACTIVITIES** | | | |
| Interest and Financing charges | | (680,537) | (814,196) |
| **Net Cash Flow Used In Financing Activities** | | **(680,537)** | **(814,196)** |
| **Net Decrease in Cash and Cash Equivalents (A+B+C)** | | **(26,719)** | **(264,414)** |
| Cash and Cash Equivalents at the beginning of the year | | 1,707,279 | 1,971,693 |
| Cash and Cash Equivalents at the end of the year | | 1,680,560 | 1,707,279 |
| **Net Decrease in Cash and Cash Equivalents** | | **(26,719)** | **(264,414)** |

**Note :**
The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified in the Companies (Accounting Standard) Rules 2006.

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse**
Firm Registration No: 301112E
Chartered Accountants

**Sumit Seth**
Partner
Membership No. 105869

Place: Mumbai
Dated: April 30, 2016

For and on behalf of the Board of Directors

**Madhukar Manilal Bhagat**
Director
DIN No. 00006245

Place: Mumbai
Dated: April 30, 2016

Praveen Kumar Maheshwari
Director
DIN No. 00174361

Place: Mumbai
Dated: April 30, 2016

**Shrikant Turalkar**
Company Secretary

Place: Mumbai
Dated: April 30, 2016

**Suchit Naidu**
Chief Financial Officer

Place: Mumbai
Dated: April 30, 2016

**1. Significant Accounting Policies:**

**(i) Accounting Convention**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, till the Standards of accounting or any addendum are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [(Companies (Accounting Standards) Rules, 2006), as amended], issued by the Institute of Chartered Accountants of India and the other relevant provisions of the Companies Act, 2013.

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

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016.

**(ii) Fixed Assets**

(a) Tangible assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

(b) Intangible assets are stated at acquisition cost less accumulated amortisation and impairment loss, if any.

**(iii) Depreciation and Amortisation**

(a) Depreciation on tangible assets is provided on straight-line method over the estimated useful life of the assets as given below. These estimated useful lives are in accordance with those prescribed under Schedule II to the Companies Act, 2013 except in respect of plant and machinery wherein the estimated useful lives are greater than those under Schedule II to the Companies Act, 2013 based on a technical evaluation.

| **Asset** | **Useful Life** |
|---|---|
| Plant and Machinery | 25 Years |
| Building | 30 Years |
| Computers | 3 Years |
| Office Equipments | 5 Years |
| Servers | 6 Years |
| Furniture | 10 Years |
| Vehicles | 8 Years |

(b) Intangible assets are amortised over their estimated useful lives on straight line basis. Amortisation on additions/ deletions to intangible assets is calculated pro-rata from/ up to the date of such additions/ deletions.

(c) Leasehold land is amortised over the lease period, starting from the date of the lease deed.

HINDALCO-ALMEX AEROSPACE LTD. ★

Price Waterhouse ★ Chartered Accountants ★ FRN 301112E Mumbai

**(iv) Investments**

Current investments are stated at lower of cost and fair value. Fair value is determined on the basis of realisable market value.

**(v) Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognized in the Statement of Profit and Loss.

**(vi) Derivative financial instruments**

The Company enters into derivative financial instruments in respect of foreign currency transactions on account of highly probable forecast transactions or firm commitments. Gains / losses in respect of such instruments are recognised in the Statement of Profit and Loss on settlement during the year. Open forward contracts as at the Balance Sheet date are marked to market and resulting losses are recognised in the Statement of Profit and Loss. Resulting gains, if any, are ignored.

**(vii) Borrowing Costs**

Borrowing costs directly attributable to the acquisition/ construction of fixed assets are capitalised to the cost of the fixed assets up to the date on which the asset is put to use/ commissioned.

**(viii) Employee Benefits**

(a) **Defined Contribution Plans**

The Company contributes on a defined contribution basis to Employee's Provident Fund and Employee's Pension Scheme towards post employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

The Company contributes on a defined contribution basis to superannuation towards post employment benefits, which is administered by Life Insurance Corporation (LIC) administered superannuation fund and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

(b) **Defined Benefit Plans**

The Company has a Defined Benefit Plan viz. Gratuity, for all its employees. Gratuity liability is funded with the Life Insurance Corporation of India.

Liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses, which comprise experience adjustment and the effect of changes in actuarial assumptions, are recognised in the Statement of Profit and Loss.

(c) **Employee Leave Entitlement**

Employees of the Company are entitled to leave as per leave policy of the Company. Liability in respect of unutilised leave balances is provided based on actuarial valuation carried out by an independent actuary as at the year end and charged to the Statement of Profit and Loss.

HINDALCO-ALMEX AEROSPACE LTD.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

**(ix) Use of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities at the date of the Balance Sheet. Difference between the actual results and estimates are recognised in the period in which the results are known / materialise.

**(x) Accounting for Taxes**

Income tax expense comprises current tax and deferred tax charge or credit.

(a) **Current Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the year as per 'The Income Tax Act, 1961', of India.

(b) **Deferred Taxation**

- Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current/ substantively enacted rate of tax to the extent that the timing differences are expected to crystallise.

- Deferred tax assets arising in situations where there are brought forward losses and unabsorbed depreciation, are recognised only when there is a virtual certainty supported by convincing evidence that such assets will be realised.

**(xi) Inventories**

(a) Inventories are valued at lower of cost and net realisable value.

(b) Cost of raw materials and stores and spares is determined on weighted average basis. Cost of work-in-progress and finished goods comprises raw material, direct labour, other direct costs and related overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of the business, less the estimated costs of completion and estimated selling expenses.

**(xii) Revenue Recognition**

Sales revenue is recognised on transfer of significant risks and rewards of ownership of the goods to the buyer and is recorded net of sales tax/ value added tax.

**(xiii) Impairment of Assets**

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

HINDALCO-ALMEX AEROSPACE LTD.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

**(xiv) Provisions and Contingent Liabilities**

A provision is recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 – "Provisions, Contingent Liabilities and Contingent Assets" is made.

**2.** The Company has been granted approval to set up authorised SEZ operations vide letter no. SEEPZ SEZ/NEW SEZ /MIDC-SHENDRE/01/LOA-01/2007-08/2198 dated April 5, 2007, by Government of India, Office of the Development Commissioner Seepz Special Economic Zone ('SEZ'), Ministry of Commerce and Industry, at the SEZ developed by MIDC Shendre at Aurangabad.

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HINDALCO-ALMEX AEROSPACE LTD.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

HINDALCO-ALMEX AEROSPACE LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016
AND THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

| | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|
| **3. Share Capital** | | |
| **Authorised:** | | |
| 450,000,000 Equity Shares of Rs. 5 each (March 31, 2015: 450,000,000 Equity Share of Rs. 5 each) | 2,250,000,000 | 2,250,000,000 |
| | 2,250,000,000 | 2,250,000,000 |
| **Issued, Subscribed and Paid-up:** | | |
| 177,115,744 (March 31, 2015: 177,115,744) Equity Shares of Rs. 5 each, paid up (Of the above, 172,115,744 (March 31, 2015: 172,115,744) Equity Shares of Rs. 5 each, paid up, are held by the holding company, Hindalco Industries Limited) | 885,578,720 | 885,578,720 |
| | **885,578,720** | **885,578,720** |

a. **Reconciliation of the Equity Shares outstanding at the beginning and the end of the reporting period:**

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---|---|---|---|---|
| | Number of shares | Rs. | Number of shares | Rs. |
| Balance as at the beginning of the year | 177,115,744 | 885,578,720 | 177,115,744 | 885,578,720 |
| Add: Shares issued during the year | - | - | - | - |
| Balance as at the end of the year | 177,115,744 | 885,578,720 | 177,115,744 | 885,578,720 |

b. **Terms / rights attached to equity shares:**
The Company has one class of equity shares having a par value of Rs.5 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, in proportion to their shareholding.

c. **Details of shares held by shareholders holding more than 5% of equity Shares in the Company:**

| | As at March 31, 2016 | | As at March 31, 2015 | |
|---|---|---|---|---|
| **Name of shareholder** | Number of Shares held | Percentage of Holding | Number of Shares held | Percentage of Holding |
| Hindalco Industries Limited | 172,115,744 | 97.18 | 172,115,744 | 97.18 |

| | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|
| **4. Reserves and Surplus** | | |
| **Surplus / (Deficit) in the Statement of Profit and Loss:** | | |
| Balance at the beginning of the year | (99,306,414) | (81,830,666) |
| Add: Loss for the year | (25,944,120) | (17,475,748) |
| Balance at the end of the year | **(125,250,534)** | **(99,306,414)** |

HINDALCO-ALMEX AEROSPACE LTD.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

HINDALCO-ALMEX AEROSPACE LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016
AND THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

| | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|
| **5. Deferred Tax Liabilities (Net)** | | |
| **Deferred Tax Liabilities:** | | |
| Depreciation and Amortisation | 25,868,808 | 25,630,294 |
| | 25,868,808 | 25,630,294 |
| **Deferred Tax Assets:** | | |
| Unabsorbed Depreciation as per Income Tax Act, 1961 of India (limited to the extent of deferred tax liabilities) | 25,868,808 | 25,630,294 |
| | 25,868,808 | 25,630,294 |
| **Deferred Tax Liabilities (Net)** | - | - |
| **6. Long-Term Provisions** | | |
| **Provision for Employee Benefits:** | | |
| Provision for Leave Entitlement (Refer Note 38) | 4,782,640 | 3,595,000 |
| Provision for Gratuity (Refer Note 38) | 4,515,041 | 3,921,951 |
| | **9,297,681** | **7,516,951** |

SN

HINDALCO-ALMEX AEROSPACE LTD.

Price Waterhouse
Chartered Accountants
FRN 301112E
Mumbai

HINDALCO-ALMEX AEROSPACE LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016
AND THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

| | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|
| **7. Trade Payables** | | |
| Total outstanding dues of micro enterprises and small enterprises (Refer Note 31) | - | - |
| Total outstanding dues of Creditors other than micro enterprises and small enterprises | 21,840,825 | 12,619,553 |
| | **21,840,825** | **12,619,553** |
| **8. Other Current Liabilities** | | |
| Advances from Customers | 264,224 | 239,623 |
| Liabilities towards Purchase of Fixed Assets | 428,511 | 2,409,556 |
| Statutory dues including Provident Fund, Tax Deducted at Source and Indirect Taxes | 3,906,826 | 3,831,474 |
| Employee Related Liabilities | 2,384,376 | 1,866,143 |
| | **6,983,937** | **8,346,796** |
| **9. Short-term Provisions** | | |
| **Provision for Employee Benefits:** | | |
| Provision for Leave Entitlement (Refer Note 38) | 389,000 | 313,000 |
| Provision for Gratuity (Refer Note 38) | 905,910 | - |
| | **1,294,910** | **313,000** |

SM.

HINDALCO-ALMEX AEROSPACE LTD.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

HINDALCO-ALMEX AEROSPACE LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016
AND THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

**10. Tangible Assets**

| | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|
| Cost | 931,239,491 | 900,050,176 |
| Less: Accumulated Depreciation | 343,976,280 | 306,773,240 |
| Net Carrying Amount | **587,263,211** | **593,276,936** |

(Amount in Rs.)

| | Cost | | Accumulated Depreciation | | Net Carrying Amount | |
|---|---|---|---|---|---|---|
| | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2016 | As at March 31, 2015 |
| Leasehold Land | 8,005,050 | 8,005,050 | 589,847 | 505,583 | 7,415,203 | 7,499,467 |
| Building | 153,583,281 | 153,321,262 | 37,531,345 | 32,383,476 | 116,051,935 | 120,937,786 |
| Plant and Machinery | 756,537,795 | 726,398,507 | 297,412,334 | 266,966,306 | 459,125,460 | 459,432,201 |
| Computers | 4,081,533 | 3,408,933 | 2,796,983 | 2,353,089 | 1,284,551 | 1,055,844 |
| Office Equipment | 3,125,819 | 3,041,527 | 2,532,875 | 2,234,367 | 592,943 | 807,160 |
| Motor Car | 2,232,230 | 2,232,230 | 909,203 | 616,447 | 1,323,027 | 1,615,783 |
| Furniture | 3,673,784 | 3,642,667 | 2,203,692 | 1,713,972 | 1,470,092 | 1,928,695 |
| | **931,239,491** | **900,050,176** | **343,976,280** | **306,773,240** | **587,263,211** | **593,276,936** |

Reconciliation of the gross and net carrying amounts of each class of tangible assets as at the beginning and end of the year:

| | As at March 31, 2015 | Additions During the period | Deletions During the period | As at March 31, 2016 |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. |
| **Cost** | | | | |
| Leasehold Land | 8,005,050 | - | | 8,005,050 |
| Building | 153,321,262 | 262,019 | | 153,583,281 |
| Plant and Machinery | 726,398,507 | 30,139,288 | | 756,537,795 |
| Computers | 3,408,933 | 795,820 | 123,220 | 4,081,533 |
| Office Equipment | 3,041,527 | 84,291 | | 3,125,819 |
| Motor Car | 2,232,230 | - | | 2,232,230 |
| Furniture | 3,642,667 | 31,117 | | 3,673,784 |
| | **900,050,176** | **31,312,535** | **123,220** | **931,239,491** |
| **Accumulated Depreciation** | | | | |
| Leasehold Land | 505,583 | 84,264 | | 589,847 |
| Building | 32,383,476 | 5,147,869 | | 37,531,345 |
| Plant and Machinery | 266,966,306 | 30,446,028 | | 297,412,334 |
| Computers | 2,353,089 | 567,114 | 123,220 | 2,796,983 |
| Office Equipment | 2,234,367 | 298,508 | | 2,532,875 |
| Motor Car | 616,447 | 292,756 | | 909,203 |
| Furniture | 1,713,972 | 489,720 | | 2,203,692 |
| | **306,773,240** | **37,326,259** | **123,220** | **343,976,280** |

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## 10. Tangible Assets

| | As at March 31, 2015 Rs. | As at March 31, 2014 Rs. |
|---|---|---|
| Cost | 900,050,176 | 899,690,878 |
| Less: Accumulated Depreciation | 306,773,240 | 268,330,857 |
| Net Carrying Amount | 593,276,936 | 631,360,021 |

(Amount in Rs.)

| | Cost | | Accumulated Depreciation | | Net Carrying Amount | |
|---|---|---|---|---|---|---|
| | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2015 | As at March 31, 2014 |
| Leasehold Land | 8,005,050 | 8,005,050 | 505,583 | 421,319 | 7,499,467 | 7,583,731 |
| Building | 153,321,262 | 153,321,262 | 32,383,476 | 27,289,651 | 120,937,786 | 126,031,611 |
| Plant and Machinery | 726,398,507 | 726,398,507 | 266,966,306 | 236,724,014 | 459,432,201 | 489,674,493 |
| Computers | 3,408,933 | 3,310,069 | 2,353,089 | 1,730,108 | 1,055,844 | 1,579,961 |
| Office Equipment | 3,041,527 | 3,009,230 | 2,234,367 | 607,419 | 807,160 | 2,401,811 |
| Motor Car | 2,232,230 | 2,232,230 | 616,447 | 324,491 | 1,615,783 | 1,907,739 |
| Furniture | 3,642,667 | 3,414,530 | 1,713,972 | 1,233,855 | 1,928,695 | 2,180,675 |
| | 900,050,176 | 899,690,878 | 306,773,240 | 268,330,857 | 593,276,936 | 631,360,021 |

Reconciliation of the gross and net carrying amounts of each class of tangible assets as at the beginning and end of the year:

| | As at March 31, 2014 Rs. | Additions During the period Rs. | As at March 31, 2015 Rs. |
|---|---|---|---|
| **Cost** | | | |
| Leasehold Land | 8,005,050 | - | 8,005,050 |
| Building | 153,321,262 | - | 153,321,262 |
| Plant and Machinery | 726,398,507 | - | 726,398,507 |
| Computers | 3,310,069 | 98,864 | 3,408,933 |
| Office Equipment | 3,009,230 | 32,297 | 3,041,527 |
| Motor Car | 2,232,230 | - | 2,232,230 |
| Furniture | 3,414,530 | 228,137 | 3,642,667 |
| | 899,690,878 | 359,298 | 900,050,176 |
| **Accumulated Depreciation** | | | |
| Leasehold Land | 421,319 | 84,264 | 505,583 |
| Building | 27,289,651 | 5,093,825 | 32,383,476 |
| Plant and Machinery | 236,724,014 | 30,242,292 | 266,966,306 |
| Computers | 1,730,108 | 622,981 | 2,353,089 |
| Office Equipment | 607,419 | 1,626,948 | 2,234,367 |
| Motor Car | 324,491 | 291,956 | 616,447 |
| Furniture | 1,233,855 | 480,117 | 1,713,972 |
| | 268,330,857 | 38,442,383 | 306,773,240 |

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NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016 AND THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

**11. Intangible Assets**

| | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|
| Cost | 562,288,000 | 562,288,000 |
| Less: Accumulated Amortisation | 562,288,000 | 562,288,000 |
| Net Carrying Amount | - | - |

(Amount in Rs.)

| | Cost | | Accumulated Amortisation | | Net Carrying Amount | |
|---|---|---|---|---|---|---|
| | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2016 | As at March 31, 2015 |
| Name Use License | 275,720,000 | 275,720,000 | 275,720,000 | 275,720,000 | - | - |
| Technology and Software License | 286,568,000 | 286,568,000 | 286,568,000 | 286,568,000 | - | - |
| | **562,288,000** | **562,288,000** | **562,288,000** | **562,288,000** | - | - |

Reconciliation of the gross and net carrying amounts of each class of intangible assets as at the beginning and end of the year:

| | As at March 31, 2015 Rs. | Additions During the period Rs. | As at March 31, 2016 Rs. |
|---|---|---|---|
| **Cost** | | | |
| Name Use License | 275,720,000 | - | 275,720,000 |
| Technology and Software License | 286,568,000 | - | 286,568,000 |
| | **562,288,000** | - | **562,288,000** |
| **Accumulated Amortization** | | | |
| Name Use License | 275,720,000 | - | 275,720,000 |
| Technology and Software License | 286,568,000 | - | 286,568,000 |
| | **562,288,000** | - | **562,288,000** |

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**AND THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

**11. Intangible Assets**

| | As at March 31, 2015 Rs. | As at March 31, 2014 Rs. |
|---|---|---|
| Cost | 562,288,000 | 562,288,000 |
| Less: Accumulated Amortisation | 562,288,000 | 562,288,000 |
| Net Carrying Amount | - | - |

(Amount in Rs.)

| | Cost | | Accumulated Amortisation | | Net Carrying Amount | |
|---|---|---|---|---|---|---|
| | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2015 | As at March 31, 2014 |
| Name Use License | 275,720,000 | 275,720,000 | 275,720,000 | 275,720,000 | - | - |
| Technology and Software License | 286,568,000 | 286,568,000 | 286,568,000 | 286,568,000 | - | - |
| | **562,288,000** | **562,288,000** | **562,288,000** | **562,288,000** | - | - |

Reconciliation of the gross and net carrying amounts of each class of intangible assets as at the beginning and end of the year:

| | As at March 31, 2014 Rs. | Additions During the period Rs. | As at March 31, 2015 Rs. |
|---|---|---|---|
| **Cost** | | | |
| Name Use License | 275,720,000 | - | 275,720,000 |
| Technology and Software License | 286,568,000 | - | 286,568,000 |
| | **562,288,000** | - | **562,288,000** |
| **Accumulated Amortization** | | | |
| Name Use License | 275,720,000 | - | 275,720,000 |
| Technology and Software License | 286,568,000 | - | 286,568,000 |
| | **562,288,000** | - | **562,288,000** |

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| | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|
| **12. Long-term Loans and Advances** | | |
| **Unsecured, Considered Good** | | |
| Security Deposits | 200,000 | 200,000 |
| Loans and advances to Employees | 55,563 | 116,854 |
| Other Advances | | |
| Advance Tax (Tax Deducted at Source) | 46,853 | 46,853 |
| Prepaid Expenses | 224,690 | 134,550 |
| Others | 339,033 | 339,033 |
| | **866,139** | **837,290** |

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AND THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

| | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|
| **13. Current Investments** | | |
| **At cost or market value, whichever is less:** | | |
| **Mutual Funds (Unquoted):** | | |
| Birla Sun Life Cash Plus - DIRECT- Growth (543,290 Units; March 31, 2015: 303,870 Units) | 130,343,206 | 67,269,467 |
| | **130,343,206** | **67,269,467** |
| **14. Inventories** | | |
| Raw Materials (Includes in transit Rs.Nil; March 31, 2015 Rs. 3,283,056) | 16,953,425 | 27,450,323 |
| Stores and Spares | 19,963,263 | 14,763,997 |
| Work-in-Progress (Aluminium Billets) | 23,280,141 | 36,256,191 |
| Finished Goods (Aluminium Billets) | - | 1,503,527 |
| | **60,196,829** | **79,974,038** |
| **15. Trade Receivables** | | |
| Outstanding for a period exceeding six months (from the date they are due for payment) | | |
| Unsecured, Considered Doubtful | 2,113,800 | 2,101,689 |
| Outstanding for a period less than six months (from the date they are due for payment) | | |
| Unsecured, Considered Good | 15,677,469 | 37,596,613 |
| | 17,791,269 | 39,698,302 |
| Less: Allowance for Doubtful Debts | 2,113,800 | 2,101,689 |
| | **15,677,469** | **37,596,613** |
| **16. Cash and Bank Balances** | | |
| **Cash and Cash Equivalents:** | | |
| Balance with Banks: | | |
| Current Accounts | 1,672,953 | 1,667,914 |
| Cash on Hand | 7,607 | 39,365 |
| | **1,680,560** | **1,707,279** |
| **17. Short-term Loans and Advances** | | |
| **Unsecured, Considered Good** | | |
| Loans and Advances to Employees | 64,864 | 74,426 |
| Loans and Advances for Trade | 2,573,342 | 4,967,831 |
| Unapplied Advance with Asset Management Company for purchase of Mutual funds | - | 2,000,000 |
| Other Advances | | |
| Service Tax Receivable | 281,377 | 1,070,186 |
| Value Added Tax Receivable | 39,165 | 161,973 |
| Prepaid Expenses | 759,378 | 797,790 |
| Others | - | 259,350 |
| | **3,718,126** | **9,331,556** |

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| | For the year ended March 31, 2016 Rs. | For the year ended March 31, 2015 Rs. |
|---|---|---|
| **18. Revenue from Operations** | | |
| Sale of Products | | |
| Finished Goods (Aluminium Billets) | 365,516,398 | 429,608,879 |
| Other Operating Revenues | | |
| Scrap Sales | 4,782,697 | 4,501,051 |
| | **370,299,095** | **434,109,930** |
| **19. Other Income** | | |
| Gain on Settlement of Derivatives (Net) | 66,918 | 149,701 |
| Gain on Redemption of Mutual Funds (Net) | 5,373,739 | 4,470,340 |
| Interest on Advance Refunded for Labour Law Matter | 35,809 | - |
| Interest on Income Tax Refund | - | 69,369 |
| | **5,476,466** | **4,689,410** |
| **20. Cost of Raw Materials Consumed** | | |
| Aluminium Metal | 207,886,304 | 252,302,880 |
| Copper | 13,273,396 | 17,664,283 |
| MN Master Alloy | 11,146,892 | 14,154,253 |
| Other Materials | 10,748,531 | 11,032,508 |
| | **243,055,123** | **295,153,924** |

Where of:

| | For the year ended March 31, 2016 | | For the year ended March 31, 2015 | |
|---|---|---|---|---|
| | **Amount (Rs.)** | **Percentage (%)** | **Amount (Rs.)** | **Percentage (%)** |
| Indigenous | 209,884,939 | 86.36 | 259,262,029 | 87.84 |
| Imported | 33,153,644 | 13.64 | 35,891,895 | 12.16 |
| **Total** | **243,038,583** | | **295,153,924** | |

| | For the year ended March 31, 2016 Rs. | For the year ended March 31, 2015 Rs. |
|---|---|---|
| **21. Changes in Inventory of Finished Goods and Work-in-Progress** | | |
| **Opening Stocks** | | |
| Finished Goods | 1,503,527 | 2,284,961 |
| Work-in-Progress | 36,256,191 | 46,514,776 |
| | 37,759,718 | 48,799,737 |
| **Less: Closing Stocks** | | |
| Finished Goods | - | 1,503,527 |
| Work-in-Progress | 23,280,141 | 36,256,191 |
| | 23,280,141 | 37,759,718 |
| | **14,479,577** | **11,040,019** |

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| | For the year ended March 31, 2016 Rs. | For the year ended March 31, 2015 Rs. |
|---|---|---|
| **22. Employee Benefits Expenses** | | |
| Salaries, Wages, Allowances and Other Benefits | 33,701,693 | 28,896,575 |
| Contribution to Provident and Other Funds (Refer Note 38) | 2,327,544 | 2,049,746 |
| Gratuity (Refer Note 38) | 1,499,000 | 2,257,000 |
| Staff and Labour Welfare | 762,407 | 846,045 |
| | **38,290,644** | **34,049,366** |
| **23. Power and Fuel** | | |
| Electricity Charges | 6,714,700 | 6,297,135 |
| Fuel Charges | 12,128,818 | 22,031,297 |
| | **18,843,518** | **28,328,432** |
| **24. Finance Costs** | | |
| Interest Expenses | 553,572 | 664,730 |
| Bank Charges | 126,965 | 149,466 |
| | **680,537** | **814,196** |
| **25. Depreciation and Amortisation Expenses** | | |
| Depreciation and Amortisation Expenses | 37,326,259 | 38,442,383 |
| | **37,326,259** | **38,442,383** |

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| | For the year ended March 31, 2016 Rs. | For the year ended March 31, 2015 Rs. |
|---|---|---|
| **26. Other Expenses** | | |
| Consumption of Stores and Spares | 4,714,857 | 4,274,514 |
| Rates and Taxes | 611,307 | 611,387 |
| Communication | 282,235 | 287,338 |
| Travelling and Conveyance | 4,633,586 | 4,204,491 |
| Printing and Stationery | 200,422 | 284,636 |
| Legal and Professional | 4,643,431 | 3,508,419 |
| Auditors' Remuneration (Refer Note 28) | 1,068,000 | 882,350 |
| Freight | 209,479 | 1,100,353 |
| Marketing Support Fee | 11,936,288 | 11,266,510 |
| Insurance | 1,559,759 | 2,009,301 |
| Repairs to Buildings | 357,890 | 37,000 |
| Repairs to Machinery | 6,260,000 | 7,722,998 |
| Material Handling Lease Expenses (Refer Note 30) | 3,668,317 | 3,744,627 |
| Packing Expenses | 1,003,296 | 1,012,729 |
| Water Charges | 725,775 | 688,168 |
| Provision for Doubtful Debts | 12,112 | - |
| Loss on Foreign Currency Transactions and Translation | 633,679 | 967,762 |
| Watch and Ward Expense | 2,578,294 | 2,476,474 |
| Information Technology Maintenance | 1,784,625 | 1,839,304 |
| Miscellaneous Expenses | 2,160,670 | 1,528,407 |
| | **49,044,022** | **48,446,768** |

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HINDALCO-ALMEX AEROSPACE LIMITED
NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016
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| | As at March 31, 2016 Rs. | As at March 31, 2015 Rs. |
|---|---|---|
| **27. Contingent Liability** | | |
| Claims against the company not acknowledged as debt: | | |
| Income Tax Matters | - | 876,573 |
| Labour Law Matters | 339,033 | 339,033 |
| **28. Auditors' Remuneration debited to Other expenses** | | |
| As Auditors: | | |
| Audit Fee | 850,000 | 700,000 |
| Tax Audit Fee | 150,000 | 150,000 |
| Out-of-Pocket Expenses | 68,000 | 32,350 |
| **Total** | **1,068,000** | **882,350** |
| **29. Managerial Remuneration** | | |
| Salaries, Wages, Allowances and Other Benefits | 5,678,447 | 5,076,970 |
| Contribution to Provident and Other Funds | 535,118 | 496,911 |
| **Total** | **6,213,565** | **5,573,881** |

**Note:**
Provision for leave entitlement and gratuity which are based on actuarial valuation done on an overall Company basis are not included in above.

**30. Operating Lease Transactions**
The Company has entered into leasing arrangements for material handling equipments that are renewable on a periodic basis and cancellable in nature. Rent for operating leases included in the Statement of Profit and Loss for the year is Rs. 3,668,317 (March 31, 2015: Rs. 3,744,627).

**31. Micro, Small and Medium Enterprises Development Act, 2006**
Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force on 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. Based on the information available with the Company, none of its suppliers are covered under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2016.

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**32. Derivative Instruments:**

Foreign Currency Contracts:

The Company entered into contracts for derivative instruments, which were not intended for trading or speculative purposes. There are no derivative instruments as on March 31, 2016 and March 31, 2015.

Net Foreign Currency exposures that are not covered by derivative instruments are as follows:

- Payables USD 163,693 (Rs. 10,858,225) (March 31, 2015: USD 196,616 (Rs. 12,306,256))
- Receivable USD 304 (Rs. 20,206) (March 31,2015: USD 3,453 (Rs. 216,133)).

**33. Segment Reporting**

(i) Information about Primary Business Segment

The Company is exclusively engaged in the business of manufacturing, processing and dealing in aluminium billets. This, in the context of Accounting Standard 17 on Segment Reporting, is considered to constitute a single primary segment. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the year are all as reflected in the financial statements for the year ended March 31, 2016 and as on that date.

(ii) Information about Secondary Geographical Segments:

Amount (Rs.)

| | India | Outside India | Total |
|---|---|---|---|
| External Revenue | 357,307,791<br>(413,533,091) | 12,991,304<br>(20,576,839) | 370,299,095<br>(434,109,930) |
| Carrying amount of Segment Assets | 799,725,333<br>(814,852,474) | 20,206<br>(216,133) | 799,745,539<br>(815,068,607) |
| Capital expenditure | 6,113,889<br>(10,597,209) | -<br>(-) | 6,113,889<br>(10,597,209) |

Note: Amounts in brackets relate to the year ended March 31, 2015.

(iii) Note:

Segment revenue in the geographical segments considered for disclosure is as follows:
- Revenue within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India, earnings outside India

**34. Loss Per Equity Share**

| | **For the year Ended March 31, 2016** | **For the year Ended March 31, 2015** |
|---|---|---|
| Loss after Tax (Rs.) | 25,944,120 | 17,475,748 |
| Weighted Average number of Equity Shares outstanding during the year | 177,115,744 | 177,115,744 |
| Basic and Diluted Loss Per Share (Rs.) | 0.15 | 0.10 |
| Nominal value of an Equity Share (Rs.) | 5 | 5 |

**35. a) Expenditure in Foreign Currency**

| | For the year ended March 31, 2016 Rs. | For the year ended March 31, 2015 Rs. |
|---|---|---|
| Marketing Support Fee | 11,936,288 | 11,266,510 |

**b) Earnings in Foreign Currency**

| | For the year ended March 31, 2016 Rs. | For the year ended March 31, 2015 Rs. |
|---|---|---|
| FOB Value of Exports Sales | 12,743,917 | 20,106,344 |

**36. CIF Value of Imports**

| | For the year ended March 31, 2016 Rs. | For the year ended March 31, 2015 Rs. |
|---|---|---|
| Purchase of Capital Goods | 2,631,007 | 8,937,425 |
| Purchase of Raw Material | 25,981,087 | 30,950,355 |
| Purchase of Stores and Spares | 6,185,787 | 5,063,960 |

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**37. Related Party Disclosures:**

**i) Relationship:**

| Description of relationship | Names of related parties |
|---|---|
| (a) Holding Company | Hindalco Industries Limited |
| (b) Key Management Personnel | Abhey Agarwal |

**Note:**
Name of the related party and nature of the related party relationship other than where control exists have been disclosed only if there are transactions with such parties.

| ii) Particulars of transactions with Related Parties | For the year ended March 31, 2016 Amount (Rs.) | For the year ended March 31, 2015 Amount (Rs.) |
|---|---|---|
| a) Hindalco Industries Limited (HIL) | | |
| i) Transactions | | |
| Reimbursement of Expenses to HIL | 362,834 | 344,574 |
| Interest Expenses | 545,273 | 634,604 |
| Purchase of Raw Material | 104,938,665 | 150,369,637 |
| Sale of Finished Goods | 31,432,213 | 177,509 |
| Reimbursement of Expenses by HIL | 11,118 | - |
| ii) Closing Balance | | |
| Trade Payable | 2,669 | 13,498 |
| b) Abhey Agarwal | | |
| i) Transactions | | |
| Remuneration | 6,213,565 | 5,573,881 |
| ii) Closing Balance | | |
| Other Current Liabilities | 417,948 | 384,670 |

HINDALCO-ALMEX AEROSPACE LTD.

Price Waterhouse Chartered Accountants FRN 301112E Mumbai

**38. Employee Benefits**

The Company has classified the various benefits provided to employees as under:

**I Defined Contribution Plans**

a. Employers' Contribution to Provident Fund
b. Employers' Contribution to Employee's Pension Scheme, 1995
c. Superannuation fund

During the year, the Company has incurred and recognised the following amounts in the Statement of Profit and Loss:

| | Year Ended March 31, 2016 (Amount in Rs.) | Year Ended March 31, 2015 (Amount in Rs.) |
|---|---|---|
| - Employers' Contribution to Provident Fund and Employee's Pension Scheme | 1,691,172 | 1,465,892 |
| - Superannuation fund | 636,372 | 583,854 |
| Total Expenses recognised in the Statement of Profit and Loss (Refer Note 22) | 2,327,544 | 2,049,746 |

**II Defined Benefit Plan**

**Contribution to Gratuity Fund**

| | | |
|---|---|---|
| **a. Major Assumptions** | **(% p.a.)** | **(% p.a.)** |
| Discount Rate | 7.50% | 7.50% |
| Expected Rate of Return on Plan Assets | 8.75% | 8.75% |
| Salary Escalation Rate @ | 8.00% | 7.50% |
| @ The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. | | |

| | | |
|---|---|---|
| **b. Change in Present Value of Obligation** | **(Amount in Rs.)** | **(Amount in Rs.)** |
| Present Value of Obligation as at the beginning of the year | 7,547,478 | 4,998,478 |
| Current Service Cost | 658,000 | 452,000 |
| Interest Cost | 566,000 | 450,000 |
| Benefit paid | - | - |
| Actuarial Loss/ (Gain) on Obligations | 592,000 | 1,647,000 |
| Present Value of Obligation as at the end of the year | 9,363,478 | 7,547,478 |

| | | |
|---|---|---|
| **c. Change in Fair Value of Plan Assets** | **(Amount in Rs.)** | **(Amount in Rs.)** |
| Fair Value of Plan Assets as at the beginning of the year | 3,625,527 | 3,333,527 |
| Expected Return on Plan Assets | 317,000 | 292,000 |
| Actuarial (Loss)/ Gain on Plan Assets | - | - |
| Contributions | - | - |
| Benefits paid | - | - |
| Fair Value of Plan Assets as at the end of the year | 3,942,527 | 3,625,527 |

| | | |
|---|---|---|
| **d. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets** | **(Amount in Rs.)** | **(Amount in Rs.)** |
| Present Value of Funded Obligation | 9,363,478 | 7,547,478 |
| Fair Value of Plan Assets | 3,942,527 | 3,625,527 |
| Funded Status | 3,942,527 | 3,625,527 |
| Present Value of Unfunded Obligation | 5,420,951 | 3,921,951 |
| Unfunded Net Liability recognised in the Balance Sheet (Refer Note 6 and 9) | 5,420,951 | 3,921,951 |
| Disclosed under Long-term Provisions (Refer Note 6) | 4,515,041 | 3,921,951 |
| Disclosed under Short-term Provisions (Refer Note 9) | 905,910 | - |

| | | |
|---|---|---|
| **e. Expenses Recognised in the Statement of Profit and Loss** | **(Amount in Rs.)** | **(Amount in Rs.)** |
| Current Service Cost | 658,000 | 452,000 |
| Interest Cost | 566,000 | 450,000 |
| Expected Return on Plan Assets | (317,000) | (292,000) |
| Actuarial Losses Recognised in the year | 592,000 | 1,647,000 |
| Total expenses recognised in the Statement of Profit and Loss (Refer Note 22) | 1,499,000 | 2,257,000 |

| | Year Ended March 31, 2016 (Amount in Rs.) | Year Ended March 31, 2015 (Amount in Rs.) | Year Ended March 31, 2014 (Amount in Rs.) | Year Ended March 31, 2013 (Amount in Rs.) | Year Ended March 31, 2012 (Amount in Rs.) |
|---|---|---|---|---|---|
| **f. Amounts recognised in the Balance Sheet** | | | | | |
| Present Value of Obligation as at year end | (9,363,478) | (7,547,478) | (4,998,478) | (4,427,628) | (3,614,430) |
| Fair Value of Plan Assets as at year end | 3,942,527 | 3,625,527 | 3,333,527 | 2,917,648 | 2,329,462 |
| Unfunded Net Liability recognised in the Balance Sheet (Refer Note 6 and 9) | 5,420,951 | 3,921,951 | 1,664,951 | 1,509,980 | 1,284,968 |
| Disclosed under Long-term Provisions (Refer Note 6) | 4,515,041 | 3,921,951 | | | |
| Disclosed under Short-term Provisions (Refer Note 9) | 905,910 | - | | | |
| **g. Experience Adjustments** | | | | | |
| On Plan Liabilities | (153,000) | (323,000) | (98,000) | (196,000) | (269,000) |
| On Plan Assets | - | - | (5,000) | 68,000 | (2,000) |
| Total Experience Adjustment | (153,000) | (323,000) | (103,000) | (128,000) | (271,000) |
| h. Actuarial Gain/(Loss) on change in assumption | (439,000) | (1,324,000) | 329,000 | - | - |
| i. Expected contribution to the Funds in the next year | 905,910 | 500,000 | | | |

j. Plan Assets are invested in Insurer Managed Fund.

HINDALCO-ALMEX AEROSPACE LTD. ★

Price Waterhouse ★ Chartered Accountants ★ FRN 301112E Mumbai

**HINDALCO-ALMEX AEROSPACE LIMITED**
**NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2016**
**AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

**Note 38 (Contd.)**

III **Other Employee Benefit**
The liability for leave entitlement and compensated absences as at year end is Rs.5,171,640 (March 31, 2015: Rs. 3,908,000) (Refer Note 6 and 9)

39. The previous year figures have also been reclassified to conform to current year's classification wherever applicable.

For **Price Waterhouse**
Firm Registration No: 301112E
Chartered Accountants

**Sumit Seth**
Partner
Membership No. 105869

Place: Mumbai
Dated: April 30, 2016

For and on behalf of the Board of Directors

**Madhukar Manilal Bhagat**
Director
DIN No. 00006245

Place: Mumbai
Dated: April 30, 2016

Praveen Kumar Maheshwari
Director
DIN No. 00174361

Place: Mumbai
Dated: April 30, 2016

**Shrikant Turalkar**
Company Secretary

Place: Mumbai
Dated: April 30, 2016

**Suchit Naidu**
Chief Financial Officer

Place: Mumbai
Dated: April 30, 2016

HINDALCO-ALMEX AEROSPACE LTD.

**Ajay Goel & Co.**
CHARTERED ACCOUNTANTS
Shubhrich I 2/74, Vishal Khand
Gomti Nagar I Lucknow 226 010
TF. I 91 522 4026665, 2396665
Email I ajaygoel.co@gmail.com

## INDEPENDENT AUDITORS' REPORT

To the members of
**Lucknow Finance Company Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Lucknow Finance Company Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, 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. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;

b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

AJAY GOEL & CO. CHARTERED ACCOUNTANTS FRN 02107C

**Report on other Legal and Regulatory Requirements**

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

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

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

   b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   c. the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g. With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

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

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

AJAY GOEL & CO. FRN 02107C CHARTERED ACCOUNTANTS

A.K. Goel
Membership No: 071257
Partner
For and on behalf of
Ajay Goel & Co.
Chartered Accountants
FRN: 02107C

Lucknow: May 12, 2016

## Annexure A to the Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Lucknow Finance Company Limited** ("the Company") for the year ended 31 March 2016)

On the basis of such checks as we considered appropriate and according to the information and explanations given to us by the management of the Company, during the course of our audit, we state that:

1. In respect of its fixed assets:

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

   b. The fixed assets have been physically verified by the management during the year and according to the information and explanations give to us, the programme of verification in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancy between the books of account and the physical verification of fixed assets was noticed.

   c. The title deeds of immovable properties in the form of share certificates of the Company owning the property are held in the name of the company.

2. As the Company has no inventory, the paragraph 3 of the Order is not applicable.

3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly provisions of clauses (iii)(a), (iii)(b) and (iii)(c) of the paragraph 3 of the Order are not applicable.

4. The Company has not granted any loans or made any investments or given any guarantees and security, where provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Hence, the provisions of clause (iv) of the paragraph 3 of the Order are not applicable.

5. The Company has not accepted deposits. Hence, the provisions of clause (v) of the paragraph 3 of the Order are not applicable.

6. The Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Act for the activities carried on by the Company.

7. a According to the information and explanations given to us, the provisions of provident fund, employees' state insurance, sales-tax, duty of customs, duty of excise, value added tax, cess are not applicable to the Company. The Company is regular in depositing with appropriate authorities undisputed statutory dues in respect of income-tax and service tax and no undisputed amounts payable for the same were outstanding as at 31st March, 2016 for a period exceeding six months from the date they become payable.

   b. Except a sum of Rs.150,100, being penalty imposed by Income Tax Department in respect of Assessment Year 2011-12, against which the Company has filed an appeal with Commissioner of Income Tax (Appeals), there is no amounts in respect of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax, which have not been deposited with appropriate authorities on account of any dispute as at 31st March, 2016.

8. The Company has not availed any loans or borrowings from financial institution, bank, Government or debenture holders during the year. Accordingly, the paragraph 3 (viii) of the Order is not applicable.

9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the paragraph 3 (ix) of the Order is not applicable.

10. During the course of our audit of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India and according to the information and explanations given to us, we have neither come across any instance of fraud by or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of such cases by the Management.

AJAY GOEL & CO. CHARTERED ACCOUNTANTS FRN

Ajay Goel & Co.

11. The Company has not paid or provided for any managerial remuneration. Hence, the provisions of clause (xi) of the paragraph 3 of the Order are not applicable.

12. The Company is not a Nidhi Company. Hence, the provisions of clause (xii) of the paragraph 3 of the Order are not applicable.

13. That all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of clause (xiv) of the paragraph 3 of the Order are not applicable.

15. The company has not entered into any non-cash transactions with directors or persons connected with them. Hence, the provisions of clause (xv) of the paragraph 3 of the Order are not applicable.

16. The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause (xvi) of the paragraph 3 of the Order are not applicable.

AJAY GOEL & CO. FRN 02107C CHARTERED ACCOUNTANTS

A.K. Goel
Membership No. 071257
Partner
For and on behalf of
Ajay Goel & Co.
Chartered Accountants
FRN: 02107C

Lucknow: May 12, 2016

## Annexure B to the Auditors' Report

(Referred to in paragraph 2.f under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Lucknow Finance Company Limited** ("the Company") for the year ended 31 March 2016)

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

We have audited the internal financial controls over financial reporting of **Lucknow Finance Company Limited** as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls 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,

AJAY GOEL & CO. CHARTERED ACCOUNTANTS FRN 0 projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

AJAY GOEL & CO. FRN 02107C CHARTERED ACCOUNTANTS

A.K. Goel
Membership No: 071257
Partner
For and on behalf of
Ajay Goel & Co.
Chartered Accountants
FRN: 02107C

Lucknow: May 12, 2016

# LUCKNOW FINANCE COMPANY LIMITED

## Balance Sheet as at 31st March, 2016

| | Note No. | As at 31.03.2016 (Rupees) | As at 31.03.2015 (Rupees) |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 2 | 9,90,25,000 | 9,90,25,000 |
| Reserves and Surplus | 3 | 5,67,33,788 | 4,63,27,085 |
| | | **15,57,58,788** | **14,53,52,085** |
| **Current Liabilities** | | | |
| Trade Payables | 4 | 46,817 | 90,506 |
| Other Current Liabilities | 5 | 82,85,066 | 15,29,15,284 |
| Short-term Provisions | 6 | - | 1,11,994 |
| | | **83,31,883** | **15,31,17,784** |
| | | **16,40,90,671** | **29,84,69,869** |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Fixed Assets | | | |
| Tangible Assets | 7 | 9,76,62,788 | 9,97,79,096 |
| Non-Current Investments | 8 | 14,105 | 14,105 |
| | | **9,76,76,893** | **9,97,93,201** |
| **Current Assets** | | | |
| Current Investments | 9 | 5,87,99,032 | 6,11,91,442 |
| Cash and Bank Balances | 10 | 1,06,559 | 12,58,28,752 |
| Other Current Assets | 11 | 75,08,187 | 1,16,56,474 |
| | | **6,64,13,778** | **19,86,76,668** |
| | | **16,40,90,671** | **29,84,69,869** |
| | | - | - |
| **Significant Accounting Policies** | 1 | | |
| The accompanying Notes are an integral part of the Financial Statements | 18 to 23 | | |

As per our report of even date

AJAY GOEL & CO. FRN 02107C CHARTERED ACCOUNTANTS

A. K. Goel
(ICAI Mem. No. 071257)
Partner
For and on behalf of
**Ajay Goel & Co.**
**Chartered Accountants**
(FRN: 02107C)

Lucknow : 12th May, 2016

Bishnu Kumar Agarwal
Company Secretary

D. C. Kabra
Director

Debashish Ray
Director

# LUCKNOW FINANCE COMPANY LIMITED

## Statement of Profit and Loss for the Year ended 31st March, 2016

| | Note No. | Year ended 31.03.2016 (Rupees) | Year ended 31.03.2015 (Rupees) |
|---|---|---|---|
| **REVENUES** | | | |
| Other Income | 12 | 2,44,85,787 | 4,06,76,756 |
| | | **2,44,85,787** | **4,06,76,756** |
| **EXPENSES** | | | |
| Finance Costs | 13 | 647 | 16,937 |
| Depreciation and Amortization Expenses | 14 | 21,16,308 | 21,16,308 |
| Other Expenses | 15 | 68,14,274 | 22,82,689 |
| | | **89,31,229** | **44,15,934** |
| Profit before tax | | 1,55,54,558 | 3,62,60,822 |
| Tax Expense: | 16 | | |
| Current Tax | | 51,47,855 | 67,63,642 |
| Total Tax Expense: | | **51,47,855** | **67,63,642** |
| Profit for the year | | **1,04,06,703** | **2,94,97,180** |
| **Earnings per Equity Share:** | 17 | | |
| Basic (Rs.) | | 1.05 | 2.47 |
| Diluted (Rs.) | | 1.05 | 2.47 |
| **Significant Accounting Policies** | 1 | | |
| The accompanying Notes are an integral part of the Financial Statements | 18 to 23 | | |

As per our report of even date

AJAY GOEL & CO. ★ FRN 02107C ★ CHARTERED ACCOUNTANTS

A. K. Goel
(ICAI Mem. No. 071257)
Partner
For and on behalf of
**Ajay Goel & Co.**
**Chartered Accountants**
(FRN: 02107C)

Lucknow : 12th May, 2016

Bishnu Kumar Agarwal
Company Secretary

D. C. Kabra
Director

Debashish Ray
Director

# LUCKNOW FINANCE COMPANY LIMITED

## Cash Flow Statement for the year ended 31st March, 2016

| | | Year ended 31.03.2016 (Rupees) | Year ended 31.03.2015 (Rupees) |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Profit before Tax | 1,55,54,558 | 3,62,60,822 |
| | Adjustment for : | | |
| | Finance Costs | 647 | 16,937 |
| | Depreciation and Amortization Expenses | 21,16,308 | 21,16,308 |
| | Provision for Doubtful Amount | 47,06,108 | - |
| | Investing Activities (Net) | (21,51,078) | (1,81,88,437) |
| | Operating profit before working capital changes | **2,02,26,543** | **2,02,05,630** |
| | Changes in working Capital: | | |
| | Trade and other Receivables | 3,38,445 | (7,72,484) |
| | Trade and other Payables | (74,184) | 71,471 |
| | Cash generation from Operation | **2,04,90,804** | **1,95,04,617** |
| | Payment of Direct Taxes | (61,56,115) | (52,08,350) |
| | **Net Cash generated/ (used) - Operating Activities** | **1,43,34,689** | **1,42,96,267** |
| **B.** | **CASH FLOW FROM INVESTMENT ACTIVITIES** | | |
| | Purchase of Investments(Mutual Fund) | (2,17,55,198) | (3,62,87,855) |
| | Sale of Investments | 2,46,00,000 | 14,97,75,604 |
| | Interest Received | 1,82,388 | 4,93,081 |
| | Dividend Received | 15,16,298 | 1,02,85,171 |
| | **Net Cash Generated/ (Used) - Investing Activities** | **45,43,488** | **12,42,66,001** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Buyback of Shares | - | (2,10,00,000) |
| | Dividend Paid (including Dividend Distribution Tax) | (14,45,99,723) | - |
| | Finance Cost Paid | (647) | (16,937) |
| | **Net Cash Generated/ (Used) - Financing Activities** | **(14,46,00,370)** | **(2,10,16,937)** |
| | **Net Increase/ (Decrease) in Cash and Cash Equivalents** | **(12,57,22,193)** | **11,75,45,331** |
| | Add : Opening Cash and Cash Equivalents | 12,58,28,752 | 82,83,421 |
| | Closing Cash and Cash Equivalents | **1,06,559** | **12,58,28,752** |

**Notes:**

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified in the Companies (Accounting Standard) Rules 2006.
2. The previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with figures of current financial year.

As per our report of even date

GOEL & CO. FRN 02107C CHARTERED ACCOUNTANTS

A. K. Goel
(ICAI Mem. No. 071257)
Partner
For and on behalf of
**Ajay Goel & Co.**
**Chartered Accountants**
(FRN: 02107C)

Bishnu Kumar Agarwal
Company Secretary

D. C. Kabra
Director

Debashish Ray
Director

Lucknow : 12th May, 2016

# LUCKNOW FINANCE COMPANY LIMITED
## Notes to Financial Statements

1. **Significant Accounting Policies**

A. **Accounting Convention**

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 2013 of India.

B. **Use of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. **Fixed Assets**

Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

D. **Depreciation and Amortization**

Depreciation on Tangible Assets has been provided using Straight Line Method at the rates and manner prescribed under Schedule II of the Companies Act, 2013.

E. **Impairment**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value being higher of value-in-use and net selling price. Value-in-use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

F. **Investments**

(a). Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b). Current investments are valued at lower of cost and fair value.

G. **Revenue Recognition**

Revenue is recognized on transfer of significant right to use of property to the user. Interest, Dividend and other income on investments is accounted for when the right to receive the payment is established. The amounts where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

H. **Taxation**

Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference.

I. **Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

AJAY GOEL & CO.
CHARTERED ACCOUNTANTS

# LUCKNOW FINANCE COMPANY LIMITED
## Notes to Financial Statements

| | | As at 31.03.2016 (Rupees) | As at 31.03.2015 (Rupees) |
|---|---|---|---|
| **2.** | **Share Capital:** | | |
| a. | **Authorized:** | | |
| | 1,25,00,000 (Previous year 1,25,00,000) Equity Shares of Rs.10/- each. | 12,50,00,000 | 12,50,00,000 |
| | | **12,50,00,000** | **12,50,00,000** |
| b. | **Issued, Subscribed and Paid-up:** | | |
| | 99,02,500 (Previous year 99,02,500) Equity Shares of Rs.10/- each fully paid-up | 9,90,25,000 | 9,90,25,000 |
| | | **9,90,25,000** | **9,90,25,000** |

c. The Company has only one class of shares referred to as Equity Shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. The Dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their shareholding.

d. **Reconciliation of shares outstanding at the beginning and at the end of the year**

| Equity Shares of Rs.10/- each | 2015-16 | | 2014-15 | |
|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount |
| As at the beginning of the year | 99,02,500 | 9,90,25,000 | 1,20,02,500 | 12,00,25,000 |
| Add: Shares issued during the year | - | - | - | - |
| Less: Buy back of shares during the year | - | - | 21,00,000 | 2,10,00,000 |
| As at the end of the year | 99,02,500 | 9,90,25,000 | 99,02,500 | 9,90,25,000 |

e. **Shareholders holding more than 5% of shares in the Company**

| Name of Shareholder | 31.03.2016 | 31.03.2015 | % of holding | % of holding |
|---|---|---|---|---|
| | No. of Shares | No. of Shares | | |
| Hindalco Industries Limited and its nominees | 99,02,500 | 99,02,500 | 100.00% | 100.00% |

| | | 31.03.2016 | 31.03.2015 |
|---|---|---|---|
| **3.** | **Reserves and Surplus:** | | |
| | Special Reserve | 1,51,62,059 | 1,51,62,059 |
| | **Capital Redemption Reserve** | | |
| | Balance as at the beginning of the year | 2,10,00,000 | 2,10,00,000 |
| | **Profit and Loss Account :** | | |
| | Balance as at the beginning of the year | 1,01,65,026 | 14,62,67,569 |
| | Add: Profit for the year | 1,04,06,703 | 2,94,97,180 |
| | | **2,05,71,729** | **17,57,64,749** |
| | Less: Transfer to Capital Redemption Reserve | - | 2,10,00,000 |
| | Less: Interim Dividend on Equity Shares | - | 12,00,25,000 |
| | Less: Dividend Distribution Tax | - | 2,45,74,723 |
| | Balance as at the end of the year | **2,05,71,729** | **1,01,65,026** |
| | | **5,67,33,788** | **4,63,27,085** |

Special Reserve was created in terms of Section 45-I(c) of Reserve Bank of India Act, 1934. Since the Company has voluntarily surrendered and RBI has subsequently cancelled the certificate to carry on NBFC activities, no further amount is transferred to Special Reserve.

| | | 31.03.2016 | 31.03.2015 |
|---|---|---|---|
| **4.** | **Trade Payables** | | |
| | Payable to Others | 46,817 | 90,506 |
| | | **46,817** | **90,506** |

AJAY GOEL & CO. FRN 02107C CHARTERED ACCOUNTANTS

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| **5. Other Current Liabilities** | | |
| Statutory Dues Payable | 4,39,616 | 2,50,44,834 |
| Security Deposits | 78,45,450 | 78,45,450 |
| Interim Dividend Payable | - | 12,00,25,000 |
| | **82,85,066** | **15,29,15,284** |

Security deposits includes refundable deposits of Rs.18,45,450.00 (Previous year Rs. 18,45,450.00) refundable to "Hindalco Industries Ltd."

**6. Short-term Provisions**

| | | |
|---|---|---|
| Provision for Current Tax (Net of Advance Tax) | - | 1,11,994 |
| | - | **1,11,994** |

**7. Tangible Assets**

| | (Rupees) | (Rupees) |
|---|---|---|
| Summary and net carrying amount of each class of tangible assets are given below: | | |
| Cost | 13,48,71,479 | 13,48,71,479 |
| Less: Accumulated Depreciation | 3,72,08,691 | 3,50,92,383 |
| Net Carrying Amount | **9,76,62,788** | **9,97,79,096** |

| | Cost | | Accumulated Depreciation | | Net Carrying Amount | |
|---|---|---|---|---|---|---|
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| Buildings | 13,48,71,479 | 13,48,71,479 | 3,72,08,691 | 3,50,92,383 | 9,76,62,788 | 9,97,79,096 |
| | | | | | **9,76,62,788** | **9,97,79,096** |

Reconciliation of the gross and net carrying amounts of assets at the beginning and period ending 31.03.2016 are as under:

**Cost**

| | As at 31.03.2015 | Additions | Disposals | Other Adjustments | As at 31.03.2016 |
|---|---|---|---|---|---|
| Buildings | 13,48,71,479 | - | - | - | **13,48,71,479** |
| | **13,48,71,479** | - | - | - | **13,48,71,479** |

**Accumulated Depreciation**

| | As at 31.03.2015 | Additions | Disposals | Other Adjustments | As at 31.03.2016 |
|---|---|---|---|---|---|
| Buildings | 3,50,92,383 | 21,16,308 | - | - | **3,72,08,691** |
| | **3,50,92,383** | **21,16,308** | - | - | **3,72,08,691** |

Building includes Rs.12.10 Crores being cost of equity shares and debentures of a body corporate, entitling the Company to the right of exclusive occupation and use of certain premises.

**8. Non-Current Investments**

| | Quoted/ Unquoted | Face value per Unit | Numbers | As at 31.03.2016 (Rupees) | As at 31.03.2015 (Rupees) |
|---|---|---|---|---|---|
| **Other Investments** | | | | | |
| **Investments in Equity Instruments** | | | | | |
| Gujarat Narmada Valley Fertilizers & Chemicals Ltd | Quoted | Rs.10/- | 100 | 3,840 | 3,840 |
| Gujarat State Fertilizers & Chemicals Limited | Quoted | Rs. 2/- | 500 | 5,205 | 5,205 |
| Southern Petrochemical Industires Limited | Quoted | Rs.10/- | 100 | 2,325 | 2,325 |
| Madras Fertiliser Limited | Quoted | Rs.10/- | 100 | 1,220 | 1,220 |
| Rashtriya Chemicals and Fertilizers Limited | Quoted | Rs.10/- | 100 | 1,515 | 1,515 |
| | | | | **14,105** | **14,105** |
| Aggregate amount of Quoted Investments | | | | **14,105** | **14,105** |
| Aggregate market value of Quoted Investments | | | | **47,310** | **55,850** |

AJAY GOEL & CO. CHARTERED ACCOUNTANTS FRN 02187C

# LUCKNOW FINANCE COMPANY LIMITED
## Notes to Financial Statements

| | | As at 31.03.2016 (Rupees) | As at 31.03.2015 (Rupees) |
|---|---|---|---|
| **9. Current Investments** | | | |
| **Investments in Mutual Funds** | | | |
| | **Quoted/ Unquoted** | | |
| 1858776.468 (previous year 3823889.163) units of Birla Sun Life Short Term Fund - Monthly Dividend - Direct | Quoted | 2,17,56,966 | 4,46,34,790 |
| 661039.227 (previous year 661039.227) units of Baroda Pioneer Dynamic Bond Fund - Plan B - Growth | Quoted | 80,00,000 | 80,00,000 |
| 440585.567 (previous year 72451.610) units of Birla Sun Life Short Term Fund-Growth - Direct | Quoted | 2,40,40,000 | 38,00,000 |
| 413457.417 (previous year 393170.900) units of IDFC Arbitrage Plus Fund - Direct Plan - Dividend | Quoted | 50,02,066 | 47,56,651 |
| | | **5,87,99,032** | **6,11,91,442** |
| Aggregate amount of Quoted Investments | | **5,87,99,032** | **6,11,91,442** |
| Aggregate market value of Quoted Investments | | **6,15,84,993** | **6,26,31,707** |

| | 31.03.2016 (Rupees) | 31.03.2015 (Rupees) |
|---|---|---|
| **10. Cash and Bank Balances:** | | |
| **Cash and Cash Equivalents** | | |
| Balance with Banks: | | |
| Deposits with less than 3 months initial maturity | - | 54,17,403 |
| Current Accounts - Earmarked for payment of Interim Dividend | - | 12,00,25,000 |
| Other Current Accounts | 1,05,915 | 3,85,705 |
| Cash in hand | 644 | 644 |
| | **1,06,559** | **12,58,28,752** |
| | **1,06,559** | **12,58,28,752** |

| | 31.03.2016 (Rupees) | 31.03.2015 (Rupees) |
|---|---|---|
| **11. Other Current Assets** | | |
| Interest accrued but not due | - | 3,42,064 |
| Current Tax Assets (Net of Provisions) | 8,96,266 | - |
| Receivables against Rent | | |
| Considered Good | 66,11,921 | 1,13,14,410 |
| Considered Doubtful | 47,06,108 | - |
| Less: Provision for Doubtful Amount | (47,06,108) | - |
| | **75,08,187** | **1,16,56,474** |

AJAY GOEL & CO. FRN 021107C CHARTERED ACCOUNTANTS

# LUCKNOW FINANCE COMPANY LIMITED
## Notes to Financial Statements

| | Year ended 31.03.2016 (Rupees) | Year ended 31.03.2015 (Rupees) |
|---|---|---|
| **12. Other Income:** | | |
| Rental Income | 2,23,34,709 | 2,24,88,319 |
| Interest Income | | |
| On Inter Corporate Deposits and Fixed Deposits | 1,22,440 | 4,93,081 |
| Interest Received from I.Tax Dept. | 59,948 | - |
| Dividend Income | | |
| On Long Term Investments | 1,100 | 150 |
| On Current Investments | 15,15,198 | 1,02,85,021 |
| Net Gain/ (Loss) on sale of Investments | | |
| On Current Investments | 4,52,392 | 74,10,185 |
| | **2,44,85,787** | **4,06,76,756** |
| **13. Finance Costs:** | | |
| Interest Paid to Income/Service Tax Dept. | 647 | 16,937 |
| | **647** | **16,937** |
| **14. Depreciation and Amortization Expenses:** | | |
| Depreciation and Amortization Expenses: | 21,16,308 | 21,16,308 |
| | **21,16,308** | **21,16,308** |
| **15. Other Expenses:** | | |
| Repairs & Maintenance Charges-Buildings | 12,76,329 | 13,98,891 |
| Rates and Taxes | 7,48,380 | 7,77,028 |
| **Auditors' Remuneration** | | |
| Statutory Audit Fees | 25,190 | 24,719 |
| Tax Audit Fee | 8,015 | 7,865 |
| Fees for certification | - | 56,180 |
| Reimbursement of Expenses | 5,955 | 6,772 |
| Prior Period Items | 843 | - |
| Internal Audit Fees | 6,870 | 7,484 |
| Provision for Doubtful Amount | 47,06,108 | - |
| Miscellaneous Expenses | 36,584 | 3,750 |
| | **68,14,274** | **22,82,689** |
| **16. Tax Expenses** | | |
| **Current Tax Expenses** | | |
| Current Tax for the Period | 52,07,505 | 67,63,642 |
| Current Tax adjustments for earlier years (Net) | (59,650) | - |
| | **51,47,855** | **67,63,642** |
| **17. Earning per Share (EPS)** | | |
| Profit/ (Loss) for the year | 1,04,06,703 | 2,94,97,180 |
| Weighted average number of shares used in the calculation of EPS: | | |
| Weighted average number of Basic Equity Shares outstanding | 99,02,500 | 1,19,62,226 |
| Weighted average number of Diluted Equity Shares outstanding | 99,02,500 | 1,19,62,226 |
| Face value of per share (Rs.) | 10 | 10 |
| Basic EPS (Rs.) | 1.05 | 2.47 |
| Diluted EPS (Rs.) | 1.05 | 2.47 |

**18. Impairment Loss**

The Company has carried out impairment test of assets and identified that there is no impairment loss during the year.

**19. Contingent Liabilities and Commitments**

Claims against the company not acknowledged as debt:

| | | |
|---|---|---|
| Amount of penalty imposed by Dy. Comm. of Income Tax under section 271(1)(c) of the Income tax Act, 1961 in respect of Assessment Year 2011-12. The appeal filed by the company against the penalty imposed is pending with Commissioner of Income Tax (Appeals), Lucknow. | 1,50,100 | 1,50,100 |

AJAY GOEL & CO. CHARTERED ACCOUNTANTS

# LUCKNOW FINANCE COMPANY LIMITED
## Notes to Financial Statements

20. **Related Party Disclosures:**

A. List of Related Parties:

| Name | Relationship |
|---|---|
| Hindalco Industries Limited | Holding Company |
| Minerals & Minerals Limited | Fellow Subsidiary |
| Renukeshwar Investments and Finance Limited | Fellow Subsidiary |
| Renuka Investments and Finance Limited | Fellow Subsidiary |
| Dahej Harbour and Infrastructure Limited | Fellow Subsidiary |
| Birla Resources Pty Limited | Fellow Subsidiary |
| Aditya Birla Minerals Limited | Fellow Subsidiary |
| Birla Maroochydore Pty Limited | Fellow Subsidiary |
| Birla (Nifty) Pty Limited | Fellow Subsidiary |
| Birla Mt. Gordon Pty Limited(Disposed of on 27-Oct-2015) | Fellow Subsidiary |
| Utkal Alumina international Limited | Fellow Subsidiary |
| Utkal Alumina Technical & General Services Limited | Fellow Subsidiary |
| Suvas Holdings Limited | Fellow Subsidiary |
| Hindalco-Almex Aerospace Limited | Fellow Subsidiary |
| Hindalco Do Brasil Ind Com Alumina Limited | Fellow Subsidiary |
| A V Minerals (Netherlands) B.V. | Fellow Subsidiary |
| A V Metals Inc. | Fellow Subsidiary |
| Novelis Inc. | Fellow Subsidiary |
| East Coast Bauxite Mining Company Private Limited | Fellow Subsidiary |
| Tubed Coal Mines Limited | Fellow Subsidiary |
| Mauda Energy Limited | Fellow Subsidiary |
| Hindalco Guinea SARL | Fellow Subsidiary |
| Mahan Coal Limited | Joint Ventures of Holding Company |
| Hydromine Global Minerals GMBH Limited | Joint Ventures of Holding Company |
| MNH Shakti Limited | Joint Ventures of Holding Company |
| Aditya Birla Science & Technology Pvt. Limited | Associates of the Holding Company |
| Idea Cellular Limited | Associates of the Holding Company |
| Trident Trust | Trust of the Holding company |

B. Transactions with the Related Party (With Hindalco Ind.Ltd.) :

| Particulars | 2015-16 (Rupees) | 2014-15 (Rupees) |
|---|---|---|
| Rent(Including Service Tax) | 62,21,261 | 60,05,405 |
| Security Deposit (Refundable) | 18,45,450 | 18,45,450 |
| Balance Payable | 13,684 | - |

21. There is no deferred tax assets and liabilities as on 31st March, 2016

22. There are no Micro Small & Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at the Balance Sheet date. The Company has also not paid any interest to any Micro, Small & Medium Enterprises during the Accounting Year and no interest are payable to such parties on the Balance Sheet date. This information as required to be disclosed under section 22 of The Micro, Small and Medium Enterprises Development Act,2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

23. The figures have been rounded off to nearest rupee and previous year figures have been regrouped / rearranged wherever necessary to make them comparable with figures of current year.

As per our report of even date

AJAY GOEL & CO. PRN 02107C CHARTERED ACCOUNTANTS

A. K. Goel
(ICAI Mem. No. 071257)
Partner
For and on behalf of
**Ajay Goel & Co.**
**Chartered Accountants**
(FRN: 02107C)

Bishnu Kumar Agarwal
Company Secretary

D. C. Kabra
Director

Debashish Ray
Director

Lucknow : 12th May, 2016

161, SARAT BOSE ROAD, KOLKATA-700 026, (INDIA)
✆ : +91(0)33-2419 6000, 98362 33222 • E-mail : kolkata@singhico.com • Website : www.singhico.com

**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF DAHEJ HARBOUR AND INFRASTRUTRE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of DAHEJ HARBOUR AND INFRASTRUTURE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements).

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

SINGHI & CO. * Chartered Accountants *

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 31st March, 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

**1.** As required by the Companies (Auditor's Report) Order ,2016 ('the Order '),issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act,2013 we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

i. The financial statements disclose the impact of pending litigation on the financial position of the Company – Refer Note no.24.5 to the financial statements;

ii. The Company did not have any material foreseeable losses on long term contracts including derivatives contracts.

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

For SINGHI & CO.
Chartered Accountants
Firm Reg. No.302049E

SINGHI & CO. * Chartered Accountants *

(Rajiv Singhi)
Partner
Membership No.53518

Camp: Mumbai
Date:30 APR 2016

**Annexure A referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re: Dahej Harbour and Infrastructure Limited)**

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

b. Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

c. According to information and explanations given by the management, the company has no immovable properties. Therefore, the provisions of clause 3(i)(c) of the order are not applicable to the Company.

(ii) The Company has no inventory. Therefore, the provisions of clause 3(ii) of the order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii) of the order are not applicable to the Company

(iv) According to the information and explanations given to us, the Company has not granted any loan, made investments, or provided guarantees and securities in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Therefore, the provisions of the clause 3(iv) of the order are not applicable to the Company.

(v) The Company has not received any deposit during the year. Therefore, the provisions of clause 3(v) of the order are not applicable to the company.

(vi) As informed to us, the Central Government has not prescribed maintenance of cost records u/s 148(1) of the Companies Act, 2013. Therefore, the provisions of clause 3(vi) of the order are not applicable to the Company.

(vii) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs , duty of excise ,value added tax, cess and other material statutory dues ,where applicable and accrued in the books ,with the appropriate authorities. There was no undisputed outstanding statutory dues as at the yearend for a period of more than six months from the date they became payable.

b. According to the records of the Company, there are no dues outstanding of income tax, sales tax, service tax , duty of customs, duty of excise and value added tax on account of any dispute except the followings,

| Name of the Statute | Nature of Dues | Amount (Rs.) | Accounting Period to which the amount relates | Forums where the disputes are pending |
|---|---|---|---|---|
| The Income Tax Act '1961 | Demand for Income Tax and Interest on thereon | 20,31,843 | 2010-11 to 2011-12 | CIT (Appeals) Mumbai |
| The Service Tax under the Finance Act'1994 | Demand for Service Tax | 18,06,99,886 | 2006-07 to 2012-13 | CESTAT, Ahmedabad |
| The Service Tax under the Finance Act'1994 | Demand for Service Tax | 54,40,562 | 2011-2012 | Commissioner (Appeals), Surat |
| The Service Tax under the Finance Act | Demand for Service Tax | 2,38,16,201 | 2010-11 to 2015-16 | Joint /Additional Commissioner of Excise & Customs & Service Tax , Bharuch |

SINGHI & CO. Chartered Accountants

(viii) According to the information and explanations given to us, the Company has no dues to financial institutions, banks and debenture holders. Therefore, the provisions of clause 3(viii) of the order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) or raised any term loan during the year. Therefore, the provisions of clause 3(ix) of the order are not applicable to the Company.

(x) Based upon the audit procedures performed in accordance with generally accepted auditing practice in India for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officers and employees has been noticed or reported during the year .

(xi) According to the information and explanations given by the management, the Company has not paid/provided any managerial remuneration during the year. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has not made any preferential allotments or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of clause 3(xiv) of the order are not applicable.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Therefore, the provisions of clause 3(xv) of the order are not applicable.

(xvi) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 .Therefore, the provisions of clause 3(xvi) of the order are not applicable.

For SINGHI & CO.
Chartered Accountants
Firm's Reg. No.302049E

Rajiv Singh

SINGHI & CO. ★ Chartered Accountants ★

(Rajiv Singhi)
Partner
Membership No.53518

Place : Mumbai

Date: 30 APR 2016

**Annexure –B referred to in paragraph 2(f) of our report of even date on the other legal and regulatory requirements in respect of Report on the Internal Financial controls under Clause (i) of Sub - section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Dahej Harbour and Infrastructure Limited ("The Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors , the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exist, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal; financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company ; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

SINGHI & CO. * Chartered Accountants *

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March31, 2016, based on the internal control over the 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 SINGHI & CO.
Chartered Accountants
Firm's Reg. No.302049E

SINGHI & CO. Chartered Accountants

Rajiv Singh

(Rajiv Singhi)
Partner
Membership No.53518

Place : Mumbai
Date: 30 APR 2016

**DAHEJ HARBOUR AND INFRASTRUCTURE LTD**

**Balance Sheet as at 31st March 2016**

(` Rupees)

| | Note No. | As at 31 st March, 2016 | As at 31 st March, 2015 |
|---|---|---|---|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | '2' | 50,00,00,000 | 50,00,00,000 |
| Reserves and Surplus | '3' | 43,17,56,320 | 78,25,49,363 |
| | | 93,17,56,320 | 1,28,25,49,363 |
| Non-Current Liabilities | | | |
| Deferred Tax Liabilities (Net) | '4' | 12,58,96,325 | 13,80,74,036 |
| Other Long-Term Liabilities | '5' | 2,25,00,000 | 2,25,00,000 |
| Long-term Provisions | '6' | 42,77,000 | 29,51,290 |
| | | 15,26,73,325 | 16,35,25,326 |
| Current Liabilities | | | |
| Short-term Borrowings | | - | - |
| Trade Payables | '7' | 2,00,96,894 | 1,34,54,414 |
| Other Current Liabilities | '8' | 73,91,869 | 43,48,503 |
| Short-term Provisions | '9' | 2,43,000 | 1,80,710 |
| | | 2,77,31,763 | 1,79,83,627 |
| | | 1,11,21,61,408 | 1,46,40,58,316 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | '10' | 38,66,36,048 | 42,54,15,320 |
| Long-term Loans and Advances | '11' | 5,00,000 | 5,12,750 |
| Non Current Investments | '12' | - | 3,58,31,700 |
| | | 38,71,36,048 | 46,17,59,770 |
| Current Assets | | | |
| Current Investments | '13' | 62,68,00,443 | 79,31,80,038 |
| Trade Receivables | '14' | 1,80,34,001 | 5,84,83,733 |
| Cash and Bank Balances | '15' | 4,43,53,814 | 11,68,15,042 |
| Short-Term Loans and Advances | '16' | 3,58,37,102 | 3,33,59,643 |
| Other Current Assets | '17' | - | 4,60,090 |
| | | 72,50,25,360 | 1,00,22,98,546 |
| | | 1,11,21,61,408 | 1,46,40,58,316 |
| Significant Accounting Policies | '1' | | |
| Other Notes on Accounts | '24' | | |

The accompanying Notes are an integral part of the Financial Statements

As per our report annexed

**For SINGHI & CO.**
**Chartered Accountants**
**Firm Registration No . 302049E**

Rajiv Singh

**Rajiv Singhi**
**Partner**
**M. No. 53518**

SINGHI & CO. Chartered Accountants

**For & behalf of Board of Directors**

**Anil Methew**
**Director**
**DIN-00584386**

**Sayali Patkar**
**Company Secretary**

**Ketan Shah**
**Chief Financial Officer**

**Sanjay R. Sarkar**
**Director**
**DIN-06490617**

Place : Mumbai
Date : 30 APR 2016

DAHEJ HARBOUR AND INFRASTRUCTURE LTD

Statement of Profit and Loss for the year ended 31st March 2016

(Rupees)

| | Note No. | Year Ended 31st March,2016 | Year Ended 31st March, 2015 |
|---|---|---|---|
| REVENUES | | | |
| Revenue from Operations | '18' | 80,40,98,816 | 74,18,21,325 |
| Other Income | '19' | 9,95,83,838 | 1,89,42,892 |
| Total Revenues (A) | | 90,36,82,654 | 76,07,64,217 |
| EXPENSES | | | |
| Vessel Handling Charges | | 13,03,05,048 | 12,82,85,454 |
| Cargo Handling Charges | | 3,44,638 | 18,69,289 |
| Stevedoring Expenses | | 3,90,01,155 | 3,59,32,275 |
| Employee Benefits Expenses | '20' | 1,63,13,182 | 1,29,44,849 |
| Finance Costs | '21' | 1,981 | 11,264 |
| Depreciation | '10' | 3,95,54,452 | 3,95,49,558 |
| Other Expenses | '22' | 2,94,02,532 | 2,83,26,072 |
| Total Expenses (B) | | 25,49,22,988 | 24,69,18,761 |
| Profit before tax (A-B) | | 64,87,59,666 | 51,38,45,456 |
| Tax Expense: | | | |
| Current tax | '23' | 14,51,55,362 | 10,64,34,385 |
| Deferred tax | | (1,21,77,712) | (87,83,125) |
| Tax adjustments for earlier years (Net) | | - | (3,186) |
| Profit for the period | | 51,57,82,016 | 41,61,97,382 |
| Earnings per Share of Rs.10/-each | | | |
| Basic EPS (Rs.) | '24.1' | 10.32 | 8.32 |
| Diluted EPS (Rs.) | '24.1' | 10.32 | 8.32 |
| Summary of Significant Accounting Policies | '1' | | |
| Other Notes of Accounts | '24' | | |

The accompanying Notes are an integral part of the Financial Statements

As per our report annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No . 302049E

Rajiv Singhi
**Partner**
**Membership No. 53518**

SINGHI & CO. Chartered Accountants

**For & behalf of Board of Directors**

**Anil Methew**
**Director**
**DIN-00584386**

**Sayali Patkar**
**Company Secretary**

**Ketan Shah**
**Chief Financial Officer**

**Sanjay R. Sarkar**
**Director**
**DIN-06490617**

**Place :** Mumbai
**Date :** 30 APR 2016

## DAHEJ HARBOUR AND INFRASTRUCTURE LTD

### Cash Flow Statement for the Year ended 31st March 2016

(` Rupees)

| | Year Ended 31st March,2016 | Year Ended 31st March,2015 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net Profit before Tax | 64,87,59,666 | 51,38,45,456 |
| Adjustment for : | | |
| Finance Costs | 1,981 | 11,264 |
| Depreciation /Transitional Prov | 3,95,54,452 | 3,95,49,558 |
| (Gain)/ Loss on Sales of Current Investments | (7,64,41,461) | 1,37,79,803 |
| Interest Income | (36,82,003) | (96,34,218) |
| Dividend Income | (1,69,72,599) | (61,57,833) |
| **Operating profit before working capital changes** | **59,12,20,036** | **55,13,94,030** |
| Change in Trade and other Receivables | 21,94,483 | (87,19,356) |
| Trade receivable from Holding Company | 3,73,85,207 | (2,98,22,844) |
| Trade and other Payables | 1,10,73,846 | 35,88,565 |
| Cash generation from Operation | **64,18,73,572** | **51,64,40,395** |
| Direct Tax (Paid)/ Refund | (14,67,50,027) | (11,58,04,442) |
| **Net Cash Generated/(Used) - Operating Activities** | **49,51,23,545** | **40,06,35,952** |
| **B. CASH FLOW FROM INVESTMENT ACTIVITIES** | | |
| Purchase of Fixed Assets | (7,75,181) | - |
| Intercorporate Deposits | | 18,00,00,000 |
| Interest on Fixed Deposit | 41,42,093 | 2,20,13,306 |
| Sale/ (Purchase) of Investments (Net) | 27,86,52,756 | (52,11,08,046) |
| Dividend Received | 1,69,72,599 | 61,57,833 |
| **Net Cash Generated/ (Used) - Investing Activities** | **29,89,92,267** | **(31,29,36,907)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Finance Cost Paid | (1,981) | (11,264) |
| Dividend Paid | (72,00,00,000) | - |
| Dividend Distribution Tax | (14,65,75,059) | - |
| **Net Cash Generated/ (Used) - Financing Activities** | **(86,65,77,040)** | **(11,264)** |
| Net Increase/ (Decrease) in Cash and Cash Equivalents-A+B+C | (7,24,61,228) | 8,76,87,782 |
| Add : Opening Cash and Cash Equivalents | 11,68,15,042 | 2,91,27,260 |
| Closing Cash and Cash Equivalents | **4,43,53,814** | **11,68,15,042** |
| **Component of Cash and Cash Equivalents** | | |
| Cash Balance on Hand | 17 | 17 |
| Balances with Scheduled Banks in Current Accounts | 4,43,53,797 | 86,45,781 |
| Fixed Deposits with Scheduled Banks Maturing within 3 months | - | 10,81,69,244 |
| | **4,43,53,814** | **11,68,15,042** |

As per our report annexed

**For SINGHI & CO.**
**Chartered Accountants**
**Firm Registration No . 302049E**

Rajiv Singhi

**Rajiv Singhi**
**Partner**
**Membership No. 53518**

SINGHI & CO. Chartered Accountants

**For & behalf of Board of Directors**

**Anil Mathew**
**Director**
**DIN-00584886**

**Sayali Patkar**
**Company Secretary**

**Ketan Shah**
**Chief Financial Officer**

**Sanjay R. Sarkar**
**Director**
**DIN-06490617**

Place : Mumbai
Date : 30 APR 2016

**1. Summary of Significant Accounting Policies**

**A. Accounting Convention**

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable Accounting Standards referred to in section 133 and the relevant provisions of The Companies Act, 2013.

**B. Use of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are know/ materialized.

**C. Classification of Assets and Liabilities as Current and Non Current**

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current/ non-current classification of assets and liabilities.

**D. Fixed Assets**

Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

**E. Depreciation and Amortization**

Depreciation on Plant & Machiery has been provided on straight line method on the basis of useful life of 25 years as technically evaluated and for other assets with reference to the useful life of respective assets as sepcified in and in the manner prescribed in Schedule II to the Companies Act, 2013.

**F. Impairment**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in recoverable amount.

**G. Investments**

(a). Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b). Current investments are stated at lower of cost and fair value.

**H. Employee benefits**

Employee benefits of short-term nature are recognized as expense when the same accrue. Long term employee benefits (e.g. long-service leave) and post employment benefits (e.g. gratuity) are recognized as expense based on actuarial valuation which takes into account actuarial gains and losses.

**I. Revenue Recognition**

Income from jetty operations are recognized on accrual basis. Dividend income from investment is accounted for when the right to receive the payment is established. Income from investment is accounted on accrual basis.

**J. Borrowing Cost**

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing cost eligible for capitalization during a period, any income earned on temporary investment of those borrowings is deducted from borrowing costs incurred.

**K. Taxation**

Provision for current income tax is made in accordance with the Income Tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**L. Provisions, Contingent Liabilities and Contingent Assets**

(a) Provision is recognized when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(b) Contingent liability is disclosed when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure of contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote.

SINGHI & CO. ★ Chartered Accountants ★

**2. Share Capital:**

A. Authorized, Issued, Subscribed and Paid-up Share Capital

| | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|---|---|
| Authorized: | | |
| 50,000,000 (Previous year 50,000,000) Equity Shares of ` 10/- each. | 50,00,00,000 | 50,00,00,000 |
| | - | - |
| | 50,00,00,000 | 50,00,00,000 |
| Issued, Subscribed and Paid up | | |
| 50,000,000 (Previous year 50,000,000) Equity Shares of ` 10/- each. | 50,00,00,000 | 50,00,00,000 |
| | 50,00,00,000 | 50,00,00,000 |

B. Reconciliation of the number of Shares outstanding:

| | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|---|---|
| Equity shares outstanding at the beginning of the year | 5,00,00,000 | 5,00,00,000 |
| Equity shares outstanding at the end of the Year | 5,00,00,000 | 5,00,00,000 |

C. Shareholder holding more than 5 percent shares of the Company:

| Name of shareholder | As at 31-Mar-2016 | | As at 31-Mar-2015 | |
|---|---|---|---|---|
| | Numbers of Shares held | Percentage of Holding | Numbers of Shares held | Percentage of Holding |
| Hindalco Industries Ltd ( Holding Company ) | 5,00,00,000 | 100% | 5,00,00,000 | 100% |
| | | | | |

D. Rights, preferences and restrictions attached to Equity Shares:

The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**3. Reserves and Surplus:**

| | | 31-Mar-2016 | 31-Mar-2015 |
|---|---|---|---|
| (a) | **General Reserve** | | |
| | As per Last Balance Sheet | 15,49,14,195 | 15,50,00,000 |
| | Add: Transfer from Statement of Profit and Loss | - | - |
| | Less: Transitional Provision | - | 85,805 |
| | | 15,49,14,195 | 15,49,14,195 |
| (b) | **Statement of Profit and loss** | | |
| | As per last Balance Sheet | 62,76,35,168 | 21,14,37,786 |
| | Add: Profit for the year | 51,57,82,016 | 41,61,97,382 |
| | | 1,14,34,17,184 | 62,76,35,168 |
| | Less: Transfer to General Reserve | - | - |
| | Less: Interim Dividend on Equity Shares * | 72,00,00,000 | - |
| | Less: Tax on Dividend | 14,65,75,059 | - |
| | Closing Balance | 27,68,42,125 | 62,76,35,168 |
| | **Total Reserve and Surplus (a)+(b)** | 43,17,56,320 | 78,25,49,363 |

* The Board of Directors has declared interim dividend of Rs.10.40/- per share on 29th June2015-of 52.00 crs and Rs.4/-per share on dtd.31st December 2015 of Rs. 20.00 crs.

SINGHI & CO. ★ Chartered Accountants ★

Notes Forming part to the Financial Statements

| | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|---|---|
| **4 Deferred Tax** | | |
| Deferred Tax Liabilities | | |
| Deprciaition | 12,74,60,606 | 13,91,57,959 |
| Deferred Tax Asset | | |
| Retirement benefit expenses | 15,64,281 | 10,83,923 |
| Deferred Tax Liabilities(Net) | 12,58,96,325 | 13,80,74,036 |
| **5 Other Long-term Liabilities** | | |
| Security and other Deposits | 2,25,00,000 | 2,25,00,000 |
| ( Deposit from Associate) | 2,25,00,000 | 2,25,00,000 |
| **6 Long-Term Provisions** | | |
| For Employee Benefits | 42,77,000 | 29,51,290 |
| | 42,77,000 | 29,51,290 |
| **7 Trade Payables** | | |
| Payable to Micro, Small and Medium Enterprises* | - | - |
| Other Trade Payables | 2,00,96,894 | 1,34,54,414 |
| | 2,00,96,894 | 1,34,54,414 |

*The company has no information from its suppliers being registered under / covered by "The Micro, Small and Medium Enterprises Development Act, 2006 (MSME Development Act)"hence, no disclosure regarding amount payable & other disclosure can be made.

| | 31-Mar-2016 | 31-Mar-2015 |
|---|---|---|
| **8 Other Current Liabilities** | | |
| Customers' Credit Balances and Advance | 57,51,407 | 35,46,969 |
| Statutory Dues Payables | 9,75,191 | 6,25,068 |
| Employee Related Liabilities | 6,65,271 | 1,76,466 |
| | 73,91,869 | 43,48,503 |
| **9 Short-term Provisions** | | |
| Provision for Current Tax (Net of Advance Tax) | - | - |
| For Employee Benefits | 2,43,000 | 1,80,710 |
| | 2,43,000 | 1,80,710 |

SINGHI & CO. ★ Chartered Accountants ★

10. Tangible Assets

| | ORIGINAL COST | | | | DEPRECIATION | | | | NET BOOK VALUE | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st Apr, 2015 | Additions/ Adjustments | Deductions | As at 31st Mar,2016 | As at 1st Apr, 2015 | Additions/ Adjustments | Deductions | As at 31st Mar,2016 | As at 31st Mar,2016 | As at 31st Mar, 2015 |
| Plant & Machinery | | | | | | | | | - | - |
| Jetty | 1,51,15,32,059 | - | - | 1,51,15,32,059 | 1,09,00,19,009 | 3,70,86,333 | - | 1,12,71,05,342 | 38,44,26,717 | 42,15,13,050 |
| Others | 1,64,62,148 | - | - | 1,64,62,148 | 1,26,84,626 | 23,86,390 | - | 1,50,71,016 | 13,91,132 | 37,77,522 |
| Furniture & Fittings | 92,575 | - | - | 92,575 | 22,647 | 9,659 | - | 32,306 | 60,269 | 69,928 |
| Office Eqipment | 95,189 | - | - | 95,189 | 40,369 | 3,675 | - | 44,044 | 51,145 | 54,820 |
| Vehicle | - | 7,75,181 | - | 7,75,181 | - | 68,396 | | 68,396 | 7,06,785 | - |
| Total | 1,52,81,81,971 | 7,75,181 | - | 1,52,89,57,152 | 1,10,27,66,651 | 3,95,54,452 | - | 1,14,23,21,104 | 38,66,36,048 | 42,54,15,320 |
| Previous Year | 1,52,81,81,971 | - | - | 1,52,81,81,971 | 1,06,30,87,105 | 3,96,79,546 | - | 1,10,27,66,651 | 42,54,15,320 | 46,50,94,866 |

* Includes Rs Nil ( Previous Year Rs 85,805 net of deferred tax Rs 44,183) adjusted With general reserve being carrying value of those assets whose remaining useful life as on 1 april 2014 were nil as per schedule II of the Companies Act 2013

**Note:**

(1) Jetty represents expenses reimbursed for civil construction. The ownership of jetty vests with Gujarat Maritime Board (GMB). However, GMB has granted the Company, permission for the use of the said jetty .

SINGHI & CO. ★ Chartered Accountants ★

| | | |
|---|---|---|
| **11. Long-term Loans and Advances** | | |
| Loans and advances to Employees | | |
| Unsecured, Considered Good | - | 12,750 |
| Security Deposits | 5,00,000 | 5,00,000 |
| | 5,00,000 | 5,12,750 |
| **12. Non Current Investments (unquoted) (Other Then Trade )** | | |
| Investments in Preference Shares- | | |
| 358317 8.75% CCRPS of Rs. 100 each fully paid up of L&T Holding Finance Co.Ltd | - | 3,58,31,700 |
| | - | 3,58,31,700 |
| **13. Current Investments ( Unquoted)** | | |
| (Valued at cost & fair value whichever is lower) | | |
| Investments in Debt Schemes of Mutual Funds | 62,68,00,443 | 79,31,80,038 |
| | 62,68,00,443 | 79,31,80,038 |
| Aggregate Net Asset Value of Units in Mutual Fund | 63,77,32,900 | 86,96,41,102 |

( Rs.)

| | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|---|---|
| **14. Trade Receivables:** | | |
| Outstanding for a period exceeding six months (from the due date) | | |
| Unsecured, Considered Good | - | - |
| Doubtful | 9,46,415 | 9,46,415 |
| Outstanding for a period less than six months | | |
| Unsecured, Considered Good ( Including from Hindalco Ind Ltd. Rs.1,80,23,715,/- ,Previous Year Rs.5,54,08,922/-) | 1,80,34,001 | 5,84,83,733 |
| | 1,89,80,416 | 5,94,30,148 |
| Less: Provision for bad and doubtful debts | 9,46,415 | 9,46,415 |
| | 1,80,34,001 | 5,84,83,733 |
| **15. Cash and Bank Balances:** | | |
| (A) Cash and Cash Equivalent | | |
| Cash on hand | 17 | 17 |
| Current Accounts | 4,43,53,797 | 86,45,781 |
| Fixed Deposits (Maturity less than 3 months) | - | 10,81,69,244 |
| | 4,43,53,814 | 11,68,15,042 |
| **16. Short-term Loans and Advances** | | |
| (Unsecured, Considered Good) | | |
| Loan and Advance to Employees | 1,43,958 | 2,84,767 |
| Security Deposits | 5,00,000 | - |
| Deposit against Service Tax Demand (Refer Note No. 24.5) | 94,76,559 | 90,00,000 |
| Others | 6,17,938 | 7,25,067 |
| Advance Tax(Net of Provisions) | 2,13,75,803 | 1,97,81,138 |
| Prepaid Expenses | 37,22,844 | 35,68,671 |
| | 3,58,37,102 | 3,33,59,643 |
| **17. Other Current Assets** | | |
| Accrued Interest | - | 4,60,090 |
| | - | 4,60,090 |

SINGHI & CO. * Chartered Accountants *

| | For the Year ended 31-Mar-2016 (Rs.) | For the Year ended 31-Mar-2015 (Rs.) |
|---|---|---|
| **18. Revenue from Operations:** | | |
| Sale of Services | | |
| Cargo Handling | | |
| To Holding Company | 38,56,68,302 | 35,72,53,668 |
| To Others | - | 82,70,790 |
| Vessel Handling | 41,84,30,514 | 37,62,96,867 |
| | 80,40,98,816 | 74,18,21,325 |
| **19. Other Income:** | | |
| Interst Income on Deposit | 36,82,003 | 96,34,218 |
| Dividend Income : | | |
| On Non Current Investments | - | 31,35,274 |
| On Current Investments | 1,69,72,599 | 30,22,559 |
| Gain on sale of Current Investments | 7,64,41,461 | - |
| Liability no longer required written back | 1,47,771 | 17,73,177 |
| Other Non-Operating Income (Net) | 23,40,004 | 13,77,664 |
| | 9,95,83,838 | 1,89,42,892 |
| | For the Year ended 31-Mar-2016 | For the Year ended 31-Mar-2015 |
| **20. Employee Benefits Expenses:** | | |
| Salaries and Wages | 1,46,18,432 | 1,17,50,448 |
| Contribution to Provident and other Funds | 7,82,427 | 6,64,072 |
| Employee Welfare | 9,12,323 | 5,30,329 |
| | 1,63,13,182 | 1,29,44,849 |
| **21. Finance Costs:** | | |
| Interest Expenses | 1,981 | 11,264 |
| | 1,981 | 11,264 |
| **22. Other Expenses:** | | |
| Rent | 51,33,930 | 28,75,000 |
| Repairs to Machinery | 1,09,14,569 | 15,95,325 |
| Insurance | 47,85,834 | 51,52,320 |
| Rates and Taxes | 5,85,604 | 3,59,948 |
| Auditors' Remuneration (a) | 3,00,000 | 4,20,000 |
| Loss on sale of Current Investments | - | 1,37,79,803 |
| Miscellaneous Expenses (b) | 76,82,595 | 41,43,676 |
| | 2,94,02,532 | 2,83,26,072 |
| (a). Details of Auditors' Remuneration are as follows: | | |
| Statutory Auditors: | | |
| For Audit Fee | 2,50,000 | 2,50,000 |
| For Tax Audit | 50,000 | 50,000 |
| For Certification | - | 1,20,000 |
| | 3,00,000 | 4,20,000 |
| (b) Includes Rs.29,97,100/-(previous Year Rs 5,84,693) for CSR Activities. | | |
| **23 Current Tax** | | |
| Current Tax for the year | 21,21,46,378 | 18,40,86,976 |
| Less: MAT Credit Entitlement | 6,69,91,016 | 7,76,52,591 |
| | 14,51,55,362 | 10,64,34,385 |

SINGHI & CO. * Chartered Accountants *

**24 Other Notes on Accounts**

**24.1** Earning per Share (EPS)

| | 31-Mar-2016 | 31-Mar-2015 |
|---|---|---|
| Net Profit ( Rs. ) | 51,57,82,016 | 41,61,97,382 |
| Weighted average number of shares used in the calculation of EPS: | 5,00,00,000 | 5,00,00,000 |
| Face value of per share (Rs.) | 10.00 | 10.00 |
| Basic EPS (Rs.) | 10.32 | 8.32 |
| Diluted EPS (Rs.) | 10.32 | 8.32 |

**24.2** For the purpose of provision for Income Tax on current year profit, the Company has utilised carried forward MAT Credit Entitlement to the extent permissible as per section 115JB of the Income Tax Act 1961. Balance MAT Credit Entitlements shall be carried forward and utilised against future income tax liability.

**24.3 Disclosure as per Accounting Standard - 15 (Employees' Benefits)**

( Rs.)

| | | As at | |
|---|---|---|---|
| | | 31-Mar-2016 | 31-Mar-2015 |
| (i) | Defined Contribution Plan | | |
| | Provident Fund Contribution | 3,05,220 | 2,70,655 |
| (ii) | Defined Benefit Plan (unfunded) | | |
| A | Change in Obligation over the year ended 31.03.2016 | | |
| | Present Value of Defined Benefit Obligation as on 01.04.2015 | 16,89,000 | 10,33,065 |
| | Current Service Cost | 3,15,000 | 1,98,000 |
| | Interest Cost | 1,27,000 | 93,000 |
| | Curtailment Cost / (Credit) | - | - |
| | Settlement Cost / (Credit) | - | - |
| | Amalgamations | - | - |
| | Actuarial (gain)/ losses | 3,77,000 | 3,64,935 |
| | Benefits paid | - | - |
| | Present Value of Defined Benefit Obligation as on 31.03.2016 | 25,08,000 | 16,89,000 |
| B | Expenses recognized during the year 2015-16 | | |
| | Current Service Cost | 3,15,000 | 1,98,000 |
| | Past Service Cost | - | - |
| | Interest cost | 1,27,000 | 93,000 |
| | Curtilment Cost / ( Credit) | | |
| | Settlement Cost / (Credit) | | |
| | Actuarial ( gain) / losses | 3,77,000 | 3,64,935 |
| | Expected return on plan assets | | |
| | Total | 8,19,000 | 6,55,935 |
| C | Amount recognized in Balance Sheet | | |
| | Present Value of Unfunded Obligations | 25,08,000 | 16,89,000 |
| | Net Liability | 25,08,000 | 16,89,000 |
| D | Principal Actuarial Assumptions | | |
| | Discount rate | 7.50% | 7.50% |
| | Salary increase (taking into account inflation,seniority,promotion and other relevant factors) | 8.00% | 7.50% |

SINGHI & CO. ★ Chartered Accountants ★

Actuarial Calculations under AS15( revised,2005)

| Sl. No. | Experience History | Period ended | | | | |
|---|---|---|---|---|---|---|
| | | 31-Mar-12 | 31-Mar-13 | 31-Mar-14 | 31-Mar-15 | 31-Mar-16 |
| 1 | Defined Benefit Obligation at end of the period | 764015 | 8,46,302 | 10,33,065 | 16,89,000 | 25,08,000 |
| 2 | Experience Gain/(loss) adjustment on plan liabilities | 1,71,728 | (60,081) | 60,963 | 65 | (2,26,000) |
| 3 | Actuarial Gain/(loss) due to change on Assumptions | - | - | (2,362) | (3,65,000) | (1,51,000) |

**24.4 Related Party Disclosures as per Accounting Standard - 18 (Related Party Disclosures), to the extent Identified by the company**

(1) Name & Relationship of the Related Parties:

Hindalco Industries Limited : Holding Company
Sanjana Cryogenic Storages Ltd. Associate

(2) Transactions with Related Parties during the year:

| | For the Year ended 31-Mar-2016 | For the Year ended 31-Mar-2015 |
|---|---|---|
| Transaction during the year | | |
| a Services Rendered | 38,56,68,302 | 35,72,53,668 |
| b Services Received | - | 7,15,000 |
| c Licence Fees Paid | 60,000 | 60,000 |
| d Sale of Investment | - | - |
| e Interim Dividend paid | 72,00,00,000 | - |
| f Water Charges Paid | 2,68,607 | 3,79,459 |
| g Recovery of Whrfage Charges | 2,28,39,239 | 2,21,15,960 |
| Outstanding balances as on 31st March 2016 | | |
| Receivables from holding Company | 1,80,23,715 | 5,54,08,922 |
| Payable-Security Deposit-Associate | 2,25,00,000 | 2,25,00,000 |

**24.5 Contingent Liabilities and Capital Commitment:-**

| | As at 31-Mar-2016 | As at 31-Mar-2015 |
|---|---|---|
| Contingent Liabilities | | |
| a Demand of Service Tax Pending at various Appealate authorities | 20,99,56,649 | 16,79,61,650 |
| b Income Tax Demand under Apeal at CIT(Appeal),Mumbai | 20,31,843 | 20,31,843 |
| | 21,19,88,492 | 16,99,93,493 |
| Capital Commitments | Nil | Nil |

**24.6** Previous year figures has been reclassified/ Regrouped to conform to this year's Classification

As per our report annexed

**For SINGHI & CO.**
**Chartered Accountants**
**Firm Registration No. 302049E**

Rajiv Singh

**Rajiv Singhi**
**Partner**
**Membership No. 53518**

**Place :** Mumbai
**Date :** 30 APR 2016

**For & behalf of Borad of Directors**

**Anil Mathew**
**Director**
**DIN-00584386**

**Sayali Patkar**
**Company Secretary**

**Ketan shah**
**Chief Financial Officer**

**Sanjay R.Sarkar**
**Directors**
**DIN-06490617**

SINGHI & CO. ★ Chartered Accountants ★

N. R. Mishra & Co.
Chartered Accountants

## INDEPENDENT AUDITORS' REPORT.

TO THE MEMBERS,
EAST COAST BAUXITE MINING COMPANY PRIVATE LIMITED

### Report on the Financial Statements

1. We have audited the attached Balance Sheet of **EAST COAST BAUXITE MINING COMPANY PRIVATE LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March' 2016 and the Statement of Profit & Loss and Cash Flow Statement for the year then ended, *(together referred to as the "Financial Statements")* and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in terms of Section 129 of the Companies Act, 2013 and in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.

N.R. Mishra & Co. Bhubaneswar Chartered Accountants

2nd Floor, Biswal Commercial Complex, Cuttack Road, Laxmi Sagar,
Bhubaneswar - 751006
Tel : (0674) 2314500 (O), 9437100589, E-mail : caranjanksahoo@rediffmail.com

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. Without qualifying our report, we draw attention to the Significant Accounting Policies relating to Intangible Asset, and the amount appearing under Non-Current Assets as Intangible Assets, the absolute value of which could not be ascertained.

7. **Subject to our observation in the report in para no. 6 above,** in our opinion and to the best of our information and according to the explanations given to us, the 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:

   a. In the case of the Balance sheet, of the state of affairs of the Company as March 31, 2016;

   b. In the case of the Statement of Profit and Loss, of the loss for the year ended on that date and;

   c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on other Legal and Regulatory Requirements

8. On the basis of information and explanations given to us, the Companies (Auditor's Report) Order, 2016 *(hereinafter referred to as the "Order")* issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, in our opinion though applicable, there arises no matter to be specified in a statement as specified in the said order.

9. Further to our comments in paragraph 7 above, and as required by Section 143 (3) of the Act, we report that:

   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

N.R. Mishra & Co. Bhubaneswar Chartered Accountants

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

c. The Balance Sheet, the Statement of Profit and Loss and the cash Flow Statement dealt with by this report are in agreement with the books of account.

d. In our opinion, the Balance Sheet and Profit & Loss Account comply with the mandatory Accounting Standards referred to in Sub-Section (11) of Section 143 of the Companies Act, 2013, to the extent applicable, ***except AS -26 (Intangible Assets)***

e. In our opinion, and on the basis of the written representations received from the Directors of the Company as on 31st March, 2016 and taken on record by the Board of Directors, we report that none of Directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.

f. In our opinion, the Company has adequate internal financial control system in place and the operating effectiveness of such controls.

**For N. R. MISHRA & CO,**
**Chartered Accountants**

N R Mishra & Co. * Bhubaneswar * Chartered Accountants

**RANJAN K. SAHOO, FCA**
**PARTNER**
**MEMBERSHIP NO- 057106**
**FRN 319137E**

**Place: Bhubaneswar**
**Date: 27th day of April, 2016**

**EAST COAST BAUXITE MINING COMPANY PRIVATE LIMITED**

J6 JAYADEVA VIHAR, BHUBANESWAR-751 013

**BALANCE SHEET AS AT 31ST MARCH, 2016**

| | | Note No. | As at 31.03.2016 | | As at 31.03.2015 | |
|---|---|---|---|---|---|---|
| | | | Rupees | Rupees | Rupees | Rupees |
| | **EQUITY AND LIABILITIES** | | | | | |
| 1. | **Shareholders' Funds** | | | | | |
| | Share Capital | 2 | 100,000 | | 100,000 | |
| | Reserves & Surplus | | | | | |
| | Debit Balance in the Statement of Profit & Loss | 3 | (252,568) | (152,568) | (237,434) | (137,434) |
| 2 | **Share Application Money pending allotment** | | | | | |
| 3 | **Non-Current Liabilities** | | | | | |
| | Other Long Term Liabilities | 4 | | 190,686 | | 189,865 |
| 4 | **Current Liabilities** | | | | | |
| | Other Current Liabilities | 5 | | 28,563 | | 14,250 |
| | Total | | | **66,681** | | **66,681** |
| | **ASSETS** | | | | | |
| 1. | **Non-Current Assets** | | | | | |
| | Fixed Assets | | | | | |
| | - Intangible Assets under Development | 6 | | 26,000 | | 26,000 |
| 2. | **Current Assets** | | | | | |
| | Cash & Cash Equivalents | 7 | | 40,681 | | 40,681 |
| | Preliminary Expenses to the extent not amortized | 8 | | - | | - |
| | **Total** | | | **66,681** | | **66,681** |
| | **See accompanying Notes to the Financial Statements** | | | | | |

**For N R MISHRA & CO.**
**Chartered Accountants**

N R Mishra & Co. Bhubaneswar Chartered Accountants

**FOR AND ON BEHALF OF BOARD**

27/4/16

**Ranjan Kumar Sahoo, FCA,DISA**
**Partner**
**Membership No. 057106**
**FRN:319137E**
**Place : Bhuabaneswar.**
**Date : 27th April, 2016**

**AMIT SENGUPTA**
**DIRECTOR**

**RABINDRA MISRA**
**DIRECTOR**

## EAST COAST BAUXITE MINING COMPANY PRIVATE LIMITED

### PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2016

Rupees

| | | Note No. | For the year ended 31.03.2016 | For the year ended 31.03.2015 |
|---|---|---|---|---|
| I. | **Revenue from Operations** | 9 | - | - |
| II. | **Other Income** | | - | - |
| III. | **Total Revenue (I + II)** | | - | - |
| IV. | **Expenses:** | | | |
| | Cost of materials consumed | | | |
| | Purchases of Stock-in-Trade | | | |
| | Changes in inventories of finished goods Work-in-progress and Stock-in-Trade | | | |
| | Employee benefits expense | 13 | | |
| | Finance costs | | | |
| | Depreciation and amortisation expense | | | |
| | Other expenses | 10 | 15,134 | 23,843 |
| | **Total Expenses** | | 15,134 | 23,843 |
| V. | **Profit before exceptional and extraordinary items and tax (III - IV)** | | (15,134) | (23,843) |
| VI. | **Exceptional Items** | | - | - |
| VII. | **Profit before extraordinary items and tax (V - VI)** | | (15,134) | (23,843) |
| VIII. | **Extraordinary Items** | | - | - |
| IX. | **Profit before Tax (VII - VIII)** | | (15,134) | (23,843) |
| X. | **Tax expense:** | 12 | | |
| | (1) Current tax | | - | - |
| | (2) Deferred tax | | - | - |
| XI. | **Profit (Loss) for the period from continuing operations (IX - X)** | | (15,134) | (23,843) |
| XII. | **Profit/(loss) from discontinuing operations** | | - | - |
| XIII. | **Tax expense of discontinuing operations** | | - | - |
| XIV. | **Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)** | | - | - |
| XV. | **Profit (Loss) for the period (XI + XIV)** | | (15,134) | (23,843) |
| XVI. | **Earnings per equity share:** | | | |
| | (1) Basic | | - | - |
| | (2) Diluted | | - | - |
| | **See accompanying notes to the financial statements** | | | |

**For N R MISHRA & CO.**
**Chartered Accountants**

N R Mishra & Co. Bhubaneswar Chartered Accountants

**Ranjan Kumar Sahoo, FCA,DISA**
**Partner**
**Membership No. 057106**
**FRN 319137E**
**Place : Bhuabaneswar.**
**Date : 27th April, 2016**

**FOR AND ON BEHALF OF BOARD**

27/4/16

**AMIT SENGUPTA**
**DIRECTOR**

**RABINDRA MISRA**
**DIRECTOR**

## EAST COAST BAUXITE MINING COMPANY PRIVATE LIMITED
## STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON 31ST MARCH, 2016

| PARTICULARS | For the year ended on 31st March, 2016<br>Amount in Rs. | | For the year ended on 31st March, 2015<br>Amount in Rs. | |
|---|---|---|---|---|
| **Cash flows from Operating Activities :** | | | | |
| Net Profit before Taxation & Extraordinary Items | (15,134) | | (23,843) | |
| Adjustment for: | | | | |
| Preliminary Expenses Written Off | - | | - | |
| **Operating Profit before Working Capital Changes** | **(15,134)** | | **(23,843)** | |
| Increase / (Decrease) in Current Liabilities | 14,313 | (821) | (10,822) | (34,665) |
| Increase in Non-Current Liabilities | | 821 | | 34,665 |
| **Net Cash Used in Operating Activity** | | - | | - |
| **Cash flows from Investing Activities** | | - | | - |
| **Cash flows from Financing Activities** | | - | | - |
| **Net Increase /(Decrease) in Cash and Cash Equivalents** | | - | | - |
| Cash and Cash equivalents at beginning of Period | | 40,681 | | 40,681 |
| Cash and Cash equivalents at end of the Period | | **40,681** | | **40,681** |

*This Statement has been prepared in accordance with Indirect Method*

For N R MISHRA & CO.
Chartered Accountants

N R Mishra & Co. Bhubaneswar Chartered Accountants

Ranjan Kumar Sahoo, FCA,DISA
Partner
Membership No. 057106
FRN:319137E
Place : Bhuabaneswar.
Date : 27th April, 2016

FOR AND ON BEHALF OF BOARD

27/4/16

AMIT SENGUPTA
DIRECTOR

RABINDRA MISRA
DIRECTOR

**EAST COAST BAUXITE MINING COMPANY PRIVATE LIMITED**

**Notes to the Financial Statements**

1. **Significant Accounting Policies**

**Accounting Convention**

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the Institute of Chartered Accountants of India, as defined under section 133 and other relevant provisions of the Companies Act, 2013 of India.

**Use of Estimates**

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**Preliminary Expenses**

Preliminary expenses are written off over a period of 5 years.

**Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

2. **Share Capital**

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| **Authorised**<br>50,000 Equity Shares of Rs.10/- each | 5,00,000 | 5,00,000 |
| **Issued**<br>10,000 Equity Shares of Rs.10/- each | 1,00,000 | 1,00,000 |
| **Subscribed and Paid up**<br>10,000 Equity Shares of Rs.10/- each fully paid up. | 1,00,000 | 1,00,000 |
| Total : | **1,00,000** | **1,00,000** |

N R Mishra & Co. Bhubaneswar Chartered Accountants

a. **Holding interest of Holding Company**
Holding interest of Hindalco Industries Limited in the Company is 74%

b. **Details of shareholders holding more than 5% equity Shares in the Company on reporting date:**

| | As at 31.03.2016 | | As at 31.03.2015 | |
|---|---|---|---|---|
| | Numbers of Shares held | Percentage of Holding | Numbers of Shares held | Percentage of Holding |
| Hindalco Industries Limited | 7,400 | 74% | 7,400 | 74% |
| OMC Limited | 2,600 | 26% | 2,600 | 26% |

c. **Shares issued other than cash:**

The Company has been incorporated in compliance with a Joint Venture Agreement dated 25th October, 2005 between the promoters, OMC Ltd and HINDALCO Industries Limited. In terms of that agreement, 26% of the issued and paid-up capital of the Company was to be allotted to OMC (the promoter) for services rendered, without any money as consideration to be received from OMC for the value of shares. Accordingly, against the allotment of 26% of the paid-up capital to OMC the corresponding amount has been considered as an Intangible Asset under development in the books of the Company being in the nature of Exclusive Rights of Mining.

3. **Debit Balance in the Statement of Profit and Loss**

Rupees

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| Balance as at the beginning of the year | 2,37,434 | 2,13,591 |
| Add : Loss for the year | 15,134 | 23,843 |
| Balance as at the end of the year | 2,52,568 | 2,37,434 |

4. **Other Long-term Liabilities**
Other Long-term liabilities consist of the following:

Rupees

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| Amount refundable to Hindalco Industries Limited - Temporary Interest Free Loans | 1,90,686 | 1,89,865 |

The above amount is un-secured.

5. **Other Current Liabilities**
Other Long-term liabilities consist of the following:

Rupees

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| Audit fees payable | 28,563 | 14,250 |
| Filing fees & Secretarial fees payable | - | - |
| Total | 28,563 | 14,250 |

N.R. Mishra & Co. Bhubaneswar Chartered Accountants

**6. Intangible Assets under Development**

Intangible Assets under Development consist of the following:

Rupees

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| Development Work-in-progress – Mining Rights | 26,000 | 26,000 |
| Expenditure during Development pending allocation | - | - |
| | 26,000 | 26,000 |

The Company has been incorporated in compliance with a Joint Venture Agreement dated 25th October, 2005 between the promoters, OMC Ltd and HINDALCO Industries Limited. In terms of that agreement, 26% of the issued and paid-up capital of the Company was to be allotted to OMC (the promoter) for services rendered, without any money as consideration to be received from OMC for the value of shares. Therefore the allotment of minimum 26% of the paid-up capital is allotted to OMC and the corresponding amount has been considered as an Intangible Asset under development in the books of the Company being in the nature of Exclusive Rights of Mining. The said Intangible Asset under Development has not been subjected to amortization in the current year.

**7. Cash and Bank Balances**

Cash and Bank Balances consist of the following:

**Cash and Cash Equivalents**

Rupees

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| Balance with Banks | | |
| Current Accounts | 40,681 | 40,681 |
| Cash in hand | - | - |
| Total | 40,681 | 40,681 |

**8. Other Current Assets**

Other Current Assets consist of the following:

Rupees

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| Preliminary Expenses | - | - |
| Less : Written off during the year | - | - |
| Balance | - | - |

In the current year, the Preliminary Expenditure has been extinguished by charging the residual amount to the Current Year Profit & Loss Account.

**9. Revenue from Operations**

No Income, whatsoever, has accrued to the Company during the year.

N R Mishra & Co. Bhubaneswar Chartered Accountants

**10. Other Expenses:**

Other Expenses consist of the following:

Rupees

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| Auditors' Remuneration | 14,313 | 14,250 |
| Filing Fees, Secretarial Practices fees & Others | 821 | 6,569 |
| Printing & Stationery | - | - |
| Board Meeting Expenses | - | 5,624 |
| Directors' Fees and Commission | - | - |
| Filling Fees, Secretarial Practices fees & Others (Provisions written Back) | - | (2,600) |
| Total | 15,134 | 23,843 |

11. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. NIL.

12. There being no taxable or book profit during the year, no provision for income tax and Minimum Alternate Tax (MAT) u/s 115 JB or under any other section of Income Tax Act has been made in accounts.

13. There being no employee in the pay roll of the company, no provision for Employees Benefit has been made.

14. Contingent Liabilities not provided for Rs. NIL (Previous Year-NIL)

15. The Company has not incurred any liability in respect of any Micro, Small and Medium Enterprises.

16. **Related Party Disclosure:**

The Company is a Joint Venture of M/s HINDALCO LTD and Orissa Mining Corporation Ltd having a shareholding of 74% and 26% respectively. The Directors of the Company have been nominated by the companies respectively in the ratio of 4:2 to the Board of Directors of the Company.
The Board is constituted as below:

| | |
|---|---|
| Mr. Surya Kanta Mishra | Nominee HINDALCO |
| Mr. Rabindra Misra | Nominee HINDALCO |
| Mr. Amit Sengupta | Nominee HINDALCO |
| Mr. Girish Shanbhog Nagaraj, IAS | Nominee OMC |
| Mr. N C Sahoo | Nominee OMC |

None of the Directors have received any remuneration from the Company.

N R Mishra & Co. Bhubaneswar Chartered Accountants

**Disclosure of outstanding balances payable to or receivable from Related Parties at year end:**

Rupees

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| Amount refundable to Hindalco Industries Limited | 1,90,686 | 1,89,865 |
| Total | 1,90,686 | 1,89,865 |

**For N R Mishra & Co.**
**Chartered Accountants**

**FOR AND ON BEHALF OF THE BOARD**

N R Mishra & Co. Bhubaneswar Chartered Accountants

27/4/16

**(Ranjan Kumar Sahoo, FCA, DISA**
**Partner**
**Membership No.057106**
**FRN: 319137E**

**Amit Sengupta**
**Director**

**Rabindra Misra**
**Director**

**PLACE: Bhubaneswar**
**DATE: 27th April, 2016**

*Singhi & Co.*
*Chartered Accountants*

161, SARAT BOSE ROAD, KOLKATA-700 026, (INDIA)
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**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF TUBED COAL MINES LIMITED**

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **TUBED COAL MINES LIMITED ('the Company')**, which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March 2016 and its loss and its cash flows for the year ended on that date.

**Emphasis of Matters**

We draw attention to the following matters:-

The Supreme Court vide its judgment dated 25th August 2014 read with its Order dated 24th September 2014 had de-allocated 204 coal block including the coal block allotted to the Company and has issued necessary direction to Central Government with regard to these coal blocks. Since the Company has been incorporated by the co promoters to share the coal block allotted to them jointly and in view of the Supreme Court Judgement as mentioned above relating to de-allocation of coal block allotted to the promoters, the going concern concept has been vitiated and accordingly provision have been made in the statement of profit and loss so as to bring down the assets and liabilities to their recoverable / payable value based on the estimate made by the Management. Refer Note No. 1A & 18 to the financial statement.
Our report is not modified on this matter.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
   d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   e. as explained under the Emphasis of Matters paragraph above, the going concern concept has been vitiated and necessary provisions have been made in the statement of Profit & Loss based on the estimate made by the management;
   f. on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
   g. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B', and

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

i. the Company does not have any pending litigations which would impact its financial position as on 31st March 2016;

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

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

**For SINGHI &CO.**
**Chartered Accountants**
**Firm's Registration No. 302049E**

**(N. K. Surana)**
**Partner**
**Membership No. 053816**

Place: Mumbai
Date : 9th May 2016.

SINGHI & CO. * Chartered Accountants *

**Annexure 'A' referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**

Re: Tubed Coal Mines Ltd. (the Company)

I. All the fixed assets of the Company have been classified under the head current assets since the going concern concept has vitiated, accordingly paragraph 3 (I) of the Order is not applicable.

II. The Company has not yet commenced its commercial operation and accordingly does not have any inventory. Hence, paragraph 3(II) of the order is not applicable.

III. The Company has not granted any loans, secured or unsecured to companies, firms Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(III) of the Order is not applicable.

IV. The Company does not possess any loans, investments, guarantee and security and hence, paragraph 3 (IV) of the order is not applicable.

V. The Company has not accepted any deposit from the public.

VI. The Company is not required to maintain Cost Records as prescribed by the Central Government under section 148 (1) (d) of the Companies Act, 2013.

VII. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us and the records of the Company examined by us, no undisputed statutory dues as above were outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax which have not been deposited on account of any dispute as on 31st March 2016.

VIII. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year. Accordingly, paragraph 3(VIII) of the Order is not applicable.

IX. The company has not raised any money by way of initial public offer or further public offer including debt instruments and term loans during the year and accordingly the paragraph 3 (IX) of the order is not applicable.

X. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

SINGHI & CO. * Chartered Accountants *

XI. The Company did not have any whole time director or manager during the financial year. Accordingly, paragraph 3 (XI) of the Order is not applicable.

XII. The company is not a Nidhi Company. Accordingly, paragraph 3 (XII) of the Order is not applicable.

XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

XIV. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(XV) of the Order is not applicable.

XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For SINGHI & CO.**
**Chartered Accountants**
**Firm Registration No.302049E**

**(N. K. Surana)**
**Partner**
**Membership No.053816**

Place: Mumbai
Date: 9th May 2016.

SINGHI & CO. * Chartered Accountants *

**ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT**

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

We have audited the internal financial controls over financial reporting of **TUBED COAL MINES LIMITED** (**"the Company"**) as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities .include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

SINGHI & CO. * Chartered Accountants *

**MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION**

In our opinion, the Company 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 31 March 2016, 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 SINGHI & CO.**
**Chartered Accountants**
**Firm's Registration No. 302049E**

**(N. K. SURANA)**
**Partner**
**Membership No. 053816**

Singhi & Co. Chartered Accountants

Place: Mumbai
Date : 9th May 2016

TUBED COAL MINES LTD.

BALANCE SHEET As At 31st March, 2016

| | | Note | As at 31st March 2016 (Audited) Rs. | As at 31st March 2015 (Audited) Rs. |
|---|---|---|---|---|
| I. | **EQUITY AND LIABILITIES** | | | |
| | **Shareholders' funds** | | | |
| | Share Capital | 2 | 452,945,000 | 445,900,000 |
| | Reserves and Surplus | 3 | (242,615,901) | (218,319,435) |
| | **Share Application Money pending allotment** | | 1,200,000 | 3,327,000 |
| | **Current Liabilities** | | | |
| | Trade Payables | 4 | 818,261 | 3,008,912 |
| | Other Current Liabilities | 5 | 1,714 | 499,023 |
| | Short Term Provisions | 6 | 129,803 | 1,163,247 |
| | **Total** | | **212,478,877** | **235,578,747** |
| II. | **ASSETS** | | | |
| | **Non-Current Assets** | | | |
| | Capital Work-in-progress (including pre operative expenses) | 7 | - | - |
| | **Current Assets** | | | |
| | Recoverable Project Expenses related to deallocated coal block | 8 | 212,174,160 | 226,639,107 |
| | Cash and Bank Balances | 9 | 94,210 | 2,786,028 |
| | Short Term Loans and Advances | 10 | 152,268 | 6,059,704 |
| | Other Current Assets | 11 | 58,239 | 93,908 |
| | **Total** | | **212,478,877** | **235,578,747** |

**Significant Accounting Policies** 1

The Accompanying Notes are an integral part of the Financial Statements.

As per our Report annexed.
**For SINGHI & CO**
Chartered Accountants
Firm Registration No: 302049E

**(N K Surana)**
**Partner**
Membership No. 053816
Place: Mumbai
Date: 9th May 2016

SINGHI & CO. Chartered Accountants

For and on behalf of the Board

**R. Kasliwal**
**Director**
DIN 00033746

**Rajit Desai**
**Director**
06624201

**Ravichandran Govindan**
**(Chief Executive Officer)**

| TUBED COAL MINES LIMITED | | | |
|---|---|---|---|
| Statement of Profit and Loss for the Period Ended on 31.03.2016 | | | |
| | Year Ended | Year Ended 31.03.2016 (Audited) Rs. | Year Ended 31.03.2015 (Audited) Rs. |
| **INCOME** | | | |
| Other Income (Interest Received on Sweep Account) | | 15,745 | 660,496 |
| **Total Income** | | **15,745** | **660,496** |
| **EXPENDITURE** | | | |
| Employees Benefits Expense | 12 | 7,108,771 | 11,100,025 |
| Finance Costs | 13 | 31,278 | 2,189 |
| Depreciation & Amortization | 14 | - | 1,290,112 |
| Other Expenses | 15 | 8,331,137 | 3,993,260 |
| **Total Expenditure** | | **15,471,186** | **16,385,586** |
| **Profit/(Loss) before Tax and Extraordinary Items** | | **(15,455,441)** | **(15,725,090)** |
| Less:Non-recoverable Project Expenses related to de-allocated coal block written off | 16 | 8,836,160 | 195,548,994 |
| **Profit/(Loss) before Tax** | | **(24,291,601)** | **(211,274,084)** |
| Less: Current Tax | | 4,865 | 204,094 |
| **Profit/(Loss) after taxation** | | **(24,296,466)** | **(211,478,178)** |
| **Earnings per Share** | | | |
| - Basic Before Extraordinary item | | (0.54) | (0.36) |
| - Basic After Extraordinary item | | (0.54) | (4.79) |
| - Diluted Before Extraordinary item | | (0.54) | (0.36) |
| - Diluted After Extraordinary item | | (0.54) | (4.79) |

Significant Accounting Policies 1

The Accompanying Notes are an integral part of the Financial Statements.

As per our Report annexed.
**For SINGHI & CO**
Chartered Accountants
Firm Registration No: 302049E

(N K Surana)
**Partner**
Membership No. 053816
Place: Mumbai
Date: 9th May 2016

SINGHI & CO. Chartered Accountants

For and on behalf of the Board

**R. Kasliwal**
**Director**
DIN 00033746

**Rajit Desai**
**Director**
06824201

**Ravichandran Govindan**
**(Chief Execitive Officer)**

TUBED COAL MINES LIMITED

CASH FLOW STATEMENT FOR THE Period Ended 31.03.2016

| | | Year ended 31.03.2016 (Audited) Rs. | Year ended 31.03.2015 (Audited) Rs. |
|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| | Profit/(Loss) from Operations | (24,291,601) | (211,274,084) |
| | Depreciation | - | 1,290,112 |
| | Interest Earned | (15,745) | (660,496) |
| | Loss on Sale of Assets | 95,000 | 138,537 |
| | Interest Paid | 31,278 | 2,189 |
| | Non Recoverable Project Expenses relating to de allocated coal block | 8,836,160 | 195,548,994 |
| | Balance written off | 5,349,470 | 665,220 |
| | Changes in Working Capital | | |
| | (Increase)/Decrease in loans and advances | 576,845 | (19,099,125) |
| | Increase/(Decrease) in trade and other payables | (3,721,404) | (750,210) |
| | Direct taxes paid | (26,728) | (207,893) |
| | **Net Cash Flow from Operating activities** | **(13,166,725)** | **(34,346,756)** |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES:** | | |
| | Amount realised against recoverable project expenses | 5,539,334 | 10,800 |
| | Interest Received in Cash | 48,851 | 960,387 |
| | Capital Advances | - | 190,679 |
| | **Cash From/(Used In) Investing activities** | **5,588,185** | **1,161,866** |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| | Proceeds from Shares Issued | 3,718,000 | 6,400,000 |
| | Proceeds from Share Application money | 1,200,000 | 3,327,000 |
| | Interest Paid | (31,278) | (2,189) |
| | **Cash From/(Used In) Financing activities** | **4,886,722** | **9,724,811** |
| | Net Increase/(Decrease) in Cash and Cash Equivalents | (2,691,818) | (23,460,079) |
| | Opening Cash and Cash Equivalents* | 2,786,028 | 26,246,107 |
| | Closing Cash and Cash Equivalents* | **94,210** | **2,786,028** |

* Includes cash and bank balances only

As per our Report annexed.
**For SINGHI & CO**
Chartered Accountants
Firm Registration No: 302049E

(N K Surana)
**Partner**
Membership No. 053816
Place: Mumbai
Date: 9th May 2016

SINGHI & CO. Chartered Accountants

For and on behalf of the Board

**R. Kasliwal**
**Director**
DIN 00033742

**Rajit Desai**
**Director**
06524201

**Ravichandran Govindan**
**(Chief Excitive Officer)**

| TUBED COAL MINES LTD. | | |
|---|---|---|
| NOTES REFERRED TO IN FINANCIAL STATEMENTS | | |
| | As At 31st March 2016 (Audited) | As At 31st March 2015 (Audited) |
| | Rs. | Rs. |
| **Note No. 2 : SHARE CAPITAL** | | |
| **Authorised :** | | |
| 60,000,000 Equity shares of Rs.10/- each. | 600,000,000 | 600,000,000 |
| (As on 31st March 2016 & 31st March 2015. 60,000,000) | | |
| **Issued:** | | |
| 45,294,500 Equity Shares of Rs.10/- each. | 452,945,000 | 445,900,000 |
| (As on 31st March, 2016- 45,294,500 & 31st Mar . 2015 : 44,590,000) | | |
| **Subscribed & Paid Up:** | | |
| 45,294,500 Equity Shares of Rs.10/- each. | 452,945,000 | 445,900,000 |
| (As on 31st March, 2016- 45,294,500 & 31st Mar . 2015 : 44,590,000) | | |
| **A) Reconciliation of Shares outstanding at the beginning and at the end of the reporting period.** | | |
| Reconciliation of Share Capital (Numbers of Shares) | | |
| Opening Balance | 44,590,000 | 29,950,000 |
| Add: Issued during the Year | 704,500 | 14,640,000 |
| Closing Balance | **45,294,500** | **44,590,000** |
| Reconciliation of Share Capital (Amount Rs.) | | |
| Opening Balance | 445,900,000 | 299,500,000 |
| Add: Issued during the Year | 7,045,000 | 146,400,000 |
| Closing Balance | **452,945,000** | **445,900,000** |
| **Total** | **452,945,000** | **445,900,000** |
| **B) Terms/rights attached to equity shares** | | |
| The company has only one class of equity shares having a par value of Rs. 10 per share. Each share holder of equity share is entitled to one vote per share. | | |
| In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. | | |
| **C) Shares held by holding Company** | | |
| Out of the shares issued by the company, shares held by its holding company are as below: | | |
| **Hindalco Industries Ltd.** | | |
| 27,176,700 shares of Rs. 10 each fully paid up in cash. | 27,176,700 | 26,754,000 |
| ( As on 31st March 2015 :26,754,000) | | |
| **D) Details of shareholders holding more than 5 % shares in the company** | | |
| Equity Shares of Rs. 10 each fully paid in cash. | | |
| Hindalco Industries Limited, Holding Company ( % of holding - Current and Previous Year - 60 %) | 27,176,700 | 26,754,000 |
| The Tata Power Company Ltd.( % of holding - Current and Previous year - 40 %) | 18,117,800 | 17,836,000 |
| **Note No. 3 : Reserves & Surplus** | | |
| (Surplus)/Deficit in Statement of Profit and Loss are as under: | | |
| Balance as per last financial statements | 218,319,435 | 6,841,257 |
| Add: (Profit)/Loss for the Year | 24,296,466 | 211,478,178 |
| **Closing Balance** | **242,615,901** | **218,319,435** |

SINGHI & CO. Chartered Accountants

TUBED COAL MINES LTD.

Notes Referred to in Financial Statements

| Liabilities | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| | (Audited) | (Audited) |
| | Rs. | Rs. |
| | | |
| **Note No. 4 : Trade Payables** | | |
| Salary and other emoluments | 3,760 | 1,530,860 |
| Liability for Expenses | 814,501 | 1,478,052 |
| **Total of Trade Payables** | **818,261** | **3,008,912** |
| | | |
| **Note No. 5 : Current Liabilities** | | |
| **Other Current Liabilities** | | |
| Statutory Payments | 1,714 | 499,023 |
| **Total** | **1,714** | **499,023** |
| | | |
| **Note No. 6 : Short Term Provisions** | | |
| Provision for Leave Salary | 69,303 | 1,102,747 |
| Provision for Gratuity | 60,500 | 60,500 |
| **Total** | **129,803** | **1,163,247** |

| **Note No. 7 : Capital work in progress (including pre operative expenditure)** | **As at 31st March 2016 ( Audited) Rs.** | **As at 31st March 2015 ( Audited) Rs.** |
|---|---|---|
| Capital Work-in-Progress consist of the following: | | |
| **Construction Work-in-Progress** | - | 122,727,633 |
| **Expenditure during Construction pending allocation:** | | |
| Amount Transfereed due to Schedule II Implemenatation | - | 376,349 |
| Project Expenses | - | 1,639,266 |
| Corporate Social Resonsibility | - | 331,792 |
| Bank Guarantee Commission | - | - |
| Employee Benefits Expenses | - | 9,511,052 |
| Depreciation and Amortization Expenses | - | 1,332,968 |
| Power and Fuel | - | 328,135 |
| Administrative & Other Expenses | - | 3,401,989 |
| Travelling & Conveyance Expenses | - | 569,938 |
| **Total** | - | 17,491,489 |
| Add: Balance brought forward from previous year | - | 132,718,356 |
| **Total** | - | 150,209,845 |
| Less: Transferred to Profit & Loss A/c during the year | - | - |
| **Balance pending allocation** | - | **272,937,478** |
| Less: Non recoverable expenses transferred to Statement of Profit & Loss | | (195,548,994) |
| Less: Transfer to receivable exp. Related to coal block | - | (77,388,484) |
| **Total Capital Work-in-Progress** | | - |

SINGHI & CO. * Chartered Accountants *

## Tubed Coal Mines Limited

**Notes Referred to in Financial Statements**

| Current Assets | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| | (Audited) | (Audited) |
| | Rs. | Rs. |
| **Note No. 8 : Recoverable Project Expenses related to deallocated coal block** | | |
| Tangible & intangible asset | - | 6,863,975 |
| Project & GM land Registered & agreements | 134,785,676 | 137,048,816 |
| CA Land Registered & GR Coal | 77,388,484 | 77,388,484 |
| CA Land Agreemnts & others | - | 5,337,832 |
| **Total of Other Current Advances** | **212,174,160** | **226,639,107** |
| | | |
| **Note No. 9 : Cash and Cash Equivalents** | | |
| **a) Balances with Banks:** | | |
| In current accounts | 82,579 | 2,780,873 |
| **b) Cash in hand** | 11,631 | 5,155 |
| **Total of Cash and Bank Balances** | **94,210** | **2,786,028** |
| | | |
| **Note No. 10 : Short Term Loans & Advances** | | |
| a) Advances recoverable in cash and kind | | |
| Secured | - | - |
| Unsecured, considered good: | | |
| Advance Tax & TDS Receivable ( Net) | 65,348 | 43,485 |
| Others | - | 5,842,799 |
| b) Security & Other Deposits | | |
| Secured | - | - |
| Unsecured, considered good | 86,920 | 173,420 |
| **Total of Short Terms Loans & Advances** | **152,268** | **6,059,704** |
| | | |
| **Note No. 11 : Other Current Advances** | | |
| a) Unsecured, Considered good | | |
| Accrued Interest | 13,000 | 46,106 |
| Prepaid Insurance | 45,239 | 43,669 |
| Cash Advance at Site | - | 4,133 |
| **Total of Other Current Advances** | **58,239** | **93,908** |

## Tubed Coal Mines Limited

Notes Referred to in Financial Statements

| Note No. 12 : Employees Benefits Expense | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| | Rs. | Rs. |
| | | |
| Salaries, Wages, Bonus & Gratuity etc. | 6,820,681 | 21,563,077 |
| (including payments to Contractors) | | |
| Contribution to Provident Fund | 265,495 | 686,766 |
| Welfare Expenses | 22,595 | 27,551 |
| | | |
| Less: Transfer to Capital work in progress | - | (11,177,369) |
| | | |
| **Total of Employees Benefits Expenses** | **7,108,771** | **11,100,025** |

| Note No. 13 : Finance Costs | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| | | |
| Interest expense | 31,278 | 2,189 |
| | | |
| **Total of Finance Costs** | **31,278** | **2,189** |

| Note No. 14 : Depreciation & Amortisation | As at 31.03.2016 | As at 31.03.2015 |
|---|---|---|
| | | |
| Depreciation | - | 1,704,938 |
| Amortization | - | 918,142 |
| | | |
| Less: Transfer to capital work in progress | - | (1,332,968) |
| | | |
| **Total of Depreciation & Amortisation** | - | **1,290,112** |

SINGHI & CO. * Chartered Accountants *

## Tubed Coal Mines Limited

**Notes Referred to in Financial Statements**

| **Note No. 15 : Other Expenses** | **As at 31.03.2016** | **As at 31.03.2015** |
|---|---|---|
| | | |
| Auditor remuneration and other Fees | 161,675 | 145,000 |
| Books & Periodicals | 4,722 | - |
| Electricity Charges | 164,927 | - |
| Filing Fees | 52,365 | 24,744 |
| Guest House Expenses | 188,765 | - |
| Insurance | 66,289 | 255,726 |
| Misc. Expenses | 14,349 | 4,213,372 |
| Outsourced contract Charges | 922,093 | - |
| Office Expenses | 113,760 | - |
| Printing & Stationery | 573 | - |
| Postage & courier | 161 | - |
| Professional Fees | 13,390 | 301,282 |
| Rent | 660,590 | 1,303,408 |
| Repair & Maintainance | 137,798 | 85,635 |
| Sundry balances Written Off (Net) | 5,349,470 | 665,220 |
| Security Charges | 68,678 | - |
| Telephone Expenses | 122,694 | - |
| Site Expenses | 7,085 | - |
| Travelling Expenses | 94,664 | 406,550 |
| Vehicle Expenses | 57,598 | 492,621 |
| Web Site Charges | 13,680 | - |
| Administrative Expenses | 19,551 | - |
| Bank Charges | 1,260 | - |
| Loss on Sale of Assets | 95,000 | 138,537 |
| Rates & taxes | - | 7,670 |
| Training Expenses | - | 75,958 |
| Advertisement & Publicity Expenses | - | 5,000 |
| Bio Diversity Charges | - | 475,000 |
| Recruitment Expenses | - | 2,340 |
| Less: Transfer to capital work in progress | - | (4,604,803) |
| | | |
| **Total of Other Expenses** | **8,331,137** | **3,993,260** |

| **Note No. 16 : Non- recoverable Project Expenses related to Coal Block** | **As at 31.03.2016** | **As at 31.03.2015** |
|---|---|---|
| | | |
| Project Development Expenses capitalised | 8,836,160 | 195,548,994 |
| | | |
| **Total of Non Recoverable Project Expenses** | **8,836,160** | **195,548,994** |

SINGHI & CO. * Chartered Accountants *

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PREPARATION OF ACCOUNTS

The Supreme Court of India, vide Judgment dated 25th August 2014 read with its Order dated 24th September 2014, has cancelled allocation of 204 coal blocks including Tubed Coal Block, earlier allotted to the Company, and has issued necessary directions to Central Government with regard to these coal blocks. In view of the said judgment, the going concern concept has been vitiated and accordingly, necessary provisions have been made in the financial statements to bring down the assets and liabilities to their realizable value. (Refer to Note 16 & 18).

Further, the Financial Statements have been prepared in accordance with the applicable Accounting Standards as prescribed under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

### B. USE OF ESTIMATES

Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

### C. FIXED ASSETS

i. Fixed Assets comprising both tangible and intangible are stated at cost less accumulated depreciation/amortization. Cost of Fixed Assets is arrived at after including therein expenses for bringing the respective assets to working conditions.

ii. Certain directly attributable pre-operative expenses during construction period are included under Capital Work in Progress. These expenses are allocated to the cost of Fixed Assets when the same are ready for intended use.

### D. DEPRECIATION AND AMORTISATION

i. Depreciation on Tangible Fixed Assets has been provided over Useful life of the Assets specified in Part C of Schedule II of the Companies Act 2013. Depreciation has been provided on pro-rata basis with reference to the month of addition / installation.

ii. Mining Rights and leasehold land are amortized over the period of lease on straight line basis.

iii. Intangible assets have been amortized over its useful economic life of 5 years.

### E. CASH AND CASH EQUIVALENTS (For Purposes of Cash Flow Statement)

The Company's Cash and Cash Equivalents comprise cash on hand and demand deposits with banks. Cash equivalents are short term balances, highly liquid investments that are readily

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convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## F. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

## G. BORROWING COST

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

## H. IMPAIRMENT

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount and is recognized in the Statement of Profit or Loss.

## I. EMPLOYEE BENEFITS

i. **Short-term employee benefits:** The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognized during the period when the employee renders the services. These benefits include salaries, wages, bonus, performance incentives and leave travel allowance. The undiscounted amount of Short term employee benefits are recognized as an expense in the pre operative expenditure pending capitalization or Statement of Profit and Loss, as the case may be, in which the related service is rendered.

ii. **Defined contribution plans**: Contributions paid/payable during the year to Provident Fund, Superannuation Fund and Employees State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made.

iii. **Defined Benefit Plans:** For defined benefit plans in the form of gratuity fund and post retirement benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is

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limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

iv. The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of leave entitlement is provided based on the actuarial valuation carried out at the year end.

**J. LEASES**

Lease payments under an operating lease are recognized as expense in the statement of Profit & Loss Account as per terms of lease agreement.

**K. INVESTMENTS**

i. Long term investments are carried individually at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

ii. Current investments are stated individually at lower of cost and fair value

**L. RECOGNITION OF INCOME AND EXPENDITURE**

The Company does not have any income except interest income during the current period. Interest Income is recognized on an accrual basis. Expenditures are recognized on accrual basis and provision has been made for all known expenses. The company is yet to commence its commercial operation hence all the expenses except for administrative expenses are capitalized. Administrative expenses not attributable to project are charged to statement of profit and loss.

**M. RESEARCH AND DEVELOPMENT**

Expenditure incurred during research and development phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized

**N. TAXATION**

Provision for current income tax is in accordance with the Income tax Act, 1961. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods

**O. PROVISIONS AND CONTINGENT LIABILITY**

Provisions: Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow

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of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

**P. GOVERNMENT GRANTS**

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

**Q. FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year-end balance of foreign currency transactions is translated at the yearend rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise.

**R. EARNINGS PER SHARE:**

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

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**ADDITIONAL DISCLOSURE:**

17. **I. CAPITAL COMMITMENT AND OTHER COMMITMENTS**

| | (Amount in Rs.) As at 31-Mar-2016 | (Amount in Rs.) As at 31-Mar-2015 |
|---|---|---|
| Capital Commitment | - | - |

**II. CONTINGENT LIABILITY**

| | (Amount in Rs.) As at 31-Mar-2016 | (Amount in Rs.) As at 31-Mar-2015 |
|---|---|---|
| Bank Guarantee outstanding | - | 28,40,00,000 |

18. The Supreme Court of India, vide Judgment dated 25th August 2014 read with its Order dated 24th September 2014, has cancelled allocation of 204 coal blocks including Tubed Coal Block and has issued directions to Central Government with regard to these coal blocks. Pursuant to these directions, Central Government on 21st October 2014 has promulgated the Coal Mines (Special Provisions) Ordinance, 2014.

The Ordinance, inter alia, provides for reallocation of the cancelled coal blocks by way of auction to successful bidders and one of the prior allottees (viz.,The Tata Power Company Limited) is only entitled to participate in the auction process. The Ordinance also provides for compensation to the prior allottees towards the cost of land and mine infrastructure etc.

Keeping in view of such de-allocation of Coal Block and being non-eligible to participate in auction process the financial statements have been prepared on net realizable value, as mentioned in Note No. 1(A) above.

19. **Auditors' Remuneration**

| | (Amount in Rs.) **As at** **As at 31-Mar-2016** | (Amount in Rs.) **As At** **31-Mar-2015** |
|---|---|---|
| Statutory Audit Fee | 1,14,500 | 1,00,000 |
| Other Services | 47,175 | 45,000 |

20. **Earnings Per Share (EPS)**

| | **Year Ended** | **Year Ended** |
|---|---|---|
| | **31-March-2016** | **31-March-2015** |
| Profit / (Loss) after Tax as per the Statement of Profit & Loss (Rs.) | (24,296,466) | (211,478,178) |
| Weighted average number of Equity shares outstanding during the period | | |
| - No. of shares for Basic EPS | 4,52,94,500 | 4,41,05,704 |
| - No. of Shares for Diluted EPS | 45,414,500 | 4,41,16,642 |
| Face value per share (Rs) | 10 | 10 |
| EPS (before extra-ordinary item) | | |
| - Basic (Rs.) | (0.54) | (0.36) |
| - Diluted (Rs.) | (0.54) | (0.36) |
| EPS (after Extra-ordinary item) | | |
| - Basic (Rs.) | (0.54) | (4.79) |
| - Diluted (Rs.) | (0.54) | (4.79) |

SINGHI & CO. Chartered Accountants

21. **Related Party Disclosures:**

(In accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India)

A. **List of Related Parties**

| Name | Relationship |
|---|---|
| **Promoters** | |
| Hindalco Industries Limited | Holding Company |
| The Tata Power Company Limited | Joint Venture Partner |

B. Particulars of transactions with related party with whom transactions took place during the period:

| Nature of the Transaction | Related Party | For the Year Ended 31-Mar-2016 | For the Year Ended 31-Mar-2015 |
|---|---|---|---|
| Reimbursement of expenses | Hindalco Industries Ltd. | 314,705 | 654,219 |
| Issuance of Share Capital | Hindalco Industries Ltd. | 4,227,000 | 87,840,000 |
| | The Tata Power Co. Ltd. | 2,818,000 | 58,560,000 |
| Advance for Share Application Money received | Hindalco Industries Ltd. | 2,100,000 | 3,327,000 |
| | The Tata Power Co. Ltd. | 2,818,000 | - |
| Sale of Fixed Assets | Hindalco Industries Ltd. | 5,634,334 | - |
| Closing Balance- Due to Related Party | Hindalco Industries Ltd. | 1,200,000 | 3,327,000 |
| Closing Balance- Liability for Expenses | Hindalco Industries Ltd. | 2,432 | 614 |
| Corporate Guarantee Released | Hindalco Industries Ltd. | 170,400,000 | - |
| | The Tata Power Co. Ltd. | 113,600,000 | - |
| Corporate Guarantee Received / Outstanding | Hindalco Industries Ltd. | - | 170,400,000 |
| | The Tata Power Co. Ltd. | - | 113,600,000 |

Notes:

(a) There have been no transactions with fellow subsidiary.

22. There are no Micro and Small Enterprise to whom the Company owes dues, which are outstanding as on 31st March 2016. This information as required under the Micro, Small and Medium Enterprise Development Act 2006 has been determined on the basis of information available with the Company.

23. Expenditure in foreign Currency – Rs Nil (Previous Year – Rs Nil)

SINGHI & CO. Chartered Accountants

24. Value of Imports calculated on CIF basis – Rs NIL (Previous Year – Rs NIL).

25. Operating Lease –the Company has not entered into any non- cancellable lease to which AS 19 applies. The Company has entered into various cancellable leasing arrangement for office, residential premises in respect of which Rs Nil (Previous Year Rs Nil /-) has been transferred to Capital Work in Progress and Rs. 6,60,590/- (Previous Year Rs. 1,303,408/-) has been recognized in the statement of Profit or Loss.

26. The provision for Gratuity & Leave liability has been determined on actual basis and no actuarial valuation has been carried out for the current financial year in view of the fact that the going concern concept has been vitiated on de-allocation of coal block as referred to in Note No. 1(A).

27. Figures for the previous year have been regrouped/ rearranged wherever necessary.

The accompanying notes are an integral part of the Financial Statements.

As per our report annexed

For: SINGHI & CO.
*Chartered Accountants*
Firm Registration No. 302049E

**(N.K Surana)**
**Partner**
Membership No. 053816

For and on behalf of the Board

**R. Kasliwal**
**Director**
DIN 00033746

**Rajit Desai**
**Director**
06524201

**Ravichandran Govindan**
**(Chief Executive Officer)**

Place: Mumbai
Date: 9th May 2016.

SINGHI & CO. Chartered Accountants

B. K. MATHUR & ASSOCIATES
CHARTERED ACCOUNTANTS
Office No. 303, White House, SV Road, Near Metro Rail Bridge, Andheri (West), Mumbai - 400 058.
Telefax: 022 6708 3720 • Mob.: 98202 83293 • E-mail: mathurbrijesh@hotmail.com / mathurbrijesh@gmail.com

## Independent Auditor's Report

**To the Members of**
**Mauda Energy Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Mauda Energy Limited ("the Company")** which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over

B. K. MATHUR & ASSOCIATES
MUMBAI

financial reporting and the operating effectiveness of such controls. 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2016, and its Profit/Loss and its Cash Flow for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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

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

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f. Since the Company's only project is on hold as per management decision any no commercial activities in the Company, the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls are presently not relevant time being till start of operational activities by the Company.

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

B. K. MATHUR & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

i. The Company does not have any pending litigations which would impact its financial position.

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

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

For and on behalf of
**B K Mathur & Associates**
Chartered Accountants
Firm's registration number: 106096W

**Brijesh Mathur**
Proprietor
Membership number: 039565
Place: Mumbai
Date: 30.04.2016

**"Annexure" to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

1. The Company don't have any fixed assets as on the balance date Hence, the requirement of paragraph 3(1)(a), 3(1)(b) & 3(1)(c) of the said Order is not applicable to the Company;

2. As the Company is yet to start project activities and under stage of applying for various approval for implementation of the Project and time being put the project on hold. Hence, the requirement of paragraph 3(ii) of the said Order is not applicable to the Company relating to the physical verification of inventory at reasonable intervals.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

4. The Company has not granted any loans, investment, guarantees, and security and therefore the company has complied with the provisions of section 185 and I86 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. As informed to us, the Company is yet to start project activities and under stage of applying for various approval for implementation of the Project and time being put the project on hold. Hence, the requirement of paragraph 3(vi) of the said Order is not applicable to the Company relating to maintenance of cost records under sub-section (1) of Section 148 of the Act

7. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.

   (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has

B.K. MATHUR & ASSOCIATES
MUMBAI
CHARTERED ACCOUNTANTS

not taken any loan either from financial institutions or from the government and has not issued any debentures.

9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11. The company has not paid or provided any managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13. In our opinion, there is no transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details of related parties have been disclosed in the Financial Statements as required by the applicable accounting standards.

14. Based upon the audit procedures performed and the information and explanations given by the management, 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 and hence not commented upon.

15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of
**B K Mathur & Associates**
Chartered Accountants
Firm's registration number: 106096W

Brijesh Mathur

**Brijesh Mathur**
Proprietor
Membership number: 39565
Place: Mumbai
Date: 30.04.2016

B. K. MATHUR & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

## BALANCE SHEET AS AT MARCH 31, 2016

(Rupees)

| Particulars | Notes | March 31, 2016 | March 31, 2015 |
|---|---|---|---|
| **Equity & Liabilities** | | **Amount** | **Amount** |
| **Shareholder's Funds** | | | |
| Share Capital | 3 | 17,50,000 | 17,50,000 |
| Reserves & Surplus | 4 | (17,44,338) | (3,00,403) |
| Share Application Money pending allotment | | - | - |
| | | **5,663** | **14,49,597** |
| **Non-Current Liabilities** | | | |
| Long-term borrowings | | - | - |
| Trade payable | | - | - |
| Other long term liabilities | | - | - |
| Long-term provisions | | - | - |
| | | - | - |
| **Current liabilities** | | | |
| Short-term borrowings | | - | - |
| Trade payable | | - | - |
| Other current liabilities | 5 | 33,778 | 33,146 |
| Short-term provisions | | - | - |
| | | **33,778** | **33,146** |
| **TOTAL** | | **39,440** | **14,82,743** |
| **Assets** | | | |
| **Non-current assets** | | | |
| Fixed Assets | | | |
| Tangible assests | | - | - |
| Intangible assests | | - | - |
| Capital work-in-progress | 6 | - | 14,05,199 |
| Intangible assests under development | | - | - |
| Fixed Assets pertaining to discontinuing operation and held for sale | | - | - |
| Non-current investments | | - | - |
| Deferred Tax assets(net) | | - | - |
| Long-term loans and advances | | - | - |
| Trade receivables | | - | - |
| Other non-current assets | | - | - |
| | | - | 14,05,199 |
| **Current assets** | | | |
| Current investments | | - | - |
| Inventories | | - | - |
| Trade receivables | | - | - |
| Cash and bank balances | 7 | 39,440 | 77,544 |
| Short-term loans and advances | | - | - |
| | | **39,440** | **77,544** |
| **TOTAL** | | **39,440** | **14,82,743** |
| | | - | - |

The accompanying notes are an integral part of financial statements

As per our report of even date
For B. K. Mathur & Associates
*Chartered Accountants*
F.R.N. 106096W

(Brijesh Mathur) Partner
M. No. 39565
Mumbai
Date: April 30, 2016

B. K. MATHUR & ASSOCIATES ★ MUMBAI ★ CHARTERED ACCOUNTANTS

For and on behalf of the board of directors of
Mauda Energy Limited.

Director

Director

## Statement of Profit & Loss for the year ended 31 March, 2016

(Rupees)

| Particulars | Notes | March 31, 2016 | March 31, 2015 |
|---|---|---|---|
| **Continuing operations** | | **Amount** | **Amount** |
| **Income** | | | |
| Revenue from opertaions | | - | - |
| Other Income | | - | - |
| **Total Revenue (I)** | | - | - |
| **Expenses** | | | |
| Cost of raw material & components consumed | | - | - |
| Purchase of traded goods | | - | - |
| (Increase)/decrease in inventories of finished goods, WIP & traded goods | | - | - |
| Employee benefit expenses | | | |
| Other expenses | 8 | 14,43,935 | 60,371 |
| Exceptional items | | - | - |
| share of (Profit)/loss from investment in partnership firm | | - | - |
| **Total (II)** | | **14,43,935** | **60,371** |
| **Earning before interest, tax, depreciation and amotization (EBITDA) (I)-(II)** | | **(14,43,935)** | **(60,371)** |
| Depreciation and amortization expenses | | | - |
| Finance cost | | | - |
| **Profit/(Loss) before tax** | | **(14,43,935)** | **(60,371)** |
| **Tax expenses** | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Total tax expenses** | | - | - |
| **Profit/(Loss) for the year from continuing operations (A)** | | **(14,43,935)** | **(60,371)** |
| **Discontinuing operations** | | | |
| Profit/(Loss) before tax from discontinuing operations | | - | - |
| Tax expenses of discontinuing operations | | - | - |
| **Profit/(Loss) after tax from discontinuing operations (B)** | | - | - |
| **Profit/(Loss) for the year (A+B)** | | **(14,43,935)** | **(60,371)** |
| **Earning per equity shares (nominal value of shares Rs.10/- (31 March 2016: Rs.10/-)** | | | |
| Basic & Diluted Earnings per share | | **(8.25)** | **(0.34)** |

The accompanying notes are an integral part of financial statements.

For and on behalf of the board of directors of
Mauda Energy Limited

Director

Director

As per our report of even date
For B. K. Mathur & Associates
*Chartered Accountants*
F.R.N. 106096W

(Brijesh Mathur) Partner
M. No. 39565
Mumbai
Date: April 30, 2016

B. K. MATHUR & ASSOCIATES
MUMBAI
CHARTERED ACCOUNTANTS

**Mauda Energy Limited**
**Cash Flow Statement for the year ended 31 March, 2016**

| Particulars | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Net Profit / (Loss) before extraordinary items and tax | (14,43,935) | (60,371) |
| *Adjustments for:* | | |
| Amortisation of pre-operative expenses/CWIP write off | 14,05,199 | - |
| Amortisation of share issue expenses and discount on shares | | - |
| Operating profit / (loss) before working capital changes | (38,736) | (60,371) |
| *Changes in working capital:* | | |
| *Adjustments for (increase) / decrease in operating assets:* | | - |
| Amortisation of share issue expenses and discount on shares | | - |
| *Adjustments for increase / (decrease) in operating liabilities:* | | |
| Trade payables | 632 | (5,569) |
| | (38,104) | (65,940) |
| Cash flow from extraordinary items | - | - |
| Cash generated from operations | (38,104) | (65,940) |
| Net income tax (paid) / refunds | - | - |
| **Net cash flow from / (used in) operating activities (A)** | **(38,104)** | **(65,940)** |
| **B. Cash flow from investing activities** | | |
| Capital expenditure on fixed assets, including capital advances | 14,05,199 | - |
| Amortisation of pre-operative expenses/CWIP write off | (14,05,199) | - |
| Amortisation of share issue expenses and discount on shares | | - |
| Cash flow from extraordinary items | - | - |
| **Net cash flow from / (used in) investing activities (B)** | - | - |
| **C. Cash flow from financing activities** | | - |
| Proceeds from issue of Share Capital | - | 1,00,000 |
| Cash flow from extraordinary items | - | - |
| **Net cash flow from / (used in) financing activities (C)** | - | **1,00,000** |
| **Net increase / (decrease) in Cash and cash equivalents (A+B+C)** | **(38,104)** | **34,060** |
| Cash and cash equivalents at the beginning of the year | 77,544 | 43,484 |
| Effect of exchange differences on restatement of foreign currency Cash | - | - |
| **Cash and cash equivalents at the end of the year** | 39,440 | 77,544 |
| | (38,104) | 34,060 |

**See accompanying notes forming part of the financial statements**

As per our report of even date
For B. K. Mathur & Associates
*Chartered Accountants*
F.R.N. 106096W

(Brijesh Mathur) Partner
M. No. 39565
Mumbai
Date: April 30, 2016

For and on behalf of the board of directors of
Mauda Energy Limited.

Director

Director

B. K. MATHUR & ASSOCIATES ★ MUMBAI ★ CHARTERED ACCOUNTANTS

**Mauda Energy Limited**
**Notes forming part of the financial statements**

| Note | Particulars |
|---|---|
| 1 | **Corporate information** |
| | Mauda Energy Limited (the Company) is a public limited company domiciled in India and incorporated under the provision of the Companies Act, 1956. It's a 100% subsidiary company of Hindalco Industries Limited. The Company is engaged in the setting up 20 MW coal based power plant at Mauda, Maharashtra for generation & wheeling of enery. However as per the Management decision, the project is on hold for time being. |
| 2 | **Significant accounting policies** |
| 2.1 | **Basis of accounting and preparation of financial statements** |
| | The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and the Companies Act 2013 to the extent applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. |
| 2.2 | **Use of estimates** |
| | The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise. |
| 2.3 | **Capital work in progress** |
| | Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.<br>Incidental expenses during construction period and not directly related to the project are written off in the year. |
| 2.4 | **Cash and cash equivalents (for purposes of Cash Flow Statement)** |
| | Cash comprises cash at bank in current account. |
| 2.5 | **Cash flow statement** |
| | Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. |
| 2.6 | **Earnings per share** |
| | Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) shares. Dilutive potential equity shares are determined independently for each period presented. |
| 2.7 | **Taxes on income** |
| | Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.<br>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. It will be recognised if, there is virtual certainty that there will be sufficient future taxable income available to realise such assets. |

B. K. MATHUR & ASSOCIATES
MUMBAI
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**Notes to financial statement for the year ended 31 March 2016**

## Notes - 3 Share Capital

(Rupees)

| Particulars | March 31, 2016 | March 31, 2015 |
|---|---|---|
| | Amount | Amount |
| **Authorized Shares** | | |
| 2,00,000 (31 March 2015:2,00,000) Equity shares of Rs.10/- each | 20,00,000 | 20,00,000 |
| | **20,00,000** | **20,00,000** |
| **Issued, Subscribed & fully Paid-up shares** | | |
| 1,75,000 (31 March 2015:1,75,000) Equity shares of Rs.10/- each | 17,50,000 | 17,50,000 |
| **Total issued, subscribed and fully paid up share capital** | **17,50,000** | **17,50,000** |

**Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

| Equity shares | March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Ordinary Equity shares** | | |
| At the beginning of the period | 17,50,000 | 16,50,000 |
| Issued during the period | - | 1,00,000 |
| Outstanding during the period | **17,50,000** | **17,50,000** |

**Terms/right attached to equity shares**

The company has only one class of equity shares having a par value of Rs.10 per share.
Each holder is entitled to one vote per share. The company declares & pays dividend in indian rupees only subject to approval of the shareholders in the Annual General meeting.
In the event of liquidation of the company, the holders of equity is entilted to receive remaining assets of the company.

**Shares held by holding/ultimate holding company and/or their subsidiary/associates**

Out of equity shares issued by the company,shares held by its holding company, ultimate holding company and their subsidiary/associates are as follows as below:

| Equity shares | March 31, 2016 | March 31, 2015 |
|---|---|---|
| **Hindalco Industries Limited, the holding company** | | |
| 174940 (174940) ordinary equity shares of Rs.10/- each | 17,49,400 | 17,49,400 |
| Mr. Praveen Maheshwari (as a Nominee of Hindalco Industries Ltd) | | |
| 10 (10) ordinary equity shares of Rs.10/- each | 100 | 100 |
| Mr. Anil Mathew (as a Nominee of Hindalco Industries Ltd) | | |
| 10 (10) ordinary equity shares of Rs.10/- each | 100 | 100 |
| Mr. Alphonso R. Das (as a Nominee of Hindalco Industries Ltd) | | |
| 10 (10) ordinary equity shares of Rs.10/- each | 100 | 100 |
| Mr. Debashis Ghosh (as a Nominee of Hindalco Industries Ltd) | | |
| 10 (10) ordinary equity shares of Rs.10/- each | 100 | 100 |
| Mr. A. T. Mathew (as a Nominee of Hindalco Industries Ltd) | | |
| 10 (10) ordinary equity shares of Rs.10/- each | 100 | 100 |
| Mr. Anil Malik (as a Nominee of Hindalco Industries Ltd) | | |
| 10 (10) ordinary equity shares of Rs.10/- each | 100 | 100 |
| Total | **17,50,000** | **17,50,000** |

**Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately proceeding the reporting date:**

B.K. MATHUR & ASSOCIATES ★ MUMBAI ★ CHARTERED ACCOUNTANTS

| Equity shares | March 31, 2016 | March 31, 2015 |
|---|---|---|
| Equity shares allotted as fully paid bonus shares by capitalization of securities premium | - | - |
| Equity shares allotted as fully paid pursuent to contract for consideration other than cash | - | - |
| Equity shares bought back by the company | - | - |

**Details of shareholders holding more than 5% shares in the company**

| Particulars | March 31, 2016 | March 31, 2015 |
|---|---|---|
| Holding Company including shares by its nominees - Number | 1,75,000 | 1,75,000 |
| - % of holding in the class | 100 | 100 |

| calls unpaid | March 31, 2016 | March 31, 2015 |
|---|---|---|
| by directors and officers | - | - |
| by others | - | - |
| Forfeited shares | - | - |

**Notes to financial statement for the year ended 31 March 2016**

## Notes-4 Reserves & Surplus

| Particulars | March 31, 2016 | March 31, 2015 |
|---|---|---|
| | Amount | Amount |
| **Surplus/(deficit) in the statement of Profit and Loss** | | |
| Balance as per last financial statement | (3,00,403) | (2,40,032) |
| Profit for the year | (14,43,935) | (60,371) |
| Less: Appropriations | - | - |
| **Net surplus in the statement of Profit and Loss** | **(17,44,338)** | **(3,00,403)** |

**Notes to financial statement for the year ended 31 March 2016**

## Notes-5 Other current liabilities

(Rupees)

| Particulars | March 31, 2016 | March 31, 2015 |
|---|---|---|
| | Amount | Amount |
| **Other liabilities** | | |
| Hindalco Industries Ltd | - | - |
| B K Mathur & Associates | 33,778 | 33,146 |
| Mehta & Mehta | - | - |
| Globe Stationery & Zerox | - | - |
| **Total** | **33,778** | **33,146** |

Notes to financial statement for the year ended 31 March 2016

## Notes-6 Capital work-in-progress

(Rupees)

| Particulars | March 31, 2016 | March 31, 2015 |
|---|---|---|
| | Amount | Amount |
| Fee for detailed project report | 6,00,000 | 6,00,000 |
| Payment for Environment Clearance | 5,25,000 | 5,25,000 |
| payment for soil survey work | 2,40,199 | 2,40,199 |
| Fee to pay and accounts officer- Ministry of Coal | 40,000 | 40,000 |
| Pre-operative Expenses | - | - |
| Preliminary Expenses to the extend not written off | - | - |
| Less: | | |
| CWIP write off | (14,05,199) | |
| Total | - | 14,05,199 |

## Notes- 7 Current Account - Cash & Bank balance

| | | |
|---|---|---|
| Balance with Bank - in Current account | 39,440 | 77,544 |
| Cheque in Hand | | - |
| Cash On Hand | - | - |
| Total | 39,440 | 77,544 |

Notes to financial statement for the year ended 31 March 2016

## Notes-8 Other Expenses

(Rupees)

| Particulars | March 31, 2016 | March 31, 2015 |
|---|---|---|
| Payment to Auditors - Audit Fees, etc | 33,778 | 33,146 |
| ROC E - Filing Fees | | 409 |
| Professional Fees to Mehta & Mehta for various services | | 3,371 |
| Professional Fees to Vivek Awate & Co for signing of Form MGT 14 with MCA | | 843 |
| Paid to MCA towards e-filing fees for Form MGT -14 & MGT - 7 | 2,458 | 1,227 |
| Professional Tax for FY16 | 2,500 | 21,375 |
| CWIP write off ** | 14,05,199 | |
| Total | 14,43,935 | 60,371 |

B. K. MATHUR & ASSOCIATES
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Mauda Energy Limited

Note 9 Additional Information to the financial statements

| | | As at 31 March, 2016 | As at 31 March, 2015 |
|---|---|---|---|
| 9.1 | **Contingent liabilities and commitments (to the extent not provided for)** | | |
| (i) | Contingent liabilities | | |
| | (a) Claims against the Company not acknowledged as debt (give details) | - | - |
| | (b) Guarantees @ (give details) | - | - |
| | (c) Other money for which the Company is contingently liable (give details) | - | - |
| (ii) | Commitments # | | |
| | (a) Estimated amount of contracts remaining to be executed on capital account and not | | |
| | Tangible assets | - | - |
| | Intangible assets | - | - |
| | (b) Uncalled liability on shares and other investments partly paid | - | - |
| | (c) Other commitments (specify nature) | - | - |
| 9.2 | **Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006** | | |
| | The Company has not received any memorandum (as required to be filed by the supplier with the notified authority under Micro, Small and Medium Enterprises Development Act 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to the parties during the year is nil. | | |
| | Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. | | |
| 9.3 | **Related Party Disclosures:** | | |
| | (In accordance with Accounting Standard 18 issued by The Institute of Chartered Accountants of India) | | |
| i) | Related Parties | | |
| | Hindalco Industries Limited - Holding Company | | |
| | Reimbursement of expenses | 4,958 | 23,011 |
| | Issue of Shares | - | 1,00,000 |
| 9.4 | **Expenditure in foreign currency** | | |
| | No expenditure have been made in foreign currency during the year. | | |

B. K. MATHUR & ASSOCIATES ★ MUMBAI ★ CHARTERED ACCOUNTANTS

# ADITYA BIRLA MINERALS LIMITED

## INCOME STATEMENT
## FOR THE YEAR ENDED 31 MARCH 2016

| | Notes | CONSOLIDATED 2016 $'000 | CONSOLIDATED 2015 $'000 | PARENT 2016 $'000 | PARENT 2015 $'000 |
|---|---|---|---|---|---|
| Sale of product | 3(a) | 206,428 | 57,124 | - | - |
| Other revenue | 3(a) | 1,473 | 1,893 | 1,798 | 2,741 |
| **Total revenue** | | 207,901 | 59,017 | 1,798 | 2,741 |
| Cost of sales | | (223,989) | (104,236) | - | - |
| **Gross profit/ (loss)** | | (16,088) | (45,219) | 1,798 | 2,741 |
| Other income | 3(b) | 2,337 | 31,331 | 910 | - |
| Exploration and evaluation expenditure | | (212) | (143) | - | - |
| Administration expenses | | (6,788) | (6,872) | (255) | (233) |
| Care and maintenance expenses | | (83) | (286) | - | - |
| Suspension period expenses (Nifty) | | - | (22,113) | - | - |
| Impairment of assets | 26 | (119,757) | (197,906) | - | - |
| Impairment of inter company receivables and investments | 3(e) | - | - | (145,762) | (30,054) |
| Other expenses | 3(c) | (999) | (564) | (999) | (693) |
| (Loss)/Profit from continuing operations before income tax and finance costs | | (141,590) | (241,772) | (144,308) | (28,239) |
| Finance costs | 3(d) | (1,014) | (999) | (546) | (1,696) |
| **(Loss)/Profit before income tax from continuing operations** | | (142,604) | (242,771) | (144,854) | (29,935) |
| Income tax benefit/(expense) | 5 | (14,860) | 44,454 | - | (11,685) |
| **(Loss)/Profit after income tax from continuing operations** | | (157,464) | (198,317) | (144,854) | (41,620) |
| **Loss after tax from discontinuing operations** | 28 | (32,927) | (21,395) | (30,308) | (163,340) |
| **Net (loss)/profit for the year** | | (190,391) | (219,712) | (175,162) | (204,960) |

| | Notes | Cents | Cents |
|---|---|---|---|
| (Loss)/Earnings per share: | | | |
| Basic and diluted for (loss)/profit for the year attributable to ordinary equity holders of the parent | 6 | (60.76) | (70.11) |
| Basic and diluted for (loss)/profit from continuing operations for the year attributable to ordinary equity holders of the parent | 6 | (50.25) | (63.28) |

The above income statement should be read in conjunction with the accompanying notes.

## ADITYA BIRLA MINERALS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME
### FOR THE YEAR ENDED 31 MARCH 2016

| | Notes | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|---|
| | | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Net (loss)/profit for the year** | | (190,391) | (219,712) | (175,162) | (204,960) |
| **Other comprehensive income** | | | | | |
| *Other comprehensive income which may be reclassified to profit or loss in subsequent periods:* | | | | | |
| Cash flow hedges | | | | | |
| Gain/ (loss) taken to equity | | - | (1,298) | - | - |
| Transferred to income statement | | - | (14,434) | - | - |
| Tax effect | | - | 4,720 | - | - |
| **Other comprehensive income/(loss) for the year, net of tax** | | - | (11,012) | - | - |
| **Total comprehensive income/(loss) for the year, net of tax** | | (190,391) | (230,724) | (175,162) | (204,960) |

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

# ADITYA BIRLA MINERALS LIMITED

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2016

| | Notes | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | | $'000 | $'000 | $'000 | $'000 |
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Cash and cash equivalents | 8 | 67,642 | 55,226 | 23,927 | 45,619 |
| Trade and other receivables | 9 | 40,851 | 20,962 | 8,138 | 292 |
| Inventories | 10 | 19,073 | 55,929 | - | - |
| Derivative financial instruments | 12 | 563 | 755 | 3.790 | 755 |
| Other | 11 | 1,680 | 2,104 | 35 | 63 |
| **Total Current Assets** | | 129,809 | 134,976 | 35,890 | 46,729 |
| **Non-Current Assets** | | | | | |
| Trade and other receivables | 9 | - | - | 1,035 | 39,928 |
| Inventories | 10 | - | 10,830 | - | - |
| Property, plant and equipment | 13 | 29,825 | 215,815 | - | - |
| Deferred exploration and evaluation expenditure | 14 | 2,000 | 15,545 | - | - |
| Deferred tax assets | 5 | - | 14,860 | - | - |
| Investment in controlled entities | 15 | - | - | 75,086 | 211,955 |
| Other | 11 | 264 | 286 | - | - |
| **Total Non-Current Assets** | | 32,089 | 257,336 | 76,121 | 251,883 |
| **TOTAL ASSETS** | | 161,898 | 392,312 | 112,011 | 298,612 |
| **LIABILITIES** | | | | | |
| **Current Liabilities** | | | | | |
| Trade and other payables | 16 | 19,405 | 22,505 | 14,078 | 27,902 |
| Interest-bearing liabilities | 17 | - | 1,279 | - | 650 |
| Provisions | 18 | 5,870 | 3,675 | - | - |
| Derivative financial instruments | 12 | 3,227 | 3,900 | 3,790 | 755 |
| **Total Current Liabilities** | | 28,502 | 31,359 | 17,868 | 29,307 |
| **Non-Current Liabilities** | | | | | |
| Provisions | 18 | 39,249 | 76,415 | - | - |
| **Total Non-Current Liabilities** | | 39,249 | 76,415 | - | - |
| **TOTAL LIABILITIES** | | 67,751 | 107,774 | 17,868 | 29,307 |
| **NET ASSETS** | | 94,147 | 284,538 | 94,143 | 269,305 |
| **EQUITY** | | | | | |
| Issued capital | 19 | 450,663 | 450,663 | 450,663 | 450,663 |
| Accumulated losses | | (356,516) | (166,125) | (356,520) | (181,358) |
| **TOTAL EQUITY** | | 94,147 | 284,538 | 94,143 | 269,305 |

The above statement of financial position should be read in conjunction with the accompanying notes.

## ADITYA BIRLA MINERALS LIMITED

### STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED 31 MARCH 2016

| | Notes | CONSOLIDATED 2016 $'000 | CONSOLIDATED 2015 $'000 | PARENT 2016 $'000 | PARENT 2015 $'000 |
|---|---|---|---|---|---|
| **Cash flows from/(used in) operating activities** | | | | | |
| Receipts from customers (inclusive of GST) | | 172,511 | 81,493 | 897 | - |
| Payments to suppliers and employees (inclusive of GST) | | (167,413) | (155,738) | (4,728) | (1,061) |
| Payments for exploration and evaluation | | (212) | (143) | - | - |
| Interest received | | 1,669 | 2,419 | 725 | 2,230 |
| Finance charges | | (196) | (505) | (545) | (1,696) |
| Receipts from close out of derivative contracts | | - | 16,873 | - | - |
| Income Tax paid | | - | (5,652) | - | (5,652) |
| Net cash flows from/(used in) operating activities | 25(a) | 6,359 | (61,253) | (3,651) | (6,179) |
| **Cash flows from/(used in) investing activities** | | | | | |
| Payments for plant and equipment | | (2,361) | (1,960) | - | - |
| Payments for mine development | | (7,804) | (14,204) | - | - |
| Payments for security deposits | | (30,811) | (19,023) | (7,620) | - |
| Release of security deposits | | 42,214 | - | - | - |
| Proceeds from disposal of plant and equipment | | 165 | - | - | - |
| Net proceeds from sale of Mt Gordon | 28 | 4,652 | - | 4,652 | - |
| Advances (to)/from subsidiaries | | - | - | (14,420) | (88,451) |
| Net cash flows (used in)/from investing activities | | 6,055 | (35,187) | (17,388) | (88,451) |
| **Cash flows from/(used in) financing activities** | | | | | |
| Repayment of loan | | (650) | - | (650) | - |
| Net cash flows (used in)/ from financing activities | | (650) | - | (650) | - |
| Net (decrease)/ increase in cash and cash equivalents | | 11,764 | (96,440) | (21,689) | (94,630) |
| Foreign exchange differences | | 1,281 | 14,261 | (3) | 6,178 |
| Cash and cash equivalents at the beginning of the year | | 54,597 | 136,776 | 45,619 | 134,071 |
| Cash and cash equivalents at the end of the year | 25(b) | 67,642 | 54,597 | 23,927 | 45,619 |

The above statement of cash flows should be read in conjunction with the accompanying notes.

## ADITYA BIRLA MINERALS LIMITED

### STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED 31 MARCH 2016

| | Note | Issued Capital<br>$'000 | Retained Profits / (Accumulated Losses)<br>$'000 | Cash Flow Hedge Reserve<br>$'000 | Total Equity<br>$'000 |
|---|---|---|---|---|---|
| **CONSOLIDATED** | | | | | |
| **At 1 April 2014** | | 450,663 | 53,587 | 11,012 | 515,262 |
| Net (loss)/profit for the year | | - | (219,712) | - | (219,712) |
| Other comprehensive income – Cash flow hedge | | - | - | (11,012) | (11,012) |
| Total comprehensive income for the year, net of tax | | - | (219,712) | (11,012) | (230,724) |
| Dividends | | - | - | - | - |
| **At 31 March 2015** | | 450,663 | (166,125) | - | 284,538 |
| Net (loss)/profit for the year | | - | (190,391) | - | (190,391) |
| Other comprehensive income – Cash flow hedge | | - | - | - | - |
| Total comprehensive income for the year, net of tax | | - | (190,391) | - | (190,391) |
| Dividends | | - | - | - | - |
| **At 31 March 2016** | | 450,663 | (356,516) | - | 94,147 |
| **PARENT** | | | | | |
| **At 1 April 2014** | | 450,663 | 23,602 | - | 474,265 |
| Net profit for the year | | - | (204,960) | - | (204,960) |
| Other comprehensive income – Cash flow hedge | | - | - | - | - |
| Total comprehensive income for the year, net of tax | | - | (204,960) | - | (204,960) |
| Dividends | | - | - | - | - |
| **At 31 March 2015** | | 450,663 | (181,358) | - | 269,305 |
| Net profit/(loss) for the year | | - | (175,162) | - | (175,162) |
| Other comprehensive income - Cash flow hedge | | - | - | - | - |
| Total comprehensive income for the year, net of tax | | - | (175,162) | - | (175,162) |
| Dividends | | - | - | - | - |
| **At 31 March 2016** | | 450,663 | (356,520) | - | 94,143 |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## 1. Summary of Significant Accounting Policies

### (a) Corporate Information

The financial report of Aditya Birla Minerals Limited for the year ended 31 March 2016 was authorised for issue in accordance with a resolution of the directors on 29 May 2016.

Aditya Birla Minerals Limited (the parent) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange with effect from 12 May 2006.

The address of the registered office is Level 3, 256 Adelaide Terrace, Perth, WA, 6000.

### (b) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on a historical cost basis, except for trade receivables and derivative financial instruments which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ('000s) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

The Company has taken advantage of the relief referred to in ASIC Class Order 10/654 dated 26 July 2010 and in accordance with that Class Order, the Company has included its parent entity financial statements as part of the accompanying financial report.

Except as noted below, the accounting policies adopted are consistent with those of the previous financial year.

For the purpose of preparation of the financial report, the Company is a for-profit entity.

*Statement of Compliance*

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### (c) New Accounting Standards and Interpretations

*(i) Changes in Accounting Policies and Disclosures*

From 1 April 2015, the Group has adopted all new and amended Accounting Standards and Interpretations effective as of 1 April 2015, including:-

| Reference | Title | Summary | Impact on Group financial report |
|---|---|---|---|
| AASB 2014-1<br><br>Part A -Annual Improvements<br><br>2010–2012 Cycle | Amendments to Australian Accounting Standards - Part A<br><br>Annual Improvements to IFRSs 2010–2012 Cycle | AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.<br><br>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: | |
| | | ▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. | No impact |
| | | ▶ AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. | Not applicable |
| | | ▶ AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. | A reconciliation of total reportable segments' assets to the Group's assets has been given in note 22 |
| | | ▶ AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. | No impact |
| | | ▶ AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. | Not applicable, the Group has its own Board of directors and local management team to manage business affairs. |

| Reference | Title | Summary | Impact on Group financial report |
|---|---|---|---|
| AASB 2014-1<br><br>Part A -Annual Improvements | Amendments to Australian Accounting Standards - Part A<br><br>Annual Improvements to IFRSs 2011–2013 Cycle | Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:<br><br>▶ AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.<br><br>▶ AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3. | No impact<br><br>Not applicable |
| AASB 2014-1<br><br>Part B Amendments to AASB 119 | Amendments to Australian Accounting Standards - Part B<br><br>Defined Benefit Plans: Employee Contributions (Amendments to AASB 119) | AASB 2014-Part B makes amendments in relation to the requirements for contributions from employees or third parties that are set out in the formal terms of the benefit plan and linked to service.<br>The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. | Not applicable |

*(ii) Accounting Standards and Interpretations Issued But Not Yet Effective*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 31 March 2016. The Group is currently assessing the overall impact of the standards that are issued but not yet effective. These are outlined as below:

a. **AASB 9 Financial Instruments**

AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

*Classification and measurement*

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.

The main changes are described below.

*Financial assets*

a.Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

b.Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c.Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

*Financial liabilities*

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.

Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

*Impairment*

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

*Hedge accounting*

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

**b. AASB 15 Revenue from Contracts with Customers**

AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer

(b) Step 2: Identify the performance obligations in the contract

(c) Step 3: Determine the transaction price

(d) Step 4: Allocate the transaction price to the performance obligations in the contract

(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.

AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

**c. AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle**

The subjects of the principal amendments to the Standards are set out below:

***AASB 5 Non-current Assets Held for Sale and Discontinued Operations:***

• Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.

***AASB 7 Financial Instruments: Disclosures:***

• Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.

• Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.

***AASB 119 Employee Benefits:***

• Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

***AASB 134 Interim Financial Reporting:***

• Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

**d. AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101**

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

**e. AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality**

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

**f. AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]**

This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.

**g. AASB 16 - Leases**

The key features of AASB 16 are as follows:

*Lessee accounting*

• Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

• A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.

• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

• AASB 16 contains disclosure requirements for lessees.

*Lessor accounting*

• AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

• AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

AASB 16 supersedes:

(a) AASB 117 Leases;

(b) Interpretation 4 - Determining whether an Arrangement contains a Lease;

(c) Interpretation 115 - Operating Leases—Incentives; and

(d) Interpretation 127 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.

h. **2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]**

This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

i. **2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107**

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

**(d) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of Aditya Birla Minerals Limited (the parent entity) and its subsidiaries, referred to collectively throughout these financial statements as the "Group".

Subsidiaries are all those entities on which Group not only has power over and exposure or rights to variable returns from its involvement, but also has the ability to use its power to affect the subsidiary's returns from its involvement.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses, and profit and losses resulting from intra-group transactions have been eliminated.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Investments in subsidiaries are accounted for by the parent at cost less any allowance for impairment.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separate from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire. The identifiable assets required and the liabilities assumed are measured at their acquisition date fair values.

## (e) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of Product*

Revenue from sales of copper concentrate and copper cathode is recognised upon shipment or discharge when there has been a passing of the significant risks and rewards of ownership, which means the following:

- The product is in a form suitable for delivery and no further processing is required by, or on behalf of the Group;
- The quantity and quality (grade) of the product can be determined with reasonable accuracy;
- The selling price can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales revenue is subject to adjustment based on final assay results. In addition, the terms of the sales contracts for copper concentrate contain provisional pricing arrangements. Adjustments to the sales price are based on movements in metal prices up to the date of final pricing. Final settlement is between 3 and 4 months after the date of delivery (the "quotational period") with pricing based on the average LME copper price for the month of settlement. The revenue adjustment mechanism embedded within the sales contract has the characteristics of a commodity derivative which significantly modifies the cash flows under the contract. The Group has decided to designate the trade receivables arising on initial recognition of the sales transaction as a financial asset at fair value through profit and loss (see note 1(k)) and not separately account for the embedded derivative. Accordingly the fair value of the receivable is re-estimated continuously and changes in fair value recognised as an adjustment to revenue in the income statement.

*Interest income*

Revenue is recognised as interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

*Dividends*

Revenue is recognised when the shareholders' right to receive the payment is established.

## (f) Foreign Currency Transactions

Both the functional and the presentation currency of the parent entity and its controlled entities are Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the statement of financial position date.

All differences in the financial report are taken to the income statement.

## (g) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary difference associated with investments in subsidiaries, deferred tax asset are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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

Effective from incorporation, for the purposes of income taxation, Aditya Birla Minerals Limited and its 100% owned subsidiaries have formed a tax consolidated group. Aditya Birla Minerals Limited is the head entity of the tax consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the group allocation approach. Members of the Group have entered into a tax sharing agreement which provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

### (h) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

### (i) Derivative Financial Instruments and Hedging

The Group benefits from the use of derivative financial instruments to manage commodity price, interest rates and foreign currency exposures.

Instruments used to manage natural exposures to commodity prices, exchange rates and interest rates include put and call options, swaps and foreign exchange contracts.

Derivative financial instruments are initially recognised in the statement of financial position at fair value and are subsequently re-measured at their fair values.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when the Group hedges the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where the Group hedges the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or an expected transaction.

The method of recognising the resultant gain or loss is dependent on the nature of the item being hedged.

At the inception of the transaction, the Group documents the relationship between the hedging instrument and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to resultant cash flows from specific quotational periods.

Changes in the fair value of derivatives that are designated against future sales qualify as cash flow hedges and if deemed highly effective, are recognised in equity to the extent of the hedge's effectiveness. Any ineffectiveness in the hedge relationship is taken immediately to the income statement. Amounts deferred in equity are transferred to the income statement and classified as revenue in the same periods during which the designated hedged sales are recognised.

Certain derivative instruments do not qualify for hedge accounting under the specific rules in the accounting standards. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under the accounting standards, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the commitment or expected transaction occurs.

However, if the committed or expected transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to the income statement.

### (j) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding hank overdrafts.

### (k) Trade and Other Receivables

On initial recognition trade debtors are designated at fair value through profit and loss, accordingly trade debtors are measured at fair value as at reporting date. Credit balances are reclassified to trade and other payables.

The majority of sales revenue is invoiced and received in US dollars.

Generally 100% of the copper cathode sales invoice value is to be settled within 10 days of presentation of delivery documents.

In the case of copper concentrate, on presentation of documents the customer settles 90% of the provisional invoice value within 3-5 days of receipt of consignment and the remaining 10% is settled within 3-5 days of presentation of the final invoice at the end of the quotational period.

Other receivables are recognised and carried at original invoiced amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. Bad debts are written off when identified. No interest is charged on overdue accounts.

### (l) Inventories

Inventories comprise broken ore, copper in ore and under leach, concentrate and cathode which are carried at the lower of weighted average cost and net realisable value.

Cost comprises direct material, labour and other expenditure together with an appropriate portion of fixed and variable overhead expenditure based on the weighted average costs incurred during the period in which such inventories were produced.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost and net realisable value.

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

## (m) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Items of property, plant and equipment are depreciated as outlined below.

- **mining plant & equipment:** unit of production based on economically recoverable reserves.
- **other plant and equipment:** straight line depreciation at a rate of 10% to 50% per annum, depending on the item of plant.

The cost of property, plant and equipment constructed by the Group includes the costs of all materials used in construction, direct labour, borrowing costs incurred during construction and an allocation of overheads.

Borrowing costs included in the cost of property, plant and equipment are those costs, which are directly attributable to the construction, or production of qualifying assets and that would have been avoided if the expenditure on the construction of the property, plant and equipment had not been made.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and available for use.

*Mining Properties in Production, Under Care & Maintenance or Under Development*

Mine properties in production (including exploration, evaluation and development expenditure) are accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs is provided on a production output basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation that area of interest. Should the carrying value of expenditure not yet amortised exceed its estimated recoverable amount in any year, the excess is written off to the income statement.

*Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating unit are written down to their recoverable amount through the Income Statement.

The recoverable amount of plant and equipment is the greater 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 assessment of the time value of money and the risks specific to the asset or group of assets being assessed.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of recoverable amount, but only to the extent 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 (cash generating unit). A reversal of impairment loss is recognised in profit and loss immediately.

*Derecognition*

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 dereeognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

## (n) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is charged against earnings as incurred.

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

Costs related to the acquisition of properties that contain mineral resources are allocated separately to specific areas of interest. These costs are capitalised until viability of the area of interest is determined. If no mineral ore body is discovered, capitalised acquisition costs are expensed in the period in which it is determined that the area of interest has no future economic value. When a decision to proceed to development is made, all costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

## (o) Rehabilitation, Restoration and Environmental Costs

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements.

The costs include obligations relating to reclamation, waste site closure, plant closure, and other costs associated with the restoration of the site.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance (to the extent that it relates to the development of an asset) that has been incurred as at the statement of financial position date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. These increases are accounted for on a net present value basis.

Annual increases in the provision relating to the change in the net present value of the provision are accounted for in the income statement as finance costs.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

## (p) Deferred Mining Costs

Certain post-commissioning mining costs, principally those that relate to the development of stopes to access the ore and which relate to future economically recoverable ore to be mined, have been capitalised and included in the statement of financial position as deferred mining in mine properties.

These costs are deferred or taken to the cost of production as the case may be, so that each tonne of ore mined bears the average cost of development per tonne of ore. The remaining life of the mine based on latest mine plan is regularly assessed by the Directors and senior management to ensure the carrying value of deferral is appropriate.

## (q) Recoverable Amount of Non- Financial Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. Recoverable amount is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs of disposal and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 assessment of the time value of money and the risks specific to the asset or group of assets being assessed.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss unless the asset is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## (r) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group. Trade accounts are normally settled in accordance with the terms of trade.

Payables are initially recognised at their fair value and subsequently measured at amortised cost.

## (s) Interest-Bearing Liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

## (t) Leased Assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

*Finance leases*

Leases which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements and amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is shorter.

*Operating leases*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

## (u) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, long service leave, encashable sick leave and bonus, where applicable.

Liabilities arising in respect of wages, salaries and any other employee benefits expected to be wholly settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Obligations for contributions to defined contribution superannuation plans are expensed as incurred.

## (v) Borrowing Costs

Borrowing costs are recognised as an expense when incurred, except where the borrowing costs incurred are directly associated with the construction, purchase or acquisition of a qualifying asset, in which case the borrowing costs are capitalised as part of the cost of the asset.

## (w) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## (x) Investments in Controlled Entities

Interests in controlled entities are carried by the parent entity at the lower of cost and recoverable amount.

## (y) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction, net of tax, of the proceeds received.

## (z) Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earning per share is calculated as net profit attributable to members of the company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## (aa) Significant Accounting Judgements, Estimates and Assumptions

*(i) Mine rehabilitation provision*

The Group assesses its mine rehabilitation provision annually in accordance with the accounting policy stated in note 1(o). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. The rehabilitation provision represents management's best estimate of the Group's obligations using assumptions that represent the expected outcomes of the uncertainties. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.Furthermore, the timing of rehabilitation will ultimately depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future copper prices, which are inherently uncertain.

The discount rates used in the calculation of the provisions for Nifty as at 31 March 2016 is 2.12% (2015: 2.05%), the inflation rate is 2.115% (2015: 2.48%). Life of mine for Nifty is taken as 3 years for discounting of rehab provision.

*(ii) Units of production method of depreciation*

The Group applies the units of production method of depreciation of its mine assets based on ore tonnes mined. These calculations require the use of estimates, future development costs and assumptions. Significant judgement is required in assessing the available reserves, future development costs and the production capacity of the plants to be depreciated under this method. Factors that are considered in determining reserves and resources and production capacity are the company's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets and future developments. When these factors change or become known in the future, such differences will impact pre tax profit and carrying values of assets.

*(iii) Impairment of Property, Plant and Equipment*

The Group assesses each asset or cash generating unit (CGU) at the end of each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and Value In Use (VIU). Refer note 26 for further details.

*(iv) Deferred Tax Assets*

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies which is dependent on the Group's ability to earn taxable income from its ongoing operations. This in turn is dependent on a number of future estimates but not limited to future assumptions as to the copper price, exchange rates, operating and capital costs. Refer to note 26 which sets out a number of sensitivities relating to these operations. The recovery of recognised tax assets is to an extent also sensitive to these assumptions.

The Group has recognised a deferred tax asset of $Nil (2015: $14.860 million)

**(ab) Comparatives**

Where necessary, comparatives have been reclassified and repositioned for consistency with current year's disclosures.

## 2. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, cash and derivatives.

The main risks arising from the Group's financial instruments are foreign currency risk, commodity price risk, interest rate risk, credit risk and liquidity risk. The Group manages its exposure to financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

To manage exposure to commodity prices, exchange rates and interest rates, the Group uses derivative instruments, principally put and call options, swaps and forward contracts. The purpose is to manage the commodity price, currency and interest rate risks arising from the Group's operations and its sources of finance. The extent of derivatives used by the Group is based on limits set by the Board. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to commodity prices, interest rate and foreign exchange risk and assessments of market forecasts for commodity prices, interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit, Compliance and Risk Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of commodity prices, foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

**Risk Exposures and Responses**

*Foreign currency risk*

The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency. Approximately 100% of the Group's sales are denominated in United States dollar (US$), whilst most of the costs are denominated in the entity's functional currency. The functional currency of the parent and its controlled entities is determined to be Australian dollar (A$).

The Group's income statement and statement of financial position can be affected significantly by movements in the US$/A$ exchange rates. The Group seeks to mitigate the effect of its net foreign currency exposure by using derivative instruments, principally put and call options and forward foreign currency contracts.

It is the Group's policy to enter into derivative instruments to manage foreign currency exposure once likelihood of such exposure is highly probable and to negotiate the terms of the derivatives to exactly match the terms of the underlying item to maximise effectiveness. The Group's policy is to cover exposure up to 90% of revenues in US$ of material already sold, up to 80% of revenues in US$ to be sold in next 12 months and 60% of revenues in US$ to be sold in 13-24 months. However, the exposure for capital projects must be 100% covered.

## 2. Financial Risk Management Objectives and Policies (continued)

### Risk Exposures and Responses (continued)

*Foreign currency risk (continued)*

At balance date, the Group had the following exposure to US$ foreign currency:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016<br>$'000 | 2015<br>$'000 | 2016<br>$'000 | 2015<br>$'000 |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 1,112 | 45,609 | 147 | 45,605 |
| Trade and other receivables | 479 | 269 | 1,908 | 269 |
| Trade and receivables– related parties | 31,353 | - | - | - |
| Derivative foreign exchange contracts | 563 | - | 563 | - |
| Derivative commodity contracts | - | 755 | 3,227 | 755 |
| **Financial Liabilities** | | | | |
| Payable to customer– related parties | - | (2,066) | - | - |
| Trade and other payables – others | (1,429) | (482) | (1,629) | - |
| Inter company balance denominated in US dollars | - | - | - | (45,869) |
| Interest bearing liabilities – bank overdraft in US dollars | - | (629) | - | - |
| Derivative commodity contracts | (3,227) | - | (3,227) | (755) |
| Derivative foreign exchange contracts | - | (3,900) | (563) | - |
| | 28,851 | 39,556 | 426 | 5 |

At 31 March 2016, the Group has entered into forward exchange derivatives of approximately US$18.500 million to manage foreign currency exposure on trade and other receivables, extending to July 2016.

The following table sets out the gross value of US dollars sold under foreign exchange contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the Group:

| | Weighted Average Rate | Consolidated | Weighted Average Rate | Consolidated |
|---|---|---|---|---|
| | 2016 | 2016<br>US$'000 | 2015 | 2015<br>US$'000 |
| **US Dollars – Forward** | | | | |
| Not later than one year | 0.7483 | 18,500 | 0.8393 | 31,900 |

The net fair value of the above contracts as at 31 March 2016 is a net asset of $0.563 million (2015: net liability $3.900 million).

## 2. Financial Risk Management Objectives and Policies (continued)

### Risk Exposures and Responses (continued)

*Foreign currency risk (continued)*

The following sensitivity is based on the foreign currency risk exposures in existence at the balance date:

At 31 March 2016, had the US dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

| Judgements of reasonably possible movements: | Post Tax Profit Higher/(Lower) | | Other Comprehensive Income Higher/(Lower) | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Consolidated** | | | | |
| A$/US$ +6% (2015: +6%) | (163) | (1,741) | - | - |
| A$/US$ -6% (2015: -6%) | 184 | 1,963 | - | - |
| **Parent** | | | | |
| A$/US$ +6% (2015: +6%) | - | - | - | - |
| A$/US$ -6% (2015: -6%) | - | - | - | - |

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

*Commodity price risk*

The Group's exposure to copper prices is very high as approximately 100% of the revenue comes from sale of copper concentrate and cathode. Revenue is determined with reference to copper prices quoted on the London Metal Exchange (LME).

The Group's income statement and statement of financial position can be affected significantly by movements in the copper prices on the LME. The Group seeks to mitigate the effect of its copper prices exposure by using derivative instruments, principally put and call options and swaps.

To manage copper price risk the Group deals in copper swap contracts and put and call option contracts for the purposes of mitigating the effect of movement in copper prices. The limits of hedging are set by the Board.

It is the Group's policy to enter into derivative instruments to manage copper price exposure once likelihood of such exposure is highly probable and to negotiate the terms to maximise effectiveness. The group has a current policy on covering copper price exposure. The policy permits covering up to 100% of the dispatched quantity, up to 80% of forward rolling 12 months of expected copper sales quantity and up to 60% of forward rolling 13-24 months of expected copper sales quantity. However, the cover percentage may be higher than 80% for new projects.

## 2. Financial Risk Management Objectives and Policies (continued)

### Risk Exposures and Responses (continued)

*Commodity price risk (continued)*

At balance date, the Group had the following items exposed to commodity price risk:

| | Consolidated | | Parent | |
|---|---|---|---|---|
| | 2016<br>$'000 | 2015<br>$'000 | 2016<br>$'000 | 2015<br>$'000 |
| **Financial Assets** | | | | |
| Trade and other receivables (i) | 74,044 | 28,215 | - | - |
| Derivative commodity contracts | - | 755 | 3,227 | 755 |
| **Financial Liabilities** | | | | |
| Derivative commodity contracts | (3,227) | - | (3,227) | (755) |
| | 70,817 | 28,970 | - | - |

(i) This relates to the provisional amount of tonnes remaining open to price adjustments (Gross sales). Refer note 9 for the open quantity.

At 31 March 2016, details of outstanding external commodity derivative contracts are:

| | Tonnes | Average Price | Tonnes | Average Price |
|---|---|---|---|---|
| | 2016 | 2016<br>US$ | 2015 | 2015<br>US$ |
| **Copper – Sell Call Options** | | | | |
| Not later than one year | - | - | - | - |
| **Copper – Buy Put Options** | | | | |
| Not later than one year | - | - | - | - |
| **Copper – Swap** | | | | |
| Not later than one year | 11,600 | 4,640 | 3,500 | 6,229 |
| Between one and two years | - | - | - | - |

The net fair value of the above contracts as at 31 March 2016 is a net liability of $3.227 million (2015: asset $0.755 million).

## 2. Financial Risk Management Objectives and Policies (continued)

**Risk Exposures and Responses (continued)**

*Commodity price risk (continued)*

The following sensitivity is based on the copper price risk exposures in existence at the balance date:

At 31 March 2016, had the LME copper prices moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

| Judgements of reasonably possible movements: | Post Tax Profit Higher/(Lower) | | Other Comprehensive Income Higher/(Lower) | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Consolidated** | | | | |
| Copper Prices +10% (2015: +10%) | 37 | 29 | - | - |
| Copper Prices -10% (2015: -10%) | (37) | (29) | - | - |
| **Parent** | | | | |
| Copper Prices +10% (2015: +10%) | - | - | - | - |
| Copper Prices -10% (2015: -10%) | - | - | - | - |

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments. The drop in sensitivity for 2016 is due to the fact that remaining tonnes, open to price adjustments are almost fully hedged.

*Interest rate risk*

The Group's exposure to market interest rates relates primarily to the Group's debt obligations and deposits. At balance date, the impact of interest rate risk is not material. The level of debt is disclosed in note 17.

*Credit risk*

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments.

The Group's maximum exposures to credit risk at the balance date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of these assets as indicated in the statement of financial position.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in relation to these is the total mark to market gain, should the counterparties not honour their obligations.

The Group does not hold any credit derivatives to offset its credit exposure. The Group trades with recognised and credit worthy third parties only, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

## 2. Financial Risk Management Objectives and Policies (continued)

**Risk Exposures and Responses (continued)**

The majority of the Group's sales are to its ultimate parent company, Hindalco Industries Limited. Considering Hindalco Industries Limited's standing and credit worthiness, the Group believes credit risk is almost negligible. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk, other than receivables from Hindalco Industries Limited and financial instruments including cash and cash equivalents and the security deposit. Cash and cash equivalents and the security deposit are with various financial institutions with credit ratings from BBB- to A+ (S&P) to minimise the risk of default of counterparties.

*Liquidity risk*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and committed available credit lines.

The Group monitors on a regular basis rolling forecasts of liquidity on the basis of expected cash flow. It is the Group's policy to renew bank loan facilities well before the renewal dates to avoid any inherent liquidity issues when the facilities expire.

The table below details the liquidity risk arising from the financial liabilities held by the Group at balance date.

| | Maturity Analysis | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2016 | | | | 2015 | | | |
| Consolidated | Within 1 year $'000 | 1 to 5 years $'000 | After 5 years $'000 | Total $'000 | Within 1 year $'000 | 1 to 5 years $'000 | After 5 years $'000 | Total $'000 |
| **Financial Liabilities** | | | | | | | | |
| Trade and other payables | (19,405) | - | - | (19,405) | (22,505) | - | - | (22,505) |
| Interest-bearing liabilities | | | | | | | | |
| - Bank loans and overdraft | - | - | - | - | (629) | - | - | (629) |
| - Payables to related entities | - | - | - | - | (689) | - | - | (689) |
| Foreign exchange contracts (gross settled) | | | | | | | | |
| - inflow | 24,724 | - | - | 24,724 | 34,107 | - | - | 34,107 |
| - (outflow) | (24,161) | - | - | (24,161) | (38,007) | - | - | (38,007) |
| Commodity derivatives (net settled) | (3,227) | - | - | (3,227) | - | - | - | - |
| | (22,069) | - | - | (22,069) | (27,723) | - | - | (27,723) |

## 2. Financial risk management objectives and policies (continued)

### Risk Exposures and Responses (continued)

*Liquidity risk (continued)*

| | Maturity Analysis | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2016 | | | | 2015 | | | |
| | Within 1 year $'000 | 1 to 5 years $'000 | After 5 years $'000 | Total $'000 | Within 1 year $'000 | 1 to 5 years $'000 | After 5 years $'000 | Total $'000 |
| **Parent** | | | | | | | | |
| **Financial Liabilities** | | | | | | | | |
| Trade and other payables | (14,033) | - | - | (14,033) | (27,902) | - | - | (27,902) |
| Interest-bearing liabilities | | | | | | | | |
| - Bank loans and overdraft | - | - | - | - | - | - | - | - |
| - Payables to related entities | - | - | - | - | (689) | - | - | (689) |
| Foreign exchange contracts outside the group (gross settled) | | | | | | | | |
| - inflow | 24,724 | - | - | 24,724 | - | - | - | - |
| - (outflow) | (24,161) | - | - | (24,161) | - | - | - | - |
| Comoodity derivatives outside the group (net settled) | (3,227) | - | - | (3,227) | (755) | - | - | (755) |
| | (16,697) | - | - | (16,697) | (29,346) | - | - | (29,346) |

*Fair value*

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets;
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability; and
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair values of all other financial assets and liabilities approximate their carrying amounts

## 2. Financial risk management objectives and policies (continued)

### Risk Exposures and Responses (continued)

*Fair value (continued)*

The fair values of financial instruments carried at fair value and the methods used to estimate their fair values are as follows:

| | 2016 | | | | 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | Quoted market price (Level 1) | Valuation technique – market observable inputs (Level 2) | Valuation technique – non market observable inputs (Level 3) | Total | Quoted market price (Level 1) | Valuation technique – market observable inputs (Level 2) | Valuation technique – non market observable inputs (Level 3) | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Consolidated** | | | | | | | | |
| **Financial Assets** | | | | | | | | |
| Trade receivables – related parties | - | 31,353 | - | 31,353 | - | - | - | - |
| Derivatives: | | | | | | | | |
| - Foreign exchange contracts | - | 563 | - | 563 | - | - | - | - |
| - Commodity contracts | - | - | - | - | - | 755 | - | 755 |
| | - | 31,916 | - | 31,916 | - | 755 | - | 755 |
| **Financial Liabilities** | | | | | | | | |
| Payable to customer – related parties | - | - | - | - | - | (2,066) | - | (2,066) |
| Derivatives: | | | | | | | | |
| - Foreign exchange contracts | - | - | - | - | - | (3,900) | - | (3,900) |
| - Commodity contracts | - | (3,227) | - | (3,227) | - | - | - | - |
| | - | (3,227) | - | (3,227) | - | (5,966) | - | (5,966) |
| **Parent** | | | | | | | | |
| **Financial Assets** | | | | | | | | |
| Derivatives: | | | | | | | | |
| - Foreign exchange contracts | - | 563 | - | 563 | - | - | - | - |
| - Commodity contracts | - | 3,227 | - | 3,227 | - | 755 | - | 755 |
| | - | 3,790 | - | 3,790 | - | 755 | - | 755 |
| **Financial Liabilities** | | | | | | | | |
| Derivatives: | | | | | | | | |
| - Foreign exchange contracts | - | (563) | - | (563) | - | - | - | - |
| - Commodity contracts | - | (3,227) | - | (3,227) | - | (755) | - | (755) |
| | - | (3,790) | - | (3,790) | - | (755) | - | (755) |

## 2. Financial risk management objectives and policies (continued)

### Risk Exposures and Responses (continued)

*Fair value (continued)*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The fair values of receivables from or payables to customers are calculated using a discounted cash flow analysis which is performed using the applicable forward LME prices and current market interest rates.

There were no transfers between Level 1 and Level 2 and no movement in Level 3 during the year. For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

*Off-setting financial instruments*

The Group presents its financial assets and liabilities on a gross basis.

Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements such as International Swaps and Derivatives Associations (ISDA) master netting agreement. In certain circumstances, for example, when a credit event sueh as a default occurs, all outstanding transactions under an ISDA agreement are terminated. The termination value is assessed and only a single net amount is payable in settlement of all transactions.

A Security Deposit amounting to $7.620 million (see note 9) is subject to a Set Off Agreement to secure the Group's obligations under a finance facility established with a bank (see note 17 (b). In the case of a default event, the bank may set off any amount the bank owes in connection with the deposit against any amounts owing to the bank.

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **3. Revenues and Expenses** | | | | |
| **(a) Revenue** | | | | |
| Sale of product (i) | 206,428 | 57,124 | - | - |
| **Other revenue** | | | | |
| Interest | 1,473 | 1,893 | 1,798 | 2,741 |
| | 1,473 | 1,893 | 1,798 | 2,741 |
| Total revenue | 207,901 | 59,017 | 1,798 | 2,741 |

(i) Total copper sales for the period was 36,826 tonnes (2015: 9,338 tonnes), out of which 12,217 tonnes (2015: 3,552 tonnes) of copper, provisionally sold at the reporting date, has been revalued at a weighted average price of US$ 4,852 (US$2.20/lb) (2015: US$6,064 – US$ 2.75/lb) . The net movement in trade receivables due to fair value adjustments is a decrease of $6.233 million (2015: decrease of $6.611 million) which has been included in revenue from the sale of product.

| | | | | |
|---|---|---|---|---|
| **(b) Other income** | | | | |
| Net gain on disposal of plant and equipment | 163 | - | - | - |
| Net gain/(loss) on foreign exchange | 1,279 | 11,897 | 30 | - |
| Gain on close-out of derivative contracts | - | 16,873 | - | - |
| Other* | 895 | 2,561 | 880 | - |
| Total other income | 2,337 | 31,331 | 910 | - |

* includes an amount of $0.88 million received from an insurance company towards settlement of an insurance claim. In FY15 it included an amount of $2.525 million received from Louminco and Factor for an out of court full and final settlement of a litigation for faulty design of the backfill plant at Nifty

| | | | | |
|---|---|---|---|---|
| **(c) Other expenses** | | | | |
| Net loss on foreign exchange | - | - | - | 129 |
| Business development expenses | 999 | 564 | 999 | 564 |
| | 999 | 564 | 999 | 693 |
| **(d) Finance costs** | | | | |
| Facilities and guarantee fees | 160 | 263 | 14 | 8 |
| Finance costs payable to related entities | 35 | 39 | 532 | 1,688 |
| | 195 | 302 | 546 | 1,696 |
| Unwinding of discount on rehabilitation provision | 819 | 697 | - | - |
| Total finance costs | 1,014 | 999 | 546 | 1,696 |
| **(e) Expenses included in income statement** | | | | |
| Depreciation of plant and equipment | 12,621 | 9,774 | - | - |
| Amortisation of mine properties and deferred mining | 20,868 | 9,146 | - | - |
| Penalties | 500 | - | - | - |
| Government royalties | 9,658 | 2,820 | - | - |
| Minimum lease payments – operating lease | 1,330 | 4,421 | - | - |
| Net realisable value write down of concentrate and ore inventories** | 386 | 15,120 | - | - |
| Impairment of receivables | - | - | 8,893 | 11,894 |
| Impairment of investments in subsidiaries | - | - | 136,869 | 18,160 |

** included in the Cost of Sales

## 3. Revenues and Expenses (Continued)

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| - Wages and salaries | 35,446 | 31,129 | - | - |
| - Defined contribution superannuation expense | 3,100 | 3,037 | - | - |
| - Other employee benefits expense | 1,310 | 2,006 | - | - |
| Total employee benefits expense | 39,856 | 36,172 | - | - |

## 4. Auditor's Remuneration

The auditor of Aditya Birla Minerals Limited is Ernst & Young (Australia).

| | | | | |
|---|---|---|---|---|
| *Amounts received or due and receivable by Ernst & Young (Australia) for:* | | | | |
| • an audit or review of the financial report of the entity and any other entity in the consolidated group | 328,500 | 354,500 | 328,500 | 354,500 |
| | 328,500 | 354,500 | 328,500 | 354,500 |

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **5. Income Tax** | | | | |
| **(a) Income tax expense/(benefit)** | | | | |
| The major components of income tax are: | | | | |
| *Income statement* | | | | |
| *Current income tax* | | | | |
| Current income tax charge | - | - | - | - |
| Adjustment in respect of income tax | - | 7,187 | - | 7,187 |
| *Deferred income tax* | | | | |
| Relating to origination and reversal of temporary differences | - | (53,630) | - | 11,685 |
| Deferred tax asset written off | 14,860 | - | - | - |
| Adjustment in respect of deferred income tax | - | (7,187) | - | (7,187) |
| Income tax expense/(benefit) reported in the income statement | 14,860 | (53,630) | - | 11,685 |
| **(b) Amounts charged/(credited) directly to equity** | | | | |
| *Deferred income tax related to items charged/ (credited) directly to equity* | | | | |
| Net movement on cash flow hedges | - | (4,720) | - | - |
| Income tax expense/(benefit) reported in the statement of comprehensive income | - | (4,720) | - | - |
| **(c)** A reconciliation between tax expense/(benefit) and the product of accounting result before income tax multiplied by the Group's applicable income tax rate is as follows: | | | | |
| Accounting (loss)/profit before income tax | (175,531) | (273,342) | (175,161) | (193,275) |
| At the statutory income tax rate of 30% (2015: 30%) | (52,659) | (82,003) | (52,548) | (57,983) |
| Add: | | | | |
| - non-deductible expenses | 204 | 3,770 | 42,996 | 58,019 |
| - loss on sale of subsidiary | 9,614 | - | 9,614 | - |
| - Deferred Tax Asset not recognised | 42,841 | 24,603 | - | 11,649 |
| - adjustments in respect of deferred Income tax of previous years | - | (7,187) | - | (7,187) |
| - adjustments in respect of Income tax | - | 7,187 | - | 7,187 |
| - deferred tax asset written off | 14,860 | - | - | - |
| - adjustments in respect of deferred balances | - | - | (62) | - |
| Income tax (benefit)/Expense | 14,860 | (53,630) | - | 11,685 |

## 5. Income Tax (continued)

### (d) Recognised deferred tax assets and liabilities

| | 2016 Deferred Income Tax $'000 | 2015 Deferred Income Tax $'000 |
|---|---|---|
| **CONSOLIDATED** | | |
| Opening balance | 14,860 | (50,677) |
| Charged to income | - | 53,630 |
| Adjustment in respect of deferred income tax | - | 7,187 |
| Deferred tax asset written off | (14,860) | - |
| Charged to equity | - | 4,720 |
| Closing balance | - | 14,860 |
| **PARENT** | | |
| Opening balance | - | 4,725 |
| Charged to income | - | (11,685) |
| Adjustment in respect of deferred income | - | 7,187 |
| Other movements | - | (227) |
| Transfer of tax losses (net) | - | - |
| Closing balance | - | - |

| | STATEMENT OF FINANCIAL POSITION 2016 $'000 | STATEMENT OF FINANCIAL POSITION 2015 $'000 |
|---|---|---|
| Deferred income tax at 31 March relates to the following: | | |
| **CONSOLIDATED** | | |
| *Deferred tax liabilities* | | |
| Accrued revenue | (930) | - |
| Deferred exploration and evaluation expenditure | (600) | (4,451) |
| Diesel fuel rebate | (28) | (25) |
| Prepayments | (36) | 2 |
| Foreign exchange | - | (2,081) |
| Derivative contracts | - | (227) |
| Mine properties | (255) | (46,233) |
| Gross deferred income tax liabilities | (1,849) | (53,015) |
| *Deferred tax assets* | | |
| Accrued liabilities | 500 | 311 |
| Share issue costs | 204 | - |
| Accrued revenue | - | 2,557 |
| Foreign exchange | 324 | - |
| Derivative contracts | 799 | - |
| Employee provision | 1,874 | 1,472 |
| Provision for rehabilitation | 11,512 | 22,555 |
| Project pool | 9,536 | 13,143 |
| Tax losses | 19,000 | 14,227 |
| Trading stock | 26,339 | 28,487 |
| Property, plant and equipment | 19,131 | 9,726 |
| Gross deferred income tax assets | 89,219 | 92,478 |
| Less : Deferred Tax Asset not recognised | (87,370) | (24,603) |
| Net Deferred income tax assets recognised | 1,849 | 67,875 |
| Net deferred tax asset / (liabilities) | - | 14,860 |

(d) **Recognised deferred tax assets and liabilities (continued)**

| | STATEMENT OF FINANCIAL POSITION | |
|---|---|---|
| | 2016 $'000 | 2015 $'000 |
| **PARENT** | | |
| *Deferred tax liabilities* | | |
| Foreign exchange | - | (204) |
| Derivative contracts | - | (227) |
| Prepayments | (7) | - |
| Gross deferred income tax liabilities | (7) | (431) |
| *Deferred tax assets* | | |
| Borrowing costs | - | - |
| Share issue costs | 204 | - |
| Accrued liabilities | 80 | 144 |
| Other future deductible amounts | - | - |
| R&D tax offsets | - | - |
| Tax losses | 19,000 | 14,227 |
| Gross deferred income tax assets | 19,284 | 14,371 |
| Less: Deferred tax asset not recognised | (19,277) | (13,940) |
| Net deferred income tax assets recognised | 7 | 431 |
| Net deferred tax (liabilities)/assets | - | - |

(e) **Unrecognised Tax Assets**

The Group has Australian capital tax losses for which no deferred tax asset is recognised on the statement of financial position of $5,665,000 (2015: $585,000) which are available indefinitely for offset against future capital gains subject to continuing to meet relevant statutory tests.

(f) **Tax Consolidation**

Effective from incorporation, for the purposes of income taxation, Aditya Birla Minerals Limited and its 100% owned subsidiaries have formed a tax consolidated group under Australian tax law. Aditya Birla Minerals Limited ("ABML") is the head entity of the tax consolidated group. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax-consolidated group). Entities within the tax consolidated group have entered into a tax sharing agreement with the head entity. As there is no tax funding arrangements between the entities in the tax consolidated group, tax consolidation transactions are accounted for as equity transactions. In the head entity, the carrying amounts of investments in subsidiaries are increased by tax consolidation contributions.

*Tax consolidation contributions/(distributions)*

The Group has recognised the following amounts as tax consolidation contribution adjustments –

| | PARENT | |
|---|---|---|
| | 2016 $'000 | 2015 $'000 |
| Total increase / (reduction) in subsidiaries accounts of the Group | - | 228 |

## 6. Earnings Per Share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

| | CONSOLIDATED | |
|---|---|---|
| | 2016 $'000 | 2015 $'000 |
| Profit attributable to shareholders: | | |
| - Continued operations | (157,464) | (198,317) |
| - Discontinued operations | (32,927) | (21,395) |
| Net (loss)/profit attributable to ordinary equity holders of the parent | (190,391) | (219,712) |

| | 2016 '000 | 2015 '000 |
|---|---|---|
| Weighted average number of ordinary shares for basic and diluted earnings per share | 313,373 | 313,373 |

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **7. Dividends Paid and Proposed** | | | | |
| Dividends declared and paid during the year on ordinary shares: | | | | |
| Nil dividend for the financial year ended 31 March 2016 (2015: Nil) | - | - | - | - |
| **8. Cash and Cash Equivalents** | | | | |
| Cash at bank and in hand – denominated in AUD | 66,530 | 1,516 | 23,780 | 14 |
| Cash at bank and in hand – denominated in USD | 1,112 | 3,942 | 147 | 3,938 |
| Short-term deposits – denominated in AUD | - | 8,101 | - | - |
| Short-term deposits – denominated in USD | - | 41,667 | - | 41,667 |
| | 67,642 | 55,226 | 23,927 | 45,619 |
| Bank Overdrafts | - | (629) | - | - |
| | 67,642 | 54,597 | 23,927 | 45,619 |

**Terms and conditions**

Cash at bank and short-term deposits earn interest at floating rates based on bank deposit rates ranging between 2.25% to 2.90% p.a.

## 9. Trade and Other Receivables

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Current** | | | | |
| Other debtors at amortised cost | 1,599 | 2,356 | 239 | 269 |
| Deposit - Margin Call Money | 279 | - | 279 | |
| Less: Allowance for impairment loss | - | (440) | - | - |
| | 1,878 | 1,916 | 518 | 269 |
| Trade debtors at fair value - related entities (a), 20(b) | 31,353 | - | - | - |
| Security deposit to bank (b) | 7,620 | 19,023 | 7,620 | - |
| Receivable from related entities | - | 23 | - | 23 |
| | 40,851 | 20,962 | 8,138 | 292 |
| **Non-Current** | | | | |
| Loans to controlled entities | - | - | 21,822 | 215,162 |
| Less : Allowance for impairment loss | - | - | (20,787) | (175,234) |
| | - | - | 1,035 | 39,928 |

(a) As at 31 March 2016, sales totalling 12,217 tonnes remained open to price adjustment (2015: 3,552 tonnes).

(b) The Security Deposit amounting to $7.620 million (2015: $19.023 million) is in accordance with the terms of the new facilities arrangement consisting of security for Standby Letter of Credit or Guarantee Facilities ("SBLC Facilities"). This is also subject to a Set Off Agreement to secure the Group's obligations under a finance facility established with a bank. In the case of a default event, the bank could set off any amount the bank owed in connection with the deposit against any amounts owing to the bank. The deposit has a maturity period of 6 months and earns interest at 2.25% p.a.

**Terms and conditions**

Terms and conditions relating to the above financial instruments

(i) Details of the terms and conditions of credit sales are set out in note 1(k).

(ii) Details of the terms and conditions of loans to controlled entities are set out in note 20(e).

## 10. Inventories

| | CONSOLIDATED 2016 $'000 | CONSOLIDATED 2015 $'000 | PARENT 2016 $'000 | PARENT 2015 $'000 |
|---|---|---|---|---|
| **Current** | | | | |
| Copper at net realisable value | 1,484 | 30,051 | - | - |
| Copper in ore at net realisable value | 943 | 1,771 | - | - |
| Consumable stocks at cost | 25,318 | 35,475 | - | - |
| Less: Allowance for obsolescence on consumables and stores | (798) | (1,346) | - | - |
| Less: Impairment of consumables & stores (see note 26) | (7,874) | (11,600) | - | - |
| Gas inventory | - | 1,578 | - | - |
| | 19,073 | 55,929 | - | - |
| **Non-Current** | | | | |
| Copper in ore and under leach | 76,441 | 76,441 | - | - |
| Less: Impairment during the year (see note 26) | (76,441) | (65,611) | - | |
| | - | 10,830 | - | - |

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **11. Other Assets** | | | | |
| **Current** | | | | |
| Prepayments | 1,680 | 2,104 | 35 | 63 |
| **Non-Current** | | | | |
| Prepayments | 264 | 286 | - | - |

## 12. Derivative Financial Instruments

**Commodity Contracts**

The contracts outstanding at the reporting dates were:

| | Tonnes Hedged | Average Price | Tonnes Hedged | Average Price |
|---|---|---|---|---|
| | 31 Mar 16 | 31 Mar 16 US$ | 31 Mar 15 | 31 Mar 15 US$ |
| **Copper – Swap** | | | | |
| Not later than one year | 11,600 | 4,640 | 3,500 | 6,229 |
| Between one and two years | - | - | - | - |

The net fair value of the above contracts as at 31 March 2016 is a net liability of $ 3.227 million (31 March 2015: $ 0.755 million asset).

The unrealised loss on the 11,600 tonnes of copper sold has been taken to the income statement as the underlying sales transactions have been recognised.

**Forward currency contracts**

The following table sets out the gross value of US dollars sold under foreign exchange contracts, the weighted average contracted exchange rates and the settlement periods of outstanding contracts for the Group:

| | Weighted Average Rate | Consolidated | Weighted Average Rate | Consolidated |
|---|---|---|---|---|
| | 31 Mar 16 | 31 Mar 16 US $'000 | 31 Mar 15 | 31 Mar 15 US $'000 |
| **US Dollars - Forward** | | | | |
| Not later than one year | 0.7483 | 18,500 | 0.8393 | 31,900 |

The net fair value of the above contracts as at 31 March 2016 is a net asset of $0.563 million (31 March 2015: Net liability of $ 3.900 million).

The unrealised gain of $0.563 million on the USD 18.500 million of forward currency contracts to manage foreign exchange exposure on trade and other receivables have been taken to the income statement.

## 13. Property, Plant and Equipment

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| *Plant and Equipment* | | | | |
| Plant and equipment, at cost | 276,487 | 322,585 | - | - |
| Less: Accumulated Depreciation and Impairment during the year | (250,412) | (251,256) | - | - |
| | 26,075 | 71,329 | - | - |
| *Mine Properties* | | | | |
| Mine properties, at cost | 396,952 | 512,007 | - | - |
| Less: Accumulated amortisation and Impairment during the year | (393,202) | (371,102) | - | - |
| | 3,750 | 140,905 | - | - |
| *Capital Work in Progress* | | | | |
| Capital work in progress, at cost | - | 3,581 | - | - |
| Total Property, Plant & Equipment | 29,825 | 215,815 | - | - |

**Reconciliation**
Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below:

| | CONSOLIDATED 2016 $'000 | CONSOLIDATED 2015 $'000 | PARENT 2016 $'000 | PARENT 2015 $'000 |
|---|---|---|---|---|
| *Plant and Equipment* | | | | |
| Carrying amount at beginning of the year | 71,329 | 142,433 | - | - |
| Amount related to discontinued operations | (8,270) | - | - | - |
| Additions | 716 | 875 | - | - |
| Transfer from capital works in progress | 4,345 | 3,191 | - | - |
| Impairment during the year (see note 26) | (29,424) | (64,252) | - | - |
| Depreciation | (12,621) | (10,918) | - | - |
| Carrying amount at end of the year | 26,075 | 71,329 | - | - |

## 13. Property, Plant and Equipment (continued)

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Reconciliation (continued)** | | | | |
| *Mine Properties (in production or Under Care & Maintenance)* | | | | |
| Carrying amount at beginning of the year | 118,529 | 172,518 | - | - |
| Impairment of discontinued operations | (28,646) | - | - | - |
| Amount related to discontinued operations | (30,913) | - | - | - |
| Expenditure incurred/Additions during the year | 1,060 | 2,984 | - | - |
| Increase/decrease in rehabilitation costs | (623) | 6,505 | - | - |
| Transfer from capital works in progress | 790 | - | - | - |
| Impairment during the year (see note 26) | (44,726) | (59,372) | - | - |
| Amortisation | (11,721) | (4,789) | - | - |
| Carrying amount at end of the year | 3,750 | 118,529 | - | - |
| *Deferred Mining* | | | | |
| Carrying amount at beginning of the year | 22,376 | 36,466 | - | - |
| Expenditure incurred during the year | 6,284 | 8,455 | - | - |
| Impairment during the year (see note 26) | (19,513) | (18,188) | - | - |
| Amortisation | (9,147) | (4,357) | - | - |
| Carrying amount at the end of the year | - | 22,376 | - | - |
| Total carrying amount of mine properties at the end of the year | 3,750 | 140,905 | - | - |
| *Capital Work In Progress* | | | | |
| Carrying amount at beginning of the year | 3,581 | 3,607 | - | - |
| Amount related to discontinued operations | (551) | - | - | - |
| Additions | 2,105 | 3,848 | - | - |
| Transfer to plant and equipment | (4,345) | (3,191) | - | - |
| Transfer to mine properties | (790) | (683) | - | - |
| Carrying amount at end of the year | - | 3,581 | - | - |

Assets are encumbered to the extent as detailed in note 17. Refer to note 26 for details on impairment of assets

## 14. Deferred Exploration and Evaluation Expenditure

| | CONSOLIDATED 2016 $'000 | CONSOLIDATED 2015 $'000 | PARENT 2016 $'000 | PARENT 2015 $'000 |
|---|---|---|---|---|
| Exploration and evaluation costs carried forward in respect of mining areas of interest | | | | |
| *Pre-production - Exploration and evaluation phases* | | | | |
| Carrying amount at beginning of the year | 15,545 | 15,545 | - | - |
| Impairment of discontinued operations | (889) | - | - | - |
| Amount related to discontinued operations | (1,266) | - | - | - |
| Impairment during the year (see note 26) | (11,390) | - | - | - |
| Carrying amount at end of the year | 2,000 | 15,545 | - | - |

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

## 15. Investment in Controlled Entities

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Non-Current - at cost less impairment** | | | | |
| Birla Maroochydore Pty Ltd | - | - | 964 | 964 |
| Birla Nifty Pty Ltd | - | - | 229,151 | 229,151 |
| Less: Allowance for impairment loss | - | - | (155,029) | (18,160) |
| Birla Mt Gordon Pty Ltd | - | - | - | - |
| | - | - | 75,086 | 211,955 |

Further details of investments in controlled entities are set out in note 20(a). Refer to note 5(f) for further details on tax consolidation adjustments.

## 16. Trade and Other Payables

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Current** | | | | |
| Trade creditors | 5,925 | 10,397 | - | - |
| Payables to related entities | - | - | 12,255 | 26,870 |
| Other creditors and accruals | 13,480 | 10,042 | 1,823 | 1,032 |
| Payable to customer - related parties | - | 2,066 | - | - |
| | 19,405 | 22,505 | 14,078 | 27,902 |

**Terms and conditions**

Trade and other creditors are normally settled in accordance with the terms of trade.

Payable to customers are on account of 3MAMA movement in Copper prices post shipment (Also refer to note 9(a) for open quantity).

## 17. Interest-Bearing Liabilities

| | CONSOLIDATED 2016 | CONSOLIDATED 2015 | PARENT 2016 | PARENT 2015 |
|---|---|---|---|---|
| **(a) Current** | | | | |
| Bank overdraft | - | 629 | - | - |
| Payables to related entities – (a) (i) | - | 650 | - | 650 |
| | - | 1,279 | - | 650 |

## 17. Interest-Bearing Liabilities (continued)

**(b) Financing facilities**

| | CONSOLIDATED | |
|---|---|---|
| | 2016 $'000 | 2015 $'000 |
| The Group had access to the following financing facilities at balance date: | | |
| Total facilities available: | | |
| - Multiple advance, overdraft, bank guarantees, letter of credit line - (i) | 16,264 | 59,000 |
| | 16,264 | 59,000 |
| Facilities utilised at balance date: | | |
| - Multiple advance, overdraft, bank guarantees, letter of credit line - (i) | 7,620 | 50,111 |
| | 7,620 | 50,111 |
| Facilities not utilised at balance date: | | |
| - Multiple advance, overdraft, bank guarantees, letter of credit line - (i) | 8,644 | 8,889 |
| | 8,644 | 8,889 |

The financing facilities are available to the Group as combined facilities.

*(i) Multiple advance, overdraft, bank guarantees and/or letter of credit line*

The multiple advance and overdraft line is to facilitate the Group's working capital requirements.

Bank guarantees to the amount of $7.620 million have been provided mainly to the following parties:

- West Australian regulatory bodies for mining leases of Birla Nifty Pty Ltd; and
- Gas and other service providers.

All the bank guarantees are secured against the cash deposited with the bank. The guarantees provided to regulatory bodies do not have an expiry date. The guarantees provided to other suppliers ($1.620 million) have expiry dates falling between 5-28 months from the date of this report.

**(c) Defaults and breaches**

There were no defaults or breaches on any of the loans during the current and previous years.

## 18. Provisions

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Current** | | | | |
| Employee entitlements | 5,370 | 3,675 | - | - |
| Provision for penalties | 500 | - | - | - |
| | 5,870 | 3,675 | - | - |
| **Non-Current** | | | | |
| Employee entitlements | 876 | 1,232 | - | - |
| Rehabilitation | 38,373 | 75,183 | - | - |
| | 39,249 | 76,415 | - | - |

The nature of the provisions is described in note 1(o), 1(u) and 1(w).

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred over the life of the mines. However, the timing of rehabilitation expenditure is dependant on the life of the mines which may vary in the future. Refer note 1 (aa) (i) for details.

**Movements in Provisions**

| | Rehabilitation $'000 |
|---|---|
| **Consolidated** | |
| Carrying amount at the beginning of the year | 75,183 |
| Amount related to discontinued operations (see note 28) | (36,911) |
| Additional provision recognised during the year (net) | (621) |
| Amount utilised during the year | (97) |
| Increase in value due to time passage | 819 |
| Carrying amount at the end of the year | 38,373 |

Refer note 1 (aa)(i) for key inputs used in the calculation of provision

## 19. Contributed Equity and Reserves

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| **Issued and Paid Up Capital** | | |
| 313,372,551 Ordinary shares (2015: 313,372,551 Ordinary shares) | 450,663 | 450,663 |
| | **Shares** | **Shares** |
| *Movement in ordinary shares on issue* | | |
| At 31 March 2016 and 31 March 2015 | 313,372,551 | 313,372,551 |

**Terms and conditions**

*Ordinary shares*

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Effective from 1 July 1998, the Corporation legislation in place abolished the concept of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares.

**Capital Management**

The primary objective of the Company's capital management is to seek to maximise cash returns to shareholders whilst having regard to ensuring a solid financial structure for the Company and providing for value accretive development and exploration activities and targeted growth opportunities. Management also aims to maintain a capital structure through a combination of debt and equity that ensures the lowest cost of capital available to the Company.

The payment of dividends by the Company in the future will bo at the complete discretion of the Directors and will depend upon the Company's available distributable earnings, franking credit balance, operating results, available cash flow, financial condition, outlook, taxation position and future capital requirements, as well as general business and financial conditions, the Directors' view of the appropriate payout ratio from time to time and any other factors the Directors may consider relevant.

The Group is not subject to any externally imposed capital requirements.

**Nature and purpose of reserve**
*Cash flow hedge reserve*
This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

## 20. Related Parties

### (a) Interests in Controlled Entities

| Aditya Birla Minerals Limited | Country of Incorporation | % Shares Held 2016 | % Shares Held 2015 |
|---|---|---|---|
| Birla Nifty Pty Ltd | Australia | 100% | 100% |
| Birla Maroochydore Pty Ltd | Australia | 100% | 100% |
| Birla Mt Gordon Pty Ltd | Australia | - | 100% |

### (b) Ultimate Holding Company - Hindalco Industries Limited

The Group has a secure, long-term relationship with its ultimate parent entity, Hindalco Industries Limited, a company incorporated in India. The Group's copper in concentrate production is sold to Hindalco Industries Limited under contract at arm's length terms. These contractual arrangements extend to the life of mine of the Nifty operations and the Mt Gordon operation (the Nifty Concentrate Sales Agreement and the Mt Gordon Concentrate Sales Agreement). The price for the copper sold to Hindalco is based on the average LME copper price for the Quotational Period (refer to note 27). Treatment and Refining Charges (Tc/Rc) are negotiated annually with reference to the published benchmark set by major Japanese smelters and include standard industry Price Participation (PP) levels. For the year ended 31 March 2016, Tc was averaged at US$105 (2015: US$92) per dry metric tonne of copper concentrate and Rc was averaged at US$0.105 (2015: US$0.092) per pound of payable copper, which is 95.70% of contained copper in copper concentrate for FY2016 (2015 : 95.67%). The percentage of payable copper is dependant upon the concentrate grade which varies each year. There were no price participation charges in the current and previous year.

During the year ended 31 March 2016, transactions between the Group and Hindalco Industries Limited consist of sales and advances made as per the terms and conditions under the concentrate offtake agreement as disclosed in note 27.

The value of transactions with Hindalco Industries Limited during the year and the balances outstanding at the balance date has been set out in the table below:

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| Trade and other receivables/(payable) | 31,353 | (2,066) | - | - |
| Transactions during the year: | | | | |
| - Sales of copper concentrate * | 197,614 | 57,888 | - | - |

* During the year ended 31 March 2016, the Group sold 36,826 tonnes of copper contained in concentrate to Hindalco (2015: 9,338 tonnes). Sales of copper concentrate have been reported net of Tc/Rc charges and fluorine penalty of $33.789 million (2015: $6.539 million).

**(c) Key Management Personnel**

Details relating to Key Management Personnel, including remuneration paid, are included in note 21.

**(d) Related Entity - Birla Resources Pty Ltd**

Aditya Birla Minerals Limited has repaid the loan of $650,000 in current year (2015: $650,000) to Birla Resources Pty Ltd, a subsidiary of Hindalco Industries Limited. This loan was interest-bearing with no security.

**(e) Wholly Owned Group**

The non-current loans to controlled entities shown in note 9 are unsecured and are repayable on demand. Interest is charged based on BBSY for A$ or LIBOR for US$ for the portion of loans that are interest-bearing. Certain advances from subsidiary companies bear interest at the appropriate cash deposit rates.

The Company also enters into derivative contracts with counter-parties on behalf of its subsidiaries. The Company has entered into back to back agreements with its subsidiaries for all such transactions.

For the year ended 31 March 2016, the Parent has made allowances for impairment losses relating to amounts owed by its controlled entities and its investments in its controlled entities to reflect the amounts it expects to recover based on the applicable net assets of each controlled entitiy at balance date (refer to notes 3 (e), 9 and 15). An impairment assessment is undertaken each financial year by examining the financial position of the related entities and the market in which the related entity operates to determine whether there is objective evidence that the related entity receivable or investment is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss which it has done in the current year.

## 21. Key Management Personnel

### (a) Details of Key Management Personnel

**Directors**

| Name | Position | Date of Appointment | Date of Resignation |
|---|---|---|---|
| Mr D Bhattacharya | Non-Executive Chairman | 18 April 2003 | - |
| Mr N M Patnaik | CEO and Managing Director | 10 February 2015 | - |
| Mr M Prasanna | Independent Non-Executive Director | 20 January 2003 | - |
| Dr S Bhargava | Independent Non-Executive Director | 21 August 2007 | - |
| Mr M Anghie | Independent Non-Executive Director | 21 November 2007 | - |
| Mr N Krishnan | Independent Non-Executive Director | 21 November 2007 | - |
| Mr J C Laddha | Non-Executive Director | 15 October 2015 | - |

**Executives**

| Name | Position | Date of Appointment | Date of Resignation |
|---|---|---|---|
| Mr S L Dugar | Chief Financial Officer | 1 August 2012 | - |
| Mr S Dugar | Corporate Finance Manager | 1 August 2006 | - |
| Mr G Hota | Group Chief Mining Engineer | 26 July 2004 | - |
| Mr V Phan | Head of Engineering & Projects | 12 December 2011 | - |
| Mr Valentine Utete | General Manager – Birla Nifty Pty Ltd | 1 November 2011 | 17 August 2015 |

### (b) Compensation of Key Management Personnel

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $ | 2015 $ | 2016 $ | 2015 $ |
| Short term employee benefits | 2,727,686 | 2,701,550 | - | - |
| Long term employee benefits | 161,859 | 176,897 | - | - |
| Post employment benefits | 203,973 | 195,587 | - | - |
| **Total** | 3,093,518 | 3,074,034 | - | - |

### (c) Shareholdings of Key Management Personnel (Consolidated)

No key management personnel held any shares or undertook any equity transactions during the current or previous year.

### (d) Transactions and Balances with Key Management Personnel and their Related Parties

*Services*
Mr N Krishnan, non-executive director, received consulting fees for professional services they provided to the Group outside their normal Board and Committee duties. These fees were paid as per rates agreed and approved by the Board. An amount of A$5,000 was outstanding as at 31 March 2016 (31 March 2015: Nil).

The value of the consulting fees paid to the directors has been set out in the table below:

| | 2016 $ | 2015 $ |
|---|---|---|
| **Consulting fees** | | |
| Mr N Krishnan | 20,000 | 29,450 |
| **Total** | 20,000 | 29,450 |

## 22. Segment Reporting

The Group is organised into business units based on its mining activities and its products.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO (the chief operating decisions maker) in assessing performance and in determining the allocation of resources.

For management purposes, the Group has identified three reportable segments as follows:

- The Nifty Sulphide segment develops and mines sulphide ore that is processed and sold as copper concentrate.
- The Nifty Oxide segment develops and mines oxide ore that is processed and sold as copper cathode. The oxide operations are currently under care and maintenance.
- Exploration and evaluation segment includes activities associated with the determination and assessment of the existence of commercial economic reserves.

Mt Gordon, previously reported as a separate segment, has been classified as a discontinued operation as per note 28.

Following a review of the Group's operations in the current period, the composition of the reportable segments has changed and the comparative information has been restated.

All the Group's assets and operations are located in Australia. The Group has an offtake agreement with Hindalco for life of the mine production from all its current operations in Australia (refer note 27)

Segment performance is evaluated based on operating profit or loss and cash flows and is measured in accordance with the Group's accounting policies.

Group financing (including finance costs and finance revenue), corporate costs and income taxes are not allocated to operating segments as they are not considered a direct part of the core operations of any segment and are managed on a Group basis.

| | Nifty Sulphide | Nifty Oxide | Exploration and Evaluation | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Year ended 31 March 2016** | | | | |
| **Revenue** | | | | |
| External sales | 206,428 | - | - | 206,428 |
| **Total segment revenue** | 206,428 | - | - | |
| Interest revenue | - | - | - | 1,473 |
| **Total revenue** | | | | 207,901 |
| **Segment result** | (122,814) | (13,160) | (212) | (136,186) |
| Interest revenue | - | - | - | 1,473 |
| Other revenue | - | - | - | 910 |
| Corporate costs | - | - | - | (7,787) |
| Finance costs | - | - | - | (1,014) |
| **Loss before income tax from continuing operations** | | | | (142,604) |
| Income tax benefit | - | - | - | (14,860) |
| **Net (Loss)/Profit for the year from continuing operations** | | | | (157,464) |
| Depreciation and amortisation | (33,489) | - | - | (33,489) |
| Net profit on disposal of plant and equipment | 163 | - | - | 163 |
| Assets impaired/ written off | (95,490) | (13,077) | (11,190) | (119,757) |
| Segment operating assets * | 83,181 | 900 | 2,000 | 86,081 |
| Unallocated assets ** | | | | 75,817 |
| **Total assets** | | | | 161,898 |
| Capital expenditure | 10,165 | - | - | 10,165 |
| Segment liabilities | (65,913) | - | (3) | (65,916) |
| Corporate liabilities | | | | (1,835) |
| **Total liabilities** | | | | (67,751) |

*All common plant and machinery at Nifty mine site has been allocated to Nifty sulphide

**includes cash balance of $67.642 million, $7.620 million of security deposit to bank

## 22. Segment Reporting (continued)

| | Nifty Sulphide | Nifty Oxide | Exploration and Evaluation | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Year ended 31 March 2015** | | | | |
| **Revenue** | | | | |
| External sales | 57,124 | - | - | 57,124 |
| **Total segment revenue** | 57,124 | - | - | |
| Interest revenue | - | - | - | 1,893 |
| **Total revenue** | | | | 59,017 |
| **Segment result** | (154,301) | (81,656) | (144) | (236,101) |
| Interest revenue | - | - | - | 1,894 |
| Corporate costs | - | - | - | (7,815) |
| Finance costs | - | - | - | (1,425) |
| **Loss before income tax from continuing operations** | | | | (243,447) |
| Income tax benefit | - | - | - | 45,130 |
| **Net (Loss)/Profit for the year from continuing operations** | | | | (198,317) |
| Depreciation and amortisation | (18,268) | (653) | - | (18,921) |
| Net profit on disposal of plant and equipment | - | - | - | - |
| Assets impaired/ written off | (117,190) | (80,716) | - | (197,906) |
| Segment operating assets * | 204,337 | 12,978 | 13,509 | 230,824 |
| Unallocated assets ** | | | | 161,488 |
| **Total assets** | | | | 392,312 |
| Capital expenditure | 15,726 | - | - | 15,726 |
| Segment liabilities | (68,733) | - | (1) | (68,734) |
| Unallocated liabilities *** | | | | (39,040) |
| **Total liabilities** | | | | (107,774) |

*All common plant and machinery at Nifty mine site has been allocated to Nifty sulphide

**includes cash balance of $55.226 million, $19.023 million of security deposit to bank, deferred tax assets of $14.860 million and Mt Gordon assets of A$72.027 million

*** includes Mt Gordon liabilities of A$37.839 million

## 23. Commitments

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Capital Expenditure** | | | | |
| Capital expenditure contracted for at reporting date, but not provided for: | | | | |
| Payable not later than one year | 990 | 467 | - | - |
| Payable later than one not later than five years | - | - | - | - |
| Payable later than five years | - | - | - | - |
| | 990 | 467 | - | - |

The Group had contractual obligations in relation to various projects of $0.990 million (2015: $0.467 million).

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| **Operating Leases** | | | | |
| The Group has entered into contracts for the provision of vehicle fleet and infrastructure as follows: | | | | |
| Payable not later than one year | 371 | 1,172 | - | - |
| Payable later than one not later than five years | 22 | 247 | - | - |
| Payable later than five years | - | - | - | - |
| | 393 | 1,419 | - | - |

The Group has entered into operating leases on certain motor vehicles, mining equipment and portable infrastructure.

There are no restrictions placed upon the Group by entering into these leases.

**Other Commitments**

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay lease rentals and to meet the minimum expenditure requirements of the relevant regulatory bodies per annum. Minimum expenditure requirements excluding lease rentals are $2,008,480 (2015: $3,015,900). These commitments are subject to renewal of the leases, renegotiation upon expiry of the exploration leases or when application for a mining lease is made. These commitments are not provided for in the financial statements.

For the transportation of gas from Port Hedland to Nifty, the Group has agreed to pay minimum transportation charges of $2,410,000 per annum (2015: $2,410,000), subject to inflationary adjustments. The gas transportation agreement is valid until 6 December 2019.

## 24. Contingent Liabilities

There are no material contingent liabilities at balance date.

## 25. Notes to the Statement of Cash Flows

**(a) Reconciliation of net (loss)/profit after income tax to net cash flows from operating activities**

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| Net (loss)/profit from ordinary activities after income tax | (190,391) | (219,712) | (175,162) | (204,960) |
| *Adjustments for:* | | | | |
| Depreciation of plant and equipment | 12,621 | 10,918 | - | - |
| Amortisation of mine properties and deferred mining | 20,868 | 9,146 | - | - |
| Net gain on disposal of plant and equipment | (163) | - | - | - |
| Net foreign exchange differences | (204) | (8,485) | 3 | (6,178) |
| Provision for interest payable to suppliers | - | (596) | - | - |
| Write-down of inventories | 386 | 15,120 | - | - |
| Impairment of Assets | 149,292 | 219,022 | 172,678 | 193,394 |
| *Changes in assets and liabilities:* | | | | |
| (Increase)/decrease in trade and other receivables | (32,593) | 8,576 | (572) | 5,789 |
| (Increase)/decrease in prepayments | 177 | 592 | 28 | 3 |
| (Increase)/decrease in inventories | 31,597 | (38,496) | - | - |
| (Increase)/decrease in deferred derivative assets | 192 | 8,584 | - | - |
| Increase/(decrease) in deferred derivative liabilities | (673) | - | - | - |
| (Increase)/decrease in other financial assets | - | - | - | - |
| (Increase)/decrease in deferred tax assets | 14,860 | (14,860) | - | 11,523 |
| Increase/(decrease) in deferred tax liabilities (net) | - | (45,959) | - | (7,024) |
| Increase/(decrease) in income tax payable | - | 1,536 | - | 1,535 |
| Increase/(decrease) in trade and other payables | (2,322) | (1,944) | (626) | (261) |
| Increase/(decrease) in provision for employee entitlements | 1,490 | (6,026) | - | - |
| Increase/(decrease) in provision for penalties | 500 | - | - | - |
| Increase/(decrease) in provision for rehabilitation | 722 | 1,331 | - | - |
| **Net cash from/(used in) operating activities** | 6,359 | (61,253) | (3,651) | (6,179) |

## 25. Notes to the Statement of Cash Flows (continued)

**(b) Reconciliation of Cash**

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 March:

| | CONSOLIDATED | | PARENT | |
|---|---|---|---|---|
| | 2016 $'000 | 2015 $'000 | 2016 $'000 | 2015 $'000 |
| Cash at bank and in hand | 67,642 | 5,458 | 23,927 | 3,952 |
| Short-term deposits | - | 49,768 | - | 41,667 |
| | 67,642 | 55,226 | 23,927 | 45,619 |
| Bank overdrafts | - | (629) | - | - |
| | 67,642 | 54,597 | 23,927 | 45,619 |

**(c) Disclosure of financing facilities**

Details of financing facilities are included in note 17(b).

## 26. Impairment of Assets

The Company reviewed the carrying value of its assets and cash generating units due to the following material events that took place during the period ended 31 March 2016 –

*Nifty Sulphide*

- A reduction in Reserves by ~39kt of contained copper resulting from lower stope recovery, higher dilution in grade based on recent experience and change in resource to reserve conversion.
- Change in macro-economic conditions (copper price and AUD/USD exchange rate).

*Nifty Oxide*

- Change in macro-economic conditions (copper price and AUD/USD exchange rate)
- The results of the metallurgical test work conducted by an independent laboratory demonstrate that the recovery of copper from the heap leach pad is not economically viable under the prevailing copper price.

*Marrochydore*

- Change in macro-economic conditions which had an impact on the latest resource valuation report from independent expert

Considering the above events/information, the following impairment losses have been recognised in the financial report for each CGU:

| | CONSOLIDATED | |
|---|---|---|
| | 2016 $'000 | 2015 $'000 |
| Nifty – Sulphide | 95,490 | 117,190 |
| Nifty Oxide | 13,077 | 80,716 |
| Maroochydore | 11,190 | - |
| **Total loss on impairment of assets** | 119,757 | 197,906 |

The above impairment losses have been allocated to the Group's non-current assets as below:

| | Carrying value ('000) | Impairment loss ('000) | Recoverable amount ('000) |
|---|---|---|---|
| **Nifty Sulphide** | | | |
| Plant and Equipment | 53,439 | 28,264 | 25,175 |
| Mine properties | 66,843 | 63,093 | 3,750 |
| Deferred Exploration and Evaluation expenditure | 259 | 259 | - |
| Inventory of spares and consumables * | 20,520 | 3,874 | 16,646 |
| **Total** | **141,061** | **95,490** | **45,571** |
| **Nifty Oxide** | | | |
| Copper and ore under leach | 10,830 | 10,830 | - |
| Mine properties | 1,147 | 1,147 | - |
| Plant and Equipment ** | 2,000 | 1,100 | 900 |
| **Total** | **13,977** | **13,077** | **900** |
| **Maroochydore** | | | |
| Deferred Exploration and Evaluation expenditure | 13,130 | 11,130 | 2,000 |
| Plant and Equipment ** | 60 | 60 | - |
| **Total** | **13,190** | **11,190** | **2,000** |

*Inventory of spares and consumables has been impaired to their estimated recoverable amount with regard to the age, nature and current purchase price of the inventory. This value is classified as level 3 in the fair valuation hierarchy.
**The oxide processing plant has been written down to estimated market value based on an independent valuation of the plant as the plant is not going to be used for processing oxide ore.

The Group assessed each asset or cash generating unit (CGU) for the year ended 31 March 2016 to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount was made, which is considered to be the higher of the fair value less costs to sell (FVLCS) and Value In Use (VIU). The Group has used FVLCS for Nifty Sulphide, Maroochydore and Nifty Oxide. The Group has used the following methodologies and assumptions:

*Nifty Sulphide (FVLCS)*
For the year ended 31 March 2016, the Group has impaired the assets of Nifty Sulphide based on fair values determined by independent experts less expected costs of disposal. This method has been adopted as it results in a higher recoverable amount than a VIU assessment given the current copper price assumptions for the life of mine. The commodity price forecasts are ranging from A$6,902 to A$7,683 per MT of copper over the life of mine derived from a range of external global commodity and currency forecasters. The mine properties have been valued using a market approach known as the yardstick valuation method which is based on a market multiple for copper contained in the mineral resource. Plant and Equipment have been valued using estimated market values adjusted for present condition and location. All fair values are classified as level 3 in the fair valuation hierarchy.

*Key inputs – Mine Properties*
Price multiple ranging from $5 to $15 per ton of contained copper with a preferred price of $6 per ton has been derived from market observed multiples and from transactions that were completed in 2015 and 2016 in Australia. Total copper contained in mineral resource of 0.477 million tons and cost of disposal equivalent to ~5% of total value.

*Sensitivity*

| | Impact on impairment ('000) |
|---|---|
| Price multiple of $5 per ton of contained copper | (453) |
| Price multiple of $10 per ton of contained copper | 1,813 |
| Price multiple of $15 per ton of contained copper | 4,078 |

*Nifty Oxide (FVLCS)*

For the year ended 31 March 2016, the Group has impaired the assets of Nifty Oxide based on fair values determined by independent experts less expected costs of disposal. The mine properties have been valued using a market approach known as the yardstick valuation method which is based on a market multiple for copper contained in the mineral resource. Plant and Equipment have been valued using estimated market values adjusted for condition or location. All fair values are classified as level 3 in the fair valuation hierarchy

*Key inputs – Mine Properties*

Price multiple ranging from $3 to $15 per ton of contained copper with preferred price of $5 per ton has been derived from market observed multiples and from transactions that were completed in 2015 and 2016 in Australia. Total copper contained in mineral resource of 0.061 million tons and cost of disposal equivalent to ~5% of total value. Given the low fair value, the mine properties have been fully impaired.

*Sensitivity*

At the balance date, no reasonably possible changes in the copper price will result in the reversal of impairment for Nifty Oxide.

*Maroochydore (FVLCS)*

For the year ended 31 March 2016, the Group has impaired the assets of Maroochydore based on fair values determined by independent experts less expected costs of disposal. The mine properties have been valued using a market approach known as the yardstick valuation method which is based on a market multiple for copper contained in the mineral resource. Plant and Equipment have been valued using estimated market values adjusted for condition or location. All fair values are classified as level 3 in the fair valuation hierarchy

*Key inputs – Deferred Exploration and Evaluation Expenditure*

Price multiple ranging from $2 to $10 per ton of contained copper with preferred price of $3 per ton has been derived from market observed multiples and from transactions that were completed in 2015 and 2016 in Australia. Total copper contained in mineral resource of 0.486 million tons and cost of disposal equivalent to ~5% of total value.

*Sensitivity*

| | Impact on impairment ('000) |
|---|---|
| Mine properties | |
| Price multiple of $2 per ton of contained copper | (462) |
| Price multiple of $5 per ton of contained copper | 923 |
| Price multiple of $10 per ton of contained copper | 3,232 |

## 27. Copper in Concentrate off-take agreement

By agreement dated 25 January 2006, Birla Nifty agreed to sell, and Hindalco agreed to purchase, all Copper in Concentrate produced at the Nifty copper mine for the LOM ("Nifty Concentrate Sales Agreement").

The price Hindalco must pay Birla Nifty is governed by the Nifty Concentrate Sales Agreement and yearly memoranda of agreement (which are negotiated prior to commencement of the contract year). The price payable is the sum of the payments for payable Copper in Concentrate minus TC/RCs. Whereas the Nifty Concentrate Sales Agreement determines the price payable in relation to the components of the Copper in Concentrate; the memoranda of agreement govern the treatment and refining charges that Hindalco is entitled to recoup.

The TC/RCs agreed in the yearly memoranda of agreement must be the same as the "annual Japanese benchmark agreed between the major copper mines and the Japanese smelters under calendar year contracts for similar qualities of copper concentrates" ("Annual Japanese Benchmark"). The Annual Japanese Benchmark determines the treatment charge (in US dollars) to be levied per dry metric tonne of Copper in Concentrate and the refining charge (in US dollars) to be levied per pound of payable copper extracted from the Copper in Concentrate. In addition, the Annual Japanese Benchmark prescribes the Quotational Period over which the price determinants set out above are to be averaged.

Delivery of the Concentrate is made on a cost insurance and freight /free over ("CIF FO") basis to the port of Dahej, Gujarat, India as per "Incoterms 2000".

*Memorandum of agreement dated 22 February 2016*
The memorandum of agreement governing the TC/RCs applicable to the Nifty Concentrate Sales Agreement for the contract year 1 January 2016 to 31 December 2016 inclusive, records the following terms:

TC – US$97.35 per dmt of Copper Concentrates
RC – US$0.09735 per pound of payable copper.

Quotational Period - The Quotational Period for all payable copper shall be the third calendar month following the month of vessel's arrival at the discharge port (ie 3MAMA).

## 28. Discontinued Operation

The Company sold the Mt Gordon operations to Lighthouse Minerals Holdings Pty. Limited ("Lighthouse") during the year by way of sale of its 100% shareholding to Lighthouse. The signing of the sale transaction occurred on 20 September 2015 and the completion of the transaction took place on 27 October 2015 subsequent to fulfilment of all conditions precedent. With Mt Gordon classified as adiscontinued operation, the segment is no longer presented in the segment note.

The results of Mt Gordon for the period are presented below:

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Revenue | 185 | 313 |
| Expenses | (2,886) | (9,342) |
| Finance Costs | (691) | (426) |
| Impairment recognised | (29,535) | (21,116) |
| Loss before income tax from discontinued operations | **(32,927)** | **(30,571)** |
| Income Tax | - | 9,176 |
| Loss after income tax from discontinued operations | **(32,927)** | **(21,395)** |
| Earnings /(loss) per share from discontinued operations (cents per share) | | |
| - basic and diluted | (10.51) | (6.83) |

The net cash flow incurred by the Mt Gordon business is as follows:

| | 2016 | 2015 |
|---|---|---|
| Net cash inflow/ (outflow) from operating activities | (2,913) | (9,627) |
| Net cash inflow/ (outflow) from investing activities | (479) | (345) |
| **Net increase/ (decrease) in cash generated** | **(3,392)** | **(9,972)** |

The major classes of assets and liabilities of Mt Gordon as at the date of sale were as follows:

| | $'000 |
|---|---|
| **Assets** | |
| Property Plant & Equipment | 40,182 |
| Deferred exploration & evaluation expenditure | 1,266 |
| Inventory – stores & consumables | 559 |
| Trade & other receivable | 73 |
| Other | 10 |
| | **42,090** |

| | |
|---|---|
| **Liabilities** | |
| Trade Creditors & other accruals/ provision | 137 |
| Rehabilitation & other non-current provision | 37,301 |
| | **37,438** |
| **Net Assets** | **4,652** |

**Consideration Received**

| | $'000 |
|---|---|
| Proceeds of Sale | 5,000 |
| Costs related to sale | (348) |
| Net consideration | 4,652 |

The fair value of the contingent & conditional cash payment of A$ 10 million is immaterial at balance sheet date

**Parent Entity**

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Impairment of Receivables from Mt Gordon | 30,308 | 163,340 |
| | **30,308** | **163,340** |

## 29. Events Subsequent to Balance Date

There are no material subsequent events after the balance date.

# Directors' Declaration

In accordance with a resolution of the Directors of Aditya Birla Minerals Limited, we state that:

1. In the opinion of the Directors:

   a) the financial statements, notes, and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 March 2016 and of their performance for the year ended on that date: and

      (ii) complying with Accounting Standards and Corporations Regulations 2001; and

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 March 2016.

Signed in accordance with a resolution of the directors.

**Debu Bhattacharya**
Chairman

**Neela Madhab Patnaik**
CEO and Managing Director

Perth, 30 May 2016

## Auditor's Independence Declaration to the Directors of Aditya Birla Minerals Limited

As lead auditor for the audit of Aditya Birla Minerals Limited for the financial year ended 31 March 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aditya Birla Minerals Limited and the entities it controlled during the financial year ended 31 March 2016.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
30 May 2016

# Independent auditor's report to the members of Aditya Birla Minerals Limited

## Report on the financial report

We have audited the accompanying financial report of Aditya Birla Minerals Limited, which comprises the statement of financial position as at 31 March 2016, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

*Opinion*

In our opinion:

a. the financial report of Aditya Birla Minerals Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the company's and consolidated entity's financial positions as at 31 March 2016 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 31 March 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Opinion*

In our opinion, the Remuneration Report of Aditya Birla Minerals Limited for the year ended 31 March 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
30 May 2016

## BIRLA NIFTY PTY LTD

### INCOME STATEMENT
### FOR THE YEAR ENDED 31 MARCH 2016

| | Notes | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| Sale of product | 2(a) | 206,428 | 57,124 |
| Other revenue | 2(a) | 1,473 | 1,853 |
| **Total revenue** | | 207,901 | 58,977 |
| Cost of sales | | (223,935) | (103,227) |
| **Gross (loss)/ profit** | | (16,034) | (44,250) |
| Other income | 2(b) | 1,453 | 31,479 |
| Administration expenses | | (6,485) | (6,584) |
| Care and maintenance expenses | | (83) | (288) |
| Suspension period expenses | | - | (22,113) |
| Assets written off | | (114) | - |
| Impairment of assets | 20 | (108,567) | (169,929) |
| **(Loss)/ profit before income tax and finance costs** | | (129,830) | (211,685) |
| Finance costs | 2(c) | (964) | (951) |
| **(Loss)/ profit before income tax** | | (130,794) | (212,636) |
| Income tax (expense)/ benefit | 4 | (19,336) | 44,876 |
| **Net (loss)/ profit attributable to member of the Company** | | (150,130) | (167,760) |

The accompanying notes form an integral part of this Income Statement.

## BIRLA NIFTY PTY LTD

### STATEMENT OF COMPREHENSIVE INCOME
### FOR THE YEAR ENDED 31 MARCH 2016

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| **Net (loss)/profit for the year** | (150,130) | (167,760) |
| **Other comprehensive income** | | |
| Income tax liabilities transferred to parent company | - | 762 |
| **Cash flow hedges** | | |
| Gain/(loss) taken to equity | - | (1,298) |
| Transferred to income statement | - | (14,434) |
| Tax effect | - | 4,719 |
| **Other comprehensive income/ (loss) for the year, net of tax** | - | (11,013) |
| **Total comprehensive (loss)/ profit for the year, net of tax** | (150,130) | (178,011) |

The accompanying notes form an integral part of this Statement of Comprehensive Income.

## BIRLA NIFTY PTY LTD

### STATEMENT OF FINANCIAL POSITION
### AS AT 31 MARCH 2016

| | Notes | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 6 | 43,714 | 9,589 |
| Trade and other receivables | 7 | 46,383 | 47,314 |
| Inventories | 8 | 19,073 | 54,929 |
| Derivative financial instruments | 12 | 563 | 755 |
| Other | 9 | 1,645 | 1,773 |
| **Total Current Assets** | | 111,378 | 114,360 |
| **Non-Current Assets** | | | |
| Inventories | 8 | - | 10,830 |
| Property, plant and equipment | 10 | 29,825 | 147,439 |
| Deferred exploration and evaluation expenditure | 11 | - | 258 |
| Deferred tax assets | | - | 19,336 |
| Other | 9 | 264 | 284 |
| **Total Non-Current Assets** | | 30,089 | 178,147 |
| **TOTAL ASSETS** | | 141,467 | 292,507 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 13 | 18,995 | 20,693 |
| Interest bearing liabilities | 14 | - | 629 |
| Provisions | 15 | 5,870 | 3,563 |
| Derivative financial instruments | 12 | 3,227 | 3,900 |
| **Total Current Liabilities** | | 28,092 | 28,785 |
| **Non-Current Liabilities** | | | |
| Deferred tax liabilities | | - | - |
| Provisions | 15 | 39,249 | 39,466 |
| **Total Non-Current Liabilities** | | 39,249 | 39,466 |
| **TOTAL LIABILITIES** | | 67,341 | 68,251 |
| **NET ASSETS** | | 74,126 | 224,256 |
| **EQUITY** | | | |
| Issued capital | 16 | 87,414 | 87,414 |
| Tax consolidation reserve | | 88,567 | 88,567 |
| Cash flow hedge reserve | | - | - |
| Retained profits/ (Accumulated losses) | | (101,855) | 48,275 |
| **TOTAL EQUITY** | | 74,126 | 224,256 |

The accompanying notes form an integral part of this Statement of Financial Position.

## BIRLA NIFTY PTY LTD

### STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED 31 MARCH 2016

| | Notes | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| **Cash flows from/(used in) operating activities** | | | |
| Receipts from customers | | 172,340 | 75,557 |
| Receipts from close out of derivative contracts | | - | 16,873 |
| Payments to suppliers and employees | | (162,551) | (145,273) |
| Interest received | | 1,439 | 2,379 |
| Interest paid | | (145) | (254) |
| Net cash flows from operating activities | 19 | 11,083 | (50,718) |
| **Cash flows from/(used in) investing activities** | | | |
| Payment for plant and equipment | | (2,361) | (2,054) |
| Payments for mine development | | (7,804) | (13,766) |
| Payments for security deposits | | (2,024) | (19,023) |
| Release of security deposits | | 21,047 | - |
| Proceeds from sale of plant and equipment | | 165 | - |
| Net cash flows used in investing activities | | 9,023 | (34,843) |
| **Cash flows from/(used in) financing activities** | | | |
| Repayment of borrowings – related entities | | 100,514 | 167,286 |
| Loans made to related parties | | (87,116) | (89,653) |
| Net cash flows from/ (used in) financing activities | | 13,398 | 77,633 |
| Net decrease in cash and cash equivalents | | 33,504 | (7,928) |
| Net foreign exchange differences | | 1,250 | 14,383 |
| Cash and cash equivalents at the beginning of the year | | 8,960 | 2,505 |
| Cash and cash equivalents at the end of the year | 19 | 43,714 | 8,960 |

The accompanying notes form an integral part of this Statement of Cash Flows.

## BIRLA NIFTY PTY LTD

### STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED 31 MARCH 2016

| | Issued Capital $'000 | (Accumulated Losses)/ Retained Profits $'000 | Tax Consolidation Reserve $'000 | Cash Flow Hedge Reserve $'000 | Total Equity $'000 |
|---|---|---|---|---|---|
| **At 1 April 2014** | 87,414 | 216,035 | 87,805 | 11,013 | 402,267 |
| Net profit for the year | - | (167,760) | - | - | (167,760) |
| Other comprehensive income | - | - | 762 | (11,013) | (10,251) |
| Total comprehensive income for the year, net of tax | - | (167,760) | 762 | (11,013) | (178,011) |
| Dividends | - | - | - | - | - |
| **At 31 March 2015** | 87,414 | 48,275 | 88,567 | - | 224,256 |
| Net profit for the year | - | (150,130) | - | - | (150,130) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the year, net of tax | - | (150,130) | - | - | (150,130) |
| Dividends | - | - | - | - | - |
| **At 31 March 2016** | 87,414 | (101.855) | 88,567 | - | 74,126 |

The accompanying notes form an integral part of this Statement of Changes in Equity.

## 1. Summary of Significant Accounting Policies

### (a) Corporate Information

The financial report of Birla Nifty Pty Ltd for the year ended 31 March 2016 was authorised for issue in accordance with a resolution of the Directors on 29 July 2016.

Birla Nifty Pty Ltd is a company limited by shares incorporated and domiciled in Australia.

The address of the registered office is Level 3, 256 Adelaide Terrace, Perth, WA, 6000.

### (b) Basis of Preparation

This special purpose financial report has been prepared for distribution to the members to fulfil the Directors' financial reporting requirements under the Corporations Act 2001. The accounting policies used in the preparation of this financial report, as described below, are, in the opinion of the Directors, appropriate to meet the needs of members.

The requirements of Australian Accounting Standards do not have mandatory application to Birla Nifty Pty Ltd in relation to the year ended 31 March 2016 because the Directors have determined that the Company is not a reporting entity. However the Directors have determined that in order for the financial report to give a true and fair view of the Company's results of operations and state of affairs, the requirements of Accounting Standards and other professional reporting requirements relating to the measurement of assets, liabilities, revenues, expenses and equity should be complied with.

The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption. The company's parent entity, Aditya Birla Minerals Limited has confirmed that they will provide the company with financial support if required, firstly via repayment of the inter-company loan of $13.471 million payable to Birla Nifty Pty Ltd and then generally, if required.

The Directors have prepared the financial report in accordance with the requirements of the Corporation Act 2001, the recognition, measurement and classification requirements of Australian Accounting Standards and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Cash Flows Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1048 Interpretation and Application of Standards with the exception of the disclosure requirements of the following:

- AASB 7 Financial Instruments - Disclosures
- AASB 8 Operating Segments
- AASB 112 Income Tax – some disclosures have not been presented
- AASB 119 Employee Benefits – some disclosures have not been presented
- AASB 124 Related Party Disclosures
- AASB 132 Presentation and Disclosure of Financial Instruments

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000s) unless otherwise stated under the option available to the company under ASIC Class Order 98/1000. The Company is an entity to which the class order applies.

**(c) Statement of Compliance**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 31 March 2016. These are outlined in the table below:

**a) AASB 9 Financial Instruments**

AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

***Classification and measurement***

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.

The main changes are described below.

***Financial assets***

a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

***Financial liabilities***

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.

Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:

- ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- ► The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

***Impairment***

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

***Hedge accounting***

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

**b) AASB 15 Revenue from Contracts with Customers**
AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer

(b) Step 2: Identify the performance obligations in the contract

(c) Step 3: Determine the transaction price

(d) Step 4: Allocate the transaction price to the performance obligations in the contract

(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.

AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

**c) AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle**
The subjects of the principal amendments to the Standards are set out below:

***AASB 5 Non-current Assets Held for Sale and Discontinued Operations:***

• Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.

***AASB 119 Employee Benefits:***

• Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

***AASB 134 Interim Financial Reporting:***

• Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

**d) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101**

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

**e) AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality**

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

**f) AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]**

This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.

**g) AASB 16 - Leases**

The key features of AASB 16 are as follows:

***Lessee accounting***

• Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

• A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.

• Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

• AASB 16 contains disclosure requirements for lessees.

***Lessor accounting***

• AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

• AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

AASB 16 supersedes:

(a) AASB 117 Leases;

(b) Interpretation 4 - Determining whether an Arrangement contains a Lease;

(c) Interpretation 115 - Operating Leases—Incentives; and

(d) Interpretation 127 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.

**h) 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]**

This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

**(i) 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107**

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

**(d) Revenue recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of product*

Revenue from sales of copper concentrate and copper cathode is recognised upon shipment or discharge when there has been a passing of the significant risks and rewards of ownership, which means the following:

- The product is in a form suitable for delivery and no further processing is required by, or on behalf of the Company;
- The quantity and quality (grade) of the product can be determined with reasonable accuracy;
- The selling price can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales revenue is subject to adjustment based on final assay results. In addition, the terms of the sales contracts contain provisional pricing arrangements. Adjustments to the sales price are based on movements in metal prices up to the date of final pricing. Final settlement is between 3 and 4 months after the date of delivery (the "quotational period") with pricing based on the average LME copper price for the month of settlement. The revenue adjustment mechanism embedded within the sales contract has the characteristics of a commodity derivative which significantly modifies the cash flows under the contract. The Company has decided to designate the trade receivables arising on initial recognition of the sales transaction as a financial asset at fair value through income statement (see note 1(j)) and not separately account for the embedded derivative. Accordingly the fair value of the receivable is re-estimated continuously and changes in fair value recognised as an adjustment to revenue in the income statement.

*Interest income*
Revenue is recognised as interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

**(e) Foreign currency transactions**

Both the functional and the presentation currency of the Company is Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date.

All differences in the financial report are taken to the income statement.

The accounting policy for hedge transactions is set out in Note 1(h).

**(f) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized:
- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary difference associated with investments in subsidiaries, deferred tax asset are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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

For the purposes of income taxation, Birla Nifty Pty Ltd had become a member of a tax consolidated group. Its parent company, Aditya Birla Minerals Limited, is the head entity of the tax consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the group allocation approach. Members of the Group have entered into a tax sharing agreement which provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

### (g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

### (h) Derivative financial instruments and hedging

The Company benefits from the use of derivative financial instruments to manage commodity price, interest rates and foreign currency exposures.

Instruments used to manage natural exposures to commodity prices, exchange rates and interest rates include put and call options, swaps and foreign exchange contracts.

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently re-measured at their fair values.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when the Company hedges the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where the Company hedges the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or an expected transaction.

The method of recognising the resultant gain or loss is dependent on the nature of the item being hedged.

At the inception of the transaction, the Company documents the relationship between the hedging instrument and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to resultant cash flows from specific quotational periods.

Changes in the fair value of derivatives that are designated against future sales qualify as cash flow hedges and if deemed highly effective, are recognised in equity to the extent of the hedge's effectiveness. Any ineffectiveness in the hedge relationship is taken immediately to the income statement. Amounts deferred in equity are transferred to the income statement and classified as revenue in the same periods during which the designated hedged sales are recognised.

Certain derivative instruments do not qualify for hedge accounting under the specific rules in the accounting standards. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under the accounting standards, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the commitment or expected transaction occurs.

However, if the committed or expected transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to the income statement.

### (i) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(j) Trade and other receivables**

On initial recognition trade debtors are designated at fair value through profit and loss, accordingly trade debtors are measured at fair value as at reporting date. Credit balances are reclassified to trade and other payables.

The majority of sales revenue is invoiced and received in US dollars.

Generally 100% of the copper cathode sales invoice value is to be settled within 10 days of presentation of delivery documents.

In the case of copper concentrate, on presentation of documents the customer settles 90% of the provisional invoice value within 3-5 days of receipt of consignment and the remaining 10% is settled within 3-5 days of presentation of the final invoice at the end of the quotational period.

Other receivables are recognised and carried at original invoiced amount less an allowance for doubtful debts.

An allowance for doubtful debts is made when there is objective evidence that the consolidated entity will not be able to collect the debts. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. Bad debts are written off when identified. No interest is charged on overdue accounts.

**(k) Inventories**

Inventories comprise broken ore, copper in ore and under leach and cathode which are carried at the lower of weighted average cost and net realisable value.

Cost comprises direct material, labour and other expenditure together with an appropriate portion of fixed and variable overhead expenditure based on the weighted average costs incurred during the period in which such inventories were produced.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost and net realisable value.

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

**(l) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Items of property, plant and equipment are depreciated as outlined below:

- **mining plant & equipment:** unit of production based on economically recoverable reserves.
- **other plant and equipment:** straight line depreciation at a rate of 10% to 50% per annum, depending on the item of plant.

The cost of property, plant and equipment constructed by the Company includes the costs of all materials used in construction, direct labour, borrowing costs incurred during construction and an allocation of overheads.

Borrowing costs included in the cost of property, plant and equipment are those costs, which are directly attributable to the construction, or production of qualifying assets and that would have been avoided if the expenditure on the construction of the property, plant and equipment had not been made.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and available for use.

*Mining Properties in Production or Under Development*

Mine properties in production (including exploration, evaluation and development expenditure) are accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs is provided on a production output basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation that area of interest. Should the carrying value of expenditure not yet amortised exceed its estimated recoverable amount in any year, the excess is written off to the income statement.

*Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating unit are written down to their recoverable amount through the Income Statement.

The recoverable amount of plant and equipment is the greater 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 assessment of the time value of money and the risks specific to the asset or group of assets being assessed.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of recoverable amount, but only to the extent 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 (cash generating unit). A reversal of impairment loss is recognised in profit and loss immediately.

*Derecognition*

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

### (m) Exploration and evaluation expenditure

Exploration and evaluation expenditure is charged against earnings as incurred.

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

Costs related to the acquisition of properties that contain mineral resources are allocated separately to specific areas of interest. These costs are capitalised until viability of the area of interest is determined. If no mineral ore body is discovered, capitalised acquisition costs are expensed in the period in which it is determined that the area of interest has no future economic value. When a decision to proceed to development is made, all costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

### (n) Rehabilitation, restoration and environmental costs

Long-term environmental obligations are based on the Company's environmental management plans, in compliance with current environmental and regulatory requirements.

The costs include obligations relating to reclamation, waste site closure, plant closure, and other costs associated with the restoration of the site.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance (to the extent that it relates to the development of an asset) that has been incurred as at the balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. These increases are accounted for on a net present value basis.

Annual increases in the provision relating to the change in the net present value of the provision are accounted for in the income statement as finance costs.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

### (o) Deferred mining costs

Certain post-commissioning mining costs, principally those that relate to the development of stopes to access the ore and which relate to future economically recoverable ore to be mined, have been capitalised and included in the statement of financial position as deferred mining in mine properties.

These costs are deferred or taken to the cost of production as the case may be, so that each tonne of ore mined bears the average cost of development per tonne of ore. The remaining life of the mine based on latest mine plan is regularly assessed by the Directors and senior management to ensure the carrying value of deferral is appropriate.

### (p) Recoverable amount of Non-Financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. Recoverable amount is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs of disposal and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 assessment of the time value of money and the risks specific to the asset or group of assets being assessed.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss unless the asset is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (q) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade accounts are normally settled in accordance with the terms of trade.

Payables to related parties are initially recognised at their fair value and subsequently measured at amortised cost.

### (r) Interest-bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

**(s) Leased assets**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

*Finance leases*

Leases which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements and amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is shorter.

*Operating leases*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

**(t) Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, long service leave, encashable sick leave and bonus, where applicable.

Liabilities arising in respect of wages, salaries and any other employee benefits expected to be wholly settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Obligations for contributions to defined contribution superannuation plans are expensed as incurred.

**(u) Borrowing costs**

Borrowing costs are recognised as an expense when incurred, except where the borrowing costs incurred are directly associated with the construction, purchase or acquisition of a qualifying asset, in which case the borrowing costs will be capitalised as part of the cost of the asset.

**(v) Provisions**

A provision is recognised when a legal or constructive obligation exists as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(w) Issued capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

**(x) Significant accounting judgements, estimates and assumptions**

*(i) Mine rehabilitation provision*

The Company assesses its mine rehabilitation provision annually in accordance with the accounting policy stated in note 1(n). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. The rehabilitation provision represents management's best estimate of the Company's obligations using assumptions that represent the expected outcomes of the uncertainties. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation will ultimately depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future copper prices, which are inherently uncertain.

The discount rates used in the calculation of the provisions as at 31 March 2016 is 2.12% (2015: 2.05%), the inflation rate is 2.115% (2015 : 2.48%). Life of mine is taken as 3 years for discounting of rehab provision

*(ii) Units of production method of depreciation*

The Company applies the units of production method of depreciation of its mine assets based on ore tonnes mined. These calculations require the use of estimates, future development costs and assumptions. Significant judgement is required in assessing the available reserves, future development costs and the production capacity of the plants to be depreciated under this method. Factors that are considered in determining reserves and resources and production capacity are the company's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets and future developments. When these factors change or become known in the future, such differences will impact pre-tax profit and carrying values of assets.

*(iii) Impairment of Property, Plant and Equipment*

The Company assesses each asset or cash generating unit (CGU) at the end of each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and Value In Use (VIU). Refer note 20 for further details.

*(iv) Deferred Tax Assets*

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies which is dependent on the Company's ability to earn taxable income from its ongoing operations. This in turn is dependent on a number of future estimates but not limited to future assumptions as to the copper price, exchange rates, operating and capital costs..

The Company has recognised a deferred tax asset of $Nil (2015: $19.336 million).

| | | 2016 $'000 | 2015 $'000 |
|---|---|---|---|

## 2. Revenues and Expenses

| | | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| (a) | **Revenue** | | |
| | Sale of product | 206,428 | 57,124 |
| | **Other revenue** | | |
| | Bank interest | 1,473 | 1,853 |
| | Total revenue | 207,901 | 58,977 |
| (b) | **Other income** | | |
| | Net gain on disposal of plant and equipment | 163 | - |
| | Gain on close-out of derivative contracts | - | 16,873 |
| | Net gain on foreign exchange | 1,249 | 12,026 |
| | Other* | 41 | 2,580 |
| | | 1,453 | 31,479 |

* In FY15, it included an amount of $ 2.525 million received from Louminco and Factor for an out of court full and final settlement of a litigation for faulty design of the backfill plant.

| | | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| (c) | **Finance costs** | | |
| | Facility and Guarantee fees | 145 | 254 |
| | Payables to ultimate parent company | - | - |
| | | 145 | 254 |
| | Unwinding of discount on rehabilitation provision | 819 | 697 |
| | | 964 | 951 |
| (d) | **Expenses included in income statement** | | |
| | Depreciation of plant and equipment | 12,567 | 10,243 |
| | Amortisation of mine properties | 20,868 | 7,670 |
| | Government royalties | 9,658 | 2,820 |
| | Minimum lease payments – operating lease | 1,330 | 4,411 |
| | Penalties | 500 | - |
| | Net realisable value write down of concentrate and ore inventories ** | 386 | 15,120 |
| | - Wages and salaries | 35,446 | 31,623 |
| | - Defined contribution superannuation expense | 3,100 | 3,036 |
| | - Other employee benefits expense | 1,310 | 1,512 |
| | Total employee benefits expense | 39,856 | 36,171 |

** included in the cost of sales

## 3. Auditor's Remuneration

Audit costs of Birla Nifty Pty Ltd are borne by its parent company, Aditya Birla Minerals Limited.

## 4. Income Tax

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| A reconciliation between income tax expense and the product of accounting (loss)/profit before income tax multiplied by the Company's applicable income tax rate is as follows: | | |
| Accounting (loss)/profit before income tax | (130,794) | (212,636) |
| At the statutory income tax rate of 30% (2015: 30%) | (39,238) | (63,791) |
| Add/(Less): | | |
| - Tax benefit related to tax losses assumed by the Parent entity not recognised | 58,574 | 18,915 |
| Income tax expense/(benefit) reported in the income statement | 19,336 | (44,876) |

**Tax consolidation**

For the purposes of income taxation, Birla Nifty Pty Ltd had become a member of a tax consolidated group under Australian tax law. Its parent company, Aditya Birla Minerals Limited, is the head entity of the tax consolidated group. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the head entity in the tax-consolidated group. Entities within the tax consolidated group have entered into a tax sharing agreement with the head entity. Except as described below, there is no tax funding arrangement between entities in the tax consolidated group, tax consolidation transactions are accounted for as equity transactions. In the head entity, the carrying amount of investments in subsidiaries are increased by tax consolidation contributions and reduced by tax consolidation distributions. However, where the equity interest is reduced to nil, consideration is payable for any further tax losses assumed and recognised by the head entity and where appropriate any loan receivable from the applicable subsidiary is reduced accordingly.

## 5. Dividends Paid and Proposed

No dividends have been paid, declared or recommended for the years ended 31 March 2016 and 31 March 2015.

## 6. Cash and Cash Equivalents

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Cash – denominated in AUD | 42,749 | 1,489 |
| Cash – denominated in USD | 965 | - |
| Short term deposits - denominated in AUD | - | 8,100 |
| | 43,714 | 9,589 |
| Bank Overdrafts | - | (629) |
| | 43,714 | 8,960 |

**Terms and conditions**

Cash at bank and short-term deposits earn interest at floating rates based on bank deposit rates.

| | 2016 $'000 | 2015 $'000 |
|---|---|---|

## 7. Trade and Other Receivables

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| **Current** | | |
| Trade debtors at amortised cost | 58 | 61 |
| Less: Allowance for impairment loss | - | - |
| | 58 | 61 |
| Trade debtors at fair value - related entities (i) | 31,353 | - |
| | 31,411 | 61 |
| Security deposit to bank (iii) | - | 19,023 |
| Other debtors | 1,501 | 1,361 |
| Loan to immediate parent company (ii) | 13,471 | 26,869 |
| | 46,383 | 47,314 |

**Terms and conditions**

(i) Details of the terms and conditions of credit sales are set out in note 1(j). As at 31 March 2016, sales totalling 12,217 tonnes remained open to price adjustment (2015: 3,552 tonnes). As at 31 March 2015, the Trade debtors balance was in credit (refer to note 13).

(ii) Loans to a related company are non-interest bearing and have no fixed term or repayment.

(iii) As at 31 March 2015, the Security Deposit amounting to $19.023 million was subject to a Set off Agreement to secure the Company's obligations under a finance facility established with a bank. In the case of a default event, the bank may set off any amount the bank owes in connection with the deposit against any amounts owing to the bank. The deposit had a maturity period of 3 months and earned interest at 2.26% p.a.

## 8. Inventories

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| **Current** | | |
| Copper at net realisable value | 1,484 | 30,051 |
| Copper in ore at cost | 943 | 1,771 |
| Consumable stocks at cost | 25,318 | 26,327 |
| Less: Allowance for obsolescence on consumables stocks | (798) | (798) |
| Less: Impairment of consumables & stores during the year (see note 20) | (7,874) | (4,000) |
| Gas inventory | - | 1,578 |
| | 19,073 | 54,929 |
| **Non-current** | | |
| Copper in ore and under leach at net realisable value | - | 10,830 |

## 9. Other Assets

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| **Current** | | |
| Prepayments | 1,645 | 1,773 |
| **Non-Current** | | |
| Prepayments | 264 | 284 |

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| **10. Property, Plant and Equipment** | | |
| *Plant and Equipment* | | |
| Plant and equipment, at cost | 285,089 | 280,876 |
| Less: Accumulated depreciation and accumulated impairment during the year | (259,014) | (217,817) |
| | 26,075 | 63,059 |
| *Mine Properties* | | |
| Mine properties, at cost | 335,566 | 328,059 |
| Less: Accumulated amortisation and accumulated impairment during the year | (331,816) | (246,708) |
| | 3,750 | 81,351 |
| *Capital Work in Progress* | | |
| Capital work in progress, at cost | - | 3,029 |
| Total Property, Plant & Equipment | 29,825 | 147,439 |

**Reconciliation**

Reconciliation of the carrying amounts for each class of property, plant and equipment are set out below.

| | 2016 | 2015 |
|---|---|---|
| *Plant and Equipment* | | |
| Carrying amount at beginning of the year | 63,059 | 113,058 |
| Additions | 716 | 970 |
| Assets written off | (114) | - |
| Transfer from capital works in progress | 4,345 | 3,191 |
| Depreciation | (12,567) | (10,243) |
| Impairment during the year (see note 20) | (29,364) | (43,917) |
| Carrying amount at end of the year | 26,075 | 63,059 |

## 10. Property, Plant and Equipment (continued)

**Reconciliation (continued)**

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| *Mine Properties (in production)* | | |
| Carrying amount at beginning of the year | 56,285 | 93,293 |
| Expenditure incurred/Additions during the year | 433 | 6,525 |
| Transfer from capital works in progress | 790 | 683 |
| Amortisation | (11,721) | (3,313) |
| Impairment during the year (see note 20) | (42,037) | (40,903) |
| Carrying amount at end of the year | 3,750 | 56,285 |
| *Deferred Mining* | | |
| Carrying amount at beginning of the year | 25,066 | 36,466 |
| Expenditure incurred during the year | 6,284 | 8,455 |
| Amortisation | (9,147) | (4,357) |
| Impairment during the year (see note 20) | (22,203) | (15,498) |
| Carrying amount at end of the year | - | 25,066 |
| Total carrying amount of mine properties at end of the year | 3,750 | 81,351 |
| *Capital Work In Progress* | | |
| Carrying amount at beginning of the year | 3,029 | 3,055 |
| Additions | 2,106 | 3,848 |
| Transfer to plant and equipment | (4,345) | (3,191) |
| Transfers to mine properties | (790) | (683) |
| Carrying amount at end of the year | - | 3,029 |

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| **11. Deferred Exploration and Evaluation Expenditure** | | |
| Exploration and evaluation costs carried forward in respect of mining areas of interest | | |
| *Pre-production - Exploration and evaluation phases* | | |
| Carrying amount at beginning of the year | 258 | 258 |
| Impairment during the year (see note 20) | (258) | - |
| Carrying amount at end of the year | - | 258 |
| **12. Derivative Financial Instruments** | | |
| **Current Assets** | | |
| Derivative commodity contracts | - | 755 |
| Derivative foreign exchange contracts | 563 | - |
| | 563 | 755 |
| **Current Liabilities** | | |
| Derivative foreign exchange contracts | - | 3,900 |
| Derivative commodity contracts | 3,227 | - |
| | 3,227 | 3,900 |
| **13. Trade and other payables** | | |
| **Current** | | |
| Trade creditors | 5,922 | 10,028 |
| Other creditors and accruals | 13,073 | 8,599 |
| Payable to customer – related parties | - | 2,066 |
| | 18,995 | 20,693 |

**Terms and conditions**

(i) Trade and other creditors are normally settled in accordance with the terms of trade.

(ii) Payable to customers are on account of 3MAMA movement in Copper prices post shipment. (Also refer to note 7 for open quantity)

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| **14. Interest-Bearing Liabilities** | | |
| **Current** | | |
| Bank overdraft | - | 629 |
| **15. Provisions** | | |
| **Current** | | |
| Employee entitlements | 5,370 | 3,563 |
| Provision for penalties | 500 | - |
| | 5,870 | 3,563 |

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| **Non-Current** | | |
| Employee entitlements | 876 | 1,194 |
| Rehabilitation | 38,373 | 38,272 |
| | 39,249 | 39,466 |

The nature of the provisions is described in note 1(n), 1(t) and 1(v).

The rehabilitation provision represents the present value of rehabilitation costs relating to mine site, which are expected to be incurred over the life of the mine. However, the timing of rehabilitation expenditure is dependent on the life of the mines which may vary in future.

| **Movements in provisions** | **Rehabilitation**<br>**$'000** |
|---|---|
| Carrying amount at beginning of the year | 38,272 |
| Additional provision recognised during the year (net) | (621) |
| Amount utilised during the year | (97) |
| Increase in value due to time passage | 819 |
| Carrying amount at end of the year | 38,373 |

## 16. Contributed Equity

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| ***Issued and paid up capital*** | | |
| 87,413,923 ordinary shares<br>(2015: 87,413,923 ordinary shares) | 87,414 | 87,414 |

| | 2016<br>Shares | 2016<br>$'000 | 2015<br>Shares | 2015<br>$'000 |
|---|---|---|---|---|
| Balance at the beginning of the year | 87,413,923 | 87,414 | 87,413,923 | 87,414 |
| Movements during the year | - | - | - | - |
| Balance at the end of the year | 87,413,923 | 87,414 | 87,413,923 | 87,414 |

**Terms and conditions of contributed equity**

*Ordinary Shares*

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Effective from 1 July 1998, the Corporation legislation in place abolished the concept of authorised capital and par value shares. Accordingly, the parent company does not have authorised capital nor par value in respect of its issued shares.

**Capital Management**

The primary objective of the Company's capital management is to seek to maximise cash returns to shareholders whilst having regard to ensuring a solid financial structure for the Company and providing for value accretive development and exploration activities and targeted growth opportunities. Management also aims to maintain a capital structure through a combination of debt and equity that ensures the lowest cost of capital available to the Company.

The payment of dividends by the Company in the future will be at the complete discretion of the Directors and will depend upon the Company's available distributable earnings, franking credit balance, operating results, available cash flow, financial condition, outlook, taxation position and future capital requirements, as well as general business and financial conditions, the Directors' view of the appropriate payout ratio from time to time and any other factors the Directors may consider relevant.

Capital consists of equity attributable to the equity holders of the Company. The Company is not subject to any externally imposed capital requirements.

**Nature and purpose of reserve**
*Tax consolidation reserve*
This reserve records the tax consolidation transactions between the Company and the head entity of the tax consolidated Company.

*Cash flow hedge reserve*
This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

## 17. Commitments

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| **Capital Expenditure** | | |
| Estimated capital expenditure contracted for at reporting date, but not provided for: | | |
| Payable not later than one year | 990 | 467 |
| Payable later than one not later than five years | - | - |
| Payable later than five years | - | - |
| | 990 | 467 |

The Company had contractual obligations in relation to various projects of $0.990 million (2015: $0.467 million).

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| **Operating Leases** | | |
| The Company has entered into contracts for the provision of vehicle fleet and infrastructure as follows: | | |
| Payable not later than one year | 371 | 1,172 |
| Payable later than one not later than five years | 22 | 247 |
| Payable later than five years | - | - |
| | 393 | 1,419 |

The Company has entered into operating leases on certain motor vehicles and equipment. These leases have an average term of 2 years with no renewal option included in the contracts.

There are no restrictions placed upon the Company by entering into these leases.

**Other commitments**
In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals and to meet the minimum expenditure requirements of the relevant regulatory bodies per annum. Minimum expenditure requirements excluding lease rentals are $1,138,800 (2015: $1,119,600). These commitments are subject to renewal of the leases, renegotiation upon expiry of the exploration leases or when application for a mining lease is made. These commitments are not provided for in the financial statements.
For the transportation of gas from Port Hedland to Nifty the Company has agreed to pay minimum transportation charges of $2,410,000 per annum (2015: $2,410,000) subject to inflationary adjustments. The gas transportation agreement is valid until 6 December 2019.

## 18. Contingent Liabilities

The directors are not aware of any material contingent liabilities.

## 19. Notes to the Statement of Cash Flows

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| *(a) Reconciliation of net profit after income tax to net cash flows from operating activities* | | |
| Net loss from ordinary activities after income tax | (150,130) | (167,760) |
| *Adjustments for non-cash & non-operative items:* | | |
| Depreciation of plant and equipment | 12,567 | 10,243 |
| Amortisation of mine properties | 20,868 | 7,670 |
| Net (gain) on foreign exchange | (1,249) | (12,026) |
| Net loss/(gain) on disposal of plant and equipment | (163) | - |
| Unwinding of discount on rehabilitation provision | 819 | 697 |
| Income tax expense/ (benefit) | 19,336 | (44,876) |
| Impairment of assets | 108,567 | 169,929 |
| Write-down of inventories | 386 | 15,120 |
| Assets written off | 114 | - |
| *Changes in assets and liabilities:* | | |
| (Increase)/decrease in trade and other receivables | (31,492) | 5,304 |
| (Increase)/decrease in prepayments | 149 | 321 |
| (Increase)/decrease in inventories | 31,597 | (38,373) |
| (Increase)/decrease in derivative assets | 192 | 8,948 |
| Increase/(decrease) in derivative liabilities | (673) | - |
| Increase/(decrease) in trade and other creditors | (1,698) | 345 |
| Increase/(decrease) in employee entitlements | 1,490 | (4,775) |
| Increase/(decrease) in provision for penalties | 500 | - |
| Increase/(decrease) in Carbon tax liabilities | - | (1,301) |
| Increase/(decrease) in provision for rehabilitation | (97) | (184) |
| **Net cash flows from operating activities** | 11,083 | (50,718) |

*(b) Reconciliation of cash*

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 March:

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Cash at bank and in hand | 43,714 | 1,489 |
| Short-term deposits | - | 8,100 |
| Bank overdrafts | - | (629) |
| | 43,714 | 8,960 |

## 20. Impairment of Assets

The Company reviewed the carrying value of its assets and cash generating units due to the following material events that took place during the period ended 31 March 2016 –

*Nifty Sulphide*

- A reduction in Reserves by ~39kt of contained copper resulting from lower stope recovery, higher dilution in grade based on recent experience and change in resource to reserve conversion.
- Change in macro-economic conditions (copper price and AUD/USD exchange rate).

*Nifty Oxide*

- Change in macro-economic conditions (copper price and AUD/USD exchange rate)
- The results of the metallurgical test work conducted by an independent laboratory demonstrate that the recovery of copper from the heap leach pad is not economically viable under the prevailing copper price.

Considering the above events/information, the following impairment amounts have been recognised in the financial report for each CGU:

| | |
|---|---|
| Nifty – Sulphide | 95,490 |
| Nifty - Oxide | 13,077 |
| Total loss on impairment of assets | 108,567 |

The above impairment values have been allocated to the Company's non-current assets as below:

| | Gross carrying value ('000) | Impairment ('000) | Recoverable amount/Net carrying value ('000) |
|---|---|---|---|
| **Nifty Sulphide** | | | |
| Plant and Equipment | 53,439 | 28,264 | 25,175 |
| Mine properties | 66,843 | 63,093 | 3,750 |
| Deferred Exploration and Evaluation expenditure | 258 | 258 | - |
| Inventory of spares and consumables* | 20,520 | 3,874 | 16,646 |
| **Total** | **141,061** | **95,490** | **45,571** |
| | | | |
| **Nifty Oxide** | | | |
| Copper and ore under leach | 10,830 | 10,830 | - |
| Mine properties | 1,147 | 1,147 | - |
| Plant and Equipment ** | 2,000 | 1,100 | 900 |
| **Total** | **13,977** | **13,077** | **900** |

*Inventory of spares and consumables has been impaired to their estimated recoverable amount with regard to the age, nature and current purchase price of the inventory. This value is classified as level 3 in the fair valuation hierarchy.
**The oxide processing plant has been written down to estimated market value based on an independent valuation of the plant as the plant is not going to be used for processing oxide ore.

The Company assessed each asset or cash generating unit (CGU) for the year ended 31 March 2016 to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount was made, which is considered to be the higher of the fair value less costs to sell (FVLCS) and Value In Use (VIU). The Company has used FVLCS for Nifty Sulphide and Nifty Oxide. The Company has used the following methodologies and assumptions:

*Nifty Sulphide (FVLCS)*

For the year ended 31 March 2016, the Company has impaired the assets of Nifty Sulphide based on fair values determined by independent experts less expected costs of disposal. This method has been adopted as it results in a higher recoverable amount than a VIU assessment given the current copper price assumptions for the life of mine. The commodity price forecasts are ranging from A$6,902 to A$7,683 per MT of copper over the life of mine derived from a range of external global commodity and currency forecasters. The mine properties have been valued using a market approach known as the yardstick valuation method which is based on a market multiple for copper contained in the mineral resource. Plant and Equipment have been valued using estimated market values adjusted for present condition and location. All fair values are classified as level 3 in the fair valuation hierarchy.

*Key inputs – Mine Properties*

Price multiple ranging from $5 to $15 per ton of contained copper with a preferred price of $6 per ton has been derived from market observed multiples and from transactions that were completed in 2015 and 2016 in Australia. Total copper contained in mineral resource of 0.477 million tons and cost of disposal equivalent to ~5% of total value.

*Sensitivity*

| | **Impact on impairment ('000)** |
|---|---|
| Price multiple of $5 per ton of contained copper | (453) |
| Price multiple of $10 per ton of contained copper | 1,813 |
| Price multiple of $15 per ton of contained copper | 4,078 |

*Nifty Oxide (FVLCS)*

For the year ended 31 March 2016, the Company has impaired the assets of Nifty Oxide based on fair values determined by independent experts less expected costs of disposal. The mine properties have been valued using a market approach known as the yardstick valuation method which is based on a market multiple for copper contained in the mineral resource. Plant and Equipment have been valued using estimated market values adjusted for condition or location. All fair values are classified as level 3 in the fair valuation hierarchy

*Key inputs – Mine Properties*

Price multiple ranging from $3 to $15 per ton of contained copper with preferred price of $5 per ton has been derived from market observed multiples and from transactions that were completed in 2015 and 2016 in Australia. Total copper contained in mineral resource of 0.061 million tons and cost of disposal equivalent to ~5% of total value. Given the low fair value, the mine properties have been fully impaired.

*Sensitivity*

At the balance date, no reasonably possible changes in the copper price will result in the reversal of impairment for Nifty Oxide.

## 21. Copper in Concentrate off-take agreement

By agreement dated 25 January 2006, Birla Nifty agreed to sell, and Hindalco agreed to purchase, all Copper in Concentrate produced at the Nifty copper mine for the LOM ("Nifty Concentrate Sales Agreement").

The price Hindalco must pay Birla Nifty is governed by the Nifty Concentrate Sales Agreement and yearly memoranda of agreement (which are negotiated prior to commencement of the contract year). The price payable is the sum of the payments for payable Copper in Concentrate minus TC/RCs. Whereas the Nifty Concentrate Sales Agreement determines the price payable in relation to the components of the Copper in Concentrate; the memoranda of agreement govern the treatment and refining charges that Hindalco is entitled to recoup.

The TC/RCs agreed in the yearly memoranda of agreement must be the same as the "annual Japanese benchmark agreed between the major copper mines and the Japanese smelters under calendar year contracts for similar qualities of copper concentrates" ("Annual Japanese Benchmark"). The Annual Japanese Benchmark determines the treatment charge (in US dollars) to be levied per dry metric tonne of Copper in Concentrate and the refining charge (in US dollars) to be levied per pound of payable copper extracted from the Copper in Concentrate. In addition, the Annual Japanese Benchmark prescribes the Quotational Period over which the price determinants set out above are to be averaged.

Delivery of the Concentrate is made on a cost insurance and freight/free over ("CIF FO") basis to the port of Dahej, Gujarat, India as per "Incoterms 2000".

*Memorandum of agreement dated 22 February 2016*

The memorandum of agreement governing the TC/RCs applicable to the Nifty Concentrate Sales Agreement for the contract year 1 January 2016 to 31 December 2016 inclusive, records the following terms:

TC – US$97.35 per dmt of Copper Concentrates
RC – US$0.09735 per pound of payable copper.

Quotational Period - The Quotational Period for all payable copper shall be the third calendar month following the month of vessel's arrival at the discharge port (ie 3MAMA).

## 22. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstances that has significantly affected or may significantly affect the operations, the results or the state of affairs of the Company.

## BIRLA NIFTY PTY LTD

## DIRECTOR'S DECLARATION

The Directors declare that:

(a) the financial statements and associated notes comply with the Accounting Standards as described in Note 1(b) to the financial statements;

(b) the financial statements and notes give a true and fair view of the financial position as at 31 March 2016 and performance of the Company for the year then ended:

(c) in the Directors' opinion:

1. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. the Company is not a reporting entity. The financial report has been prepared as a special purpose financial report in accordance with the accounting policies described in Note 1(b) to the financial statements, solely to meet the Corporations Act 2001 requirements to prepare a financial report; and
3. the financial statements and notes are in accordance with the Corporations Act 2001, including sections 296 and 297.

Signed in accordance with a resolution of the Directors.

Fiona Van Maanen
Director
Perth, 29 July 2016

Building a better working world

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## Auditor's Independence Declaration to the Directors of Birla Nifty Pty Ltd

As lead auditor for the audit of Birla Nifty Pty Ltd for the year ended 31 March 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Birla Nifty Pty Ltd during the year ended 31 March 2016.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
29 July 2016

# Independent auditor's report to the members of Birla Nifty Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report of Birla Nifty Pty Ltd, which comprises the statement of financial position as at 31 March 2016, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

## Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1(b) to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal controls as the directors determine are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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## Opinion

In our opinion the financial report of Birla Nifty Pty Ltd is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the company's financial position as at 31 March 2016 and of its performance for the year ended on that date; and

b. complying with Australian Accounting Standards to the extent described in Note 1(b) to the financial report, and the *Corporations Regulations 2001*.

## Basis of accounting

Without modifying our opinion, we draw attention to Note 1(b) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
29 July 2016

## BIRLA MAROOCHYDORE PTY LTD

### INCOME STATEMENT
### FOR THE YEAR ENDED 31 MARCH 2016

| | Notes | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **Continuing operations** | | | |
| Sale of product | | - | - |
| **Total revenue** | | - | - |
| **Cost of sales** | | - | - |
| **Gross profit** | | - | - |
| Other income | 2(a) | - | - |
| Administration expenses | | (74,213) | (72,884) |
| Exploration and evaluation expenses | | (211,971) | (142,745) |
| Depreciation on plant and equipment | | (53,988) | (53,840) |
| Impairment of assets | 14 | (11,190,489) | - |
| **(Loss) before income tax and finance costs** | | (11,530,661) | (269,469) |
| Finance costs | 2(b) | (1,301,988) | (1,052,361) |
| **Loss before income tax** | | (12,832,649) | (1,321,830) |
| Income tax benefit | 4 | (3,849,795) | - |
| **Net loss for the year** | | (8,982,854) | (1,321,830) |

The accompanying notes form an integral part of this Income Statement.

# BIRLA MAROOCHYDORE PTY LTD

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 MARCH 2016

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **Net loss for the year** | (8,982,854) | (1,321,830) |
| Income tax benefit transferred to parent company | - | - |
| **Other comprehensive income for the year** | - | - |
| **Total comprehensive income for the year** | (8,982,854) | (1,321,830) |

The accompanying notes form an integral part of this Statement of Comprehensive Income.

# BIRLA MAROOCHYDORE PTY LTD

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2016

| | Notes | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 6 | 1,601 | 5,017 |
| Other receivables | 7 | 464 | 694 |
| **Total Current Assets** | | 2,065 | 5,711 |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 8 | - | 113,848 |
| Deferred exploration and evaluation expenditure | 9 | 2,000,000 | 13,130,629 |
| **Total Non-Current Assets** | | 2,000,000 | 13,244,477 |
| **TOTAL ASSETS** | | 2,002,065 | 13,250,188 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 10 | 3,542 | 499 |
| Interest-bearing liabilities | 11 | 21,821,738 | 20,240,255 |
| **Total Current Liabilities** | | 21,825,280 | 20,240,754 |
| **Non-Current Liabilities** | | | |
| Deferred tax liabilities | | 89,526 | 3,939,321 |
| **Total Non-Current Liabilities** | | 89,526 | 3,939,321 |
| **TOTAL LIABILITIES** | | 21,914,806 | 24,180,075 |
| **NET LIABILITIES** | | (19,912,741) | (10,929,887) |
| **EQUITY** | | | |
| Issued capital | 12 | 10,000,001 | 10,000,001 |
| Tax consolidation reserve | | (8,639,784) | (8,639,784) |
| Accumulated losses | | (21,272,958) | (12,290,104) |
| **TOTAL DEFICIENCY** | | (19,912,741) | (10,929,887) |

The accompanying notes form an integral part of this Statement of Financial Position

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 MARCH 2016

| | Notes | 2016 $ | 2015 $ |
|---|---|---|---|
| **Cash flows from/(used in) operating activities** | | | |
| Payments to suppliers and employees | | (70,981) | (42,021) |
| Payments for exploration and evaluation | | (211,971) | (142,745) |
| Interest paid | | (513) | (719) |
| Net cash flows used in operating activities | 13(a) | (283,465) | (185,485) |
| **Cash flows from/(used in) investing activities** | | | |
| Payments for plant and equipment | | - | - |
| Net cash flows used in investing activities | | - | - |
| **Cash flows from/(used in) financing activities** | | | |
| Proceeds from borrowings – related entities | | 280,049 | 221,566 |
| Repayment of borrowings – related entities | | - | (37,000) |
| Net cash flows from financing activities | | 280,049 | 184,566 |
| Net (decrease)/increase in cash and cash equivalents | | (3,416) | (919) |
| Cash and cash equivalents at the beginning of the year | | 5,017 | 5,936 |
| Cash and cash equivalents at the end of the year | 13(b) | 1,601 | 5,017 |

The accompanying notes form an integral part of this Statement of Cash Flows.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2016

| | Issued Capital $ | Accumulated Losses $ | Tax Consolidation Reserve $ | Total Equity $ |
|---|---|---|---|---|
| **At 1 April 2014** | 10,000,001 | (10,968,274) | (8,639,784) | (9,608,057) |
| Net loss for the year | - | (1,321,830) | - | (1,321,830) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year, net of tax | - | (1,321,830) | - | (1,321,830) |
| **At 31 March 2015** | 10,000,001 | (12,290,104) | (8,639,784) | (10,929,887) |
| Net loss for the year | - | (8,982,854) | - | (8,982,854) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year, net of tax | - | (8,982,854) | - | (8,982,854) |
| **At 31 March 2016** | 10,000,001 | (21,272,958) | (8,639,784) | (19,912,741) |

The accompanying notes form an integral part of this Statement of Changes in Equity.

## 1. Summary of Significant Accounting Policies

### (a) Corporate Information

The financial report of Birla Maroochydore Pty Ltd for the year ended 31 March 2016 was authorised for issue in accordance with a resolution of the directors on 29 July 2016.

Birla Maroochydore Pty Ltd is a company limited by shares incorporated and domiciled in Australia.

The address of the registered office is Level 3, 256 Adelaide Terrace, Perth, WA, 6000.

### (b) Basis of Preparation

This special purpose financial report has been prepared for distribution to the members and directors of the Company. The accounting policies used in the preparation of this financial report, as described below, are, in the opinion of the Directors, appropriate to meet the needs of members.

The requirements of Australian Accounting Standards do not have mandatory application to Birla Maroochydore Pty Ltd in relation to the year ended 31 March 2016 because the Directors have determined that the Company is not a reporting entity. However the Directors have determined that in order for the financial report to present fairly the Company's results of operations and state of affairs, the requirements of Accounting Standards and other professional reporting requirements relating to the measurement of assets, liabilities, revenues, expenses and equity should be complied with.

The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption notwithstanding the fact that at 31 March 2016 the Company's net working capital is a deficit of $21,823,215. Birla Maroochydore Pty Ltd is dependent on Aditya Birla Minerals Limited for financial support. The Directors of the Company consider the going concern basis to be appropriate as Aditya Birla Minerals Limited has confirmed its intent to provide the Company with ongoing financial support, if required and while Birla Maroochydore Pty Ltd remains a wholly owned subsidiary, in order to ensure that the Company is able to operate and meet its obligations for a period of at least 12 months from the date of signing this financial report. In addition, Aditya Birla Minerals Ltd has confirmed that they will not demand repayment of their loan to Birla Maroochydore Pty Ltd in circumstances that would result in the Company not being able to pay its debts as and when they fall due.

The Directors have prepared the financial report in accordance with the requirements of the Corporation Act 2001, the recognition, measurement and classification requirements of Australian Accounting Standards and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Cash Flows Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1048 Interpretation and Application of Standards with the exception of the disclosure requirements of the following:

- AASB 7 Financial Instruments - Disclosures
- AASB 8 Operating Segments
- AASB 112 Income Tax – some disclosures have not been presented
- AASB 119 Employee Benefits – some disclosures have not been presented
- AASB 124 Related Party Disclosures
- AASB 132 Presentation and Disclosure of Financial Instruments

## 1. Summary of Significant Accounting Policies (continued)

### (c) Statement of Compliance

The financial report complies with the recognition, measurement and classification requirements of Australian Accounting Standards, which include International Financial Reporting Standards (IFRS), and the disclosure requirements of Accounting Standards AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

In the current year, the Company has adopted all the recognition and measurement requirements of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning 1 April 2015. The adoption of these new and revised standards and interpretations did not have any effect on the financial position or performance of the Company.

Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 31 March 2016. The directors have not early adopted any of these new or amended standards or interpretations. The Directors have not yet fully assessed the impact of these new or amended standards and interpretations.

### (d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

*Interest income*
Revenue is recognised as interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

### (e) Foreign currency transactions

Both the functional and the presentation currency of the Company is Australian dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date.

All differences in the financial report are taken to the income statement.

### (f) Income tax

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.
- Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which

## 1. Summary of Significant Accounting Policies (continued)

the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary difference associated with investments in subsidiaries, deferred tax asset are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

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

For the purposes of income taxation, Birla Maroochydore Pty Ltd had become a member of a tax consolidated Group. Its parent company, Aditya Birla Minerals Limited, is the head entity of the tax consolidated Group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the group allocation approach. Members of the Group have entered into a tax sharing agreement which provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

### (g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

### (h) Cash and cash equivalents

Cash in the balance sheet comprise cash at bank and in hand.

## 1. Summary of Significant Accounting Policies (continued)

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (i) Trade and other receivables

On initial recognition trade debtors are designated at fair value through profit and loss, accordingly trade debtors are measured at fair value as at reporting date.

Other receivables are recognised and carried at original invoiced amount less an allowance for doubtful debts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. Bad debts are written off when identified. No interest is charged on overdue accounts.

### (j) Exploration and evaluation expenditure

Exploration and evaluation expenditure is charged against earnings as incurred.

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

Costs related to the acquisition of properties that contain mineral resources are allocated separately to specific areas of interest. These costs are capitalised until viability of the area of interest is determined. If no mineral ore body is discovered, capitalised acquisition costs are expensed in the period in which it is determined that the area of interest has no future economic value. When a decision to proceed to development is made, all costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

### (k) Rehabilitation, restoration and environmental costs

Long-term environmental obligations are based on the Company's environmental management plans, in compliance with current environmental and regulatory requirements.

The costs include obligations relating to reclamation, waste site closure, plant closure, and other costs associated with the restoration of the site.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance (to the extent that it relates to the development of an asset) that has been incurred as at the balance sheet date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. These increases are accounted for on a net present value basis.

Annual increases in the provision relating to the change in the net present value of the provision are accounted for in the income statement as borrowing costs.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

### (l) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Items of property, plant and equipment are depreciated as outlined below.

- **mining plant & equipment**: unit of production based on economically recoverable reserves.
- **other plant and equipment**: straight line depreciation at a rate of 10% to 50% per annum, depending on the item of plant.

## 1. Summary of Significant Accounting Policies (continued)

The cost of property, plant and equipment constructed by the Group includes the costs of all materials used in construction, direct labour, borrowing costs incurred during construction and an allocation of overheads.

Borrowing costs included in the cost of property, plant and equipment are those costs, which are directly attributable to the construction, or production of qualifying assets and that would have been avoided if the expenditure on the construction of the property, plant and equipment had not been made.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and available for use.

*Impairment*

The carrying values of property, plant and equipment (or assets) are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount through the Income Statement.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the assets. A reversal of impairment loss is recognised in profit and loss immediately.

### (m) Recoverable amount of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. Recoverable amount is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs of disposal and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 assessment of the time value of money and the risks specific to the asset or group of assets being assessed.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss unless the asset is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (n) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade accounts are normally settled in accordance with the terms of trade.

Payables to related parties are initially recognised at their fair value and subsequently measured at amortised cost.

## 1. Summary of Significant Accounting Policies (continued)

### (o) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

### (p) Significant accounting judgements, estimates and assumptions

Management has not made any significant accounting judgements, estimates and assumptions that have an effect on the amounts recognised in the financial statements.

| | 2016 $ | 2015 $ |
|---|---|---|

## 2. Revenues and Expenses

**(a) Other income**

| | 2016 $ | 2015 $ |
|---|---|---|
| Insurance Compensation | - | - |

**(b) Finance costs**

| | 2016 $ | 2015 $ |
|---|---|---|
| Bank fees | 555 | 719 |
| Payable to immediate parent company | 1,301,433 | 1,051,642 |
| | 1,301,988 | 1,052,361 |

## 3. Auditor's Remuneration

Audit costs of Birla Maroochydore Pty Ltd are borne by its parent company, Aditya Birla Minerals Limited.

## 4. Income Tax

A reconciliation between income tax benefit and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:

| | 2016 $ | 2015 $ |
|---|---|---|
| Accounting loss before income tax | (12,832,649) | (1,321,830) |
| At the statutory income tax rate of 30% (2015: 30%) | (3,849,795) | (396,549) |
| Add: Tax benefit related to tax losses assumed by the Parent entity not recognised | - | 396,549 |
| Income tax benefit reported in the income statement | (3,849,795) | - |

**Tax consolidation**

For the purposes of income taxation, Birla Maroochydore Pty Ltd had become a member of a tax consolidated group under Australian tax law. Its parent company, Aditya Birla Minerals Limited, is the head entity of the tax consolidated group. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the head entity in the tax-consolidated group. Entities within the tax consolidated group have entered into a tax sharing agreement with the head entity. Except as described below, there is no tax funding arrangement between entities in the tax consolidated group. Tax consolidation transactions are accounted for as equity transactions. In the head entity, the carrying amount of investments in subsidiaries are increased by tax consolidation contributions and reduced by tax consolidation distributions. However, where the equity interest is reduced to nil, consideration is payable for any further tax losses assumed and recognised by the head entity and where appropriate any loan receivable from the applicable subsidiary is reduced accordingly.

## 5. Dividends Paid and Proposed

No dividends have been paid, declared or recommended during the current and previous year by Birla Maroochydore Pty Ltd.

| | 2016 $ | 2015 $ |
|---|---|---|

## 6. Cash and Cash Equivalents

| | 2016 $ | 2015 $ |
|---|---|---|
| Cash – denominated in AUD | 1,601 | 5,017 |

**Terms and conditions**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

## 7. Other Receivables

**Current**

| | 2016 $ | 2015 $ |
|---|---|---|
| Other debtors | 464 | 694 |

## 8. Property, Plant and Equipment

| | 2016 $ | 2015 $ |
|---|---|---|
| *Plant and Equipment* | | |
| Plant and equipment, at cost | 272,187 | 272,187 |
| Less: Accumulated depreciation | (212,327) | (158,339) |
| Less: Impairment | (59,860) | - |
| Total Property, Plant & Equipment | - | 113,848 |

**Reconciliation**

Reconciliation of the carrying amount for plant and equipment is set out below:

| | 2016 $ | 2015 $ |
|---|---|---|
| *Plant and Equipment* | | |
| Carrying amount at beginning of the year | 113,848 | 167,688 |
| Additions | - | - |
| Depreciation | (53,988) | (53,840) |
| Impairment | (59,860) | - |
| Carrying amount at end of the year | - | 113,848 |

## 9. Deferred Exploration and Evaluation Expenditure

Exploration and evaluation costs carried forward in respect of mining areas of interest

| | 2016 $ | 2015 $ |
|---|---|---|
| *Pre-production - Exploration and evaluation phases* | | |
| Carrying amount at beginning of the year | 13,130,629 | 13,130,629 |
| Impairment | (11,130,629) | - |
| Carrying amount at end of the year | 2,000,000 | 13,130,629 |

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

| | 2016 $ | 2015 $ |
|---|---|---|
| **10. Trade and other payables** | | |
| **Current** | | |
| Trade creditors | - | - |
| Other creditors and accruals | 3,542 | 499 |
| | 3,542 | 499 |

**Terms and conditions**

Payables to related entities are unsecured, non-interest bearing and repayable on demand.

| | 2016 $ | 2015 $ |
|---|---|---|
| **11. Interest-bearing Liabilities** | | |
| **Current** | | |
| Payable to immediate parent company | 21,821,738 | 20,240,255 |

**Terms and conditions**

Amounts payable to immediate parent company are unsecured and bear interest based on the Australian Bank Bill Swap Bid Rate (BBSY). The amount is repayable on demand.

Aditya Birla Minerals Limited, the immediate parent company, has resolved not to demand repayment of the loan in circumstances that would result in the Company not being able to pay its debts as and when they fall due.

| | 2016 $ | 2015 $ |
|---|---|---|
| **12. Contributed Equity** | | |
| ***Issued and paid up capital*** | | |
| 10,000,001 ordinary shares | | |
| (2015: 10,000,001 ordinary shares) | 10,000,001 | 10,000,001 |

| | 2016 Shares | 2016 $ | 2015 Shares | 2015 $ |
|---|---|---|---|---|
| Balance at the beginning of the year | 10,000,001 | 10,000,001 | 10,000,001 | 10,000,001 |
| Movements during the year | - | - | - | - |
| Balance at the end of the year | 10,000,001 | 10,000,001 | 10,000,001 | 10,000,001 |

**Terms and conditions of contributed equity**

*Ordinary Shares*

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Effective from 1 July 1998, the Corporation legislation in place abolished the concept of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares.

## 12. Contributed Equity (continued)

**Capital Management**

The primary objective of the Company's capital management is to seek to maximise cash returns to shareholders whilst having regard to ensuring a solid financial structure for the Company and providing for value accretive development and exploration activities and targeted growth opportunities. Management also aims to maintain a capital structure through a combination of debt and equity that ensures the lowest cost of capital available to the Company.

The payment of dividends by the Company in the future will be at the complete discretion of the Directors and will depend upon the Company's available distributable earnings, franking credit balance, operating results, available cash flow, financial condition, outlook, taxation position and future capital requirements, as well as general business and financial conditions, the Directors' view of the appropriate payout ratio from time to time and any other factors the Directors may consider relevant.

Capital consists of equity attributable to the equity holders of the Company.

The Company is not subject to any externally imposed capital requirements.

**Nature and purpose of reserve**

*Tax consolidation reserve*

This reserve records the tax consolidation transactions between the Company and the head entity of the tax consolidated Group.

## 13. Notes to the Statement of Cash Flows

| | 2016 $ | 2015 $ |
|---|---|---|
| *(a) Reconciliation of net loss after income tax to net cash flows used in operating activities* | | |
| Net loss from ordinary activities after income tax | (8,982,854) | (1,321,830) |
| *Adjustments for non-cash items:* | | |
| Depreciation | 53,988 | 53,840 |
| Impairment | 11,190,489 | - |
| *Changes in assets:* | | |
| (Increase)/Decrease in other receivables | 231 | 30,600 |
| Increase/(Decrease) in interest-bearing liabilities | 1,301,433 | 1,051,642 |
| Increase/(Decrease) in trade and other payables | 3,043 | 32 |
| Increase/(Decrease) in deferred tax liabilities | (3,849,795) | 231 |
| **Net cash flows (used in)/from operating activities** | (283,465) | (185,485) |
| *(b) Reconciliation of cash* | | |
| For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 March: | | |
| Cash | 1,601 | 5,017 |
| | 1,601 | 5,017 |

## 14. Impairment

The Company reviewed the carrying value of its assets due to the change in macro-economic conditions which had an impact on the latest resource valuation report from an independent expert.

Considering this, the following impairment losses have been recognised during the period ended 31 March 2016

| | Carrying value | Impairment loss | Recoverable amount |
|---|---|---|---|
| Deferred Exploration and Evaluation expenditure | 13,130,629 | 11,130,629 | 2,000,000 |
| Plant and Equipment | 59,860 | 59,860 | - |
| **Total** | **13,190,489** | **11,190,489** | **2,000,000** |

For the year ended 31 March 2016, the Company has impaired the assets based on fair values determined by independent experts less expected costs of disposal. The mine properties have been valued using a market approach known as the yardstick valuation method which is based on a market multiple for copper contained in the mineral resource. Plant and Equipment have been valued using estimated market values adjusted for condition or location. All fair values are classified as level 3 in the fair valuation hierarchy.

*Key inputs – Deferred Exploration and Evaluation Expenditure*

Price multiple ranging from $2 to $10 per ton of contained copper with preferred price of $3 per ton has been derived from market observed multiples and from transactions that were completed in 2015 and 2016 in Australia. Total copper contained in mineral resource of 0.486 million tons and cost of disposal equivalent to ~5% of total value.

*Sensitivity*

| | Impact on impairment |
|---|---|
| Mine properties | |
| Price multiple of $2 per ton of contained copper | (462,000) |
| Price multiple of $5 per ton of contained copper | 923,000 |
| Price multiple of $10 per ton of contained copper | 3,232,000 |

## 15. Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay lease rentals and to meet the minimum expenditure requirements of the relevant regulatory bodies per annum. Minimum expenditure requirements excluding lease rentals are $869,680 (2015: $504,800). These commitments are subject to renewal of the leases, renegotiation upon expiry of the exploration leases or when application for a mining lease is made. These commitments are not provided for in the financial statements.

## 16. Contingent Liabilities

The directors are not aware of any material contingent liabilities.

## 17. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstances that has significantly affected or may significantly affect the operations, the results or the state of affairs of the Company.

# BIRLA MAROOCHYDORE PTY LTD

## DIRECTOR'S DECLARATION

The Directors declare that:

As detailed in Note 1(b) to the financial statements, this is a special purpose financial report that has been prepared for the Company's member. There is no statutory requirement for the Company to prepare a financial report. In addition, the directors have determined that the Company is not a reporting entity as there are unlikely to exist users who are unable to command the preparation of reports tailored to satisfy specifically all of their information needs.

The financial report has, however, been prepared in accordance with accounting standards and other professional reporting requirements, with the exemptions identified in Note 1(b).

In the opinion of the directors:

(a) The financial report presents fairly, in accordance with the basis of accounting described in Note 1(b):

(i) the loss of the Company for the financial year ended 31 March 2016; and

(ii) the state of affairs of the Company as at 31 March 2016.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Fiona Van Maanen
Director

Perth, 29 July 2016

Building a better working world

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# Auditor's Independence Declaration to the Directors of Birla Maroochydore Pty Ltd

As lead auditor for the audit of Birla Maroochydore Pty Ltd for the year ended 31 March 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Birla Maroochydore Pty Ltd during the year ended 31 March 2016.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
29 July 2016

Building a better working world

# Independent auditor's report to the members of Birla Maroochydore Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report of Birla Maroochydore Pty Ltd, which comprises the statement of financial position as at 31 March 2016, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

## Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1(b) to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal controls as the directors determine are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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## Opinion

In our opinion the financial report of Birla Maroochydore Pty Ltd is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the company's financial position as at 31 March 2016 and of its performance for the year ended on that date; and

b. complying with Australian Accounting Standards to the extent described in Note 1(b) to the financial report, and the *Corporations Regulations 2001*.

## Basis of accounting

Without modifying our opinion, we draw attention to Note 1(b) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
29 July 2016

# BIRLA RESOURCES PTY LTD

## AUDITOR'S INDEPENDENCE DECLARATION

I Kantilal Ratanshi Gokani being auditor of Birla Resources Pty Ltd declare that to the best of my knowledge and belief, during the year ended 31 March, 2016 there have been :

i no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to audit

ii no contravention of any applicable code of professional conduct in relation to the audit.

...............................................

Signed by KANTILAL RATANSHI GOKANI

of 96 Cahors Road, PADSTOW NSW 2211

This 29th April, 2016

# BIRLA RESOURCES PTY LTD

## INCOME STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2016

| | Note | 2016 $ | 2015 $ |
|---|---|---|---|
| Revenue | 10 | 34,745.62 | 38,675.48 |
| **Less:** | | | |
| Expenses | 11 | (26,038.03) | (40,252.84) |
| **Operating profit (loss) from ordinary activities** (before income tax expense) | | **8,707.59** | **(1,577.36)** |
| Income tax expense relating to ordinary activities | | 218.00 | - |
| **Operating profit (loss) from ordinary activities** (after income tax expense) | | **8,489.59** | **(1,577.36)** |

The accompanying notes form part of these financial statements

# BIRLA RESOURCES PTY LTD
## BALANCE SHEET
## AS AT 31 MARCH 2016

| | Note | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash assets and cash equivalent | | 639,333.88 | 17,915.78 |
| Trade and other receivables | 2 | 15,618.73 | 3,855.36 |
| **TOTAL CURRENT ASSETS** | | **654,952.61** | **21,771.14** |
| **NON-CURRENT ASSETS** | | | |
| Loans | 3 | - | 650,000.00 |
| **TOTAL NON-CURRENT ASSETS** | | **-** | **650,000.00** |
| **TOTAL ASSETS** | | **654,952.61** | **671,771.14** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payable | | 3,460.00 | 28,768.12 |
| **TOTAL CURRENT LIABILITIES** | 4 | **3,460.00** | **28,768.12** |
| **NON CURRENT LIABILITIES** | | **-** | **-** |
| **TOTAL LIABILITIES** | | **3,460.00** | **28,768.12** |
| **NET ASSETS** | | **651,492.61** | **643,003.02** |
| **EQUITY** | | | |
| Contributed capital | 5 | 650,000.00 | 650,000.00 |
| Retained profit | | 1,492.61 | (6,996.98) |
| **TOTAL EQUITY** | | **651,492.61** | **643,003.02** |

The accompanying notes form part of these financials statements

## BIRLA RESOURCES PTY LTD

### STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 MARCH 2016

| | Note | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** (including GST) | | | |
| GST refund | | 3,946.36 | - |
| Payments to suppliers | | (44,505.76) | (30,623.20) |
| Interest received | | 34,745.62 | 38,675.48 |
| **Net cash inflow (out-flow) from operating activities** | 7 | **(5,813.78)** | **8,052.28** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Repayment of loan | | 650,000.00 | - |
| Short term loan | | (22,768.12) | 4,324.52 |
| **Net cash inflow (out-flow) from financing activities** | | **627,231.88** | **4,324.52** |
| **NET INCREASE** | | **621,418.10** | **12,376.80** |
| **CASH AT BEGINNING** | | **17,915.78** | **5,538.98** |
| **CASH AT 31 MARCH 2016** | | **639,333.88** | **17,915.78** |

The accompanying notes form part of the financial statements

## BIRLA RESOURCES PTY LTD

### STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 MARCH, 2016

| | Issued capital | Retained profit | Total equity |
|---|---|---|---|
| | $ | $ | $ |
| **At 1 APRIL 2015** | 650,000.00 | (6,996.98) | 643,003.02 |
| Profit for the year | | 8,489.59 | 8,489.59 |
| **At 31 MARCH 2016** | **650,000.00** | **1,492.61** | **651,492.61** |

## BIRLA RESOURCES PTY LTD
### NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 MARCH, 2016

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the company

The report has been prepared in accordance the measurement requirements of International Financial Reporting Standards and in accordance with accounting policies as set out below.

*Compliance with IFRS* – Compliance with Australian Accounting Standards ensures that the financial report of Birla Resources Pty Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on a historical costs basis.

The concept of accruals accounting has been adopted in the preparation of the financial report.

a **Income Tax**

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought into account as either a provision for deferred income or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or liability will become payable.

b **Cash and equivalents**

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

c **Revenue**

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

## BIRLA RESOURCES PTY LTD
### NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 MARCH, 2016

d **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Balance Sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Balance Sheet.

e **Income tax**

No income tax is payable during the year due to recoupment of past losses. A future income tax benefit of 473.1 on un recouped tax losses of $1577.36 has not been brought into current but will be utilized against future profits.

| | **2016** | **2015** |
|---|---|---|
| | **$** | **$** |
| **NOTE 2 CURRENT RECEIVABLES** | | |
| GST receivable | 2,418.73 | 3,636.36 |
| Tax refund receivable | - | 219.00 |
| Advance to Aditya Birla Minerals Ltd | 13,200.00 | - |
| | **15,618.73** | **3,855.36** |
| **NOTE 3 LOANS** | | |
| Aditya Birla Minerals Limited | - | 650,000.00 |
| **NOTE 4 CURRENT PAYABLES** | | |
| Short term loan | - | 22,768.12 |
| Accrued expenses | 3,460.00 | 6,000.00 |
| | **3,460.00** | **28,768.12** |

## BIRLA RESOUCES PTY LTD
## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH, 2016

### NOTE 5 CONTRIBUTED CAPITAL

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| **Ordinary shares**<br>**(650,000 shares @ $1 each)** | | |
| Opening Issued and paid up capital | 650,000.00 | 650,000.00 |
| Issued and paid up capital during the year | - | - |
| | **650,000.00** | **650,000.00** |

### NOTE 6 REMUNERATION AND RETIREMENT BENEFITS

No remuneration was paid or payable to the director of the company.

Name of sole director who held during the financial year is:

Neela Madhab Patnaik

### NOTE 7 RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX

| | 2016<br>$ | 2015<br>$ |
|---|---|---|
| Profit from ordinary activities after income tax | 8,489.59 | (1,577.36) |
| Non cash flow items: | | |
| Movement in short term loan for expenses | (13,200.00) | |
| Decrease/(Increase) in receivables | 1,436.63 | 9,269.64 |
| Increase/(Decrease) in accrued expenses | (2,540.00) | - |
| **Cash inflow/(outflow) from operations** | **(5,813.78)** | **8,052.28** |

## BIRLA RESOURCES PTY LTD
### NOTES TO THE FINANCIAL STATEMENTS
### FOR THE YEAR ENDED 31 MARCH, 2016

### NOTE 8 RELATED PARTY TRANSACTIONS

**Directors**

Disclosure relating to directors is set out in Note 6

The only shareholder is Hindalco Industries Ltd a listed company in India. Associated company is Aditya Birla Minerals Limited a listed company in Australia.

**Transactions with Aditya Birla Minerals Ltd a related Party**

Paid management fee of $20,727.27.

Received $34,745.62 as interest on loan of $650,000.00.

The loan was repaid in the year.

**Outstanding Balance**

| | |
|---|---|
| Received from Aditya Birla Minerals Ltd | $ |
| toward loan | 650,000.00 |
| Receivable from Aditya Birla Minerals Ltd | 13,200.00 |

### NOTE 9 AUDITOR'S REMUNERATION

| | |
|---|---|
| Amount due and receivable for the audit and review of the financial reports of the company | 1,500.00 |
| Amount received, or due and receivable, for the other services by Gokani & Associates in which auditor is a partner | 2,520.00 |
| | **4,020.00** |

### NOTE 10 REVENUE FROM ORDINARY ACTIVITIES

| | **2016** | **2015** |
|---|---|---|
| | $ | $ |
| Interest | **34,745.62** | **38,675.48** |

# BIRLA RESOURCES PTY LTD
## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH, 2016

### NOTE 11 EXPENSES

| | 2016<br>$ | 2,015<br>$ |
|---|---|---|
| Administrative and finance | 5,310.76 | 581.20 |
| Management fee | 20,727.27 | 39,671.64 |
| | **26,038.03** | **40,252.84** |

# BIRLA RESOURCES PTY LTD

## DIRECTOR'S DECLARATION

The director of the company declares that:

1. The financial statements, comprising income statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, are in accordance with the *Corporations Act 2001* and;

   a. comply with Accounting Standards, and the Corporations Regulations 2001; and

   b. give a true and fair view of the company's financial position as at 31 March, 2016 and of the performance for the year ended on that date;

2 In the director's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and is signed by:

……………………………Director

Dated this 29th April, 2016

# INDEPENDENT AUDIT REPORT

TO MEMBERS OF BIRLA RESOURCES PTY LTD

## Report on the Financial Report

I have audited the accompanying financial report of Birla Resources Pty Ltd, which comprises the balance sheet as at 31 March 2016, income statement, statement of change in equity and cash flow statement for the year ended that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform that audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial report.

I believe that audit evidence I have obtained is sufficient and appropriate to provide basis for my audit opinion.

*Independence*
In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001* would be in the same term if it had been given to the director at the time that this auditor's report was made.

*Audit opinion*
In my opinion,

a) the financial report of Birla Resources Pty Ltd is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's financial position as at 31 March 2016, and of its performance for the year ended on that date; and

   ii complying with Australian Accounting standards (including the Australian Accounting Interpretations) and *the Corporations Act 2001*; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

..........................................

**KANTILAL RATANSHI GOKANI**

29th April, 2016

96 Cahors Road, PADSTOW NSW 2211

## A V MINERALS (NETHERLANDS) N.V.
### Fit for Consolidation Balance Sheet as at 31 March, 2016

Asbsolute values in INR

| | Note No. | As at 31 March, 2016 | | As at 31 March, 2015 |
|---|---|---|---|---|
| EQUITY AND LIABILITIES | | | | |
| Shareholders' Funds | | | | |
| Share Capital | '2' | 109,009,150,000.00 | - | 102,056,690,000.00 |
| Reserves and Surplus | '3' | (2,326,250,000.00) | - | (2,181,950,000.00) |
| | | 106,682,900,000.00 | - | 99,874,740,000.00 |
| Current Liabilities | | - | - | - |
| Short-term Borrowings | '' | - | - | - |
| | | - | - | - |
| | | 106,682,900,000.00 | - | 99,874,740,000.00 |
| ASSETS | | - | - | - |
| Non-Current Assets | | - | - | - |
| Non-Current Investments | '4' | 106,665,770,000.00 | - | 99,852,660,000.00 |
| Long term Loans and Advances | '5' | 100,000.00 | - | 100,000.00 |
| | | 106,665,870,000.00 | - | 99,852,760,000.00 |
| Current Assets | | - | - | - |
| Cash and Bank Balances | '6' | 16,910,000.00 | - | 21,870,000.00 |
| Short-term Loans and Advances | '7' | 120,000.00 | - | 110,000.00 |
| | | 17,030,000.00 | - | 21,980,000.00 |
| | | 106,682,900,000.00 | - | 99,874,740,000.00 |
| Summary of significant accounting policies | '1' | - | - | - |

The accompanying notes are an integral part of the Fit for Consolidation Financial Statements.

This is the Balance Sheet referred to on our report of even date.

For and on behalf of the board of directors

Anil Mathew
Director

Anil Malik
Director

Place: Mumbai
Date: 28/5/16

# A V MINERALS (NETHERLANDS) N.V.

## Fit for Consolidation Statement of Profit and Loss for the Year Ended 31 March, 2016

(Rs. Millions)

| | Note No. | Year Ended 31 March, 2016 | | Year Ended 31 March, 2015 |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Other Income | '8' | - | - | 3,900,000.00 |
| Total Revenues | | - | - | 3,900,000.00 |
| | | - | - | - |
| **EXPENSES** | | - | - | - |
| Finance Costs | '' | - | - | - |
| Other Expenses | '9' | 6,270,000.00 | - | 707,470,000.00 |
| Total Expenses | | 6,270,000.00 | - | 707,470,000.00 |
| | | - | - | - |
| Profit / (Loss) before Tax | | (6,270,000.00) | - | (703,570,000.00) |
| Tax Expenses: | | - | - | - |
| Current Tax/Deferred Tax | | - | - | - |
| Profit/ (Loss) for the Year | | (6,270,000.00) | - | (703,570,000.00) |
| | | - | - | - |
| Summary of significant accounting policies | '1' | - | - | - |
| The accompanying notes are an integral part of the Fit for Consolidation Financial Statements. | | - | - | - |

This is the Statement of Profit and Loss referred to on our report of even date.

For and on behalf of the board of directors

Anil Mathew
Director

Anil Malik
Director

Place: Mumbai
Date: 28/5/16

# A V MINERALS (NETHERLANDS) N.V.

## Fit for Consolidation Cash Flow Statement for the Year Ended 31 March, 2016

(Rs. Millions)

| | Year Ended 31 March, 2016 | Year Ended 31 March, 2015 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit / (Loss) before Tax | | |
| Adjustment for : | (6,270,000.00) | (703,570,000.00) |
| Finance Costs | - | - |
| Interest Income | - | - |
| Unrealized Foreign Exchange (Gain)/ Loss (Net) | - | (3,900,000.00) |
| Loss/ (Gain) on Derivative transactions (Net) | - | - |
| Impact of Foreign Exchange Translation due to repayment of Share Capital | - | - |
| Investing Activities (Net) | - | 695,050,000.00 |
| Operating Profit / (Loss) before Changes in Working Capital | - | - |
| Changes in working Capital: | (6,270,000.00) | (12,420,000.00) |
| Changes in Assets and Liabilities: | - | - |
| Other long term assets | - | - |
| Changes in other current liabilities | - | - |
| Net Cash Generated/(Used) - Operating Activities | - | - |
| | (6,270,000.00) | (12,420,000.00) |
| **B. CASH FLOW FROM INVESTMENT ACTIVITIES** | - | - |
| Return of Capital from Subsidiary | - | - |
| Purchase of assets, related party, net | - | 15,003,750,000.00 |
| Investment in Subsidiary - Hindalco do Brasil Indúsrria E Comércio De Alumina Lida | - | - |
| Refund of advance against equity in AV Metals Inc. | (500,230,000.00) | (623,150,000.00) |
| Additional lendings on related party loans receivable | - | - |
| Interest Received | - | - |
| Net Cash Generated/ (Used) - Investing Activities | - | 3,900,000.00 |
| | (500,230,000.00) | 14,384,500,000.00 |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | - | - |
| Proceeds from issue of Shares (Net of Expenses) | - | - |
| Equity Investment from Hindalco Industries Limited | - | - |
| Proceeds/ Repayment of Short-term Borrowings (Net) Related Parties | 500,230,000.00 | - |
| Repayment of Long-term Borrowings | - | (578,240,000.00) |
| Finance Cost Paid | - | - |
| Return of Capital to Parent (Hindalco) | - | - |
| Net Cash Generated/ (Used) - Financing Activities | - | (13,825,330,000.00) |
| | 500,230,000.00 | (14,403,570,000.00) |
| Net Increase/ (Decrease) in Cash and Cash Equivalents | - | - |
| Add : Opening Cash and Cash Equivalents | (6,270,000.00) | (31,490,000.00) |
| Add : Foreign Exchange Variation on Cash and Cash Equivalents | 21,870,000.00 | 29,830,000.00 |
| Closing Cash and Cash Equivalents | 1,310,000.00 | 23,530,000.00 |
| | 16,910,000.00 | 21,870,000.00 |

Notes:

1. The Fit for Consolidation Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash Flow Statement" as
2. Cash and cash equivalents consist of balance with banks.

This is the Cash Flow Statement referred to on our report of even date.

For and on behalf of the board of directors

Anil Mathew
Director

Anil Malik
Director

Place: Mumbai
Date: 28/5/2016

# A V MINERALS (NETHERLANDS) N.V.

## Notes to the Fit for Consolidation Financial Statements as at and for the year ended 31 March, 2016

A V Minerals (Netherlands) N.V. (A V Minerals or the Company) was incorporated in Amsterdam, the Netherlands on 18 April, 2007 as a private company with limited liability under the provisions of the Dutch Civil Code; and was converted into a public company on 28 March, 2014. The Company is a wholly-owned subsidiary of Hindalco Industries Ltd. (Hindalco). A V Minerals was formed as a holding company for the direct investment in its wholly-owned subsidiary, A V Metals Inc. (A V Metals). A V Metals was incorporated in Ontario, Canada under the Canada Business Corporations Act (CBCA) on 1 February, 2007 as a holding company for the direct investment in its wholly-owned subsidiary, A V Aluminum Inc. (A V Aluminum) Novelis Inc.

A V Aluminum was incorporated in Ontario, Canada under the CBCA. A V Aluminum was initially formed and incorporated as "6703534 Canada Limited" on 16 January, 2007, and its name was changed to A V Aluminum Inc. on 6 February, 2007. A V Aluminum was formed as a holding company for the direct investment in its wholly-owned operating subsidiary, Novelis Inc. and its subsidiaries (Novelis).

Novelis is a company incorporated in Ontario, Canada under the Canada Business Corporation Act on 21 September, 2004. Novelis produces aluminum sheet and light gauge products for use in the packaging market, which includes beverage and food can and foil products, as well as for use in the automotive, transportation, electronics, architectural and industrial product markets. Novelis is also the world's largest recycler of aluminum and has recycling operations in many of its plants to recycle both postconsumer aluminum and post-industrial aluminum. As at 31 March, 2016, Novelis had manufacturing operations in 11 countries on four continents, which include 25 operating plants, and recycling operations in 11 of these plants.

Effective 29 September, 2010, in connection with an internal restructuring transaction, pursuant to articles of amalgamation under the CBCA, Novelis was amalgamated with A V Aluminum, to form an amalgamated corporation named Novelis Inc., also a Canadian corporation.

As a result of the Amalgamation, Novelis and A V Aluminum continue Novelis' corporate existence, the amalgamated Novelis Inc. remains liable for all of Novelis and A V Aluminum's obligations and continues to own all of Novelis and A V Aluminum respective property. Since A V Aluminum was a holding company whose sole asset was the shares of the pre amalgamated Novelis, the business, management, board of directors and corporate governance procedures of Novelis Inc. following the Amalgamation are identical to those of Novelis immediately prior to the Amalgamation. Novelis Inc., like A V Aluminum, remains an indirect, wholly-owned subsidiary of Hindalco.

In January, 2013, Novelis do Brasil Ltda., subsidiary of Novelis Inc.; and Novelis Inc., subsidiary of A V Metals Inc. (jointly as sellers), executed the Quota Purchase and Sale Agreement with AV Minerals (Netherlands) N.V. (buyer), parent of A V Metals Inc. and subsidiary of Hindalco, to sell the Alumina Assets (bauxite mining rights and exploration applications /permits, certain real estate properties, alumina refinery and other assets used in or related to the production of alumina). For that purpose, Novelis do Brasil Ltda. incorporated a limited liability subsidiary company, Hindalco do Brasil Industria e Comercio de Alumina Ltda (Hindalco do Brasil), and transferred the Alumina Assets to Hindalco do Brasil by way of "drop down". The buyer acquired all the outstanding equity shares (quotas) of Hindalco do Brasil after the completion of the corporate reorganization, and transfer of licenses and permits, necessary for starting operations of Hindalco do Brasil.

Each of Hindalco, A V Minerals, A V Metals, and Novelis has a 31 March fiscal year end.

References herein to "A V Minerals," "we," "our," "the Company," or "us" refer to A V Minerals (Netherlands) N.V.

1. Significant Accounting Policies

A. Principle of Preparation

(1). The Fit for Consolidation (FFC) financial statements of A V Minerals are presented on a non-consolidated, stand-alone basis.

(2). While the Financial Statements have been prepared in U.S. Dollars (USD), the same has been translated into Indian Rupees (Rs) to facilitate Hindalco in preparation of its consolidated financial statements (Refer Policy H).

(3). There are no Fixed Assets, Inventories or Employees in A V Minerals.

B. Accounting Convention

The financial statements are prepared under the historical cost convention, on accrual basis and in conformity with the group accounting policies of Hindalco, which are in accordance with the generally accepted accounting principles in India and other recognised accounting principles.

C. Use of Estimates

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

D. Investments

(1). Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(2). Current investments are stated at lower of cost and fair value.

E. Foreign Currency Transactions

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise.

F. Taxation

Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference. Deferred tax assets including deferred tax assets on carry forward losses under tax law, are recognised to the extent it is probable that taxable future profit will be available against which such deferred tax assets can be realised.

G. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provisions are recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Assets are neither recognized nor disclosed in the financial statements.

H. Fit-for Consolidation Adjustments

A V Minerals, being a non-integral foreign operation to Hindalco, revenue and expense items are translated at the average rates prevailing during the period. All assets, liabilities and equity are translated at rates prevailing at the end of the period. Any exchange difference arising on consolidation is recognized in the "Foreign Currency Translation Reserve".

## A V MINERALS (NETHERLANDS) N.V.

### Notes to the Fit for Consolidation Financial Statements as at and for the year ended 31 March, 2016

2. Share Capital:

| | (Rs. Millions) | |
|---|---|---|
| | As at | |
| | 31 March, 2016 | 31 March, 2015 |
| Issued, Subscribed and Paid-up: | | |
| 2,228,728 (previous year 31 March, 2015: 2,216,689) Ordinary Shares of Euro 567.83 (previous year 31 March, 2015: Euro 567.83) par value - Fully paid-up - shares issued and outstanding | 109,009.15 | 102,056.69 |
| | 109,009.15 | 102,056.69 |

(a) 2,228,728 Common Stock (previous year 31 March, 2015: 2,216,689) of the Company are held by Hindalco Industries Limited.

(b) Reconciliation of shares and amount of capital outstanding at the beginning and at the end of the reporting year:

| | 31 March, 2015 - 31 March, 2016 | | 31 March, 2014 - 31 March, 2015 | |
|---|---|---|---|---|
| | Numbers | Rs. (Millions) | Numbers | Rs. (Millions) |
| Equity shares outstanding at the beginning of the year | 2,216,689 | 102,056.69 | 2,216,689 | 111,432.81 |
| Equity contribution from parent company - (c) | 12,039 | 500.23 | — | — |
| Reduction due to change in Nominal Value - (d) | — | — | — | (13,143.29) |
| Adjustment due to currency translation | — | 6,452.23 | — | 3,767.17 |
| Equity shares outstanding at the end of the Year | 2,228,728 | 109,009.15 | 2,216,689 | 102,056.69 |

(c) Hindalco has made equity contributions in AV Minerals of Rs. 500.23 million and received a total of 12,039 Common Stock during the year ended 31 March, 2016.

(d) On 1 July, 2014, pursuant to shareholder's resolution, effective 30 April, 2014, the issued capital of the Company was reduced by means of a reduction in the nominal value of all shares from Euro 643.76 to Euro 567.83 per share, aggregating Rs. 13,143.29 million to enable a return of capital repayment to Hindalco.

3. Reserves and Surplus:

Reserves and Surplus consist of the following:

| | (Rs. Millions) | |
|---|---|---|
| | As at | |
| | 31 March, 2016 | 31 March, 2015 |
| Foreign Currency Translation Reserve | (572.23) | (434.20) |
| Surplus/(Deficit) i.e. balance in Statement of Profit and Loss | (1,754.02) | (1,747.75) |
| | (2,326.25) | (2,181.95) |

For the period ended 31 March, 2016 additions and deductions since last balance sheet are as follows:

| | As at 31 March, 2015 | Addition | Deduction | Currency Translation | As at 31 March, 2016 |
|---|---|---|---|---|---|
| | | | | | (Rs. Millions) |
| Foreign Currency Translation Reserve | (434.20) | — | — | (138.03) | (572.23) |
| Surplus/(Deficit) i.e. balance in Statement of Profit and Loss | (1,747.75) | (6.27) | — | — | (1,754.02) |
| | (2,181.95) | (6.27) | — | (138.03) | (2,326.25) |

For the year ended 31 March, 2015 additions and deductions since last balance sheet are as follows:

| | As at 31 March, 2014 | Addition | Deduction | Currency Translation | As at 31 March, 2015 |
|---|---|---|---|---|---|
| | | | | | (Rs. Millions) |
| Foreign Currency Translation Reserve | (366.53) | — | — | (67.67) | (434.20) |
| Surplus/(Deficit) i.e. balance in Statement of Profit and Loss | (1,044.18) | (703.57) | — | — | (1,747.75) |
| | (1,410.71) | (703.57) | — | (67.67) | (2,181.95) |

## A V MINERALS (NETHERLANDS) N.V.
### Notes to the Fit for Consolidation Financial Statements as at and for the year ended 31 March, 2016

4. **Non-Current Investments:**

Non-Current Investments consist of the following:

| | As at 31 March, 2016 | As at 31 March, 2015 |
|---|---|---|
| | (Rs. Millions) | |
| Trade Investments (Unquoted, Valued at cost) | | |
| Investments in Equity Instruments of subsidiary - Equity Shares in A V Metals Inc. - See Note 11 Related Party Disclosures | 103,854.49 | 97,679.03 |
| Investments in Equity Instruments of subsidiary - Equity Shares in Hindalco do Brasil Indústria E Comércio De Alumina Ltda - See Note 11 Related Party Disclosures | 2,811.28 | 2,173.63 |
| | 106,665.77 | 99,852.66 |

5. **Long-term Loans and Advances:**

Long-term Loans and Advances consist of the following:

| | As at 31 March, 2016 | As at 31 March, 2015 |
|---|---|---|
| | (Rs. Millions) | |
| Loans, Advances and Deposits to Related Party | | |
| Unsecured, Considered Good - See Note 11 Related Party Disclosures | | |
| Advance against Equity in AV Metals Inc. | 0.10 | 0.10 |
| | 0.10 | 0.10 |

6. **Cash and Bank Balances:**

Cash and Bank Balances consist of the following:

| | As at 31 March, 2016 | As at 31 March, 2015 |
|---|---|---|
| | (Rs. Millions) | |
| Cash and Cash Equivalents | | |
| Balance with Banks: | | |
| Current Accounts | 16.91 | 21.87 |
| | 16.91 | 21.87 |

7. **Short-term Loans and Advances:**

Short-Term Loans and Advances consist of the following:

| | As at 31 March, 2016 | As at 31 March, 2015 |
|---|---|---|
| | (Rs. Millions) | |
| Loans and Advances to Related Party | | |
| Unsecured, Considered Good - See Note 11 Related Party Disclosures | 0.12 | 0.11 |
| | 0.12 | 0.11 |

8. **Other Income:**

Other Income consist of the following:

| | Year Ended 31 March, 2016 | Year Ended 31 March, 2015 |
|---|---|---|
| | (Rs. Millions) | |
| Interest Income | | |
| Interest from others - third Party | — | 3.90 |
| | — | 3.90 |

9. **Other Expenses:**

Other Expenses consist of the following:

| | Year Ended 31 March, 2016 | Year Ended 31 March, 2015 |
|---|---|---|
| | (Rs. Millions) | |
| (Gain)/ Loss on foreign currency transactions and translation (Net) | 0.03 | 695.05 |
| Miscellaneous Expenses (Professional fees and other costs) | 6.24 | 12.42 |
| | 6.27 | 707.47 |

A V MINERALS (NETHERLANDS) N.V.

Notes to the Fit for Consolidation Financial Statements as at and for the year ended 31 March, 2016

10. Segment Reporting:

A. Primary Segment (by Business Segment):

(a). The Company operates in single business segment viz. Aluminium though certain items have been treated as "un-allocable" signifying the same are not part of the segment because of their nature.

(b). Inter-segment transfers are at market rates.

(c). Information about the Primary Segment are as follows

(Rs. Millions)

| | As at and for the Year Ended | |
|---|---|---|
| RESULTS | 31 March, 2016 | 31 March, 2015 |
| Segment Results | (6.24) | (12.42) |
| Un-allocable income (net) / (Loss) | (0.03) | (691.15) |
| Net Profit / (Loss) | (6.27) | (703.57) |
| OTHER INFORMATION | | |
| Assets: | | |
| Segment Assets | 16.91 | 21.87 |
| Un-allocable Assets | 106,665.99 | 99,852.87 |
| Total Assets | 106,682.90 | 99,874.74 |

B. Secondary Segment (by Geographical demarcation):

(a). The secondary segment is based on geographical demarcation i.e. India and Rest of the World.

(b). The Group's revenue from external customers and information about its assets and others by geographical location are follows:

(Rs. Millions)

| | As at 31 March, 2016 | | | As at 31 March, 2015 | | |
|---|---|---|---|---|---|---|
| | India | Rest of World | Total | India | Rest of World | Total |
| Segment Assets | — | 16.91 | 16.91 | — | 21.87 | 21.87 |

A V MINERALS (NETHERLANDS) N.V.

Notes to the Fit for Consolidation Financial Statements as at and for the year ended 31 March, 2016

11. Related Party Disclosures:

A. Related Parties with whom transactions have taken place during the year:

(a). Subsidiaries:

A V Metals Inc.

Hindalco do Brasil Indústria E Comércio De Alumina Ltda

(b). Parent:

Hindalco Industries Limited

B. Disclosure of transactions in the ordinary course of business between the Company and its Related Parties during the year and status of outstanding balances at year end:

Subsidiary and Parent:

(Rs. Millions)

| | As at and for the Year Ended 31 March, 2016 | | As at and for the Year Ended 31 March, 2015 | |
|---|---|---|---|---|
| | Subsidiary | Parent | Subsidiary | Parent |
| **Transactions during the year:** | | | | |
| Equity investments from Hindalco Industries Limited | — | 500.23 | — | — |
| Repayment of loans and advances from Hindalco Industries Limited | — | — | — | 578.24 |
| Return of capital to Hindalco Industries Limited | — | — | — | 13,825.33 |
| Return of capital from AV Metals Inc. | — | — | 15,003.75 | — |
| Equity Investment in Hindalco do Brasil Indústria E Comércio De Alumina Ltda | 500.23 | — | 623.15 | — |
| **Outstanding balances as at 31st March:** | | | | |
| Advances against equity in AV Metals Inc. | 0.10 | — | 0.10 | — |
| Intercompany loan receivable balance from AV Metals Inc. | 0.12 | — | 0.11 | — |
| Investments made by the Company in: | | | | |
| AV Metals Inc. (i) | 103,854.49 | — | 97,679.03 | — |
| Hindalco do Brasil Indústria E Comércio De Alumina Ltda (ii) | 2,811.28 | — | 2,173.63 | — |

(i) Investments made by the Company in AV Metals Inc. includes exchange rate fluctuation of Rs. 6,175.46 million as at 31 March, 2016 as compared to 31 March, 2015.

(ii) Investments made by the Company in Hindalco do Brasil Industria E Comercio DE Alumina Ltda includes exchange rate fluctuation of Rs. 137.42 million as at 31 March, 2016 as compared to 31 March, 2015.

12. The investment in Subsidiary Companies was reviewed for any long term diminution in the value of investment and no diminution was indicated.

13. As at 31 March, 2016 we have not recognized any deferred tax asset against net operating loss carry forwards, in absence of virtual certainty that such benefits will be realized.

14. AV Minerals has made equity investments in Hindalco do Brasil of Rs. 500.23 million and received a total of 26,554,033 Common Stock during the year ended 31 March, 2016.

Signatures to Notes 1 to 14

For and on behalf of the board of directors

Anil Mathew
Director

Anil Malik
Director

Place: Mumbai
Date: 28/5/16

## A V METALS INC.
## Fit for Consolidation Balance Sheet as at 31 March, 2016

(Rs. Millions)

| | Note No. | As at 31 March, 2016 | As at 31 March, 2015 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | '2' | 103,854.49 | 97,679.03 |
| Reserves and Surplus | '3' | (254.31) | (239.21) |
| | | 103,600.18 | 97,439.82 |
| **Share Application Money pending allotment** | '4' | 0.10 | 0.10 |
| **Current Liabilities** | | | |
| Short-term Borrowings | '5' | 0.18 | 0.18 |
| | | **103,600.46** | **97,440.10** |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Non-Current Investments | '6' | 103,600.46 | 97,440.10 |
| | | **103,600.46** | **97,440.10** |
| Summary of significant accounting policies | '1' | | |

The accompanying notes are an integral part of the Fit for Consolidation Financial Statements.

**This is the Balance Sheet referred to on our report of even date.**

For and on behalf of the board of directors

**Praveen Maheshwari**
Director

Place: Mumbai
Date :

## A V METALS INC.
### Fit for Consolidation Statement of Profit and Loss for the Year Ended 31 March, 2016

(Rs. Millions)

| | Note No. | Year Ended 31 March, 2016 | Year Ended 31 March, 2015 |
|---|---|---|---|
| **REVENUES** | | | |
| Other Income | '7' | 0.05 | — |
| **EXPENSES** | | | |
| Other Expenses | '8' | 0.03 | 0.02 |
| Total Expenses | | 0.03 | 0.02 |
| Profit / (Loss) before Tax | | 0.02 | (0.02) |
| Tax Expenses: | | | |
| Current Tax/Deferred Tax | | — | — |
| Profit/ (Loss) for the year | | 0.02 | (0.02) |
| Summary of significant accounting policies | '1' | | |

The accompanying notes are an integral part of the Fit for Consolidation Financial Statements.

**This is the Statement of Profit and Loss referred to on our report of even date.**

For and on behalf of the board of directors

**Praveen Maheshwari**
Director

Place: Mumbai
Date :

## A V METALS INC.
## Fit for Consolidation Cash Flow Statement for the Year Ended 31 March, 2016

(Rs. Millions)

| | Year Ended 31 March, 2016 | Year Ended 31 March, 2015 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit / (Loss) before Tax | 0.02 | (0.02) |
| Operating Profit / (Loss) before Changes in Working Capital | 0.02 | (0.02) |
| Changes in working Capital | (0.02) | 0.02 |
| **Net Cash generated/ (used) - Operating Activities** | — | — |
| **B. CASH FLOW FROM INVESTMENT ACTIVITIES** | | |
| Return of Capital from Novelis Inc. | — | 15,003.75 |
| **Net Cash Generated/ (Used) - Investing Activities** | — | **15,003.75** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Return of Capital to parent (AV Minerals) | — | (15,003.75) |
| **Net Cash Generated/ (Used) - Financing Activities** | — | **(15,003.75)** |
| **Net Increase/ (Decrease) in Cash and Cash Equivalents** | — | — |
| Add : Opening Cash and Cash Equivalents | — | — |
| Add : Foreign Exchange variation on Cash and Cash Equivalents | — | — |
| **Closing Cash and Cash Equivalents** | — | — |

**Notes:**

1. The Fit for Consolidation Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified in the Companies (Accounting Standard) Rule 2006.
2. Cash and cash equivalents consist of balance with banks.

**This is the Cash Flow Statement referred to on our report of even date.**

For and on behalf of the board of directors

**Praveen Maheshwari**
Director

Place: Mumbai
Date :

## A V METALS INC.

### Notes to the Fit for Consolidation Financial Statements as at and for the Year Ended 31 March, 2016

A V Metals Inc. (A V Metals or the Company) was incorporated in Ontario, Canada under the Canada Business Corporations Act (CBCA) on 1 February, 2007 as a holding company for the direct investment in its wholly-owned subsidiary, A V Aluminum Inc. (A V Aluminum). A V Metals is a wholly-owned subsidiary of A V Minerals (Netherlands) N.V. (A V Minerals), which was incorporated in Amsterdam, the Netherlands on 18 April, 2007 as a private company with limited liability under the provisions of the Dutch Civil Code; and was converted into a public company on 28 March, 2014. A V Minerals was formed as a holding company for the direct investment in A V Metals and is a wholly-owned subsidiary of Hindalco Industries Ltd. (Hindalco).

A V Aluminum was incorporated in Ontario, Canada under the CBCA. A V Aluminum was initially formed and incorporated as "6703534 Canada Limited" on 16 January, 2007, and its name was changed to A V Aluminum Inc. on 6 February, 2007. A V Aluminum was formed as a holding company for the direct investment in its wholly-owned operating subsidiary, Novelis Inc. and its subsidiaries (Novelis).

Novelis is a company incorporated in Ontario, Canada under the Canada Business Corporation Act on 21 September, 2004. Novelis produces aluminum sheet and light gauge products for use in the packaging market, which includes beverage and food can and foil products, as well as for use in the automotive, transportation, electronics, architectural and industrial product markets. Novelis is also the world's largest recycler of aluminum and has recycling operations in many of its plants to recycle both postconsumer aluminum and post-industrial aluminum. As of March 31, 2016, Novelis had manufacturing operations in 11 countries on four continents, which include 25 operating plants, and recycling operations in 11 of these plants.

Effective 29 September, 2010, in connection with an internal restructuring transaction, pursuant to articles of amalgamation under the CBCA, Novelis was amalgamated with A V Aluminum, to form an amalgamated corporation named Novelis Inc., also a Canadian corporation.

As a result of the Amalgamation, Novelis and A V Aluminum continue Novelis' corporate existence, the amalgamated Novelis Inc. remains liable for all of Novelis and A V Aluminum's obligations and continues to own all of Novelis and A V Aluminum respective property. Since A V Aluminum was a holding company whose sole asset was the shares of the pre amalgamated Novelis, the business, management, board of directors and corporate governance procedures of Novelis Inc. following the Amalgamation are identical to those of Novelis immediately prior to the Amalgamation. Novelis Inc., like A V Aluminum, remains an indirect, wholly-owned subsidiary of Hindalco.

Each of Hindalco, A V Minerals, A V Metals, and Novelis has a 31 March fiscal year end.

References herein to "A V Metals," "we," "our," "the Company," or "us" refer to A V Metals Inc.

**1. Significant Accounting Policies**

**A. Principles of Preparation**

(a). The Fit for Consolidation (FFC) financial statements of A V Metals are presented on a non-consolidated, stand-alone basis.

(b). While the Financial Statements have been prepared in U.S. Dollars (USD), the same has been translated into Indian Rupees (Rs) to facilitate Hindalco in preparation of its consolidated financial statements (Refer Policy H).

(c) There are no Fixed Assets, Inventories or Employees in A V Metals.

**B. Accounting Convention**

The financial statements are prepared under the historical cost convention, on accrual basis and in conformity with the group accounting policies of Hindalco, which are in accordance with the generally accepted accounting principles in India and other recognised accounting principles.

**C. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**D. Investments**

(a). Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b). Current investments are stated at lower of cost and fair value.

**E. Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period are recognized as income or expense in the period in which they arise.

**F. Taxation**

Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference. Deferred tax assets including deferred tax assets on carry forward losses under tax law, are recognised to the extent it is probable that taxable future profit will be available against which such deferred tax assets can be realised.

**G. Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liabilities are made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for a contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset are neither recognized nor disclosed in the financial statements.

**H. Fit-for-Consolidation Adjustments**

A V Metals, being a non-integral foreign operation to Hindalco, revenue and expense items are translated at the average rates prevailing during the period. All assets, liabilities and equity are translated at rates prevailing at the end of the period. Any exchange difference arising on consolidation is recognized in the "Foreign Currency Translation Reserve".

2. **Share Capital:**

| | 31 March, 2016 | 31 March, 2015 |
|---|---|---|
| | (Rs. Millions) As at | |
| **Issued, Subscribed and Paid-up:** | | |
| 1,100 (previous year 1,100) Shares of Nil par value - Fully paid-up issued and outstanding | 103,854.49 | 97,679.03 |
| | 103,854.49 | 97,679.03 |

(a). 1,100 Common Stocks (Previous year 1,100 Common Stocks) of the Company are held by A V Minerals (Netherlands) N.V.

(b). Reconciliation of shares and amount of capital outstanding at the beginning and at the end of the reporting year.

| | 31 March, 2015 - 31 March, 2016 | | 31 March, 2014 - 31 March, 2015 | |
|---|---|---|---|---|
| | Numbers | Rs. (Millions) | Numbers | Rs. (Millions) |
| Equity shares outstanding at the beginning of the year | 1,100 | 97,679.03 | 1,100 | 109,077.06 |
| Return of Capital - ( c ) | — | — | — | (15,003.75) |
| Adjustment due to currency translation | — | 6,175.46 | — | 3,605.72 |
| Equity shares outstanding at the end of the year | 1,100 | 103,854.49 | 1,100 | 97,679.03 |

(c). Pursuant to Share holder's resolution dated 30 April, 2014, the issued capital of the Company was reduced by means of capital to A V Minerals (Netherlands) N.V. in the amount of Rs. 15,003.75 million.

3. **Reserves and Surplus:**

Reserves and Surplus consist of the following:

| | 31 March, 2016 | 31 March, 2015 |
|---|---|---|
| | (Rs. Millions) As at | |
| Foreign Currency Translation Reserve | (97.14) | (82.02) |
| Surplus/(Deficit) i.e. balance in Statement of Profit and Loss | (157.17) | (157.19) |
| | (254.31) | (239.21) |

For the year ended 31 March, 2016 additions and deductions under each head since last balance sheet are as under:

(Rs. Millions)

| | As at 31 March, 2015 | Addition | Deduction | Currency Translation | As at 31 March, 2016 |
|---|---|---|---|---|---|
| Foreign Currency Translation Reserve | (82.02) | — | — | (15.12) | (97.14) |
| Surplus/(Deficit) i.e. balance in Statement of Profit and Loss | (157.19) | 0.02 | — | — | (157.17) |
| | (239.21) | 0.02 | — | (15.12) | (254.31) |

For the year ended 31 March, 2015 additions and deductions under each head since last balance sheet are as under:

(Rs. Millions)

| | As at 31 March, 2014 | Addition | Deduction | Currency Translation | As at 31 March, 2015 |
|---|---|---|---|---|---|
| Foreign Currency Translation Reserve | (73.18) | — | — | (8.84) | (82.02) |
| Surplus/(Deficit) i.e. balance in Statement of Profit and Loss | (157.17) | (0.02) | — | — | (157.19) |
| | (230.35) | (0.02) | — | (8.84) | (239.21) |

4. **Share Application Money pending allotment**

| | 31 March, 2016 | 31 March, 2015 |
|---|---|---|
| | (Rs. Millions) As at | |
| Advance against equity from A V Minerals (Netherlands) N.V. - See Note 10 Related Party Disclosures | 0.10 | 0.10 |
| | 0.10 | 0.10 |

A V METALS INC.

**Notes to the Fit for Consolidation Financial Statements as at and for the year ended 31 March, 2016**

**5. Short-term Borrowings**

(Rs. Millions)

| | As at | |
|---|---|---|
| | 31 March, 2016 | 31 March, 2015 |
| **Unsecured** | | |
| Loans repayable on demand | | |
| Loans and Advances from Related Parties - AV Minerals (Netherlands) N.V. - See Note 10 Related Party Disclosures | 0.12 | 0.11 |
| From Banks | 0.06 | 0.07 |
| | 0.18 | 0.18 |

**6. Non-Current Investments**

Non-Current Investments consist of the following:

(Rs. Millions)

| | As at | |
|---|---|---|
| | 31 March, 2016 | 31 March, 2015 |
| Investments in Equity Instruments of subsidiary - 1,100 (previous year 31 March, 2015: 1,100) Equity Shares in Novelis Inc. - See Note 10 Related Party Disclosures | 103,600.46 | 97,440.10 |
| | 103,600.46 | 97,440.10 |

**7. Other Income:**

Other Income consist of the following:

(Rs. Millions)

| | Year ended | |
|---|---|---|
| | 31 March, 2016 | 31 March, 2015 |
| Liabilities no longer required written back | 0.05 | — |
| | 0.05 | — |

**8. Other Expenses:**

Other Expenses consist of the following:

(Rs. Millions)

| | Year ended | |
|---|---|---|
| | 31 March, 2016 | 31 March, 2015 |
| Miscellaneous Expenses - Bank Fees | 0.03 | 0.02 |
| | 0.03 | 0.02 |

9. **Segment Reporting**

A. Primary Segment (by Business Segment):

(a). The Company operates in single business segment viz. Aluminium though certain items have been treated as "un-allocable" signifying the same are not part of the segment because of their nature.

(b). Inter-segment transfers are at market rates.

(c). Information about the Primary Segment are as follows

(Rs. Millions)

| | As at and for the Year Ended | |
|---|---|---|
| | 31 March, 2016 | 31 March, 2015 |
| **RESULTS** | | |
| Segment Results | 0.02 | (0.02) |
| Un-allocable income (net) | — | — |
| Finance Costs | — | — |
| Net Profit / (Loss) | 0.02 | (0.02) |
| **OTHER INFORMATION** | | |
| **Assets:** | | |
| Segment Assets | — | — |
| Un-allocable Assets | 103,600.46 | 97,440.10 |
| Total Assets | 103,600.46 | 97,440.10 |
| **Liabilities:** | | |
| Segment Liabilities | — | — |
| Un-allocable Liabilities | 0.18 | 0.18 |
| Total Liabilities | 0.18 | 0.18 |

B. Secondary Segment (by Geographical demarcation):

(a). The secondary segment is based on geographical demarcation i.e. India and Rest of the World.

(b). The Group's revenue from external customers and information about its assets and others by geographical location are follows:

(Rs. Millions)

| | As at 31 March, 2016 | | | As at 31 March, 2015 | | |
|---|---|---|---|---|---|---|
| | India | Rest of World | Total | India | Rest of World | Total |
| Segment Assets | — | — | — | — | — | — |

A V METALS INC.

Notes to the Fit for Consolidation Financial Statements as at and for the year ended 31 March, 2016

**10. Related Party Disclosures:**

**A. Related Parties with whom transactions have taken place during the year:**

(a). **Subsidiary:**

Novelis Inc.

(b). **Parent:**

A V Minerals (Netherlands) N.V.

Hindalco Industries Limited, ultimate holding company

**B. Disclosure of transactions in the ordinary course of business between the Company and its Related Parties during the year and status of outstanding balances at year end:**

**Subsidiary and Parent:**

(Rs. Millions)

| | As at and for the Year Ended 31 March, 2016 | | As at and for the Year Ended 31 March, 2015 | |
|---|---|---|---|---|
| | Subsidiary | Parent | Subsidiary | Parent |
| **Transactions during the year:** | | | | |
| Declaration and payment of return of capital to A V Minerals (Netherlands) N.V. | — | — | — | 15,003.75 |
| **Outstanding balances as at 31st March:** | | | | |
| Advances against equity from AV Minerals (Netherlands) N.V | — | 0.10 | — | 0.10 |
| Intercompany loan payable balance | — | 0.12 | — | 0.11 |
| Investments made by the Company (i) | 103,600.46 | — | 97,440.10 | — |

(i) Investments made by the Company includes exchange rate fluctuation of Rs. 6,160.36 million on 31 March, 2016 as compared to 31 March, 2015.

11. The investment in subsidiary was reviewed for any long term diminution in the value of investment and no diminution was indicated.

12. As of 31 March, 2016, we have not recognised any deferred tax asset against net operating loss carry forwards, in absence of virtual certainty that such benefits will be realized.

13. The Company is a guarantor as primary obligor for all the obligations of Novelis Inc. under both the Term Loan Facility and Assets Based Loan Facility (ABL Facility). In addition to the guarantees, AV Metals has pledged 100% of the shares of Novelis Inc. as collateral for the two loans (first priority to the Term Loan Facility lenders and second priority to the ABL Facility lenders).

For and on behalf of the board of directors

**Praveen Kumar Maheshwari**
Director

Place: Mumbai
Date :

VIVEK AWATE & CO.
D-283, Vashi Plaza, Sector - 17,
Vashi, Navi Mumbai - 400703.
Tel.: +91 - 22 - 67911440 / 41
E-mail : vivekawate@gmail.com
info@vivekawate.com
Chartered Accountants

AUDITORS REPORT

To
The Board of Directors of **HINDALCO GUINEA SARL.**

We have audited the attached Balance Sheet of HINDALCO GUINEA SARL as at 31st March, 2016 and the attached Profit and Loss Accounts and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. We report that :

   a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

   c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

   d) in our opinion, the balance sheet, profit and loss accounts and cash flow statement dealt with by this report complies with the generally accepted accounting standards, to the extent applicable;

VIVEK AWATE & COMPANY
MUMBAI
Chartered Accountants

VIVEK AWATE & CO.
D-283, Vashi Plaza, Sector - 17,
Vashi, Navi Mumbai - 400703.
Tel.: +91 - 22 - 67911440 / 41
E-mail : vivekawate@gmail.com
info@vivekawate.com
Chartered Accountants

e) In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet, Profit and Loss Accounts and Cash Flow Statement gives true and fair view in conformity with the generally accepted accounting principles :

i. In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2016; and.

ii. In the case of the Profit and Loss, of the Loss of the Company for the year ended 31st March, 2016; and

iii. In the case of the Cash Flow statement, of the cash flow of the company for the period ended 31st March, 2016.

For M/s VIVEK AWATE & CO.
Chartered Accountants
Firm Regn No : 117253W

VIVEKANAND AWATE
(Proprietor)
Membership No – 102076

Place : Navi Mumbai
Date : 04.05.2016

# Hindalco Guinea SARL

## Balance Sheet as at 31st March, 2016

| Particulars | Note No. | As at 31st March 2016 | | As at 31st March 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| **EQUITY AND LIABILITIES** | | | | | |
| **Shareholder's Funds** | | | | | |
| Share Capital | 3 | 1,433.25 | 94,960 | 1,433.25 | 89,313 |
| Reserves and Surplus | 4 | (978.34) | (64,820) | (676.50) | (42,155) |
| Sub Total | | 454.91 | 30,140 | 756.75 | 47,158 |
| **Share application money pending allotment** | | - | - | - | - |
| **Non-Current Liabilities** | | | | | |
| Long-Term Borrowings | | - | - | - | - |
| Other Long Term Liabilities | 5 | - | - | - | - |
| Sub Total | | - | - | - | - |
| **Current Liabilities** | | | | | |
| Other Current Liabilities | 6 | 640.02 | 42,405 | 483.32 | 30,118 |
| Sub Total | | 640.02 | 42,405 | 483.32 | 30,118 |
| Total | | 1,094.93 | 72,545 | 1,240.07 | 77,276 |
| **Assets** | | | | | |
| **Non-Current Assets** | | | | | |
| Fixed Assets | | | | | |
| (i) Tangible Assets | | - | - | - | - |
| (ii) Intangible Assets | | - | - | - | - |
| (ii) Capital work-in-progress | | - | - | - | - |
| Sub Total | | - | - | - | - |
| Non-Current Investments | | - | - | - | - |
| Long Term Loans and Advances | 7 | - | - | - | - |
| Sub Total | | - | - | - | - |
| **Current Assets** | | | | | |
| Current Investment | 8 | - | - | - | - |
| Cash and Cash Equivalents | 9 | 1,009.30 | 66,871 | 1,154.44 | 71,940 |
| Short-Term Loans and Advances | 10 | 85.63 | 5,673 | 85.63 | 5,336 |
| Sub Total | | 1,094.93 | 72,545 | 1,240.07 | 77,276 |
| Total | | 1,094.93 | 72,545 | 1,240.07 | 77,276 |
| **Summary of Significant Accounting Policies** | 2 | | | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For VIVEK AWATE & CO.
Chartered Accountants.
Firm Registration No : 117253W

Vivekanand Awate
Proprietor
Membership No. : 102076

Place : Mumbai
Date : 04/05/2016

VIVEK AWATE & COMPANY
MUMBAI
Chartered Accountants

For and on behalf of the Board of Directors
HINDALCO GUINEA SARL

(Director) (Director)

# Hindalco Guinea SARL

## Statement of Profit and Loss for the Year Ended 31st March, 2016

| Particulars | Note No. | Year ended 31st March 2016 | | Year ended 31st Marc 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| Revenue from operations | | - | - | - | - |
| **Total Revenue** | | - | | - | |
| **Expenses** | | | | | |
| Cost of Materials Consumed | | - | - | - | - |
| Employee Benefit Expenses | | - | - | - | - |
| Financial Costs | 11 | - | - | - | - |
| Depreciation and Amortization Expense | | - | - | - | - |
| Other Expenses | 12 | 251.88 | 16,477 | 222.94 | 13,631 |
| **Total Expenses** | | 251.88 | 16,477 | 222.94 | 13,631 |
| **Profit/ (Loss) before tax** | | (251.88) | (16,477) | (222.94) | (13,631 |
| Tax expense: | | | | | |
| - Current tax | | - | - | - | - |
| - Deferred tax | | - | - | - | - |
| **Profit/(Loss) for the period** | | (251.88) | (16,477) | (222.94) | (13,631 |
| **Earning per equity share face value of GNF 100,000 each** | | | | | |
| - Basic & Diluted | | (2.52) | (164.77) | (2.23) | (136.31 |
| **Summary of Significant Accounting Policies** | 2 | | | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For VIVEK AWATE & CO.
Chartered Accountants.
Firm Registration No : 117253W

Vivekanand Awate
Proprietor
Membership No. : 102076

VIVEK AWATE & COMPANY
MUMBAI
Chartered Accountants

Place : Mumbai
Date : 04/05/2016

For and on behalf of the Board of Directors
HINDALCO GUINEA SARL

(Director) (Director)

# Hindalco Guinea SARL

## Cash Flow Statement for the Year Ended 31st March, 2016

| | Year ended 31st March 2016 | | Year ended 31st M 2015 | |
|---|---|---|---|---|
| | USD | INR | USD | INR |
| **A. Cash Flow from Operating Activities:** | | | | |
| Profit before Tax | (251.88) | (16,477) | (222.94) | (13, |
| Adjustments for: | | | | |
| Currency Translation Reserve | (49.96) | (5,426) | 49.96 | 2, |
| | (301.84) | (21,903) | (172.98) | (11, |
| Change in Working Capital: | | | | |
| Trade and Other Receivables | | | | |
| Trade and Other Payables | 156.70 | 12,286 | 175.21 | 11, |
| | 156.70 | 12,286 | 175.21 | 11, |
| | (145.14) | (9,616) | 2.23 | |
| **B. Cash Flow from Financing Activities:** | | | | |
| Equity Share Capital | - | - | - | |
| | - | - | - | |
| Net Increase/ (decrease) in Cash and cash equivalents | (145.14) | (9,616) | 2.23 | |
| Opening Cash and cash equivalents | 1,154.44 | 71,940 | 1,152.21 | 70, |
| Currency Adjustments | - | 4,548 | - | 1, |
| Closing Cash and cash equivalents | 1,009.30 | 66,871 | 1,154.44 | 71, |

As per our report of even date attached.

For VIVEK AWATE & CO.
Chartered Accountants.
Firm Registration No : 117253W

Vivekanand Awate
Proprietor
Membership No. : 102076

VIVEK AWATE & COMPANY
MUMBAI

Place : Mumbai
Date : 04/05/2016

For and on behalf of the Board of Directors
HINDALCO GUINEA SARL

(Director) (Director)

Hindalco Guinea SARL

## Note : 1 Significant Accounting Policies and notes on accounts to the financial statements for the year ended March 31, 2016

### 1. Corporate Information

Hindalco Guinea SARL is a Limited Liability company domiciled in Guinea and incorporated under the statue of applicable law of the Republic of Guinea. The company is intending to engage in the business of development and operation of bauxite mines in the Republic of Guinea.

### 2. Significant Accounting Policies :

### a) Basis of Preparation

The financial statements have been prepared in US dollars to comply in all material respect with generally accepted accounting practices (GAAP). The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies have been applied consistently throughout the period by the company.

### b) Use of estimates

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### c) Fixed Assets

There are no fixed assets in the company.

### d) Depreciation

As the company does not have any fixed assets, no depreciation has been provided during the year.

### e) Inventories

There is no inventory in the company.

### f) Revenue Recognition

The Company recognised the revenue only when its collection is reasonably certain.

g) **Retirement Benefits**
The Company is not required to provide for retirement benefits in the current financial year as it has not started any business.

h) **Foreign Currency Translation**
All monetary assets and liabilities are converted at the closing year end exchange rate, share capital is also converted at the closing year end exchange rate and the expenses are converted at the average rate. Exchange rate differences are expensed in the profit & loss accounts in the period in which they arise.

i) **Earning Per Share**

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

j) **Provisions and Contingent Liabilities**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be require to settle the obligation and a reliable estimate can be of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

# Hindalco Guinea SARL

## Notes to the Financial Statements for the year ended 31st March, 2016

Note No 3 :

Share Capital

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|---|---|---|---|
| Authorised Capital | USD | INR | USD | INR |
| Equity Share Capital<br>100 Equity Shares of GNF 100,000 each | 1,433.25 | 94,960 | 1,433.25 | 89,313 |
| Total | 1,433.25 | 94,960 | 1,433.25 | 89,313 |
| Issued,Subscribed & Paid up<br>Equity Share Capital | 1,433.25 | 94,960 | 1,433.25 | 89,313 |
| Total | 1,433.25 | 94,960 | 1,433.25 | 89,313 |

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Particulars | Year ended 31st March 2016 | | | Year ended 31st March 2015 | | |
|---|---|---|---|---|---|---|
| | In Nos. | USD | INR | In Nos. | USD | INR |
| Equity Share | | | | | | |
| At the beginning of the period | 100.00 | 1,433.25 | 94,960 | 100 | 1,433.25 | 89,313 |
| Add: Issued during the year | - | - | - | - | - | - |
| Outstanding at the end of the year | 100.00 | 1,433.25 | 94,960 | 100.00 | 1,433.25 | 87,113 |

b. Terms/rights attached to equity shares

Equity Shares

The company has only one class of shares having a par value at GNF 100,000/- per

c. Shares held by holding company and its subsidiaries and associates

| Particulars | Year ended 31st March 2016 | | | Year ended 31st March 2015 | | |
|---|---|---|---|---|---|---|
| | Nos. | USD | INR | Nos. | USD | INR |
| Equity Shares<br>Holding Company<br>Hindalco Industries Ltd | 100 | 1,433.25 | 94,960 | 100 | 1,433.25 | 89,313 |

d. Shares held by each shareholder holding more than 5% of equity share capital

| Particulars | Year ended 31st March 2016 | | Year ended 31st March 2015 | |
|---|---|---|---|---|
| | Nos. | Percentage | Nos. | Percentage |
| Equity Shares<br>Hindalco Industries Ltd | 100 | 100.00 | 100 | 100.00 |

# Hindalco Guinea SARL

## Notes to the Financial Statements for the year ended 31st March, 2016

Note No 4 : Reserve & Surplus

| Sr. No | Particulars | As at 31st March 2016 | | As at 31st March 201 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| 1 | Securities Premium reserve | - | - | - | - |
| 2 | Currency translation reserve | - | (6,150) | 49.96 | |
| 3 | Surplus (Profit & Loss Account) | | | | |
| | Balance brought forward from previous year | (726.46) | (42,193) | (503.52) | (28,5 |
| | Add: Profit / (Loss) for the period | (251.88) | (16,477) | (222.94) | (13,6 |
| | Total | (978.34) | (64,820) | (676.50) | (42,1 |

Note no 5 : Other Long Term Liabilities

| Sr. No | Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| 1 | Long Term Creditors | - | - | - | - |
| | Total | - | - | - | - |

Note No 6: Other Current Liabilities

| Sr. No | Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| 1 | Other payables (specify nature) | | | | |
| | Sundry Creditors for Expenses | 140.77 | 9,326.72 | 140.77 | 8,772.C |
| | Liability for Expenses | 499.25 | 33,077.86 | 342.55 | 21,346.C |
| | Total | 640.02 | 42,404.58 | 483.32 | 30,118.0 |

# Hindalco Guinea SARL

## Notes to the Financial Statements as at 31st March, 2016

Note No 7 : Long Term Loans and Advances

| Sr. No | Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| I) | Other Loans & Advances | | | | |
| | Preliminary Expenditure | - | - | - | - |
| | Total | - | - | - | - |

Note No 8 : Current Investment

| Sr. No | Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| 1 | Investment | - | - | - | - |
| | Total | - | - | - | - |

Note No 9 : Cash & Cash Equivalent

| Sr. No | Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| 1 | Cash-in-Hand | | | | |
| | Cash Balance | - | - | - | - |
| | Sub Total (A) | - | - | - | - |
| 2 | Balance With Banks | | | | |
| | Includes: | | | | |
| | Current Account | 1,009.30 | 66,871 | 1,154.44 | 71,940 |
| | Sub Total (B) | 1,009.30 | 66,871 | 1,154.44 | 71,940 |
| | Total [ A + B ] | 1,009.30 | 66,871 | 1,154.44 | 71,940 |

Note No 10 : Short Terms Loans and Advances

| Sr. No | Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| 1 | Others | | | | |
| | Short term Loans & Advance to Others | 85.63 | 5,673 | 85.63 | 5,336 |
| | (Unsecured, Considered Good) | | | | |
| | Total | 85.63 | 5,673 | 85.63 | 5,336 |

# Hindalco Guinea SARL

## Notes to the Financial Statements as at 31st March, 2016

**Note No 11 : Financial Cost**

| Sr. No | Particulars | Year Ended 31st March 2016 | | Year Ended 31st March 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| | | - | - | - | - |
| | Total | - | - | - | - |

**Note No 12 : Other Expenses**

| Sr. No | Particulars | Year Ended 31st March 2016 | | Year Ended 31st March 2015 | |
|---|---|---|---|---|---|
| | | USD | INR | USD | INR |
| 1 | Audit Fees | 173.11 | 11,324 | 179.69 | 10,986 |
| 2 | Legal Charges | - | - | - | - |
| 3 | Bank Charges | 49.53 | 3,240 | 43.25 | 2,644 |
| 4 | Foreign Exchange Loss | 29.24 | 1,912.63 | - | - |
| | Total | 251.88 | 16,477 | 222.94 | 13,631 |

For VIVEK AWATE & CO.
Chartered Accountants.
Firm Registration No : 117253W

Vivekanand Awate
Proprietor
Membership No. : 102076

VIVEK AWATE & COMPANY
MUMBAI
Chartered Accountants

Place : Mumbai
Date : 04/05/2016

For and on behalf of the Board of Directors
HINDALCO GUINEA SARL

(Director) (Director)

# HINDALCO DO BRASIL IND COM ALUMINA LTDA
## Balance Sheet as at 31th March, 2016

| | Note No. | BRL' 000 As at 31/03/2015 | BRL' 000 As at 31/03/2016 | USD' 000 As at 31/03/2015 | USD' 000 As at 31/03/2016 | INR' 000 As at 31/03/2015 | INR' 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Shareholders' Funds** | | | | | | | |
| Share Capital | '2' | 78.093,71 | 104.647,75 | 34.881,22 | 42.431,22 | 2.063.743,28 | 2.549.752,19 |
| Reserves and Surplus | '3' | (65.175,90) | (112.378,04) | (30.847,81) | (44.582,22) | (1.812.400,15) | (2.692.287,20) |
| Money received against Share Warrants | '4' | - | - | - | - | - | - |
| | | 12.917,81 | (7.730,29) | 4.033,42 | (2.151,00) | 251.343,13 | (142.535,01) |
| **Share Application Money pending allotment** | '5' | - | - | | | | |
| **Non-Current Liabilities** | | | | | | | |
| Long-term Borrowings | '6' | - | - | - | - | - | - |
| Deferred Tax Liabilities (Net) | '7' | - | - | - | - | - | - |
| Other Long-term Liabilities | '8' | - | - | - | - | - | - |
| Long-term Provisions | '9' | - | 29.868,92 | - | 8.312,52 | - | 550.738,01 |
| | | - | 29.868,92 | - | 8.312,52 | - | 550.738,01 |
| **Current Liabilities** | | | | | | | |
| Short-term Borrowings | '10' | 56.886,10 | 79.052,60 | 17.761,95 | 22.000,00 | 1.106.838,54 | 1.457.611,37 |
| Trade Payables | '11' | 9.442,84 | 13.577,94 | 2.948,40 | 3.778,74 | 183.730,33 | 250.356,84 |
| Other Current Liabilities | '12' | 3.735,17 | 11.631,94 | 1.166,26 | 3.237,17 | 72.675,49 | 214.475,61 |
| Short-term Provisions | '13' | - | - | - | - | - | - |
| | | 70.064,11 | 104.262,48 | 21.876,61 | 29.015,91 | 1.363.244,35 | 1.922.443,82 |
| | | 82.981,92 | 126.401,11 | 25.910,03 | 35.177,43 | 1.614.587,48 | 2.330.646,81 |
| **ASSETS** | | | | | | | |
| **Non-Current Assets** | | | | | | | |
| Fixed Assets | | | | | | | |
| Tangible Assets | '14' | 18.175,41 | 17.103,54 | 5.675,04 | 4.759,91 | 353.640,86 | 315.363,57 |
| Intangible Assets | '15' | 597,92 | 597,92 | 186,69 | 166,40 | 11.633,72 | 11.024,68 |
| Capital Work-in-Progress | '16' | 3.210,19 | 6.889,06 | 1.002,34 | 1.917,23 | 62.461,00 | 127.023,93 |
| Intangible Assets under Development | '17' | - | - | - | - | - | - |
| Non-Current Investments | '18' | - | - | - | - | - | - |
| Long-term Loans and Advances | '19' | - | 28.923,24 | - | 8.049,34 | - | 533.301,13 |
| Deferred Tax Asset | '20' | - | - | - | - | - | - |
| | | 21.983,52 | 53.513,75 | 6.864,07 | 14.892,88 | 427.735,58 | 986.713,31 |
| **Current Assets** | | | | | | | |
| Current Investments | '21' | - | - | - | - | - | - |
| Inventories | '22' | 26.603,37 | 24.794,82 | 8.306,56 | 6.900,40 | 517.624,37 | 457.179,23 |
| Trade Receivables | '23' | 8.289,27 | 19.029,23 | 2.588,22 | 5.295,84 | 161.285,19 | 350.870,53 |
| Cash and Bank Balances | '24' | 9.139,01 | 4.281,75 | 2.853,54 | 1.191,61 | 177.818,56 | 78.949,07 |
| Short-term Loans and Advances | '25' | 16.966,75 | 24.781,55 | 5.297,65 | 6.896,71 | 330.123,78 | 456.934,66 |
| Other Current Assets | '26' | - | - | - | - | - | - |
| | | 60.998,40 | 72.887,36 | 19.045,96 | 20.284,55 | 1.186.851,90 | 1.343.933,50 |
| | | 82.981,92 | 126.401,11 | 25.910,03 | 35.177,43 | 1.614.587,48 | 2.330.646,81 |

**See accompanying Notes to the Financial Statements**

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HINDALCO DO BRASIL IND. COM. ALUMINA LTDA
EL MURILO ARAUJO
GERENTE GERAL 20/05/2016

# HINDALCO DO BRASIL IND COM ALUMINA LTDA
## Statement of Profit and Loss for the 12 Months ended 31th March, 2016

| | Note No. | BRL' 000 Year ended 31/03/2015 | BRL' 000 Year ended 31/03/2016 | USD' 000 Year ended 31/03/2015 | USD' 000 Year ended 31/03/2016 | INR' 000 Year ended 31/03/2015 | INR' 000 Year ended 31/03/2016 |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Gross Revenue from Operations | '27' | 49.936,88 | 98.389,15 | 20.384,23 | 27.726,06 | 1.244.232,32 | 1.809.032,15 |
| Less: ICMS/COFINS/PIS | | - | - | - | - | - | - |
| Net Revenue from Operations | | 49.936,88 | 98.389,15 | 20.384,23 | 27.726,06 | 1.244.232,32 | 1.809.032,15 |
| Other Income | '28' | 4.974,02 | 6.640,65 | 2.030,39 | 1.871,33 | 123.933,08 | 122.098,25 |
| Total Revenues | | 54.910,90 | 105.029,80 | 22.414,63 | 29.597,40 | 1.368.165,40 | 1.931.130,40 |
| **EXPENSES** | | | | | | | |
| Purchases of Stock-in-Trade | '29' | - | - | - | - | - | - |
| Cost of raw material consumed | '30' | 39.404,04 | 54.474,57 | 16.084,73 | 15.350,93 | 981.794,89 | 1.001.596,67 |
| Changes in Inventories | '31' | (2.834,70) | 1.829,96 | (1.157,12) | 515,68 | (70.629,63) | 33.646,60 |
| Employee Benefits Expenses | '32' | 16.227,37 | 20.397,98 | 6.624,01 | 5.748,15 | 404.322,75 | 375.047,46 |
| Power and Fuel | '33' | 7.114,98 | 12.317,72 | 2.904,33 | 3.471,13 | 177.277,46 | 226.479,78 |
| Finance Costs (Net of financial income) | '34' | 7.086,97 | 15.292,00 | 2.892,90 | 4.309,29 | 176.579,54 | 281.166,40 |
| Depreciation and Amortization | '35' | 1.353,81 | 1.951,44 | 552,63 | 549,92 | 33.731,76 | 35.880,23 |
| Provision for Net Realizable Value of finished goods | '36' | - | - | - | - | - | - |
| Other Expenses | '37' | 36.352,04 | 45.968,25 | 14.838,90 | 12.953,85 | 905.750,94 | 845.195,31 |
| Total Expenses | | 104.704,50 | 152.231,93 | 42.740,37 | 42.898,96 | 2.608.827,70 | 2.799.012,44 |
| Profit/ (Loss) before Exceptional and Extraordinary items and Tax | | (49.793,60) | (47.202,13) | (20.325,74) | (13.301,56) | (1.240.662,29) | (867.882,03) |
| Exceptional Items (OME) | '38' | - | - | - | - | - | - |
| Profit/ (Loss) before Extraordinary items and Tax | | (49.793,60) | (47.202,13) | (20.325,74) | (13.301,56) | (1.240.662,29) | (867.882,03) |
| Extraordinary Items | '39' | - | - | - | - | - | - |
| Profit before Tax | | (49.793,60) | (47.202,13) | (20.325,74) | (13.301,56) | (1.240.662,29) | (867.882,03) |
| Tax Expenses: | '40' | | | | | | |
| Current Tax | | - | - | - | - | - | - |
| Deferred Tax | | 5.229,97 | - | 2.254,53 | - | 140.126,58 | - |
| Profit/ (Loss) for the period from continuing Operations | | (55.023,57) | (47.202,13) | (22.580,28) | (13.301,56) | (1.380.788,87) | (867.882,03) |
| Profit/ (Loss) from Discontinuing Operations | '41' | | | - | - | - | - |
| Tax Expenses of Discontinuing Operations | '41' | - | - | - | - | - | - |
| Profit/ (Loss) for the period | | (55.023,57) | (47.202,13) | (22.580,28) | (13.301,56) | (1.380.788,87) | (867.882,03) |

**See accompanying Notes to the Financial Statements**

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# HINDALCO DO BRASIL IND COM ALUMINA LTDA
## Cash Flow Statement for the period of 12 months ended 31th March, 2016

| | BRL' 000 | | USD' 000 | | INR' 000 | |
|---|---|---|---|---|---|---|
| | Year ended 31/03/2015 | Year ended 31/03/2016 | Year ended 31/03/2015 | Year ended 31/03/2016 | Year ended 31/03/2015 | Year ended 31/03/2016 |
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | | | |
| Profit before Tax | (49.793,60) | (47.202,13) | (19.790,38) | (13.301,56) | (1.207.984,33) | (867.882,03) |
| Adjustment for : | | | | | | |
| Finance Costs | 7.086,97 | 15.292,00 | 2.892,90 | 4.309,29 | 176.579,54 | 281.166,40 |
| Depreciation and Amortization Expenses | 1.354,02 | 2.127,10 | 552,71 | 599,42 | 33.736,86 | 39.109,93 |
| Impairment Loss/ (Reversal) (Net) | - | - | - | - | - | - |
| Employee Stock Option Scheme | - | - | - | - | - | - |
| Provisions/ Provisions written-back (Net) | - | - | - | - | - | - |
| Unrealised Foreign Exchange (Gain)/ Loss (N '44' | - | (3.232,43) | - | - | - | (29.012,38) |
| Foreign currency translation (Gain)/Loss (Net) | - | - | (2.021,35) | (3.843,02) | (96.106,02) | (154.695,86) |
| Loss/ (Gain) on Derivative transactions (Net) | - | 5.458,49 | - | 1.519,10 | - | 100.646,30 |
| Investing Activities (Net) | (4.974,02) | (6.640,65) | (2.030,39) | (1.871,33) | (123.933,08) | (122.098,25) |
| Provision for ARO Long term (Vargem) | - | 1.026,70 | - | 285,73 | - | 18.930,77 |
| Operating profit before working capital changes | (46.326,63) | (33.170,93) | (20.396,52) | (12.302,39) | (1.217.707,03) | (733.835,11) |
| Changes in working Capital: | | | | | | |
| Inventories | (2.666,17) | 1.808,55 | 2.271,05 | 1.406,16 | 117.192,84 | 60.445,13 |
| Trade and other Receivables | (17.966,38) | (18.554,76) | (4.664,64) | (4.306,68) | (298.086,74) | (316.396,23) |
| Trade and other Payables | 3.654,22 | 6.573,39 | (93,81) | 2.901,25 | 3.833,90 | 208.426,63 |
| Cash generation from Operation | (63.304,95) | (43.343,75) | (22.883,92) | (12.301,66) | (1.394.767,02) | (781.359,57) |
| Payment of Direct Taxes | - | - | - | - | - | - |
| Changes in other assets | - | - | - | - | - | - |
| **Net Cash generated/ (used) - Operating Activities** | (63.304,95) | (43.343,75) | (22.883,92) | (12.301,66) | (1.394.767,02) | (781.359,57) |
| **B. CASH FLOW FROM INVESTMENT ACTIVITIES** | | | | | | |
| Purchase of Fixed Assets | (7.983,10) | (4.735,56) | (2.283,77) | (1.208,55) | (143.960,56) | (84.019,66) |
| Sale of Fixed Assets | - | - | - | - | - | - |
| Return of Capital from Subsidiary | - | - | - | - | - | - |
| Purchase/ Sale of shares of Subsidiaries | - | - | - | - | - | - |
| Purchase/ Sale of Investments (Net) | - | - | - | - | - | - |
| Proceeds/ Repayment of Loans to Body Corporate (Net) | (734,63) | (181,81) | (229,38) | (50,60) | (14.293,78) | (3.352,28) |
| Interest Received | 4.974,02 | 6.640,65 | 2.030,39 | 1.871,33 | 123.933,08 | 122.098,25 |
| Dividend Received | - | - | - | - | - | - |
| **Net Cash Generated/ (Used) - Investing Activities** | (3.743,72) | 1.723,28 | (482,76) | 612,19 | (34.321,26) | 34.726,32 |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | | | |
| Proceeds from issue of Shares (Net of Expenses) | 22.059,89 | 26.554,03 | 10.000,00 | 7.550,00 | 592.424,41 | 486.008,91 |
| Proceeds from Long-term Borrowings | - | - | - | - | - | - |
| Repayment of Long-term Borrowings | - | - | - | - | - | - |
| Proceeds/ Repayment of Short-term Borrowings (Net) | 56.886,10 | 25.400,40 | 17.761,95 | 7.068,93 | 1.106.838,54 | 468.345,28 |
| Finance Cost Paid | (7.086,97) | (15.292,00) | (2.892,90) | (4.309,29) | (176.579,54) | (281.166,40) |
| Dividend Paid (including Dividend Distribution Tax) | - | - | - | - | - | - |
| **Net Cash Generated/ (Used) - Financing Activities** | 71.859,02 | 36.662,43 | 24.869,05 | 10.309,65 | 1.522.683,41 | 673.187,78 |
| **Net Increase/ (Decrease) in Cash and Cash Equivalents** | 4.810,35 | (4.958,04) | 1.502,37 | (1.379,83) | 93.595,13 | (73.445,47) |
| Add : Opening Cash and Cash Equivalents | 3.594,02 | 8.404,38 | 1.588,16 | 2.624,16 | 95.313,87 | 163.524,78 |
| Foreign exchange impact on opening cash & cash equivalents | | | (466,37) | (285,22) | (25.384,22) | (26.534,11) |
| Closing Cash and Cash Equivalents | 8.404,38 | 3.446,33 | 2.624,16 | 959,11 | 163.524,78 | 63.545,21 |
| | 8.404,38 | 3.446,33 | 2.624,16 | 959,11 | 163.524,78 | 63.545,21 |

**Notes:**

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified in the Companies
2. Figures have been regrouped/ rearranged wherever necessary.

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# HINDALCO INDUSTRIES LIMITED
## Notes to the Financial Statements

1. **Significant Accounting Policies**

A. **Accounting Convention**

The financial statements are prepared under the historical cost convention, on accrual basis and in conformity with the group accounting policies of Hindalco Industries Limited (Hindalco), which are in accordance with the generally accepted accounting principles in India and other recognized accounting principles, to facilitate Hindalco in preparation of its consolidated financial statements.

B. **Use of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. **Fixed Assets**

(a). Tangible Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises of purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

(b). Intangible Assets are stated at cost less accumulated amortization. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

(c). Machinery spares which can be used only in connection with an item of Fixed Asset and whose use is not of regular nature are written off over the estimated useful life of the relevant asset.

D. **Depreciation and Amortization**

(a). Depreciation on Tangible Fixed Assets is provided using straight line method based on estimated useful life.

(b). Intangible assets, except mining rights, are amortized over their estimated useful lives on straight line basis. In the case of mining rights, amortization of capitalized cost is provided on a production (output) basis, proportional to depletion of the mineral resource of the mining rights expected to be ultimately recoverable. A regular review of the mining rights is undertaken to determine the appropriateness of the carrying amount and the amount to be amortized.

E. **Impairment**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

F. **Leases**

Lease payments under an operating lease are recognized as expense in the Statement of Profit and Loss as per terms of lease agreement.

G. **Investments**

(a). Long term investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature.

(b). Current investments are stated at lower of cost and fair value.

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H. **Inventories**

(a). Inventories of stores and spare parts are valued at or below cost after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

(b). Inventories of items other than those stated above are valued 'At cost or Net Realizable Value, whichever is lower'. Cost is generally determined on weighted average cost basis and wherever required, appropriate overheads are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(c). Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

I. **Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency transactions is translated at the year end rates. Exchange differences arising on settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise. Foreign currency monetary items those are used as hedge instruments or hedged items are accounted as per accounting policy on derivative financial instruments.

J. **Employee benefits**

Employee benefits of short term nature are recognized as expense as and when it accrues. Long term employee benefits (e.g. long-service leave) and post employment benefits (e.g. gratuity), both funded and unfunded, are recognized as expense based on actuarial valuation at year end using the Projected unit credit method. Actuarial gain and losses are recognized immediately in the Profit & Loss Account.

K. **Revenue Recognition**

Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discount and rebates. Dividend income on investments is accounted for when the right to receive the payment is established. Export incentive, certain insurance, railway and other claims where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

L. **Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

M. **Taxation**

Provision for current income tax is made in accordance with local laws. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference.

N. **Research and Development**

Expenditure incurred during research phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized.

O. **Government Grants**

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Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Profit & Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

P. **Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

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2. **Share Capital:**

| | R$ 000 As at 31/03/2015 | R$ 000 As at 31/03/2016 | Link Code | US$ 000 As at 31/03/2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31/03/2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|---|
| **Authorized:** | | | | | | | |
| | - | - | | - | - | - | - |
| | - | - | | - | - | - | - |
| **Issued:** | | | | | | | |
| 121,386,939 (101,386,939 as on 31st March 2015) Equity Shares of R$ 1/- each | 101.387 | 121.387 | | 42.154 | 47.090 | 2.516.962 | 2.858.398 |
| | 101.387 | 121.387 | | 42.154 | 47.090 | 2.516.962 | 2.858.398 |
| **Subscribed and Paid-up:** | | | | | | | |
| 104.647.746,21 (78,093,714 as on 31st March 2015) Equity Shares of R$ 1/- each fully paid-up | 78.094 | 104.648 | | 34.881 | 42.431 | 2.063.743 | 2.549.752 |
| | - | - | | - | - | | |
| | 78.094 | 104.648 | | 34.881 | 42.431 | 2.063.743 | 2.549.752 |
| Add: Forfeited Shares (Amount originally Paid-up) | - | - | | - | - | - | - |
| | 78.094 | 104.648 | | 34.881 | 42.431 | 2.063.743 | 2.549.752 |

a. **Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:**

| | 31/03/2015 Numbers | 31/03/2015 R$ 000 | 31/03/2016 Numbers | 31/03/2016 R$ 000 |
|---|---|---|---|---|
| Outstanding at the beginning of the period | 15.353.113 | 15.353,11 | 16.739.192 | 16.739,19 |
| Shares issued | 30.000.000 | 30.000,00 | 0 | - |
| Shares paid up | 22.059.888 | 22.059,89 | 0 | - |
| Outstanding at the end of the period | 23.293.225 | 23.293,22 | 16.739.192 | 16.739,19 |

b. **Rights, preferences and restrictions attached to Equity Shares:**
The company has one class of equity shares having a par value of R$ 1/- per share.

c. **Details of shareholders holding more than 5% equity Shares in the Company on reporting date:**

| | 31/03/2015 Numbers of Shares held | 31/03/2015 Percentage of Holding | 31/03/2016 Numbers of Shares held | 31/03/2016 Percentage of Holding |
|---|---|---|---|---|
| i. AV MINERALS (NETHERLANDS) N.V. | 78.093.713 | 99,999999% | 104.647.745 | 99,999999% |
| ii. FABIO JORGE BATISTA PINTO (31.03.2015)/ISABEL CRISTINA SILAMI (31.03.2016) | 1 | 0,000001% | 1 | 0,000001% |

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3. **Reserves and Surplus:**

| | R$ 000 As at 31/03/2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31/03/2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31/03/2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| **Capital Reserve** | | | | | | |
| Balance as at the beginning of the year | - | - | - | - | - | - |
| **Capital Redemption Reserve** | | | | | | |
| Balance as at the beginning of the year | - | - | - | - | - | - |
| **Securities Premium Account** | | | | | | |
| Balance as at the beginning of the year | - | - | - | - | - | - |
| Add: Premium on Equity Shares allotted which earlier kept in abeyance due to legal case pending | - | - | - | - | - | - |
| Add: Premium on Equity Shares allotted against exercise of Employees Stock Options | - | - | - | - | - | - |
| Balance as at the end of the year | - | - | - | - | - | - |
| **Employees Stock Options Outstanding** | | | | | | |
| Employee Stock Compensation for Options granted till earlier years | - | - | - | - | - | - |
| Add: Compensation for options granted during the year | - | - | - | - | - | - |
| Less: Transfer to Securities Premium Account on exercise of stock options during the year | - | - | - | - | - | - |
| Less: Transfer to General Reserve on forfeiture of vested stock options during the year | - | - | - | - | - | - |
| Less: Deferred Employee Stock Compensation | - | - | - | - | - | - |
| Balance as at the end of the year | - | - | - | - | - | - |
| **Hedging Reserve** (refer Note No. ) | | | | | | |
| Balance as at the beginning of the year | - | - | - | - | - | - |
| Gain/ (Loss) recognized during the year | - | - | - | - | - | - |
| (Gain)/ Loss recycled during the year | - | - | - | - | - | - |
| Balance as at the end of the year | - | - | - | - | - | - |
| **Business Reconstruction Reserve** (refer Note No. ) | | | | | | |
| Balance as at the beginning of the year | - | - | - | - | - | - |
| Less: Amount adjusted during the year | - | - | - | - | - | - |
| Balance as at the end of the year | - | - | - | - | - | - |
| **General Reserve** | | | | | | |
| Balance as at the beginning of the year | - | - | - | - | - | - |
| Add: Transfer from Employees Stock Options Outstanding during the year | - | - | - | - | - | - |
| Add: Amount transferred from surplus in the Statement of Profit and Loss | - | - | - | - | - | - |
| Balance as at the end of the year | - | - | - | - | - | - |
| Foreign Currency Translation Reserve | - | - | (3.891,07) | (4.323,93) | (159.601,05) | (171.606,12) |
| **Surplus in the Statement of Profit and Loss** | | | | | | |
| Balance as at the beginning of the period | (10.152,29) | (65.175,90) | (4.376,45) | (26.956,73) | (272.010,24) | (1.652.799,10) |
| Add: Profit for the period | (55.023,61) | (47.202,13) | (22.580,28) | (13.301,56) | (1.380.788,87) | (867.882,03) |
| Less: Proposed Dividend on Equity Shares | - | - | - | - | - | - |
| Less: Tax on proposed Equity Dividend | - | - | - | - | - | - |
| Less: Transfer to General Reserve | - | - | - | - | - | - |
| Balance as at the end of the year | (65.175,90) | (112.378,04) | (26.956,73) | (40.258,29) | (1.652.799,10) | (2.520.681,14) |
| | (65.175,90) | (112.378,04) | (30.847,81) | (44.582,22) | (1.812.400,15) | (2.692.287,25) |

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4. **Money received against Share Warrants:**
None

5. **Share Application Money pending allotment:**
*Narrative descriptions or disaggregation to be given*

6. **Long-term Borrowings:**
Long-term Borrowings as at reporting date are consist of the following:

| | R$ 000 | | | | US$ 000 | | | | INR 000 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Non-current Portion | | Current Maturities | | Non-current Portion | | Current Maturities | | Non-current Portion | | Current Maturities | |
| | 31/03/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 | | 31/03/2015 | |
| **Secured** | | | | | | | | | | | | |
| Bonds/ Debentures | - | - | - | - | - | - | - | - | - | - | - | - |
| Term Loans: | | | | | | | | | | | | |
| From Banks | - | | - | - | - | - | - | - | - | - | - | - |
| From Other Parties | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred Payment Liabilities | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans and Advances from Related Parties | - | - | - | - | - | - | - | - | - | - | - | - |
| Long term maturities of Finance Lease obligations | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Loans and Advances - (a) | | | | | - | - | - | - | - | - | - | - |
| From Banks | - | - | - | - | - | - | - | - | - | - | - | - |
| From Other Parties | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| **Unsecured** | | | | | | | | | | | | |
| Bonds/ Debentures | - | - | - | - | - | - | - | - | - | - | - | - |
| Term Loans | | | | | | | | | | | | |
| From Banks | - | - | - | - | - | - | - | - | - | - | - | - |
| From Other Parties | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred Payment Liabilities | - | | - | | | | | | - | - | - | - |
| Deposits | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans and Advances from Related Parties | - | - | - | - | - | - | - | - | - | - | - | - |
| Long term maturities of Finance Lease obligations | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Loans and Advances - (a) | | | | | | | | | - | | - | - |
| From Banks | - | - | - | - | - | - | - | - | - | - | - | - |
| From Other Parties | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - |
| Less: Amount disclosed under the head "Other Current Liabilities" | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - |

(a). Other Loans and Advances mainly include ……….

(b). Nature of Security and terms of repayment for secured borrowings

| Nature of Security | Terms of Repayment |
|---|---|
| NA | NA |

(c). Terms of repayment for unsecured borrowings: NA

(d). The aggregate amount of loans under each head guaranteed by Directors or others are given below Nil

(e). Period and amount of continuing default as on the balance sheet date in repayment of loans and interest shall be st NA

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7. **Deferred Tax Liabilities (Net):**
Major components of Deferred Tax arising on account of temporary timing differences are given below:

| | R$ 000 As at | | US$ 000 As at | | INR 000 As at | |
|---|---|---|---|---|---|---|
| | 31/03/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 |
| **Deferred Tax Liabilities** | | | | | | |
| Depreciation and Amortization Expenses | - | - | - | - | - | - |
| Other Timing Differences (specify nature if any item material) | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| **Deferred Tax Assets** | | | | | | |
| Employee's Separation and Retirement Expenses | - | - | - | - | - | - |
| Expenses/ Provisions Allowable | - | - | - | - | - | - |
| Other Timing Differences (specify nature if any item material) | 14.763,40 | 29.934,25 | 4.609,68 | 8.330,70 | 287.252,90 | 551.942,71 |
| Less: Valuation allowance | (14.763,40) | (29.934,25) | (4.609,68) | (8.330,70) | (287.252,90) | (551.942,71) |
| **Deferred Tax Liabilities (Net)** | - | - | - | - | - | - |
| | - | - | - | - | - | - |

8. **Other Long-term Liabilities:**
Other Long-term Liabilities consist of the following:

| | R$ 000 As at | | US$ 000 As at | | INR 000 As at | |
|---|---|---|---|---|---|---|
| | 31/03/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 |
| Trade Payables | - | - | - | - | - | - |
| Others: | | | | | | |
| Interest accrued but not due on borrowings | - | - | - | - | - | - |
| Advance from Customers | - | - | - | - | - | - |
| Derivative Liabilities | - | - | - | - | - | - |
| Capital Liabilities | - | - | - | - | - | - |
| Security and other Deposits | - | - | - | - | - | - |
| Statutory dues Payables | - | - | - | - | - | - |
| Other Payables - (a) | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |

(a). Other Payables mainly include payables in respect of contractually reimbursable expenses, employees salaries, interest accrued on trade payables, retiral funds, purchases of investments etc.

9. **Long-term Provisions:**
Long-term Provisions consist of the following:

| | R$ 000 As at | | US$ 000 As at | | INR 000 As at | |
|---|---|---|---|---|---|---|
| | 31/03/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 | 31/03/2016 |
| Provision for Employee Benefits | - | - | - | - | - | - |
| Others: | | | | | | |
| Provision for claims against the Company | - | - | - | - | - | - |
| Other Provisions - (a) | - | 29.868,92 | - | 8.312,52 | - | 550.738,01 |
| | - | 29.868,92 | - | 8.312,52 | - | 550.738,01 |

(a). Other Provisions under head "Others" include ARO provision relating to Red Mud Pond (28.842,22) and Vargem mines (1.026,70)

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10. **Short-term Borrowings:**

| | R$ 000 As at 31/03/2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31/03/2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31/03/2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| **Secured** | | | | | | |
| Loans repayable on demand | | | | | | |
| From Banks | | | | | | |
| From Other Parties | 56.886,10 | 79.052,60 | 17.761,95 | 22.000,00 | 1.106.838,54 | 1.457.611,37 |
| Loans and Advances from Related Parties | - | - | - | - | - | - |
| Deposits | - | - | - | - | - | - |
| Other Loans and Advances: | | | | | | |
| Payable under Trade Financing Arrangements - (b) | - | - | - | - | - | - |
| Cash Credit/ Export Credit etc. | - | - | - | - | - | - |
| Others - (a) | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 56.886,10 | 79.052,60 | 17.761,95 | 22.000,00 | 1.106.838,54 | 1.457.611,37 |
| **Unsecured** | | | | | | |
| Loans repayable on demand | | | | | | |
| From Banks | | | | | | |
| From Other Parties | - | - | - | - | - | - |
| Loans and Advances from Related Parties | - | - | - | - | - | - |
| Deposits | - | - | - | - | - | - |
| Other Loans and Advances: | | | | | | |
| Payable under Trade Financing Arrangements - (b) | - | - | - | - | - | - |
| Cash Credit/ Export Credit etc. | - | - | - | - | - | - |
| Others - (a) | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 56.886,10 | 79.052,60 | 17.761,95 | 22.000,00 | 1.106.838,54 | 1.457.611,37 |

(a). Others under head "Other Loans and Advances" mainly include Buyers credit, Packing credit, ......................... etc.

(b). Payable under Trade Financing Arrangements comprise of unsecured credit availed from Banks/ Financial Institutions for payment to suppliers for raw materials purchased by the Company. The arrangements are interest-bearing and are normally payable within 180 days.

(c). Nature of security for secured borrowings from Bank of America (Loan for working capital purposes having a tenure of one year and repayable in tranches maturing in April 2016, May 2016, August 2016 & October 2016) are given below:
Corporate Guarantee from Parent Company (Hindalco Industries Ltd.) in favour of the bank

(d). The aggregate amount of loans under each head guaranteed by Directors or others are given below: Nil

(e). Period and amount of continuing default as on the balance sheet date in repayment of loans and interest shall be stated. None

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11. **Trade Payables**

| | R$ 000 As at 31/03/2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31/03/2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31/03/2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| Suppliers | | | | | | |
| taxes payable | 8.958,59 | 12.198,23 | 2.797,20 | 3.394,77 | 174.308,21 | 224.917,01 |
| Payroll and taxes | - | - | - | - | - | - |
| Other Trade Payables | - | - | - | - | - | - |
| | 484,25 | 1.379,71 | 151,20 | 383,97 | 9.422,12 | 25.439,83 |
| | 9.442,84 | 13.577,94 | 2.948,40 | 3.778,74 | 183.730,33 | 250.356,84 |

12. **Other Current Liabilities**

Other Current Liabilities consist of the following:

| | R$ 000 As at 31/03/2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31/03/2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31/03/2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| Current maturities of Long-term Debts | | | | | | |
| Current maturities of Finance Lease obligations | - | - | - | - | - | - |
| Interest accrued but not due on Borrowings | - | - | - | - | - | - |
| Interest accrued and due on Borrowings | 1.188,95 | 1.945,32 | 371,23 | 541,38 | 23.133,50 | 35.868,82 |
| Investor Education and Protection Fund shall be credited by the following | - | - | - | - | - | - |
| Unpaid Dividends | - | | - | - | - | |
| Application Money received due for refund and interest accrued thereon | - | - | - | - | - | |
| Unpaid Redeemed Preference Shares | - | - | - | - | - | - |
| Unpaid matured deposits and interest accrued thereon | - | - | - | - | - | - |
| Unpaid matured debentures and interest accrued thereon | - | - | - | - | - | - |
| Other Payables: | - | - | - | - | - | - |
| Advance from Customers | | | | - | | |
| Derivative Liabilities | 1,26 | 288,19 | 0,39 | 80,20 | 24,59 | 5.313,84 |
| Capital Liabilities | - | 5.458,49 | - | 1.519,10 | - | 100.646,30 |
| Security and other Deposits | - | - | - | - | - | - |
| Statutory dues Payables | - | - | - | - | - | - |
| Employee related liabilities | 156,69 | 143,67 | 48,93 | 39,98 | 3.048,79 | 2.648,98 |
| Others (Net of liability in respect of assets held by third parties) (a) | 2.388,26 | 3.282,93 | 745,70 | 913,64 | 46.468,61 | 60.532,28 |
| | - | 513,35 | - | 142,87 | - | 9.465,39 |
| | 3.735,17 | 11.631,94 | 1.166,26 | 3.237,17 | 72.675,49 | 214.475,61 |

(a). Others under head "Other Payables" mainly include payables in respect of contractually reimbursable expenses, employees salaries, interest accrued on trade payables, retiral funds, purchases of investments, represent short-term ARO provision relating to Vargem mines of R$ 513,35 (000)

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13. **Short-term Provisions:**

Short-term Provisions consist of the following:

| | R$ 000 As at 31/03/2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31/03/2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31/03/2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| Provision for Employee Benefits | - | - | - | - | - | - |
| Others: | | | | | | |
| Proposed Dividends (including Dividend Distribution Tax) | | | | | - | - |
| Provision for Current Tax (Net of Advance Tax) | - | - | - | - | - | - |
| Provision for claims against the Company | - | - | - | - | - | - |
| Other Provisions | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |

Movement and description of Provisions are given below:

R$ 000

| | Provision for claims against the Company 31/03/2015 | Provision for claims against the Company 31/03/2016 | Other Provisions 31/03/2015 | Other Provisions 31/03/2016 |
|---|---|---|---|---|
| At the beginning of the period | | | | |
| Arising during the period | - | - | - | - |
| Utilized during the period | - | - | - | - |
| Unused amounts reversed during the period | - | - | - | - |
| At the end of the period | - | - | - | - |
| Non-curent portion | - | - | - | - |
| Current portion | - | | - | - |

US$ 000

| | Provisions for claims against the Company 31/03/2015 | Provisions for claims against the Company 31/03/2016 | Other Provisions 31/03/2015 | Other Provisions 31/03/2016 |
|---|---|---|---|---|
| At the beginning of the period | | | | |
| Arising during the period | - | - | - | - |
| Utilized during the period | - | - | - | - |
| Unused amounts reversed during the period | - | - | - | - |
| At the end of the period | - | - | - | - |
| Non-curent portion | - | - | - | - |
| Current portion | - | - | - | - |

INR 000

| | Provisions for claims against the Company 31/03/2015 | Provisions for claims against the Company 31/03/2016 | Other Provisions 31/03/2015 | Other Provisions 31/03/2016 |
|---|---|---|---|---|
| At the beginning of the period | | | | |
| Arising during the period | - | - | - | - |
| Utilized during the period | - | - | - | - |
| Unused amounts reversed during the period | - | - | - | - |
| At the end of the period | - | - | - | - |
| Non-curent portion | - | - | - | - |
| Current portion | - | - | - | - |

a. **Provision for claims against the Company**

Represents provision for claims of suppliers, contractors, customers, revenue authorities and others, where the Company anticipates probable outflow. The amount of provision is estimated by the Company considering the facts and circumstances of each case for which cash flow will be determined on settlement of these matters.

b. **Other Provisions: Nil**

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14. **Tangible Assets:**

Summary of cost, accumulated amortization, accumulated impairment and net carrying amount of each class of tangible assets are given below:

| | R$ 000 As at 31/03/2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31/03/2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31/03/2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| Cost | 20.026,32 | 21.081,54 | 6.252,96 | 5.866,99 | 389.654,10 | 388.712,01 |
| Less: Accumulated Depreciation | 1.850,90 | 3.978,00 | 577,92 | 1.107,08 | 36.013,23 | 73.348,44 |
| Less: Accumulated Impairment | - | - | - | - | - | - |
| Less: Foreign currency adjustment | - | - | - | - | - | - |
| Net Carrying Amount | 18.175,41 | 17.103,54 | 5.675,04 | 4.759,91 | 353.640,86 | 315.363,57 |

R$ 000

| | Cost 31/03/2015 | Cost 31/03/2016 | Accumulated Depreciation 31/03/2015 | Accumulated Depreciation 31/03/2016 | Accumulated Impairment 31/03/2015 | Accumulated Impairment 31/03/2016 | Net Carrying Amount 31/03/2015 | Net Carrying Amount 31/03/2016 |
|---|---|---|---|---|---|---|---|---|
| Leasehold Land | - | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - |
| Freehold Land | 32,94 | 32,94 | - | - | - | - | 32,94 | 32,94 |
| Buildings | 10.356,42 | 10.356,42 | 627,96 | 1.040,31 | - | - | 9.728,46 | 9.316,11 |
| Plant and Equipment (including moulds) | 8.356,31 | 9.206,61 | 1.088,61 | 2.551,71 | - | - | 7.267,70 | 6.654,90 |
| Furniture and Fixtures | 145,28 | 230,28 | 13,34 | 30,59 | - | - | 131,95 | 199,69 |
| Vehicles and Aircraft | 402,40 | 402,40 | 35,08 | 115,56 | - | - | 367,33 | 286,85 |
| Computer Equipment & Software | 732,97 | 852,89 | 85,92 | 239,84 | - | - | 647,04 | 613,06 |
| Railway Sidings | - | - | - | - | - | - | - | - |
| Adjustment for foreign currency translation | | | | | | | | |
| | 20.026,32 | 21.081,54 | 1.850,90 | 3.978,00 | - | - | 18.175,41 | 17.103,54 |

US$ 000

| | Cost As at 31/03/2015 | Cost As at 31/03/2016 | Accumulated Depreciation 31/03/2015 | Accumulated Depreciation 31/03/2016 | Accumulated Impairment 31/03/2015 | Accumulated Impairment 31/03/2016 | Other adjustments (Foreign currency translation) 31/03/2015 | Other adjustments (Foreign currency translation) 31/03/2016 | Net Carrying Amount 31/03/2015 | Net Carrying Amount 31/03/2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Leasehold Land | - | - | - | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - | - | - |
| Freehold Land | 10,28 | 9,17 | - | - | - | - | - | - | 10,28 | 9,17 |
| Buildings | 3.233,66 | 2.882,19 | 196,07 | 289,52 | - | - | - | - | 3.037,58 | 2.592,67 |
| Plant and Equipment (including moulds) | 2.609,15 | 2.562,20 | 339,90 | 710,14 | - | - | - | - | 2.269,25 | 1.852,06 |
| Furniture and Fixtures | 45,36 | 64,09 | 4,16 | 8,51 | - | - | - | - | 41,20 | 55,57 |
| Vehicles and Aircraft | 125,65 | 111,99 | 10,95 | 32,16 | - | - | - | - | 114,69 | 79,83 |
| Computer Equipment & Software | 228,86 | 237,36 | 26,83 | 66,75 | - | - | - | - | 202,03 | 170,61 |
| Railway Sidings | - | - | - | - | - | - | - | - | - | - |
| Adjustment for foreign currency translation | | | | | | | | | | |
| | 6.252,96 | 5.866,99 | 577,92 | 1.107,08 | - | - | - | - | 5.675,04 | 4.759,91 |

INR 000

| | Cost As at 31/03/2015 | Cost As at 31/03/2016 | Accumulated Depreciation 31/03/2015 | Accumulated Depreciation 31/03/2016 | Accumulated Impairment 31/03/2015 | Accumulated Impairment 31/03/2016 | Other adjustments (Foreign currency translation) 31/03/2015 | Other adjustments (Foreign currency translation) 31/03/2016 | Net Carrying Amount 31/03/2015 | Net Carrying Amount 31/03/2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Leasehold Land | - | - | - | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - | - | - |
| Freehold Land | 640,84 | 607,29 | - | - | - | - | - | - | 640,84 | 607,29 |
| Buildings | 201.505,81 | 190.956,76 | 12.218,22 | 19.181,70 | - | - | - | - | 189.287,58 | 171.775,07 |
| Plant and Equipment (including moulds) | 162.589,63 | 169.756,14 | 21.181,22 | 47.049,69 | - | - | - | - | 141.408,41 | 122.706,45 |
| Furniture and Fixtures | 2.826,80 | 4.245,99 | 259,47 | 564,09 | - | - | - | - | 2.567,33 | 3.681,90 |
| Vehicles and Aircraft | 7.829,63 | 7.419,74 | 682,49 | 2.130,70 | - | - | - | - | 7.147,14 | 5.289,04 |
| Computer Equipment & Software | 14.261,39 | 15.726,08 | 1.671,83 | 4.422,26 | - | - | - | - | 12.589,56 | 11.303,82 |
| Railway Sidings | - | - | - | | - | - | - | - | - | - |
| Adjustment for foreign currency translation | | | | | | | | | | |
| | 389.654,10 | 388.712,01 | 36.013,23 | 73.348,44 | - | - | - | - | 353.640,86 | 315.363,57 |

Reconciliation of the gross and net carrying amounts of assets at the beginning and ending 31/03/2016 are as under:

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**Cost**

R$ 000

| | As at 31.03.2015 | Additions | Disposals | Other Adjustments (d) | As at 31/03/2016 |
|---|---|---|---|---|---|
| Leasehold Land (a) | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Land | 32,94 | - | - | - | 32,94 |
| Buildings (b) | 10.356,42 | (0,00) | - | - | 10.356,42 |
| Plant and Equipment (c) (including moulds) | 8.356,31 | 850,30 | - | - | 9.206,61 |
| Furniture and Fixtures | 145,28 | 84,99 | - | - | 230,28 |
| Vehicles and Aircraft (e) | 402,40 | - | - | - | 402,40 |
| Computer Equipment & Software | 732,97 | 119,93 | - | - | 852,89 |
| Railway Sidings | - | - | - | - | - |
| | 20.026,32 | 1.055,22 | - | - | 21.081,54 |
| Previous Year | 13.644,15 | - | - | - | 13.644,15 |

US$ 000

| | As at 31.03.2015 | Additions | Disposals | Other adjustments (Foreign currency translation) | As at 31/03/2016 |
|---|---|---|---|---|---|
| Leasehold Land (a) | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Land | 10,28 | - | - | (1,12) | 9,17 |
| Buildings (b) | 3.233,66 | (0,00) | - | (351,47) | 2.882,19 |
| Plant and Equipment (c) (including moulds) | 2.609,15 | 236,64 | - | (283,59) | 2.562,20 |
| Furniture and Fixtures | 45,36 | 23,65 | - | (4,93) | 64,09 |
| Vehicles and Aircraft (e) | 125,65 | - | - | (13,66) | 111,99 |
| Computer Equipment & Software | 228,86 | 33,38 | - | (24,87) | 237,36 |
| Railway Sidings | - | - | - | - | - |
| | 6.252,96 | 293,67 | - | (679,63) | 5.866,99 |
| Previous Year | 6.029,21 | - | - | (1.769,01) | 4.260,21 |

INR 000

| | As at 31.03.2015 | Additions | Disposals | Other adjustments (Foreign currency translation) | As at 31/03/2016 |
|---|---|---|---|---|---|
| Leasehold Land (a) | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - |
| Land | 640,84 | - | - | (33,55) | 607,29 |
| Buildings (b) | 201.505,81 | (0,00) | - | (10.549,04) | 190.956,76 |
| Plant and Equipment (c) (including moulds) | 162.589,63 | 15.678,26 | - | (8.511,74) | 169.756,14 |
| Furniture and Fixtures | 2.826,80 | 1.567,17 | - | (147,99) | 4.245,99 |
| Vehicles and Aircraft (e) | 7.829,63 | - | - | (409,89) | 7.419,74 |
| Computer Equipment & Software | 14.261,39 | 2.211,29 | - | (746,60) | 15.726,08 |
| Railway Sidings | - | - | - | - | - |
| | 389.654,10 | 19.456,72 | - | (20.398,81) | 388.712,01 |
| Previous Year | 361.844,44 | - | - | (96.368,79) | 265.475,65 |

**Accumulated Depreciation**

R$ 000

| | As at 31.03.2015 | Additions | Deductions/ 'Adjustments | As at 31/03/2016 |
|---|---|---|---|---|
| Leasehold Land | - | - | - | - |
| Leasehold Improvements | - | - | - | - |
| Freehold Land | - | - | - | - |
| Buildings | 627,96 | 412,35 | - | 1.040,31 |
| Plant and Equipment (including moulds) | 1.088,61 | 1.463,10 | - | 2.551,71 |
| Furniture and Fixtures | 13,34 | 17,26 | - | 30,59 |
| Vehicles and Aircraft | 35,08 | 80,48 | - | 115,56 |
| Computer Equipment & Software | 85,92 | 153,91 | - | 239,84 |
| Railway Sidings | - | - | - | - |
| | 1.850,90 | 2.127,10 | - | 3.978,00 |
| Previous Year | 496,89 | 1.354,02 | - | 1.850,90 |

US$ 000

| | As at 31.03.2015 | Additions | Deductions/Adjustments (Foreign currency | As at 31/03/2016 |
|---|---|---|---|---|
| Leasehold Land | - | - | - | - |
| Leasehold Improvements | - | - | - | - |
| Freehold Land | - | - | - | - |
| Buildings | 196,07 | 116,20 | (22,75) | 289,52 |
| Plant and Equipment (including moulds) | 339,90 | 412,30 | (42,07) | 710,14 |
| Furniture and Fixtures | 4,16 | 4,86 | (0,51) | 8,51 |
| Vehicles and Aircraft | 10,95 | 22,68 | (1,47) | 32,16 |
| Computer Equipment & Software | 26,83 | 43,37 | (3,45) | 66,75 |
| Railway Sidings | - | - | - | - |
| | 577,92 | 599,42 | (70,26) | 1.107,08 |
| Previous Year | 219,57 | 552,71 | (194,36) | 577,92 |

INR 000

| | As at 31.03.2015 | Additions | Deductions/Adjustments (Foreign | As at 31/03/2016 |
|---|---|---|---|---|
| Leasehold Land | - | - | - | - |
| Leasehold Improvements | - | - | - | - |
| Freehold Land | - | - | - | - |
| Buildings | 12.218,22 | 7.581,67 | (618,19) | 19.181,70 |
| Plant and Equipment (including moulds) | 21.181,22 | 26.901,26 | (1.032,78) | 47.049,69 |
| Furniture and Fixtures | 259,47 | 317,30 | (12,69) | 564,09 |
| Vehicles and Aircraft | 682,49 | 1.479,75 | (31,54) | 2.130,70 |
| Computer Equipment & Software | 1.671,83 | 2.829,95 | (79,52) | 4.422,26 |
| Railway Sidings | - | - | - | - |
| | 36.013,23 | 39.109,93 | (1.774,72) | 73.348,44 |
| Previous Year | 13.177,47 | 33.736,86 | (10.901,10) | 36.013,23 |

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| Accumulated Impairment | As at 31.03.2015 | Recognised | Reversal | Deductions/ Adjustments | As at 31/03/2016 | As at 31.03.2015 | Recognised | Reversal | Deductions/ Adjustments | As at 31/03/2016 | As at 31.03.2015 | Recognised | Reversal | Deductions/ Adjustments | As at 31/03/2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | US$ 000 | | | | | INR 000 | | | | |
| Leasehold Land | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Freehold Land | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Plant and Equipment (including moulds) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Fixtures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vehicles and Aircraft | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Office Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Railway Sidings | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Previous Year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

(a). right to use the land, ownership of which vests with the state government authorities, acquired according the appraisal report.
(b). Buildings include Building and plant constructions acquired according the appraisal report.
(c). Plant & Equipment acquired according to the appraisal report.
(d). Taxes recoverable undiscounted in the Invoice record.

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R$ 000

| | Cost | | Accumulated Depreciation | | Net Carrying Amount | |
|---|---|---|---|---|---|---|
| | As at 31/03/2014 | As at 31/03/2015 | As at 31/03/2014 | As at 31/03/2015 | As at 31/03/2014 | As at 31/03/2015 |
| Leasehold Land | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - |
| Freehold Land | 32,94 | 32,94 | - | - | 32,94 | 32,94 |
| Buildings | 9.941,41 | 10.356,42 | 238,25 | 627,96 | 9.703,17 | 9.728,46 |
| Plant and Equipment (incldıng moulds) | 3.498,40 | 8.356,31 | 252,16 | 1.088,61 | 3.246,24 | 7.267,70 |
| Furniture and Fixtures | 53,35 | 145,28 | 3,10 | 13,34 | 50,24 | 131,95 |
| Vehicles and Aircraft | 90,00 | 402,40 | - | 35,08 | 90,00 | 367,33 |
| Computer Equipment and Software | 28,05 | 732,97 | 3,37 | 85,92 | 24,68 | 647,04 |
| Railway Sidings | - | - | - | - | - | - |
| | 13.644,15 | 20.026,32 | 496,89 | 1.850,90 | 13.147,27 | 18.175,41 |

US$ 000

| | Cost | | Accumulated Depreciation | | Adjustments (Foreign currency translation) | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|
| | As at 31/03/2014 | As at 31/03/2015 | As at 31/03/2014 | As at 31/03/2015 | As at 31/03/2014 | As at 31/03/2015 | As at 31/03/2014 | As at 31/03/2015 |
| Leasehold Land | - | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - |
| Freehold Land | 14,55 | 10,28 | - | - | - | - | 14,55 | 10,28 |
| Buildings | 4.393,01 | 3.233,66 | 102,70 | 196,07 | (2,58) | - | 4.287,73 | 3.037,58 |
| Plant and Equipment (incldıng moulds) | 1.545,91 | 2.609,15 | 108,70 | 339,90 | (2,73) | - | 1.434,48 | 2.269,25 |
| Furniture and Fixtures | 23,57 | 45,36 | 1,34 | 4,16 | (0,03) | - | 22,20 | 41,20 |
| Vehicles and Aircraft | 39,77 | 125,65 | - | 10,95 | - | - | 39,77 | 114,69 |
| Computer Equipment and Software | 12,40 | 228,86 | 1,45 | 26,83 | (0,04) | - | 10,91 | 202,03 |
| Railway Sidings | - | - | - | - | - | - | - | - |
| | 6.029,21 | 6.252,96 | 214,20 | 577,92 | (5,37) | - | 5.809,65 | 5.675,04 |

INR 000

| | Cost | | Accumulated Depreciation | | Adjustments (Foreign currency translation) | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|
| | As at 31/03/2014 | As at 31/03/2015 | As at 31/03/2014 | As at 31/03/2015 | As at 31/03/2014 | As at 31/03/2015 | As at 31/03/2014 | As at 31/03/2015 |
| Leasehold Land | - | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - |
| Freehold Land | 873,47 | 640,84 | - | - | - | - | 873,47 | 640,84 |
| Buildings | 263.647,38 | 201.505,81 | 9.710,04 | 12.218,22 | 3.391,70 | - | 257.329,04 | 189.287,58 |
| Plant and Equipment (incldıng moulds) | 92.777,99 | 162.589,63 | 20.841,01 | 21.181,22 | 14.153,61 | - | 86.090,58 | 141.408,41 |
| Furniture and Fixtures | 1.414,76 | 2.826,80 | 254,97 | 259,47 | 172,69 | - | 1.332,48 | 2.567,33 |
| Vehicles and Aircraft | 2.386,86 | 7.829,63 | 873,98 | 682,49 | 873,98 | - | 2.386,86 | 7.147,14 |
| Computer Equipment and Software | 743,97 | 14.261,39 | 2.056,86 | 1.671,83 | 1.967,42 | - | 654,53 | 12.589,56 |
| Railway Sidings | - | - | - | - | - | - | - | - |
| | 361.844,44 | 389.654,10 | 33.736,86 | 36.013,23 | 20.559,39 | - | 348.666,97 | 353.640,86 |

(f). Company's share in Jointly owned assets has been grouped together with the relevant class of fixed assets. The proportion of the cost and net carrying amounts included in relevant class of assets are given below:

R$ 000

| | Cost | | Accumulated Depreciation | | Net Carrying Amount | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Leasehold Land | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - |
| Freehold Land | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - |
| Plant and Equipment (including moulds) | - | - | - | - | - | - |
| Furniture and Fixtures | - | - | - | - | - | - |
| Vehicles and Aircraft | - | - | - | - | - | - |
| Office Equipment | - | - | - | - | - | - |
| Railway Sidings | - | - | - | - | - | - |
| | - | - | - | - | - | - |

US$ 000

| | Cost | | Accumulated Depreciation | | Adjustments (Foreign currency translation) | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Leasehold Land | - | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - |
| Freehold Land | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - |
| Plant and Equipment (including moulds) | - | - | - | - | - | - | - | - |
| Furniture and Fixtures | - | - | - | - | - | - | - | - |
| Vehicles and Aircraft | - | - | - | - | - | - | - | - |
| Office Equipment | - | - | - | - | - | - | - | - |
| Railway Sidings | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |

INR 000

| | Cost | | Accumulated Depreciation | | Adjustments (Foreign currency translation) | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Leasehold Land | - | - | - | - | - | - | - | - |
| Leasehold Improvements | - | - | - | - | - | - | - | - |
| Freehold Land | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - |
| Plant and Equipment (including moulds) | - | - | - | - | - | - | - | - |
| Furniture and Fixtures | - | - | - | - | - | - | - | - |
| Vehicles and Aircraft | - | - | - | - | - | - | - | - |
| Office Equipment | - | - | - | - | - | - | - | - |
| Railway Sidings | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |

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15. **Intangible Assets:**

Summary of cost, accumulated amortization, accumulated impairment and net carrying amount of each class of intangible assets are given below:

| | R$ 000 As at 31/03/2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31/03/2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31/03/2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| Cost | 597,92 | 597,92 | 186,69 | 166,40 | 11.633,72 | 11.024,68 |
| Less: Accumulated Amortization | - | - | - | - | - | - |
| Less: Accumulated Impairment | - | - | - | - | - | - |
| | 597,92 | 597,92 | 186,69 | 166,40 | 11.633,72 | 11.024,68 |

R$ 000

| | Cost | | Accumulated Amortization | | Accumulated Impairment | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Mining Rights (b) | 597,92 | 597,92 | - | - | - | - | 597,92 | 597,92 |
| Computer Software | - | - | - | - | - | - | - | - |
| Technology | - | - | - | - | - | - | - | - |
| | 597,92 | 597,92 | - | - | - | - | 597,92 | 597,92 |

US$ 000

| | Cost | | Accumulated Amortization | | Accumulated Impairment | | Adjustment (Foreign currency translation) | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Mining Rights (b) | 186,69 | 166,40 | - | - | - | - | - | - | 186,69 | 166,40 |
| Computer Software | - | - | - | - | - | - | - | - | - | - |
| Technology | - | - | - | - | - | - | - | - | - | - |
| | 186,69 | 166,40 | - | - | - | - | - | - | 186,69 | 166,40 |

INR 000

| | Cost | | Accumulated Amortization | | Accumulated Impairment | | Adjustment (Foreign currency translation) | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Mining Rights (b) | 11.633,72 | 11.024,68 | - | - | - | - | - | - | 11.633,72 | 11.024,68 |
| Computer Software | - | - | - | - | - | - | - | - | - | - |
| Technology | - | - | - | - | - | - | - | - | - | - |
| | 11.633,72 | 11.024,68 | - | - | - | - | - | - | 11.633,72 | 11.024,68 |

Reconciliation of the gross and net carrying amounts of assets at the beginning and period ending 31/03/2016 are as under:

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**Cost**

R$ 000

| | As at 31.03.2015 | Additions | Disposals | Other Adjustments | As at 31/03/2016 |
|---|---|---|---|---|---|
| Mining Rights | 597,92 | - | - | - | 597,92 |
| Computer Software | - | - | - | - | - |
| Technology | - | - | - | - | - |
| | 597,92 | - | - | - | 597,92 |
| Previous Year | 597,92 | - | - | - | 597,92 |

US$ 000

| | As at 31.03.2015 | Additions | Disposals | Other Adjustments (foreign currency translation) | As at 31/03/2016 |
|---|---|---|---|---|---|
| Mining Rights | 186,69 | - | - | (20,29) | 166,40 |
| Computer Software | - | - | - | - | - |
| Technology | - | - | - | - | - |
| | 186,69 | - | - | (20,29) | 166,40 |
| Previous Year | 264,21 | - | - | (77,52) | 186,69 |

INR 000

| | As at 31.03.2015 | Additions | Disposals | Other Adjustments (foreign currency translation) | As at 31/03/2016 |
|---|---|---|---|---|---|
| Mining Rights | 11.633,72 | - | - | (609,04) | 11.024,68 |
| Computer Software | - | - | - | - | - |
| Technology | - | - | - | - | - |
| | 11.633,72 | - | - | (609,04) | 11.024,68 |
| Previous Year | 15.856,81 | - | - | (4.223,09) | 11.633,72 |

**Accumulated Amortization**

R$ 000

| | As at 31.03.2015 | Additions | Deductions/ Adjustments | As at 31/03/2016 |
|---|---|---|---|---|
| Mining Rights | - | - | - | - |
| Computer Software | - | - | - | - |
| Technology | - | - | - | - |
| | - | - | - | - |
| Previous Year | - | - | - | - |

US$ 000

| | As at 31.03.2015 | Additions | Deductions | (foreign currency translation) | As at 31/03/2016 |
|---|---|---|---|---|---|
| Mining Rights | - | - | - | - | - |
| Computer Software | - | - | - | - | - |
| Technology | - | - | - | - | - |
| | - | - | - | - | - |
| Previous Year | - | - | - | - | - |
| | - | - | - | - | - |

INR 000

| | As at 31.03.2015 | Additions | Deductions | Adjustments (foreign currency translation) | As at 31/03/2016 |
|---|---|---|---|---|---|
| Mining Rights | - | - | - | - | - |
| Computer Software | - | - | - | - | - |
| Technology | - | - | - | - | - |
| | - | - | - | - | - |
| Previous Year | - | - | - | - | - |
| | - | - | - | - | - |

**Accumulated Impairment**

R$ 000

| | As at 31.03.2015 | Recognised | Reversal | ductions/Adjustm | As at 31/03/2016 |
|---|---|---|---|---|---|
| Mining Rights | - | - | - | - | - |
| Computer Software | - | - | - | - | - |
| Technology | - | - | - | - | - |
| | - | - | - | - | - |
| Previous Year | - | - | - | - | - |

US$ 000

| | As at 31.03.2015 | Recognised | Reversal | Deductions/ Adjustments (foreign currency translation) | As at 31/03/2016 |
|---|---|---|---|---|---|
| Mining Rights | - | - | - | - | - |
| Computer Software | - | - | - | - | - |
| Technology | - | - | - | - | - |
| | - | - | - | - | - |
| Previous Year | - | - | - | - | - |
| | - | - | - | - | - |

INR 000

| | As at 31.03.2015 | Recognised | Reversal | Deductions/ Adjustments (foreign currency translation) | As at 31/03/2016 |
|---|---|---|---|---|---|
| Mining Rights | - | - | - | - | - |
| Computer Software | - | - | - | - | - |
| Technology | - | - | - | - | - |
| | - | - | - | - | - |
| Previous Year | - | - | - | - | - |
| | - | - | - | - | - |

(a). right to use the land, ownership of which vests with the state government authorities, acquired according the appraisal report.

(b) Mining rights acquired during Start up of Ouro Preto Plant have not yet been put in use. Amortization of these rights is linked to production (output), proportional to the depletion of the mineral resources of the mining rights expected to be ultimately recoverable. A regular review of the mining rights is undertaken to determine the appropriateness of the carrying cost & the amount to be amortized.

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16. **Capital Work-in-Progress:**

Capital Work-in-Progress consist of the following:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Capital Work-in-Progress | 3.210,19 | 6.889,06 | 1.002,34 | 1.917,23 | 62.461,00 | 127.023,93 |
| Expenditure during Construction pending allocation - (a) | - | - | - | - | - | - |
| | 3.210,19 | 6.889,06 | 1.002,34 | 1.917,23 | 62.461,00 | 127.023,93 |

(a). Detail of expenditure during construction pending allocation are given below:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Expenditure during the year: | | | | | | |
| Cost of Materials Consumed | - | - | - | - | - | - |
| Employee Benefits Expenses | - | - | - | - | - | - |
| Power and Fuel | - | - | - | - | - | - |
| Depreciation and Amortization Expenses | - | - | - | - | - | - |
| Other Expenses: | | | | | | |
| Insurance | - | - | - | - | - | - |
| Technology Fees | - | - | - | - | - | - |
| Consultancy Charges | - | - | - | - | - | - |
| Miscellaneous Expenses | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Income during the year: | - | - | - | - | - | - |
| Income out of Trial Run | - | - | - | - | - | - |
| Other Income | - | - | - | - | - | - |
| Stock of Trial Run Production | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Add: Balance brought forward from previous year | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Less: Amount allocated to Fixed Assets | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Balance pending allocation | - | - | - | - | - | - |

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17. **Intangible Assets under Development:**

Intangible Assets under Development consist of the following:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Development Work-in-Progress | - | - | - | - | - | - |
| Expenditure during Development pending allocation - (a) | - | - | - | - | - | - |
| | - | - | - | - | - | - |

(a). Detail of expenditure during development pending allocation are given below:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Expenditure during the year: | | | | | | |
| Cost of Materials Consumed | - | - | - | - | - | - |
| Employee Benefits Expenses | - | - | - | - | - | - |
| Power and Fuel | - | - | - | - | - | - |
| Finance Costs | - | - | - | - | - | - |
| Depreciation and Amortization Expenses | - | - | - | - | - | - |
| Other Expenses: | - | - | - | - | - | - |
| Insurance | - | - | - | - | - | - |
| Technology Fees | - | - | - | - | - | - |
| Consultancy Charges | - | - | - | - | - | - |
| Other Miscellaneous Expenses | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Add: Balance brought forward from previous year | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Less: Amount allocated to Fixed Assets | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Balance pending allocation | - | - | - | - | - | - |

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18. **Non-Current Investments:**

Non-Current Investments consist of the following:

| | Quoted/ Unquoted | Face value per Unit | Numbers | R$ 000 As at 31.03.2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31.03.2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31.03.2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|---|---|---|
| **TRADE INVESTMENTS** | | | | | | | | | |
| **Investments in Equity Instruments** | | | | | | | | | |
| Investment in Subsidiaries | | | | | | | | | |
| | | | | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - |
| **OTHER INVESTMENTS** | | | | | | | | | |
| **Investments in Equity Instruments** | | | | | | | | | |
| Investment in Subsidiaries | | | | | | | | | |
| | | | | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - |
| **Investments in Preference Shares** | | | | | | | | | |
| **Investments in Debentures or Bonds** | | | | | | | | | |
| | | | | - | - | - | - | - | - |
| **Investments in Government Securities** | | | | | | | | | |
| | | | | - | - | - | - | - | - |
| **Investments in Mutual Funds** | | | | | | | | | |
| | | | | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - |
| Aggregate amount of Unquoted Investments | | | | - | - | - | - | - | - |
| Aggregate amount of Quoted Investments | | | | - | - | - | - | - | - |
| Aggregate market value of Quoted Investments | | | | - | - | - | - | - | - |
| Aggregate provision for diminution in value of Investments | | | | - | - | - | - | - | - |

a. The non-current portion of each of the above balances shown under the head "Current Investments" as Current portion of Non-current Investments.

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19. **Long-term Loans and Advances:**
Long-term Loans and Advances consist of the following:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Capital Advances | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Less: Provision for doubtful advances | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Loans, Advances and Deposits to Related Parties | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good - (b) | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Less: Provision for doubtful loans,advances & deposits | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Inter Corporate Loans, Advances and Deposits | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Less: Provision for doubtful Inter Corporate Loans,Advances & Deposits | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Security Deposits | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | - | 81,02 | - | 22,55 | - | 1.493,90 |
| Doubtful | - | - | - | - | - | - |
| | - | 81,02 | - | 22,55 | - | 1.493,90 |
| Less: Provision for doubtful Security Deposits | - | - | - | - | - | - |
| | - | 81,02 | - | 22,55 | - | 1.493,90 |
| Advances recoverable in cash or kind | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Less: Provision for doubtful advances recoverable in cash or kind | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Other Advances and Balances - Unsecured, Considered Good | | | | | | |
| Advance Income Tax (Net of Provision for Taxation) | - | - | - | - | - | - |
| MAT Credit Entitlement | - | - | - | - | - | - |
| Balance with Government Authorities | - | - | - | - | - | - |
| Others (ARO asset relating to Red Mud Pond) | - | 28.842,22 | - | 8.026,79 | - | 531.807,23 |
| | - | 28.842,22 | - | 8.026,79 | - | 531.807,23 |
| | - | 28.923,24 | - | 8.049,34 | - | 533.301,13 |

Loans and Advances stated above include loans and advances due by:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | As at | | As at | | As at | |
| | As at | As at | As at | As at | As at | As at |
| Directors * | - | - | - | - | - | - |
| Other officers of the Company * | - | - | - | - | - | - |
| Firm in which Director is a partner | - | - | - | - | - | - |
| Private Company in which Director is a member | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |

* Either severally or jointly

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## 20. Deferred Tax Assets

| | R$ 000 As at 31.03.2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31.03.2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31.03.2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| Unabsorbed Business Loss | - | - | - | - | - | - |
| | - | - | - | - | - | - |

| | R$ 000 As at | R$ 000 As at | US$ 000 As at | US$ 000 As at | INR 000 As at | INR 000 As at |
|---|---|---|---|---|---|---|
| Directors * | - | - | - | - | - | - |
| Other officers of the Company * | - | - | - | - | - | - |
| Firm in which Director is a partner | - | - | - | - | - | - |
| Private Company in which Director is a member | - | - | - | - | - | - |
| | - | - | - | - | - | - |

* *Either severally or jointly*

## 21. Current Investments:

Current Investments consist of the following:

| | R$ 000 As at 31.03.2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31.03.2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31.03.2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| **Current Investments** | | | | | | |
| Investments in Equity Instruments | - | - | - | - | - | - |
| Investments in Preference Shares | - | - | - | - | - | - |
| Investments in Government Securities | - | - | - | - | - | - |
| Investments in Debentures and Bonds | - | - | - | - | - | - |
| Investments in Mutual Funds | - | - | - | - | - | - |
| Investments in Certificate of Deposits | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Investments in Others (specify nature) | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| **Current portion of Long-term Investments** | | | | | | |
| Investments in Equity Instruments | - | - | - | - | - | - |
| Investments in Preference Shares | - | - | - | - | - | - |
| Investments in Government Securities | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Investments in Debentures and Bonds | - | - | - | - | - | - |
| Investments in Mutual Funds | - | - | - | - | - | - |
| Investments in Others (specify nature) | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Aggregate amount of Unquoted Investments | - | - | - | - | - | - |
| Aggregate amount of Quoted Investments | - | - | - | - | - | - |
| Aggregate market value of Quoted Investments | - | - | - | - | - | - |
| Aggregate provision for diminution in value of Investments | - | - | - | - | - | - |

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22. **Inventories:**

| | R$ 000 As at 31/03/2015 In hand | In transit | Total | As at 31/03/2016 In hand | In transit | Total |
|---|---|---|---|---|---|---|
| Raw Materials | 1.574,19 | - | 1.574,19 | 2.358,77 | - | 2.358,77 |
| Work-in-Progress | 13.444,63 | - | 13.444,63 | 12.796,17 | - | 12.796,17 |
| Finished Goods | 8.149,93 | - | 8.149,93 | 5.956,59 | 1.011,83 | 6.968,43 |
| Stock-in-Trade | - | - | - | - | - | - |
| Stores and Spares | 3.434,62 | | 3.434,62 | 2.671,45 | - | 2.671,45 |
| Coal and Fuel | - | | - | - | - | - |
| | 26.603,37 | - | 26.603,37 | 23.782,98 | 1.011,83 | 24.794,82 |

| | US$ 000 As at 31/03/2015 In hand | In transit | Total | As at 31/03/2016 In hand | In transit | Total |
|---|---|---|---|---|---|---|
| Raw Materials | 491,52 | - | 491,52 | 656,45 | - | 656,45 |
| Work-in-Progress | 4.197,91 | - | 4.197,91 | 3.561,17 | - | 3.561,17 |
| Finished Goods | 2.544,71 | - | 2.544,71 | 1.657,72 | 281,59 | 1.939,31 |
| Stock-in-Trade | - | - | - | - | - | - |
| Stores and Spares | 1.072,42 | - | 1.072,42 | 743,47 | - | 743,47 |
| Coal and Fuel | - | | - | - | - | - |
| | 8.306,56 | - | 8.306,56 | 6.618,80 | 281,59 | 6.900,40 |

| | INR 000 As at 31/03/2015 In hand | In transit | Total | As at 31/03/2016 In hand | In transit | Total |
|---|---|---|---|---|---|---|
| Raw Materials | 30.629,17 | - | 30.629,17 | 43.492,19 | - | 43.492,19 |
| Work-in-Progress | 261.593,46 | - | 261.593,46 | 235.942,15 | - | 235.942,15 |
| Finished Goods | 158.573,99 | - | 158.573,99 | 109.830,63 | 18.656,69 | 128.487,32 |
| Stock-in-Trade | - | - | - | - | - | - |
| Stores and Spares | 66.827,75 | - | 66.827,75 | 49.257,57 | - | 49.257,57 |
| Coal and Fuel | - | | - | - | - | - |
| | 517.624,37 | - | 517.624,37 | 438.522,54 | 18.656,69 | 457.179,23 |

(a). Details of inventories under broad head are given below:

| | R$ 000 As at 31/03/2015 | As at 31/03/2016 | US$ 000 As at 31/03/2015 | As at 31/03/2016 | INR 000 As at 31/03/2015 | As at 31/03/2016 |
|---|---|---|---|---|---|---|
| i. **Work-in-Progress:** | | | | | | |
| Aluminium Business: | | | | | | |
| Caustic soda | 4.758,58 | 6.284,11 | 1.485,80 | 1.748,87 | 92.588,10 | 115.869,56 |
| Bauxite | 108,79 | 235,08 | 33,97 | 65,42 | 2.116,68 | 4.334,59 |
| Hydrate | 8.577,26 | 6.276,97 | 2.678,14 | 1.746,88 | 166.888,68 | 115.738,00 |
| Copper Business: | | | | | | |
| Copper and Copper Products | - | - | - | - | - | - |
| Precious Metals | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| | 13.444,63 | 12.796,17 | 4.197,91 | 3.561,17 | 261.593,46 | 235.942,15 |
| ii. **Finished Goods:** | | | | | | |
| Aluminium Business: | | | | | | |
| Humid Hydrate | 5.418,40 | 1.551,20 | 1.691,83 | 431,70 | 105.426,43 | 28.601,87 |
| Alumina Sweep | 2.440,56 | 1.274,91 | 762,03 | 354,81 | 47.486,32 | 23.507,46 |
| Alumina (Standard & Special) and Special Hydrate | 10.277,92 | 8.171,00 | 3.209,15 | 2.273,99 | 199.978,54 | 150.661,00 |
| NRV Provision on finished goods | (5.202,48) | (4.028,69) | (1.624,41) | (1.121,18) | (101.225,10) | (74.283,01) |
| Copper and Copper Products | - | - | - | - | - | - |
| Precious Metals | - | - | - | - | - | - |
| Others (Slow moving inventory provision) | (4.784,48) | - | (1.493,89) | - | (93.092,19) | - |
| | 8.149,93 | 6.968,43 | 2.544,71 | 1.939,31 | 158.573,99 | 128.487,32 |
| ICMS/PIS/COFINS on Stock | - | - | - | - | - | - |
| | 8.149,93 | 6.968,43 | 2.544,71 | 1.939,31 | 158.573,99 | 128.487,32 |
| iii. **Stock-in-Trade:** | | | | | | |
| Copper Cathode | - | - | - | - | - | - |
| Ammonia | - | - | - | - | - | - |
| Coal | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| | - | - | - | - | - | - |

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23. **Trade Receivables:**

Trade Receivables consist of the following:

| | R$ 000 As at | | US$ 000 As at | | INR 000 As at | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Outstanding for a period exceeding six months (from the due date) | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | 21,74 | - | 6,79 | - | 423,09 | - |
| Doubtful | 25,56 | 118,74 | 7,98 | 33,05 | 497,25 | 2.189,38 |
| Outstanding for a period less than six months | - | - | - | - | - | - |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | 8.267,53 | 19.029,23 | 2.581,43 | 5.295,84 | 160.862,10 | 350.870,53 |
| Doubtful | 129,63 | - | 40,48 | - | 2.522,24 | - |
| | 8.444,46 | 19.147,97 | 2.636,67 | 5.328,88 | 164.304,68 | 353.059,91 |
| Less: Allowance for bad and doubtful debts | 155,19 | 118,74 | 48,46 | 33,05 | 3.019,49 | 2.189,38 |
| | 8.289,27 | 19.029,23 | 2.588,22 | 5.295,84 | 161.285,19 | 350.870,53 |

(a). Trade Receivable stated above include debts due by:

| | R$ 000 As at | | US$ 000 As at | | INR 000 As at | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Directors * | - | - | - | - | - | - |
| Other officers of the Company * | - | - | - | - | - | - |
| Firm in which Director is a partner | - | - | - | - | - | - |
| Private Company in which Director is a member | - | - | - | - | - | - |
| | - | - | - | - | - | - |

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24. **Cash and Bank Balances:**

Cash and Bank Balances consist of the following:

| | R$ 000 As at | | US$ 000 As at | | INR 000 As at | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| **Cash and Cash Equivalents** | | | | | | |
| Balance with Banks: | | | | | | |
| Deposits with less than 3 months initial maturity | 7,741.34 | 3,446.32 | 2,417.13 | 959.11 | 150,624.01 | 63,544.94 |
| Current Accounts | 663.04 | 0.01 | 207.02 | 0.00 | 12,900.77 | 0.27 |
| Cheques and drafts on hand | - | - | - | - | - | - |
| Cash on hand | - | - | - | - | - | - |
| | 8,404.38 | 3,446.33 | 2,624.16 | 959.11 | 163,524.78 | 63,545.21 |
| **Other Balances** | | | | | | |
| Balance with Banks: | | | | | | |
| Earmarked Balances | 734.63 | 835.42 | 229.38 | 232.50 | 14,293.78 | 15,403.87 |
| Margin Money Account | - | - | - | - | - | - |
| Deposits with more than 3 months initial maturity | - | - | - | - | - | - |
| | 734.63 | 835.42 | 229.38 | 232.50 | 14,293.78 | 15,403.87 |
| | 9,139.01 | 4,281.75 | 2,853.54 | 1,191.61 | 177,818.56 | 78,949.07 |

The non-current portion of each of the above balances shown under the head "Other Non-current assets" as Non-current Bank Balances.

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25. **Short-term Loans and Advances:**

Short-Term Loans and Advances consist of the following:

| | R$ 000 As at 31.03.2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31.03.2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31.03.2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| Loans, Advances and Deposits to Related Parties | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Less: Provision for doubtful loans,advances & Deposits to Related parties | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Inter Corporate Loans, Advances and Deposits | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Less: Provision for doubtful Inter Corporate Loans,Advances & Deposits | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Security Deposits | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | - | - | - | - | - | - |
| Doubtful | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Less: Provision for doubtful Security Deposits | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Advances recoverable in cash or kinds | | | | | | |
| Secured, Considered Good | - | - | - | - | - | - |
| Unsecured, Considered Good | 748,01 | 2.363,26 | 233,55 | 657,69 | 14.554,02 | 43.574,89 |
| Doubtful | - | - | - | - | - | - |
| | 748,01 | 2.363,26 | 233,55 | 657,69 | 14.554,02 | 43.574,89 |
| Less: Provision for doubtful | - | - | - | - | - | - |
| | 748,01 | 2.363,26 | 233,55 | 657,69 | 14.554,02 | 43.574,89 |
| Other Advances and Balances - Unsecured, Considered Good | | | | | | |
| Advance Income Tax (Net of Provision for Taxation) | - | - | - | - | - | - |
| MAT Credit Entitlement | - | - | - | - | - | - |
| Balance with Government Authorities | - | - | - | - | - | - |
| Others - (a) | 16.218,75 | 22.418,30 | 5.064,09 | 6.239,01 | 315.569,76 | 413.359,78 |
| | 16.218,75 | 22.418,30 | 5.064,09 | 6.239,01 | 315.569,76 | 413.359,78 |
| | 16.966,75 | 24.781,55 | 5.297,65 | 6.896,71 | 330.123,78 | 456.934,66 |

(a). Others under head "Other Advances and Balances" mainly include ICMS, PIS, COFINS etc (20,535/- as on 31st Mar 2016, 14,941/- as on 31st Mar 2015)

(b) Loans and Advances stated above include due by:

| | R$ 000 As at 31.03.2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31.03.2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31.03.2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| Directors * | - | - | - | - | - | - |
| Other officers of the Company * | - | - | - | - | - | - |
| Firm in which Director is a partner | - | - | - | - | - | - |
| Private Company in which Director is a member | - | - | - | - | - | - |
| | - | - | - | - | - | - |

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26. **Other Current Assets:**

Other Current Assets consist of the following:

| | R$ 000 As at | | US$ 000 As at | | INR 000 As at | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Accrued Export and Other Incentives | - | - | - | - | - | - |
| Accrued Interest | - | - | - | - | - | - |
| Dividend receivable on Investments | - | - | - | - | - | - |
| Derivative Assets | - | - | - | - | - | - |
| Assets held for Sale | - | - | - | - | - | - |
| Unamortized expenses | - | - | - | - | - | - |
| Other receivables (a) | - | - | - | - | - | - |
| | - | - | - | - | - | - |

(a). Other Receivables mainly include receivable on sale of fixed assets, contractually reimbursable expenses, insurance claims, receivable from retiral funds etc.

27. **Revenue from Operations:**

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Sale of Products - (a) | 39.467,17 | 94.176,89 | 16.110,50 | 26.539,05 | 983.367,93 | 1.731.583,44 |
| Sale of Services | - | - | - | - | - | - |
| Other Operating Revenues - (b) | 10.469,71 | 4.212,26 | 4.273,74 | 1.187,01 | 260.864,40 | 77.448,71 |
| Gross Revenue from Operations | 49.936,88 | 98.389,15 | 20.384,23 | 27.726,06 | 1.244.232,32 | 1.809.032,15 |
| Less: ICMS/PIS/COFINS | - | - | - | - | - | - |
| Net Revenue from Operations | 49.936,88 | 98.389,15 | 20.384,23 | 27.726,06 | 1.244.232,32 | 1.809.032,15 |

(a). Details of Sales of Products are given below:

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Sales of Finished Goods: | | | | | | |
| Hidrato Umido | 12.554,24 | 40.527,16 | 5.124,64 | 11.420,55 | 312.802,59 | 745.152,71 |
| Hidrato Seco | 2.844,68 | 5.695,21 | 1.161,20 | 1.604,91 | 70.878,41 | 104.714,93 |
| Alumina OP1 | 18.670,79 | 23.046,10 | 7.621,42 | 6.494,39 | 465.203,39 | 423.737,04 |
| Alumina S3 | 396,56 | 3.751,42 | 161,88 | 1.057,15 | 9.880,71 | 68.975,40 |
| Alumina S3G | 2.400,23 | 12.447,50 | 979,77 | 3.507,71 | 59.804,33 | 228.865,98 |
| Alumina de Varredura, Alumina reject | 2.135,52 | 5.560,10 | 871,72 | 1.566,84 | 53.208,73 | 102.230,74 |
| Alumina S6 and others | 465,15 | 3.143,85 | 189,88 | 885,94 | 11.589,80 | 57.804,47 |
| (b). Others (including steam and air to NDB) (b) | 10.469,71 | 4.217,82 | 4.273,73 | 1.188,58 | 260.864,36 | 77.550,87 |
| | 49.936,88 | 98.389,15 | 20.384,23 | 27.726,06 | 1.244.232,32 | 1.809.032,15 |
| Sales of Traded Goods: | | | | | | |
| Copper Cathode | - | - | - | - | - | - |
| Ammonia | - | - | - | - | - | - |
| Coal | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 49.936,88 | 98.389,15 | 20.384,23 | 27.726,06 | 1.244.232,32 | 1.809.032,15 |
| ICMS/PIS/COFINS | - | - | - | - | - | - |
| | 49.936,88 | 98.389,15 | 20.384,23 | 27.726,06 | 1.244.232,32 | 1.809.032,15 |

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28. **Other Income (includes financial income):**

Other Income consist of the following:

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Interest Income | | | | | | |
| On Long-term Investments | | | | | | |
| On Current Investments | - | - | - | - | - | - |
| On Others | 4.974,02 | 6.253,65 | 2.030,39 | 1.762,28 | 123.933,08 | 114.982,81 |
| Dividend Income | - | - | - | - | - | - |
| On Long-term Investments - (a) | | - | | - | | - |
| On Current Investments | - | - | - | - | - | - |
| Gain/ (Loss) on sale of Investments (Net) | - | - | - | - | - | - |
| On Long-term Investments | | - | | - | | - |
| On Current Investments | - | - | - | - | - | - |
| Adjustments to the carrying amount of Investments (Net) | - | - | - | - | - | - |
| On Long-term Investments | | - | | - | | - |
| On Current Investments | - | - | - | - | - | - |
| Profit/ (Loss) on Fixed Assets sold/ discarded (Net) | - | - | - | - | - | - |
| Liabilities/ Provisions no longer required written back | - | - | - | - | - | - |
| Rent Income | - | - | - | - | - | - |
| Other Non-Operating Income (Net) | - | 386,99 | - | 109,05 | - | 7.115,45 |
| | 4.974,02 | 6.640,65 | 2.030,39 | 1.871,33 | 123.933,08 | 122.098,25 |
| Less: Transferred to Borrowing Cost/ Capital Work-in-Progress | - | - | - | - | - | - |
| | 4.974,02 | 6.640,65 | 2.030,39 | 1.871,33 | 123.933,08 | 122.098,25 |

29. **Purchases of Stock-in-Trade:**

Detail of Sales, Raw Material Consumption, Inventories, etc. under broad heads are given below:

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Copper Cathode | - | - | - | - | - | - |
| Ammonia | - | - | - | - | - | - |
| Coal | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| | - | - | - | - | - | - |

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30. **Cost of raw materials consumed:**

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Copper Concentrate - (a) & (b) | - | - | - | - | - | - |
| Bauxite | - | - | - | - | - | - |
| Caustic Soda | 5.941,54 | 11.439,72 | 2.425,34 | 3.223,71 | 148.040,02 | 210.336,43 |
| Furnace Oil | 27.863,41 | 27.134,84 | 11.373,84 | 7.646,60 | 694.247,57 | 498.914,80 |
| Rock Phosphate | - | - | - | - | - | - |
| Others | 5.599,08 | 15.900,00 | 2.285,55 | 4.480,62 | 139.507,30 | 292.345,44 |
| | 39.404,04 | 54.474,57 | 16.084,73 | 15.350,93 | 981.794,89 | 1.001.596,67 |
| Less: Transfer to Capital Work-in-Progress | - | - | - | - | - | - |
| | 39.404,04 | 54.474,57 | 16.084,73 | 15.350,93 | 981.794,89 | 1.001.596,67 |

31. **Changes in Inventories:**

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| **Opening Inventories** | | | | | | |
| Work-in-Progress | 17.440,83 | 13.444,63 | 7.706,93 | 4.197,91 | 462.532,70 | 261.593,46 |
| Finished Goods | 1.319,03 | 8.149,93 | 582,87 | 2.544,71 | 34.980,80 | 158.573,99 |
| Stock-in-Trade | - | - | - | - | - | - |
| | 18.759,86 | 21.594,56 | 8.289,79 | 6.742,62 | 497.513,50 | 420.167,45 |
| **Less: Closing Inventories** | | | | | | |
| Work-in-Progress | 13.444,63 | 12.796,17 | 4.197,91 | 3.561,17 | 261.593,46 | 235.942,15 |
| Finished Goods | 8.149,93 | 6.968,43 | 2.544,71 | 1.939,31 | 158.573,99 | 128.487,32 |
| Stock-in-Trade | - | - | - | - | - | - |
| | 21.594,56 | 19.764,59 | 6.742,62 | 5.500,49 | 420.167,45 | 364.429,48 |
| | (2.834,70) | 1.829,96 | 1.547,17 | 1.242,13 | 77.346,05 | 55.737,97 |
| Add: Increase/ Decrease of ICMS/PIS/COFINS on Inventories | - | - | - | - | - | - |
| Impact of Foreign Currency Translation | - | - | (2.704,30) | (726,45) | (147.975,69) | (22.091,37) |
| | (2.834,70) | 1.829,96 | (1.157,12) | 515,68 | (70.629,63) | 33.646,60 |

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32. **Employee Benefits Expenses:**
Employee Benefits Expenses consist of the following:

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Salaries and Wages | 10.300,40 | 12.986,09 | 4.204,62 | 3.659,48 | 256.645,83 | 238.768,81 |
| Contribution to Provident and other Funds (Social Security contribution for all employees) | 3.470,08 | 4.623,33 | 1.416,49 | 1.302,85 | 86.460,94 | 85.006,88 |
| Employee Stock Option Scheme | - | - | - | - | - | - |
| Others benefits (Health Care, transportation vouchers, feed, training , courses,...) | 2.456,88 | 2.788,56 | 1.002,90 | 785,81 | 61.215,98 | 51.271,78 |
| | 16.227,37 | 20.397,98 | 6.624,01 | 5.748,15 | 404.322,75 | 375.047,46 |
| Less: Transfer to Capital Work-in-Progress | - | - | - | - | - | - |
| | 16.227,37 | 20.397,98 | 6.624,01 | 5.748,15 | 404.322,75 | 375.047,46 |

33. **Power and Fuel:**

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Power and Fuel | 7.114,98 | 12.317,72 | 2.904,33 | 3.471,13 | 177.277,46 | 226.479,78 |
| Less: Transfer to Capital Work-in-Progress | - | - | - | - | - | - |
| | 7.114,98 | 12.317,72 | 2.904,33 | 3.471,13 | 177.277,46 | 226.479,78 |

34. **Finance Costs:**
Finance Costs consist of the following:

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Interest Expenses | 7.086,97 | 14.995,83 | 2.892,90 | 4.225,82 | 176.579,54 | 275.720,80 |
| Other Borrowing Costs | - | 296,17 | - | 83,46 | - | 5.445,61 |
| Loss/ (Gain) on foreign currency transactions and translation - (a) | - | - | - | - | - | - |
| | 7.086,97 | 15.292,00 | 2.892,90 | 4.309,29 | 176.579,54 | 281.166,40 |
| Less: Income on Specific Borrowing | - | - | - | - | - | - |
| | 7.086,97 | 15.292,00 | 2.892,90 | 4.309,29 | 176.579,54 | 281.166,40 |
| Less: Transfer to Capital Work-in-Progress | - | - | - | - | - | - |
| | 7.086,97 | 15.292,00 | 2.892,90 | 4.309,29 | 176.579,54 | 281.166,40 |

(a). Loss/ (Gain) on foreign currency transactions and translation represents the exchange difference to the extent considered as an adjustment to borrowing costs.

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35. **Depreciation and Amortization Expenses:**

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | Period ended | | Period ended | | Period ended | |
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Depreciation and Amortization Expenses: | 1,353.81 | 1,951.44 | 552.63 | 549.92 | 33,731.76 | 35,880.23 |
| | - | - | - | - | - | - |
| | 1,353.81 | 1,951.44 | 552.63 | 549.92 | 33,731.76 | 35,880.23 |

36. **Impairment Loss/ (Reversal) (Net):**

The Company has carried out impairment test of various assets and identified the following impairment loss and reversal of impairment loss during the year:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | Period ended | | Period ended | | Period ended | |
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| (a) **Impairment Loss** *Brief description to be given, if any* | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| (b). **Reversal of Impairment Loss** *Brief description to be given, if any* | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| **Impairment Loss/ (Reversal) (Net)** | - | - | - | - | - | - |

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37. **Other Expenses:**

Other Expenses consist of the following:

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Consumption of Stores and Spares | 10.486,64 | 8.490,82 | 4.280,65 | 2.392,71 | 261.286,18 | 156.116,39 |
| Repairs to Buildings | 1.603,69 | 625,85 | 654,62 | 176,36 | 39.957,62 | 11.507,20 |
| Repairs to Machinery | 5.137,10 | 3.413,62 | 2.096,96 | 961,96 | 127.996,50 | 62.764,59 |
| Repairs to vehicles | 791,07 | 18,51 | 322,91 | 5,22 | 19.710,34 | 340,29 |
| Repairs Others | 401,68 | 313,04 | 163,97 | 88,21 | 10.008,36 | 5.755,62 |
| Rates and Taxes | 1.164,85 | 819,64 | 475,49 | 230,97 | 29.023,41 | 15.070,34 |
| Rent | 273,14 | 444,25 | 111,49 | 125,19 | 6.805,49 | 8.168,24 |
| Insurance | 181,12 | 201,57 | 73,93 | 56,80 | 4.512,87 | 3.706,09 |
| Consultancy charges | 1.622,16 | 1.014,40 | 662,17 | 285,86 | 40.418,01 | 18.651,26 |
| Publicity | 84,35 | 106,81 | 34,43 | 30,10 | 2.101,73 | 1.963,82 |
| Freight and Forwarding Expenses (Net) | - | - | - | - | - | - |
| Provision for Doubtful Loans, Advances and Debts (Net) | - | (14,44) | - | (4,07) | - | (265,58) |
| Bad Loans, Advances and Debts written off/ (written back) (Net) | - | - | - | - | - | - |
| Prior Period Items | - | - | - | - | - | - |
| Donation - (b) | - | - | - | - | - | - |
| Directors' Fees and Commission | - | - | - | - | - | - |
| (Gain)/ Loss on Change in Fair Value of Derivatives (Net) | - | 5.458,49 | - | 1.538,20 | - | 100.362,46 |
| Bauxite extraction cost (including incoming freight) | 10.284,92 | 13.296,39 | 4.198,30 | 3.746,92 | 256.260,13 | 244.474,02 |
| Provision for ARO (Vargem) | - | 1.540,05 | | 433,99 | - | 28.316,08 |
| Provision for discount on traded ICMS | - | 1.969,05 | - | 554,88 | - | 36.203,88 |
| Miscellaneous Expenses - (c) | 4.321,31 | 8.270,23 | 1.763,96 | 2.330,55 | 107.670,30 | 152.060,61 |
| | 36.352,04 | 45.968,25 | 14.838,90 | 12.953,85 | 905.750,94 | 845.195,31 |
| Less: Transfer to Capital Work-in-Progress | - | - | - | - | - | - |
| | 36.352,04 | 45.968,25 | 14.838,90 | 12.953,85 | 905.750,94 | 845.195,31 |

(a) Details of Auditors' Remuneration are as follows:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| Statutory Auditors: | | | | | | |
| Audit Fees | 89,70 | 74,55 | 36,62 | 21,01 | 2.234,97 | 1.370,71 |
| Taxation matters | - | - | - | - | - | - |
| Company Law matters | - | - | - | - | - | - |
| Reimbursement of expenses | - | - | - | - | - | - |
| Cost Auditors: | | | | | | |
| Cost Audit Fees | - | - | - | - | - | - |
| Reimbursement of expenses | - | - | - | - | - | - |
| | 89,70 | 74,55 | 36,62 | 21,01 | 2.234,97 | 1.370,71 |

38. **Exceptional Items:**

*Exceptional Items, if any, to be disclosed. Refer para 9.6 (page no. 68) of Guidance Note*

| | | | | | | |
|---|---|---|---|---|---|---|
| Other Manufactoring Expenses (OME) relating to start up | - | - | - | - | - | - |
| | - | - | - | - | - | - |

39. **Extraordinary Items:**

*As 5 - To be disclosed. If any.*

| | | | | | | |
|---|---|---|---|---|---|---|
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |

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40. Tax Expenses

| | R$ 000 Period ended | | US$ 000 Period ended | | INR 000 Period ended | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| **Current Tax** | | | | | | |
| Current Tax for the year | - | - | - | - | - | - |
| Less: MAT Credit Entitlement | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| Current Tax adjustments for earlier years (Net) | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| **Deferred Tax** | | | | | | |
| Deferred Tax for the year | - | - | - | - | - | - |
| Deferred Tax adjustments for earlier years (Net) | 5.229,97 | - | 2.254,53 | - | 140.126,58 | - |
| Post valuation allowance | - | - | - | - | - | - |

41. **Discontinuing Operations**
*Not applicable*

42. **Contingent Liabilities and Commitments**

| | R$ 000 As at | | US$ 000 As at | | INR 000 As at | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| A. **Contingent Liabilities** | | | | | | |
| (a). Claims against the company not acknowledged as debt: | | | | | | |
| ICMS | - | - | - | - | - | - |
| PIS | - | - | - | - | - | - |
| COFINS | - | - | - | - | - | - |
| Claims of Contractors, Suppliers and Others | - | - | - | - | - | - |
| Others: Disputed claims from State Military Police, Environmental Secretary and SUPRAM (Environmental agency) relating to Environmental matters | - | 253,69 | - | 70,60 | - | 4.677,66 |
| (b). Corporate Guarantees Outstanding | - | - | - | - | - | - |
| (c). Other money for which the Company is contingently liable: | | | | | | |
| i. Bills discounted with Banks | - | - | - | - | - | - |
| ii. Duty on Capital Goods and Raw Materials imported | - | - | - | - | - | - |
| iii. Others, if any (specify nature) | | | | | | |
| None | | | | | | |

| | R$ 000 As at | | US$ 000 As at | | INR 000 As at | |
|---|---|---|---|---|---|---|
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| B. **Commitments** | | | | | | |
| (a). Estimated amount of contracts remaining to be executed on capital account and not provided for | - | - | - | - | - | - |
| (b). Uncalled liability on shares and other investments partly paid | - | - | - | - | - | - |
| (c). Others, if any (specify nature) : None | | | | | | |

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**43. Gain or loss on foreign currency transaction and translation:**

Gain or loss on foreign currency transaction and translation has been accounted for under respective head of accounts depending upon the nature of transaction. The detail of net

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | Period ended | | Period ended | | Period ended | |
| | As at 31/03/2015 | As at 31/03/2016 | As at 31/03/2015 | As at 31/03/2016 | As at 31/03/2015 | As at 31/03/2016 |
| Revenue from Operations | - | - | - | - | - | - |
| Cost of Materials Consumed | - | - | - | - | - | - |
| Employee Benefits Expenses | - | - | - | - | - | - |
| Power and Fuel | - | - | - | - | - | - |
| Depreciation and Amortization Expenses | - | - | - | - | - | - |
| Other Expenses | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |

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44. **Gain or loss on foreign currency transaction and translation:**

Gain or loss on foreign currency transaction and translation has been accounted for under respective head of accounts depending upon the nature of transaction. The detail of net gain/ (loss) included in various heads of accounts are as under:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | Period ended | | Period ended | | Period ended | |
| | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 | As at 31.03.2015 | As at 31/03/2016 |
| Revenue from Operations | - | - | - | - | - | - |
| Cost of Materials Consumed | - | - | - | - | - | - |
| Employee Benefits Expenses | - | - | - | - | - | - |
| Power and Fuel | - | - | - | - | - | - |
| Depreciation and Amortization Expenses | - | - | - | - | - | - |
| Other Expenses | - | - | - | - | - | - |
| | - | - | - | - | - | - |

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45. **Leases**

A. **Operating Lease**

| | R$ 000 As at 31.03.2015 | R$ 000 As at 31/03/2016 | US$ 000 As at 31.03.2015 | US$ 000 As at 31/03/2016 | INR 000 As at 31.03.2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| Not later than 1 year | - | - | - | - | - | - |
| Later than 1 year and not later than 5 years | - | - | - | - | - | - |
| Later than 5 years | - | - | - | - | - | - |

B. **Finance Lease**

| | R$ 000 As at 31.03.2015 Payment | R$ 000 As at 31.03.2015 Present Value | R$ 000 As at 31/03/2016 Payment | R$ 000 As at 31/03/2016 Present Value | US$ 000 As at 31.03.2015 Payment | US$ 000 As at 31.03.2015 Present Value | US$ 000 As at 31/03/2016 Payment | US$ 000 As at 31/03/2016 Present Value | INR 000 As at 31.03.2015 Payment | INR 000 As at 31.03.2015 Present Value | INR 000 As at 31/03/2016 Payment | INR 000 As at 31/03/2016 Present Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Not later than 1 year | - | - | - | - | - | - | - | - | - | - | - | - |
| Later than 1 year and not later than 5 years | - | - | - | - | - | - | - | - | - | - | - | - |
| Later than 5 years | - | - | - | - | - | - | - | - | - | - | - | - |

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46. **Segment Reporting**

A. **Primary Segment Reporting (by Business Segment):**

(a). The Company operates in a single business segments viz. Aluminium.

(c). The details of the revenue, results, assets, liabilities and other information from operations by reportable business segment are follows:

| | R$ 000 | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|
| | Year ended 31/03/2015 | Year ended 31/03/2016 | Year ended 31/03/2015 | Year ended 31/03/2016 | Year ended 31/03/2015 | Year ended 31/03/2016 |
| | Aluminium | Aluminium | Aluminium | Aluminium | Aluminium | Aluminium |
| **REVENUE** | | | | | | |
| External | 54.910,90 | 105.029,80 | 21.879,27 | 29.597,40 | 1.335.487,44 | 1.931.130,40 |
| Total | 54.910,90 | 105.029,80 | 21.879,27 | 29.597,40 | 1.335.487,44 | 1.931.130,40 |
| **RESULTS** | | | | | | |
| Segment Results | (42.706,63) | (31.910,13) | (17.432,85) | (8.992,28) | (1.064.082,76) | (586.715,63) |
| Finance Costs (Netted off with finance income in financial statement) | (7.086,97) | (15.292,00) | (2.892,90) | (4.309,29) | (176.579,54) | (281.166,40) |
| Tax Expenses | (5.229,97) | - | (2.254,53) | - | (140.126,58) | - |
| Profit for the period | (55.023,57) | (47.202,13) | (18.071,21) | (13.301,56) | (1.100.535,71) | (867.882,03) |
| **OTHER INFORMATION** | | | | | | |
| **Assets:** | | | | | | |
| Segment Assets | 82.981,92 | 120.942,62 | 25.910,03 | 33.658,33 | 1.614.587,48 | 2.230.000,46 |
| Total Assets | 82.981,92 | 120.942,62 | 25.910,03 | 33.658,33 | 1.614.587,48 | 2.230.000,46 |
| **Liabilities:** | | | | | | |
| Segment Liabilities | 70.064,11 | 98.804,00 | 21.876,61 | 27.496,81 | 1.363.244,35 | 1.821.797,51 |
| Total Liabilities | 70.064,11 | 98.804,00 | 21.876,61 | 27.496,81 | 1.363.244,35 | 1.821.797,51 |
| Capital Expenditure | 7.982,90 | 4.733,85 | 2.283,77 | 1.208,55 | 143.960,56 | 84.019,66 |
| Depreciation and Amortization | 1.353,81 | 1.951,44 | 552,63 | 549,92 | 33.731,76 | 35.880,23 |
| Impairment Loss/ (Reversal) (Net) | - | - | - | - | - | - |
| Other Non-Cash Expenses | - | - | - | - | - | - |

B. **Secondary Segment Reporting (by Geographical demarcation):**

(a). The secondary segment is based on geographical demarcation i.e. Brazil and Rest of the World.

(b). The Company's revenue from external customers and information about its assets and others by geographical location are follows:

| | R$ 000 | | | | | | US$ 000 | | INR 000 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Year ended 31/03/2015 | | | Year ended 31/03/2016 | | | Year ended 31/03/2016 | | Year ended 31/03/2016 | |
| | India | Rest of World | Total | India | Rest of World | Total | Rest of the world | Total | Rest of the world | Total |
| Revenue | - | 54.910,90 | 54.910,90 | - | 105.029,80 | 105.029,80 | 29.597,40 | 29.597,40 | 1.931.130,40 | 1.931.130,40 |
| Assets | - | 82.981,92 | 82.981,92 | - | 120.942,62 | 120.942,62 | 33.658,33 | 33.658,33 | 2.230.000,46 | 2.230.000,46 |
| Capital Expenditure | - | 7.982,90 | 7.982,90 | - | 4.733,85 | 4.733,85 | 1.208,55 | 1.208,55 | 84.019,66 | 84.019,66 |

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GERENTE GERAL
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47. **Earning per Share (EPS): Not applicable**

48. Disclosure relating to amount outstanding at year end and maximum outstanding during the year of loans and advances, in nature of loan, required as per clause 32 of the Listing Agreement, are given below.:

| | R$ 000 | | | | US$ 000 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Year ended 31/03/2015 | | Year ended 31/03/2016 | | Year ended 31/03/2015 | | Year ended 31/03/2016 | | Year ended 3 |
| | Balance at year end | Maximum Outstanding | Balance at year end | Maximum Outstanding | Balance at year end | Maximum Outstanding | Balance at year end | Maximum Outstanding | Balance at year end |
| (a). Subsidiaries of Parent Company: | | | | | | | | | |
| Aditya Birla Chemicals (India) Limited | - | - | - | - | - | - | - | - | - |
| Utkal Alumina International Limited | - | - | - | - | - | - | - | - | - |
| Renukeshwar Investments & Finance Limited | - | - | - | - | - | - | - | - | - |
| Renuka Investments & Finance Limited | - | - | - | - | - | - | - | - | - |
| Dahej Harbour and Infrastructure Limited | - | - | - | - | - | - | - | - | - |
| Lucknow Finance Company Limited | - | - | - | - | - | - | - | - | - |
| Hindalco-Almex Aerospace Limited | - | - | - | - | - | - | - | - | - |
| Suvas Holdings Limited | - | - | - | - | - | - | - | - | - |
| Tubed Coal Mines Limited | - | - | - | - | - | - | - | - | - |
| AV Minerals (Netherlands) N.V. | - | - | - | - | - | - | - | - | - |
| (b). Associate of Parent Company: | | | | | | | | | |
| Aditya Birla Science & Technology Company Limited | - | - | - | - | - | - | - | - | - |

(c). Where there is no repayment schedule or repayment beyond seven years:
Not applicable

49. **Interests in Joint Ventures:**

A. The Company's interest, as a venture, in jointly controlled entities is given below:

| Name of Entities | Country of Incorporation | Proportion of ownership interests as at As at 31/03/2015 | As at | USD 000 As at | As at 31/03/2016 | INR 000 As at | As at |
|---|---|---|---|---|---|---|---|
| Not applicable | Not applicable | Not applicable | | | | | |

B. The Company's interest in these Joint Ventures is reported as Long-term Investments and stated at cost. However, aggregate amount of the Company's share of each of the assets, liabilities, income, expenses, contingent liabilities and commitment related to its interests in these jointly controlled entities are given below:

| | R$ 000 Period ended/ As at | | USD 000 Period ended/ As at | | INR 000 Period ended/ As at | |
|---|---|---|---|---|---|---|
| | As at 31/03/2015 | As at | As at | As at 31/03/2016 | As at | As at |
| Income | - | - | - | - | - | - |
| Expenses | - | - | - | - | - | - |
| Assets | - | - | - | - | - | - |
| Liabilities | - | - | - | - | - | - |
| Contingent Liabilities | - | - | - | - | - | - |
| Commitments (Net of advance) | - | - | - | - | - | - |

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50. **Related Party Disclosures:**

A. List of Related Parties:

i. **Parent Company**

Hindalco Industries Ltd.

ii. **Subsidiaries of Parent Company:**

A V Minerals (Netherlands) N.V.

iii **Trusts of Parent Company**

None

iv **Joint Ventures of Parent Company**

None

v **Associates of Parent Company**

None

vi **Key Managerial Personnel of Parent Company**

Mr D Bhattacharya, Managing Director
Mr Satish Pai, Deputy Managing Director

vii **Indian Subsidiaries of Novelis Inc**

None

viii **Foreign subsidiaries of Novelis Inc**

Novelis do Brasil Ltda.

As there were no transactions with other parties, defined in Accounting Standard 18- Related parties, no disclosure has been made of the names of such other parties

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B. Disclosure of transactions between the Company and Related Parties during the year in the ordinary course of business and status of outstanding balances at year end:

(a). **Subsidiaries, Associates and Joint Ventures:**

| | R$ 000 | | | | | |
|---|---|---|---|---|---|---|
| | 31/03/2015 | | | As at 31/03/2016 | | |
| | AV MINERALS | NDB | Hindalco Industries Ltd. | AV MINERALS | NDB | Hindalco Industries Ltd. |
| **Transactions for period ended:** | | | | | | |
| Sales of Goods | | | | | | |
| Service Rendered | | | | | | |
| Sale of Fixed Assets | | | | | | |
| Interest and Dividend Received | | | | | | |
| Purchase of Goods | | | | | | |
| Service Received | | | | | | |
| Purchase of Fixed Assets | | | | | | |
| Interest and Dividend given | | | | | | |
| Equity Contribution/ Return of Capital (Net) | 22.059,89 | | | 26.554,03 | | |
| Loans, Advances and Deposits given (Net) | | | | | | |
| Loans, Advances and Deposits taken (Net) | | | | | | |
| Other Transactions (specify nature) | | | | | - | |
| **Outstanding balances as at** | | | | | | |
| Trade Receivables | | | | | | |
| Trade Payables | | | | | | |
| Interest Receivable | | | | | | |
| Interest Payables | | | | | | |
| Loans, Advances and Deposits given | | | | | | |
| Loans, Advances and Deposits taken | | | | | | |
| Other Receivable (specify nature) | | | | | | |
| Other Payable (specify nature) | | | | | | |
| Guarantees and Collaterals Securities given | | | | | | |
| Guarantees and Collaterals Securities taken from Parent Company | | | 88.074,12 | | | 98.814,23 |
| Equity contribution | 78.093,71 | | | 104.647,75 | | |

| | USD 000 | | | | | |
|---|---|---|---|---|---|---|
| | 31/03/2015 | | | As at 31/03/2016 | | |
| | AV MINERALS | NDB | Hindalco Industries Ltd. | AV MINERALS | NDB | Hindalco Industries Ltd. |
| Equity Contribution/ Return of Capital (Net) | 10.000,00 | | | 7.550,00 | | |
| Other Transactions (specify nature) | | | | | - | |
| Guarantees and Collaterals Securities taken from Parent Company | | | 27.500,00 | | | 27.500,00 |
| Equity contribution | 34.881,22 | | | 42.431,22 | | |

| | INR 000 | | | | | |
|---|---|---|---|---|---|---|
| | 31/03/2015 | | | As at 31/03/2016 | | |
| | AV MINERALS | NDB | Hindalco Industries Ltd. | AV MINERALS | NDB | Hindalco Industries Ltd. |
| Equity Contribution/ Return of Capital (Net) | 592.424,41 | | | 486.008,91 | | |
| Other Transactions (specify nature) | | | | | - | |
| Guarantees and Collaterals Securities taken from Parent Company | | | 1.713.667,02 | | | 1.821.986,17 |
| Equity contribution | 2.063.743,28 | | | 2.549.752,19 | | |

| | R$ 000 As at 31/03/2015 | R$ 000 As at | USD 000 As at 31/03/2015 | USD 000 As at 31/03/2016 | INR 000 As at 31/03/2015 | INR 000 As at 31/03/2016 |
|---|---|---|---|---|---|---|
| (b). **Trust:** | | | | | | |
| Beneficiary Interest in Trust | - | - | - | - | - | - |
| (c). **Key Managerial Personnel:** | | | | | | |
| Managerial Remuneration (including perquisites) * | - | - | - | - | - | - |

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

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A.N. Lenka & Associates
Chartered Accountants

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Nageswar Tangi,
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Phone: (0674) 2436607

## INDEPENDENT AUDITOR'S REPORT

To
The Members of **Utkal Alumina Technical & General Services Ltd**,
Bhubaneswar

### Report on the Financial Statements

We have audited the accompanying Financial Statements of **Utkal Alumina Technical & General Services Ltd** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard 30, Financial Instruments, Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other Accounting Standards referred to in Sec 133 of the Act that read with Rule 7 of Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

A.N. Lenka & Associates
Bhubaneswar
Chartered Accountants

A.N. Lenka & Associates
Chartered Accountants

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We have taken into account the provisions of the Act and the Rules made there under 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.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control systems over financial reporting and the operating effectiveness of such controls. 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March, 2016 and its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required by "the Companies (Auditor Report) Order 2015", issued by the Central Govt. Of India in terms of Sub Sec 11 of Section 143 of the Act, (herein after referred to as 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

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Chartered Accountants

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give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 the 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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, 2016, on the basis of 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.

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

A.N. Lenka & Associates
Bhubaneswar
Chartered Accountants

A.N.Lenka & Associates
Chartered Accountants

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i. The Company does not have any pending litigations as at March 31, 2016 hence, there is no impact on its financial position in its financial statements.

ii. The Company did not have any long term contracts including derivatives contracts, for which there were any foreseeable losses.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31st 2016.

A.N.Lenka & Associates Bhubaneswar Chartered Accountants

Place of Signature: Bhubaneswar
Date: 12th May 2016

**For A.N Lenka & Associates**
**Chartered Accountants**
**ICAI Firm Registration Number: 301003E**

12/05/2016

**A.N. Lenka, Partner**
**Membership Number: 200971**

A.N. Lenka & Associates
Chartered Accountants

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Phone: (0674) 2436607

**Annexure to Independent Auditor's Report**

**Re: Utkal Alumina Technical & General Services Ltd (the Company)**

(i) The Company does not have any Fixed Assets as at March 31, 2016.

(ii) The company does not have any inventory during the financial year 2015-16, hence physical verification by Management during the year is not applicable.

(iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

(iv) According to the information and explanation given to us, the company has not made any investments as per the provisions of Section 186 of the Companies Act, 2013. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013.

(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 there under to the extent notified.

(vi) Pursuant to the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it and there are no amount which were outstanding, at the year end.

(b) According to the records of the Company, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added and cess on account of any dispute.

(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 debenture holders as at the

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Bhubaneswar
Chartered Accountants

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balance sheet date. The Company does not have any loans or borrowings from Government as at the balance sheet date.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

(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) According to the information and explanations given to us, the Company has not given / provided any Managerial remuneration. Accordingly the provisions of the Section 197 read with Schedule V are not applicable to the Company.

(xii) As the Company is not a Nidhi Company and 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) According to the information and explanations given to us and based on our examination of the records of the company, no transaction with the related parties was done by the Company during the year. Hence Compliance with section 177, 188 and Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 are not applicable.

(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. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

A.N. Lenka & Associates
Bhubaneswar
Chartered Accountants

A.N. Lenka & Associates
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(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 A.N. Lenka & Associates**
**Chartered Accountants**
**ICAI Firm Registration Number: 326031E**

12/05/2016

A.N. Lenka & Associates * Bhubaneswar * Chartered Accountants

**A.N. Lenka, Partner**
**Membership Number: 200971**

Place of Signature: Bhubaneswar.

Date: 12th May 2016

UTKAL ALUMINA TECHNICAL & GENERAL SERVICES LIMITED
PLOT NO-J-6, JAYDEV VIHAR, BHUBANESWAR
Balance Sheet as at Mar 31, 2016

| | Notes | (Amount in Rs.) As at Mar 31, 2016 | (Amount in Rs.) As at Mar 31, 2015 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 3 | 5,00,000 | 5,00,000 |
| Reserves and Surplus | 4 | (89,061) | (60,678) |
| | | 4,10,939 | 4,39,322 |
| **Current Liabilities** | | | |
| Other Current Liabilities | 5 | 34,086 | 11,236 |
| | | 34,086 | 11,236 |
| **TOTAL** | | **4,45,025** | **4,50,558** |
| **ASSETS** | | | |
| Other Non Current Assets | 6 | 7,989 | 13,522 |
| **Current Assets** | | | |
| Bank Balances | 7 | 4,31,503 | 4,31,503 |
| Other Current Assets | 8 | 5,533 | 5,533 |
| | | 4,37,036 | 4,37,036 |
| **TOTAL** | | **4,45,025** | **4,50,558** |

Schedules referred to above and notes attached there to form an integral part of Balance Sheet

As per our report of even date attached.

For A. N. Lenka & Associates
Chartered Accountants.

12/05

A N Lenka, Partner
Membership No.- 200971
Firm No.: 326031E

Place : Bhubaneswar
Date: 12/05/2016

For and on behalf of the Board of Directors

(Vijay Sapra)
Director
DIN No.05247213
Place: Bhubaneswar
Date: 12/05/2016

(Nagesh Narisety)
Director
DIN No.06598270
Place: Bhubaneswar
Date: 12/05/2016

## UTKAL ALUMINA TECHNICAL & GENERAL SERVICES LIMITED
### PLOT NO-J-6, JAYDEV VIHAR, BHUBANESWAR
### Statement of Profit and Loss for the year ended Mar 31, 2016

| | | (Amount in Rs.) For the year Ended Mar 31, 2016 | (Amount in Rs.) For the year Ended Mar 31, 2015 |
|---|---|---|---|
| **EXPENSES** | | | |
| Preliminery Expenses written off | 9 | 5,533 | 5,533 |
| Auditors Remuneration | 10 | 11,450 | 12,472 |
| Bank Charges | 11 | - | 23,596 |
| Printing & stationery | 12 | - | 6,000 |
| Professional fees | 13 | 11,400 | - |
| **Total** | | **28,383** | **47,601** |
| **Loss before Taxation** | | 28,383 | 47,601 |
| Tax Expense: | | - | - |
| Current Tax | | - | - |
| **Loss after taxation** | | **28,383** | **47,601** |
| Loss per Share (Basic and Diluted) in Rupees | | (0.57) | (0.95) |

This is the Statement of Profit and Loss referred to in our report of even date.

For A. N. Lenka & Associates
Chartered Accountants.

12/05

A.N.Lenka & Associates Bhubaneswar Chartered Accountants

A N Lenka, Partner
Membership No.- 200974
Firm No.: 326031E

Place : Bhubaneswar
Date: 12/05/2016

UTKAL ALUMINA INTERNATIONAL LIMITED

For and on behalf of the Board of Directors

(Vijay Sapra)

Director
DIN No.05247213
Place: Bhubaneswar
Date: 12/05/2016

(Nagesh Narisety)

Director
DIN No.06598270
Place: Bhubaneswar
Date: 12/05/2016

**UTKAL ALUMINA TECHNICAL & GENERAL SERVICES LIMITED**
**PLOT NO-J-6, JAYDEV VIHAR, BHUBANESWAR**
**Cash Flow Statement for the year ended Mar 31, 2016**

**(Amount in Rs.)**

| | For the year Ended Mar 31, 2016 | Mar 31, 2015 |
|---|---|---|
| **Cash Flow used in Operating Activities** | | |
| **Net Loss before tax** | (28,383) | (47,601) |
| Operating (Loss) before working capital changes | (28,383) | (47,601) |
| Adjustment for changes in Working Capital : | | |
| - Liabilities and provisions | 22,850 | 1,236 |
| - Loans and advances, other current assets | - | - |
| - Other Non Current Assets | 5,533 | 5,533 |
| Cash from / (used in) Operations | - | (40,831) |
| Direct Taxes Paid | - | |
| **Net Cash from / (used in) Operating Activities** | - | (40,831) |
| **Cash Flow used in Investing Activities** | - | |
| **Net Cash used in Investing Activities** | - | - |
| **Cash Flow from Financing Activities** | | |
| Proceeds from issue of equity share capital | - | |
| Net Cash from Financing Activities | - | - |
| Net increase/(decrease) in Cash and Cash equivalents | - | (40,831) |
| Cash and Cash Equivalents at the beginning of the period | 4,31,503 | 4,72,335 |
| Cash and Cash Equivalents at the end of the period | 4,31,503 | 4,31,503 |

| **Cash and Cash Equivalents comprise:** | **As At** Mar 31, 2016 | **As At** Mar 31, 2015 |
|---|---|---|
| **Bank Balances:** | | |
| - Current Accounts | 4,31,503 | 4,31,503 |
| | 4,31,503 | 4,31,503 |

**Notes:**

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 Cash Flow Statement.

For A. N. Lenka & Associates
Chartered Accountants

A.N.Lenka & Associates Bhubaneswar Chartered Accountants

12/05

A N Lenka, Partner
Membership No.- 200971
Firm No.: 326031E

Place : Bhubaneswar
Date: 12/05/2016

UTKAL ALUMINA INTERNATIONAL LIMITED

For and on behalf of the Board of Directors

| | |
|---|---|
| (Vijay Sapra) | (Nagesh Narisety) |
| Director | Director |
| DIN No.05247213 | DIN No.06598270 |
| Place: Bhubaneswar | Place: Bhubaneswar |
| Date: 12/05/2016 | Date: 12/05/2016 |

UTKAL ALUMINA TECHNICAL & GENERAL SERVICES LIMITED
PLOT NO-J-6, JAYDEV VIHAR ,BHUBANESWAR

**Notes annexed to and forming part of the Balance Sheet as at Mar 31, 2016 and Statement of Profit and Loss for the year ended Mar 31, 2016**

**1 Significant Accounting Policies**

**1.1 Accounting Convention**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [(Companies (Accounting Standards) Rules, 2006), as amended] and the other relevant provisions of the Companies Act, 2013 (the "Act").

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule III to the Act.

**1.2 Fixed Assets**

(a) Tangible assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

(b) Intangible assets are stated at acquisition cost less accumulated amortisation and impairment loss, if any.

**1.3 Depreciation and Amortisation**

(a) Depreciation on tangible assets is provided on straight-line method at the rates and in the manner prescribed under Schedule II of the companies Act,2013 as the computed rates, based on Management's estimates of useful lives of fixed assets are lower or equal to the rates prescribed under Schedule II to the Act.

**1.4 Investments**

Long Term Investments are carried at cost after deducting provision, if any, for diminution in value considered to be other than temporary in nature. Current investments are stated at lower of cost and fair market value. Fair value has been determined on the basis of realisable market value.

**1.5 Borrowing costs**

Borrowing costs directly attributable to the acquisition/ construction of fixed assets are apportioned to the cost of the fixed assets up to the date on which the asset is put to use/commissioned. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

**1.6 Use of Estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities at the date of the Balance Sheet. Difference between the actual results and estimates are recognised in the period in which the results are known / materialise.

**Accounting for Taxes**

Income tax expense comprises current tax and deferred tax charge or credit.

**(a) Current Taxation**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year as per 'The Income Tax Act, 1961', of India.

**(b) Deferred Taxation**

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current/ substantially enacted rate of tax to the extent that the timing differences are expected to crystallise.

Deferred tax assets arising in situations where there are brought forward losses and unabsorbed depreciation, are recognised only when there is a virtual certainty supported by convincing evidence that such assets will be realised.

**1.7 Provisions and Contingent Liabilities**

A provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made.

**1.8 Preliminery Expenses**

Preliminery expenses are written off in five years.

For A. N. Lenka & Associates
Chartered Accountants.

A.N.Lenka & Associates Bhubaneswar Chartered Accountants

12/05

A N Lenka, Partner
Membership No.- 200971
Firm No.: 326031E

Place : Bhubaneswar
Date: 12/05/2016

UTKAL ALUMINA INTERNATIONAL LIMITED

For and on behalf of the Board of Directors

(Vijay Sapra)

Director
DIN No.05247213
Place: Bhubaneswar
Date: 12/05/2016

(Nagesh Narisety)

Director
DIN No.06598270
Place: Bhubaneswar
Date: 12/05/2016

**UTKAL ALUMINA TECHNICAL GENERAL SERVICES LIMITED**
**PLOT NO-J-6, JAYDEV VIHAR ,BHUBANESWAR**

**Notes annexed to and forming part of the Balance Sheet as at Mar 31, 2016 and Statement of Profit and Loss for the year ended Mar 31, 2016**

## 2 Related Party Disclosures

Related Party Disclosures as required by Accounting Standard 18 - Related Parties

(A) Related Parties and nature of relationship:

| | |
|---|---|
| Holding Company | Utkal Alumina International Limited |
| Key Management Personnel | Mr.Vijay Sapra ( Director)<br>Mr.Nagesh Narisety ( Director) |

As there were no transactions with other parties, defined in Accounting Standard 18 - Related Parties, no disclosure has been made of the names of such other parties.

(B) No transactions were carried out during the year with the related parties mentioned in (A) above:

For A. N. Lenka & Associates
Chartered Accountants.

12/05

A N Lenka, Partner
Membership No.- 200971
Firm No.: 326031E

Place : Bhubaneswar
Date: 12/05/2016

For and on behalf of the Board of Directors

(Vijay Sapra)
Director
DIN No.05247213
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Director
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Place : Bhubaneswar
Date: 12/05/2016

**UTKAL ALUMINA TECHNICAL GENERAL SERVICES LIMITED**
**PLOT NO-J-6, JAYDEV VIHAR ,BHUBANESWAR**

**Notes annexed to and forming part of the Balance Sheet as at Mar 31, 2016 and Statement of Profit and Loss for the year ended Mar 31, 2016**

(Amount in Rs.)

| | | As at Mar 31, 2016 | As at Mar 31, 2015 |
|---|---|---|---|
| 3 | **Share Capital:** | | |
| | **Authorise Share Capital** | | |
| | **50,000 Equity Shares of Rs.10 each** | 5,00,000 | 5,00,000 |
| | | **5,00,000** | **5,00,000** |
| | **Issued, Subscribed and Paid up capital:** | | |
| | 50,000 Equity Shares of Rs.10 each fully paid up | 5,00,000 | 5,00,000 |
| | (Entire Share Capital held by holding company Utkal Alumina International Limited and its nominees) | **5,00,000** | **5,00,000** |
| 4 | **Reserves and Surplus:** | | |
| | **Deficit in the Statement of Profit and Loss** | | |
| | Balance at the beginning of the year | (60,678) | (13,077) |
| | Add: Loss for the year | (28,383) | (47,601) |
| | Balance at the end of the year | **(89,061)** | **(60,678)** |
| 5 | **Other Current Liabilities** | | |
| | Audit fees payable for the financial year 2014-15 & 2015-16 | 22,686 | 11,236 |
| | Professional fees payable - ROI filing fees for The Financial year 2014-15 & 2015-16 | 11,400 | - |
| | **Total** | **34,086** | **11,236** |
| 6 | **Other Non Current Assets** | | |
| | Preliminary Expenses -to the extent not written off | 7,989 | 13,522 |
| | **Total** | **7,989** | **13,522** |
| 7 | **Current Assets** | | |
| | Bank balance | **4,31,503** | **4,31,503** |
| | **Total** | **4,31,503** | **4,31,503** |
| 8 | **Other Current Assets** | | |
| | Preliminary Expenses-to the extent not written off | 5,533 | 5,533 |
| | **Total** | **5,533** | **5,533** |
| 9 | Preliminery Expenses written off | **5,533** | **5,533** |
| | **Total** | **5,533** | **5,533** |
| 10 | **Auditor Remuneration** | | |
| | Audit Fees | 11,450 | 12,472 |
| | **Total** | **11,450** | **12,472** |
| 11 | **Bank Charges (Charged by Axis Bank)** | **-** | **23,596** |
| 12 | **Printing & stationery** | **-** | **6,000** |
| 13 | **Professional fees - ROI filing fees for FY 2014-15 & 2015-16** | **11,400** | **-** |

A.N.Lenka & Associates Bhubaneswar Chartered Accountants

UTKAL ALUMINA INTERNATIONAL LIMITED

**Hindalco Industries Limited**

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