

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

## 1 Company overview

Bharat Aluminium Company Limited (referred to as “BALCO” or “the Company” hereinafter) was incorporated under the laws of the Republic of India with its registered office at Aluminium Sadan, Core-6, Scope Office Complex, 7, Lodhi Road, New Delhi – 110 003 having 5.70 lakhs mtpa aluminium plants comprising 2.45 lakhs mtpa and 3.25 lakhs mtpa plants with 2,010 MW of power plants comprising captive power plant of 270 MW, 540 MW, 600 MW and independent power plant of 600 MW at Korba (Chhattisgarh). BALCO has captive Bauxite mines at Mainpat and Bodai Daldali. Vedanta Limited and the Government of India respectively hold 51% and 49% of the paid up equity share capital of BALCO. The Corporate Identification Number is U74899DL1965PLC004518.

## 2 Basis of preparation and basis of measurement of financial statements

### (A) Basis of preparation

- i) These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 (the “Act”) (as amended from time to time).

These financial statements have been prepared in accordance with the accounting policies, set out below and were consistently applied to all periods presented unless otherwise stated.

These financial statements are approved for issue by the Board of Directors on April 19, 2024. The revision to these financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

All financial information presented in Indian Rupees (INR) has been rounded off to the nearest crores with two decimals except when indicated otherwise. Amounts less than ₹ 0.50 crores have been presented as “0”.

### (B) Basis of measurement

The financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial

assets and liabilities which are measured at fair value as explained in the accounting policies below. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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 best economic interest.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 3 (a) Material accounting policies

### (A) Revenue recognition

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

The Company’s revenue from contracts with customers is mainly from the sale of aluminium and power. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the shipping agent at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/goods and service tax and other indirect taxes. Revenues from sale of by-products are included in revenue. The Company has generally concluded that it is the principal in its revenue arrangements.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

Certain of the Company's sales contracts provide for provisional pricing based on the price on the London Metal Exchange (LME), as specified in the contract. Revenue in respect of such contracts is recognised when control passes to the customer and is measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features are accounted in accordance with Ind AS 109 'Financial Instruments' rather than Ind AS 115 'Revenue from contracts with customers' and therefore the Ind AS 115 rules on variable consideration do not apply. These 'provisional pricing' adjustments i.e. the consideration adjusted post transfer of control are included in total revenue from operations on the face of the statement of profit and loss and disclosed by way of note to the financial statements. Final settlement of the price is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

No element of financing is deemed present as the sales are generally made with a credit term of 0-120 days, which is consistent with market practice. Any obligation to provide a refund is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from freight and insurance services is recognised over the period during which services are rendered.

Revenue from sale of power is recognised based on contracted rates with customers as approved by concerned regulatory authorities and rates arrived at based on principles laid down under the relevant Tariff Regulations as notified by the regulatory bodies, as applicable. Revenue from sale of power on account of change in law events is recognised by company based on order or report of regulatory authorities and best management estimates, wherever applicable.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs part of its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Company's future performance.

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is received. As these are contracts that the Company expects, and has the ability, to fulfil through delivery of a non-financial item, these are presented as advance from customers and are recognised as revenue as and when control of respective commodities is transferred to customers under the agreements.

- **Interest income**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

- **Dividends**

Dividend income recognised in the statement of profit and loss only when the right to receive payment is established, provided it is probable that the economic benefits from current investments are associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

- **Export benefits**

Export benefits are accounted on recognition of export sales. Revenue relating to insurance claims and interest on delayed or overdue payments from trade receivable is recognized when no significant uncertainty as to measurability or collection exists.

## (B) Property, Plant and Equipment

### i) Mining properties

The costs of mining properties, which include the costs of acquiring and developing mining properties are capitalized as mining properties separate from Property, plant and equipment in the year in which they are incurred. When a decision is taken that a mining property is viable for commercial production (i.e. when the Company determines that the mining property will provide sufficient and sustainable return relative to the risks and the Company decides to proceed with the mine development), all further pre-production primary development expenditure other than on land, buildings, plant and equipment is capitalized as developing asset until the mining property are capable of commercial production. Revenue derived during the project phase is adjusted from the cost incurred on the project from which such revenue is generated.

Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred.

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore, are capitalised as exploration and evaluation assets (intangible assets) and stated at cost less impairment, if any. Exploration and evaluation assets are transferred to the appropriate category of property, plant and equipment when the technical feasibility and commercial viability has been determined. Exploration and evaluation assets are assessed for impairment and impairment loss, if any, is recognised prior to reclassification.

Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific mineral resources.

The stripping costs incurred during the production phase of a surface mine is deferred to the extent the

current period stripping cost exceeds the average period stripping cost over the life of mine and recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and certain criteria are met. When the benefit from the stripping costs are realised in the current period, the stripping costs are accounted for as the cost of inventory. If the costs of inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. The Company uses the expected volume of waste compared with the actual volume of waste extracted for a given value of ore/mineral production for the purpose of determining the cost of the stripping activity asset.

Deferred stripping costs are included in mining properties within property, plant and equipment and disclosed as a part of mining properties. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body.

In circumstances where a mining property is abandoned, the cumulative capitalised costs relating to the property are written off in the period in which it occurs i.e. when the Company determines that the mining property will not provide sufficient and sustainable returns relative to the risks and the Company decides not to proceed with the mine development.

Commercial reserves are proved and probable reserves as defined by the 'JORC' Code, 'MORC' code or 'SAMREC' Code.

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

### ii) Other property, plant and equipment

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

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

dismantling and removing the item and restoring the site on which it is located.

Subsequently, property plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

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

Assets held for sale are carried at lower of their carrying value or fair value less cost to sell.

Government grant related to fixed asset is capitalized along with the asset that it relates to and depreciated over the life of the primary asset.

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. Gains and losses on disposal of an item of property, plant and equipment computed as the difference between the net disposal proceeds and the carrying amount of the asset is included in the statement of profit and loss when the asset is derecognised. Major inspection and overhaul expenditure is capitalised, if the recognition criteria are met.

### iii) Assets under construction

Assets under construction are capitalised in the assets under construction account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

Capital work in progress is carried at cost less accumulated impairment losses, if any.

### iv) Depreciation, depletion and amortisation expense

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

#### • Mining properties

The capitalised mining properties are amortised on a unit-of-production basis over the total estimated remaining commercial proved and probable reserves of each property or group of properties and are subject to impairment review. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future capital expenditure required to access the commercial reserves. Changes in the estimates of commercial reserves or future capital expenditure are dealt with prospectively.

#### • Other assets

Depreciation on other Property, plant and equipment is calculated using the Straight-Line Method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives (determined by the management) as given below.

Management's assessment takes into account, inter alia, the nature of the assets, the estimated usage of the assets, the operating conditions of the assets, past history of replacement and maintenance support.

Estimated useful life of assets are as follows:

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

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

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit to be derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the statement of profit and loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

The Company reviews the residual value and useful life of an asset at least at each financial year-end. The Company considers climate-related matters, including physical and transition risks in its assessment of expected useful lives and estimated residual values. If expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

## (C) Intangible assets

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

Intangible assets are amortised over their estimated useful life on a straight line basis. Software license is amortised over the estimated useful life ranging from 0-5 years. Amounts paid for securing mining rights are amortised over the period of the mining lease ranging from 16-25 years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

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

## (D) Impairment of non-financial assets

Impairment charges and reversals are assessed at the level of cash-generating units. A Cash-Generating Unit (CGU) is the smallest identifiable Group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or Group of assets.

Impairment tests are carried out annually for all assets when there is an indication of impairment. The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. The Company conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognized impairment losses. External factors, such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognized impairment losses.

If any such indication exists or in case of goodwill where annual testing of impairment is required, then an impairment review is undertaken and the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the Company and not applicable to entities in general. Fair value for mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post tax discount rate to arrive at the net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

CGU is determined. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss. Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss has previously been recognised.

## (E) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (i) Financial Assets - recognition & subsequent measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price as per Ind AS 115.

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

- **Financial Assets at amortised cost**

A 'financial assets' is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in statement of profit and loss. The losses arising from impairment are recognised in statement of profit and loss.

- **Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)**

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

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

For equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

- **Financial assets at Fair Value Through Profit or Loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

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

- **Equity instruments**

Any equity investments instrument in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

For equity instruments which are classified as FVTPL, all subsequent fair value changes are recognised in the statement of profit and loss.

Further, the provisionally priced trade receivables are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

## (ii) Financial Assets - derecognition

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## (iii) Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the following financial assets:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities and deposits
- Financial assets that are debt instruments and are measured as at FVOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, contract assets and lease receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR.

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

- a) Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets. The Company does not reduce impairment allowance from the gross carrying amount.
- b) Debt instruments measured at FVOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

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

## (iv) Financial liabilities – Recognition & Subsequent measurement

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

All financial liabilities are recognised initially at fair value, and in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

Further, the provisionally priced trade payables are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in costs.

- **Financial liabilities at amortised cost (Loans and Borrowings and Trade and Other payables)**

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**(v) Financial liabilities - Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**(vi) Equity instruments**

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

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution with respect to interim dividend is authorised when it is approved by the board of directors of the Company and final dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(vii) Offsetting of financial instruments**

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

**(F) Derivative financial instruments and hedge accounting**

**Initial recognition and subsequent measurement**

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit and loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

## (i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in statement of profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

When an unrecognised firm commitment is designated as a hedged item, the subsequent

cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in statement of profit and loss. Hedge accounting is discontinued when the Company revokes the hedge relationship, the hedging instrument or hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

## (ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts recognised in OCI are transferred to statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

## (G) Leases

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

### (a) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## (b) Company as a lessee

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

### (i) Right-of-use assets

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

### (ii) Lease liabilities

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

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

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

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

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

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

## (H) Inventories

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

Cost is determined on the following basis:

- Raw materials, fuel stock and stores and spares are valued on weighted average basis
- Finished products and work-in-progress are valued at raw material cost plus costs of conversion, comprising labour costs and an attributable proportion of manufacturing overheads based on normal levels of activity and are moved out of inventory on a weighted average basis and
- By-products are valued at net realisable value.

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

Inventories of 'Fuel Stock' mainly consist of coal which is used for generating power. On consumption, the cost is charged off to 'Power and Fuel' charges in the statement of profit and loss.

## (I) Government grants

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

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

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

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

## (J) Taxation

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

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

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

- deferred income tax is not recognised on initial recognition of an asset or liability in a transaction that:
  - (i) is not a business combination;
  - (ii) at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss); and
  - (iii) at the time of the transaction, does not give rise to equal taxable and deductible temporary differences; and
- deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

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

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

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

## (K) Employee benefit schemes

### (i) Short Term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

#### Compensated absences:

Compensated absences accruing to employees and which can be carried to future periods but where there are restrictions on availment or encashment or where the availment or encashment is not expected to occur wholly in the next twelve months, the liability on account of the benefit is determined actuarially using the projected unit credit method.

### (ii) Post-employment benefits

#### • Defined contribution plan

Retirement benefits in form of superannuation is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the superannuation fund. The Company recognizes contribution payable to the superannuation scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

#### • Defined benefit plans – Gratuity and Provident fund

##### *Gratuity*

The Company has a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. Presently the Company's gratuity plan is unfunded.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

The liability recognized in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

## *Provident Fund*

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the BALCO Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the Government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

## **(iii) Termination benefits**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits;

and (b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## **Post-Retirement Medical Benefits (PRMB)**

The Company has framed a scheme with a view to provide medical benefits to the regular employees of the Company and their spouses subsequent to their retirement on completion of tenure including retirement on medical grounds and voluntary retirement on contributory basis. Based on actuarial valuations conducted as at year end, a provision is recognized in full for the benefit obligation.

## **(L) Share-based payments**

Vedanta Limited offers certain share based incentives under the Long-Term Incentive Plan ("LTIP") to employees and directors of the Company. It recovers the proportionate cost (calculated based on the grant date fair value of the options granted) from the Company, which is charged to the statement of profit and loss.

## **(M) Provisions, contingent liabilities and contingent assets**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Balance Sheet.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

The Company has significant capital commitments in relation to various capital projects which are not recognized in the balance sheet.

## (N) Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as finance cost in the statement of profit and loss.

Costs for the restoration of subsequent site damage, which is caused on an ongoing basis during production, are provided for at their net present value and charged to the statement of profit and loss as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred. Provision for site restoration cost are reviewed annually and adjusted for changes including mine utilisation plan.

## (O) Accounting for foreign currency transactions and translations

The functional currency of the Company is determined as the currency of the primary economic environment in which it operates, for all principal businesses of the Company, the functional currency is Indian rupee (₹) and the financial statements are presented in Indian rupee (₹).

In the financial statements of the Company, transactions in currencies other than the respective functional currencies are translated into their functional currencies at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into functional currencies at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the statement of profit and loss except those where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

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

The Company had applied paragraph 46A of AS 11 under Previous GAAP. Ind AS 101 gives an option, which has been exercised by the Company, whereby a first time adopter can continue its Indian GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Hence, foreign exchange gain/loss on long-term foreign currency monetary items recognized upto March 31, 2016 has been deferred/capitalized. Such exchange differences arising on translation/settlement of long-term foreign currency monetary items and pertaining to the acquisition of a depreciable asset are amortised over the remaining useful lives of the assets.

Exchange differences arising on translation/settlement of long-term foreign currency monetary items, acquired post April 01, 2016, pertaining to the acquisition of a depreciable asset are charged to the statement of profit and loss.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

## (P) Earnings per share

The Company presents basic and diluted Earnings Per Share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

## (Q) Buyers' Credit/Suppliers' Credit and vendor financing

The Company enters into arrangements whereby banks and financial institutions make direct payments to suppliers for raw materials and project materials. The banks and financial institutions are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled up to twelve months (for raw materials) and up to 36 months (for project and materials). Where these arrangements are with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/suppliers' credit and disclosed on the face of the balance sheet. Where these arrangements are with a maturity beyond twelve months and up to thirty six months, the economic substance of the transaction is determined to be financing in nature, and these are presented within borrowings in the balance sheet. Interest expense on these are recognised in the finance cost. Payments made by banks and financial institutions to the operating vendors are treated as a non cash item and settlement of due to operational buyer's credit/suppliers' credit by the Company is treated as an operating cash outflow reflecting the substance of the payment.

## (R) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or

- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non current only.

## (S) Borrowing costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use i.e. when they are capable of commercial production. Borrowing costs relating to the construction phase of a service concession arrangement is capitalised as part of the cost of the intangible asset. Where funds are borrowed specifically to finance a qualifying capital project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a qualifying capital project, the income generated from such short-term investments is deducted from the total capitalized borrowing cost. If any specific borrowing remains outstanding after the related asset is ready for its

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

intended use or sale, that borrowing then becomes part of general borrowing. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year.

All other borrowing costs are recognised in the statement of profit and loss in the year in which they are incurred.

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

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

## (T) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits which have maturity of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above and additionally includes unpaid dividend account.

## (U) Segment Reporting

Each of the reportable segments derives its revenues from these main products and hence these have been identified as reportable segments by the Company's Chief Operating Decision Maker ("CODM").

Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amount allocated based on cost. Unallocated expenditure consist of common expenditure incurred for all the segments and expenses incurred at

corporate level. The assets and liabilities that cannot be allocated between the segments are shown as unallocated assets and unallocated liabilities respectively. Pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

## 3(b) Application of new and amended standards

(A) The Company has adopted, with effect from April 01, 2022, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the financial statements.

1. Amendment to INDAS 1 Presentation of Financial statements regarding disclosure of material accounting policies rather than significant accounting policies.
2. Amendment to INDAS 12 Deferred Tax related to Assets regarding clarification on application of initial recognition exemption transactions such as leases and decommissioning obligations.
3. Amendment to INDAS Accounting Policies, Change in Accounting Estimates and Errors. The amendment replaces definition of 'change in accounting estimates' with the definition of 'accounting estimates'

## (B) Standards notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

### (i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's standalone financial statements.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

## (ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

## (iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings.

## 3(c) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual

results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are elaborated in note no. 44.

## Significant Judgements

### (i) Contingencies

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the consolidated financial statements.

While considering the possible, probable and remote analysis of taxation, legal and other claims, there is always a certain degree of judgement involved pertaining to the application of the legislation which in certain cases is supported by views of tax experts and/or earlier precedents in similar matters. Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability.

### (ii) Climate Change

The Company aims to achieve net carbon neutrality by 2050 or sooner & committed to reduce its GHG emission (Scope-1 & 2) by 14% by 2026 & Scope 3 by 20% by 2026 from 2017 baseline, 5 times water positive by 2025 from current 2.41 times etc. as part of their climate mitigation and adaptation efforts and sustainability strategy. The Company conducted climate risk assessment and outlined its risks and opportunities in TCFD report. Climate change may have various impacts on the Company

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

in the medium to long term. These impacts include the risks and opportunities related to the demand of products, impact due to transition to a low-carbon economy, disruption to the supply chain, risk of physical harm to the assets due to extreme weather conditions, regulatory changes etc. The accounting related measurement and disclosure items that are most impacted by our commitments, and climate change risk more generally, relate to those areas of the financial statements that are prepared under the historical cost convention and are subject to estimation uncertainties in the medium to long term.

The potential effects of climate change may be on assets and liabilities that are measured based on an estimate of future cash flows. The main ways in which potential climate change impacts have been considered in the preparation of the financial statements, pertain to (a) inclusion of capex in cash flow projections, (b) recoverable amounts of existing assets (c) review of estimates of useful lives of property, plant and equipment, (d) assets and liabilities carried at fair value, etc.

The Company's strategy consists of mitigation and adaptation measures and is committed to reduce its carbon footprint by limiting its exposure to coal-based projects and reducing its GHG emissions through high impact initiatives such as investment in Renewable

Energy (450 MW Power Delivery Agreement ('PDA') signed on a Company captive basis, fuel switch, electrification of vehicles and mining fleet and energy efficiency opportunities. However, renewable sources have limitations in supplying round the clock power, so existing power plants would support transition and fleet replacement is part of normal lifecycle renewal. We have also taken certain measures towards water management such as commissioning of Zero Liquid Discharge plants, sewage treatment plant, dry tailing plant, rainwater harvesting, thus reducing freshwater consumption. These initiatives are aligned with the Company's ESG strategy and no material changes were identified to the financial statements as a result.

As the Company's assessment of the potential impacts of climate change and the transition to a low-carbon economy continues to mature, any future changes in the Company's climate change strategy, changes in environmental laws and regulations and global decarbonisation measures may impact the Company's significant judgments and key estimates and result in changes to financial statements and carrying values of certain assets and liabilities in future reporting periods. However, as of the balance sheet date, the Company believes that there is no material impact on carrying values of its assets or liabilities.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

## 4. Property, Plant and Equipments<sup>3,4,5,6,8,9</sup>

Particulars	Gross block				Accumulated depreciation			Net Block	
	As at April 1, 2023	Additions	Deductions	As at March 31, 2024	As at April 1, 2023	Charge for the year	Deductions	As at March 31, 2024	As at March 31, 2024
<b>Tangible assets</b>									
Land- freehold <sup>1,2,7</sup>	18.64	-	1.32	17.32	(0.12)	-	-	(0.12)	17.44
(Previous year)	18.64	-	-	18.64	(0.12)	-	-	(0.12)	18.76
Buildings <sup>2</sup>	2,124.03	16.65	9.72	2,130.96	1,045.45	61.55	5.03	1,101.97	1,028.99
(Previous year)	2,089.23	41.22	6.42	2,124.03	987.92	59.75	2.22	1,045.45	1,078.58
Plant and equipment	14,900.90	511.39	370.69	15,041.60	6,648.77	493.44	330.53	6,811.68	8,229.92
(Previous year)	14,650.50	362.26	111.86	14,900.90	6,270.72	462.11	84.06	6,648.77	8,252.13
Furniture and fixtures	17.73	4.97	4.77	17.93	13.67	0.77	4.40	10.04	7.89
(Previous year)	16.84	0.92	0.03	17.73	13.12	0.56	0.01	13.67	4.06
Vehicles	26.01	1.23	0.92	26.32	17.12	0.48	0.69	16.91	9.41
(Previous year)	25.53	0.88	0.40	26.01	16.91	0.33	0.12	17.12	8.89
Office equipment	44.34	4.13	8.06	40.41	36.21	3.98	7.79	32.40	8.01
(Previous year)	40.38	3.98	0.02	44.34	32.10	4.14	0.03	36.21	8.13
Railway Sidings	230.05	-	-	230.05	111.28	11.04	-	122.32	107.73
(Previous year)	230.05	-	-	230.05	100.25	11.03	-	111.28	118.77
Mining properties <sup>5</sup>	145.36	-	-	145.36	135.31	4.35	-	139.66	5.70
(Previous year)	143.01	15.85	13.50	145.36	63.37	71.94	-	135.31	10.05
Right of Use assets <sup>6</sup>	35.30	1.32	1.32	35.30	26.50	1.36	1.32	26.54	8.76
(Previous year)	35.30	-	-	35.30	11.85	14.65	-	26.50	8.80
<b>Total</b>	<b>17,542.36</b>	<b>539.69</b>	<b>396.80</b>	<b>17,685.25</b>	<b>8,034.19</b>	<b>576.97</b>	<b>349.76</b>	<b>8,261.40</b>	<b>9,423.85</b>
<b>Total -Previous Year</b>	<b>17,249.48</b>	<b>425.11</b>	<b>132.23</b>	<b>17,542.36</b>	<b>7,496.12</b>	<b>624.51</b>	<b>86.44</b>	<b>8,034.19</b>	<b>9,508.17</b>
*Capital work-in-progress <sup>10</sup>	1,098.92	3,577.58	539.69	4,136.81	-	-	-	-	4,136.81
(Previous year)	283.29	1,219.10	403.47	1,098.92	-	-	-	-	1,098.92

\*For Capital work-in-progress deductions means capitalisation of Capital work-in-progress to respective class of assets.

1. Certain land and quarters of the Company including 40 nos. of Company's quarters at Bidhan Bagh Unit and 300.88 acres of land at Korba and Bidhan Bagh have been unauthorisedly occupied for which the Company is evaluating the options for evacuation.
2. The Division Bench of the Hon'ble High Court of Chhattisgarh has vide its order dated February 25, 2010, upheld that BALCO is in legal possession of 1,804.67 acres of Government land. Subsequent to the said order, the State Government has decided to issue the lease deed in favour of BALCO after the matter of issue of forest land is decided by the Hon'ble Supreme Court. In the proceedings before the Hon'ble Supreme Court, pursuant to public interest litigations filed, it has been alleged that land in possession of BALCO is being used in contravention of the Forest Conservation Act, 1980 even though the said land has been in its possession prior to the promulgation of the Forest Conservation Act, 1980 on which its Aluminium complex, allied facilities and township were constructed between 1971-76. The Central Empowered Committee of the Supreme Court has already recommended ex-post facto diversion of the forest land in possession of BALCO. BALCO has also filed two IA before the Supreme Court, 1st challenging the order of the Tehsildar Korba whereby he rejected BALCO'S applications for eviction of illegal encroachers on BALCO'S land on the ground that land matter is subjudice before the Supreme Court and the other



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 4. Property, Plant and Equipments<sup>3,4,5,6,8,9</sup> (Contd..)

application whereby BALCO has challenged the state government's action for allotment of land to illegal encroachers under the Rajiv Ashray Yojna. The matter is to be listed for hearing in due course.

3. In accordance with the exemption given under Ind AS 101, exchange differences arising on translation/settlement of long term foreign currency monetary items pertaining to the acquisition of a depreciable asset of ₹ Nil crores (March 31, 2023: ₹ 0.15 crores) capitalised, are grouped under property, plant and equipments and capital work in progress.
4. For lien/charge against property, plant and equipment refer note no. 19, 23 & 24.
5. Refer note 35 for depreciation and amortisation expenses.
6. Disclosure of Right of Use (ROU) Assets as per IndAS 116 - "Leases"<sup>1,2</sup>

Particulars	ROU Land
Gross Block	35.30
(Previous year)	35.30
Accumulated Depreciation	26.54
(Previous year)	26.50
Depreciation charged during the period	1.32
(Previous year)	14.65
<b>Carrying book value as on March 31, 2024</b>	<b>8.76</b>
(Previous year)	8.80

6.1. The above ROU is getting depreciated over a useful life of 99 years.

6.2. Carrying amount of Lease liability as on 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2023 is Nil and hence no further disclosure related to movement of lease liabilities, accretion of interest and maturity analysis has been given.

7. Title deeds of immovable properties not held in the name of company:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (in crores)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director (Y/N)	Property held since which date	Reason for not being held in the name of the company** (also indicate if in dispute)
Property, Plant and Equipment	Freehold Land	3.60	National Thermal Power Corporation Ltd	N	June 20, 2002	The 206.18 acres land transferred to BALCO by NTPC is yet to be registered in favour of BALCO due to non-availability of title deeds from NTPC. 'In the matter, arbitration was held where the Ld. Arbitrator passed the award in favour of BALCO but directed that transfer of title deeds of land will be effected by the Central Government with the assistance of State Government. The matter is sub-judice before the Delhi High Court and is posted for hearing on July 11 2024.

8. Please refer note 34 for interest capitalised during the year and note 33 for manpower cost capitalised during the year.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 4. Property, Plant and Equipments<sup>3,4,5,6,8,9</sup> (Contd..)

9. During the year ended March 31, 2023, the company has classified certain item of property plant and equipment in respect of its old alumina refinery and smelter as assets held for sale based on the agreement for sale entered during the year amounting to ₹ 93.58 crores. The plant was suspended since September 2009 and as at March 31, 2024, the remaining net carrying value of these assets ₹ Nil crores ( March 31, 2023: ₹ 3.69 crores) and is expected to be recovered principally through sale , rather than through continuous use. During the financial year ended March 31, 2024, the company has sold assets with a carrying value of ₹ 2.05 crores at a sale value of ₹ 51.70 crores recognising profit of ₹ 49.65 crores (March 31, 2023: ₹ 6.92 crores). The Company is expected to complete the remaining sale transaction within next year. Since the carrying value is immaterial and hence no further disclosure has been given. The company is expected to realise ₹ 6.00 crores on the remaining sale.

10. Capital work-in-progress ageing schedule as at March 31, 2024:<sup>1</sup>

CWIP	Amount in CWIP				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3,527.82	559.14	48.61	1.24	4,136.81
(Previous year)	945.74	153.18	-	-	1,098.92
<b>Total</b>	<b>3,527.82</b>	<b>559.14</b>	<b>48.61</b>	<b>1.24</b>	<b>4,136.81</b>
<b>Total -Previous Year</b>	<b>945.74</b>	<b>153.18</b>	<b>-</b>	<b>-</b>	<b>1,098.92</b>

10.1. There are no projects temporarily suspended as on March 31, 2024 and March 31, 2023

### Intangible Assets

Particulars	Gross block				Accumulated Amortisation			Net Block	
	As at April 1, 2023	Additions	Deductions	As at March 31, 2024	As at April 1, 2023	Charge for the year	Deductions	As at March 31, 2024	As at March 31, 2024
<b>Software license</b>	<b>10.09</b>	<b>0.01</b>	<b>8.38</b>	<b>1.72</b>	<b>9.39</b>	<b>0.20</b>	<b>8.38</b>	<b>1.21</b>	<b>0.51</b>
<i>Previous year</i>	<i>9.77</i>	<i>0.32</i>	<i>-</i>	<i>10.09</i>	<i>9.09</i>	<i>0.30</i>	<i>-</i>	<i>9.39</i>	<i>0.70</i>

## 5. Exploration intangible assets under development as at March 31, 2024

Particulars	Amount			
	As at April 1, 2023	Additions	Deductions	As at March 31, 2024
<b>Exploration intangible assets</b>	<b>-</b>	<b>16.69</b>	<b>-</b>	<b>16.69</b>
<i>Previous year</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

Exploration intangible assets	Amount				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.25	16.44	-	-	16.69
Previous year	-	-	-	-	-

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 6. Financial assets - Non current : Investments

(at fair value through profit and loss)

Particulars	As at March 31, 2024		As at March 31, 2023	
	No.	Amount	No.	Amount
Investment in preference shares - Unquoted investment in OCRPS (₹ 10 each) (Refer note no. 42)				
Serentica Renewables India 1 Private Limited	7,50,00,000	75.00	7,50,00,000	75.00
Serentica Renewables India 7 Private Limited	4,03,20,000	40.32	-	-
Serentica Renewables India 8 Private Limited	3,30,00,000	33.00	-	-
<b>Total</b>	<b>14,83,20,000</b>	<b>148.32</b>	<b>7,50,00,000</b>	<b>75.00</b>

The Company has executed new Power Delivery Agreements ("PDA") with Serentica group companies (Serentica Renewables India 1 Private Limited, Serentica Renewables India 7 Private Limited and Serentica Renewables India 8 Private Limited) which are associates of Vedanta Inc, for procuring renewable power over twenty five years from date of commissioning of the combined renewable energy power projects ("the Projects") on a group captive basis.

These Serentica group companies were incorporated for developing the Projects. During the current year, the Company has invested ₹ 73.32 crores (March 31, 2023: ₹ 75.00 crores) in Optionally Convertible Redeemable Preference shares ("OCRPS") of ₹ 10 each of Serentica group companies. The Company has considered the investments as fair value through profit and loss.

These OCRPS will be converted into equity basis conversion terms of the PDA, that will result the company holding twenty six percent stake in its equity. As at 31 March 2024, total outstanding commitments related to PDA with Serentica group companies are ₹ 346.68 crores (March 31, 2023: ₹ 310.00 crores). The Company has engaged external valuations experts for the fair valuation of investments as on the balance sheet date and the difference between carrying value and fair value is not material.

## 7. Financial assets - Non current : Trade receivables <sup>1,2,3,4,5,6</sup>

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured</b>		
Considered good	-	207.64
Significant increase in credit risk	174.75	34.10
<b>Total</b>	<b>174.75</b>	<b>241.74</b>
Less: Allowances for expected credit loss	(58.53)	(34.10)
<b>Total Non current trade receivable</b>	<b>116.22</b>	<b>207.64</b>

- Carrying value of trade receivable may be affected by the changes in the credit risk of counterparties as explained in note no. 43 as well as for time value of money where collection is expected to be delayed.
- Maturity profile is as per note no. 43.
- For lien/charge against trade receivable refer note nos. 19, 23 and 24.
- No trade receivable is due from directors or other officers of the Company either severally or jointly with any other person (March 31, 2023- Nil). No trade receivable is due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables includes ₹ 90.03 crores (Net of allowance for expected credit loss ("ECL") of ₹ 45.34 crores recognised during the year) (March 31, 2023: ₹ 135.36 crores) on account of differential energy charges for supply of power to customers under power supply agreements, pursuant to amendment in escalation rates of domestic coal by Central Electricity Regulatory Commission

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 7. Financial assets - Non current : Trade receivables <sup>1,2,3,4,5,6</sup> (Contd..)

(CERC) for the period October 1, 2012 to September 30, 2014 which is disputed in Honourable Delhi High Court. Supported by legal opinion obtained, management believes it to be highly probable that the disputes will ultimately be resolved in favour of the Company.

6. Ageing has been considered from the date of credit period expired, wherever applicable or from the date of invoice, where there are no contracted credit period.

### Non Current trade receivables ageing schedule as at March 31, 2024\*:

Particulars	Outstanding from due date of payment as on March 31, 2024						
	Not Due	Upto 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed</b>							
- credit impaired	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Disputed**</b>							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	3.29	1.98		20.91		148.57	174.75
- credit impaired	-	-	-	-	-	-	-
	3.29	1.98	-	20.91	-	148.57	174.75
Less: Allowances for expected credit loss	-	-	-	-	-	(58.53)	(58.53)
	3.29	1.98	-	20.91	-	90.04	116.22
<b>Total</b>	<b>3.29</b>	<b>1.98</b>	<b>-</b>	<b>20.91</b>	<b>-</b>	<b>90.04</b>	<b>116.22</b>

### Non Current trade receivables ageing schedule as at March 31, 2023\*:

Particulars	Outstanding from due date of payment as on March 31, 2023						
	Not Due	Upto 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed</b>							
- credit impaired	-	-	-	-	-	34.10	34.10
	-	-	-	-	-	34.10	34.10
Less: Allowances for Credit impaired	-	-	-	-	-	(34.10)	(34.10)
	-	-	-	-	-	-	-
<b>Disputed**</b>							
- considered good	0.37	6.65	1.29	63.67	-	135.66	207.64
	0.37	6.65	1.29	63.67	-	135.66	207.64
<b>Total</b>	<b>0.37</b>	<b>6.65</b>	<b>1.29</b>	<b>63.67</b>	<b>-</b>	<b>135.66</b>	<b>207.64</b>

\*There are no unbilled trade receivable as on March 31, 2024 and March 31, 2023.

\*\* Disputed dues are considered good basis sub note 5 & 6 above

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 7. Financial assets - Non current : Trade receivables (Contd..)

### Movement of Allowance for expected credit loss

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	34.10	34.10
Change in estimates	-	-
Additions to allowances	58.53	-
Adjusted against bad debts written off	(34.10)	-
Closing Balance	58.53	34.10

## 8. Financial assets - Non current : Loans

(at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loan to employees <sup>1</sup>	0.08	0.11
Total	0.08	0.11

1. For details of classification of financial assets and fair value hierarchy refer note no. 43.

## 9. Financial assets - Non Current : Others<sup>2</sup>

(at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Security deposits	51.87	52.32
Site restoration asset <sup>1</sup>	15.46	14.77
Bank Deposits <sup>3</sup>	23.35	19.76
Other receivables	-	23.83
Unsecured, considered doubtful		
Other receivables	5.71	-
Less: allowance for expected credit loss	(1.91)	-
Total	94.48	110.68

- Represents deposits with Ministry of Coal pertaining to coal block which earns interest at fixed rate based on respective deposit rate.
- For details of classification of financial assets and fair value hierarchy refer note no. 43.
- Bank deposits represents fixed deposits with contracted maturity of more than 12 months under lien with banks against bank guarantee.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 10. Other non-current assets

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured, considered good</b>		
Capital advances	526.01	645.15
Prepaid expenses <sup>1</sup>	4.96	29.95
Claims and other receivables <sup>2</sup>	104.90	174.41
<b>Total</b>	<b>635.87</b>	<b>849.51</b>

- Includes ₹ 4.43 crores (March 31, 2023: ₹ 25.87 crores) excess of actual expenditure incurred towards Corporate Social Responsibility over obligation till date, refer note no 36 (2).
- Claims and other receivables includes following :
  - Receivables pertaining to energy development cess levied by Government of Chhattisgarh ₹ 34.54 crores and decision given in favour of the company by the Honourable High Court of Chattisgarh has been subsequently challenged by the Government of Chhattisgarh in the Honourable Supreme Court of India (March 31, 2023: ₹ 34.54 crores) . Supported by a legal opinion obtained, management believes that it is possible that the matter will be decided in favour of the Company. (Refer note no 40)
  - Claims recoverable from Madhya Pradesh Electricity Board (MPEB)/Chhattisgarh State Electricity Board (CSEB) amounting to ₹ 10.08 crores (March 31, 2023: ₹ 17.45 crores), which are disputed by them. The Company is also disputing the claim for Electricity duty/surcharge made by MPEB/CSEB amounting to ₹ 13.23 crores (March 31, 2023: ₹ 13.23 crores). The net amount recoverable/payable can be ascertained on settlement of the disputes. Supported by a legal opinion obtained, management believes that it is probable that the matter will be decided in favour of the Company. The said claim is interest-bearing.

## 11. Current assets: Inventories (At lower of cost and net realisable value)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Raw materials	458.34	477.50
Goods-in transit	232.95	351.54
	<b>691.29</b>	<b>829.04</b>
(b) Fuel stock	92.35	243.75
Goods-in transit	6.41	8.83
	<b>98.76</b>	<b>252.58</b>
(c) Work-in-progress	292.87	383.49
(d) Finished goods <sup>1</sup>	0.29	-
(e) By-product <sup>1</sup>	0.17	0.41
(f) Stores and spares <sup>2</sup>	193.84	159.03
Goods-in transit	4.39	6.45
	<b>198.23</b>	<b>165.48</b>
<b>Total</b>	<b>1,281.61</b>	<b>1,631.00</b>

- Inventories held at net realizable value amounts to ₹ 3.02 crores (March 31, 2023: ₹ 51.27 crores). The write down on inventories amounting to ₹ 7.31 crores for the year (March 31, 2023: ₹ 17.07 crores) has been charged to the Statement of Profit and Loss.
- Provision in respect of slow-moving, damaged, or obsolete inventories of stores and spares lying in books on March 31, 2024 is ₹ 12.17 crores (March 31, 2023: ₹ 14.70 crores).



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 11. Current assets: Inventories (At lower of cost and net realisable value) (Contd..)

- Entire inventory has been hypothecated as security against certain bank borrowings of the Company. For more details of lien/charge against inventories refer note no. 19, 23 & 24.
- For mode of valuation for each class of inventories, refer note no. 3(a)(H).
- Inventories lying with third party is ₹ 243.75 crores (March 31, 2023: ₹ 366.82 crores)

## 12. Financial assets - Current : Investments<sup>1</sup>

(at fair value through profit and loss)

Particulars	As at March 31, 2024	As at March 31, 2023
Investments in mutual funds - unquoted	-	141.29
<b>Total</b>	<b>-</b>	<b>141.29</b>
Aggregate amount of quoted investments, and market value thereof	-	-
Aggregate amount of unquoted investments	-	141.29

- For determination of fair value refer note no. 43.

## 13. Financial Assets- Current : Trade receivables

(at amortised cost and at fair value through profit and loss)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Secured<sup>6</sup></b>		
Considered good	322.54	227.26
<b>Unsecured<sup>4</sup></b>		
Considered good	2.33	5.06
<b>Total</b>	<b>324.87</b>	<b>232.32</b>

- Carrying value of trade receivables may be affected by the changes in the credit risk of counterparties as explained in note no. 43.
- Maturity profile is as per note no. 43.
- For lien/charge against trade receivables refer note nos. 19, 23 and 24.
- No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. No trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member (March 31, 2023: Nil). For amount due from related parties, refer note no. 42.
- Ageing has been considered from the date of credit period expired, wherever applicable or from the date of invoice, where there are no contracted credit period.
- Debtors are secured against letter of credit or bank guarantee.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 13. Financial Assets- Current : Trade receivables

Current trade receivables ageing schedule as at March 31, 2024\*:

Particulars	Outstanding from due date of payment as on March 31, 2024						Total
	Not Due	Upto 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
- considered good	148.89	175.98	-	-	-	-	324.87
- credit impaired	-	-	-	-	-	-	-
	148.89	175.98	-	-	-	-	324.87
Less: Allowances for credit impaired	-	-	-	-	-	-	-
	148.89	175.98	-	-	-	-	324.87
<b>Total**</b>							324.87

Current trade receivables ageing schedule as at March 31, 2023\*:

Particulars	Outstanding from due date of payment as on March 31, 2023						Total
	Not Due	Upto 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed							
- considered good	104.55	127.77	-	-	-	-	232.32
- credit impaired	-	-	-	-	-	-	-
	104.55	127.77	-	-	-	-	232.32
Less: Allowances for credit impaired	-	-	-	-	-	-	-
	104.55	127.77					232.32
<b>Total**</b>							232.32

\* There are no unbilled trade receivable as on March 31, 2024 and March 31, 2023.

\*\* There are no disputed trade receivables as on March 31, 2024 and March 31, 2023.

## 14. Financial Assets- Current : Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks <sup>1</sup>	281.75	308.58
Cash on hand	0.00	-
<b>Total</b>	<b>281.75</b>	<b>308.58</b>

- Including foreign inward remittances aggregating ₹ Nil crores (March 31, 2023: ₹ 102.52 crores) held by banks in their Nostro accounts on behalf of the Company

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 15. Financial assets - Current : Loans

(at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured, considered good</b>		
Loans to employees	0.64	2.05
<b>Total</b>	<b>0.64</b>	<b>2.05</b>

## 16. Financial Assets- Current : Others

(at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured, considered good</b>		
Security deposits	0.13	0.06
Receivable from related parties (also refer note no. 42)	6.43	0.01
Other receivables <sup>2,3</sup>	51.37	35.05
<b>Total</b>	<b>57.93</b>	<b>35.12</b>

- For details of classification of financial assets and fair value hierarchy refer note no. 43.
- Includes receivables from marked to market valuation of open derivative contracts entered into to hedge risk of fluctuation of commodity prices as at March 31, 2024 ₹ 34.61 crores (March 31, 2023: ₹ 33.88 crores), also refer note 43.
- Includes receivables aggregating ₹ 16.50 crores (March 31, 2023: ₹ Nil crores) on account of differential duties and taxes recognised by the Company for supply of power to customers under power supply agreements, inline with Central Electricity Regulatory Commission (CERC) order dated April 27, 2018 and Appellate Tribunal for Electricity (APTEL) order dated August 12, 2021 for which invoice is yet to be raised by the Company.

## 17. Other Current Assets

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured, considered good</b>		
Advances to suppliers	173.23	221.05
Prepaid expenses <sup>1</sup>	63.13	64.11
Claims and other receivables	-	10.20
Balances with statutory/Government authorities	17.73	69.97
Export incentives receivable	10.89	14.71
<b>Total</b>	<b>264.98</b>	<b>380.04</b>

- Includes ₹ 36.66 crores (March 31, 2023: ₹ 36.43 crores) excess of actual expenditure incurred towards Corporate Social Responsibility over obligation till date, refer note no 36 (2).
- Also refer note 10.2 for claims and other receivables.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 18. Share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Balance at the end of the year (equity shares of ₹ 10 each)	50,00,00,000	500.00	50,00,00,000	500.00
<b>Issued, subscribed and fully Paid up</b>				
Balance at the end of the year (equity shares of ₹ 10 each)	22,06,24,500	220.62	22,06,24,500	220.62
<b>Total</b>	<b>22,06,24,500</b>	<b>220.62</b>	<b>22,06,24,500</b>	<b>220.62</b>

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Equity shares outstanding at the beginning and end of the year	22,06,24,500	220.62	22,06,24,500	220.62

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

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
a) Vedanta Limited <sup>1</sup>	11,25,18,495	51%	11,25,18,495	51%
b) Government of India - President of India	10,81,06,005	49%	10,81,06,005	49%
<b>Total</b>	<b>22,06,24,500</b>	<b>100%</b>	<b>22,06,24,500</b>	<b>100%</b>

1) Subsidiaries and associates of Vedanta limited do not hold any equity shares in the Company. Ultimate holding company Vedanta Inc and associates and other subsidiaries do not hold any equity shares in the Company.

iii) **Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity is entitled to one vote per share held. Any dividend proposed by the Board of Directors will be subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is paid as and when declared by the Board of Directors. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company in proportion to their shareholding after distribution of all preferential amounts.

iv) **Shareholding of promoter**

Promoter Name	As at March 31, 2024			As at March 31, 2023		
	No. of shares at the end of the year	% of Total Shares	% change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Vedanta Limited	11,25,18,495	51%	-	11,25,18,495	51%	-

v) As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 19. Financial liabilities - Non current Borrowings <sup>2</sup> :

(at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Secured</b>		
Rupee Term loans from banks <sup>1</sup>	1,784.79	477.33
<b>Total</b>	<b>1,784.79</b>	<b>477.33</b>

Interest, repayment terms and security details of borrowings	As at March 31, 2024	As at March 31, 2023
1. Rupee term loans from various banks secured by first pari passu charge on moveable property, plant and equipments (excluding coal blocks) of the Company. Weighted average rate of interest is 8.69% (March 31, 2023: 8.63%) and are repayable in 50 quarterly installments. (March 31, 2023: 51 quarterly installments)	2,050.25	829.47
Less: Current Maturity of Non-Current borrowings (Refer note no 23)	265.46	352.14
<b>Net Non-Current borrowings</b>	<b>1,784.79</b>	<b>477.33</b>

2. The credit facilities are subject to certain financial and non- financial covenants. The financial covenants which must be complied with include debt service coverage ratio, total outside liabilities to total net worth, fixed assets coverage ratio and ratio of total term liabilities to net worth. The Company has complied with the covenants as per the terms of the loan agreement.

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

Particulars	Borrowings due within one year	Borrowings due after one year	Total
Opening Balance as on April 1, 2022	547.61	593.92	1,141.53
Cash inflow	500.00	234.40	734.40
Cash outflow	(262.75)	(484.86)	(747.61)
Other Non cash changes	(132.72)	133.87	1.15
<b>As at April 1, 2023</b>	<b>652.14</b>	<b>477.33</b>	<b>1,129.47</b>
Cash inflow	150.10	1,595.55	1,745.65
Cash outflow	(450.10)	(372.18)	(822.28)
Other Non cash changes	(86.68)	84.09	(2.59)
<b>As at March 31, 2024</b>	<b>265.46</b>	<b>1,784.79</b>	<b>2,050.25</b>

Other non-cash changes comprises of amortisation of borrowing costs and reclassification between borrowings due within one year and borrowings due after one year.

## 20. Financial liabilities - Non current: Others<sup>1</sup>

(at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital creditors	162.29	-
<b>Total</b>	<b>162.29</b>	<b>-</b>

1. For details of classification of financial liabilities and fair value hierarchy refer note no. 43

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 21. Provisions : Non current

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits <sup>1</sup>	129.96	128.66
Provision for site restoration and rehabilitation <sup>2,3</sup>	11.50	8.69
<b>Total</b>	<b>141.46</b>	<b>137.35</b>

1. Includes Gratuity and Post Retirement Medical Benefits (PRMB). Also refer note no. 27 and 39.

2. Provision for site restoration and rehabilitation

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Opening balance</b>	<b>8.69</b>	<b>62.31</b>
Add: Unwinding of discount	2.42	0.48
Revision in estimates*	0.39	(54.10)
<b>Closing balance</b>	<b>11.50</b>	<b>8.69</b>

\*Also refer note 35 for depreciation and amortisation of site restoration assets.

3. The provisions for site restoration and rehabilitation represent the management's best estimate of the costs which will be incurred in the future to meet the Company's obligations under existing Indian law and the terms of the Company's contractual arrangements for coal mines. These amounts are calculated by considering discount rates within the range of 8% to 9%, and become payable on closure of mines and are expected to be incurred over a period of upto 2 years.

## 22. Other liabilities : Non current

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Government grants <sup>1</sup>	795.95	686.20
<b>Total</b>	<b>795.95</b>	<b>686.20</b>

1. Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on import of plant and equipments accounted for as government grant as per the guidance given under Ind AS 20.

## 23. Financial liabilities -Current Borrowings :

(at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Secured</b>		
Current maturities of long term borrowings	265.46	352.14
Packing credit <sup>1</sup>	-	200.00
	<b>265.46</b>	<b>552.14</b>
<b>Unsecured</b>		
Packing credit <sup>2</sup>	-	100.00
	<b>-</b>	<b>100.00</b>
<b>Total</b>	<b>265.46</b>	<b>652.14</b>

1. Secured by way of hypothecation of stock and receivables upto ₹ 200 crores for 90 days at an average interest rate of 7.60%

2. Unsecured Packing credit for 90 days at average interest rate of 7.60%



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 24. Financial liabilities – Current Operational buyers' credit/suppliers' credit<sup>1,2</sup>

(at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Operational buyers' credit/suppliers' credit	1,038.42	902.36
<b>Total</b>	<b>1,038.42</b>	<b>902.36</b>

- Operational Buyers' /Suppliers' Credit is availed in foreign currency from offshore branches of Indian banks or foreign banks at an interest rate ranging from 5.37% to 6.40% per annum.
- Operational buyers' credit/suppliers' credit from BOB Bank (upto ₹ 479 crores), ICICI Bank (upto 324 crores), HDFC Bank (upto ₹ 145 crores) and State Bank of India (upto 91 crores) are secured by way of hypothecation of stock of raw materials, work-in-progress, finished products, consumable stores and spares, bills receivables, book debts and all other movable PPE, both present and future. The charges rank pari passu among banks under the multiple banking arrangements, both for current and non-current fund based and non-fund based facilities.

## 25. Financial liabilities – Current: Trade payables

(at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro, small and medium enterprises <sup>6</sup>	36.96	36.40
<b>Total (a)</b>	<b>36.96</b>	<b>36.40</b>
Total outstanding dues of creditors other than micro, small and medium enterprises <sup>1,2,3,4</sup>	827.36	1,503.42
Dues to related parties (also refer note no. 42)	4.37	4.15
<b>Total (b)</b>	<b>831.73</b>	<b>1,507.57</b>
<b>Total (a+b)</b>	<b>868.69</b>	<b>1,543.97</b>

- The Company has recognised ₹ Nil expenditure on account of not meeting certain contracted obligation for supply of power during the year ended March 31, 2024 (March 31, 2023: ₹ 49.34 crores) under "Power and fuel charges" towards consequential charges.
- Pursuant to withdrawal of show cause notice issued by the Nominated Authority for imposition of levy for the financial year 2020-21 in relation to efficiency parameters related to extraction as the Company had achieved the Peak Rated Capacity (PRC) in the financial year 2019-20, the Company has reversed provision aggregating ₹ 131.41 crores towards such levy for the Financial year 2020-21 and 2021-22 which has been netted off against Power and Fuel expense.
- During the current financial year, the Company has reversed net provision of ₹ 49.24 crores (including interest of ₹ 36.69 crores) towards an arbitration award in favour of a vendor in a prior year. Vide orders dated 10-08-2005 and 28-02-2016 respectively, the Hon'ble Chhattisgarh Court and the Hon'ble Supreme Court had held that the aforesaid arbitration award was an enforceable decree. However, the said vendor's petition for enforcement of decree was rejected by the concerned District Court in 2017 on grounds of delay without valid reason. Since then, management has not been informed of any subsequent application by the vendor for the enforcement of the award. Management believes that the probability of enforcement of the award is remote in view of applicability of the Limitation Act, 1963, which is supported by a legal opinion obtained by the Company.
- Trade payables are non-interest bearing and are normally settled up to 180 days terms.
- Also refer note no. 36

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

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

6. Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006 ( to the extent such parties have been identified on the basis of information available with the Company):

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	36.96	36.40
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

7. Ageing has been considered from the date of expiry of credit period, if available or from the date of transaction.

### Trade payables ageing schedule as at March 31, 2024

Particular	Unbilled	not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro, Small and Medium Enterprises-undisputed	26.96	3.65	6.35	-	-	-	36.96
(ii) Micro, Small and Medium Enterprises-disputed	-	-	-	-	-	-	-
(i) Others- Undisputed	304.44	58.46	197.64	22.07	11.94	13.83	608.38
(ii) Others - disputed	-	-	49.72	26.28	24.97	122.38	223.35
<b>Total</b>	<b>331.40</b>	<b>62.11</b>	<b>253.71</b>	<b>48.35</b>	<b>36.91</b>	<b>136.21</b>	<b>868.69</b>

### Trade payables ageing schedule as at March 31, 2023

Particular	Unbilled	not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro, Small and Medium Enterprises -undisputed	17.00	8.46	10.94	-	-	-	36.40
(ii) Micro, Small and Medium Enterprises - disputed	-	-	-	-	-	-	-
(i) Others- Undisputed	536.53	128.39	544.70	23.98	5.33	11.80	1250.73
(ii) Others - disputed	-	-	53.71	27.98	21.37	153.78	256.84
<b>Total</b>	<b>553.53</b>	<b>136.85</b>	<b>609.35</b>	<b>51.96</b>	<b>26.70</b>	<b>165.58</b>	<b>1543.97</b>

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 26. Financial liabilities- Current : others

(at amortised cost and fair value through profit and loss)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>At Amortised Cost:</b>		
Interest accrued but not due	13.97	10.66
Capital creditors	414.92	139.59
Dues to related parties (refer note no. 42)	0.90	1.42
Security deposits from vendors and others	28.85	25.27
Employee Liabilities	65.84	50.09
<b>At fair value through profit and loss:</b>		
Other liabilities <sup>1</sup>	2.94	12.66
<b>Total</b>	<b>527.42</b>	<b>239.69</b>

- Other liabilities represent liability arising from net losses on mark to market valuation of derivatives undertaken to hedge risk of fluctuation in commodity prices.
- For details of classification of financial liabilities and fair value hierarchy refer note no. 43.

## 27. Provisions : Current

Particulars	As at March 31, 2024	As at March 31, 2023
Employee benefits <sup>1</sup>	61.08	59.89
Disputes and claims <sup>2</sup>	85.87	114.28
<b>Total</b>	<b>146.95</b>	<b>174.17</b>

- Includes gratuity, post retirement medical benefits (PRMB) to the extent considered current and leave encashment. Also refer note no. 39.

2. Provision for disputes and claims	As at March 31, 2024	As at March 31, 2023
Opening balance	114.28	107.55
Interest charged during the year	4.63	6.73
Payment made/adjusted during the year	(33.04)	-
<b>Closing balance<sup>1</sup></b>	<b>85.87</b>	<b>114.28</b>

- Represents provision for disputed case (including interest) with Madhya Pradesh Electricity Board (MPEB)/Chhattisgarh State Electricity Board (CSEB) amounting to ₹ 49.60 crores (March 31, 2023: ₹ 56.99 crores) for electricity duty/surcharge pending in Chhattisgarh High Court and provision for vendor disputed case related to mining and transportation charges of raw material amounting to ₹ 36.27 crores (March 31, 2023 ₹ 57.29 crores). The above provision is net of amount paid under protest amounting to ₹ 33.03 crores (March 31, 2023: ₹ 33.03 crores).

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 28. Other liabilities : Current

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred Government grants (refer note no. 22(1))	26.35	24.70
Statutory liabilities <sup>1,3</sup>	827.38	1,130.86
Advance from customers <sup>2</sup>	166.05	155.16
<b>Total</b>	<b>1,019.78</b>	<b>1,310.72</b>

- Also refer note 36.
- Advance from customers are contract liabilities and include amounts received under supply agreements. The advance payment plus interest thereon will be settled by supplying respective commodity over a period up to twelve months under an agreed delivery schedule as per the terms of the respective agreements. As these are contracts that the Company expects, and has the ability, to fulfil through delivery of a non-financial item, these are recognised as advance from customers and will be released to the income statement as respective commodity is delivered under the agreements.
- During the current financial year certain unclaimed liabilities aggregating ₹ 114 crores towards charges for power purchased from market sources and internally transferred from Independent Power Plant have been written back in view of applicability of The Limitation Act, 1963 which is supported by legal opinions obtained in this regard.

## 29. Revenue from operations

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Sale of products and supply of power	13,140.73	13,059.36
<b>Total</b>	<b>13,140.73</b>	<b>13,059.36</b>

- Revenue from sale of products and supply of power comprises of revenue from contracts with customers of ₹ 13,583.49 crores (March 31, 2023: ₹ 13,483.91 crores) and net loss on mark-to-market of ₹ 442.76 crores (Net loss on March 31, 2023: ₹ 424.55 crores) and includes gains/losses relating to sale of products during the year at prices that were provisional at the time of sale and are pending final settlement at the year end.
  - Includes ₹ 155.16 crores (March 31, 2023: ₹ 166.21 crores) for which contract liabilities existed at the beginning of the year.
- Performance obligation pending at the year end in respect of sale of products to customers recognised during the year are immaterial and hence not disclosed separately. Corresponding revenue will be recognised on and when such obligations will be performed.
- For details on disaggregation of revenue, refer note 41E.
- Majority of the Company's sales of products and supply of power are against advances or against letters of credit/cash against documents/guarantees of banks of national standing. Where sales are made on credit, the amount of consideration does not contain any significant financing component as payment terms are within the normal credit period. As per the terms of the contract with its customers, either all performance obligations are to be completed within one year from the date of such contracts or the Company has a right to receive consideration from its customers for all completed performance obligations. Accordingly, the Company has availed the practical expedient available under paragraph 121 of Ind AS 115 and dispensed with the additional disclosures with respect to performance obligations that remained unsatisfied (or partially unsatisfied) at the balance sheet date. Further, since the terms of the contracts directly identify the transaction price for each of the completed performance obligations, in all material respects, there are no elements of transaction price which have not been included in the revenue recognised in the financial statements.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 30. Other operating income

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
(i) Export incentives	38.77	90.66
(ii) Scrap sales	48.73	69.15
(iii) Miscellaneous income <sup>1</sup>	54.06	28.61
<b>Total</b>	<b>141.56</b>	<b>188.42</b>

1. Miscellaneous income primarily includes scrap sales and sale of energy saving certificates.

## 31. Other income

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Net gain on investments measured at fair value through profit or loss	10.18	7.68
Interest Income from financial assets at amortised cost		
(i) Bank deposits	2.30	2.87
(ii) Others <sup>1</sup>	99.76	78.68
Net gain on foreign currency transactions and translation	-	-
Gain on sale/discard of property, plant and equipments	44.88	13.93
Unclaimed liabilities written back (net) <sup>2</sup>	60.69	39.45
Deferred Government grant income <sup>3</sup>	25.50	24.03
Miscellaneous income <sup>4</sup>	31.29	81.98
<b>Total</b>	<b>274.60</b>	<b>248.62</b>

1. Includes ₹ 11.31 crores on March 31, 2024 (March 31, 2023: ₹ 5.23 crores) on account of late payment surcharge on delayed payments. As per the terms of power sales agreement, the Company is entitled to receive late payment surcharge on delayed payment at SBI PLR rate.
2. Refer Note 25 (3)
3. Income from deferred government grants on import of capital goods is amortised over the useful life of those assets. For nature of Government grant refer note no 22 (1).
4. Miscellaneous income mainly includes receipts from insurance claims, hospital receipts and rent.
5. Refer Note 35(2)

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

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
<b>Opening inventories</b>		
Finished goods	0.00	6.07
Work in progress	383.49	255.58
By products	0.41	10.04
	<b>383.90</b>	<b>271.69</b>

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 32. Changes in inventories of finished goods and work-in-progress (Contd..)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
<b>Closing inventories</b>		
Finished goods	0.29	0.00
Work in progress	292.87	383.49
By products	0.17	0.41
	<b>293.33</b>	<b>383.90</b>
Finished Goods/Work in progress consumed for asset under construction	237.86	143.47
<b>Total</b>	<b>(147.29)</b>	<b>(255.68)</b>

## 33. Employee benefits expense

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
(a) Salaries and wages <sup>1</sup> (refer note no. 42)	362.01	306.47
(b) Contributions to provident and other funds (refer note no. 39)	22.48	20.25
(c) Gratuity expense	4.95	4.47
(d) Staff welfare expenses	45.62	43.03
(e) Long term incentive plan (LTIP) <sup>2</sup>	6.72	6.33
<b>Total</b>	<b>441.78</b>	<b>380.55</b>
Less: Capitalisation of Manpower cost	(52.51)	(29.03)
<b>Total</b>	<b>389.27</b>	<b>351.52</b>

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

### 2. Long term incentive plan (LTIP)

The Company offers equity-based incentives to its employees, officers and directors as part of similar incentive plan of its parent, Vedanta Resources Limited (earlier known as Vedanta Resources Plc), [The Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Stock Ownership Plan ("ESOP") and Performance Share Plan ("PSP")] and Vedanta Limited [Vedanta Limited - Employee Stock Option Scheme ("Vedanta Limited- ESOS")].

Vedanta Limited- Employee Stock Option Scheme 2016 ("ESOS"), was approved by the Vedanta Limited shareholders to provide equity settled incentive to all employees of the Company including subsidiary companies. The ESOS scheme includes tenure based, business performance based, sustained individual performance based and market performance based stock options. The maximum value of options that can be awarded to members of the wider management group is calculated by reference to the grade average cost-to-company ("CTC") and individual grade of the employee. The performance conditions attached to the option is measured by comparing Company's performance in terms of Total Shareholder Return ("TSR") over the performance period with the performance of two group of comparator companies (i.e. Indian and global comparator companies) defined in the scheme. The extent to which an option vests will depend on the Company's TSR rank against a group or groups of peer companies at the end of the performance period and as moderated by the Remuneration Committee. In respect of options granted during the year ended March 31, 2024 & March 31, 2023, business performances will be measured using Volume, Cost, Net Sales Realisation, EBITDA, ECG & Carbon footprint or a combination of these for the respective business/SBU entities. Further, vesting of some of the options will be based on sustained individual performance. The exercise price of the options is ₹ 1 per share and the performance period is three years, with no re-testing being allowed.



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 33. Employee benefits expense (Contd..)

The fair value of all options has been determined at the date of grant of the option allowing for the effect of any market-based performance conditions. This fair value, adjusted by the Group's estimate of the number of options that will eventually vest as a result of non-market conditions, is expensed over the vesting period. The fair values were calculated using the Black-Scholes Model for tenure based and EBITDA based options and Monte Carlo simulation model for TSR based options.

Further, in accordance with the terms of the agreement between the Parent and the Company, the fair value of the awards as on the grant date is recovered by the Parent from its subsidiaries.

Amount recovered by Vedanta Limited and recognized by the Company in the Statement of Profit and Loss for the year ended March 31, 2024 is ₹ 6.72 crores (March 31, 2023: ₹ 6.33 crores). The Company considers these amounts as not material and accordingly has not provided further disclosures.

## 34. Finance cost

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Interest expense	299.72	170.33
Other finance cost	10.99	7.61
Net interest on defined benefit obligation	11.00	10.33
<b>Total</b>	<b>321.71</b>	<b>188.27</b>
Less: Capitalisation of Finance cost <sup>1</sup>	(131.25)	(54.10)
<b>Total</b>	<b>190.46</b>	<b>134.17</b>

- Interest rate of 8.84% (March 31, 2023: 7.46%) was used to determine the amount of general borrowing costs eligible for capitalization amounting to ₹ 59.33 crores (March 31, 2023: ₹ 47.37 crores) in respect of qualifying asset for the year ended March 31, 2024. Further, interest has been capitalized amounting to ₹ 71.92 crores (March 31, 2023 : ₹ 6.73 crores) related to specific borrowing at an average interest rate of 8.81% (March 31, 2023: 8.38%).

## 35. Depreciation and amortisation expense

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Tangible assets <sup>1,2</sup> (Refer note no. 4)	576.97	624.51
Intangible assets (Refer note no. 4)	0.20	0.30
<b>Total</b>	<b>577.17</b>	<b>624.81</b>

- The Company reassess the remaining useful life of its assets as a part of review of its accounting estimates; impact of which was net decrease in depreciation expenses by ₹ 47.55 crores (March 31, 2023: ₹ 36.25 crores (Increase))
- The Company had recommenced extraction of coal from the Chotia Coal block with effect from 01<sup>st</sup> September 2022, post withdrawal of coal block surrender application. The Company has re-estimated the extractable reserves of its coal mines and accordingly had recognised additional depreciation of ₹ 66.75 crores during the previous year and corresponding reversal of site restoration liability of ₹ 54.09 crores recognised under "Other Income".

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 36. Other expenses

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Consumption of stores and spare parts	274.24	218.91
Repairs and maintainance		
Plant and machinery	372.07	391.12
Buildings	46.47	39.00
Others	85.72	94.76
Other manufacturing and operating expenses	96.14	70.66
Rent*	1.50	1.47
Rates and taxes <sup>3</sup>	137.14	11.72
Insurance	29.25	34.47
Commission/sitting fees to directors	0.72	0.88
Payments to auditors <sup>1</sup>	1.26	1.26
Net loss on foreign currency transactions and translation (other than considered as finance cost)	197.44	47.37
Consultants and professional fees	26.54	33.81
Corporate Social Responsibility Expenses <sup>2</sup>	36.43	34.65
Carriage outwards	71.11	160.06
Provision for Expected Credit Loss	60.44	-
Miscellaneous expenses	133.85	134.47
<b>Total</b>	<b>1,570.32</b>	<b>1,274.61</b>

\*Represents expense on short term/low value leases

### 1. Payments to auditors

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
For statutory audit	0.56	0.56
For parent company reporting (including quarterly reviews)	0.55	0.57
For other services	0.04	0.03
Reimbursement of expenses	0.11	0.10
<b>Total</b>	<b>1.26</b>	<b>1.26</b>

### 2. Corporate Social Responsibility Expenses

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Gross amount required to be spent by the Company during the year	36.43	34.65
Amount approved by the Board to be spent during the year	16.13	34.23
Amount spent in cash on :		
On purposes other than above*	15.38	23.85
Amount yet to be paid in cash	-	-
<b>Total amount spent</b>	<b>15.38</b>	<b>23.85</b>

\* Includes ₹ 1.50 crores (March 31, 2023: ₹ 13.00 crores) paid to a related party as disclosed below

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 36. Other expenses (Contd..)

### Details of CSR activities

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
<b>A) Donation to related party (VMRF)</b>		
i) Health care	1.50	13.00
<b>B) Other than related party</b>		-
i) Gender equity and women empowerment	1.84	2.87
ii) Health care	1.66	1.52
iii) Promotion of education	5.33	4.71
iv) Rural development projects	5.01	1.71
v) Sanitation works	0.04	0.04
<b>Total</b>	<b>15.38</b>	<b>23.85</b>

The Company has an excess CSR spent of ₹ 41.09 crores for it proposes to offset against future obligations and has recognised the same as an asset in the balance sheet:

Opening Balance	Required to be spent during the year	Actual Spent during the year	Utilised from excess spent	Closing balance of excess spent to be carried forwarded to next year*
62.14	36.43	15.38	21.05	41.09

\*Based on the expectation, the company is expected to utilise ₹ 36.66 crores within the next financial year

- During the current year, the Company has recognised differential amount of property tax of ₹ 86.66 crores based on the independent valuer's assessment for FY 2009-10 to FY 2023-24. The Company is in the process of discussion with the municipal authorities for the amount payable based on the independent valuer's report and believes there will be no material change in the outflow.

## 37. Earnings per share (EPS)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Net profit after tax for the year	1,384.93	42.43
Weighted number of ordinary shares for basic EPS	22,06,24,500	22,06,24,500
Nominal value of ordinary share (in ₹ per share)	10.00	10.00
<b>Basic and Diluted earnings for ordinary shares (in ₹ per share)</b>	<b>62.77</b>	<b>1.92</b>

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 38. Tax expense

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

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
<b>Current Tax:</b>		
Current tax on profit for the year	330.00	0.83
Current tax for earlier years	1.05	-
<b>Total Current Tax</b>	<b>331.05</b>	<b>0.83</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences (refer note c below)	154.17	29.68
Deferred tax for earlier years	(8.09)	-
<b>Total tax charge:</b>	<b>477.13</b>	<b>30.51</b>
<b>Accounting profit before tax</b>	<b>1,862.06</b>	<b>72.94</b>
<b>Effective income tax rate</b>	<b>25.62%</b>	<b>41.82%</b>

- (b) A reconciliation of income tax expense/(credit) applicable to accounting profits before tax/(loss) at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
<b>Profit before tax for the year</b>	<b>1,862.06</b>	<b>72.94</b>
Indian statutory income tax rate (%)	25.168%	25.168%
<b>Tax at Indian statutory income tax rate</b>	<b>468.64</b>	<b>18.36</b>
Disallowable expenses	14.99	7.41
One time tax charge/(credit)	(6.50)	4.74
<b>Tax charge for the year</b>	<b>477.13</b>	<b>30.51</b>

- There are certain income-tax related legal proceedings which are pending against the Company. Potential liabilities, if any have been adequately provided for, and the Company does not currently estimate any probable material incremental tax liabilities in respect of these matters.

### (c) Deferred tax assets/liabilities (net)

The Company has recognised deferred tax assets on unabsorbed depreciation and carry forward business losses based on reasonable evidence of future taxable profits based on the Company's present estimates and business plans.

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

Particulars	April 1, 2023	Charged/(credited) to statement of profit and loss	Charged/(credited) to other comprehensive income	Reclassified to income tax assets	March 31, 2024
Property, Plant and Equipment	1,031.87	32.63	-	-	1,064.50
Voluntary retirement scheme	(4.39)	2.19	-	-	(2.20)
Employee benefits	(30.68)	(4.36)	2.11	-	(32.93)
Fair valuation of derivative asset/liability	(3.70)	4.81	(6.10)	-	(4.99)
Fair valuation of other asset/liability	(3.84)	3.26	-	-	(0.58)
Unabsorbed depreciation/business losses	(97.68)	97.68	-	-	-
Others temporary differences	(157.25)	9.87	-	-	(147.39)
<b>Total</b>	<b>734.33</b>	<b>146.08</b>	<b>(3.99)</b>	<b>-</b>	<b>876.41</b>

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 38. Tax expense (Contd..)

Particulars	April 1, 2022	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	Reclassified to income tax assets	March 31, 2023
Property, Plant and Equipment	972.22	59.65	-	-	1,031.87
Voluntary retirement scheme	(6.97)	2.58	-	-	(4.39)
Employee benefits	(32.34)	2.34	(0.68)	-	(30.68)
Fair valuation of derivative asset/liability	(15.32)	(0.10)	11.72	-	(3.70)
Fair valuation of other asset/liability	(3.84)	-	-	-	(3.84)
Unabsorbed depreciation/business losses	-	(97.68)	-	-	(97.68)
Others temporary differences	(220.13)	62.88	-	-	(157.25)
<b>Total</b>	<b>693.62</b>	<b>29.67</b>	<b>11.04</b>	<b>-</b>	<b>734.33</b>

### (d) Non-current tax assets

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax Assets* (net of provision of tax amounting to ₹ 102.83 crores (March 31, 2023 : ₹ 102.83 crores))	61.29	56.82
<b>Total</b>	<b>61.29</b>	<b>56.82</b>

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

### (e) Current Tax liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax liabilities* (net of income tax asset amounting to ₹ 649.76 crores (March 31, 2023 : ₹ 346.21 crores))	47.32	10.69
<b>Total</b>	<b>47.32</b>	<b>10.69</b>

\*Represent income tax payable to Indian tax Authorities by the Company

## 39. Employee benefit plans

### A Defined contribution plans

#### Family pension scheme

The Company offers its employees benefits under defined contribution plan in the form of family pension scheme. Family pension scheme covers all employees on the roll. Contributions are paid during the year into the fund under statutory arrangements. The contribution to family pension fund is made only by the Company based on prescribed rules of family pension scheme. The contributions are based on a fixed percentage of the employee's salary, subject to a ceiling, as prescribed in the respective scheme.

A sum of ₹ 2.31 crores (March 31, 2023: ₹ 2.37 crores) towards family pension scheme has been charged to the statement of profit and loss during the year under the head employee benefit expense.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 39. Employee benefit plans (Contd..)

### Superannuation

The Company offers benefits under defined contribution plan in the form of Superannuation fund for certain specified employees. Contributions are paid during the year into the fund. A sum of ₹ 2.10 crores (March 31, 2023: ₹ 1.59 crores) towards superannuation fund premium has been charged to the Statement of Profit and Loss during the year under the head employee benefit expense.

## B Defined benefit plans

### (I) Provident fund

Bharat Aluminium Company Limited Employee's Contributory Provident Fund ('Trust') is exempted under section 17 of Employees Provident Fund Act, 1952. The conditions for grant of exemption stipulate that the employer shall make good the deficiency, if any, between the return guaranteed by the statute and actual earning of the Fund. Based on actuarial valuation in accordance with Ind AS 19 and Guidance note issued by the Institute of Actuaries of India for interest rate guarantee of exempted provident fund liability of employees, there is no interest shortfall in the funds managed by the Trust that is required to be met by the Company as of March 31, 2024 and March 31, 2023. Having regard to the assets of the Trust and the return in the investments, the Company also does not expect any deficiency in the foreseeable future. A sum of ₹ 17.19 crores (March 31, 2023: ₹ 15.75 crores) has been charged to the statement of profit and loss in this respect during the year under the head employee benefit expense. The discount rate used for calculating the present value of the obligation is 7.1% (March 31, 2023: 7.39%). Expected rate of return on plan assets is 8.25% (March 31, 2023: 8.15%).

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

Particulars	March 31, 2024	March 31, 2023
Fair value of plan assets	729.42	668.55
Present value of defined benefit obligations	695.72	650.56
<b>Net liability arising from defined benefit obligation of the trust</b>	<b>Nil</b>	<b>Nil</b>

Percentage allocation of plan assets of trust are as below:

Assets by category	March 31, 2024	March 31, 2023
Government securities	46.74%	45.12%
Debentures/bonds	36.41%	38.31%
Equity (includes money market)	16.85%	16.57%

### (II) Defined benefit plans- Unfunded

#### Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of the defined benefit obligation as at and for the year ended are as follows:

Particulars	March 31, 2024	March 31, 2023
Discount rate	7.10%	7.39%
Expected rate of increase in compensation level of covered employees	5% to 7%	5% to 7%
Medical inflation	5% to 7%	5% to 7%

Assumptions regarding mortality rates are based on mortality tables of 'Indian Assured Lives Mortality (2012-2014)' published by the Institute of Actuaries of India. Assumptions regarding post retirement mortality are based on LIC a (96-98) ultimate.



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 39. Employee benefit plans (Contd..)

### (1) Gratuity - long term defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan") covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company (also refer note no. 33). Based on actuarial valuations conducted as at year end using the projected unit credit method, a provision is recognised in full.

### (2) Post Retirement Medical Benefits (PRMB)

The scheme is framed with a view to provide medical benefits to the regular employees of the Company and their spouses subsequent to their retirement on completion of tenure, retirement on medical grounds and voluntary retirement on contributory basis subject to provisions as detailed hereunder; the obligation under this plan is unfunded. Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation.

Details of Actuarial Valuation carried out on balance sheet date are as under:

Amount recognised in the balance sheet consists of:

Particulars	March 31, 2024		March 31, 2023	
	Gratuity	PRMB	Gratuity	PRMB
Present value of defined benefit obligations	85.02	60.17	82.26	66.63
<b>Net liability arising from defined benefit obligations</b>	<b>85.02</b>	<b>60.17</b>	<b>82.26</b>	<b>66.63</b>

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

Particulars	March 31, 2024		March 31, 2023	
	Gratuity	PRMB	Gratuity	PRMB
Current service cost	4.95	0.89	4.47	0.54
Net Interest cost	6.08	4.92	6.07	4.26
<b>Total charge to the statement of profit and loss</b>	<b>11.03</b>	<b>5.81</b>	<b>10.54</b>	<b>4.80</b>

Amounts recognised in other comprehensive income are as follows:

Particulars	March 31, 2024		March 31, 2023	
	Gratuity	PRMB	Gratuity	PRMB
Re-measurement losses/(gains) arising from changes in demographic assumptions	-	-	-	-
Re-measurement (gains) arising from changes in financial assumptions	2.86	1.82	(2.37)	(1.53)
Re-measurement losses/(gains) arising from experience adjustments	(3.42)	(9.63)	(1.09)	7.68
<b>Re measurement losses/(gains) recognised in OCI</b>	<b>(0.56)</b>	<b>(7.81)</b>	<b>(3.46)</b>	<b>6.15</b>

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 39. Employee benefit plans (Contd..)

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

Particulars	March 31, 2024		March 31, 2023	
	Gratuity	PRMB	Gratuity	PRMB
Opening balance	82.26	66.63	85.01	59.68
Current service cost	4.95	0.89	4.47	0.54
Benefits (paid)	(7.71)	(4.46)	(9.83)	(4.00)
Interest cost of scheme liabilities	6.08	4.92	6.07	4.26
Re-measurement losses/(gains) arising from changes in demographic assumptions	-	-	-	-
Re-measurement losses/(gains) arising from changes in financial assumptions	2.86	1.82	(2.37)	(1.53)
Re-measurement losses/(gains) arising from experience adjustments	(3.42)	(9.63)	(1.09)	7.68
<b>Closing balance</b>	<b>85.02</b>	<b>60.17</b>	<b>82.26</b>	<b>66.63</b>
Current liability	6.97	8.29	9.01	11.24
Non Current liability	78.05	51.88	73.25	55.39

The weighted average duration of the defined benefit obligation is 16.92 years for the year ended March 31, 2024 and 17.09 years for year ended March 31, 2023.

The gratuity scheme of the Company is unfunded, hence there was no plan asset as at March 31, 2024 and March 31, 2023.

### C Sensitivity analysis for Defined Benefit Plan

Sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognised in the balance sheet.

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Increase/(decrease) in defined benefit obligation	March 31, 2024		March 31, 2023	
	Gratuity	PRMB	Gratuity	PRMB
Discount rate				
Increase by 0.50%	(4.82)	(2.76)	(4.45)	(3.05)
Decrease by 0.50%	5.25	3.03	4.85	3.35
<b>Expected rate of change in compensation level of covered employees</b>				
Increase by 0.50%	1.55	2.79	1.66	3.09
Decrease by 0.50%	(1.66)	(3.08)	(1.90)	(3.41)

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 39. Employee benefit plans (Contd..)

### D Risk analysis

Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

#### (1) Salary growth risks

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. Salary increase considered @ 7%/5% (executive and workman) (March 31, 2023: 7% for executives and 5% for workmen). As such, an increase in the salary of the plan participants will increase the plan's liability. Effect of salary revisions through Long Term Settlements for workmen have also been considered.

#### (2) Life expectancy/Longevity risks

The present value of the defined benefit plan liability is calculated by reference to the best estimates of the mortality of plan participants both during and after their employment. Mortality tables as per Indian Assured Lives Mortality (2012-14) modified Ult. and LIC a (96-98) ultimate is used for during the employment and post retirement period respectively. An increase in the life expectancy of the plan participants will increase the plan's liability.

#### (3) Interest rate risks

A decrease in the bond interest rate will increase the plan liability.

#### (4) Inflation risks

The present value of the defined benefit plan liability is calculated using 7.10% inflation rate (March 31, 2023: 7.39%). As such, a decrease in the inflation rate will increase the plan's liability.

### E Compensated Absences

The Company has provided for the liability on the basis of actuarial valuation using the projected unit credit method.

Entire provision of ₹ 45.82 crores as on March 31, 2024 and ₹ 39.65 crores as on March 31, 2023 has been presented as current, since the Company does not have an unconditional right to defer the settlement of these obligations.

## 40. Commitments, Contingencies and Guarantees

(to the extent not provided for/recognised at)

### (i) Commitments

Particulars	As at	
	March 31, 2024	March 31, 2023
<b>(a) Capital and other commitments</b>		
Commitments for Joint Ventures*	346.68	310.00
Capital Commitments	5,639.30	6,933.78
<b>Total</b>	<b>5,985.98</b>	<b>7,243.78</b>

\*During FY 2021-22, 2022-23 and 2023-24, the Company has executed new Power Delivery Agreements ("PDA") with Serentica group companies (Serentica Renewables India 1 Private Limited, Serentica Renewables India 7 Private Limited and Serentica Renewables India 8 Private Limited respectively), which are associates of Vedanta Inc, for procuring renewable power over twenty five years from date of commissioning of the combined renewable energy power projects ("the Projects") on a group captive basis. These Serentica group companies were incorporated for building the Projects. During the current year, the Company has invested ₹ 73.32 crores (March 31, 2023: ₹ 75.00 crores) in Optionally Convertible Redeemable Preference shares ("OCRPS") of ₹ 10 each of Serentica group companies. These OCRPS will be converted into equity basis conversion terms of the PDA, resulting in company's holding twenty six percent stake in the equity. As at March 31, 2024, total outstanding commitments related to PDA with Serentica group companies are ₹ 346.68 crores (March 31, 2023: ₹ 310.00 crores). Refer Note 42.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 40. Commitments, Contingencies and Guarantees (Contd..)

### (ii) Contingencies\*

Particulars	As at	
	March 31, 2024	March 31, 2023
<b>(a) Claims against the Company not acknowledged as debts:</b>		
i. Energy Development Cess claimed by the Government of Chhattisgarh - matter pending final hearing by the Supreme Court on Special Leave Petition filed by the Government of Chhattisgarh.	1,213.43	1,126.00
ii. Relating to Suppliers and Contractors - Matter pending in Court/arbitration.	17.10	17.15
iii. Electricity surcharge - Matter pending with Chhattisgarh State Electricity Board	1,053.05	918.13
iv. Relating to application filed alleging the use of forest land for non-forest purposes (Refer Note no 4)	156.00	156.00
v. Relating to coal block matters	131.00	131.00
vi. Regulatory and other matters	129.27	108.55
<b>(b) Indirect tax matters - Various matters decided in favour of the Company against which the department has preferred appeal or the Company is in appeal against notices received from department (Mainly on account of show cause notices received from Commissioner of Central Excise for availment of Cenvat credit on inputs/capital goods used for production of finished goods and entry tax demand for raw materials procured, disallowance of refund of GST Compensation Cess on account of power supply.)</b>	1.35	20.70
<b>Total</b>	<b>2,701.20</b>	<b>2,477.53</b>

\*Future cash outflows in respect of the above matters will be determined only on receipt of judgments/decisions pending at various forums/authorities. Based on discussions with the solicitors/favourable decisions in similar cases/legal opinions taken by the Company, management believes that the Company has good chance of success in above mentioned matters and hence no provision against them is considered necessary.

### (iii) Other matters

- The Ministry of Environment, Forest and Climate Change (MoEF&CC) has revised emission norms for coal based power plants in India. Accordingly, both captive and independent coal-based power plants in India are required to comply with these revised norms for reduction of sulphur oxide (SOx) emissions for which the current plant infrastructure is to be modified or new equipment have to be installed. Timelines for compliance to the revised norm for various plants in the Company is December 2025. The Company's power plants are at different stages of the implementation process. All of which will be completed in accordance with prescribed timelines.
- Income tax demands have been raised mainly on account of depreciation allowance, tax holiday benefits and interest thereon which are pending at various levels of appeals. Management considers these disallowances as not tenable against the Company, and hence considered as remote. The Company is subject to various claims and exposures which arise in the ordinary course of conducting and financing its business from the income tax and indirect tax authorities like Goods and Service Taxes. These claims and exposures mostly relate to various disallowances in the return filed, the assessable values of sales and purchases or to incomplete documentation supporting the Company's returns or other claims. Based on evaluations of the matters and legal advice obtained, the Company believes that it has strong merits in its favor. Accordingly, no provision is considered at this stage. Except as described above, there are no pending litigations which the Company believes could reasonably be expected to have a material adverse effect on the results of operations, cash flows or the financial position of the Company.
- The company has an export obligations of ₹ 770.36 crores on account of import duty saved on import of capital goods under the Export Promotion of Capital Goods (EPCG) Scheme of ₹ 128.39 crores. The Company has not defaulted in fulfilment of export obligation on account of the duty saved on import of capital goods.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 40. Commitments, Contingencies and Guarantees (Contd..)

### (iv) Guarantees

- i) Bank guarantees given to various agencies, suppliers and government authorities for various purposes amounting to ₹ 594.85 crores (March 31, 2023: ₹ 284.73 crores).

## 41. Segment information

### A Basis of segmentation

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015, as amended)

### B Information about reportable segments

Pursuant to conversion of one of the 300 MW Captive Power Plant (CPP) unit to Independent Power Plant (IPP) with effect from 01 April 2023, and considering the usability of units interchangeably as Independent Power Plant ("IPP") or Captive Power Plant ("CPP") based on the annual declaration to Chief Electricity Inspector and the annual consumption criteria as per the Electricity Act, 2003 and the Electricity Rules, 2005, the Chief Operating Decision Maker (CODM) has decided to review the operating results of aluminium and power segments together in a combined manner.

Consequently, with effect from 01 April 2023, these have been reported as a single Operating Segment, i.e., "Aluminium Segment". Corresponding segment information of earlier periods i.e. Segment revenue of ₹ 476.92 crores (including inter-segment revenue of ₹ 218.44 crores) and Segment results of ₹ (58.30) crores for the year ended March 31, 2023 and Segment assets of ₹ 1,254.89 crores and Segment liabilities of ₹ 258.31 crores as at March 31, 2023 have been restated in accordance with Ind AS 108 "Operating Segments".

### C Geographical segment analysis

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

Particulars	March 31, 2024	March 31, 2023
<b>Revenue based on geographical information for the year ended</b>		
India	11,365.31	9,074.74
Korea	904.19	208.28
Netherlands	-	851.92
Mexico	-	771.43
Malaysia	71.13	469.26
Turkey	195.30	450.32
Italy	99.84	334.99
China	173.13	294.99
Others	331.83	603.43
<b>Total</b>	<b>13,140.73</b>	<b>13,059.36</b>
<b>Carrying amount of non current assets<sup>1</sup> based on location of assets as at</b>		
India	14,213.73	11,457.30
Outside India	-	-
<b>Total</b>	<b>14,213.73</b>	<b>11,457.30</b>

1. Excluding financial assets and tax assets.

### D Information about major customers

During the year ended March 31, 2024 no customer contributed to more than 10% of Revenue. Revenue from one customer amounted to ₹ 1,668.98 crores in the year ended March 31, 2023 arising from sales made in the aluminium segment.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 41. Segment information (Contd..)

### E Disaggregation of revenue

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
<b>Sale of goods:</b>		
- Aluminium Ingot, Alloy Ingots	6,918.83	7,858.04
- Wire rods	4,162.51	3,821.79
- Rolled products	771.57	723.58
- By product	2.89	4.38
Power wheeling	1,215.30	359.17
Commodity hedging gain/(loss)	69.63	292.40
<b>Total</b>	<b>13,140.73</b>	<b>13,059.36</b>

## 42. Related party disclosures

### A Names of related parties and description of relation :

#### (i) Entities controlling the Company (Holding Companies)

Vedanta Limited (VL) - Immediate Holding Company (Holding 51% equity shares in the Company)

Vedanta Inc (Ultimate Holding Company) (formerly known as Volcan Investments Limited)

#### (ii) Related parties other than holding companies with whom transactions have taken place during the year

##### (a) Fellow subsidiaries

Hindustan Zinc Limited (HZL)

Sea Mining Corporation Limited (SMCL) (Maritime Venture Private Limited (MVPL) merged with SMCL w.e.f 17<sup>th</sup> Jan 2024)

Talwandi Sabo Power Limited (TSPL)

Vizag General Cargo Berth Pvt. Limited (VGCB)

Electrosteel Steels Limited (ESL)

Ferro Alloys Corporation Ltd (FACOR)

STL Digital Limited - Fellow subsidiary of Immediate Holding Company

Sterlite Power Transmission Limited (SPTL) - Fellow subsidiary of Immediate Holding Company

##### (b) Others

Serentica Renewables India 1 Private Limited - Associate of Ultimate Parent Company

Serentica Renewables India 7 Private Limited - Associate of Ultimate Parent Company

Serentica Renewables India 8 Private Limited - Associate of Ultimate Parent Company

Vedanta Medical Research Foundation (VMRF) - Public Company (registered under section 8 of The Companies Act, 2013) with common director between the Company and VMRF

BALCO Employee Provident Fund Trust - Post employment benefit plan

Runaya Refining LLP - Partners are relative of Director and KMP of Holding Company



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 42. Related party disclosures (Contd..)

### (iii) Government as a related party

Government of India - President of India (Holding 49% shares in the Company)

### (iv) Key management personnel

(a) Non Executive Director	Mr. Tarun Jain
	Ms. Nirupama Kotru (Government nominee)
	Ms. Farida Mahmood Naik (Government Nominee)
	Mr. Sanjeev Verma (Government nominee)
	Mr. Vivek Kumar Sharma (Government Nominee) (from 6 <sup>th</sup> April, 2023)
(b) Independent Directors	Mr. Sushil Kumar Roongta
	Mr. Din Dayal Jalan (Re-appointment w.e.f. 30 <sup>th</sup> July, 2023)
	Mr. Anoop Kumar Mittal (Re-appointment w.e.f. 19 <sup>th</sup> October, 2023)
(c) CEO and Whole-time Director	Mr. Rajesh Kumar
(d) Chief financial officer	Mr. Amit Gupta
(e) Company Secretary	Mr. Prateek Jain (till 11 <sup>th</sup> October, 2023)
	Ms. Wageesha Agarwal (w.e.f. 20 <sup>th</sup> October, 2023)

## B Transactions with related parties

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
<b>Revenue from operations</b>		
Vedanta Limited (including high sea sales)	752.01	341.32
HZL	44.81	35.93
SPTL	186.38	202.37
<b>Total</b>	<b>983.20</b>	<b>579.62</b>
<b>Rent income</b>		
Vedanta Limited	9.19	9.21
<b>Total</b>	<b>9.19</b>	<b>9.21</b>

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
<b>Purchase of goods/services</b>		
Vedanta Limited (including high sea purchases)	1,087.54	937.12
VGCB	-	5.36
SMCL	-	10.67
STL Digital Limited	8.09	-
Runaya Refining LLP	28.17	24.43
<b>Total</b>	<b>1,123.80</b>	<b>977.58</b>
<b>Corporate Social Responsibility Expenditure</b>		
VMRF (Refer note 36(2))	1.50	13.00
<b>Total</b>	<b>1.50</b>	<b>13.00</b>
<b>Corporate Guarantee of VMRF</b>		
<b>Total</b>	<b>-</b>	<b>(0.39)</b>

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 42. Related party disclosures (Contd..)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
<b>Recovery/(reimbursement) of expenses#</b>		
Vedanta Limited	(33.72)	(45.43)
HZL	(0.09)	(0.21)
TSPL	(0.18)	(0.07)
ESL	0.16	(0.05)
VGCB	0.04	(0.01)
STL	-	-
FACOR	(0.28)	(0.13)
VMRF	(0.27)	(0.63)
Runaya Refining LLP	0.87	-
<b>Total</b>	<b>(33.47)</b>	<b>(46.53)</b>
<b>Purchase/(Sale) of Property, Plant and Equipments</b>		
Vedanta Limited	-	0.06
HZL	0.02	(0.00)
STL Digital Limited	0.23	-
ESL	-	(0.13)
VMRF	0.02	-
FACOR	(0.01)	-
TSPL	-	0.07
SPTL	-	1.27
<b>Total</b>	<b>0.26</b>	<b>1.27</b>
<b>Investments made</b>		
Serentica Renewables India 1 Private Limited	-	75.00
Serentica Renewables India 7 Private Limited	40.32	-
Serentica Renewables India 8 Private Limited	33.00	-
<b>Total</b>	<b>73.32</b>	<b>75.00</b>
<b>Remuneration to KMPs (Refer Note 33)</b>		
Short term employee benefits	4.51	7.70
Post employment benefits	-	0.12
Other long term benefits*	-	0.15
<b>Total</b>	<b>4.51</b>	<b>7.97</b>
<b>Commission/sitting fees to directors</b>	<b>0.72</b>	<b>0.88</b>
<b>Contribution to post retirement employee benefit trust</b>	<b>17.19</b>	<b>15.75</b>

#Includes reimbursement towards other expenses and employee benefits expense.

\*Does not include gratuity and compensated absences as these are provided in the books of account on the basis of actuarial valuation for the Company as a whole and hence amount cannot be determined individually.

The receivables from and payables to related parties as at March 31, 2024 and March 31, 2023 are set out below:

Particulars	As at	
	March 31, 2024	March 31, 2023
<b>Receivable from:</b>		
Vedanta Limited	6.25	4.70
HZL	2.33	-
CAIRN	-	0.01
TSPL	-	0.01
ESL	0.05	0.01

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 42. Related party disclosures (Contd..)

Particulars	As at	
	March 31, 2024	March 31, 2023
FACOR	0.14	-
<b>Total</b>	<b>8.77</b>	<b>4.74</b>
<b>Payable to:</b>		
Vedanta Limited	0.90	1.39
HZL	-	0.34
VGCB	-	-
Runaya Refining LLP	2.22	3.79
SPTL	1.91	2.81
FACOR	-	0.05
BALCO Employees Provident Fund Trust	5.60	5.53
VMRF	0.02	0.04
STL Digital Limited	0.24	-
<b>Total</b>	<b>10.89</b>	<b>13.95</b>
<b>Investments in</b>		
Serentica Renewables India 1 Private Limited*	75.00	75.00
Serentica Renewables India 7 Private Limited*	40.32	-
Serentica Renewables India 8 Private Limited*	33.00	-
<b>Total</b>	<b>148.32</b>	<b>75.00</b>

\*The Company has executed new Power Delivery Agreements ("PDA") with Serentica group companies (Serentica Renewables India 1 Private Limited, Serentica Renewables India 7 Private Limited and Serentica Renewables India 8 Private Limited) which are associates of Vedanta Inc, for procuring renewable power over twenty five years from date of commissioning of the combined renewable energy power projects ("the Projects") on a group captive basis.

These Serentica group companies were incorporated for building the Projects. During the current year, the Company has invested ₹ 73.32 crores (March 31, 2023: ₹ 75.00 crores) in Optionally Convertible Redeemable Preference shares ("OCRPS") of ₹ 10 each of Serentica group companies. The Company has considered the investments as fair value through profit and loss.

These OCRPS will be converted into equity basis conversion terms of the PDA, resulting in Company's holding twenty six percent stake in its equity. As at March 31, 2024, total outstanding commitments related to PDA with Serentica group companies are ₹ 346.68 crores (March 31, 2023: ₹ 310.00 crores). The company has involved external valuations experts for the fair valuation of investments as on the balance sheet date

### C Government of India as a related party

Government of India (GOI), is also a related party as it holds 49% equity shareholding in the Company. The Company has entered into multiple transactions including but not restricted to purchase/sale of goods and services and availed loans and paid/accrued interest on the same to GOI and entities which are related parties of the GOI.

## 43. Financial instruments

### Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in note no. 3.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

### I Financial assets and liabilities as at

Particulars	March 31, 2024				
	Fair value through profit or loss	Fair value through other comprehensive income/ Derivatives designated as hedging instruments	Amortised Cost	Total Carrying Value	Total Fair Value
<b>Financial assets</b>					
Cash and cash equivalents	-	-	281.75	281.75	281.75
Investments	148.32	-	-	148.32	148.32
Loans	-	-	0.72	0.72	0.72
Trade receivables	2.10	-	438.99	441.09	441.09
Derivatives	-	8.18	-	8.18	8.18
Other financial assets	-	-	152.41	152.41	152.41
<b>Total</b>	<b>150.42</b>	<b>8.18</b>	<b>873.87</b>	<b>1,032.47</b>	<b>1,032.47</b>
<b>Financial liabilities</b>					
Borrowings	-	-	2,050.25	2,050.25	2,050.25
Operational buyers' credit/suppliers' credit	-	-	1,038.42	1,038.42	1,038.42
Trade payables	-	-	868.69	868.69	868.69
Derivatives	28.31	30.67	-	58.98	58.98
Other financial liabilities	-	-	689.71	689.71	689.71
<b>Total</b>	<b>28.31</b>	<b>30.67</b>	<b>4,647.07</b>	<b>4,706.05</b>	<b>4,706.05</b>

Particulars	March 31, 2023				
	Fair value through profit or loss	Fair value through other comprehensive income/ Derivatives designated as hedging instruments	Amortised Cost	Carrying Value	Fair Value
<b>Financial assets</b>					
Cash and cash equivalents	-	-	308.58	308.58	308.58
Other bank balances	-	-	-	-	-
Investments	216.29	-	-	216.29	216.29
Loans	-	-	2.16	2.16	2.16
Trade receivables	52.64	-	387.32	439.96	439.96
Derivatives	-	16.44	-	16.44	16.44
Other financial assets	-	-	145.80	145.80	145.80
<b>Total</b>	<b>268.93</b>	<b>16.44</b>	<b>843.86</b>	<b>1,129.23</b>	<b>1,129.23</b>
<b>Financial liabilities</b>					
Borrowings	-	-	1,129.48	1,129.48	1,129.48
Operational buyers' credit/suppliers' credit	-	-	902.36	902.36	902.36
Trade payables	-	-	1,543.97	1,543.97	1,543.97
Derivatives	0.92	37.40	-	38.32	38.32
Other financial liabilities	-	-	239.69	239.69	239.69
<b>Total</b>	<b>0.92</b>	<b>37.40</b>	<b>3,815.50</b>	<b>3,853.82</b>	<b>3,853.82</b>

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

### II Fair Value Hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Instruments	As at March 31, 2024		
	Level 1	Level 2	Level 3
<b>Financial assets</b>			
Investments at fair value through profit and loss	-	-	148.32
Derivative financial assets at fair value through other comprehensive income	-	8.18	-
Trade receivables at fair value through profit and loss	-	2.10	-
<b>Total</b>	-	10.28	148.32
<b>Financial liabilities</b>			
Derivative financial liabilities at fair value through profit and loss	-	28.31	-
Derivative financial liabilities at fair value through other comprehensive income	-	30.67	-
<b>Total</b>	-	58.98	-

Financial Instruments	As at March 31, 2023		
	Level 1	Level 2	Level 3
<b>Financial assets</b>			
Investments at fair value through profit and loss	141.29	-	75.00
Derivative financial assets at fair value through profit and loss	-	-	-
Derivative financial assets at fair value through other comprehensive income	-	16.44	-
Trade receivables at fair value through profit and loss	-	52.64	-
<b>Total</b>	141.29	69.08	75.00
<b>Financial liabilities</b>			
Derivative financial liabilities at fair value through profit and loss	-	0.92	-
Derivative financial liabilities at fair value through other comprehensive income	-	37.40	-
<b>Total</b>	-	38.32	-

The below table summarises the fair value of borrowings which are carried at amortised cost as at March 31, 2024 and March 31, 2023:

Financial instruments	Level 1	Level 2	Level 3
<b>As at March 31, 2024</b>			
Non-current and current borrowings	-	1,784.79	-
Current maturities of long term borrowings	-	265.46	-
<b>Total</b>	-	2,050.25	-

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

Financial instruments	Level 1	Level 2	Level 3
<b>As at March 31, 2023</b>			
Non-current and current borrowings	-	477.34	-
Current maturities of long term borrowings	-	652.14	-
<b>Total</b>	<b>-</b>	<b>1,129.48</b>	<b>-</b>

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

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

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

### III Risk Management Framework (Also refer note no. 46)

The Company's businesses are subject to several risks and uncertainties including financial risks. The Company's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. The Company has in place risk management processes in line with the Company's policy. Each significant risk has a designated 'owner' within the Company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The Audit Committee is aided by the CFO Committee and the Risk Management Committee, which meets regularly to review risks as well as the progress against the planned actions. Key business decisions are discussed at the periodic meetings of the CFO Committee and the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

### IV Treasury Management (Also refer note no. 46)

The Company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations are managed by Company's finance teams within the framework of the overall Company's treasury policies. Long-term fund raising including strategic treasury initiatives are handled by a central team. A monthly reporting system exists to inform senior management of investments, debt, currency, commodity and interest rate derivatives. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies. The internal control measures are effectively supplemented by regular internal audits.

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

### V Commodity Price Risk (Also refer note no. 46)

The Company is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Company produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Company aims to sell the products at prevailing market prices. The commodity price risk in import Alumina is hedged on back-to back basis ensuring no price risk for the business. The Company aims to achieve the monthly average of the commodity prices for sales realization. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and as per strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the Company.

Whilst the Company aims to achieve average LME prices for a month or a year, average realised prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

Financial instruments with commodity price risk are entered into in relation to following activities:

- economic hedging of prices realised on commodity contracts
- purchases and sales of physical contracts
- cash flow hedging of revenues, forecasted highly probable transactions

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present the Company on selective basis hedges the aluminium content in outsourced alumina to protect its margins.

The Company also enters into hedging arrangements for its aluminium sales to realise month of sale LME prices. Since all of the provisionally priced financial instruments of the company are hedged, movement in aluminium prices at London metal exchange would have no impact on profit after tax for the year ended March 31, 2024 and March 31, 2023.

## VI Financial Risk (Also refer note no. 46)

The Company's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest and commodity pricing through proven financial instruments.

### (i) Liquidity Risk

The Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term. The Company has been rated by CRISIL RATINGS Limited, (A Subsidiary of CRISIL Limited) for its banking facilities in line with Basel II norms. During the year, CRISIL rated the Company's long-term bank facilities a rating of AA- Watch Developing (pronounced as CRISIL double A 'Rating Watch with Developing Implications).

The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

Financial liabilities	<1 year	1-3 years	3-5 years	>5 years	Total
<b>As at March 31, 2024</b>					
Borrowings	265.46	963.79	821.00	-	2,050.25
Trade payables, operational buyers' credit and other financial liabilities	2,420.56	162.29	-	-	2,582.85
Derivative financial liabilities	58.98	-	-	-	58.98
Contractual interest obligation	13.97	-	-	-	13.97
<b>Total</b>	<b>2,758.97</b>	<b>1,126.08</b>	<b>821.00</b>	<b>-</b>	<b>4,706.05</b>

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

Financial liabilities	<1 year	1-3 years	3-5 years	>5 years	Total
<b>As at March 31, 2023</b>					
Borrowings	652.14	376.88	100.46	-	1,129.48
Trade payables, operational buyers' credit and other financial liabilities	2,675.36	-	-	-	2,675.36
Derivative financial liabilities	38.32		-	-	38.32
Contractual interest obligation	10.66			-	10.66
<b>Total</b>	<b>3,376.48</b>	<b>376.88</b>	<b>100.46</b>	<b>-</b>	<b>3,853.82</b>

The company had access to following funding facilities:

Funding facility	Total Facility	Drawn	Undrawn
<b>As at March 31, 2024</b>			
Fund based limit	4,175.16	2,055.32	2,119.84
Non fund based limit	3,295.96	2,225.87	1,070.09
<b>Total</b>	<b>7,471.12</b>	<b>4,281.19</b>	<b>3,189.93</b>

Funding facility	Total Facility	Drawn	Undrawn
<b>As at March 31, 2023</b>			
Fund based limit	3,061.30	1,130.70	1,930.60
Non fund based limit	4,478.00	2,313.88	2,164.12
<b>Total</b>	<b>7,539.30</b>	<b>3,444.58</b>	<b>4,094.72</b>

### Collateral

The Company has hypothecated all of its trade receivables and cash and cash equivalents in order to fulfill the collateral requirements for the financial facilities in place. The counterparties have an obligation to return the securities to the Company. There are no other significant terms and conditions associated with the use of collateral.

### (ii) Foreign exchange Risk

Fluctuations in foreign currency exchange rates may have an impact on the statements of profit and loss, the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency.

Exposures on foreign currency loans are managed through the Company's hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

The Company uses forward exchange contracts to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies as well as financing transactions and loans denominated in foreign currencies. The Company is also exposed to foreign exchange risk on its exports. Most of these transactions are denominated in US dollars. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns and hedged as per Company's hedging policy. However, all new long-term borrowing

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

exposures are being hedged. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the statements of profit and loss and statements of other comprehensive income. The exposure summarised below is mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on "Derivative financial instruments". The Company's presentation currency is the Indian Rupee (INR). The majority of the assets are located in India and the Indian Rupee is the functional currency for the Indian operating business. Natural hedges available in the business are identified at each entity level and hedges are placed only for the net exposure. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns, where cost of the project is calculated taking into account the hedge cost. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

Particulars	Financial assets		Financial liabilities	
	As at	As at	As at	As at
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
INR	885.78	1,029.46	3,204.77	2,566.06
USD	146.69	95.88	1,348.70	1,229.91
Others	-	3.89	152.58	57.86
<b>Total</b>	<b>1,032.47</b>	<b>1,129.23</b>	<b>4,706.05</b>	<b>3,853.83</b>

The Company's exposure to foreign currency arises where a Company entity holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity, with US dollar being the major non-functional currency. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, liquidity and other market changes.

The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 10% against the functional currency of the respective entities.

A 10% appreciation/depreciation of the respective foreign currencies with respect to the functional currency would result in net decrease/increase in the Company's profit or loss and equity for the year by ₹ 135.46 Crore (March 31, 2023: ₹ 73.97 Crore).

### (iii) Interest rate risk

The Company is exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. The Company's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The borrowings of the Company are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The US dollar debt is split between fixed and floating rates (linked to US dollar LIBOR) and the Indian Rupee debt is principally at fixed interest rates. These exposures are reviewed by appropriate levels of management on a monthly basis. The Company invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Floating rate financial assets are mainly interest bearing trade receivables and mutual fund investments if any which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

The exposure of the Company's financial assets and financial liabilities to interest rate risk is as follows

Particulars	Floating rate	Fixed rate	Non-interest bearing	Total	Weighted average interest rate (fixed rate)	Weighted average period for which the rate is fixed (in year)
<b>Financial assets</b>						
As at March 31, 2024	-	43.43	989.04	1,032.47	6%	95%
As at March 31, 2023	141.29	223.54	764.40	1,129.23	6%	50%
<b>Financial liabilities</b>						
As at March 31, 2024	2,050.24	1,038.41	1,617.40	4,706.05	7%	9%
As at March 31, 2023	1,129.48	902.36	1,821.99	3,853.83	7%	9%

The table below illustrates the impact of a 0.5% to 2.0% movement in interest rates on interest expense on loans and borrowings. The risk estimate provided assumes that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

Movement in interest rates	As at March 31, 2024	As at March 31, 2023
0.50%	10.25	4.94
1.00%	20.50	9.88
2.00%	41.00	19.76

### (iv) Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company is exposed to credit risk from its operating activities (primarily trade receivables and also from its investing activities including deposits with banks, forex transactions and other financial instruments) for receivables, cash and cash equivalents, short-term investments, financial guarantees and derivative financial instruments.

Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks of national standing. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes and bonds. The carrying value of the financial assets other than cash represents the maximum credit exposure.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

The Company's maximum exposure to credit risk is ₹ 1032.47 crore and ₹ 1129.23 crore as at March 31, 2024 and March 31, 2023 respectively.

Particulars	As at March 31, 2024	As at March 31, 2023
Neither impaired nor past due	51.87	270.41
Past due		
- Less than 1 month	198.67	90.13
- Between 1-3 months	107.24	26.66
- Between 3-12 months	60.43	40.19
- Greater than 12 months	176.01	160.54
<b>Total</b>	<b>594.22</b>	<b>587.93</b>

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'Past due' in the above table are those that have not been settled within the terms and conditions that have been agreed with those customers. However, considering the facts of those cases, the Company considers them as fully recoverable within one year except for certain power receivable of ₹ 174.37 (₹ 231.47 as at March 31, 2023) crores, recovery of which depends on resolution of the coal wholesale price indexation and change in law matter with the customer and final order of CSERC.

The credit quality of the Company's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The solvency of customers and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables are impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

### *Movement in allowances for Financial Assets (Trade receivables and financial assets - others)*

Particulars	Trade receivables	Financial assets - others
<b>As at 01 April 2022</b>	<b>34.10</b>	-
Allowance made during the year	-	-
Exchange differences	-	-
<b>As at 31 March 2023</b>	<b>34.10</b>	-
Allowance made during the year	58.53	1.91
Exchange differences	-	-
less: Written off	(34.10)	-
<b>As at 31 March 2024</b>	<b>58.53</b>	<b>1.91</b>

## VII Derivative Financial Instruments

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

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

All derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value, generally based on quotations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current and non-current assets and liabilities. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.

The Company uses derivative instruments as part of its management of exposures to fluctuations in foreign currency exchange rates and commodity prices. The use of derivatives can give rise to credit and market risk. The Company tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

### (i) Cash Flow Hedges

The Company also enters into forward exchange contracts and commodity price contracts for hedging highly probable forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognized in equity until the hedged transaction occurs, at which time, the respective gain or losses are reclassified to the statements of profit or loss. These hedges have been effective for the year ended March 31, 2024 and March 31, 2023.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions.

The majority of cash flow hedges taken out by the Company during the year comprise derivative hedging instruments for hedging the commodity price risk of highly probable forecast transactions.

The cash flows related to above are expected to occur during the year ending March 31, 2025 and consequently may impact the statement of profit or loss for that year depending upon the change in the commodity prices and foreign exchange rates movements.

### (ii) Fair Value Hedges

The fair value hedges relate to forward covers taken to hedge currency exposure and commodity price risks.

The Company's part of sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Company enters into futures contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. Fair value changes on such forward contracts are recognized in the statement of profit or loss.



# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

### (iii) Non Qualifying Hedges

The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include aluminium future contracts on the LME and certain other derivative instruments, including contracts on capital commitments. Fair value changes on such derivative instruments are recognized in the statements of profit or loss.

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

Derivative Financial Instrument <sup>(c)</sup>	As at March 31, 2024		As at March 31, 2023	
	Assets	Liabilities	Assets	Liabilities
<b>Current</b>				
<b>Cash flow hedge<sup>(a)</sup></b>				
- Commodity contracts	-	21.92	7.94	-
- Forward foreign currency contracts	-	-	-	-
<b>Fair Value hedge<sup>(b)</sup></b>				
- Commodity contracts	8.18	8.76	8.49	1.79
- Forward foreign currency contracts	-	-	-	2.44
<b>Non - qualifying hedges<sup>(b)</sup></b>				
- Commodity contracts	-	1.81	-	0.92
- Forward foreign currency contracts	-	26.50	-	33.17
<b>Total Current</b>	<b>8.18</b>	<b>58.99</b>	<b>16.43</b>	<b>38.32</b>

Refer statement of profit and loss and statement of changes in equity for the change in the fair value of cash flow hedges.

Refer Balance Sheet for non-current and current derivative receivables and payables.

*Derivative contracts entered into by the Company and outstanding as at Balance Sheet date:*

#### (a) Hedged Foreign currency exposure:

- (i) To hedge currency risks and interest related risks, the Company has entered into various derivatives contracts. The category wise break up of amount outstanding as on Balance Sheet date is given below:

Particulars	As at March 31, 2024	As at March 31, 2023
Forex forward cover (buy)	2,659.27	4,754.07
Forex forward cover (sell)	-	-

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	Purchase	Sale	Purchase	Sale
Forwards/Futures				
Aluminium (MT)	30,150.00	15,000.00	-	10,475.00

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

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 43. Financial instruments (Contd..)

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

Particulars	As at March 31, 2024	As at March 31, 2023
Payables	1,501.28	834.24
Receivables	146.69	94.57

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

Outstanding position of such contracts are as follows:

Particulars	As at March 31, 2024		As at March 31, 2023	
	MT	Amount	MT	Amount
Sale of Aluminium	2,250.00	42.57	6,050.00	129.00

## 44. Critical estimates and judgements in applying accounting policies

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Information about estimates and judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

### i) **Property, plant and equipment and useful life of property, plant and equipment and intangible assets**

The carrying value of property, plant and equipment is arrived at by depreciating the assets over the useful life of assets. For mining asset, the depreciation is charged based on unit of production method. For the estimate of useful life is reviewed at the end of each financial year and changes are accounted for prospectively.

### ii) **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cashflow (DCF) model. The cash flows are derived from the budget for the remaining useful lives of assets. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other intangibles with indefinite useful lives recognised by the Company. During the year, Management assessed indicators of impairment in the Aluminium business of the company, considering that as a single cash-generating unit, and identified no triggers to test the assets for impairment.

### iii) **Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

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

in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability (Refer note nos. 21, 27 and 40 (ii) and 40 (iii))

### iv) Provisions for site restoration

In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The carrying amount of the provision as at 31 March 2024 is ₹ 11.50 crores (March 31, 2023: ₹ 8.69 crores). The Company estimates that the costs would be realised upon the expiration of the lease and calculates the provision using the DCF method based on discount rate of 8.69%. If the estimated pre-tax discount rate used in the calculation had been 1% higher than management's estimate, the carrying amount of the provision would have been ₹ 1 crores lower (Refer note no. 21 & 35.2).

### v) Defined benefit plan

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of Government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality table. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates (Refer note no. 39).

### vi) Recoverability of deferred tax and other income tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets on unabsorbed depreciation/business loss have been recognised based on future profits. Further details on taxes are disclosed in note no. 38.

### vii) Recoverability of CSR pre-spent assets

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

### viii) Revenue recognition and receivable recovery in relation to the power segment

In certain cases, the Company's power customers are disputing claims raised by the Company on account of change in law and retrospective change in wholesale price index of cost made by CERC. Significant judgement is required in both assessing the revenue to be recognised in accordance with Ind AS 115 and to assess the recoverability of the amount accounted for as receivables.

In assessing this critical judgment, management considered favourable court orders the Company has received in relation to such claims. In addition, the fact that the contracts are with Government owned companies implies that the credit risk is low (Refer note no. 7).

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

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

### ix) Climate Change

The Company as part of Group plan aims to achieve net carbon neutrality by 2050, has committed reduction in emission intensity by 30% by 2030 from 2021 baseline, as part of its climate risk assessment and has outlined its climate risk assessment and opportunities in the ESG strategy. Climate change may have various impacts on the Company in the medium to long term. These impacts include the risks and opportunities related to the demand of products and services, impact due to transition to a low-carbon economy, disruption to the supply chain, risk of physical harm to the assets due to extreme weather conditions, regulatory changes etc. The accounting related measurement and disclosure items that are most impacted by our commitments, and climate change risk more generally, relate to those areas of the financial statements that are prepared under the historical cost convention and are subject to estimation uncertainties in the medium to long term. The potential effects of climate change may be on assets and liabilities that are measured based on an estimate of future cash flows. The main ways in which potential climate change impacts have been considered in the preparation of the financial statements, pertain to (a) inclusion of capex in cash flow projections, (b) review of estimates of useful lives of property, plant and equipment, (c) recoverable amounts of existing assets, (d) assets and liabilities carried at fair value.

The Company's strategy consists of mitigation and adaptation measures. The Company is committed to reduce its carbon footprint by limiting its exposure to coal-based projects and reducing its GHG emissions through high impact initiatives such as investment in Renewable Energy, fuel switch, electrification of vehicles and mining fleet and energy efficiency opportunities. Renewable sources have limitations in supplying round the clock power, so existing power plants would support transition and fleet replacement is part of normal lifecycle renewal. The Company has also taken certain measures towards water management such as commissioning of Effluent treatment plants, sewage treatment plants, rainwater harvesting, and reducing fresh water consumption. These initiatives are aligned with the Company's ESG strategy and no material changes were identified to the financial statements as a result.

As the Company's assessment of the potential impacts of climate change and the transition to a low-carbon economy continues to mature, any future changes in Company's climate change strategy, changes in environmental laws and regulations and global decarbonization measures may impact the Company's significant judgments and key estimates and result in changes to financial statements and carrying values of certain assets and liabilities in future reporting periods. However, as of the balance sheet date, the Company believes that there is no material impact on carrying values of its assets or liabilities.

### x) Expected Credit Loss

The Company has identified aged and disputed receivables and has discounted these recognising an ECL expense in the Income Statement. A discounting rate of 8.5% is used considering a Weighted Average Cost of Capital over a period of 5 years. As regards ECL towards time value of money on delayed realisation of receivables, expected period of recovery is based on management's best estimates.

## 45. Capital Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and borrowed funds. The Company's policy is to use short term and long-term borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements. Net debt are long term and short term debts as reduced by cash and cash equivalents (including

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 45. Capital Management (Contd..)

restricted cash and cash equivalents) and short-term investments. Equity comprises share capital and free reserves (total reserves excluding cash flow hedges, debenture redemption reserve and capital reserve). The following table summarizes the capital of the Company:

Particulars	As at March 31, 2024	As at March 31, 2023
Share capital	220.62	220.62
Free reserves	8,905.17	7,513.98
<b>Equity (A)</b>	<b>9,125.79</b>	<b>7,734.60</b>
Cash and cash equivalents	281.75	308.58
Short term investments	-	141.29
<b>Total cash (B)</b>	<b>281.75</b>	<b>449.87</b>
Short-term borrowings	-	300.00
Long-term borrowings	1,784.79	477.33
Current Maturity of long term borrowings	265.46	352.14
<b>Total debt (C)</b>	<b>2,050.25</b>	<b>1,129.47</b>
<b>Net debt (D)=(C-B)</b>	<b>1,768.50</b>	<b>679.60</b>
Total capital (A+D)	10,894.29	8,414.20
<b>Net debt to equity ratio (E=D/A)</b>	<b>0.19</b>	<b>0.09</b>

46. The following matters have been considered by the management in determining the appropriateness of the going concern assumption for preparation of these financial statements:

- The entity expects that the net cash inflows from operating activities, which includes management assumptions regarding timing of settlement of certain current liabilities, in conjunction with the line of credit will be sufficient to cover the net current asset deficiency of near future.
- Crisil rating of A1+/Watch developing for Company's non-fund based banking facilities gives confidence to raise the short-term funds, whenever required.
- Crisil assigned fund based banking facilities a rating of AA- Watch Developing which can also be helpful to raise long term funds, if necessary
- Operational buyers'/suppliers' credit outstanding as on March 31, 2024 might be rolled over or replaced with fresh buyers'/suppliers' credit for purchase of imported raw materials in normal course.
- In the previous years also, current liabilities of the Company have been higher than current assets. However, the Company has been able to continue without any reduction in operation.

The management is confident that the entity will be able to meet its working capital liabilities through the normal cyclical nature of receipts and payments and hence, these financial statements have been prepared adopting the going concern assumption.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 47. The following are analytical ratios for the year ended March 31, 2024 and March 31, 2023

Particulars	Numerator	Denominator	March 31, 2024	March 31, 2023	Variance	Reasons
a) Current ratio	Current Assets	Current Liabilities	0.56	0.56	Nil	No Major Variance
b) Debt-Equity ratio	Total Debt incl. lease liabilities	Shareholder's Equity	0.22	0.15	54%	Debt Equity ratio increased due to infusion of term loan and offset by profit for the year.
c) Debt service coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	5.27	1.02	416%	Debt service coverage ratio improved due to increase in profit during the year.
d) Return on equity ratio (%)	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	16.42%	0.55%	2884%	Return on equity ratio improved due to increase in profit during the year.
e) Inventory turnover ratio	Revenue from operations	Average Inventory	9.02	9.23	-2%	No Major Variance
f) Trade receivables turnover ratio	Revenue from operations	Average Trade Receivable	29.83	25.20	18%	No Major Variance
g) Trade payables turnover ratio	Purchases	Average Trade Payables	4.36	4.79	-9%	No Major Variance
h) Net capital turnover ratio	Revenue from operations	Working capital = Current assets Current liabilities	*	*	*	-
i) Net profit ratio (%)	Profit after Tax	Revenue from operations	10.54%	0.33%	3114%	Net Profit Ratio increased due to significant increase in net profit during the year.
j) Return on capital employed (%)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	17.04%	2.00%	752%	Return on capital employed ratio increased due to significant increase in earning before tax during the year.
k) Return on investment (%)	Income from Investments measured at FVPTL	Average investment	4.57%	5.27%	-13%	No Major Variance

\*Net working capital is negative.

\*\*All the ratios are in times unless specified.

## 48. Relationship with struck off companies:

There were no transactions with companies struck off under section 248 of the Companies Act, 2013 during the financial year.

# Notes to the Financial Statements

as at and for the year ended March 31, 2024

(All amounts in ₹ Crores, unless otherwise stated)

## 49. Other Statutory Information

- The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company has no any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, Intermediaries shall lend or invest in another party identified by or on behalf of the Company or funding party (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company or funding party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 50. Audit Trail

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that audit trail feature is not enabled in the SAP application for direct changes to data in certain tables, which is restricted to certain IDs with system administrator user access in order to optimise system performance. However, these system administrator rights have been disabled subsequent to the year end. Further no instance of audit trail feature being tampered with was noted in respect of software.

## 51. Subsequent Events

There are no other material adjusting or non-adjusting subsequent events, except as already disclosed.

As per our report of even date

For **S. R. Batliboi & Co. LLP**

**Chartered Accountants**

ICAI Firm Registration No. 301003E/E300005

per **Bhaswar Sarkar**

**Partner**

Membership No. 55596

**Place: Kolkata**

**Date: April 19, 2024**

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

**S. K. Roongta**

**Director**

DIN: 00309302

Place: New Delhi

**Amit Gupta**

**Chief Financial Officer**

**Rajesh Kumar**

**CEO & Whole-time Director**

DIN: 09586370

Place: New Delhi

**Wageesha Agarwal**

**Company Secretary**

ICSI Membership No. A67456

**Place: New Delhi**

**Date: April 19, 2024**