

**AUDITORS' REPORT  
TO THE MEMBERS OF  
BHARAT ALUMINIUM COMPANY LIMITED**

1. We have audited the attached Balance Sheet of **Bharat Aluminium Company Limited** ("the Company") as at 31<sup>st</sup> March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO), issued by the Central Government of India in terms Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. Additionally, the Company has chosen to early adopt Accounting Standard (AS) 30, Financial Instruments: Recognition and Measurement arising from the Announcement of the Institute of Chartered Accountants of India on 29<sup>th</sup> March 2008 as stated in Note 22 (1).
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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5. On the basis of written representations received from the Directors as on 31<sup>st</sup> March 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No.117366W)



Khurshed Pastakia  
Partner  
(Membership No.31544)

Mumbai, April 19, 2012

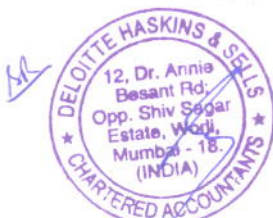
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## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (iii), (v), (vi), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix), (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a programme of physical verification of its fixed assets once in three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, the management has carried out a physical verification of fixed assets. No material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
  - (a) As explained to us, the inventories (excluding inventories with third parties) were physically verified during the year by the Management at reasonable intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion, the internal audit functions carried out during the year by firm(s) of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vi) We have broadly reviewed the books of account and records maintained by the Company, pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of Aluminium ingots in any form, wire rods and rolled products and pursuant to Cost Accounting Records (Electricity Industry) Rules, 2001 in respect of generation of electricity and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.





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- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, electricity duty, royalty, cess and any other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of income-tax, wealth tax, custom duty, excise duty, electricity duty, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable.
  - (c) Details of dues of income-tax, sales tax, service tax, entry tax, municipal tax custom duty, excise duty, electricity duty, royalty and cess which have not been deposited as on 31st March, 2012 on account of disputes are given in Annexure A.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (x) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117366W)



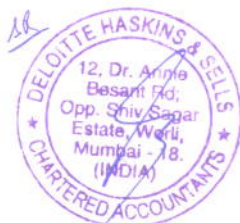
Khurshed Pastakia  
Partner  
(Membership No. 31544)

Mumbai, April 19, 2012

# Deloitte Haskins & Sells

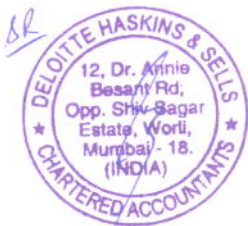
Annexure A to Auditors' Report  
Statement of unpaid disputed statutory dues as on 31st March, 2012

Name of Statute	Period to which the amount relates	Nature of Dues	Rs. in crores	Forum where Dispute is pending
Income-tax Act, 1961	2004-05	Levy of Penalty under section 156 of the Income-tax Act, 1961	0.05	Commissioner of Income Tax (Appeals)
	2007-08	Interest under section 234C of the Income-tax Act, 1961	2.24	Income Tax Appellate Tribunal
	2007-08	Interest under section 234B and 234D of the Income-tax Act, 1961	0.74	Income Tax Appellate Tribunal
	2009-10	Short payment of Tax deducted at Source	0.35	Deputy Commissioner of Income Tax
<b>Total</b>			<b>3.38</b>	
Chhattisgarh Entry Tax Act, 1976	1983-84	Classification/Valuation Difference	0.13	Assessing authority, Appellate Commissioner of Commercial tax
	2003-04	Demand of Entry tax on coal procured from vendor	2.73	Deputy Commissioner
	2004-05	Demand of Entry tax on raw materials for expansion projects	0.20	Additional Commissioner
	2005-06	Demand of Entry tax on raw materials for expansion projects	4.82	Commercial tax tribunal
	2006-07	Demand of Entry tax on raw materials for expansion projects	9.27	Commercial tax tribunal
	2007-08	Demand of Entry tax on raw materials for expansion projects	25.24	Additional Commissioner
<b>Total</b>			<b>42.39</b>	
Central Sales Tax Act, 1956	2007-08	Demand for payment of Central Sales Tax	0.04	Commercial tax tribunal, Kolkata
	1997-98	Dispute for admissibility for circumstantial evidences in lieu of "F" forms	0.07	Assistant Commissioner of Commercial Tax
<b>Total</b>			<b>0.11</b>	
West Bengal Value Added Tax Act, 2003	2007-08	Demand for payment of local sales tax	0.04	Commercial tax tribunal, Kolkata
<b>Total</b>			<b>0.04</b>	
Mines and Minerals (Development and Regulation) Act, 1957	2001-02	Royalty on Vanadium Sludge	8.63	Bilaspur High Court
<b>Total</b>			<b>8.63</b>	
Service-tax under Finance Act, 1994	Varying period	Cenvat credit of service tax paid for foreign service provider	5.30	Commissioner of Central Excise
	2007-08	Service tax on foreign Consulting Engineer	0.70	Commissioner of Central Excise
	Varying period	Service tax on foreign Consulting Engineer	5.43	Bilaspur High Court
	Varying period	Cenvat credit on outward transportation	3.46	Commissioner of Central Excise
	Additional Commissioner of Central Excise	Modvat credit availed on invoices	0.28	Commissioner of Central Excise
	Varying period	Cenvat Credit availed on various services	0.01	Bilaspur High Court
	Varying period	Cenvat Credit availed on various services	0.03	Appellate Commissioner of Central Excise
<b>Total</b>			<b>15.21</b>	



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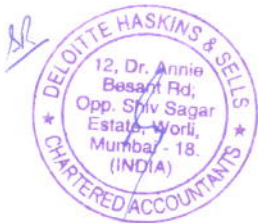
Name of Statute	Period to which the amount relates	Nature of Dues	Rs. in crores	Forum where Dispute is pending
Central Excise Act, 1944	Varying period	Wrong availment of CENVAT on goods/services	0.02	Assessing Authority
	Varying period	Disallowance of refund of Excise Duty on account of sales return	0.06	Bilaspur High Court
	Varying period	Reversal of cenvat credit on goods supplied under Notification No. 06 - 2006	4.65	Commissioner of Central Excise
	Varying period	Disallowance of cenvat credit of various inputs/Demand of ED due to mismatch is various reporting figures	38.04	Commissioner of Central Excise
	Varying period	Disallowance of cenvat credit of ST paid on mining of bauxite sent to VAL for job work	6.07	Commissioner of Central Excise
	Varying period	Demand of Excise duty on Aluminium Dross	3.03	Commissioner of Central Excise
	Varying period	Disallowance of cenvat credit of various inputs due to mismatch is various reporting figures	2.73	Commissioner of Central Excise
	Varying period	Clearance to VNSC- Non eligibility to 64/95	0.52	CESTAT, New Delhi
	2008-09	Clearance of Aluminium Dross	0.46	Additional Commissioner
	Varying period	Cenvat Credit on capital goods falling under chapter 72 and 87	12.26	Commissioner of Central Excise
	Varying period	Cenvat Credit reversal in proportionate of sales of power for common input used	12.86	Commissioner of Central Excise
	Varying period	Cenvat Credit reversal in proportion to excess consumption of Furnace Oil and Caustic Soda	30.24	Commissioner of Central Excise
	Varying period	Disallowance of Cenvat Credit on Inputs/Capital Goods used for manufacturing	0.57	Commissioner of Central Excise
	Varying period	Irregular availment of credit	0.14	Commissioner of Central Excise
	Varying period	Demand for payment of Interest	0.05	Commissioner of Central Excise
	Varying period	Wrong availment of Cenvat Credit on input for payment of Excise duty	0.11	Commissioner of Central Excise
	Varying period	Demand on Goods cleared at Nil rate of duty		* Commissioner of Central Excise
	Varying period	Disallowance of Refund granted		* Commissioner of Central Excise
Varying period	Cenvat Credit on capital goods consumed captively	0.01	Bilaspur High Court	
<b>Total</b>			<b>111.82</b>	



# Deloitte Haskins & Sells

Name of Statute	Period to which the amount relates	Nature of Dues	Rs. in crores	Forum where Dispute is pending
Land Development Cess	1997-98	Chhattisgarh Government claim towards mine area development cess for bauxite	1.72	Chhattisgarh Government
<b>Total</b>			<b>1.72</b>	
The Chhattisgarh Upkar Adhiniyam, 1981	Varying period	Chhattisgarh Government claim towards energy development cess on captive power generation	315.92	Supreme Court
<b>Total</b>			<b>315.92</b>	
Chhattisgarh Municipal Corporation Act, 1956	Varying period	Municipal tax on land and buildings of the Company	1.47	Bilaspur High court
	Varying period	Municipal tax (including penalty) on land and buildings of the Company	8.66	District Court, Korba
<b>Total</b>			<b>10.13</b>	
Madhya Pradesh Electricity Duty Act, 1949	June 88 to August 90	Electricity Duty on power purchased including surcharge till date	7.94	Chhattisgarh State Electricity Board
	June 88 to August 90	Electricity Duty on own generation including surcharge till date	34.99	Bilaspur High court
	Varying period	Surcharge on old dues	2.00	Chhattisgarh State Electricity Board
	April 98 to July 04	Electricity duty on power purchased for Bidhanbagh unit	0.01	West Bengal State Government
	June 05 to March 12	Electricity Duty on own generation including surcharge till date	417.04	Chief Electrical Inspector, Government of Chhattisgarh
<b>Total</b>			<b>461.98</b>	

\* less than Rs. one lacs





**Bharat Aluminium Company Limited**  
**Statement of Profit and loss for the year ended March 31, 2012**

(Rupees in crores)

Particulars		Note	Year ended March 31, 2012	Year ended March 31, 2011
<b>I.</b>	<b>Revenue from operations</b>		4,084.29	3,960.90
	Less: Excise duty		(322.20)	(310.81)
	Revenue from operations (net)	21	3,762.09	3,650.09
<b>II.</b>	Other income	22	62.30	111.05
<b>III.</b>	<b>Total Revenue (I + II)</b>		<b>3,824.39</b>	<b>3,761.14</b>
<b>IV.</b>	<b>Expenses:</b>			
	Cost of materials consumed	23	1,283.95	1,154.41
	Changes in inventories of finished goods, work-in-progress and Stock-in-trade	24	(14.42)	13.86
	Employee benefits expense	25	307.03	361.63
	Finance costs	26	33.30	24.48
	Depreciation	12	270.30	321.66
	Other expenses	27	1,636.52	1,284.07
	<b>Total expenses</b>		<b>3,516.68</b>	<b>3,160.11</b>
<b>V.</b>	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>307.71</b>	<b>601.03</b>
<b>VI.</b>	Exceptional items Voluntary retirement expenses	35	6.19	35.66
<b>VII.</b>	<b>Profit before tax (V- VI)</b>		<b>301.52</b>	<b>565.37</b>
<b>VIII.</b>	Tax expense : - Current tax - Deferred tax	28	60.37 (24.52)	115.02 9.49
<b>IX.</b>	<b>Profit for the period (VII-VIII)</b>		<b>265.67</b>	<b>440.86</b>
<b>X.</b>	Earnings per equity share: Basic and Diluted ( in Rs. per share)	38	12.04	19.98

See accompanying note no. 1 to 52 forming part of the financial statements

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors

Khurshed Pastakia  
Partner

Tarun Jain  
Director

  
Gunjan Gupta  
CEO & Whole Time Director

  
Dinesh Mantri  
Chief Financial Officer

Ravi Rajagopal  
Sr. Vice President (Legal)  
& Company Secretary

Place : Mumbai  
Date : April 19, 2012



**Bharat Aluminium Company Limited**  
**Balance Sheet as at March 31, 2012**

(Rupees in crores)

Particulars		Note	As at March 31, 2012	As at March 31, 2011
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	3	220.62	220.62
	(b) Reserves and surplus	4	4,050.44	3,784.78
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	2,268.60	1,595.14
	(b) Deferred tax liabilities (net)	37	131.92	156.45
	(c) Other Long-term liabilities	6	292.15	315.34
	(d) Long-term provisions	7	129.52	118.70
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	8	403.04	432.12
	(b) Trade payables	9	349.41	252.16
	(c) Other current liabilities	10	2,000.14	986.51
	(d) Short-term provisions	11	35.47	29.50
	<b>TOTAL</b>		<b>9,881.31</b>	<b>7,891.32</b>
<b>II.</b>	<b>ASSETS</b>			
	<b>Non-current assets</b>			
<b>1</b>	(a) Fixed assets			
	(i) Tangible assets	12	1,860.44	2,036.33
	(ii) Capital work-in-progress		6,506.81	4,224.86
	(b) Long-term loans and advances	13	254.25	473.16
	(c) Other non-current assets	14	16.33	13.89
<b>2</b>	<b>Current assets</b>			
	(a) Current investments	15	-	123.05
	(b) Inventories	16	549.05	486.00
	(c) Trade receivables	17	182.88	144.31
	(d) Cash and cash equivalents	18	248.28	176.94
	(e) Short-term loans and advances	19	218.26	142.25
	(f) Other current assets	20	45.01	70.53
	<b>TOTAL</b>		<b>9,881.31</b>	<b>7,891.32</b>

See accompanying note no. 1 to 52 forming part of the financial statements

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

Khurshed Pastakia  
Partner

Tarun Jain  
Director

For and on behalf of the Board of Directors

  
Gunjan Gupta  
CEO & Whole Time Director

  
Dinesh Mantri  
Chief Financial Officer

Ravi Rajagopal  
Sr. Vice President (Legal)  
& Company Secretary

Place : Mumbai  
Date : April 19, 2012

**Bharat Aluminium Company Limited**

**Cash Flow Statement for the year ended March 31, 2012**

(Rupees in crores)

	March 31, 2012		March 31, 2011	
<b>A. Cash flow from operating activities</b>				
Profit before tax		301.52		565.37
Adjusted for :				
- Depreciation	270.30		321.66	
- Interest received	(22.68)		(28.98)	
- Finance cost	22.86		21.47	
- Dividend income from current investments	-		(3.81)	
- Profit on sale of current investments	(3.56)		(14.82)	
- Gain on mark to market of investments	0.05		(0.05)	
- Profit on sale of fixed assets (net)	(13.48)		(27.30)	
- Unrealised exchange differences (net)	51.47		(30.50)	
- Bad debts/advances/claims written off	3.14		5.36	
- Unclaimed Liabilities/provisions written back (net)	(23.18)		(10.39)	
- Deferred government grant	(0.01)		(0.01)	
		<b>284.91</b>		<b>232.63</b>
<b>Operating profit before working capital changes</b>		<b>586.43</b>		<b>798.00</b>
Adjusted for :				
- (Increase)/Decrease in Trade receivables	(38.29)		(57.72)	
- (Increase)/Decrease in Inventories	(63.05)		50.49	
- (Increase)/Decrease in Long-term loans and advances	(7.91)		11.56	
- (Increase)/Decrease in Short-term loans and advances	(76.02)		(8.00)	
- (Increase)/Decrease in Other current assets	2.20		15.19	
- (Increase)/Decrease in Other non-current assets	(2.44)		(1.17)	
- Increase/(Decrease) in Other Long-term liabilities	(1.42)		0.65	
- Increase/(Decrease) in Long-term provisions	10.82		36.52	
- Increase/(Decrease) in Trade payables	102.27		(16.13)	
- Increase/(Decrease) in Other current liabilities	17.12		33.70	
- Increase/(Decrease) in Short-term provisions	11.93		16.26	
		<b>(44.79)</b>		<b>81.35</b>
<b>Cash generated from operations</b>		<b>541.64</b>		<b>879.35</b>
Income taxes paid (net)		(59.92)		(118.14)
<b>Net cash from operating activities</b>		<b>481.72</b>		<b>761.21</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets including capital work-in-progress		(1,427.26)		(1,617.61)
Sale of fixed assets		16.18		45.51
Purchases of current investments		(2,757.00)		(7,966.24)
Sale of current investments		2,883.56		8,577.25
Interest received		32.34		26.03
Dividend income received		-		3.81
Bank balances not considered as cash and cash equivalents				
- Placed		(155.56)		(1,050.56)
- Matured		330.56		875.42
<b>Net cash used in investing activities</b>		<b>(1,077.18)</b>		<b>(1,106.39)</b>
<b>C. Cash flow from financing activities</b>				
Net proceeds from working capital loan		177.98		7.48
Proceeds from long term borrowings		1,439.72		631.03
Proceeds from other short term borrowings		159.54		228.59
Repayment of long term borrowings		(491.05)		(151.02)
Repayment of other short term borrowings		(270.78)		(232.40)
Interest and finance charges paid		(167.21)		(134.91)
Dividend paid and tax thereon paid		(6.40)		(6.43)
<b>Net cash from financing activities</b>		<b>841.80</b>		<b>342.34</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>246.34</b>		<b>(2.84)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>		<b>1.80</b>		<b>4.64</b>
<b>Cash and cash equivalents as at the end of the year</b>		<b>248.14</b>		<b>1.80</b>
<b>Reconciliation Cash and cash equivalents with the balance sheet</b>				
Cash and cash equivalents as per balance sheet (refer note 18)		248.28		176.94
Less:- Bank balances not considered as cash and cash equivalents		(0.14)		(175.14)
<b>Cash and Bank balance as at the end of the year</b>		<b>248.14</b>		<b>1.80</b>

**Note:**

- 1) Bank balances not considered as cash and cash equivalents includes lien on fixed deposits amounting to Rs. 0.14 crs (2011: Rs. 0.14 crs)
- 2) Previous year's figures have been restated, wherever necessary to conform to this year's classification.

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors

Khurshed Pastakia  
Partner

Tarun Jain  
Director

Gunjan Gupta  
CEO & Whole-time Director

Dinesh Mantri  
Chief Financial Officer

Ravi Rajagopal  
Sr. Vice President (Legal)  
& Company Secretary

Place : Mumbai  
Date : April 19, 2012

#### **Note 1 : Company's Overview**

Bharat Aluminium Company Limited (referred as "BALCO" or "the Company" hereinafter) was incorporated under the laws of the Republic of India with its registered office at New Delhi having 2.45 lac mt p.a aluminium plant, 3.25 lac mt pa aluminum expansion smelter under implementation, power plants of 810 MW, 1200MW power plant project under implementation at Korba (Chhattisgarh) and captive Bauxite mines at Mainpat and Bodai Daldali in Chhattisgarh. Sterlite Industries (India) Limited and the Government of India respectively hold 51% and 49% of the paid up equity share capital of BALCO.

#### **Note 2 : Significant Accounting Policies**

##### **Basis of accounting**

The financial statements are prepared as a going concern under historical cost convention on an accrual basis and in accordance with the Companies Act, 1956 except those items covered under 'Accounting Standard (AS) – 30' on 'Financial instruments: Recognition and Measurement' which have been measured at their fair value. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known / materialize.

##### **Revenue Recognition**

Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties. Revenues are recognised when all significant risks and rewards of ownership of the goods sold are transferred to the customer. Revenue includes export benefits which are accounted on recognition of export sales. Interest income is recognised on a time proportion basis in the income statement.

##### **Fixed assets**

Fixed assets (including shared assets) are stated at historical cost (net of Cenvat and value added tax) including expenses incidental to the installation of assets, attributable borrowing and financing costs and exclude government grants, related to acquisition; less accumulated depreciation / amortisation and impairment. The government grant received is credited to Deferred Government Grant Account and amount equivalent to depreciation on those assets is recouped from the said account and included in other income.

##### **Assets in the course of construction**

All costs (capital and revenue) relating to projects under construction are reflected as capital work in progress and capitalised on attainment of trial/commercial production, whichever is earlier, at cost. Costs include acquisition cost of fixed asset and accrued expenditure/income up to that stage. The residual cost is shown as capital work in progress.

##### **Assets held for sale**

Fixed assets that have been retired from active use and are classified as held for sale are measured at the lower of net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in Statement of profit and loss.

##### **Impairment**

The carrying amount of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is recognised in the Statement of profit and loss. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Recoverable amounts are estimated by individual assets or for the relevant cash generating unit.

##### **Depreciation**

###### **(a) Old unit (capitalised before March 1, 2005)**

Depreciation is provided on the straight line method at rates specified in Schedule XIV to the Companies Act, 1956 except in the following cases where the rates are higher than those specified:-

- i. Leasehold land (including land development expenses) is amortised over a period of the lease.
- ii. Plant and machinery includes;
  - medical/office equipment, air conditioners and electrical appliances depreciated @ 20%
  - personal computer and electronic equipment depreciated @ 33.33%.
- iii. Furniture and fittings are depreciated @ 20%.
- iv. Red Mud Pond and Ash Dyke are depreciated on the basis of technically estimated life not exceeding a period of 10 years.
- v. Additions arising on account of Insurance spares, additions/extensions forming an integral part of existing plants and the revised carrying amount of the assets identified as impaired on which depreciation has been provided over residual life of the respective fixed assets.

###### **(b) New unit (capitalised after March 1, 2005)**

Depreciation is provided on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.

#### Investments

Investments classified as Held for Trading that have a market price are measured at fair value and gains and losses arising on account of fair valuation is routed through Statement of profit and loss. Investments in unquoted equity instruments that do not have a market price and whose fair value cannot be reliably measured are measured at cost.

#### Inventories

Inventories are valued on weighted average basis at lower of cost and net realisable value except scrap and by-products which are valued at net realisable value. Cost of inventories of finished goods and work-in-progress includes material cost, cost of conversion and an appropriate proportion of overheads. Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal. Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value.

#### Foreign currency transactions

- i. Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii. Foreign currency monetary assets and liabilities are translated at year end exchange rates. In case of monetary items which are hedged by derivative instruments, the valuation is done as per 'Accounting Standard – 30', Financial Instruments: Recognition and Measurement' read with accounting policy on financial instruments. The fair value of foreign currency contracts are calculated with reference to current forward exchange rates for the contracts with similar maturity profile.
- iii. Non monetary foreign currency items are carried at cost.
- iv. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the Statement of profit and loss except in respect of long term foreign currency monetary items which are not covered by AS 30 relating to acquisition of depreciable fixed assets. Such difference is adjusted to the carrying cost of the depreciable fixed assets. In respect of other long term foreign currency monetary items, the same is transferred to 'Foreign Currency Monetary Translation Difference Account' and amortised over the balance period of such long term foreign currency monetary items but not beyond March 31, 2011.

#### Financial Instrument

- i. All financial assets are initially recognized at the fair value of consideration paid. Subsequently, financial assets are carried at fair value or amortized cost less impairment. Where non-derivative financial assets are carried at fair value, gains and losses on re-measurement are recognized directly in equity unless the financial assets have been designated as being held at fair value through profit, in which case the gains and losses are recognized directly in the income statement. Financial assets are designated as being held at fair value through profit when this is necessary to reduce measurement inconsistencies for related assets and liabilities.
- ii. All financial liabilities other than derivatives are initially recognized at fair value of consideration received net of transaction costs as appropriate (initial cost) and subsequently carried at amortized cost.
- iii. Derivative financial instruments, including those embedded in other contractual arrangements but separated for accounting purposes because they are not clearly and closely related to the host contract, are initially recognized at fair value on the date of the derivative contract and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss on re-measurement depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged. The measurement of fair value is based on quoted market prices. Where no price information is available from a quoted market source, alternative market mechanisms or recent comparable transactions, fair value is estimated based on the Company's views on relevant future prices, net of valuation allowances to accommodate liquidity, modeling and other risks implicit in such estimates.
- iv. Forward exchange contracts held for hedging purposes are accounted for as fair value hedges or cash flow hedges. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of profit and loss. The hedged item is recorded at fair value and any gain or loss is recorded in the Statement of profit and loss and is offset by the gain or loss from the change in the fair value of the derivative. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recognised in equity in the hedging reserve account. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.
- v. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a hedged forecast transaction is no longer expected to occur, the cumulative hedge gain or loss that was reported in equity is immediately transferred to the statement of profit and loss.

#### Borrowing costs

Borrowing Cost attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which they are incurred. All other borrowing costs are charged to statement of Statement of profit and loss.

#### Research and development

Revenue expenditure is charged to Statement of profit and loss in the year it is incurred. Capital expenditure is included in the cost of fixed assets.

#### Dividend

Interim dividend payments including tax thereon has been appropriated from profits for the year and provision is made for proposed final dividend and tax thereon subject to consent of the shareholders at the annual general meeting.



Note 3 - Share capital

(Rupees in crores)

Particulars	March 31, 2012		March 31, 2011	
	Number of shares	Rs.	Number of shares	Rs.
<b>Authorised</b>				
500,000,000 Equity shares of Rs. 10 each	50,00,00,000	500.00	50,00,00,000	500.00
<b>Issued, subscribed and fully Paid up</b>				
Equity shares of Rs. 10 each fully paid	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	March 31, 2012		March 31, 2011	
	Number of shares	Rs.	Number of shares	Rs.
Equity shares outstanding at the beginning of the year	22,06,24,500	220.62	22,06,24,500	220.62
Add : Equity shares Issued during the year (including bonus and split)	-	-	-	-
Less : Equity shares bought back during the year	-	-	-	-
Equity shares outstanding at the end of the year	22,06,24,500	220.62	22,06,24,500	220.62

ii) 112,518,495 equity shares are held by the holding company, Sterlite Industries (India) Limited and their nominees. Ultimate holding company Vedanta Resources Plc., United Kingdom does not hold any equity shares in the company)

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

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
a) Sterlite Industries (India) Limited and their nominees	11,25,18,495	51%	11,25,18,495	51%
b) Government of India	10,81,06,005	49%	10,81,06,005	49%

iv) The terms/ rights preferences attached to equity shares.

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

Note 4 - Reserves and surplus

(Rupees in crores)

Particulars	March 31, 2012	March 31, 2011
<b>(a) Capital reserves</b>		
Opening balance	9.20	9.20
Closing balance	9.20	9.20
<b>(b) Debenture redemption reserve</b>		
Opening balance	300.00	200.00
Add : Additions during the year		
Transferred from surplus in statement of profit and loss	100.00	100.00
Closing balance	400.00	300.00
<b>(c) General Reserve</b>		
Opening balance	430.31	430.31
Closing balance	430.31	430.31
<b>(d) Deferred government grant</b>		
Opening balance	0.21	0.22
Less : Transferred to statement of profit and loss during the year	(0.01)	(0.01)
Closing balance	0.20	0.21
<b>(e) Surplus in statement of profit and loss</b>		
Opening balance	3,045.06	2,710.60
Add: Profit for the year	265.67	440.86
Less: Proposed dividends	-	(5.51)
Less: Tax on proposed dividends	-	(0.89)
Less: Transfer to debenture redemption reserve	(100.00)	(100.00)
Closing balance	3,210.73	3,045.06
<b>Total</b>	<b>4,050.44</b>	<b>3,784.78</b>

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### Retirement / Post Retirement benefits

#### i. Short term

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

#### ii. Long term

Gratuity - The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined using the projected unit credit method. Actuarial gains and losses are immediately recognised in the Statement of profit and loss.

**Provident Fund** - The eligible employees of the Company are entitled to receive benefits under the Provident fund, a defined contribution plan, in which both the employees and the Company make monthly contributions at a specified percentage of the employees salary.

The contributions as specified under the law are paid to a Trust administered by the Company. The Company is liable to make good any deficiency in the interest declared by the Board of Trustees to bring it to the statutory limit. The Company recognises such contributions and deficiency, if any, as an expense in the year incurred.

**Post Retirement Medical Benefits** - The Company has a scheme of post retirement medical benefits for employees, the liability for which is determined on the basis of independent external actuarial valuation.

**Compensated Absences** - The liability for compensated absences is provided on the unutilised leave at each balance sheet date on the basis of an independent external actuarial valuation.

**Termination benefits** are recognised as an expense when incurred.

### Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

i. Inter segment revenue have been accounted for based on the cost price.

ii. Segment Revenue, Segment Expenses, Segment Assets and Segment Liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under "Unallocated revenue / expenses / Assets / Liabilities"

### Taxation

Provision for current tax is made after taking into account rebate and relief available under the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax resulting from timing differences between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized only to the extent that there is a reasonable certainty that the future taxable profit will be available against which the deferred tax assets can be realized in future. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

### Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**Note 11 - Short-term provisions**

Particulars	(Rupees In crores)	
	March 31, 2012	March 31, 2011
(a) Provision for employee benefits	11.00	2.28
(b) Provision for proposed dividend	-	5.51
(c) Provision of tax on proposed dividend	-	0.89
(d) Provision for tax (net)	7.28	6.84
(e) Provision relating to suppliers <sup>1</sup>	17.19	13.98
<b>Total</b>	<b>35.47</b>	<b>29.50</b>

1. Provisions relating to suppliers	March 31, 2012	March 31, 2011
i. Carrying amount at the beginning of the year	13.98	-
ii. Additional provisions during the year	1.18	13.98
iii. Impact due to exchange difference	2.03	-
iv. Payments made during the year	-	-
v. Carrying amount at the end of the year	17.19	13.98
vi. Expected timing of resulting outflows	Uncertain	Uncertain

**Note 13 - Long-term loans and advances**

Particulars	(Rupees In crores)	
	March 31, 2012	March 31, 2011
<b>(a) Capital advances</b>		
Unsecured, considered good	212.54	439.36
<b>(b) Security deposits</b>		
Unsecured, considered good	37.54	29.01
<b>(c) Other loans and advances</b>		
Unsecured, considered good	4.17	4.79
Unsecured, considered doubtful	2.14	2.14
Less: Provision for doubtful loans and advances	(2.14)	(2.14)
	<b>4.17</b>	<b>4.79</b>
<b>Total</b>	<b>254.25</b>	<b>473.16</b>

**Note 14 - Other non-current assets**

Particulars	(Rupees In crores)	
	March 31, 2012	March 31, 2011
<b>Claims and other receivables<sup>1</sup></b>		
Unsecured, considered good	16.33	13.89
Unsecured, considered doubtful	0.02	0.02
Less: Provision for doubtful loans and advances	(0.02)	(0.02)
<b>Total</b>	<b>16.33</b>	<b>13.89</b>

1. Claims and other receivables includes claims recoverable from Madhya Pradesh Electricity Board (MPEB)/Chhattisgarh State Electricity Board (CSEB) amounting to Rs. 10.08 cr ( 2011: Rs. 10.08 cr), which are disputed by them. The Company is also disputing the claim for Electricity duty/surcharge made by MPEB/CSEB amounting to Rs. 9.94 cr (2011: Rs. 15.25 cr ). The net amount recoverable/payable can be ascertained on settlement of the disputes.

**Note 16 - Inventories**

Particulars	(Rupees In crores)	
	March 31, 2012	March 31, 2011
<b>(a) Raw materials</b>		
Raw materials	185.43	149.69
Goods-in-transit	28.84	63.68
	<b>214.27</b>	<b>213.37</b>
<b>(b) Coal and fuel</b>		
Coal and fuel	98.40	55.98
Goods-in-transit	28.23	-
	<b>126.63</b>	<b>55.98</b>
<b>(c) Work-in-progress<sup>1</sup></b>	<b>117.58</b>	<b>100.18</b>
<b>(d) Finished goods</b>		
Aluminium Ingot, Billets, Slabs, Bus Bar, Alloy Ingots	-	0.17
Wire rods	0.24	0.04
Rolled products	0.65	3.23
	<b>0.89</b>	<b>3.44</b>
<b>(e) By-product</b>	1.48	1.91
<b>(f) Stores and spares</b>	88.20	111.12
<b>Total</b>	<b>549.05</b>	<b>486.00</b>

1. All work-in-progress pertains to manufacturing of Aluminium products.

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Note 12 - Fixed assets

Fixed assets	Gross Block		Accumulated Depreciation			Net Block	
	Balance as at April 1, 2011	Additions /adjustments	Deductions /adjustments	Balance as at March 31, 2012	Balance as at April 1, 2011	Depreciation /adjustments	Balance as at March 31, 2012
Tangible Assets							
Freehold land	4.93	-	-	4.93	-	-	4.93
Leasehold land	34.23	-	-	34.23	0.90	-	7.14
Buildings	638.61	5.47	0.00	644.08	263.07	-	349.19
Railway siding	54.33	-	-	54.33	3.73	-	23.34
Plant and equipment*	4157.90	79.54	10.64	4226.80	229.35	8.24	1458.01
Furniture and fixtures	9.97	8.12	1.04	17.05	1.18	1.00	8.73
Vehicles	5.74	0.59	0.89	5.44	3.61	0.72	2.16
Office equipment	27.35	3.39	1.23	29.51	2.93	1.16	6.67
Mine development	0.67	-	0.28	0.39	0.00	0.26	0.00
Asset held for sale	-	-	-	-	-	-	-
Buildings	3.05	-	-	3.05	2.90	-	0.15
Plant and equipment	17.42	-	-	17.42	16.40	-	1.02
<b>Total</b>	<b>4,954.20</b>	<b>97.11</b>	<b>14.08</b>	<b>5,037.23</b>	<b>2,917.87</b>	<b>11.38</b>	<b>1,860.44</b>
<b>Previous year*</b>	<b>4,946.64</b>	<b>134.53</b>	<b>126.97</b>	<b>4,954.20</b>	<b>2,704.97</b>	<b>321.66</b>	<b>2,241.67</b>

\* (a) 2011: Opening balance of accumulated depreciation and deduction/adjustment for the year ended March 31, 2011 includes Rs. 32.59 cr towards impairment.

(b) During the previous financial year, the Company capitalised the insurance spares worth Rs. 64.37 cr in accordance with 'Accounting Standard (AS) - 10' on 'Accounting for Fixed Assets' which were earlier treated as part of stores and spares in accordance with 'Accounting Standard (AS) - 2' on 'Valuation of Inventories'. Depreciation for the previous year includes Rs. 26.04 cr in respect of prior years, on insurance spares capitalised during the previous year in accordance with 'Accounting Standard (AS) - 6' on 'Depreciation Accounting' and 'Accounting Standard (AS) - 10' on 'Accounting for Fixed Assets'.

(c) Foreign Currency Transactions  
Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the balance sheet date. Pursuant to the adoption by the Company of the notification of the Companies (Accounting Standards) Amendment Rules 2006 on March 31, 2009, and exercise of the option prescribed therein, the Company has reassessed and recomputed exchange differences from April 1, 2007 relating to long term monetary items as under:  
(i) in so far as they relate to the acquisition of a depreciable capital asset added to/ deducted from the cost of the asset and depreciated over the balance life of the asset  
(ii) in other cases accumulated such differences in "Foreign Currency Monetary Item Translation Difference Account" and amortised such difference to the Statement of Profit and Loss account over the balance life of the long term monetary item or March 31, 2011, whichever is shorter. There are no such items.

Consequently, the profit for the year, fixed assets (Capital work-in-progress) and reserves are higher by Rs. 222.85 cr (2011: lower by Rs. 37.58 cr).

(d) The land transferred to the Company by National Thermal Power Corporation Ltd. (NTPC) vide agreement dated 20th June 2002 comprising of 171,444 acres land for the company's 270 MW captive power plant and its allied facilities and 34.74 acres land for staff quarters of the said captive power plant is yet to be registered in favour of the company due to non availability of title deeds from NTPC.

(e) 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 of the same.

(f) Plant and equipment includes Rs. 120.60 cr (2011: Rs. 122.18 cr) pertaining to 270 MW captive power plant which has been installed at the premises of National Thermal Power Corporation Ltd. in view of convenience of operations.

(g) The Division Bench of the Hon'ble High Court of Chhattisgarh has vide its order dated February 25, 2010, upheld that the Company is in legal possession of 1804.67 acres of Government land. Subsequent to the said order, the State Government has decided to issue the lease deed in favour of the Company after the issue of forest land is decided by the Hon'ble Supreme Court. In the proceedings before the Hon'ble Supreme Court pursuant to public interest litigations filed, it has been alleged that land in possession of the Company 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 the Company. The matter is presently sub-judice before the Hon'ble Supreme Court.



Terms and conditions of Short-term borrowings	March 31, 2012	March 31, 2011
1. Loans repayable on demand from Banks : Cash Credit secured by way of hypothecation of stock of raw materials, work-in-progress, semi-finished, finished products, consumable stores and spares, bills receivables, book debts and all other movables, both present and future. The charges ranks pari passu among banks under the multiple banking arrangements, both for fund based and non fund based facilities. Weighted average interest on cash credit utilization is 12.64% (2012 :Rs 39.90 cr is unsecured ,2011 : NIL)	88.88	50.90
2. Working capital loan secured by way of hypothecation of stock of raw materials, work-in-progress, semi-finished, finished products, consumable stores and spares, bills receivables, book debts and all other movables, both present and future. The charges ranks pari passu among banks under the multiple banking arrangements, both for fund based and non fund based facilities. Weighted average interest on cash credit utilization is 11.74%	140.00	-
3.Operational buyers' credit from ICICI Bank and State Bank of India are secured by way of hypothecation of stock of raw materials, work-in-progress, semi-finished, finished products, consumable stores and spares, bills receivables, book debts and all other movables, both present and future. The charges ranks pari passu among banks under the multiple banking arrangements, both for fund based and non fund based facilities.	113.36	49.23
4. Short Term project buyers' credit from ICICI Bank Limited is secured by way of exclusive charge on assets to be imported under the facilities	3.83	-
5. Kotak bank project buyers' credit (unsecured)	56.97	41.83
6. DBS project buyers' credit (unsecured)	-	111.22
7. DBS operational buyers' credit (unsecured)	-	56.35
8. DBS project buyer' credit (secured)	-	122.59
<b>Total</b>	<b>403.04</b>	<b>432.12</b>

**Note 9 - Trade payables**

Particulars	(Rupees in crores)	
	March 31, 2012	March 31, 2011
Due to Micro enterprises and small enterprises (Refer Note No. 51)	1.45	1.80
Due to related parties	81.97	64.98
Other	265.99	185.38
<b>Total</b>	<b>349.41</b>	<b>252.16</b>

**Note 10 - Other current liabilities**

Particulars	(Rupees in crores)	
	March 31, 2012	March 31, 2011
(a) Current maturities of long-term debt <sup>1</sup>	1,133.37	434.98
(b ) Interest accrued but not due on borrowings	44.30	35.02
(c) Other payables		
Capital creditors	653.72	366.46
Statutory liabilities	15.89	20.69
Fair value of derivative liability	-	0.20
Due to related parties	67.73	47.03
Advance from customers <sup>2</sup>	44.50	49.00
Liability under litigation, salary and others	40.63	33.13
<b>Total</b>	<b>2,000.14</b>	<b>986.51</b>

1. Current maturity of long term debt	March 31, 2012	March 31, 2011
Buyers' credit from DBS Bank	100.72	-
Buyer's credit from Axis Bank	398.27	61.96
Buyers' credit from ICICI Bank	560.70	5.56
Buyers' credit from State Bank of India	73.68	367.46
<b>Total</b>	<b>1,133.37</b>	<b>434.98</b>

2. Advance from customers includes advance from related parties Rs. 0.95 Cr (2011: Rs. 0.91 Cr)

Note 5 - Long-term borrowings

(Rupees in crores)

Particulars	March 31, 2012	March 31, 2011
<b>Secured</b>		
(a) Bonds/Debentures <sup>1</sup>	500.00	500.00
(b) External commercial borrowings from banks <sup>2</sup>	1,000.82	-
(c) Buyers' credit from banks <sup>4,5,6,7</sup>	640.89	986.22
	<b>2,141.71</b>	<b>1,486.22</b>
<b>Unsecured</b>		
(b) External commercial borrowings from banks <sup>3</sup>	126.89	108.92
	<b>126.89</b>	<b>108.92</b>
<b>Total</b>	<b>2,268.60</b>	<b>1,595.14</b>

Terms and conditions of long-term borrowings	March 31, 2012	March 31, 2011
1. 5000 (2011 : 5000) 12.25 % Debentures of Rs.10 lacs each redeemable at par in three equal annual installments on 17th November 2013, 17th November 2014, 17th November 2015. (Secured by first pari passu charge on the movable and immovable properties of the company )	500.00	500.00
2. External commercial borrowings from State Bank of India, London is repayable in three annual installments on 11th August 2016, 11th August 2017, 11th August 2018. The interest rate on this facility is 6 month London Interbank Offer rate (LIBOR) plus 260 basis points. The facility is secured by first pari passu charges on all the fixed assets (excluding land) of the project both present and future along with secured lenders.	1,000.82	-
3. External commercial borrowings from DBS Bank is repayable in three equal annual installments on 11th November 2013, 11th November 2014, 11th November 2015. The rate of interest payable on this facility is 6 month LIBOR plus 345 basis points. The Company is in the process of creation of first pari - passu charge over the projects assets.	126.89	108.92
4. Buyers' credit from DBS Bank is repayable from April 2012 to June 2013. The interest rate on this facility is 6 month LIBOR plus 175 basis points. The facility is secured by first pari passu charge on capital goods imported under the facility.	41.53	-
5. Buyers' credit from Axis Bank is repayable from May 2012 to July 2014. The interest rate on this facility is 6 month LIBOR plus 197 basis points. The facility is secured by a subservient charge on the current assets and movable fixed assets and negative lien on entire fixed assets of BALCO.	118.02	347.31
6. Buyers' credit from ICICI Bank is repayable from April 2012 to February 2015. The interest rate on these facilities is 6 month LIBOR plus 205 basis points. The facility is secured by exclusive charge on assets to be imported under the facilities	481.34	574.60
7. SBI CAG buyers' credit	-	64.31
<b>Total</b>	<b>2,268.60</b>	<b>1,595.14</b>

Note 6 - Other Long-term liabilities

(Rupees in crores)

Particulars	March 31, 2012	March 31, 2011
(a) Capital creditors	240.93	244.07
(b) Liability under litigation and others	51.22	71.27
<b>Total</b>	<b>292.15</b>	<b>315.34</b>

Note 7 - Long-term provisions

(Rupees in crores)

Particulars	March 31, 2012	March 31, 2011
Provision for employee benefits	129.52	118.70
<b>Total</b>	<b>129.52</b>	<b>118.70</b>

Note 8 - Short-term borrowings

(Rupees in crores)

Particulars	March 31, 2012	March 31, 2011
<b>Secured</b>		
(a) Loans repayable on demand from Banks <sup>1</sup>	48.98	50.90
(b) Working capital loan <sup>2</sup>	140.00	-
(c) Buyers' credit from banks <sup>3,4,8</sup>	117.19	171.82
	<b>306.17</b>	<b>222.72</b>
<b>Unsecured</b>		
(a) Loans repayable on demand from banks <sup>1</sup>	39.90	-
(b) Buyers' credit from banks <sup>5,6,7</sup>	56.97	209.40
	<b>96.87</b>	<b>209.40</b>
<b>Total</b>	<b>403.04</b>	<b>432.12</b>

**Note 17 - Trade Receivables**

Particulars	(Rupees in crores)	
	March 31, 2012	March 31, 2011
<b>(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	26.13	1.74
Unsecured, considered doubtful	4.89	6.88
Less: Provision for doubtful debts	(4.89)	(6.88)
	<b>26.13</b>	<b>1.74</b>
<b>(b) Other trade receivables</b>		
Unsecured, considered good		0.17
Due from related party		142.40
Others	156.75	
	<b>156.75</b>	<b>142.57</b>
<b>Total</b>	<b>182.88</b>	<b>144.31</b>

**Note 18 - Cash and cash equivalents**

Particulars	(Rupees in crores)	
	March 31, 2012	March 31, 2011
Balances with banks	3.07	1.71
Cash on hand	0.07	0.09
Bank deposits	245.14	175.14
<b>Total<sup>1</sup></b>	<b>248.28</b>	<b>176.94</b>

1. Of the above, the balance that meets the definition of Cash and cash equivalents as per Accounting Standard 3: Cash Flow statement	248.14	1.80
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**Note 19 - Short-term loans and advances**

Particulars	(Rupees in crores)	
	March 31, 2012	March 31, 2011
Balance with central excise authorities		
Unsecured, considered good	3.37	5.78
Unsecured, considered doubtful	0.69	0.69
Less: Provision for bad and doubtful debts	(0.69)	(0.69)
	<b>3.37</b>	<b>5.78</b>
Security deposits	7.06	-
Other advances (includes advance to suppliers and contractors, etc.)	168.10	114.70
Advances to employees	1.94	2.19
Taxation (net)	16.14	16.15
Prepaid expenses	21.63	3.41
Due from related parties	0.02	0.02
<b>Total</b>	<b>218.26</b>	<b>142.25</b>

**Note 20 - Other current assets**

Particulars	(Rupees in crores)	
	March 31, 2012	March 31, 2011
a. Interest receivable	0.35	2.95
b. Export incentive receivable	5.05	5.39
c. Claims and other receivables	36.92	41.92
d. Fair value of derivative assets	2.69	20.27
<b>Total</b>	<b>45.01</b>	<b>70.53</b>

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Particulars	(Rupees in crores)	
	Year ended March 31,	
	2012	2011
(a) Salaries and wages	215.16	223.66
(b) Contributions to provident and other funds	33.41	81.26
(c) Staff welfare expenses	42.64	44.87
(d) Expenses on long term incentive plan (refer note 41)	15.82	11.84
<b>Total</b>	<b>307.03</b>	<b>361.63</b>

1. Employee benefits expense includes Rs. NIL (2011 : Rs.39.08 cr) pertaining to incremental gratuity charge for past services. The same has been charged to statement of profit and loss account consequent to the Payment of Gratuity (Amendment) Act, 2010 (15 of 2010) notified by Ministry of Labour and Employment on 24th May 2010. In the said notification, the maximum amount of gratuity payable to an employee has been enhanced from Rs. 3.5 lakhs to Rs. 10 lakhs.

2. Employee benefits expense includes Rs. NIL (2011 : Rs. 42.10 cr ) on account of finalisation of long term wage agreement dated November 25, 2010 with effect from April 1, 2009.

Particulars	(Rupees in crores)	
	Year ended March 31,	
	2012	2011
Interest expense		
- on loans	8.63	8.42
- on others	13.44	12.37
Net loss on foreign currency transactions and translation (considered as finance cost)	10.44	3.01
Bank charges	0.79	0.68
<b>Total</b>	<b>33.30</b>	<b>24.48</b>

Particulars	(Rupees in crores)	
	Year ended March 31,	
	2012	2011
Consumption of stores and spare parts	124.51	110.48
Power and fuel	1,057.03	840.23
Machinery repairs	151.82	105.38
Building repairs	10.25	6.61
Other repairs	12.30	16.00
Excise duty <sup>1</sup>	0.32	(1.46)
Other manufacturing and operating expenses	32.85	26.65
Rent	0.74	0.41
Rates and taxes	4.81	4.44
Insurance	8.99	9.48
Conveyance and travelling expenses	9.73	12.20
Directors' sitting fees	0.03	0.03
Bad debts/advances/claims written off	3.14	5.36
Payments to statutory auditors <sup>2</sup>	1.02	0.90
Net loss on foreign currency transactions and translation (other than considered as finance cost (refer note 40))	27.92	-
Consultants and professional fees	23.52	15.37
Contribution to Cancer Research Hospital (VMRF) Project <sup>3</sup>	25.15	43.45
Advertisement and publicity	6.15	3.27
Carriage outward	22.69	20.85
Packing expenses	4.53	3.90
Other selling expenses	7.66	3.74
Cash discount	0.26	0.37
Power scheduling charges	68.99	11.31
Others	32.11	45.10
<b>Total</b>	<b>1,636.52</b>	<b>1,284.07</b>

1. Excise duty	Year ended March 31,	
	2012	2011
	Difference between closing and opening stock	(0.03)
Shortages, etc.	0.35	0.20
<b>Total</b>	<b>0.32</b>	<b>(1.46)</b>

2. Payments to statutory auditors	Year ended March 31,	
	2012	2011
	As Auditor - for statutory audit and limited reviews	0.47
For taxation matters	0.09	0.08
For other services	0.39	0.30
Reimbursement of expenses	0.07	0.10
<b>Total</b>	<b>1.02</b>	<b>0.90</b>
Service tax on above (incl cess thereon)	0.12*	0.01*
*Subject to cenvat credit		

3. The Company has made contribution towards Cancer Research Hospital project being set up by Vedanta Medical Research Foundation (VMRF) at Raipur (Chhattisgarh) as a part of its Corporate Social Responsibility initiative in healthcare.

Particulars	(Rupees in crores)	
	Year ended March 31,	
	2012	2011
Current tax		
For the year	66.80	103.94
For earlier years	(6.43)	11.08
<b>Net Current Tax</b>	<b>60.37</b>	<b>115.02</b>



Particulars	(Rupees in crores)	
	Year ended March 31,	
	2012	2011
Sale of products (gross)	4,052.85	3,930.70
Other operating revenue:		
(i) Scrap sales	20.99	14.53
(ii) Unclaimed liabilities written back	4.55	10.39
(iii) Miscellaneous income	5.90	5.28
Revenue from operations (gross)	4,084.29	3,960.90
Less : Excise duty on revenue from operations	(322.20)	(310.81)
Revenue from operations (net)	3,762.09	3,650.09

Description of products sold:

Particulars	Year ended March 31,	
	2012	2011
Aluminium Ingot, Billets, Slabs, Bus bar, Alloy Ingots	92.08	314.18
Wire rods	2,283.09	2,022.07
Rolled products	970.46	879.63
By product	8.80	9.22
Power wheeling	685.57	674.79
Others	12.85	30.81
Total	4,052.85	3,930.70

Turnover includes export incentives of Rs. 3.84 cr (2011: Rs. 2.21 cr)

Particulars	(Rupees in crores)	
	Year ended March 31,	
	2012	2011
Gain on mark to market of investments <sup>1</sup>	(0.05)	0.05
Interest income		
(i) Deposits with bank	3.47	16.50
(ii) Others	19.21	12.48
Dividend income from current investments	-	3.81
Profit on sale of current investments	3.56	14.82
Profit on sale of fixed assets (net)	13.48	27.30
Net gain on foreign currency transactions and translation (other than considered as finance cost (refer note 40))	-	32.27
Rent	3.99	3.81
Transfer from deferred government grant	0.01	0.01
Unclaimed liabilities written back	18.63	-
Total	62.30	111.05

1. Arising from the announcement of the Institute of Chartered Accountants of India (ICAI) on 29th March 2008, the Company has, since 2007-08, chosen to early adopt Accounting Standard (AS) 30, 'Financial Instruments: Recognition and Measurement'. Coterminal with this, in the spirit of complete adoption, as have been announced by the ICAI, the Company has also implemented the consequential limited revisions in view of AS-30 to certain Accounting Standards. Accordingly, current investments which under (AS) 13, 'Accounting for Investments' are carried at the lower of cost and fair value, have been accounted for at fair value resulting in investment being valued at Rs. NIL (2011: Rs. 0.05 cr) above their cost.

Consequent to the above, the profit before tax for the year is lower by Rs. 0.05 (2011: higher by Rs. 0.05 cr)

Particulars	(Rupees in crores)	
	Year ended March 31,	
	2012	2011
Alumina <sup>1</sup>	945.10	889.57
C.T. Pitch	66.97	55.83
C.P. Coke	243.18	219.59
Aluminium fluoride	46.27	31.31
Others	34.20	25.54
Less: Capitalised for projects	(51.77)	(67.43)
Total	1,283.95	1,154.41

1. Alumina cost includes processing charges for the year Rs. 560.90 cr (2011: Rs. 294.38 cr)

Particulars	(Rupees in crores)	
	Year ended March 31,	
	2012	2011
Opening Stock:		
Finished goods	3.44	14.49
Work-in-progress	100.18	101.46
By-products	1.91	3.44
	105.53	119.39
Closing Stock		
Finished goods	0.89	3.44
Work-in-progress	117.58	100.18
By-products	1.48	1.91
	119.95	105.53
Total	(14.42)	13.86

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Note 15 : Current Investments

Current Investments - at Fair value through Profit or loss	Face Value (in Rs)	Number of Units as on March 31, 2012	As at March 31, 2012		As at March 31, 2011	
			Rupees in crores	Number of Units as on March 31, 2011	Rupees in crores	
Non-trade (unquoted, fully paid up) : In Mutual Fund Units:						
HDFC Mutual Fund						
HDFC Cash Management Fund - Savings Plan - Growth	10	-	-	1,22,03,218	25.01	
Tata Mutual Fund						
Tata Liquid Fund-Super High Inv. Fund - Appreciation	1000	-	-	82,872	15.00	
Kotak Mahindra Mutual Fund						
Kotak Liquid (Institutional Premium) -Growth	10	-	-	2,61,58,764	52.03	
Birla Sunlife Mutual Fund						
Birla Sunlife Cash Plus - Institutional Premium- Growth	10	-	-	1,33,83,212	21.01	
Axis Mutual Fund						
Axis Liquid Fund- Institutional Growth	1000	-	-	92,050	10.00	
Total			-		123.05	
Quoted (Market value Rs. Nil (previous year Rs. Nil))			-		-	
Unquoted			-		123.05	

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36 Capitalised work-in-progress includes following expenditures (net) charged during the year :

<u>Expenses</u>	(Rupees in Crores)	
	2012	2011
Cost of materials consumed	51.77	67.43
Power and fuel	26.43	22.60
Consumption of stores and spare parts	0.18	-
Machinery repairs	4.93	0.02
Other manufacturing and operating expenses	2.54	2.21
Employee benefits expenses	28.99	21.72
Finance Cost	153.63	117.25
Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	168.65	-
Net gain / loss on foreign currency transactions and translation (other than considered as finance cost)	222.85	(37.58)
Other Expenses	9.06	7.24
<b>Total</b>	<b>669.03</b>	<b>200.89</b>
<u>Income</u>		
Preoperative income:		
-- Other Income	0.19	0.05
-- Interest -others	7.06	-
<b>Total</b>	<b>7.25</b>	<b>0.05</b>
<b>Expenditure (net)</b>	<b>661.79</b>	<b>200.84</b>

37 The major components of the deferred tax are :

	(Rupees in Crores)	
	2012	2011
<b>Deferred tax liability</b>		
Depreciation	192.75	206.77
Others	0.87	6.51
	<b>193.62</b>	<b>213.28</b>
<b>Deferred tax asset</b>		
On employee benefits	56.12	52.29
Others	5.58	4.54
	<b>61.70</b>	<b>56.83</b>
	<b>131.92</b>	<b>156.45</b>

38 Earnings per Share (EPS) :

<u>Particulars</u>	(Rupees in Crores)	
	2012	2011
Net profit after tax for the period	265.67	440.86
Weighted number of ordinary shares for basic EPS	22,06,24,500	22,06,24,500
Nominal value of ordinary share (in Rs. per share)	10	10
Basic and Diluted earnings for ordinary shares (in Rs. per share)	12.04	19.98

39 The Company, in terms of a memorandum of understanding signed with Chhattisgarh Government, commenced construction of its 1200 MW power plant, comprising of four sub-units of 300 MW each. The power plant is to be an integrated facility from which the Company intends that, as at present, power generated from two of the units will be sold under appropriate commercial arrangements until required for captive use at a later date, while power from the other two units will be used for captive consumption for production of aluminium.

40 The net difference in foreign exchange debited to the statement of profit and loss account is Rs. 38.36 cr (2011: credited Rs. 29.25 cr)  
Break up of foreign exchange difference (other than considered as finance cost) debited /(credited) to statement of profit and loss account during the financial year is as follows:

	(Rupees in Crores)	
	2012	2011
Raw Material	3.54	3.16
Borrowing other than interest cost	6.82	(7.14)
Others	17.56	(28.29)
<b>Other Expenses / (Other Income)</b>	<b>27.92</b>	<b>(32.27)</b>

41 Long Term Incentive Plan (LTIP):

The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta (The Vedanta Resources Long-Term Incentive Plan (the "LTIP"). The LTIP is the primary arrangement under which share-based incentives are provided to the defined management group. The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the balance of basic salary and share-based remuneration consistent with local market practice. The performance condition attaching to outstanding awards under the LTIP is that of Vedanta's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period with the performance of the companies as defined in the scheme from the date of grant.

Under this scheme, initial awards under the LTIP were granted in February 2004 with further awards were granted, indexed to and settled by Vedanta shares. The awards provide for a fixed exercise price denominated in Vedanta's functional currency at 10 US cents per share, the performance period of each award is three years and the same is exercisable within a period of six months from the date of vesting beyond with the option lapse. Under the scheme, Vedanta is obligated to issue the shares. Further, in accordance with the terms of agreement between Vedanta and SILL, the grant date fair value of the awards is recovered by Vedanta from SILL.

Amount recovered by Vedanta and recognised by the company in the statement of profit and loss account for the financial year ended March 31, 2012 and 2011 was Rs. 15.82 cr and Rs. 11.84 cr respectively. The Company considers these amounts as not material and accordingly has not provided further disclosures.

42 Employee benefit :

(Rupees in Crores)

(a) Defined Contribution Plans

The Company offers its employees benefits under defined contribution plans in the form of provident fund and family pension scheme. Provident fund and family pension scheme cover all employees on roll. Contributions are paid during the year into separate funds under certain statutory / fiduciary type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund, 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 prescribed in the respective scheme.  
A sum of Rs. 14.66 cr (2011: Rs. 17.30 cr) has been charged to the Statement of profit and loss account in this respect, the components of which are tabulated as below

Defined contribution plans  
Provident fund  
Family Pension Scheme

	2012	2011
Provident fund	12.32	14.69
Family Pension Scheme	2.34	2.61

The Company's provident fund is exempted under section 17 of Employees Provident Fund Act, 1952. Conditions for grant of exemption stipulates 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 a Guidance Note from The Institute of Actuaries – Valuation of Interest Guarantees on Exempt Provident Funds under AS 15 (Revised 2005) - for actuarially ascertaining such interest liability, there is no interest shortfall that is required to be met by the Company as of 31st March 2012. Having regard to the assets of the Fund and the return in the investments, the Company also does not expect any deficiency in the foreseeable future"

(b) Gratuity- long term defined benefit plan:

The company has constituted a trust recognized by Income Tax authorities for gratuity to employees. contributions to the trust are funded with Life Insurance Corporation of India. In accordance with AS 15 (revised 2005), the company has provided the liability on actuarial basis. The actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of profit and loss account. As per the actuarial certificate (on which the auditors have relied), the details of the employees' benefits plan – gratuity are:

	2012	2011	2010	2009	2008
<b>Movement in present value of defined benefit obligation</b>					
Obligation at the beginning of the year	94.02	53.65	56.48	52.64	54.66
Current service cost	3.69	2.14	2.29	2.19	2.26
Interest cost	7.14	3.10	3.81	3.96	4.27
Plan amendments cost	-	39.08	-	-	-
Actuarial loss/(gain)	7.69	20.81	2.54	1.53	(6.06)
Benefits paid	(9.57)	(24.76)	(11.47)	(3.84)	(2.49)
<b>Obligation at the end of the year</b>	<b>102.97</b>	<b>94.02</b>	<b>53.65</b>	<b>56.48</b>	<b>52.64</b>
	2012	2011	2010	2009	2008
<b>Movement in present value of plan assets</b>					
Fair value at the beginning of the year	7.63	-	-	2.73	4.23
Expected returns on plan assets	0.38	-	-	0.11	0.26
Employees' contribution	-	-	-	-	-
Contribution	-	17.34	11.47	1.11	0.53
Actuarial gains/(loss)	0.08	1.11	-	(0.11)	0.20
Benefits paid	(7.20)	(10.82)	(11.47)	(3.84)	(2.49)
<b>Fair value at the end of the period</b>	<b>0.89</b>	<b>7.63</b>	<b>-</b>	<b>-</b>	<b>2.73</b>
	2012	2011	2010	2009	2008
<b>Amount recognised in the balance sheet</b>					
Present value of obligations at the end of the year	102.97	94.02	53.65	56.48	52.64
Less: Fair value of plan assets at the end of the year	0.89	7.63	-	-	2.73
<b>Net liability recognised in the balance sheet</b>	<b>(102.08)</b>	<b>(86.39)</b>	<b>(53.65)</b>	<b>(56.48)</b>	<b>(49.91)</b>
(Includes current liability Rs. 7.64 cr (2011: Rs. Nil))					
	2012	2011	2010	2009	2008
<b>Amount recognised in the Statement of profit and loss account</b>					
Current service cost	3.69	2.14	2.29	2.19	2.26
Interest cost	7.14	3.10	3.81	3.96	4.27
Expected return on plan assets	(0.38)	-	-	(0.11)	(0.26)
Net actuarial (gains)/losses recognised in the period	7.61	19.70	2.54	1.64	(6.25)
Past service costs	-	39.08	-	-	-
<b>Total</b>	<b>18.06</b>	<b>64.02</b>	<b>8.64</b>	<b>7.68</b>	<b>0.01</b>



	2012	2011	2010	2009	2008
<b>Actuarial assumptions</b>					
Salary growth ..					
Executive	5.0%	5.0%	5.0%	5.0%	5.0%
Non Executive	3.0%	3.0%	3.0%	3.0%	3.0%
Discount rate	8.4%	8.0%	7.5%	7.5%	7.8%
Expected return on plan assets	9.4%	9.4%	NA	NA	8.0%
Mortality					
	LIC (1994-96) ultimate	LIC (1994-96) ultimate	LIC (1994-96) ultimate	(1994-96) ultimate	C (1994-96) ultimate
<b>Experience adjustments</b>					
Present value of the obligation	(102.97)	(94.02)	(53.65)	(56.48)	(52.64)
Fair value of plan assets	0.89	7.63	-	-	2.73
Surplus / deficit in the plan	(102.08)	(86.39)	(53.65)	(56.48)	(49.91)
Experience adjustment on plan liabilities	(9.73)	(23.35)	(2.54)	(0.67)	(6.65)
Experience adjustment on plan assets	0.08	1.11	-	(0.11)	0.20
Actuarial Gain/(Loss) due to change on assumptions	2.04	2.54	-	(0.86)	(0.58)
<b>Expected returns on plan assets</b>					
<b>Class of assets</b>					
Life Insurance Corporation					
Fair Value of Asset	0.89	7.63	-	-	2.73
Expected Return	9.4%	9.4%	-	-	8%
The plan assets of the Company are Insurer Managed Funds. The same is managed by the Life Insurance Corporation of India, the details of investment relating to these assets is not available with the Company. Hence the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.					
<b>(c) Post Employment Medical Benefits</b>					
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 including retirement on medical grounds and voluntary retirement on contributory basis subject to provisions as detailed hereunder.					
<b>Movement in present value of defined benefit obligation</b>					
Obligation at the beginning of the year	2012	2011	2010	2009	2008
Current service cost	10.84	6.38	4.29	3.46	2.76
Interest cost	0.02	0.02	0.02	0.02	0.12
Plan amendments cost	0.84	0.46	0.31	0.25	0.22
Actuarial loss/(gain)	-	0.62	-	-	-
Benefits paid	1.08	3.90	2.12	0.95	0.36
Obligation at the end of the year	(0.65)	(0.54)	(0.36)	(0.39)	-
	12.13	10.84	6.38	4.29	3.46
<b>Movement in present value of plan assets</b>					
Fair value at the beginning of the year	-	-	-	-	-
Expected returns on plan assets	-	-	-	-	-
Employees' contribution	-	-	-	-	-
Contribution	-	-	0.36	0.39	-
Actuarial gains/(loss)	-	-	-	-	-
Benefits paid	-	-	(0.36)	(0.39)	-
Fair value at the end of the period	-	-	-	-	-

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**Amount recognised in the balance sheet**

Present value of obligations at the end of the year  
Less: Fair value of plan assets at the end of the year  
Funded/(Unfunded) status  
Net liability recognised in the balance sheet  
(Includes current liability Rs. 0.94 cr (2011: Rs. 0.81 cr)

	2012	2011	2010	2009	2008
Amount recognised in the Statement of profit and loss account					
Current service cost	0.02	0.02	0.02	0.02	0.12
Interest cost	0.84	0.46	0.31	0.25	0.22
Expected return on plan assets	-	-	-	-	-
Net actuarial (gains)/losses recognised in the period	1.08	3.90	2.12	0.95	0.36
Past service costs	-	0.62	-	-	-
Total	1.94	5.00	2.45	1.22	0.70

**Actuarial assumptions**

Salary growth :-  
Executive  
Non Executive  
Discount rate  
Expected return on plan assets  
Medical Inflation  
In Service Mortality

Post Retirement Mortality

**Experience adjustments**

Present value of the obligation  
Fair value of plan assets  
Surplus / deficit in the plan  
Experience adjustment on plan liabilities  
Experience adjustment on plan assets  
Actuarial Gain/(Loss) due to change on assumptions

**Summary of Sensitivity Results**

Medical Inflation  
Liability as at 31st March 2012  
Service Cost + Interest Cost

(d) **Compensated Absences**  
The company has provided for the liability on the basis of actuarial valuation.

	2012	2011	2010	2009	2008
Present value of obligations at the end of the year	12.13	10.84	6.38	4.29	3.46
Less: Fair value of plan assets at the end of the year	-	-	-	-	-
Funded/(Unfunded) status	(12.13)	(10.84)	(6.38)	(4.29)	(3.46)
Net liability recognised in the balance sheet	(12.13)	(10.84)	(6.38)	(4.29)	(3.46)
(Includes current liability Rs. 0.94 cr (2011: Rs. 0.81 cr)					
Amount recognised in the Statement of profit and loss account					
Current service cost	0.02	0.02	0.02	0.02	0.12
Interest cost	0.84	0.46	0.31	0.25	0.22
Expected return on plan assets	-	-	-	-	-
Net actuarial (gains)/losses recognised in the period	1.08	3.90	2.12	0.95	0.36
Past service costs	-	0.62	-	-	-
Total	1.94	5.00	2.45	1.22	0.70
Actuarial assumptions					
Salary growth :-					
Executive	5.0%	5.0%	5.0%	5.0%	5.0%
Non Executive	3.0%	3.0%	3.0%	3.0%	3.0%
Discount rate	8.4%	8.0%	7.5%	7.5%	7.8%
Expected return on plan assets	NA	NA	NA	NA	NA
Medical Inflation	5%	5%	5%	5%	5%
In Service Mortality	LIC (1994-96) ultimate	LIC (1994-96) ultimate	LIC (1994-96) ultimate	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Post Retirement Mortality	LIC a (96-98) ultimate	LIC a (96-98) ultimate	LIC a (96-98) ultimate	LIC a (96-98) ultimate	LIC (1994-96) ultimate
Experience adjustments					
Present value of the obligation	(12.13)	(10.84)	(6.38)	(4.29)	(3.46)
Fair value of plan assets	-	-	-	-	-
Surplus / deficit in the plan	(12.13)	(10.84)	(6.38)	(4.29)	(3.46)
Experience adjustment on plan liabilities	(1.55)	(4.44)	(2.12)	(0.82)	(0.28)
Experience adjustment on plan assets	-	-	-	-	-
Actuarial Gain/(Loss) due to change on assumptions	0.47	0.54	-	(0.14)	(0.08)
Summary of Sensitivity Results					
Medical Inflation	4%	6%			
Liability as at 31st March 2012	11.63	12.73			
Service Cost + Interest Cost	0.83	0.91			

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	2012	2011
29 Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances).	1,089.23	2,306.63

**30 Contingent Liabilities :**

a) Claims against the company not acknowledged as debts are as follows :		
i) Relating to Energy Development Cess claimed by the Government of Chhattisgarh - matter pending final hearing by the Supreme Court for Special Leave Petition filed by the Government of Chhattisgarh. (No cash out flow is expected in the near future)	350.46	306.52
ii) Towards royalty on 'vanadium sludge' claimed by the Collector Korba. The order of the collector has been stayed by the Hon'ble High Court of Chhattisgarh. (No cash out flow is expected in the near future)	8.63	8.63
iii) Relating to Suppliers and Contractors - Matter pending in Court / arbitration. (No cash out flow is expected in the near future)	57.05	39.69
iv) Relating to customers under contractual arrangements (No cash out flow is expected in the near future)	17.43	-
v) Relating to Renewable energy purchase obligation - The Company has obtained stay order from the Hon'ble High Court of Chhattisgarh. (No cash out flow is expected in the near future)	43.90	-
vi) Electricity surcharge (No cash out flow is expected in the near future)	2.00	2.00
vii) Claims of Government of Chhattisgarh (erstwhile part of Madhya Pradesh) (No cash out flow is expected in the near future) towards		
> Red mud pond 6 and 7 - Lease premium amortisation	1.25	1.25
- Lease rent	2.26	2.26
> 38.66 acres of land - Lease rent, premium and interest	0.38	0.38
> Bauxite mines area development	1.72	1.72
b) Relating to various Income Tax matters. (No cash out flow is expected in the near future)	0.35	-
c) Relating to various Indirect Tax matters decided in favour of the company against which the department is in appeal or the Company is in appeal against various notices received from department (Mainly on account of various show cause notices received from Commissioner of Central Excise for availment of Convat credit on various inputs/capital goods used for production of finished goods and entry tax demand for various raw materials procured. No cash out flow is expected in the near future)	175.94	83.12
d) Relating to Municipal tax - The order of the Collector has been stayed by the Hon'ble High Court of Chhattisgarh (No cash out flow is expected in the near future)	10.12	1.47
e) Custom duty against fulfillment of export obligation (Also refer note 31)	777.41	639.83

31 The Company has export obligations of Rs. 6,219.25 cr (2011: Rs. 5,118.66 cr) against import under Export Promotion Capital Goods Scheme and Advance Licenses.

32 During the financial year 2009-10, the Company has received a demand from Chief Electrical Inspector, Government of Chhattisgarh to pay Rs. 240.43 cr on account of electricity duty on generation of power of its 540 MW power plant due to non submission of Eligibility certificate. The company has already applied for the eligibility certificate. On the basis of legal opinion obtained, the Company is of the view that it is legally entitled to receive the exemption from payment of electricity duty under the Industrial Policy 2001-06 and the demand raised by Chief Electrical Inspector is misconceived in law. The amount for the period subsequent to 31 March 2009 till 31 March 2012 amounts to Rs. 176.61 crores. Therefore, based on the grounds stated above, the Company has neither recognised a provision nor disclosed as a contingent liability.

33 The non fund based facility utilized from banks Rs. 1,981.72 cr (2011: Rs. 1,926.33 cr) is secured by charge on current assets and fixed assets and lien on fixed deposit amounting Rs. 0.14 cr (2011: Rs. 0.14 cr).

34 The research and development expenses charged to statement of profit and loss account aggregates to Rs. 2.82 cr (2011: Rs. 4.01 cr).

35 The Company announced voluntary retirement to its employees under the revised Voluntary Retirement Scheme, 2000 on July 16, 2011. The scheme was opened on July 16, 2011 and closed on Aug 31, 2011. Under the scheme, 40 employees (2011: 253 employees) opted for Voluntary retirement. The total amount paid under the scheme is Rs. 6.19 cr (2011 : Rs. 35.66 cr) The total expenditure of Rs. 6.19 cr (2011: Rs. 35.66 cr) incurred in this respect has been disclosed as an exceptional item as the same is not recurring in nature.



43 Segment Reporting :

a) Informations based on the primary business segment

(Rupees in Crores)

Particulars	2011-12				2010-11			
	Aluminium	Power	Eliminations	Total	Aluminium	Power	Eliminations	Total
<b>Revenue</b>								
External sales	3,111.84	618.81		3,730.65	3,024.47	595.42		3,619.89
Inter segment sales		62.24	(62.24)			48.59	(48.59)	
<b>Enterprise revenue</b>	<b>3,111.84</b>	<b>681.05</b>	<b>(62.24)</b>	<b>3,730.65</b>	<b>3,024.47</b>	<b>644.01</b>	<b>(48.59)</b>	<b>3,619.89</b>
<b>Results</b>								
Segment result	136.78	161.02		297.80	342.18	237.15		579.33
Less : Unallocated corporate expenses				1.62				1.48
<b>Operating profit / (loss)</b>	<b>136.78</b>	<b>161.02</b>		<b>296.18</b>	<b>342.18</b>	<b>237.15</b>		<b>577.85</b>
Less : Exceptional item	6.19			6.19	35.66			35.66
Less : Interest expenses				33.30				24.48
Add : Interest and income from investments				44.83				47.66
Less : Income tax				35.85				124.51
<b>Net profit / (loss)</b>	<b>130.59</b>	<b>161.02</b>		<b>265.67</b>	<b>306.52</b>	<b>237.15</b>		<b>440.86</b>
<b>Segment assets</b>	<b>9,157.37</b>	<b>459.17</b>		<b>9,616.54</b>	<b>7,219.22</b>	<b>353.01</b>		<b>7,572.23</b>
Unallocated corporate assets				264.77				319.09
<b>Total assets</b>	<b>9,157.37</b>	<b>459.17</b>		<b>9,881.31</b>	<b>7,219.22</b>	<b>353.01</b>		<b>7,691.32</b>
<b>Segment liabilities</b>	<b>1,323.61</b>	<b>298.13</b>		<b>1,621.74</b>	<b>1,102.87</b>	<b>116.11</b>		<b>1,218.98</b>
Unallocated corporate liabilities				3,988.52				2,666.94
<b>Total liabilities</b>	<b>1,323.61</b>	<b>298.13</b>		<b>5,610.26</b>	<b>1,102.87</b>	<b>116.11</b>		<b>3,885.92</b>
<b>Capital expenditures</b>	<b>2,148.18</b>	<b>4.06</b>		<b>2,152.24</b>	<b>1,910.34</b>	<b>19.67</b>		<b>1,930.01</b>
Depreciation	261.54	8.76		270.30	307.13	14.53		321.66
Significant non-cash expenses other than depreciation								

b) Information based on secondary segment (geographical segment)

(Rupees In Crores)

	2011-12	2010-11
<b>Revenue by geographical segment based on location of customers</b>		
India	3,661.84	3,556.64
Outside India	68.81	63.25
<b>Total</b>	<b>3,730.65</b>	<b>3,619.89</b>
<b>Carrying amount of segment assets based on location of assets</b>		
India	9,877.27	7,877.22
Outside India	4.04	14.10
<b>Total</b>	<b>9881.31</b>	<b>7891.32</b>
<b>Capital expenditure</b>		
India	2,152.24	1,930.01
Outside India		

Reconciliation between segment revenue and enterprise revenue

(Rupees in Crores)

Particulars	2011-12	2010-11
<b>Segment Revenue</b>		
Aluminium	3,111.84	3,024.47
Power	681.05	644.01
Elimination	(62.24)	(48.59)
<b>Total Segment Revenue</b>	<b>3,730.65</b>	<b>3,619.89</b>
<b>Enterprise revenue</b>		
Sale of products/Other operating revenue	4,052.85	3,930.70
Less Excise Duty	(322.20)	(310.81)
<b>Total Enterprise Revenue</b>	<b>3,730.65</b>	<b>3,619.89</b>

The Company has disclosed business segment as the primary segment. The Company is collectively organised into following business segments namely:

□(a) Aluminium

□(b) Power

□Segments have been identified and reported taking into account the nature of the product and services, the organisational structure and internal financial reporting system.

Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amount allocated on a reasonable basis. Unallocated expenditure consists of common expenditure incurred for all the segments and expenses incurred at corporate level. The assets and liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and liabilities respectively.

B. Transactions with related parties:

(a) Holding Company, Fellow Subsidiary, Associate and Joint Venture

Nature of transactions	SILL		Fellow subsidiaries						Others				Total Amount					
	2012	2011	HZL	SEL	Sesa Goa	MALCO	VAL	TSPL	HZL	SEL	Sesa Goa	MALCO	VAL	TSPL	2012 VMRF	2011 VMRF	2012	2011
- Purchase of goods [Includes conversion charges of Rs. 550.90 Cr (Previous year 294.38 Cr)]	-	-	-	-	-	-	931.36	-	-	-	-	-	439.61	-	-	-	931.36	439.61
- Purchase of capital goods	-	-	-	-	-	-	3.88	-	-	-	-	-	3.37	-	-	-	3.88	3.37
- Personnel services and apportionment of common group expenses	73.04	65.96	0.06	-	@	0.01	4.31	0.04	-	0.01	0.01	8.41	0.02	-	-	-	77.46	75.34
- Donation given and CSR contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10	25.15	0.10	25.25	43.55
- Recovery of Personnel services	0.41	0.07	0.01	0.01	-	-	5.22	@	0.04	0.07	0.01	18.50	0.02	-	-	-	5.65	18.71
- Sale of goods	-	-	2.98	-	-	-	14.64	-	6.95	-	-	43.66	-	-	-	-	17.62	60.61
- Material given on loan basis	-	-	-	-	-	-	-	-	-	-	-	20.96	-	-	-	-	-	20.96
- Material received back, given on loan basis	-	-	-	-	-	-	-	-	-	-	-	20.96	-	-	-	-	-	20.96
- Material repaid back, taken on loan basis	-	-	-	-	-	-	-	-	-	-	-	27.23	-	-	-	-	-	27.23
- Lease rent received	-	-	-	-	-	-	2.26	-	-	-	-	2.16	-	-	-	-	2.26	2.16
- Dividend paid	2.81	2.81	-	-	-	-	-	-	-	-	-	-	@	-	-	-	2.81	2.81
- Advances given to	-	-	0.02	-	-	-	-	0.01	0.01	-	-	-	-	-	-	-	0.02	0.02
- Debtors balance as at March 31	-	-	-	-	-	-	-	-	0.17	-	-	-	-	-	-	-	-	0.17
- Creditors balance as at March 31	25.27	4.57	-	-	-	-	125.39	@	@	@	-	108.35	-	-	-	-	150.66	112.92

No transaction with these related parties during the year.

\*\* on deputation from holding company.

\*\*\* contribution made by BALCO as part of its Corporate Social Responsibility initiative in healthcare.

\*\*\*\* ceases to be related party w.e.f February 16, 2012.

@ amount, less than rupees one lac

(b) Key Management Personnel  
Managerial Remuneration  
(Including Perquisites)

	2012	2011
(Rupees in Crores)		
2012	2.51	2.18



**45 Derivative transactions :**

The Company uses foreign currency forward contracts to hedge its exposure in foreign currency. The Company does not use the forward contracts for trading or speculative purposes. The information on derivative transactions is as follows:

a) Forward exchange contracts

Currency	2012				2011			
	(Rupees in Crores)	Foreign Currency in Million	Buy / Sell	Cross Currency	(Rupees in Crores)	Foreign Currency in Million	Buy / Sell	Cross Currency
EURO	200.61	29.39	Buy	USD	273.45	46.39	Buy	USD
EURO	0.54	0.08	Buy	INR	0.93	0.15	Buy	INR
GBP	2.56	0.31	Buy	USD	14.00	1.99	Buy	USD
GBP	0.00	0.00	Buy	INR	0.94	0.13	Buy	INR
AUD	1.40	0.26	Buy	USD	13.57	3.08	Buy	USD
AUD	0.35	0.07	Buy	INR	0.61	0.13	Buy	INR
USD	324.92	63.32	Buy	INR	28.80	6.45	Buy	INR
USD	0.00	0.00	Sell	INR	1.09	0.24	Sell	INR

b) Unhedged foreign currency exposures

i. Amount receivable in foreign currency on account of the following

Receivable towards	2012		2011	
	(Rupees in Crores)	Foreign currency in USD Million	(Rupees in Crores)	Foreign currency in USD Million
Export of goods	4.04	0.79	13.01	2.91

ii. Amount payable in foreign currency on account of the following

Payable towards	2012		2011	
	(Rupees in Crores)	Foreign currency in USD Million	(Rupees in Crores)	Foreign currency in USD Million
Import of goods and services	667.74	130.53	471.94	105.70
Interest	20.18	3.95	12.37	2.77
Loans	2779.79	543.39	1,924.83	431.09

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**46 Value of raw materials consumed :** (Rupees in Crores)

Particulars	2012		2011	
	%	Value	%	Value
Indigenous	77.15	990.52	67.96	784.57
Imported	22.85	293.43	32.04	369.84
	<b>100.00</b>	<b>1,283.95</b>	<b>100.00</b>	<b>1154.41</b>

**47 Value of components, stores and spare parts consumed :** (Rupees in Crores)

Particulars	2012		2011	
	%	Value	%	Value
Indigenous	72.56	129.90	80.77	109.02
Imported	27.44	49.12	19.23	25.95
	<b>100.00</b>	<b>179.02</b>	<b>100.00</b>	<b>134.97</b>

Components, stores and spare parts consumed debited under various heads in the statement of profit and loss account – Rs. 179.02 cr (2011: Rs. 134.97 cr).

**48 CIF value of imports :** (Rupees in Crores)

Particulars	2012	2011
Raw materials	197.90	329.15
Components, stores and spare parts	45.41	31.41
Capital goods	912.33	1,368.69
	<b>1,155.64</b>	<b>1,729.25</b>

**49 Expenditure in foreign currency :** (Rupees in Crores)

Particulars	2012	2011
Professional and consultation fees	22.41	10.63
Interest	72.20	48.21
Travelling expenses	0.27	0.64
	<b>94.88</b>	<b>59.48</b>

**50 Earning in foreign exchange :** (Rupees in Crores)

Particulars	2012	2011
FOB value of exports	68.28	62.58
	<b>68.28</b>	<b>62.58</b>

51 There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2012. This information as required to be disclosed under Micro Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company .

52 The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.