



**उत्कर्ष UTKARSHA**

**उत्कर्ष एल्युमिनियम धातु निगम लिमिटेड**

(नालको और मीडानी का संयुक्त उद्यम)

**UTKARSHA ALUMINIUM DHATU NIGAM LIMITED**

(A joint venture of NALCO & MIDHANI)

**2<sup>nd</sup> ANNUAL REPORT 2020-21**

**Registered Office:**

C/o. Mishra Dhatu Nigam Limited, P.O.- Kanchanbagh, Hyderabad,

Telangana - 500058

CIN: U14299TG2019PLC134932

**BOARD OF DIRECTORS:**

- Shri Sridhar Patra, Part-time Non-executive Chairman
- Dr. S. K. Jha, Director & Chief Executive Officer
- Shri S. K. Patel, Director
- Shri Debasish Dutta, Director (w.e.f. 28.08.2020)

**CHIEF FINANCIAL OFFICER:**

Shri Madhusudan Ray (w.e.f. 12.08.2020)

**OFFICIATING COMPANY SECRETARY:**

Shri Gautam Kr. Singh

**STATUTORY AUDITORS:**

M/s. Hari Agarwal & Associates,  
Chartered Accountants

**Head Office:**

#5-9-58/304, Gupta Estates,  
Basheerbagh, Hyderabad – 500004

E-mail: bboffice@haacas.com

Email: hariagarwal1987@yahoo.in

Website: www.haacas.com

**BANKERS:**

**State Bank of India**

Branch Name:  
Chandrayanagutta  
PO Kancharbagh,  
Hyderabad-500058.

**HDFC Bank**

Branch Name: Santosh  
Nagar Colony  
Hyderabad -500079.

**ICICI Bank**

Branch Name: Hyderabad,  
Khairatabad,  
Hyderabad -500004.

**REGISTRAR & SHARE TRANSFER AGENT:**

M/s. KFin Technologies Private Limited  
Selenium (Tower B), Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500032 - Telangana

Phone: 040-6716-1507

E-mail: mulkala.raju@kfintech.com

**REGISTERED OFFICE:**

C/o. Mishra Dhatu Nigam Limited,  
P.O. - Kancharbagh, Hyderabad,  
Telangana – 500058

CIN: U14299TG2019PLC134932

E-mail: cfo@uadnl.com

Website: www.uadnl.com

**PROJECT SITE:**

Industrial Park, Bodduripalem,  
Kodavallu Mandal, SPSR Nellore District,  
Andhra Pradesh - 524316

# *Vision*

To strengthen the self-reliance in innovation, development & supply of Aluminium alloys and contribute to achieve lighter, faster, greener & sustainable economic growth.

## **Profile of Board of Directors:**

### **❖ Shri Sridhar Patra, Part-time Non-executive Chairman:**

Shri Sridhar Patra has been appointed as Part-time Non-executive Chairman of the Company w.e.f. 10.02.2020.

Born on 12.10.1964, Shri Patra is a member of Institute of Chartered Accountants of India and rank holder graduate in Commerce from Utkal University. Shri Sridhar Patra has been appointed as Chairman-cum-Managing Director of National Aluminium Company Limited (NALCO) w.e.f. 17<sup>th</sup> December, 2019. Before his elevation to the position of CMD, Shri Patra was serving as the Director (Finance) of the Company. Prior to joining NALCO, Shri Patra was the Director (Finance) of THDC India Ltd.

Shri Patra has an illustrious career and wide-ranging exposure spanning nearly three decades in various Public Sector Undertakings, including Odisha Mining Corporation Ltd. (OMC), Indian Rare Earths Ltd. (IREL), Mangalore Refinery & Petrochemicals Ltd (MRPL) and THDC India Ltd with exposure in Corporate Accounts, Budgetary Control, Direct & Indirect Tax Management, Strategic Financial & Business Planning, Financial evaluation of Contracts, Cost Excellence and Treasury function.

Shri Patra has contributed significantly as an academician to professional accounting institutions apart from his employment in PSUs.

### **❖ Dr. Sanjay Kumar Jha, CEO & Director:**

Dr. Sanjay Kumar Jha has been appointed as Director of the Company w.e.f. 21.08.2019 and thereafter as Chief Executive Officer of the Company w.e.f. 01.05.2020.

Dr. S. K. Jha after completing B.Sc. (Engg.) in Metallurgy joined the 32<sup>nd</sup> batch of BARC training school following which due to his interest in the production area he opted to join Nuclear Fuel Complex (NFC), Hyderabad and was posted in extrusion and piercing plant (EPP). Dr. S. K. Jha holds a Doctor of Philosophy (Ph.D.) in Engineering from Homi Bhabha National Institute. He is also a Metallurgical Engineering graduate from NIT Jamshedpur in the year 1988.

He has worked for more than 27 years in Department of Atomic Energy (DAE). In Atomic Energy he has made number of technological innovations in processing of nuclear materials of different grades such as “difficult to hot work” Alloy. He has carried out Simulation and modeling of two dissimilar metals used for development of fusion technology. He has also developed Titanium half alloy and full alloy tube in different sizes for Light Combat Aircraft and PSLV applications. He has developed a process to develop unique properties in pressure tube; a life time component for nuclear power reactors.

Dr. Jha joined Mishra Dhatu Nigam Limited (MIDHANI) in the year 2016 and held charge as Director (Production & Marketing) from 5<sup>th</sup> July, 2016 to 30<sup>th</sup> April, 2020. Currently, he is holding the position of Chairman-cum-Managing Director of MIDHANI w.e.f. 01.05.2020.

Dr. Jha has received many awards and recognition for all his efforts at NFC. The most notable amongst them being, award for Excellence in Science technology for the year

2006 from Department of Atomic Energy (DAE) and best corporate governance award 2019. He has also received Group award from DAE five times.

❖ **Shri Sanjay Krishna Patel, Director:**

Shri Sanjay Krishna Patel has been appointed as Director of the Company w.e.f. 21.08.2019.

Shri Sanjay Krishna Patel is associated with National Aluminium Company Limited (NALCO) as Executive Director (P&T)-I w.e.f. 22.10.2019. A graduate in Electrical Engineering from National Institute of Technology, Rourkela, Odisha in 1984, he began his carrier in NALCO as a Graduate Engineer Trainee in 1984. He was posted in the NALCO's Smelter Plant, Angul in 1985, where he held various positions in O&M, Carbon Plant and Power Receiving & Distribution. Thereafter, in February, 2012, Shri Patel moved to the Corporate Office of NALCO at Bhubaneswar as General Manager (Corporate Planning & Business Development). Further, he held the position of General Manager (Technical) and Executive Director – In-Charge w.e.f. July, 2017 before his elevation as Executive Director (P&T)-I in October, 2019.

Shri Patel brings to this post his vast experience in the company's plant & operation as well as managing project from conceptualization to commissioning.

❖ **Shri Debasish Dutta, Director:**

Shri Debasish Dutta has been appointed as Director of the Company w.e.f. 28.08.2020.

Shri Debasish Dutta is associated with MIDHANI since 2013 and is currently designated as General Manager (Projects). Before joining MIDHANI, he worked with Shapoorji Pallonji & Co. Limited as an Additional General Manager (Interfacing) for NMDC Slab Caster-Hot Rolling Mill project. He started his career in Aluminium Strip Caster & Rolling Mill project and later joined MECON in the area of Rolling Mills Consultancy & Projects. In MIDHANI, he has successfully completed projects related to the modernization of plant facilities like 6000T Forge Press, 20T EAF-LRF-VD/VOD and other Re-heating, Heat Treatment and Refining Furnaces. Presently Shri Dutta is looking after Rs.470 crore Wide Plate Mill projects along with other expansion / up-gradation projects.

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UTKARSHA ALUMINIUM DHATU NIGAM LIMITED  
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CIN: U14299TG2019PLC134932

Registered Office: C/o. Mishra Dhatu Nigam Limited, P.O.- Kanchanbagh,  
Hyderabad, Telangana - 500058, Website: www.uadnl.com

### **NOTICE FOR 2<sup>nd</sup> ANNUAL GENERAL MEETING**

**NOTICE is hereby** given that, the 2<sup>nd</sup> (Second) Annual General Meeting (AGM) of the Shareholders of Utkarsha Aluminium Dhatu Nigam Limited will be held on **Wednesday, the 22<sup>nd</sup> September, 2021 at 11:45 AM** at a shorter notice through Video Conferencing ("VC")/ Other Audio Visual means ["OAVM"] from **NALCO Board Room, P/1, Nayapalli, Bhubaneswar-751013 (Odisha)** to transact the following Ordinary Business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended on 31<sup>st</sup> March, 2021 including Balance Sheet as at 31<sup>st</sup> March, 2021, Statement of Profit & Loss Account, Statement of Change in Equity and Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2021 and, the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. S. K. Jha (DIN: 07533036), who retires by rotation at this meeting and being eligible, offers himself for re-appointment.

By Order of the Board  
For **Utkarsha Aluminium Dhatu Nigam Limited**

Sd/-  
**(S. K. Patel)**  
Director  
DIN: 08542391

Place: Bhubaneswar

Date: 22.09.2021

#### **NOTES:**

1. Like last year, the Ministry of Corporate Affairs, Government of India ("MCA") has allowed companies to conduct Annual General Meetings ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") during the calendar year 2021, without the physical presence of members. This also addresses the health and safety of the members.
2. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

3. Since this AGM will be held through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), (a) Members will not be able to appoint proxies for the meeting and (b) Attendance Slip & Route Map are not being annexed to this Notice.
4. In accordance with the provisions of the Companies Act, 2013 and Secretarial Standard-2 on General Meetings, the consents of all shareholders have been received to hold this 2<sup>nd</sup> AGM of the Company at shorter notice and at a place in India other than the Registered Office of the Company.
5. Pursuant to Section 143(5) of the Act, the Auditors of a Government Company shall be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of Sub-section (1) of Section 142 of the Act, their remuneration has to be fixed by the Company in their meeting or in such manner as the Company in General Meeting may determine. The Members of your Company in their 1<sup>st</sup> meeting held on 19<sup>th</sup> October, 2020 had authorised the Board of Directors to fix remuneration of Statutory Auditors.

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## **DIRECTOR'S REPORT**

To  
The Members

### **UTKARSHA ALUMINIUM DHATU NIGAM LIMITED**

Your Directors have great pleasure in presenting before you the 2<sup>nd</sup> Annual Report of your Company together with the Audited Financial Statements for the year ended on 31<sup>st</sup> March, 2021 and the report of the Auditors' thereon.

#### **1.0 PERFORMANCE AND FINANCIAL RESULTS:**

The financial statements have been prepared in accordance with "Ind AS", as notified under the Companies (Indian Accounting Standard) Rules, 2015.

Since the project is in the stage of implementation, there was no business operation during the year. The details of other income and expenditure during the year considered in Profit & Loss Account are furnished below:

(Rs. in lakhs except EPS)

<b>Particulars</b>	<b>For the year 2020-21</b>	<b>For the year 2019-20</b>
Revenue from Operations	-	-
Other Income	74.68	-
<b>Total Income</b>	<b>74.68</b>	-
Less: Employee benefits	9.02	-
Less: Other expenses	21.30	360.37
<b>Profit / (Loss) before Depreciation, Exceptional items and Tax Expense</b>	<b>44.36</b>	<b>(360.37)</b>
Less: Depreciation and amortization expenses	6.67	3.24
<b>Profit / (Loss) before Exceptional items and Tax Expense</b>	<b>37.69</b>	<b>(363.61)</b>
Add / (Less): Exceptional Items	-	-
Profit / (Loss) Before Tax Expense	37.69	(363.61)
Less: Tax Expense (Deferred Tax)	11.44	(38.11)
<b>Profit / (Loss) for the year</b>	<b>26.25</b>	<b>(325.50)</b>
Other Comprehensive Income / (Loss)	-	-
<b>Total income for the period</b>	<b>26.25</b>	<b>(325.50)</b>
Earnings Per Share (EPS)	0.07	(0.81)

#### **2.0 DIVIDEND & GENERAL RESERVE:**

The Board of Directors does not recommend any dividend for the FY 2020-21 and no amount has been transferred to General Reserve for the FY 2020-21.

### 3.0 DETAILED PROJECT REPORT (DPR):

- The salient indices of the project are as follows:
  - Capacity: 60,000 TPA
  - Project Completion: 36 Months
  - Manpower: Direct 380 people; Contract: 57 people
  - Land: 110 acres (land acquired at Nellore, AP)
  - Project Cost (Gross): Rs.4,542 Crore (approx.)
  - Debt : Equity ratio – 70:30, JV partner Equity – 50: 50
  - Estimated revenues (3<sup>rd</sup> yr. onwards): Rs.2,000 crore
- Market demand forecast for total Aluminium FRPs is about 1.34 million TPA, inclusive of the demand forecast for high end Aluminium Alloy FRP of about 252K TPA by 2026-27. The details of Aluminium Flat Rolled Product (FRP) demand-supply gap is as under:

Year	2016-17	2021-22	2026-27
Domestic demand ['000 TPA]	656.86	940.55	1339.50
Domestic Supply ['000 TPA]	484.08	696.81	998.86
Deficit ['000 TPA]	172.77	243.74	340.64

- Proposed JV Company targets only 60,000 TPA that constitutes around 5% of the demand for Aluminium FRP in various sectors like Automotive, Railways, Defence & Aerospace machinery & equipment & other industrial sectors. This facility can also substitute imports. The sector wise market opportunity for Aluminium Alloy FRP is as under:

Sector	2016-17 (Estimate tons per annum)	2021-22 (Forecast tons per annum)	2026-27 (Forecast tons per annum)	JV Co. Estimates by 2026-27 (tons per annum)	JV Co. Market Share
Transportation	60.4	110.5	165.4	43	26%
Industrial	10.9	16.3	24.0	7	30%
Defence	2.5	3.6	5.4	3	50%
Others	4.0	6.0	9.0	2	20%
Exports	7.0	21.0	46.0	5	10%
Total demand for high end Al Alloy FRP (including exports)	85	158	250	60	24%

- 110 acres of land has been allotted to your Company at Industrial Park (IP), Bodduripalem in at Nellore District, Andhra Pradesh (which was earlier allotted to

MIDHANI) by Andhra Pradesh Industrial Infrastructure Corporation (APIIC). The activities like land survey, soil testing, construction of boundary wall have been completed and security is deployed at the plant site.

- With a sales price consideration based on 20% markup on the cost of production, the proposed project with targeted capacity of 60K TPAs is commercially viable with IRR: 16.08% (post-tax), PB: 7.4 yrs. and NPV: Rs. 368.37 crore. Interest is considered on the long term loan at 11.45%.
- Further, JV project is reviewed and evaluated considering the resource requirement for future expansion to 120K TPA from 60K TPA. It is found that additional CAPEX of about Rs.1,625 crore will be required to double the production capacity from 60K TPA and financials are likely to improve to IRR: 19.79% (post- tax), PB: 5.7 years & NPV: Rs.1,557.30 crore.
- The following technological facilities are envisaged:
  - Raw material storage and handling
  - Melting and alloy making facility
  - Vertical direct chill casting
  - Homogenising, slab scalping and sawing
  - Hot and cold rolling facilities
  - Thermal treatment facilities
  - Other auxiliary facilities

#### 4.0 FINANCING OF THE PROJECT:

Sourcing of equity fund and debt is proposed as below:

Sl. No	Source	Rs. in crore	Percentage
1	Debt	3,179	70
2	Equity	1,363	30
<b>Total</b>		<b>4,542</b>	<b>100</b>

#### 5.0 SHARE CAPITAL:

##### 5.1 Authorised Share Capital:

During the year under review, there has been no change in the authorized share capital of the Company.

##### 5.2 Paid-up share capital:

During the year 2019-20, your Company was incorporated with an initial paid-up share capital of Rs.20 crore (2,00,00,000 equity shares of Rs.10/- each), with contribution of Rs.10 crore each promoters i.e. by NALCO and MIDHANI and further, Rs.10 crore each was contributed by both the promoters towards Rights Issue made by your Company.

As on 31<sup>st</sup> March, 2021, the total paid-up equity share capital of the Company is Rs.40 crore (4,00,00,000 equity shares of Rs.10/- each).

## **6.0 DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:**

Except as disclosed elsewhere in this report, no material changes and commitments which could affect your Company's financial position have occurred between the end of the financial year of the Company and date of this report.

## **7.0 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS / OUTGO:**

Your Company has not started its operation during the year under review and hence, details relating to conservation of energy, technology absorption are not provided.

During the financial year, the Company does not have any foreign exchange earnings and outgo.

## **8.0 SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANY:**

Your Company is the joint venture Company of National Aluminium Company Limited (NALCO), a Navratna PSU and Mishra Dhatu Nigam Limited (MIDHANI), a Mini-Ratna Category-I PSU. Presently, NALCO and MIDHANI are holding 50% each of the paid-up share capital in the Company.

Your Company is an Associate Company of both NALCO and MIDHANI as per the provisions of the Companies Act, 2013 and rules made thereunder.

## **9.0 INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

Your Company has in place adequate internal financial controls with reference to financial reporting. As per the relevant provisions of the Companies Act, 2013, the Statutory Auditors have expressed their views on the adequacy of Internal Financial Controls over financial reporting and they were operating effectively as at March 31, 2021 as stated in their Audit Report ended on that date.

## **10.0 DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

### **10.1 Appointment:**

During the year, Shri Madhusudan Ray was appointed as Chief Financial Officer of the Company w.e.f. 12.08.2020 and Shri Debasish Dutta was appointed as Additional Director of the Company w.e.f. 28.08.2020 to hold office until the date of 1<sup>st</sup> Annual General Meeting held on 19.10.2020, being eligible for re-appointment, he was re-appointed as Director.

### **10.2 Cessation:**

During the year, Shri M. Sahu resigned from the Board and ceased to be the Director w.e.f. 20.05.2020.

### **10.3 Key Managerial Personnel:**

- a) Shri Sridhar Patra, Part-time Non-executive Chairman
- b) Dr. S. K. Jha, Director and CEO
- c) Shri Madhusudan Ray, CFO

### **11.0 MEETINGS OF THE BOARD OF DIRECTORS:**

During the financial year 2020-21, Four (4) Board meetings were held on 14.05.2020, 19.06.2020, 19.10.2020 and 08.02.2021 through VC. The maximum interval between any two meetings was well within the maximum period prescribed under the Companies Act, 2013.

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

Annual Financial Statements as approved by Board was submitted to the office of Principal Director of Commercial Audit and Ex-officio Member, Audit Board, Bengaluru for their comments. The Comptroller and Auditor General of India has issued 'Nil' comments on the financial statements for the year ended 31.03.2021, vide letter no. Insp/UDNL Accs 2020-21/2021-22/131 dated 25.08.2021, issued by the Principal Director of Commercial Audit and Ex-officio Member, Audit Board, Bengaluru, which forms part of financial statements.

### **13.0 STATUTORY AUDITORS:**

M/s. Hari Agarwal & Associates (FRN: 001062S), Chartered Accountants, Hyderabad, were appointed as the Statutory Auditors of the Company by Comptroller & Auditor General (C&AG) vide their letter no. CA.V/COY/CENTRAL GOVERNMENT, UADNL (1)/654 dated 20.08.2020 for the financial year 2020-21.

The Auditor's Report to them members for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

The Auditors do not report any fraud in terms of Section 134(ca) of the Companies Act, 2013.

### **14.0 COST AUDITORS:**

The Company has not commenced its business operations and hence not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

### **15.0 PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES:**

During the year, the Company has not entered into any transactions with any related party.

### **16.0 LOANS, GUARANTEES OR INVESTMENTS:**

The Company has not given / made any loans, guarantees and investments under Section 186 of the Companies Act, 2013.

### **17.0 ANNUAL RETURN:**

In accordance with the Companies Act, 2013, the Annual Return for the financial year 2020-21 in the prescribed format is available in your Company's website at [https://uadnl.com/wp-content/uploads/2021/08/Draft-Annual-Return\\_2020-21.pdf](https://uadnl.com/wp-content/uploads/2021/08/Draft-Annual-Return_2020-21.pdf)

## **18.0 STATUS OF PROJECT RELATED ACTIVITIES:**

### **18.1 Land:**

- (i) 110 acres of land was acquired in Nellore district, Andhra Pradesh, India and land registered in favor of MIDHANI on 21.11.2017. Land came under dispute after filing two writ petitions in A.P High Court and the Hon'ble Court issued an order to stop construction in disputed area. Land transfer in the name of JV couldn't take place. Therefore, all activities related to construction and statutory clearances came to halt.
- (ii) The above land was transferred in the name of your Company from MIDHANI (which was earlier allotted to MIDHANI) and land was registered in the name of your Company on 01.10.2021.
- (iii) With constant persuasion and support of local administration, your Company was able to complete construction of compound wall in September, 2020 during Lockdown period and out of court settlement was reached with petitioners under one writ petition.
- (iv) With the help of State Government, District Collector forwarded a letter to Advocate General (AG), Andhra Pradesh requesting for necessary initiation for closing of Writ Petitions filed and expediting the court proceedings to obtain favorable orders. Court orders are yet to be pronounced.

### **18.2 Environmental Clearance (EC) & Consent for Establishment (CFE) for the Project:**

- (i) Engaged consultant for obtaining EC & CFE in September, 2020.
- (ii) Environmental Impact Assessment (EIA) studies were completed in December 2020.
- (iii) Draft EIA report & Environmental Management Plant (EMP) submitted to APPCB in March, 2021.
- (iv) Public Hearing conducted in the plant site at Industrial Park Bodduvaripalem, Nellore District on 15.04.2021.
- (v) Environmental Clearance (EC) issued by State level Environment Impact Assessment Authority (SEIAA), Andhra Pradesh of Ministry of Environment & Forest and Climate Change (MoEFCC), Govt. of India on 08.07.2021.
- (vi) Consent for Establishment (CFE) was issued by Andhra Pradesh Pollution Control Board (APPCB) on 05.08.2021.

### **18.3 Engagement of EPCM Consultancy:**

- (i) Notice Inviting Tender (NIT) was issued as a domestic open tender on 19.11.2011 for engaging EPCM consultant to undertake Engineering, Procurement and Construction Management services for setting up the proposed project.

- (ii) Bids were received from three bidders' viz. M/s. MECON LTD., M/s. MN Dastur & Co. Pvt. Ltd. and M/s. TATA CONSULTING ENGINEERS LTD. (TCE) as at 03.03.2021.
- (iii) Since, no domestic party has experience in setting-up a green field project of High-End Aluminium Alloy Flat Rolled Products, the tender was cancelled. Your Company had decided to issue Global Tender Enquiry (GTE) for engaging EPCM consultant and Technology partner.
- (iv) Your company approached competent authority through Ministry of Mines for seeking exemption to issue GTE for engaging EPCM consultant from complying with the guidelines issued by Ministry of Finance vide No. F12/17/2019-ppd dated 28.05.2020. Simultaneously, GTE for engaging EPCM consultant was issued in August, 2021 for expedite the process.
- (v) In case, the GTE exemption is not granted, selection of a suitable EPCM Consultant among PSUs such as M/s. EIL / M/s. MECON etc. will be made on nomination basis, after evaluating their project executing credentials

#### **19.0 DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors state that:

- (i) in the preparation of the annual accounts for financial year ended 31<sup>st</sup> March, 2021, the applicable accounting standards have been followed and there is no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2021 on a going concern basis;
- (v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system was adequate and operating effectively.

#### **20.0 DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

During the year, your Company has not employed any employee on its roll as on date. Hence, no Internal Complaints Committee has been constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **21.0 SECRETARIAL STANDARDS:**

The Directors state that applicable Secretarial Standards on Board Meetings (SS-1) and on General Meetings (SS-2) have been duly followed by the Company.

## 22.0 GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items since there were no transactions in these matters and/or they are not applicable to the Company during the year under review:

- (i) Details relating to deposits covered under Chapter V of the Act;
- (ii) Details about policy developed and implemented on corporate social responsibility initiatives;
- (iii) A statement on declaration given by Independent Directors under sub-section (6) of Section 149 of the Companies Act, 2013;
- (iv) Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided in section 178 Companies Act, 2013;
- (v) No significant or material orders were passed by the Regulators / Courts or Tribunals which would impact the going concern status of the Company and its future operations; and
- (vi) Constitution of Audit Committee, CSR Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee.

## 23.0 ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank the Government of India, Government of Andhra Pradesh, Promoters, Shareholders, other business associates, employees and other regulatory authorities for their support to the Company.

For and on behalf of Board of Directors

Sd/-

**(Sridhar Patra)**

**Part-time Non-executive Chairman**

Place: Bhubaneswar

Date: 22.09.2021

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# **Independent Auditors' Report**



Phone: 23299778  
Cell: 98480 92761

# HARI AGARWAL & ASSOCIATES

Chartered Accountants

**Basheerbagh Office:**

#5-9-58/304, Gupta Estates,  
Basheerbagh, Hyderabad - 500004  
E-mail: hariagarwal1987@yahoo.in  
Website: www.haacas.com

**Jubilee Hills Office:**

No. 214, Second Floor, Westend Mall  
Road No. 36, Jubilee Hills, Hyderabad - 500033  
E-mail: jhoffice@haacas.com  
Website: www.haacas.com

Reply of the Statutory Auditor to the Audit Enquiry on the accounts of M/s. Utkarsha Aluminium Dhatu Nigam Limited for the year 2020-21

Sl.No	Audit Enquiry	Statutory Auditors' Reply
01	<p>Audit Enquiry – 1 Independent Auditors' Report This does not include the report on the sub-directions issued by the Comptroller &amp; Auditor General of India for 2020-21, the action taken thereon and its impact on the standalone financial statements of the Company. This is not in compliance to the Section 143(5) of the Companies Act 2013. Hence the Auditors Report requires revision.</p>	<p>The observation of the Government Audit is accepted and we have made correction accordingly and Revised Independent Auditor's Report is enclosed herewith for your kind reference.</p>

For HARI AGARWAL & ASSOCIATES  
Chartered Accountants  
FRN: 0010625

HARI AGARWAL, FCA

Partner

M.No. 026059



Place:- Hyderabad

Date: 07.08.2021

UDIN: 21026059AAAADE1643



Phone: 23299778  
Cell: 98480 92761

# HARI AGARWAL & ASSOCIATES

*Chartered Accountants*

**Basheerbagh Office:**

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**Independent Auditor's Report**

To  
The Members of  
**UTKARSHA ALUMINIUM DHATU NIGAM LIMITED**

**Report on the Audit of the Standalone Financial Statements**

We have issued an Independent Audit Report dated 07<sup>th</sup> June 2021 on the Ind AS Standalone Financial Statements as adopted by Board of Directors of even date. Pursuant to observations of Comptroller and Auditor General of India, we are issuing this Revised Report with 'Annexure C' has been included to comply with the observations made by Comptroller and Auditor General of India. This Independent Auditor's Report supersedes our report issued on 07<sup>th</sup> June 2021.

**Opinion**

We have audited the financial statements of UTKARSHA ALUMINIUM DHATU NIGAM LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2021 and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, its Profit and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics Issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

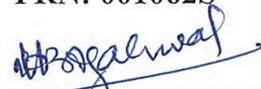
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the '**Annexure A**', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of internal financial controls with reference to financial controls of the company and the operating effectiveness of such control, refer to our separate report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to financial statements.
  - g) As required by section 143(5) of the Act, we give in "**Annexure C**", a statement on the matters contained in directions issued by the Computer & Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the company in terms of aforesaid section.
  - h) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act.
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

For HARI AGARWAL & ASSOCIATES  
Chartered Accountants  
FRN: 001062S

  
HARI AGARWAL, FCA  
Partner  
M.No. 026059



Place:- Hyderabad

Date: 07.08.2021

UDIN 21026059 AAAADE 1643

**The Annexure referred to in paragraph 1 of Our Report on "Other Legal and Regulatory Requirements".**

We report that:

- i.
  - a. The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - b. As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - c. The title deeds of immovable properties are held in the name of the company.
- ii. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), (b) and (c) of the order are not applicable to the Company.
- iv. In respect of loans, investments, guarantees, and security, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. The company has not accepted any deposits from the public covered under sections 73 to 76 of the Companies Act, 2013.
- vi. As per information & explanation given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- vii.
  - a. According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, value added tax, cess and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2021 for a period of more than six months from the date they became payable.
  - b. According to the information and explanations given to us, there is no amount payable in respect of income tax, service tax, sales tax, customs duty, excise duty, value

added tax and cess whichever applicable, which have not been deposited on account of any disputes.

- viii. In our opinion and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders, as applicable to the company.
- ix. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) or by way of term loans during the year.
- x. According to the information and explanations given to us, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, we report that managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. The company is not a Nidhi Company. Therefore, clause (xii) of the order is not applicable to the company.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. The company has not entered into non-cash transactions with directors or persons connected with him.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For HARI AGARWAL & ASSOCIATES**  
Chartered Accountants

FRN: 001062S

*Hari Agarwal*  
HARI AGARWAL, Hyderabad.

Partner

M.No. 026059



**Place: - Hyderabad**

**Date: 07.08.2021**

**UDIN 21026059AAAAD E 1643**

## ***Report on Internal Financial Controls with reference to financial statements***

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

We have audited the internal financial controls over financial reporting of UTKARSHA ALUMINIUM DHATU NIGAM LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place:- Hyderabad

Date: 07.08.2021

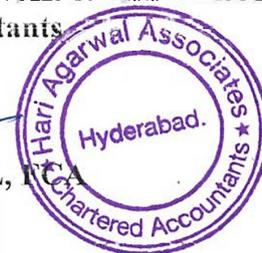
UDIN 21026059 AAAADF 1643

For HARI AGARWAL & ASSOCIATES  
Chartered Accountants

FRN: 001062S

*Hari Agarwal*  
HARI AGARWAL, ICAI  
Partner

M.No. 026059



**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021 OF UTKARSHA ALUMINIUM DHATU NIGAM LIMITED**

**Report on the directions under sub-section 5 of Section 143 of the Act, issued by the Comptroller and Auditor General of India:**

Sl. No.	Directions u/s. 143(5) of the Companies Act, 2013	Auditor's Reply on action taken on the directions	Impact
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	<p>Company is using Tally ERP software to record all business and financial transactions. The software itself has built in checks and validations thus the data accuracy and integrity is maintained. All payment approvals are processed using the approval hierarchy.</p> <p>All the accounting transactions are processed and the Trial Balance is generated from Tally ERP System. In view of the above, we confirm that no financial transactions are carried out outside IT systems and hence there is no financial implication on the integrity of the accounts during the Financial Year 2020-21</p>	NIL
2.	Whether there is any restructuring of an existing loan or cases of waiver/write-off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of lender Company).	According to the information and explanation furnished to us, and based on our examination of books, we are of the opinion that there is no restructuring of an existing loan or cases of waiver / write-off of debts / loans/ interest etc made by a lender to the company during the financial year 2020-21.	NIL
3.	Whether funds (grants/subsidy etc.,) received / receivable for specific schemes from central/state Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of devlation	Based on the examination of the books and records of the company, during the Financial Year 2020-21 no government grants /funds received /receivable for specific schemes from central/state government/agencies.	NIL

**For HARI AGARWAL & ASSOCIATES**  
Chartered Accountants  
FRN: 001062S

*Hari Agarwal*  
**HARI AGARWAL, FCA**  
Partner  
M.No. 026059



Place:- Hyderabad

Date: 07.08.2021

UDIN: 21026059AAAAD1643

# **Comments of Comptroller and Auditor General of India**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest

स्पीड पोस्ट द्वारा  
गोपनीय

नि./ UDNL Accs 2020-21/2021-22/131  
सं./No.

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.  
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT and ex-Officio MEMBER, AUDIT BOARD,  
BENGALURU - 560 001.

दिनांक/ DATE. 25 अगस्त 2021

सेवा मे,

डा. संजय कुमार झा,  
सी ई ओ & निदेशक,  
उत्कर्ष अल्युमीनियम धातु निगम लिमिटेड,  
कंचनबाग, हैदराबाद - 500 058.

महोदय,

विषय: कम्पनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक  
एवं महालेखापरीक्षक की टिप्पणियाँ।

मैं 31 मार्च 2021 को समाप्त वर्ष के मेसर्स - उत्कर्ष अल्युमीनियम धातु निगम लिमिटेड,  
हैदराबाद के लेखाओं पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के  
नियंत्रक एवं महालेखापरीक्षक का "शून्य टिप्पणी प्रमाण पत्र " अग्रेषित करता हूँ।

कृपया सुनिश्चित करे कि टिप्पणिया

1. बिना कोई संशोधन किये पूर्ण रूप से छापी जाये।
2. सूचि में उचित संकेत के साथ कंपनी की वार्षिक रिपोर्ट में सांविधिक लेखापरीक्षकों की रिपोर्ट के आगे रखा जाये।
3. कंपनी अधिनियम 2013 की धारा 143(6)(b) के तहत आवश्यकतानुसार वार्षिक आम बैठक में रखा जाये।

कृपया पत्र की पावती भेजें।

भवदीय,

(अरुण कुमार वी.एम.)

उप निदेशक (प्रशासन)

संलग्न: यथोपरि

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001.

दू.भा./Phone : 2226 7646 / 2226 1168  
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

By Speed Post  
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सं./No.

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.  
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT and ex-Officio MEMBER, AUDIT BOARD,  
BENGALURU - 560 001.

दिनांक/ DATE.  
25 August 2021

To

Dr. Sanjay Kumar Jha,  
CEO & Director,  
Utkarsha Aluminium Dhatu Nigam Limited,  
Kanchanbagh,  
Hyderabad - 500 058.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of **Utkarsha Aluminium Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2021.

I forward **Nil Comments Certificate** of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of **Utkarsha Aluminium Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2021.

It may please be ensured that the comments are:

- (i) Printed in toto without any editing;
- (ii) Placed before the AGM as required under Section 143(6)(b) of the Companies Act, 2013; and
- (iii) Placed next to the statutory auditors' report in the Annual Report of the Company with proper indication in the index.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(Arun Kumar V.M.)  
Deputy Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001.

दू.भा./Phone : 2226 7646 / 2226 1168  
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF UTKARSHA ALUMINIUM DHATU NIGAM LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of financial statements of **Utkarsha Aluminium Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 07 August 2021 which supersedes their earlier Audit Report dated 07 June 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Utkarsha Aluminium Dhatu Nigam Limited, Hyderabad** for the year ended 31 March 2021 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditors' report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the  
Comptroller & Auditor General of India

  
(Santosh Kumar)

Pr. Director of Commercial Audit

Place: Bengaluru

Date: 25 August 2021

**Audited Financial Statements  
for the year ended 31.03.2021**

**UTKARSHA ALUMINIUM DHATU NIGAM LIMITED**  
**CIN:U14299TG2019PLC134932**  
**BALANCE SHEET AS AT 31st March 2021**

( ₹ in Lakhs)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	726.80	163.68
Capital work-in-progress	4	4.50	20.87
Intangible assets	5	0.14	0.19
Financial Assets			
(i) Investments		-	-
(ii) Loans		-	-
Non current tax assets (Net)	6	26.67	38.11
Other non-current assets		-	-
<b>Total Non-Current Assets</b>		<b>758.11</b>	<b>222.85</b>
<b>Current assets</b>			
Inventories		-	-
Financial Assets			
(i) Trade receivables		-	-
(ii) Cash and cash equivalents	7	2,874.16	3,451.10
(iii) Bank balances [other than (ii) above]		-	-
(iv) Others	8	76.18	-
Other current assets	9	12.50	1.17
<b>Total Current Assets</b>		<b>2,962.84</b>	<b>3,452.27</b>
<b>Total Assets</b>		<b>3,720.95</b>	<b>3,675.12</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	10	4,000.00	4,000.00
Other Equity	11	(299.25)	(325.50)
<b>Total Equity</b>		<b>3,700.75</b>	<b>3,674.50</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings		-	-
(ii) Others		-	-
Provisions		-	-
Deferred tax liabilities (net)		-	-
Other non-current liabilities		-	-
<b>Total Non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Current Liabilities</b>			
Financial liabilities			
(i) Borrowings		-	-
(ii) Trade payables	12	4.29	0.62
(iii) Others		-	-
Other current liabilities	13	15.91	-
Provisions		-	-
<b>Total Current Liabilities</b>		<b>20.20</b>	<b>0.62</b>
<b>Total Equity and Liabilities</b>		<b>3,720.95</b>	<b>3,675.12</b>

The accompanying notes 1 to 17 form an integral part of the financial statements.

As per our report of even date

for and on behalf of the Board of Directors

for HARI AGARWAL & ASSOCIATES  
Chartered Accountants  
Firm's registration no. 001062S

Sd/-  
HARI AGARWAL, FCA  
Partner  
Membership No. 026059

Place: Hyderabad  
Date: 07.06.2021

Sd/-  
Dr. SANJAY KUMAR JHA  
CEO & DIRECTOR  
DIN: 07533036

Sd/-  
SHRI SANJAY KRISHNA PATEL  
DIRECTOR  
DIN: 08542391

**UTKARSHA ALUMINIUM DHATU NIGAM LIMITED**  
CIN:U14299TG2019PLC134932

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2021**

( ₹ in Lakhs)

Particulars	Note No.	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Income</b>			
Revenue From Operations		-	-
Other Income	14	74.68	-
<b>Total Income</b>		<b>74.68</b>	<b>-</b>
<b>Expenses</b>			
Cost of material consumed		-	-
Excise Duty		-	-
Change in inventories of finished goods, work-in-progress and stock-in-trade		-	-
Employee benefits expense	15	9.02	-
Finance Costs		-	-
Depreciation and amortization expense	3	6.67	3.24
Other expenses	16	21.30	360.37
<b>Total Expenses</b>		<b>36.99</b>	<b>363.61</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>37.69</b>	<b>(363.61)</b>
Exceptional Items - Income / (Expense)		-	-
<b>Profit / (Loss) before tax</b>		<b>37.69</b>	<b>(363.61)</b>
Tax expense			
Current Tax		-	-
Earlier Year Tax		-	-
MAT Credit Entitlement		-	-
Deferred Tax	17	11.44	(38.11)
<b>Profit / (Loss) for the period</b>		<b>26.25</b>	<b>(325.50)</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year net of tax		-	-
<b>Total Comprehensive Income for the period</b>		<b>26.25</b>	<b>(325.50)</b>
(Comprising Profit / (Loss) and Other Comprehensive Income for the period)			
Earning per equity share (Amount in ₹)			
Basic (₹)		0.07	(0.81)
Diluted (₹)		0.07	(0.81)
Weighted average number of shares (Nos.) (Basic & Diluted)		4,00,00,000	4,00,00,000

The accompanying notes 1 to 17 form an integral part of the financial statements.

As per our report of even date

for and on behalf of the Board of Directors

for HARI AGARWAL & ASSOCIATES  
Chartered Accountants  
Firm's registration no. 001062S

Sd/-  
Dr. SANJAY KUMAR JHA  
CEO & DIRECTOR  
DIN:07533036

Sd/-  
HARI AGARWAL, FCA  
Partner  
Membership No. 026059

Sd/-  
SHRI SANJAY KRISHNA PATEL  
DIRECTOR  
DIN: 08542391

Place: Hyderabad  
Date: 07.06.2021

**UTKARSHA ALUMINIUM DHATU NIGAM LIMITED**  
CIN:U14299TG2019PLC134932

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March 2021**

**A: Equity Share Capital**

( ₹ in Lakhs)

Particulars	Amount
<b>Balance as at 31st March 2020</b>	<b>4,000.00</b>
Changes in Equity Share Capital	-
<b>Balance as at 31st March 2021</b>	<b>4,000.00</b>

**B. Other Equity**

( ₹ in Lakhs)

	Reserves and Surplus		Total Other Equity
	Retained Earnings	General Reserve	
<b>Opening Balance as at 1st April 2019</b>	-	-	-
Changes in Equity Share Capital	-	-	-
Profit for the period	(325.50)	-	<b>(325.50)</b>
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-
Dividends	-	-	-
Dividend Distribution Tax	-	-	-
Transfer to General Reserve	-	-	-
<b>Balance as at 31st March 2020</b>	<b>(325.50)</b>	-	<b>(325.50)</b>
<b>Opening Balance as at 1st April 2020</b>	<b>(325.50)</b>	-	<b>(325.50)</b>
Changes in Equity Share Capital	-	-	-
Profit for the period	26.25	-	<b>26.25</b>
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-
Dividends	-	-	-
Dividend Distribution Tax	-	-	-
Transfer to General Reserve	-	-	-
<b>Balance as at 31st March 2021</b>	<b>(299.25)</b>	-	<b>(299.25)</b>

The accompanying notes 1 to 17 form an integral part of the financial statements.

As per our report of even date

for and on behalf of the Board of Directors

for HARI AGARWAL & ASSOCIATES  
Chartered Accountants  
Firm's registration no. 0010625

Sd/-  
Dr. SANJAY KUMAR JHA  
CEO & DIRECTOR  
DIN: 07533036

Sd/-  
HARI AGARWAL, FCA  
Partner  
Membership No. 026059

Sd/-  
SHRI. SANJAY KRISHNA PATEL  
DIRECTOR  
DIN: 08542391

Place: Hyderabad  
Date: 07.06.2021

**UTKARSHA ALUMINIUM DHATU NIGAM LIMITED**  
**CIN:U14299TG2019PLC134932**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31st March 2021**

( ₹ in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year (before tax)	37.69	(363.61)
Adjustments for:		
Depreciation expense	6.67	3.24
Interest income	(74.68)	-
	(30.32)	(360.37)
Working capital adjustments:		
(Increase) decrease in other financial assets	(76.18)	-
(Increase) decrease in other current assets	(11.33)	(1.17)
Increase (decrease) in trade payables	3.67	0.62
Increase (decrease) in other current liabilities	15.91	-
Cash generated from operating activities	(98.25)	(360.92)
Income tax paid (net)	-	-
<b>Net cash from operating activities (A)</b>	<b>(98.25)</b>	<b>(360.92)</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment	(553.37)	(187.98)
Interest received	74.68	-
Investment in fixed deposits	(2,830.00)	-
<b>Net cash from investing activities (B)</b>	<b>(3,308.69)</b>	<b>(187.98)</b>
<b>Cash flows from financing activities</b>		
cash flow from Subscription of share capital	-	4000.00
<b>Net cash flow from (used in) financing activities (C)</b>	<b>-</b>	<b>4,000.00</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(3,406.94)</b>	<b>3,451.10</b>
Cash and cash equivalents at 1 April	3,451.10	-
<b>Cash and cash equivalents at the reporting date</b>	<b>44.16</b>	<b>3,451.10</b>
<b>Reconciliation of cash and cash equivalents as per the balance sheet</b>		
Cash and cash equivalents as per the cash flow statement	44.16	3,451.10
<b>Other bank balances not considered above</b>		
- Term Deposit	2,830.00	-
	2,874.16	3,451.10

The accompanying notes 1 to 17 form an integral part of the financial statements.

As per our report of even date

for and on behalf of the Board of Directors

for HARI AGARWAL & ASSOCIATES

Chartered Accountants

Firm's registration no. 001062S

Sd/-

HARI AGARWAL, FCA

Partner

Membership No. 026059

Place: Hyderabad

Date: 07.06.2021

Sd/-

Dr. SANJAY KUMAR JHA

CEO & DIRECTOR

DIN: 07533036

Sd/-

SHRI SANJAY KRISHNA PATEL

DIRECTOR

DIN: 08542391

**3. PROPERTY, PLANT AND EQUIPMENT**

( ₹ in Lakhs)

	Land	Buildings/ Drainage/ water systems	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Other (Electrical installations)	Others (Roads and bridges)	Total Tangible Assets
<b>Year ended 31st March 2020</b>									
<b>Gross Carrying amount</b>									
Opening gross carrying amount	-	-	-	-	-	-	-	-	-
Additions	-	166.91	-	-	-	-	-	-	166.91
Disposals	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	-	<b>166.91</b>	-	-	-	-	-	-	<b>166.91</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	-	-	-	-	-	-	-	-
Depreciation charge during the year	-	3.23	-	-	-	-	-	-	3.23
Disposals	-	-	-	-	-	-	-	-	-
<b>Closing accumulated depreciation</b>	-	<b>3.23</b>	-	-	-	-	-	-	<b>3.23</b>
<b>Net Carrying amount</b>	-	<b>163.68</b>	-	-	-	-	-	-	<b>163.68</b>
<b>Year ended 31st March 2021</b>									
<b>Gross Carrying amount</b>									
Opening gross carrying amount	-	166.91	-	-	-	-	-	-	166.91
Additions	511.42	56.54	-	0.45	-	1.33	-	-	569.74
Disposals	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>511.42</b>	<b>223.45</b>	-	<b>0.45</b>	-	<b>1.33</b>	-	-	<b>736.65</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	3.23	-	-	-	-	-	-	3.23
Depreciation charge during the year	-	6.25	-	0.17	-	0.20	-	-	6.62
Disposals	-	-	-	-	-	-	-	-	-
<b>Closing accumulated depreciation</b>	-	<b>9.48</b>	-	<b>0.17</b>	-	<b>0.20</b>	-	-	<b>9.85</b>
<b>Net Carrying amount</b>	<b>511.42</b>	<b>213.97</b>	-	<b>0.28</b>	-	<b>1.13</b>	-	-	<b>726.80</b>

1. Company considered the salvage value as 5% of the Cost of Assets

4. CAPITAL WORK-IN-PROGRESS

( ₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Capital Work-in-Progress-Civil	4.50	20.87
<b>Total</b>	<b>4.50</b>	<b>20.87</b>

( ₹ in Lakhs)

	Computer software	Copyrights & Patents and other intellectual property rights, services and operating rights	Total Intangible Assets
<b>Year ended 31st March 2020</b>			
<b>Gross Carrying amount</b>			
Opening gross carrying amount	-	-	-
Additions	0.20	-	0.20
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>0.20</b>	<b>-</b>	<b>0.20</b>
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	-	-	-
Depreciation charge during the year	0.01	-	0.01
Disposals	-	-	-
<b>Closing accumulated depreciation</b>	<b>0.01</b>	<b>-</b>	<b>0.01</b>
<b>Net Carrying amount</b>	<b>0.19</b>	<b>-</b>	<b>0.19</b>
<b>Year ended 31st March 2021</b>			
<b>Gross Carrying amount</b>			
Opening gross carrying amount	0.20	-	0.20
Additions	-	-	-
Disposals	-	-	-
<b>Closing gross carrying amount</b>	<b>0.20</b>	<b>-</b>	<b>0.20</b>
<b>Accumulated depreciation</b>			
Opening accumulated depreciation	0.01	-	0.01
Depreciation charge during the year	0.05	-	0.05
Disposals	-	-	-
<b>Closing accumulated depreciation</b>	<b>0.06</b>	<b>-</b>	<b>0.06</b>
<b>Net Carrying amount</b>	<b>0.14</b>	<b>-</b>	<b>0.14</b>

5. INTANGIBLE ASSETS

**6. NON CURRENT ASSETS (NET)**

( ₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Deferred Tax Liabilities		
On Depreciation	7.13	3.49
<b>Sub Total</b>	<b>7.13</b>	<b>3.49</b>
Deferred Tax Assets		
On Preliminary Expenses	33.80	41.60
On Disallowance as per IT Act	-	-
<b>Sub Total</b>	<b>33.80</b>	<b>41.60</b>
<b>Net Total</b>	<b>26.67</b>	<b>38.11</b>

**Movement in deferred tax**

( ₹ in Lakhs)

Particulars	Closing Balance 31-Mar-2020	Charge/Credit during the year 2020-21	Closing Balance 31-March-2021
<b>Deferred Tax Assets</b>			
Preliminary Expenses	41.60	(7.80)	33.80
<b>Total Assets</b>	<b>41.60</b>	<b>(7.80)</b>	<b>33.80</b>
<b>Deferred Tax Liability</b>			
Depreciation	3.49	3.64	7.13
<b>Total Liability</b>	<b>3.49</b>	<b>3.64</b>	<b>7.13</b>
<b>Net Liability</b>	<b>(38.11)</b>	<b>11.44</b>	<b>(26.67)</b>

**7. CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS**

( ₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Balances with Banks		
In Current Accounts	44.16	3,451.10
In Deposit Accounts #	2,830.00	-
Cash on hand	-	-
	<b>2,874.16</b>	<b>3,451.10</b>

**8. CURRENT FINANCIAL ASSETS - OTHERS**

( ₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Deposits with others	1.50	-
Interest accrued on bank deposits	74.68	-
<b>Total</b>	<b>76.18</b>	<b>-</b>

**9. OTHER CURRENT ASSETS**

( ₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
GST/Customs duty receivable	3.50	1.17
Others		
Unsecured, considered good		
Advance to suppliers	9.00	-
<b>Total</b>	<b>12.50</b>	<b>1.17</b>

**10. EQUITY SHARE CAPITAL**

( ₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Authorised</b>		
Equity shares		
30,00,00,000 shares @ ₹ 10/- per share	30,000.00	30,000.00
(Previous Year 30,00,00,000 shares @ ₹ 10/- per share)		
	<b>30,000.00</b>	<b>30,000.00</b>
<b>Issued</b>		
Equity shares		
4,00,00,000 shares @ ₹ 10/- per share	4,000.00	4,000.00
(Previous Year 4,00,00,000 shares @ ₹ 10/- per share)		
	<b>4,000.00</b>	<b>4,000.00</b>
<b>Subscribed and fully Paid up</b>		
Equity shares		
4,00,00,000 shares @ ₹ 10/- per share	4,000.00	4,000.00
(Previous Year 4,00,00,000 shares @ ₹ 10/- per share)		
	<b>4,000.00</b>	<b>4,000.00</b>
<b>Total</b>	<b>4,000.00</b>	<b>4,000.00</b>

**Reconciliation of shares outstanding at the beginning and at the end of the period:**

Particulars	31st March 2021		31st March 2020	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Outstanding as at Opening Date	4,00,00,000	4,000.00	-	-
Add: Issued during the period				
To NALCO	-	-	2,00,00,000	2,000.00
To MIDHANI	-	-	2,00,00,000	2,000.00
<b>Outstanding as at Closing Date</b>	<b>4,00,00,000</b>	<b>4,000.00</b>	<b>4,00,00,000</b>	<b>4,000.00</b>

**Terms/right attached to equity shares**

The Company has Initial and RIGHTS class of equity shares having par value of ₹ 10 per share (Previous Year ₹ 10). Each equity share represents one voting right.

Details of shareholders holding more than 5% shares in the Company

Particulars	31st March 2021		31st March 2020	
	No. of shares	% holding	No. of shares	% holding
Equity shares of ₹ 10/- each fully paid-up (Previous Year ₹ Nil)				
NALCO	2,00,00,000	50.00%	2,00,00,000	50.00%
MIDHANI	2,00,00,000	50.00%	2,00,00,000	50.00%

11. OTHER EQUITY

( ₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Retained Earnings		
Opening Balance	(325.50)	-
Add: Amount transferred from statement of profit and loss	26.25	(325.50)
Amount available for appropriation	(299.25)	(325.50)
<b>Sub-total</b>	<b>(299.25)</b>	<b>(325.50)</b>
<b>Total</b>	<b>(299.25)</b>	<b>(325.50)</b>

12. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

( ₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Micro, Small & Medium Enterprises	-	-
Others @	4.29	0.62
<b>Total</b>	<b>4.29</b>	<b>0.62</b>

@ Balances in Trade Payables are subject to confirmation and/ or reconciliation.

13. OTHER CURRENT LIABILITIES

( ₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Statutory liabilities	-	-
Other Liabilities - Mishra Dhatu Nigam Ltd.	15.91	-
<b>Total</b>	<b>15.91</b>	<b>-</b>

14. OTHER INCOME

( ₹ in Lakhs)

Particulars	For the Year Ended 31st March 2021	For the Year Ended 31st March 2019
Interest Income		
From Banks	74.68	-
<b>Total</b>	<b>74.68</b>	<b>-</b>

**15. EMPLOYEE BENEFITS EXPENSE**

( ₹ in Lakhs)

Particulars	For the Year Ended 31st March 2021	For the Year Ended 31st March 2019
Salaries & Wages		
Salaries & Wages	9.02	-
<b>Total</b>	<b>9.02</b>	<b>-</b>

**16. OTHER EXPENSES**

( ₹ in Lakhs)

Particulars	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
Travelling Expenses		
Travelling and conveyance	0.32	-
Postage & telephone	0.01	-
Repairs & maintenance expenses		
Buildings	-	2.65
Rates and taxes	-	-
Printing and stationery	-	0.05
Security guard charges	5.20	-
Administration expenses-Others	1.55	3.37
Library books	0.03	8.65
Membership fees	-	0.42
Directors sitting fees	0.20	1.00
Advertisement	4.37	22.97
Consultancy charges	8.87	17.31
Auditor's remuneration(As per details below)	0.75	0.60
Finance & bank charges		
Bank charges	-	0.01
Preliminary Expenses	-	303.34
<b>Total</b>	<b>21.30</b>	<b>360.37</b>

**Remuneration and other payments to the auditor**

( ₹ in Lakhs)

Particulars	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
Auditor		
(a) Statutory Audit	0.60	0.60
(b) Tax Audit	-	-
(c) Other Services	0.15	-
<b>Total</b>	<b>0.75</b>	<b>0.60</b>

**17. INCOME TAX EXPENSE**

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in the equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

**(a) Income tax expense**

( ₹ in Lakhs)

Particulars	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
Current tax		
Current tax on profits for the year	-	-
Earlier year tax	-	-
MAT Credit Entitlement	-	-
	-	-
Deferred tax		
Decrease (increase) in deferred tax liabilities	(11.44)	38.11
<b>Total income tax expense</b>	<b>11.44</b>	<b>(38.11)</b>

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## SIGNIFICANT ACCOUNTING POLICIES

### **1. GENERAL INFORMATION:**

**Utkarsha Aluminium Dhatu Nigam Limited (“the Company”) is a Joint Venture Company formed by NALCO (A Government of India Enterprise) and MIDHANI (A Government of India Enterprise) and is engaged in the business of manufacturing of high end aluminium alloys. The Company has its temporary registered office in the premises of MIDHANI at ‘PO Kanchanbagh, Hyderabad, 500058.**

### **2. SIGNIFICANT ACCOUNTING POLICIES:**

#### **2.1 Basis of preparation:**

i. Statement of compliance:

The financial statements are prepared and presented in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

ii. Functional and presentation currency:

The standalone financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest lakhs except share and per share data.

iii. Use of estimates and judgment:

The preparation of financial statements in conformity with Ind AS require estimates and assumptions to be made that affect the application of accounting policies and reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

#### **2.2 Summary of significant accounting policies:**

The accounting policies set out below have been applied consistently to all periods presented in these standalone financial statements, unless otherwise stated.

### **2.3 Revenue recognition:**

Revenue is recognized when significant risks and rewards of ownership and effective control on goods have been transferred to the buyer. Revenue from the sale of manufactured goods is recognized upfront at the point in time when the goods are delivered to the customer. The supply of semi-finished products may include supply of third-party equipment or material. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the company is acting as the principal or as an agent of the customer. The company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, liquidated damages, performance bonuses and incentives, if any, as specified in the contract with the customer.

Sales revenue is measured at fair value net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The appropriate timing for transfer of risks and rewards varies depending on the individual terms and conditions of the sales contract.

In case of Ex-works contract, revenue is recognized when the goods are handed over to the carrier/agent for dispatch to the buyer and wherever customer's prior inspection is stipulated; revenue is recognized upon acceptance by customer's inspector.

In case of sales on FOR/FOB destination contracts, revenue is recognized considering the expected time in respect of dispatches to reach the destination within the accounting period, subject to adjustments based on actual receipt of material at destination.

Claims for additional revenue in respect of sales contracts/orders against outside agencies are accounted on certainty of realization.

Revenue on rendering of service: Revenue is recognized when the outcome of the services rendered can be estimated reliably. Revenue is recognized in the period when the service is performed by reference to the contract stage of completion on the reporting date.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is a billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

**Use of significant judgments in revenue recognition:**

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identify distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. The assessment of this criterion requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

## **2.4 Foreign currencies:**

Foreign currency monetary items are recorded in the Functional Currency at the closing rate of the reporting period. Nonmonetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they arise.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through statement of profit and loss.

## **2.5 Employee benefits:**

### **i. Compensated Absence:**

The Company accounts for its liability towards compensated absences based on actuarial valuation done as at the balance sheet date by an independent actuary using the Projected Unit Credit Method. The liability includes the long term component accounted on a discounted basis and the short term component which is accounted for on an undiscounted basis.

### **ii. Other Employee Benefits:**

Other employee benefits are estimated and accounted for based on the terms of the employment contract.

## **2.6 Property, plant and equipment:**

Land is capitalized at cost to the Company. Development of land such as levelling, clearing and grading is capitalized along with the cost of building in proportion to the land utilized for construction of building and rest of the development expenditure is capitalized along with the cost of land. Development expenditure incurred for the purpose of landscaping or for any other purpose not connected with construction of any building is treated as cost of land.

All other items of Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The company opted to adopt the previous GAAP value as the 'deemed cost' for the purposes of preparation of opening balance sheet as at 01 April 2015.

The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of replacing a part of an item is recognized in the carrying amount of the item of property, plant and equipment, if the following recognition criteria are met:

- a) It is probable that future economic benefits associated with the item will flow to the Company and;
- b) The cost can be measured reliably.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Useful lives of the significant components are estimated by the internal technical experts.

The carrying amount of the replaced part is de-recognized at the time the replacement part is recognized. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in statement of profit and loss when the item is de-recognized. The costs of the day-today servicing of the item are recognized in statement of profit and loss as incurred.

The present value of expected cost for the dismantling and restoration are included in the cost of respective assets if recognizing criteria for provision are met.

Pending disposal, unserviceable fixed assets are removed from the Fixed Assets Register and shown under "Other Current Assets" as a separate line item at the lower of their net book value and net realizable value. As and when the disposal of such assets takes place, the difference between the carrying amount and the amount actually realized will be recognized as Loss / Profit from sale of Fixed Assets.

Advance paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date is classified as capital advance under "Other non-current assets" and the cost of assets not put to use before such date are disclosed under 'capital work-in-progress'.

Customer funded assets: As per the guidance of Appendix C of erstwhile Ind AS 18 "Transfer of Assets from Customers" are recognized as an item of property, plant and equipment in accordance with Ind AS 16 in the books of accounts and depreciation is charged accordingly.

As per para 8 of Ind AS 16, items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment and are expected to be used for more than one accounting year. Otherwise, such items are classified as inventory.

#### **Depreciation:**

Depreciation is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life. The useful lives have been determined to be equal to those prescribed in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets whose actual cost does not exceed `5000/-, depreciation is provided at the rate of hundred percent in the year of capitalization.

#### **Disposal:**

Gain and losses on disposal are determined by comparing net sale proceeds with carrying amount. These are included in statement of profit and loss.

## **2.7 Intangible assets**

### **i. Intangible assets acquired separately:**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. For transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### **ii. De-recognition of intangible assets:**

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in statement of profit and loss when the asset is de-recognized. iii. Useful lives of intangible assets Amortization is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life. The useful lives have been determined in accordance with guidance provided at Schedule II to the Companies Act, 2013. The assets useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

### **iii. Useful lives of Intangible assets:**

Amortization is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined in accordance with guidance provided at Schedule II to the Companies Act, 2013.

## **2.8 Inventories:**

Inventories are valued on the following basis:

### **i. Raw materials, consumables, spares and Tools and Instruments in Central Stores:**

At weighted average cost

### **ii. Raw materials in Shop floor/ Sub-stores in the shops:**

At weighted average rate of Central Stores, at the end of the year

### **iii. Consumables in Shop floor/Sub-stores:**

All consumables drawn from the Central Stores are charged off to expense. Only in respect of 'A' and 'B' class consumables identified by Management from time to time, the stock at the Shop floor/Shop sub-stores are brought to inventory at the close of the year at the weighted average rate. However, moulds, rolls, dies etc., in use at the close of the year, are valued at issue rates with reference to the balance life, technically estimated.

- iv. **Re-usable process scrap, process rejections and sales rejections with customers for return:**  
At estimated realizable value for scrap.
- v. **Tools and Gauges:**  
Issued tools, instruments, gauges etc. are amortized uniformly over their estimated life.
- vi. **Work-in-process:**  
At cost or estimated realizable value appropriate to the stage of production based on technical evaluation, whichever is less. However, the WIP of 5 years old and above is valued at the realizable scrap rate.
- vii. **Finished Goods:**  
At cost or net realizable value (at shop finished stage) whichever is less. However, the Finished Goods of 5 years old and above is valued at the realizable scrap rate.
- viii. Goods in transit are valued at cost.
- ix. Stores declared surplus / unserviceable are transferred to salvage stores for disposal, and charged to revenue.
- x. Provision for the non-moving raw materials, consumables and spares for over three years is made as under:  
  
Raw materials: 85% of the book value  
Consumables and Spares (which do not meet definition of PPE): 50% of the book value
- xi. Stationery, uniforms, medical and canteen stores are charged off to revenue at the time of receipt.

## **2.9 Investments in associates and joint ventures:**

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associate and joint ventures are measured at cost in accordance with Ind AS 109- Financial Instruments.

Investment in associate and joint ventures are subject to impairment wherever there is indication of negative reserve in the accounts of JV Companies. However, such impairment is limited to the value of investment.

## **2.10 Income tax :**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- i. **Current income tax:**  
Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.
- ii. **Deferred income tax** Deferred income tax is recognized using the balance sheet approach. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

## **2.11 Provisions:**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such provision is made, the Company recognizes any impairment loss on the assets associated with that contract.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## **2.12 Financial instruments:**

- i. **Financial assets** The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

ii. The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

iii. A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The Company's financial assets include security deposits, cash and cash equivalents, trade receivables and eligible current and noncurrent assets.

Cash and cash equivalents comprise cash balances and term deposits with original maturities of one year or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

iv. **Financial liabilities:**

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company has the following financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognized initially at fair value through profit or loss and stated net off transaction cost that are directly attributable to them. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

## **2.13 Impairment:**

### **i. Financial assets:**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

### **ii. Non-financial assets:**

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

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

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

## **2.14 Borrowing costs:**

Borrowing costs incurred for obtaining assets which takes substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets. Other borrowing costs are treated as expense for the year.

Transaction costs in respect of long-term borrowings are amortized over the tenure of respective loans using effective interest method.

### **2.15 Finance income and costs:**

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit and loss using the effective interest method.

### **2.16 Earnings per share:**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### **2.17 Segment reporting:**

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company is in the business of manufacturing of super alloys and other special metals. Considering the core activities of the Company, management is of the view that the Company operates a single business segment. Further, the Company is yet to start production. Therefore, there is no other reportable segment.

### **2.18 Claims by / against the Company:**

Claims on underwriters/carriers towards loss / damage are accounted when monetary claims are preferred.

Claims for refund of customs duty including project imports/port trust charge/excise duty are accounted on acceptance/receipt.

Liquidated Damages on suppliers are accounted on recovery.

Liquidated damages levied by the customers are netted-off from revenue on recovery/ advice by the customers. A provision is created for the likely claims of Liquidated Damages for shipments made where a reliable estimation can be made.

Disputed/Time barred debts from Govt. Depts. & PSUs are not treated as Doubtful Debts. However, on a review appropriate provisions/write offs are made in the books of accounts on a case to case basis.

Provision for Doubtful Debts is made on the amounts due from other than Govt. Depts. & 132 MISHRA DHATU NIGAM LIMITED PSUs using expected credit loss provisional matrix.

Provision for Contingencies & Warranty to take care of rejected / returned material by customers is provided at an average of percentages of rejections over turnover related to manufactured products for the previous 5 years.

### **2.19 Research and development expenses:**

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

### **2.20 Physical verification of Fixed Assets and Inventory:**

Fixed Assets under the heads Land & Development, Roads & Bridges, Drainage, Sewerage and water system and Buildings & Internal Services are verified once in 3 years. All other Fixed Assets are verified once in the Financial Year.

Inventories of work-in-process, finished goods, raw materials and consumables in the Company premises are verified at the end of the financial year.

Inventories of raw materials, stores and spares in the Central Stores are verified on perpetual basis as per norms fixed from time to time and reconciled. Provisional adjustments are made to revenue, in respect of discrepancies pending reconciliation.

### **2.21 Cash Flow Statement:**

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7- Statement of Cash Flows.

### **2.22 New standards and interpretations not yet effective:**

A number of new standards, amendments to standards and interpretations are not yet effective as on the reporting date, and have not been applied in preparing these financial statements. The effect of the same is being evaluated by the Company.

### **2.23 Government Grants:**

- i. Grants from the Government are recognized at their fair value where there is reasonable assurance that grant will be received and the Company will comply with all attached conditions.
- ii. Government grants relating to income are deferred and recognized in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Alternatively, they are deducted in reporting the related expense.
- iii. Grants related to non-depreciable assets may also require the fulfilment of certain obligations and would then be recognized in profit or loss over the periods that bear the cost of meeting the obligations.

iv. Government Grants received either as subsidy or otherwise for acquisition of depreciable assets are accounted as deferred income. If the grant/subsidy is absolute, amount corresponding to the depreciation is treated as income over the life of the asset. If the grant/subsidy is attached with any conditions, such as repayment, income is accounted as per the terms of the grant/subsidy.

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