नालको NALCO

NBC/S/4.5 & 4.5(A)/2018/**978**
Date : 26/05/2018

The Manager BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, **MUMBAI - 400 001** **Scrip Code : 532234**	The Manager Listing Department National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra East, **MUMBAI - 400 051** **Symbol : NATIONALUM**

Sub : 1. Submission of Audited Financial Results(Standalone & Consolidated) for the quarter and year ended 31.03.2018.

2. Recommendation of Final Dividend.

Dear Sir,

1.0 This has reference to the correspondence resting with our letter dtd. 18-05-2018 & 22.05.2018 on the above subject.

In terms of Regulation 33 of SEBI (LODR) Regulations, 2015, please find enclosed a copy of the audited Financial Results (Standalone & Consolidated) for the quarter and year ended 31.03.2018. These were approved and authenticated by the Board in their meeting held on 26.05.2018. Necessary publication is also being made on Local & English dailies.

2.0 Enclosed also please find copies of Auditors' Report (Standalone & Consolidated) given by the Statutory Auditors on the Audited Financial Results of the Company for the year ended 31st March, 2018.

3.0 The Statutory Auditors of the Company have issued the Audit Report with unmodified opinion in respect of the Audited Financial Statement of the Company for the year ended 31st March, 2018.

4.0 The Board has also recommended final dividend @20% i.e. Re. 1/- per equity share of face value of Rs. 5/- each for the financial year ended 31st March, 2018, subject to approval of the shareholders at the ensuing Annual General meeting.

The meeting commenced at 1130 hours and concluded at 1640 hours.

Thanking you,

Yours faithfully,
For **National Aluminium Co. Ltd.**

26/05/18

(N K MOHANTY)
COMPANY SECRETARY

Encl. As above.

NKJena-

नेशनल एल्यूमिनियम कम्पनी लिमिटेड
(भारत सरकार का उद्यम)
निगम कार्यालय
नालको भवन, नयापल्ली, भुवनेश्वर -751 013 भारत

National Aluminium Company Limited
(A Government of India Enterprise)
REGD. & CORPORATE OFFICE
Nalco Bhawan,
PlotNo.P/1,Nayapalli,Bhubaneswar–751013,India

CIN # L27203OR1981GOI000920

Tel.:0674-2301988-999, Extn.: 2265,2266,2267,2585,2587,Email:company_secretary@nalcoindia.co.in,Website:www.nalcoindia.com

NATIONAL ALUMINIUM COMPANY LIMITED

Financial Results for the Quarter and Year Ended 31st March 2018

Statement of Profit and Loss

(Rs.in Crore)

	Particulars	Standalone					Consolidated	
		Quarter Ended			Year Ended		Year Ended	
		31-03-2018	31-12-2017	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
I	Revenue from Operations	2,863.16	2,388.82	2,549.71	9618.31	8,050.02	9618.31	8050.02
II	Other Income	57.31	75.81	61.96	299.65	408.27	299.65	408.27
III	**Total Income (I + II)**	**2,920.47**	**2,464.63**	**2,611.67**	**9,917.96**	**8,458.29**	**9,917.96**	**8,458.29**
IV	**Expenses**							
	(a) Cost of raw materials consumed	417.98	362.93	314.93	1,465.31	1,181.79	1,465.31	1,181.79
	(b) Cost of power and fuel consumed	716.27	694.03	588.96	2,747.92	2,212.53	2,747.92	2,212.53
	(c) Changes in inventories of finished goods and work-in-progress	167.44	(17.02)	140.25	47.43	(96.59)	47.43	(96.59)
	(d) Employee benefits expenses	640.34	737.58	482.64	2,261.20	1,537.44	2,261.20	1,537.44
	(e) Finance costs	0.56	0.51	0.99	1.95	2.69	1.95	2.69
	(f) Depreciation and amortisation expenses	126.77	124.34	108.61	480.40	480.36	480.40	480.36
	(g) Other expenses	431.46	266.78	595.46	1,699.00	2,135.20	1,699.00	2,135.20
	Total expenses (Sum of a to g)	**2,500.82**	**2,169.15**	**2,231.84**	**8,703.21**	**7,453.42**	**8,703.21**	**7,453.42**
V	**Profit / (Loss) before exceptional items and tax (III- IV)**	**419.65**	**295.48**	**379.83**	**1,214.75**	**1,004.87**	**1,214.75**	**1,004.87**
VI	**Exceptional items**	**(6.41)**	**(801.46)**	**3.02**	**(824.08)**	**40.15**	**(824.08)**	**40.15**
VII	Share of Profit/(loss) of Joint Ventures	-	-	-	-	-	(0.22)	(0.81)
VIII	**Profit / (Loss) before tax (V-VI+VII)**	**426.06**	**1,096.94**	**376.81**	**2,038.83**	**964.72**	**2,038.61**	**963.91**
IX	**Tax expense:**	**169.00**	**375.16**	**108.44**	**696.42**	**296.19**	**696.42**	**296.19**
X	**Profit / (Loss) for the period (VIII-X)**	**257.06**	**721.78**	**268.37**	**1,342.41**	**668.53**	**1,342.19**	**667.72**
XI	**Other Comprehensive Income**							
	(i) Items that will not be reclassified to Profit or loss	58.64	(1.42)	11.64	52.66	13.88	52.66	13.88
	(ii) Income tax relating to items that will not be reclassified to profit or loss	4.70	(0.49)	4.02	2.63	4.80	2.63	4.80
	Other Comprehensive Income for the period (net of tax)	**53.94**	**(0.93)**	**7.62**	**50.03**	**9.08**	**50.03**	**9.08**
XII	**Total comprehensive Income for the period (X+XI)**	**311.00**	**720.85**	**275.99**	**1,392.44**	**677.61**	**1,392.22**	**676.80**
XIII	**Earning per equity share**							
	(i) Basic (Rs.)	1.33	3.73	1.39	6.94	2.98	6.94	2.97
	(ii) Diluted (Rs.)	1.33	3.73	1.39	6.94	2.98	6.94	2.97

See acompanying notes to the financial results

Balance Sheet as at 31st March, 2018

(Rs.in Crore)

Particulars	Standalone		Consolidated	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Assets				
(1) Non-current assets				
(a) Property, plant and equipment	7,019.38	7,018.63	7,019.38	7,018.63
(b) Capital work-in-progress	825.83	514.65	825.83	514.65
(c) Intangible assets	120.08	125.80	120.08	125.80
(d) Intangible assets under development	89.39	51.35	89.39	51.35
(e) Financial assets				
(i) Investments	117.61	39.55	116.75	38.91
(ii) Trade receivables	-	-	-	-
(iii) Loans	74.96	80.60	74.96	80.60
(iv) Other financial assets	13.14	10.77	13.14	10.77
(f) Other non-current assets	739.51	1,004.51	739.51	1,004.51
Total non-current assets	**8,999.90**	**8,845.86**	**8,999.04**	**8,845.22**
(2) Current assets				
(a) Inventories	1,194.08	1,155.93	1,194.08	1,155.93
(b) Financial assets				
(i) Investments	592.96	1,221.13	592.96	1,221.13
(ii) Trade receivables	258.13	184.25	258.13	184.25
(iii) Cash and cash equivalents	25.35	24.83	25.35	24.83
(iv) Bank balances other than (iii) above	2,743.60	2,262.40	2,743.60	2,262.40
(v) Loans	29.29	36.70	29.29	36.70
(vi) Other financial assets	152.55	156.49	152.55	156.49
(c) Current tax assets (Net)	32.13	34.12	32.13	34.12
(d) Other current assets	585.81	579.94	585.81	579.94
Total current assets	**5,613.90**	**5,655.79**	**5,613.90**	**5,655.79**
Total assets	**14,613.80**	**14,501.65**	**14,612.94**	**14,501.01**
Equity and liabilities				
(1) Equity				
(a) Equity share capital	966.46	966.46	966.46	966.46
(b) Other equity	9,538.35	9,239.33	9,537.49	9,238.69
Total equity	**10,504.81**	**10,205.79**	**10,503.95**	**10,205.15**
Liabilities				
(2) Non-current liabilities				
(a) Financial liabilities				
(i) Trade payables	15.63	19.61	15.63	19.61
(ii) Other financial liabilities	2.85	2.36	2.85	2.36
(b) Provisions	436.09	328.11	436.09	328.11
(c) Deferred tax liabilities (Net)	1,151.45	1,245.58	1,151.45	1,245.58
(d) Other non-current liabilities	62.04	48.27	62.04	48.27
Total non-current liabilities	**1,668.06**	**1,643.93**	**1,668.06**	**1,643.93**
(3) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	44.99	51.09	44.99	51.09
(ii) Trade payables	961.74	844.46	961.74	844.46
(iii) Other financial liabilities	512.87	469.10	512.87	469.10
(b) Other current liabilities	545.45	117.07	545.45	1,170.21
(c) Provisions	375.88	1,170.21	375.88	117.07
Total current liabilities	**2,440.93**	**2,651.93**	**2,440.93**	**2,651.93**
Total liabilities	**4,108.99**	**4,295.86**	**4,108.99**	**4,295.86**
Total equity and liabilities	**14,613.80**	**14,501.65**	**14,612.94**	**14,501.01**

Segment information for the quarter and Year ended 31st March, 2018

(Rs in Crore)

Sl. No.	Particulars	Standalone					Consolidated	
		Quarter ended			Year Ended		Year Ended	
		31-03-2018 (Audited)	31-12-2017 (Unaudited)	31-03-2017 (Audited)	31-03-2018 (Audited)	31-03-2017 (Audited)	31-03-2018 (Audited)	31-03-2017 (Audited)
1	2	3	4	5	6	7	8	9
1	**Segment Revenue :**							
	a) Chemicals	1,741.48	1,223.33	1,364.44	5,162.02	4,046.21	5,162.02	4,046.21
	b) Aluminium	1,695.22	1,688.51	1,678.89	6,408.81	5,537.42	6,408.81	5,537.42
	c) Unallocated Common	21.39	15.77	20.37	126.75	108.64	126.75	108.64
	Total :	**3,458.09**	**2,927.61**	**3,063.70**	**11,697.58**	**9,692.27**	**11,697.58**	**9,692.27**
	Less: Inter segment revenue	594.93	538.79	513.99	2,079.27	1,642.25	2,079.27	1,642.25
	Income from operations	2,863.16	2,388.82	2,549.71	9,618.31	8,050.02	9,618.31	8,050.02
2	**Segment Results :**							
	Profit before tax, exceptional items and interest :							
	a) Chemicals	642.39	389.58	408.20	1,520.83	976.92	1,520.83	976.92
	b) Aluminium	(201.50)	(91.09)	(30.35)	(367.07)	(224.78)	(367.07)	(224.78)
	Sub-total :	**440.89**	**298.49**	**377.85**	**1,153.76**	**752.14**	**1,153.76**	**752.14**
	Exceptional Income/(Expenses)	6.41	801.46	(3.02)	824.08	(40.15)	824.08	(40.15)
	Interest & financing charges	0.56	0.51	0.99	1.95	2.69	1.95	2.69
	Interest and dividend income	55.54	65.87	314.06	240.37	383.03	240.37	383.03
	Add: Other unallocated income net of unallocated expenses	(76.22)	(68.37)	(311.09)	(177.43)	(127.61)	(177.65)	(128.42)
	Total Profit before Tax :	**426.06**	**1,096.94**	**376.81**	**2,038.83**	**964.72**	**2,038.61**	**963.91**
3	**Segment Assets & Liabilities**							
	Assets							
	a) Chemicals	4,041.84	3,993.68	3,643.06	4,041.84	3,643.06	4,041.84	3,643.05
	b) Aluminium	5,117.43	5,001.99	5,165.16	5,117.43	5,165.16	5,117.43	5,165.16
	c) Unallocated Common	5,454.53	6,470.55	5,693.44	5,454.53	5,693.44	5,453.67	5,692.80
	Total	**14,613.80**	**15,466.22**	**14,501.65**	**14,613.80**	**14,501.65**	**14,612.94**	**14,501.01**
	Liabilities							
	a) Chemicals	1,041.48	1,105.61	780.06	1,041.48	780.06	1,041.48	780.06
	b) Aluminium	1,606.60	1,611.13	1,902.94	1,606.60	1,902.94	1,606.60	1,902.94
	c) Unallocated Common	309.46	297.05	367.28	309.46	367.28	309.46	367.28
	Total	**2,957.54**	**3,013.79**	**3,050.28**	**2,957.54**	**3,050.28**	**2,957.54**	**3,050.28**

Notes:

(1) The results have been reviewed by the Audit Committee in the meeting held on May 26, 2018 and approved at the meeting of the Board of Directors held on May 26, 2018 .

(2) Dispute with the Department of Water Resources, Govt. of Odisha over interest claim on water charges dues have been settled during the year. In terms of the settlement, the Company has paid Rs.58.18 crore discharging the liability accrued till 31.10.2017. Consequent to the settlement excess liability of Rs. 785.71 crore provided for in the books till that date has been written back and considered as an exceptional item.

(3) During the financial year the Board has paid an interim dividend of Rs. 4.70 per equity share. The Board of Directors have also recommended the final dividend of Rs. 1 per equity share in their meeting held on May 26, 2018 subject to the approval of shareholders in the ensuing Annual General Meeting.

(4) Consequent to the intorduction of Goods and Service Tax (GST) with effect from 1st July 2017, Central excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Ind AS 18 on Revenue, unlike excise duty, levies like GST and VAT etc. are not part of Revenue. Accordingly, the figures for the periods upto 30th Jun, 2017 are not strictly comparable to those thereafter.

(5) Figures pertaining to previous periods have been regrouped, recasted and rearranged, wherever necessary.

Place : Bhubaneswar
Dated : 26.05.2018

(Dr. T K Chand)
Chairman-cum-Managing Director

GUHA NANDI & CO.
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL ALUMINIUM COMPANY LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes 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 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.

GUHA NANDI & CO. Kolkata Chartered Accountants

Patro & Co. Bhubaneswar Chartered Accountants

Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by company's directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

2. In compliance to directions of the Comptroller and Auditor General of India u/s.143(5) of

GUHA NANDI & CO. Kolkata Chartered Accountants

PATRO & CO. Bhubaneswar Chartered Accountants

the Act, we give in Annexure "B" to this report a statement on the matters specified therein.

3. As required by section 143(3) of the Act we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules made thereunder.
   e. Section 164(2) of the Act regarding disqualification of directors is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 issued by the Ministry of corporate Affairs, Govt. of India.
   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "C".
   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. the Company has disclosed pending litigations in its financial statements – Refer Note 25 to the standalone financial statements, the impact of which on its financial position is not ascertainable as the matters are sub-judice;
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company; and

For Guha Nandi & Co.
Chartered Accountants
FRN: 302039E

(CA B. K. Sarawagi)
Partner
Membership No.054894

GUHA NANDI & CO. Kolkata Chartered Accountants

For Patro & Co.
Chartered Accountants
FRN: 310100E

(CA Rajendra Patro)
Partner
Membership No. 019423

Patro & Co. Bhubaneswar Chartered Accountants

Place : Bhubaneswar
Date : 26.05.2018

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ANNEXURE – A

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 OF NATIONAL ALUMINIUM COMPANY LIMITED

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its property, plant and equipment including intangible assets.

(b) All movable assets of the Company are physically verified by the management every year. The frequency of verification, in our opinion, is reasonable. No material discrepancies were noticed on such verification conducted during the year;

Non-movable assets have been physically verified by the management at an interval of three years, which, in our opinion, is reasonable having regard to the size and nature of assets of the Company;

No material discrepancies between book records and physical assets have been noticed;

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company the title deeds of immovable properties are held in the name of the Company. Out of 8022.63 acres of freehold land and 9878.52 acres of leasehold land held by the Company, title/lease deeds are not yet executed in respect of 66.92 acres of freehold and 2244.55 acres of leasehold land respectively. However, the Company has been permitted by the concerned authorities to carry on its operation on the said land. Registration formalities in respect of office space for 6459 sft. in Kolkata is also not completed.

ii) Inventories, except stocks relating to expansion project, stocks lying with third parties and stocks-in-transit, have been physically verified during the year by firms of Chartered Accountants appointed by the management for this purpose. The frequency of verification is reasonable. The discrepancies noticed on physical verification between physical stocks and book records in case of shortages have been properly dealt with in the books of accounts while excesses have been ignored;

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Patro & Co. Bhubaneswar Chartered Accountants

iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses (iii) (a), (b) & (c) of paragraph 3 of the Order are not applicable;

iv) Section 185 of the Act regarding loans to directors is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 issued by the Ministry of corporate Affairs, Govt. of India. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act with respect to the loans and investments made.

v) The Company has not accepted any deposits from the public.

vi) We have broadly reviewed the books and records maintained by the Company as specified by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of manufacturing activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate and complete.

vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, electricity duty and other material statutory dues with the appropriate authorities and there are no undisputed statutory dues as at 31st March, 2018 outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, following statutory dues have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Amount disputed (₹ in crore)	Amount deposited (₹ in Crore)	Forum where disputes are pending
Sales Tax	Sales Tax	122.80	24.20	Commissioner
		162.23	55.52	Tribunal
		81.13	4.02	High Court
		366.16	**83.75**	
Entry Tax	Entry Tax	36.05	8.17	Commissioner
		133.02	55.55	Tribunal

GUHA NANDI & CO. Kolkata Chartered Accountants

Patro & Co. Bhubaneswar Chartered Accountants

		60.55	9.38	High Court
		229.62	**73.11**	
Central Excise Act,1944	Excise Duty	2.96	0.11	Commissioner
		96.94	0.57	Tribunal
		0.79	0.59	High Court
		100.69	**1.27**	
Service Tax	Service tax	2.91	1.84	Commissioner
		15.17	1.13	Tribunal
		18.08	**2.97**	
Customs Act, 1962	Custom Duty	1.44	0.18	Commissioner
		101.33	1.66	Tribunal
		102.77	**1.84**	
Income Tax Act, 1961	Income Tax	81.70	229.39	Commissioner
		592.78	315.61	Tribunal
		31.92	52.14	High Court
		706.40	**597.14**	
Odisha Stamps Act	Stamp duty	**204.53**	**0.00**	High Court
Road Tax	Road Tax	2.65	0.00	Commissioner
		2.65	**0.00**	High Court
	Total:	**1,730.89**	**760.08**	

viii) Except bill discounting arrangement with banks, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. The Company has not defaulted in repayment of the loans obtained under the bill discounting facility.

ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

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

xi) Section 197 of the Act regarding managerial remuneration is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 issued by the Ministry of corporate Affairs, Govt. of India.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable

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Patro & Co. Bhubaneswar Chartered Accountants

and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with any director 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 Guha Nandi & Co.
Chartered Accountants
FRN: 302039E

(CA B. K. Sarawagi)
Partner
Membership No.054894

For Patro & Co.
Chartered Accountants
FRN: 310100E

(CA Rajendra Patro)
Partner
Membership No. 019423

Place : Bhubaneswar

Date : 26.05.2018

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ANNEXURE "B"

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 OF NATIONAL ALUMINIUM COMPANY LIMITED

(Referred to in paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

Report on the directions under section 143(5) of the Companies Act, 2013 by the Comptroller & Auditor General of India

According to the information and explanations given to us by the management and on the basis of our examination of books and records of the Company, we report that:

1. The Company has clear title/lease deeds for freehold and leasehold land respectively wherever the title/lease deeds are executed. There are 66.92 acres of freehold and 2244.55 acres of lease hold land out of 8022.63 acres of freehold and 9878.52 acres of lease hold land in respect of which the title/lease deeds are not yet executed. However, the Company has been permitted by the concerned authorities to carry on its operation on the said land.

2. There are 7 cases of write-off of advances, debtors and claims amounting to Rs.31.98 lacs as detailed below. The reason of write-off, as explained to us, is that these are old balances lying unadjusted/unrealized for a long time, have become time-barred and chances of recovery / adjustments are remote.

Types of write off / waiver	No of cases	Amount in Rs. Lacs
Advances	1	0.22
Claims	6	31.76
Total	**7**	**31.98**

3. (a) Proper records are maintained for inventories lying with third parties.

   (b) The Company has not received any asset as gift/grant(s) from Government or other authorities during the year.

For Guha Nandi & Co.
Chartered Accountants
FRN: 302039E

(CA B. K. Sarawagi)
Partner
Membership No.054894

GUHA NANDI & CO. Chartered Accountants Kolkata

For Patro & Co.
Chartered Accountants
FRN: 310100E

(CA Rajendra Patro)
Partner
Membership No. 019423

Patro & Co. Chartered Accountants Bhubaneswar

Place : Bhubaneswar

Date : 26.05.2018

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ANNEXURE "C"

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 OF NATIONAL ALUMINIUM COMPANY LIMITED

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 **NATIONAL ALUMINIUM COMPANY LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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 judgment, including the

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PATRO & CO. Bhubaneswar Chartered Accountants

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Guha Nandi & Co.
Chartered Accountants
FRN: 302039E

(CA B. K. Sarawagi)
Partner
Membership No.054894

GUHA NANDI & CO. Kolkata Chartered Accountants

For Patro & Co.
Chartered Accountants
FRN: 310100E

(CA Rajendra Patro)
Partner
Membership No. 019423

Patro & Co. Bhubaneswar Chartered Accountants

Place : Bhubaneswar

Date : 26.05.2018

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NATIONAL ALUMINIUM COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **National Aluminium Company Limited** (hereinafter referred to as "the Company") and its associate and jointly controlled entities, which comprises the Consolidated Balance Sheet as at 31st March, 2018, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Company's board of directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company including its associate and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with read with relevant rules made thereunder.

The respective board of the Company and its associate and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding their assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free

GUHA NANDI & CO. Kolkata Chartered Accountants

Patro & Co. Bhubaneswar Chartered Accountants

from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by company's board of directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company including its associate and jointly controlled entities, as at 31st March 2018 and their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated changes in equity for the year then ended.

GUHA NANDI & CO. Chartered Accountants Kolkata

Patro & Co. Chartered Accountants Bhubaneswar

Other Matter

The consolidated financial statements include the Company's share of net loss of Rs.0.22 crore for the year ended 31st March, 2018, in respect of the associate and jointly controlled entities, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associate and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to these associate and jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. In compliance to directions of the Comptroller and Auditor General of India u/s.143(5) of the Act, we give in Annexure "A" to this report a statement on the matters specified therein.

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 of the aforesaid consolidated financial statements.
   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules made thereunder.
   e. Section 164(2) of the Act regarding disqualification of directors is not applicable to the Company by virtue of Notification No. G.S.R. 463(E) dated 05.06.2015 and on the basis of the reports of the statutory auditors of its associate and jointly controlled entities incorporated in India, none of the director of these associate and jointly controlled

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Patro & Co. Bhubaneswar Chartered Accountants

entities is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company including its associate and jointly controlled entities and the operating effectiveness of such controls, refer to our separate report in Annexure "B".

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

i. the consolidated financial statements disclose pending litigations of the Company including its associate and jointly controlled entities - Refer Note 25 to the consolidated financial statements, the impact of which on the consolidated financial position is not ascertainable as the matters are sub-judice ;

ii. the Company including its associate and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts;

iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company; and

For Guha Nandi & Co.
Chartered Accountants
FRN: 302039E

(CA B. K. Sarawagi)
Partner
Membership No.054894

For Patro & Co.
Chartered Accountants
FRN: 310100E

(CA Rajendra Patro)
Partner
Membership No. 019423

Place : Bhubaneswar

Date : 26.05.2018

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ANNEXURE "A"

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 OF NATIONAL ALUMINIUM COMPANY LIMITED

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

Report on the directions under section 143(5) of the Companies Act, 2013 by the Comptroller & Auditor General of India

1. According to the information and explanations given to us by the management and on the basis of our examination of books and records of the Company and reports of the other auditors and information furnished by the management of associate and jointly controlled entities as the case may be, we report that:

   (i) The Company including its associate and jointly controlled entities have clear title/lease deeds for freehold and leasehold land respectively wherever the title/lease deeds are executed. There are 66.92 acres of freehold and 2244.55 acres of lease hold land out of 8022.63 acres of freehold and 9878.52 acres of lease hold land in respect of which the title/lease deeds are not yet executed. However, the Company has been permitted by the concerned authorities to carry on its operation on the said land.

   (ii) There are 7 cases of write-off of advances, debtors and claims amounting to Rs.31.98 lacs as detailed below. The reason of write-off, as explained to us, is that these are old balances lying unadjusted / unrealized for a long time, have become time-barred and chances of recovery / adjustments are remote.

Types of write off / waiver	No of cases	Amount in Rs. Lacs
Advances	1	0.22
Claims	6	31.76
Total	**7**	**31.98**

   (iii) (a) Proper records are maintained by the Company including its associate and jointly controlled entities for inventories lying with third parties

   (b) The Company including its associate and jointly controlled entities have not received any asset as gift/grant(s) from Government or other authorities during the year.

GUHA NANDI & CO. Chartered Accountants Kolkata

Patro & Co. Chartered Accountants Bhubaneswar

2. Our reports under Section 143(5) of the Act on the consolidated financial statements of National Aluminium Co. Ltd., in so far as it relates to the associate and jointly controlled entities of the Company, is based on the corresponding reports of the auditors of such associate and jointly controlled entities (hereinabove mentioned as the "other auditors") and information furnished by the management of such associate and jointly controlled entities. The Company has one associate and two jointly controlled entities. As informed to us, GACL-NALCO Alkalies & Chemicals Pvt. Ltd., a jointly controlled entity of the Company, is not a Government company and hence section 143(5) is not applicable to it.

For Guha Nandi & Co.
Chartered Accountants
FRN: 302039E

(CA B. K. Sarawagi)
Partner
Membership No.054894

For Patro & Co.
Chartered Accountants
FRN: 310100E

(CA Rajendra Patro)
Partner
Membership No. 019423

Place : Bhubaneswar

Date : 26.05.2018

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ANNEXURE "B"

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018 OF NATIONAL ALUMINIUM COMPANY LIMITED

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **NATIONAL ALUMINIUM COMPANY LIMITED** (hereinafter referred to as ("the Company") and its associate and jointly controlled entities, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

GUHA NANDI & CO. Kolkata Chartered Accountants

Patro & Co. Bhubaneswar Chartered Accountants

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company and its associate and jointly controlled entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the associate and jointly controlled entities, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

For Guha Nandi & Co.
Chartered Accountants
FRN: 302039E

(CA B. K. Sarawagi)
Partner
Membership No.054894

For Patro & Co.
Chartered Accountants
FRN: 310100E

(CA Rajendra Patro)
Partner
Membership No. 019423

Place : Bhubaneswar

Date : 26.05.2018