

PRAKASH CHANDRA JAIN & CO.
CHARTERED ACCOUNTANTS

74-76, GAYATRI CHAMBERS
R.C. DUTT ROAD, ALKAPURI,
VADODARA-390005
PH. : 91-265-2334365
FAX : 91-265-2331056

AUDITORS' REPORT

To the members of GACL-NALCO Alkalies & Chemicals Private Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of GACL-NALCO Alkalies & Chemicals Private Limited, which comprise the Balance Sheet as at 31st March, 2016 and the statement of profit and loss and the cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

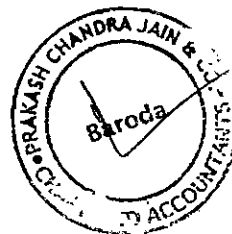
The Company's management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,



including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Management, as well as evaluating the overall presentation of the financial statements.

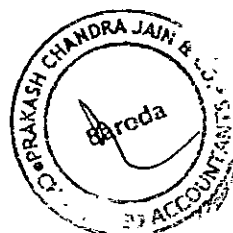
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its loss and its cash flows for the period 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 the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on 31 March 2016 and taken on record by the Board of directors, none of the directors are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act ;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

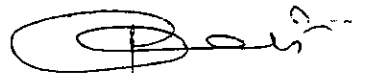


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- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has no pending litigations which has an impact on its financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There was no amount, that was required to be transferred to the Investor Education and Protection Fund by the Company.

For Prakash Chandra Jain & Co.
Chartered Accountants
Firm's Registration No. 002438C



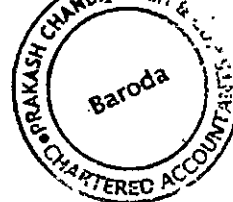
(CA P. C. Nalwaya)

Partner

Membership No: 033710

Place: Bhubaneshwar

Date: April 26, 2016



Annexure A to the Auditors' Report

The Annexure referred to in our report of even date. We report that:

- i) In respect of its Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;
 - b) The Company has been incorporated on December 4, 2015 . Management has verified the fixed assets as the end of the period and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.;
 - c) There is no immovable assets held in the name of the company;
- ii) The Company has no inventory and hence there is no need of the physical verification of the inventory;
- iii) As explained to us, the Company has not granted any loans, secured or unsecured to companies, firms , Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly the clauses 3(iii) (a), (b) & (c) of the Order are not applicable;
- iv) As explained to us , no loans, investments, guarantees, and security had been given as per the provisions of section 185 and 186 of the Companies Act, 2013;
- v) As explained to us, company has not accepted deposits, so clause 3 (v) of the Order are not applicable;
- vi) The Central Government has not prescribed the maintenance of the cost records under sub section (1) of section 148 of the Companies Act, 2013, for any of the products to be produced by the Company;
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, company has been incorporated during the year hence no statutory dues were required to be paid by the company. So clause 3 (vii) (b) of the Order are not applicable;
- viii) The Company had not availed any loans from financial institutions, banks or debenture holders during the period ;
- ix) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans ;



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- x) On the basis of our examination and according to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year;
- xi) On the basis of our examination and according to the information and explanations given to us, no managerial remuneration has been paid or provided 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, so clause 3(xii) are not applicable to the company;
- xiii) On the basis of our examination and 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 and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- xiv) On the basis of our examination and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period;
- xv) On the basis of our examination and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and hence the provisions of section 192 of Companies Act, 2013 have been complied with;
- xvi) On the basis of our examination and according to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Prakash Chandra Jain & Co.
Chartered Accountants
Firm's Registration No. 002438C

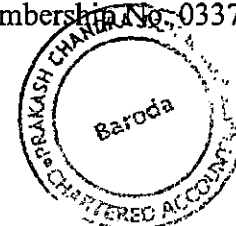


(CA P. C. Nalwaya)
Partner

Membership No. 033710

Place: Bhubaneshwar

Date: April 26, 2016



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Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of GACL-NALCO Alkalies & Chemicals Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit on the financial statements of the Company for the period 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 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

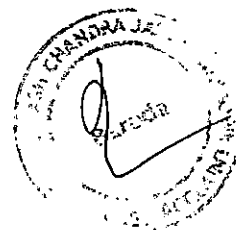
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's 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 expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition and use company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

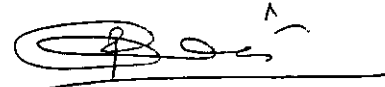


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stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Prakash Chandra Jain & Co.**
Chartered Accountants
Firm's Registration No. 002438C



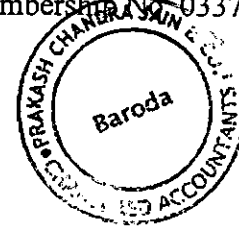
(CA P. C. Nalwaya)

Partner

Membership No. 033710

Place: Bhubaneswar

Date: April 26, 2016.



GACL-NALCO Alkalies & Chemicals Private Limited

Balance Sheet as at 31st March 2016

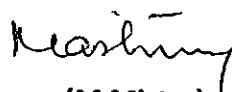
(Rupees in lakhs)

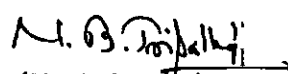
Particulars	Note No.	Figures as at end of the current period *
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	2	10.00
Reserves and surplus	3	(3.87)
Share application money pending allotment		
Non-current liabilities		
Current liabilities		
Other current liabilities	4	73.49
TOTAL :		79.62
ASSETS		
Non-current assets		
Fixed Assets		
Tangible assets	5	3.31
Capital work-in-progress	6	63.37
Other non-current Assets	7	2.94
Current Assets		
Cash and cash equivalents		10.00
TOTAL :		79.62


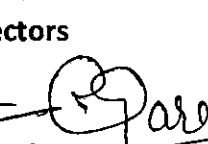
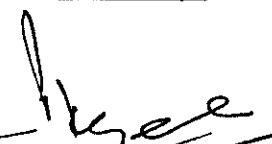
Significant Accounting Policies and accompanying notes (1 to 13) form an integral part of financial statements.

*Since the company has been incorporated on 4th December 2015, books of accounts are for the period from 4th December 2015 to 31st March 2016.

For and on behalf of Board of Directors



(M Mistry)
Company Secretary

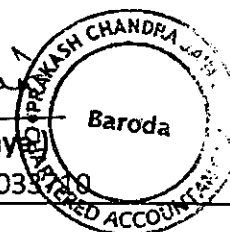

(N B Tripathy)
Chief Finance Officer

 (S K Dash) Director
 (P G Pujara) Director & CEO
 (P K Gera) Chairman

As per our report of even date attached.
For Prakashchandra Jain & Co.
Chartered Accountants
FRN - 002438C

Place: Bhubneswer
Date: 26/04/2016.


(CA P. C. Nalwaya)
Partner - M No.033780



GACL-NALCO Alkalies & Chemicals Private Limited

Statement of Profit and Loss for the period ended 31st March 2016


(Rupees in lakhs)

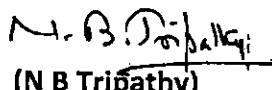
Particulars	Note No.	Figures for the current reporting period *
Revenue from operations		--
Other Income		--
Total Revenue		---
Expenses		
Depreciation		0.11
Other expenses	8	3.76
Total Expenses		3.87
Profit before Tax		(3.87)
Tax Expense		--
Profit and (Loss) for the period		(3.87)
Earning per share		--

Significant Accounting Policies and accompanying notes (1 to 13) form an integral part of financial statements.

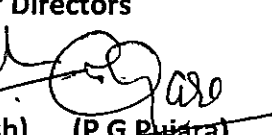
* Since the company has been incorporated on 4th December 2015 , books of accounts are for the period from 4th December 2015 to 31st March 2016.

For and on behalf of Board of Directors


(M Mistry)
Company Secretary


(N B Tripathy)
Chief Finance Officer


(S K Dash)
Director


(P G Pujara)
Director & CEO


(P K Gera)
Chairman

As per our report of even date attached.

For Prakashchandra Jain & Co.

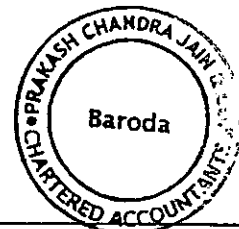
Chartered Accountants

FRN - 002438C



(CA P. C. Nalwaya)

Partner - M No.033710



Place: Bhubneswer

Date: 26/04/2016.

GACL-NALCO Alkalies & Chemicals Private Limited

Cashflow Statement for the year 2015-16

(Rupees in lakhs)


Figures as at end of the current
period *

Particulars	
A. Cashflow from Operating Activities:	
Net profit before tax	(3.87)
Adjustments for:	
Depreciation	0.11
	<u>0.11</u>
Operating profit before working capital changes	(3.76)
Adjustments for :	
Receivables	(2.94)
Payables	73.49
	<u>70.55</u>
Net Cash generated from operations	66.79
B. Cashflow from Investing Activities:	
(Purchase)/Sale of Fixed Assets	(66.79)
C. Cashflow from Financing Activities:	
Share application money received	10.00
D. Net changes in Cash & Cash Equivalents (A+B+C)	
	10.00
E. Cash & Cash Equivalents - Opening Balance	
	-
F. Cash & Cash Equivalents - Closing Balance (D+E)	
	<u>10.00</u>


* Since the company has been incorporated on 4th December 2015, books of accounts are for the period from 4th December 2015 to 31st March 2016.

For and on behalf of Board of Directors


(M Mistry)
Company Secretary


(N B Tripathy)
Chief Finance Officer


(S K Dash)
Director


(P G Pujara)
Director & CEO


(P K Gera)
Chairman

As per our report of even date attached.

For Prakashchandra Jain & Co.

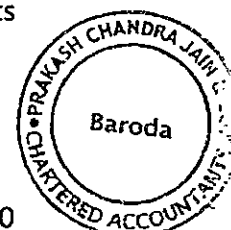
Chartered Accountants

FRN - 002438C



(CA P. C. Nalwaya)

Partner - M No.033710



Place: Bhubneswer

Date: 26/04/2016.

GACL-NALCO Alkalies & Chemicals Private Limited

Notes to Financial Statements

(Rupees in lakhs)

Particulars	Figures as at end of the current period (04.12.2015 to 31.03.2016)
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Note - 1: Accounting Policies :

Significant accounting policies are as per Annexure A.

Note - 2: Share Capital :

Equity Share Capital

Authorised

10,00,000 shares of Rs.10 each 100.00

Issued, subscribed and paid up

1,00,000 shares of par value of Rs.10 each 10.00

(i) Reconciliation of number of equity shares

Particulars	Number	(Rs. In Lakhs)
Shares outstanding at the beginning of the period	-	-
Shares issued during the period	100,000	10.00
Shares outstanding at the end of the period	100,000	10.00

(ii) Rights, preferences and restrictions attached to shares:

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

(iii) List of shareholders holding more than 5% of total number of share issued by the company:

Sr. No.	Name of shareholder	No of shares held	% of shares held
1	Gujarat Alkalies & Chemicals Limited	60,000	60
2	National Aluminium Company Limited	40,000	40

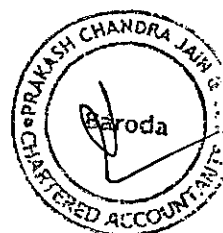
(iv) Shares held by Holding Company:

Gujarat Alkalies and Chemicals Limited is the holding company of GACL-NALCO Alkalies & Chemicals Pvt. Ltd. holding 60,000 equity shares of Rs. 10 each at par value amounting to Rs. 6 Lakhs.

Note - 3: Reserves and Surplus:

Loss transferred from Profit & Loss Account

(3.87)



Note - 4: Other current Liabilities:

GACL	49.39
NALCO	23.02
Outstanding liabilities	1.08
	<u>73.49</u>

Note - 5: Tangible Assets:

Particulars	Gross Block as on 31.3.2016	Depreciation for the year 2015-16	Net Block as 31.3.2016
Furniture & Fixture	3.42	0.11	3.31

Note - 6: Capital work in progress:

Capital Work in progress	<u>63.37</u>
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Note - 7: Other Non-current Assets:

Preliminary Expenses	<u>2.94</u>
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Note - 8: Other Expenses:

Particulars	Total Expenses	Transferred to CWIP	Balance in P/L account
Project Technical fees and expenses	22.38	22.38	0.00
Deputation Expenses	27.22	25.49	1.73
Travelling Expenses	13.48	12.55	0.93
Directors Sitting fees	0.40	0.00	0.40
Statutory Audit Fees	0.29	0.00	0.29
Environment clearance expenses	2.95	2.95	0.00
Other Expenses	0.41	0.00	0.41
	<u>67.13</u>	<u>63.37</u>	<u>3.76</u>

Note - 9: Tax expenses:

In view of negative profit, current tax expenses for the year is zero. Also, deferred tax asset being a contingent asset has not been accounted for.

Note - 10: Contingent liabilities & other commitments

Commitments towards REIA and environment clearance contract.	<u>6.87</u>
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Note - 11: Related Party Transactions

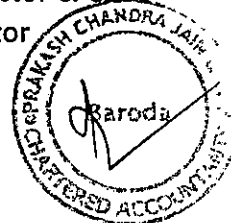
(i) List of Related Parties:

Key Managerial Personnel :

Shri PK Gera, Chairman

Shri PG Pujara, Director & CEO

Shri SS Bhatt, Director



Shri SK Dash, Director
Shri K Ravindran, Director
Shri MV Mistry, Company Secretary

Holding Company
Investing Party / Venturer

Gujarat Alkalies and Chemicals Limited
National Aluminium Company Limited

(ii) Transactions with Related Parties:

Sr.	Related Party	Nature of Transaction	(Rs. In Lakhs)
1	Gujarat Alkalies and Chemicals Limited	Reimbursement of Preliminary & Pre-operative Expenses	49.39
2	National Aluminium Company Limited	Reimbursement of Pre-operative Expenses	23.02
3	Shri PG Pujara	Deputation Allowance	0.17
4	Shri MV Mistry	Deputation Allowance	0.09
			<u>72.67</u>

Note - 12: Expenses in Foreign Currency
On Travelling

9.23

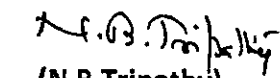
Note - 13: Amount due to MSME

Nil

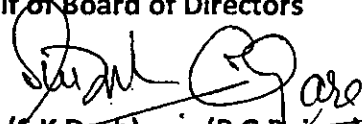
For and on behalf of Board of Directors


(M Mistry)

Company Secretary


(N B Tripathy)


Chief Finance Officer


(S K Dash)

Director


(P G Pujara)

Director & CEO


(P K Gera)

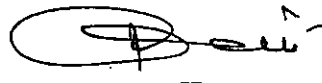
Chairman

As per our report of even date attached.

For Prakashchandra Jain & Co.

Chartered Accountants

FRN - 002438C



(CA P. C. Nalwaya)

Partner - M No.033710

Place: Bhubneswer

Date: 26/04/2016.

GAGL-NALCO Alkalies and Chemicals Pvt. Limited

Significant Accounting Policies

1. **Basis of Accounting:**

The financial statements are prepared under historical cost convention and on accrual basis of accounting in accordance with generally accepted accounting principles followed in India and provisions of Companies Act, 2013.
2. **Use of Estimates:**

In preparing the financial statements, the Company makes estimates and assumptions that affect the reported amount of asset and liabilities, disclosure of contingent liabilities and the amount of revenues and expenses during the reporting period.
3. **Classification of assets and liabilities:**

All asset and liabilities have been classified as current and non-current as per criteria set out in Schedule III of Companies Act, 2013.
4. **Fixed Asset and Depreciation:**
 - a) All tangible fixed assets are stated at historical cost and net of accumulated depreciation. Cost includes cost of acquisition.
 - b) Depreciation on tangible fixed assets is provided on straight line method over the useful life of asset in the manner prescribed under Schedule II of Companies Act 2013.
 - c) Since, the Company is in the process of setting up a plant, the expenditure incurred during the year and attributable to the project, is accumulated under Capital work-in-progress and will be capitalized subsequently.
5. **Preliminary Expense:**

Preliminary expenses will be charged to revenue in the year of operation.
6. **Tax Expenses:**

Current tax is measured and recognized as per prevailing tax laws. Deferred tax expenses/ income is recognized on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.
7. **Provision, Contingent Liabilities and Assets:**

A provision is recognized when there is a present obligation as a result of past event and there is possibility of outflow of resources in foreseeable period. Contingent liabilities is disclosed when possibility of outflow of resources may or may not occur. Contingent assets are neither recognized nor disclosed.

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