

DIRECTORS' REPORT

Meetings of the Board:

The Board of Directors of your Company met six times during the year, details of which are given in the Corporate Governance Report forming part of the Annual Report.

Annual Evaluation:

Pursuant to the provisions of the Act and Listing Regulations, the directors has carried annual performance evaluation of Board, Independent Directors, Non-executive Directors, Executive Directors, Committee and Chairman of the Board.

The evaluation framework focused on various aspects of the Board and Committees such as review, timely information from management etc. Also, the performance of individual directors was divided into Executive, Non-Executive and Independent Directors and based on the parameters such as contribution, attendance, decision making, action oriented, external knowledge etc.

Board members have evaluated Independent Directors, Non-executive Directors, Executive Directors, Committee and Chairman of the Board. The result of evaluation was satisfactory and meets the requirements of the Company. Board fully agreed and rated 100 per cent on its functioning, skill sets and working atmosphere. Independent Directors scored well on expressing their views and in understanding the Company and its requirements. Non-Executive Directors scored well in understanding the Company and its requirements and keep themselves updated on the areas to be discussed. Executive Directors are action oriented and ensures timely implementation of the Board decisions. Board is completely satisfied with the functioning of various Committees. Board has full faith in the Chairman in leading the Board effectively and ensuring contribution from all its members.

AUDIT COMMITTEE:

The Audit Committee comprises of Mr. K. N. Bhandari, Independent Director, Mr. Vikas Balia, Independent Director and Mr. Y. P. Dandiwal, Independent Directors. Mr. Satish Pai: Managing Director and Mr. Praveen Kumar Maheshwari: Chief Financial Officer and Whole-Time Director are the permanent invitees. In the meeting of Audit Committee Further details relating to the Audit Committee are provided in the Corporate Governance Report forming part of the Annual Report.

KEY MANAGERIAL PERSONNEL:

In terms of provisions of Section 203 of the Act, Mr. Satish Pai: Managing Director, Mr. Praveen Kumar Maheshwari: Chief Financial Officer and Whole-Time Director and Mr. Anil Malik: Company Secretary are the Key Managerial Personnel of your Company.

VIGIL MECHANISM:

Your Company has in place a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of your Company's Code of Conduct. Adequate safeguards are provided against victimisation to those who avail of the mechanism and direct access to the Chairman of the Audit Committee in exceptional cases is provided to them.

The vigil mechanism is available on your Company's website viz. www.hindalco.com.

AUDITORS:

Statutory Auditors:

M/s. Price Waterhouse & Co. Chartered Accountants LLP (Registration No. 304026E/E-300009), are the Statutory Auditors of the Company who are appointed for a period of five years i.e., to hold office from the conclusion of the Fifty Eighth Annual General Meeting held in 2017 till the conclusion of the Sixty third Annual General Meeting of the Company, to be held in the calendar year 2022.

The observation made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Act.

Cost Auditors:

Pursuant to provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors of your Company have on the recommendation of the Audit Committee, appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai as Cost Auditors, to conduct the cost audit of your Company for the financial year ending 31st March, 2021, at a remuneration as mentioned in the Notice convening the Annual General Meeting. As required under the Act, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking member's ratification for the remuneration payable to Cost Auditors forms part of the Notice of the ensuing Annual General Meeting.

Secretarial Auditors:

Pursuant to provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BNP & Associates, Company Secretaries, Mumbai as Secretarial Auditor for conducting the Secretarial Audit of your Company for the financial year ended 31st March, 2020. The Report of the Secretarial Auditors is annexed herewith as **Annexure-VA** to the Annual Report.

As per Regulation 24A of the Listing Regulations, material unlisted subsidiaries of a listed entity incorporated in India is required to annex a Secretarial Audit Report issued by a Company Secretary in practice.

In compliance with the above requirement, the Secretarial Audit Report of Utkal Alumina International Limited, a material subsidiary of your Company, is given in **Annexure-VB** to the Annual Report.

The Secretarial Audit Reports do not contain any qualification, reservation or adverse remark.

ENVIRONMENT PROTECTION AND POLLUTION CONTROL:

Your Company is committed to sustainable development. A detailed report of the Company's initiatives and commitment to environment conservation is part of Sustainability & Business Responsibility Report forming part of the Annual Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

Details of Loans, Guarantee and Investments covered under the provisions of Section 186 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 are given in the notes to Financial Statements of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY:

In terms of the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee which is chaired by Mrs. Rajashree Birla. The other Members of the Committee for the financial year ending 31st March, 2020 were Mr. Y. P. Dandiwala, Independent Director, Mr. A. K. Agarwala, Non-Executive Director, Mr. Satish Pai: Managing Director and Mr. D. Bhattacharya: Non-Executive Director. Dr. Pragnya Ram, Group Executive President, Corporate Communications & CSR is a permanent invitee to the Committee.

Your Company also has in place a CSR Policy and the same is available on your Company's website viz. www.hindalco.com. The Committee recommends to the Board activities to be undertaken during the year.

Your Company is a caring corporate citizen and lays significant emphasis on development of the communities around which it operates. Your Company has identified several projects relating to Social Empowerment & Welfare, Infrastructure Development, Sustainable Livelihood, Health Care and Education during the year and initiated various activities in neighbouring villages around plant locations. During the Financial Year 2019-20, the Company has spent ₹ 38.53 Crores under Section 135 of the Act on CSR

activities, which represent 2.05 % of average net profits of the Company for last three financial years.

The Annual Report on CSR activities is attached as **Annexure-VI** to the Annual Report.

RISK MANAGEMENT:

Pursuant to the Regulation 21 of the Listing Regulations of the Company has constituted Risk Management Committee, which is mandated to review the risk management plan/process of your company.

Risk evaluation and management is an ongoing process within the organization. Your Company has comprehensive risk management policy which is periodically reviewed by the Risk Management Committee.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

During the financial year, your Company entered into related party transactions which were on arm's length basis and in the ordinary course of business. There are no material transactions with any related party as defined under Section 188 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 and Listing Regulations. All related party transactions have been approved by the Audit Committee of your Company.

The policy on Related Party Transactions as approved by the Audit Committee and the Board is available on your Company's website viz. www.hindalco.com.

EXTRACT OF ANNUAL RETURN:

In terms of the provisions of Section 92 (3) of the Act read with the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return of your Company for the financial year ended 31st March, 2020 is given in **Annexure-VII** to the Annual Report.

BUSINESS RESPONSIBILITY REPORT:

As per Regulation 34 (2)(f) of Listing Regulations a separate section of Business Responsibility Report forms part of the Annual Report.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

Your Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined by the Audit Committee.

The IA department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its

DIRECTORS' REPORT

compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal auditors, the process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

INTERNAL FINANCIAL CONTROL:

Your directors confirm having laid down internal financial controls and that such internal financial controls are adequate and were operating effectively.

SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES:

The financial statements of your Company's subsidiaries and related information have been placed on the website of your Company viz. www.hindalco.com.

In accordance with the provisions of the Section 129 (3) of the Act, read with the Companies (Accounts) Rules, 2014, a report on the performance and financial position of each of the subsidiaries, associates and Joint Venture is attached as **Annexure-VIII** to the Annual Report.

The names of Companies which have become or ceased to be subsidiaries, Joint Ventures and associates are also provided in the aforesaid statement.

OTHER DISCLOSURES:

- There were no material changes and commitments affecting the financial position of your Company between end of financial year and the date of report.
- Your Company has not issued any shares with differential voting.
- There was no revision in the financial statements.
- Your Company has not issued any sweat equity shares.
- Mr. Satish Pai is a director on the Board of Novelis Inc, wholly owned subsidiary. He is in receipt of annual fee of US\$ 1,50,000 in the calendar year 2019. Mr. Praveen Kumar Maheshwari: Whole Time Director and Chief Financial Officer has not received any commission/ Remuneration from your Company's subsidiaries.

- There is no change in the nature of business.
- During the year under review, your Company has not accepted any fixed deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on 31st March, 2020, there were no deposits which were unpaid or unclaimed and due for repayment.
- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
- As per the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has complied with provisions relating to the constitution of Internal Complaint Committee under POSH.
- Directors of your Company hereby state and confirm that the Company has complied with all the applicable Secretarial Standards.

APPRECIATION:

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Honourable Ministers, Secretaries and other officials of the Ministry of Mines, Ministry of Coal, the Ministry of Chemicals and Fertilizers and various State Governments. Your directors thank the Financial Institutions and Banks associated with your Company for their support as well.

Your Company's employees are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged.

Your involvement as Shareholders is greatly valued. Your directors look forward to your continuing support.

For and on behalf of the Board

Satish Pai
Managing Director
DIN:06646758

K.N. Bhandari
Independent Director
DIN:00026078

Place : Mumbai
Dated : 14th August, 2020