



नालको  **NALCO**

36th
Annual General Meeting
23rd September 2017, Bhubaneswar

Address by
Dr. Tapan Kumar Chand
Chairman-cum-Managing Director



**Marching Ahead towards
Excellence & Innovation**

**“Marching Ahead towards Excellence & Innovation:
Nurturing Sustainable Growth & Happiness”**

Valued Shareholders,

It gives me immense pleasure to welcome you all to the 36th Annual General Meeting of your Company. On behalf of the Board of Directors, it is my privilege to thank you all for being present here for showing your trust on us and solidarity with your Company. The Directors’ Report, Audited Accounts and Auditors’ Report for the year ended March 31, 2017 are with you, and with your permission, I take them as read.

The fiscal just gone by has been yet another year that put our credentials and standing to test. It witnessed challenges like the downturn in the international metal market, high increase in costs of inputs, tumbled prices of aluminium and major policy changes like demonetization and introduction of Goods & Services Tax. At the same time, the year had also seen excellent performance in terms of production, productivity and technological upgradation, along with maintaining the profitability. The year was also a testimony of NALCO being a partner in progress and an industry leader in promoting inclusive growth, sustainable development and nurturing happiness among people.

Before I take up the agenda for today’s meeting, I must also put on record that our long association with our shareholders has been a rewarding experience. The place of pride that we enjoy is largely due to the trust you have been reposing on us. I avail this opportunity to share with you some of my thoughts on the economic scenario of the country, the aluminium industry in particular and on your Company’s present position, plans and prospects.

THE ECONOMY

Global Economic Scenario

Global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing and trade. World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. Stronger activity, expectations of more robust global demand, reduced deflationary pressures and optimistic financial markets are all upside developments. But structural impediments to a stronger recovery and a balance



of risks that remains tilted to the downside, especially over the medium term, are the major challenges. As per the forecast of the World Bank, global growth will strengthen to 2.7 percent in 2017 amid a pickup in manufacturing and trade, favourable global financing conditions, and stabilizing commodity prices.

Growth in advanced economies is expected to accelerate to 1.9 percent in 2017. Growth in emerging market and developing economies will recover to 4.1 percent this year, as obstacles to activity diminish in commodity-exporting countries. From a post-crisis low in 2016, growth is strengthening in Emerging and Developing Market Economies (EMDE). Recovery in commodity exports is being led by some large economies where adjustment to the earlier decline in commodity prices is well advanced. However, some other economies still face longer-than-expected adjustment needs, suggesting that this recovery will be somewhat softer than previously envisioned.

Indian Economic Scenario

The economy of India is the seventh-largest economy in the world, measured by nominal GDP and the third-largest by purchasing power parity (PPP). The country is classified as a newly industrialized country, one of the G-20 major economies, a member of BRICS and a developing economy with an average growth rate of approximately 7% in the last decade. Economic growth is projected to remain strong and it is expected that India will remain the fastest-growing G20 economy. The increase in public wages and pensions will support consumption. Private investment will recover gradually as excess capacity diminishes, and the landmark Goods and Services Tax and other measures to improve the ease of doing business are being implemented. However, large non-performing loans and high leverage of some companies are holding back investment. Monetary policy is projected to remain tight as inflation expectations have still not fully adjusted down. The need to reduce the relatively high public-debt-to-GDP ratio leaves little room for fiscal stimulus. However, investing more in physical and social infrastructure is critical to raising living standards for all. This should be financed by a comprehensive reform of income and property taxes. Restoring credit discipline and cleaning up banks' balance sheets will be instrumental to support the credit growth needed to finance more business investment.

Trade openness has increased, partly driven by a competitive service sector. However, manufacturing has lagged behind, with limited contribution to exports and job creation, leaving many workers in low-paid jobs. Promoting

quality job creation in manufacturing would require reducing further restrictions on FDI and trade, modernizing labour regulations and providing better education and skills. Better infrastructure, transport and logistics services would facilitate manufacturing firms' access to global markets, particularly from remote and poorer regions. It may be mentioned that during the past couple of years, India has enjoyed the privilege of being among the most favoured investment destinations of the world. And it is estimated that India will remain the world's fastest-growing major economy despite the major changes that took place recently in India and International level.

ALUMINIUM SCENARIO

Global Outlook

Global aluminium production grew by about 2.9 percent y-o-y from 57.10 million tonnes in 2015 to 58.73 million tonnes in 2016, while global aluminium consumption grew by about 5.3 percent y-o-y from 56.63 million tonnes in 2015 to 59.65 million tonnes in 2016. The aluminium market, thus, recorded a deficit of about 0.92 million tonnes during 2016. China continued to be the world's largest producer and consumer of aluminium with a production level of 31.77 million tonnes, constituting roughly 54 percentage of global output and consumption level of 29.11 million tonnes, constituting nearly 53 percent of global consumption. Growth of production in China during 2016 was recorded at about 3.3 percent y-o-y while that in the rest of the world was 2.4 percent y-o-y (which was notably up from 1.7 percent y-o-y in 2015). Similarly, growth in consumption of primary aluminium was 7.3 percent in China and about 3.2 percent in the rest of the world during 2016.

The aluminium industry continued its growth trajectory throughout the year 2016, despite the challenging commodity market. The primary aluminium sector boomed in Asia (including China) while the demand scenario remained mostly bullish across China, North America and Europe.

Global aluminium prices have shown considerable volatility throughout 2016-17, with LME Cash prices fluctuating between a low of USD1,481/MT in April, 2016 and a high of USD 1,955/MT in March, 2017. Average LME cash settlement price for 2016-17 was USD 1,688 per MT, registering a hike of about 6 percent y-o-y from the 2015-16 average of US Dollar 1,592 per MT. Two fundamental variables which played an important part in the sharp rise in aluminium prices over recent months are the fall in global reported inventory levels and smelting costs inflation, predominantly in China.



Estimated stock of aluminium (as reported by Reuter's) at the end of Financial Year 2016-17 was approximately 18.86 million MT, registering a sharp decline of more than 30% from a level of 27.92 million MT at the end of the last fiscal.

The global production outlook for 2017 remains generally bullish. Strong growth is expected in China with production reaching 36.6 MT (registering a growth rate of about 15% y-o-y over 2016), after adjustment for closures. Growth is likely to be driven by project ramp-ups in Inner Mongolia and Xinjiang and capacity restarts in Sichuan province. Smelters in the aforementioned regions will account for 80% of the rise in output in 2017, suggesting that any change in circumstances for these smelters may affect the overall production outlook. The influx of new capacity is likely to drive aluminium prices down, and as a result there will be a need for closures in 2017 for the Chinese market to balance out.

Limited growth in production is expected in regions outside China in 2017. Annual production in the rest of the world is forecast to reach 27.59 MT in 2017, a mere 2.2% y-o-y increase compared to 26.97 MT level in 2016.

On the demand front, the outlook in China remains generally upbeat. Economic activity, in China, is expected to remain firm in 2017 with GDP and IP forecast to rise by 6.5 percent and 5.8 percent, respectively. Steady growth is expected based upon resolute demand from the residential construction as well as transport sectors. Increase in downstream capacity in China is cultivating competitive market conditions, and driving down conversion fees. Though analysts believe that demand in both construction and automotive sectors may ultimately slow down towards the end of 2017, government investment in infrastructure is expected to boost demand. Besides, higher intensity of aluminium usage in China is likely to support growth. In the rest of the world, optimism has picked up for rolled products with key-end use sectors beginning to show firmer activity. Demand for extruded products has already picked up in 2017 across end use sectors, driven in particular by demand from the automotive market.

Weakening Chinese fundamentals may weigh down on prices during 2017. After averaging \$1,854/t in Q1 2017 and \$1,917/t in Q2 2017, LME 3-month price is forecast by leading commodities analyst CRU, to average about \$2,000/t during Q3 2017. Reports have indicated that 30 percent of aluminium smelting capacity and 50 percent of alumina refining capacity may be cut in

Henan, Shandong and Shanxi provinces of China if environmental measures are introduced. If China were to curtail capacity, it is expected to be supportive of aluminium prices. Market optimism that China will introduce measures to control production growth has, in fact, lifted investor optimism for aluminium. In turn, this has boosted aluminium price sentiment. Expectations of winter shutdowns and Chinese supply reform are among the main reasons that prices are likely to remain firm. Additionally, the US administration in April, 2017 has announced that it would begin investigating whether aluminium imports pose a threat to self-sufficiency in the US. This action may lead to higher import duties being levied on aluminium. As a result of the expected policy developments in China and the US, prices may remain high through 2017.

Domestic Outlook

The Indian economy grew at an estimated 7.1% during 2016-17, marginally lower than the previous fiscal. At the same time, the industrial sector grew at a moderate 5.2% as compared to 7.4% during the previous fiscal. As per latest FICCI Survey held in March-April, 2017 amongst economists belonging to the industry, banking and financial services sector, India's GDP growth is expected to strengthen to about 7.4% in 2017-18, as a consequence of policy reforms and an expected pick-up in investment. The overall GDP growth is likely to be supported by an improvement in industry and services sector growth.

Total domestic production of aluminium metal during FY 2016-17 grew by 17.2 percent y-o-y from 2.44 million tonnes in 2015-16 to 2.86 million tonnes in 2016-17. At the same time, domestic consumption of primary metal also showed a marginal increase of 1.6 percent y-o-y from about 3.24 million tonnes in 2015-16 to estimated 3.29 million tonnes in 2016-17. Aluminium exports by Indian primary producers also registered an impressive 48 percent growth y-o-y from 0.88 million tonnes in 2015-16 to 1.31 million tonnes in 2016-17.

Transmission and distribution sectors in the country did not witness any significant improvement in demand during last year. However, the situation is expected to undergo a positive change in 2017-18. The announcement in the Union Budget of India, 2017, where the government has indicated higher spending on infrastructure including developing hundred smart cities will boost demand of aluminium products in the country. The government's vision of electrifying all of rural India by May, 2018 will support electrical demand in



India. As a consequence, domestic aluminium manufacturers are likely to ramp up output, in order to cater to the growing domestic demand, while achieving higher capacity utilization.

In coming days, aluminium market is going to shine, the LME prices for aluminium has been continuously moving up from 1851 US Dollar per tonne during Q1 2017 to around average 2081 US Dollar per tone as of now in September 2017. As cited earlier, China will be closing down production in smelters to the tune of 3.2 million tonne on grounds of pollution. There is short supply of aluminium in North America and Europe. The estimated global production in 3rd quarter of 2017 will be balancing with consumption. This coupled with increase in input cost are likely to hold the price but uncertainty still remains on account of China starting low cost smelters, surfacing of unreported inventory, buyers adopting wait and watch. In NALCO, we are concerned on rising input cost and availability in respect of caustic soda, aluminium fluoride, CT Pitch, CP Coke, etc and NALCO collective looks forward to Operation and Materials Department to meet the challenge.

SCALING NEW HEIGHTS OF SUCCESS

You will be pleased to know that your Company performed significantly well during the year 2016-17 in physical as well as financial terms, in the context that the global aluminium industry is reeling under severe pressure, owing to the sluggish metal market. I am happy to inform you that NALCO could not only withstand the vagaries of market but also remained profitable. I must convey my appreciation to all of you for your unstinted support for achieving this excellent performance.

Physical Performance

- Bauxite Mines has achieved highest-ever production with Bauxite Transportation of 68.25 lakh MT (achieving 100% capacity utilization) and has surpassed previous best of 63.40 lakh MT achieved in last financial year registering a growth of 7.65%. Bauxite excavation of 68.25 lakh MT during the year is also highest ever since inception surpassing the previous best of 62.89 lakh MT achieved in 2015-16.
- Alumina Refinery has achieved highest-ever production with alumina hydrate production of 21.00 lakh MT (100% of normative capacity) and has surpassed previous best of 19.53 lakh MT achieved in last financial

year registering a growth of 7.53%. Steam Generation Plant (SGP) achieved highest ever net power generation of 453 MU surpassing previous best of 438 MU achieved last year.

- Aluminium Smelter achieved cast metal production of 3.87 lakh MT, registering a growth of 4.03 % over previous year.
- CPP achieved 'Net Power Generation' of 6,066 MU, registering a growth of 3.85% over previous year.
- Wind Power: 4 wind power units at Gandikota, Andhra Pradesh, Devikot, Rajasthan & Jaisalmer, Rajasthan have generated 206 MU against 156 MU achieved last year, registering a growth of 32.05%.

Sales

Your Company achieved total chemical sale of 12,94,900 MT in 2016-17 compared to 12,19,926 MT achieved during 2015-16. This includes Calcined Alumina Export of 12,43,103 MT made during 2016-17 as compared to 11,74,224 MT export made during 2015-16.

The total metal sales during 2016-17 was 3,85,518 MT as compared to 3,72,424 MT during 2015-16. Total metal sale consists of domestic sale of 2,84,926 MT and metal export of about 1,00,591 MT. The total metal inventory at the end of financial year 2016-17 was about 3,092 MT.

Financial Performance

You will be pleased to know that weathering sluggishness in the metal market across the globe, fluctuating prices in the LME and increase in input costs of raw materials, your Company has registered a growth of 25.23 percent with a net profit of Rs. 268 crore in Q4 of FY 2016-17, as against Rs 214 crore during the corresponding quarter of the previous fiscal. Overall, during 2016-17, the company has posted a net profit of Rs. 669 crore, compared to Rs. 787 crore achieved during the previous year. The gross turnover of the company during 2016-17 has been Rs. 7933 crore.

DIVIDEND

A Dividend Distribution Policy has been formulated and approved by the Board of Directors and the same is available in your Company's website www.nalcoindia.com. Your Company has paid dividend of Rs.2.80 per share for the financial year 2016-17 i.e. 56% of face value of Rs. 5. The total dividend payout for the financial year 2016-17 works out to Rs.541.22 crore as against



Rs.467.13 crore (Rs.2.00 per share) for the previous year. Dividend including dividend distribution tax works out to a payout of 97.44% of PAT.

MoU PERFORMANCE

Based on financial performance and achievement of other parameters laid down, your Company is likely to be rated 'Excellent' as per the MoU, signed by your company with the Government of India for the financial year 2016-17.

NEW BUSINESS MODEL

You will be pleased to note that given the tough going in the market, your Company is developing a new Corporate Plan and a new business model is envisaged that will withstand market onslaughts and keep the Company afloat with profitability. The New Business Model (NBM) shall enable NALCO to strengthen its business by leveraging its core competency in mining, metals and energy sectors, through modernization, Greenfield and Brownfield expansions, upstream and downstream integration. Besides, the model envisages diversification into green power, IPP, caustic soda, rare metal like titanium, recovery of iron from red mud waste and merchant mining that are immune to downturn in metal market. This NBM will not only give a new dimension to your Company's growth plans but also redefine business sustainability.

Raw Material Securitization

- Utkal D and E Coal blocks have been allotted to NALCO in May, 2016 by Ministry of Coal.
- Terms of Reference for grant of Mining Lease of Pottangi bauxite mine was received from Government of Odisha in July, 2016. NALCO has submitted the acceptance of conditions in August, 2016.
- Bridge Linkage of Coal was sanctioned up to 8.9 lakh MTPA, valid from 2016-17 till 2018-19.
- G-8 grade coal linkage (2 lakh MTA) was booked from M/s. NCL for Refinery for a period of 5 years equivalent to 2.73 lakh MTA G-12 & G-13 grade coal through linkage auction.
- Mining lease of Panchpatmali Bauxite Mines (Central & North Block) has been extended up to 16.11.2032 from existing 31.03.2020 by Government of Odisha.
- All regulatory clearances for opening of South Block, Panchpatmali Bauxite Mines have been obtained.

Projects Under Implementation

• 5th Stream of Alumina Refinery

Your Company is in the process of setting up 5th Stream in its existing Alumina Refinery, which shall add 1.0 MTPY to its existing capacity of 2.275 MTPY, at a Capital expenditure of Rs.5,540 crore, based on improved Medium Pressure Digestion technology. Major statutory clearances like Environmental Clearance by MoEF & CC, Consent to Establish (CTE) from Odisha State Pollution Control Board and clearance from HLCA of Government of Odisha have been obtained.

• Pottangi Bauxite Mines

Pottangi Bauxite mines (75 Million Tons) has been reserved by Government of India in favour of your Company. Government of Odisha issued the terms and conditions for issuance of mining lease in favour of NALCO in July, 2016 and Your Company conveyed its acceptance to Government of Odisha in August, 2016. Activities are undertaken for complying with various conditions to obtain the mining lease.

• Utkal D & E Coal Blocks

Utkal D & E Coal blocks (200 Million Tons) have been allotted by Government of India in favour of your Company in May, 2016. The Company is in process of transfer of land & other statutory clearances for Utkal D from prior allottee in its favour. Mining Plan for Utkal-D & E submitted to MoC for approval.

• 100 MW Wind Power Projects

Your Company has commissioned its Wind Power Plant of capacity 50 MW& 50.4 MW in the state of Rajasthan & Maharashtra respectively at a Capital Expenditure of Rs.701crore.

• Retrofit Conversion of Flat Bottom Tank to HRD-DCW in Streams # 1, 2 & 3 at Alumina Refinery

Your Company is going for retrofit Conversion of Flat Bottom Tank to HRD-DCW in Streams # 1, 2 & 3 of its existing Alumina Refinery, to improve operational efficiency, at an estimated cost of Rs.355 crore. Order has been placed on M/s. RTAIL as a Technology Licensor. M/s. EIL has been appointed as PMC (Project Management Consultant) for the project.



- **Roof Top Solar Power project**

Your Company commissioned 50 KWp Rooftop Solar Power plant at NRTC (NALCO Research and Technology Centre), Bhubaneswar, in November, 2016, with a total project cost of Rs.37.30 lakh.

- **BPTG #5 Project**

To reduce dependency on power supply from the grid, BPTG-5 project was envisaged. The project has achieved mechanical completion during the year and expected to be commissioned shortly.

New Ventures

Here, I would like to share some of the initiatives contemplated beyond existing operational boundaries.

Business Development

- Your Company has formed a JV Company named 'Angul Aluminium Park Pvt. Ltd. (AAPPL)' in association with Odisha Industrial Infrastructure Development Corporation (IDCO) in 2010 to promote downstream and ancillary industries in Odisha.
- Your Company has formed a JV Company "GNAL" with Gujarat Alkalies and Chemicals Ltd. (GACL) in December, 2015 to set up 2.7 lakh TPA caustic soda plant along with 130 MW captive power plant at Dahej in Gujarat.
- Your Company has signed an MoU with NTPC to form a JV Company for establishment of 3X800MW coal based Power Plant at Gajamara, Dhenkanal, Odisha for supplying power to Smelter expansion projects.
- Your Company has signed an MoU with Neelachal Ispat Nigam Ltd. (NINL) for setting up a Coal Tar distillation plant in JV mode for production of Coal Tar pitch.
- Your Company has signed an MoU with Mishra Dhatu Nigam Ltd. (MIDHANI) for establishment of Aluminium Alloy manufacturing plant for meeting the requirement of defence, aerospace, automotive and transport sector under the 'Make in India' initiative of Government of India.
- JWG has been formed with MIDHANI for strategic alliance to produce auto-grade aluminium and other high-end value added products

- NALCO and NLCIL signed an MoU on 08.08.2017 for establishment of 3 x 800 MW (to be expanded to 4 x 800 MW) ultra-super critical power plant in JV mode, based on coal mines allotted to NLCIL.
- NALCO has signed MoU with HCL and MECL, CPSUs under Ministry of Mines, for setting up a joint venture company named Khanij Bidesh India Limited (KABIL) to identify, acquire, develop, process and make commercial use of strategic minerals in overseas locations for supply in India and boost 'Make in India'.

RESEARCH & DEVELOPMENT: Major Highlights

- 31 patents filed, 9 granted and 5 Commercialized
- De-fluoridisation plant based on Emrion Nano technology to reduce fluoride content in effluent water.
- Development of a new smelting technology, AP2XN in collaboration with RTA.
- Development of High Speed Extrusion Alloy billet
- MOU with CHALIECO/ GAMI to extract iron concentrate from red mud
- MoU with BARC for gallium extraction technology and use of red mud in nuclear reactors

SAFETY, OCCUPATIONAL HEALTH & ENERGY MANAGEMENT

Your Company, being a responsible corporate citizen always gives utmost importance to Environment, Safety and Occupational Health and is committed to maintaining a safe, healthy & sustainable work environment across all its production units in compliance to the requirement of the concerned statutes under Environment, Safety and Occupational Health regulations. While adhering to safety norms, your Company strives for continual improvement of personnel safety and health and the protection of the environment with the goal of zero accident, illness, incident, waste generation and emission. Your Company has achieved 181,150 plantation of saplings at its production units during the year.

All the units are operating with valid "Consent to Operate" under Air & Water Act for the existing capacities and all 4 operating units have valid Factory Licenses, as applicable.

- Energy Management: Mines & Refinery Complex and Smelter & Power Complex were notified by M/s Bureau of Energy Efficiency (BEE),



Ministry of Power, Government of India as the two designated consumers in the PAT scheme. During the year, total 36,119 Energy Savings Certificates (EScerts) were issued by M/s BEE to our organisation, for better performance than the assigned PAT Cycle1 targets through energy efficiency initiatives at both the complexes, as per the recommendations of BEE accredited energy audit firms.

HUMAN RESOURCE

Nalconians are ordinary people with extraordinary attitude. During the recent years, the Nalconians have collectively stood up for productivity, profitability and credibility of the organization. The management, in turn, has been attaching high priorities to skill upgradation, HR Audit and succession planning. The industrial relations climate has been peaceful, healthy and conducive to growth because of the participative management processes.

Your Company has scrupulously complied with the Presidential Directives and other Government instructions and statutory provisions in the matter of reservation and concessions for different categories.

The positive Industrial Relations climate of the Company throughout the year helped in achieving excellent all-round performance during 2016-17. The Workers' Participation in Management continued to remain a fulcrum of the Industrial Relations practice of the Company. Creation of a culture conducive to sustainable development on all fronts including focus on improving happiness index through various employee friendly actions remained the highlight of the year. Long pending issues like Special Financial Package for non-executive employees of Mines, medical related issues and the issue of rationalization of NPS contribution of executives were settled amicably.

For creating and maintaining a decent work place, your Company continues to implement SA 8000 Standard successfully. All the units including Corporate Office have been certified to SA 8000-2008 Standard. Your Company is in the process of transition to SA 8000:2014 Standard from SA 8000-2008 Standard.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility has been core to the philosophy of the Company. Accordingly, the Company has been taking up different Peripheral Developmental activities, CSR Projects and Programmes since its inception. The CSR Projects/Programmes are identified based on the internal assessment

in periphery area directly by your Company and the recommendation of Rehabilitation and Peripheral Development Advisory Committee (RPDAC) and through its CSR arm, NALCO Foundation as well as feedbacks received from different stakeholders.

For achieving the Corporate Social Responsibility (CSR) objectives through the implementation of meaningful and sustainable CSR Programmes, your company has spent Rs.3,000.80 lakh in FY 2016-17 towards CSR activities against the mandated spending of Rs. 2,756.55 lakh as per the CSR policy and Section 135 of the Companies Act, 2013.

The CSR Policy is developed in line with the Companies Act, 2013 which aims to support the disadvantaged/marginalized cross section of the society by providing opportunities to improve the quality of life, demonstrating care for the community through its focus on education, Health care and Sanitation, measures for environmental sustainability, providing safe drinking water, protection of National heritage, art and culture skill development of local youth to enhance their employment capability, etc.

Some of the unique CSR initiatives taken during the year besides the rural infrastructure development are:

- Under protection of environment, your Company has ventured for massive avenue plantation and joined green energy revolution by installing 50 Kw Roof top Solar System installed at NALCO Research and Training Centre (NRTC), Bhubaneswar and installed solar streetlights in eight remote periphery villages of M&R complex, Damanjodi.
- Under the Government of India call for Swachh Iconic Shrine development, your Company joined hands as a multi stake partner for Development of Iconic Shrine, Puri and transform it to a Swachh Pilgrimage Place.
- As regards efforts to promote education, your company continued to sponsor 755 students from tribal dominated area of Koraput for their education at three (03) residential Schools, extended financial support to 181 poor and meritorious girl students from periphery villages of Angul & Damanjodi to continue their study under the Scheme of 'NALCO ra Aliali Jhia' (NALCO Ki Ladli), in line with Government of India's 'Beti Bachao, Beti Padhao'. Your Company also provided education to 4,129 periphery students at Company aided school 'Saraswati Vidya Mandir' both at Angul and Damanjodi.



- Your Company continued to provide better healthcare services to inhabitants of 163 periphery villages at Mines & Refinery Complex, Damanjodi, who are mostly tribal people, by operating 4 Mobile Health Units (MHUs). Similarly, 3 Mobile Health Units (MHUs) and one Specialist OPD is operating since November, 2017 in Smelter & Power Complex, Angul, covering 39 periphery villages. In the year 2016-17, around 1,12,809 patients have availed free healthcare services at their door-steps in the periphery villages of both the production units.
- Action has been initiated to make eleven (11) villages Open Defecation Free (ODF). Construction of Indian House Hold Toilets (IHHT) has been started in two mines periphery Villages of M&R Complex, Damanjodi.

Your Company has established several awards for the encouraging art, culture, entrepreneurs of Odisha. To support the talented students pursuing graduation and above, very recently the Company has started an unique online platform 'Gyanalok- the idea park' in NALCO website under the motto 'earn while you learn'.

PARTNER IN PROGRESS

Your Company has proved to be an active partner in the progress of India, by contributing our bit in the new initiatives taken up by the Central Government. Be it Swachh Bharat Abhiyan, Beti Bachao Beti Padhao, Make in India Movement, Skill India or the recent Demonetization, Cashless Transaction Drive and GST Implementation, NALCO and Nalconians have come forward to support the transitions. I would like to congratulate all the members of NALCO family for their relentless support in the programmes of national interest.

BOARD OF DIRECTORS

Your Board has been strengthened with induction of Shri Nagendra Nath Sharma and Smt. Achla Sinha as Part-time Non-official (Independent) Directors w.e.f 06.09.2017 and 08.09.2017 respectively. Their appointment is being regularized in this meeting in terms of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

With this induction, your Company is fully compliant with the Listing Regulations and DPE guidelines relating to composition of the Board of Directors.

CORPORATE GOVERNANCE

Corporate Governance is the framework of rules and practices by which the Board of Directors ensures accountability, fairness and transparency in a Company's relationship with its all stakeholders including the financiers, customers, management, employees, government and the community at large. It is a process to operate an organization in a systematic manner to meet its ethical, legal and business expectations and also to fulfill its responsibilities towards the society.

NALCO always endeavors to adhere to good corporate practices and emphasizes on the commitment to value and ethical business conduct. The effort on the part of NALCO is not only to win the trust of the stakeholders but to retain the same on a sustainable manner. In fact, corporate governance is used as a tool to win such trust and goodwill of the stakeholders and command respect from the society.

Corporate Governance standards for listed Companies are regulated under the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015. Besides being a Government Company, NALCO is also mandatorily following the guidelines on Corporate Governance for CPSEs prescribed by Department of Public Enterprise (DPE).

AWARDS & ACCOLADES

Various awards & recognitions detailed below stand ample testimony to the overall good work done by the Company during the year under report:

- The Panchpatmali Bauxite Mines of NALCO has been conferred with the 5-Star Rating by the Ministry of Mines in February, 2017 for its efforts and initiatives towards Sustainable Development Framework
- Highest Export Award for its outstanding export performance in Minerals and Ores sector for the year 2014-15, by Chemical & Allied Products Export Promotion Council (CAPEXIL)
- Performance Excellence Award, from Indian Institution of Industrial Engineering (IIIE)
- SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness for the year 2014-15
- SCOPE Excellence Award in Institutional Category-I for Navratna and Maharatna Companies for the year 2014-15



- 1st Prize for safety & welfare for contractor's workers and 1st Prize for water management/monsoon preparation for Panchpatmali Bauxite mines, awarded by DGMS

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I take this opportunity to place on record my gratitude & deep appreciation of our esteemed customers, suppliers, bankers and consultants for their continued support. I sincerely thank Govt. of India, particularly the Ministry of Mines, Ministry of Coal, Ministry of Environment & Forest and Department of Public Enterprises for their unstinted support and valuable guidance. I thankfully acknowledge the support extended by the Comptroller & Auditors General of India, Indian Railways, Government of Odisha, Mahanadi Coalfields Ltd, Auditors and other Government agencies. I would also like to thank my colleagues on the Board for their valuable guidance and contribution in steering the Company on growth path. I also feel privileged to put on record that our long association with all our shareholders has been quite meaningful and valuable. The place of pride that we enjoy today is largely due to the trust you have been reposing on us. I sincerely acknowledge the support and co-operation of my colleagues and thank my fellow Nalconians and their families for their untiring efforts in achieving yet another year of success for your Company.

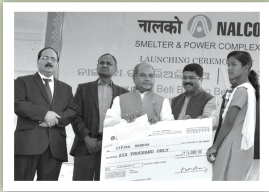
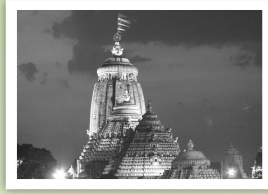
(Dr. Tapan Kumar Chand)

Chairman-cum-Managing Director

Bhubaneswar

September 23, 2017

Note: *This does not purport to be a record of the proceedings of the Annual General Meeting.*



Nurturing Sustainable Growth & Happiness



National Aluminium Company Limited
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