



# Vision

To be a reputed global

Company in the

Metals and Energy sectors



# National Aluminium Company Limited

(A Government of India Enterprise)

Regd. Office: NALCO Bhawan, Plot No. P/1,

Nayapalli, Bhubaneswar – 751 061 (Odisha)

#### NOTICE

Notice is hereby given that the 31st. Annual General Meeting of the Company will be held on Tuesday, the 14" August, 2012 at 11.00 A.M. at NALCO Bhawan, Plot No. P/1, Nayapalli, Bhubaneswar - 751 061 to transact the following business:

#### ORDINARY BUSINESS:

- To receive, consider and adopt the Directors' Report, audited Balance Sheet as on 31st March, 2012 and the Profit & Loss Account for the year ended 31st March, 2012 together with the reports of the Auditors thereon.
- To declare dividend.
- 3. To appoint a Director in place of Shri Ansuman Das, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri Ved Kumar Jain, who retires by rotation and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS:

- 5. To appoint Shri G. P. Joshi as Director, whose period of office is liable to be determined by rotation.
  - To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):
  - "RESOLVED THAT Shri G. P. Joshi be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No.2(2)/2010-Met.I dtd. 15th September, 2011 of Government of India or any amendments thereto."
- 6. To appoint Shri S. S. Khurana as Director, whose period of office is liable to be determined by rotation.
  - To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):
  - "RESOLVED THAT Shri S. S. Khurana be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No.2(2)/2010-Met.I dtd. 15th September, 2011 of Government of India or any amendments thereto."
- To appoint Shri S. S. Mahapatra as Director, whose period of office is liable to be determined by rotation.
  - To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):
  - "RESOLVED THAT Shri S. S. Mahapatra be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No.2(1)/2010-Met.I dtd.22nd July, 2011 of Government of India or any amendments thereto."
- 8. To appoint Shri Madhukar Gupta as Director, whose period of office is liable to be determined by rotation.
  - To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):
  - "RESOLVED THAT Shri Madhukar Gupta be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No.2(2)/2010-Met.I dtd. 27th December, 2011 of Government of India or any amendments thereto."
- 9. To appoint Shri Ghanshyam Hiralal Amin as Director, whose period of office is liable to be determined by rotation.
  - To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):
  - "RESOLVED THAT Shri Ghanshyam Hiralal Amin be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No.2(2)/2010-Met.I dtd. 27th December, 2011 of Government of India or any amendments thereto."
- To appoint Shri N. R. Mohanty as Director, whose period of office is liable to be determined by rotation.
  - To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):
  - "RESOLVED THAT Shri N. R. Mohanty be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No.2(3)/2010-Met.I dtd, 12th October, 2011 of Government of India or any amendments thereto."
- 11. To appoint Shri Arun Kumar as Director, whose period of office is liable to be determined by rotation.
  - To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):
  - "RESOLVED THAT Shri Arun Kumar be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No.2(1)/2004-Met.I dtd. 30th April, 2012 of Government of India or any amendments thereto."
- 12. To appoint Shri Qaiser Shamim as Director, whose period of office is liable to be determined by rotation.
  - To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):
  - "RESOLVED THAT Shri Qaiser Shamim be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No. 2(2)/2010-Met.I(Pt.1) dtd. 10<sup>th</sup> July, 2012 of Government of India or any amendments thereto."



#### 13. To appoint Shri Sanjiv Batra as Director, whose period of office is liable to be determined by rotation.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):

"RESOLVED THAT Shri Sanjiv Batra be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No.2(2)/2010-Met.I(Pt.1) dtd. 10" July, 2012 of Government of India or any amendments thereto."

By order of the Board

Place : Bhubaneswar
Date : 14.07.2012

(K. N. RAVINDRA)
COMPANY SECRETARY

#### Notes:

- (a) Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos. 5 to 13 set out above are annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
- (c) The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 7" August, 2012 to Tuesday, the 14th August, 2012 (both days inclusive).
- (d) If dividend on shares as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made within 30 days of its declaration to those shareholders, whose names appear:
  - as Beneficial Owners as at the end of the business on 6" August, 2012 as per the beneficial owners position to be provided by NSDL and CDSL in respect of the shares held in the electronic form and
  - ii) as members in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 6° August, 2012.
- (e) Details of Directors seeking re-appointment/appointment as new directors in this Annual General Meeting are attached separately to the Notice.
- (f) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend, which remain unpaid or unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The details of unpaid or unclaimed dividend are available in the Company's website www.nalcoindia.com. Members who have not so far encashed their Dividend Warrants are requested to make a claim by writing and sending the original Dividend Warrants to the Company.

No claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims:

Unpaid or unclaimed dividend as on 31.05.2012 is given below:

UNPAID/UNCLAIMED DIVIDEND						
Financial Year	Date of Declaration of Dividend	Last date for claiming unpaid/unclaimed dividend	Unclaimed/ Unpaid Amoun (₹)			
2004-05 (Final)	30.09.2005	29.09.2012	4,48,451			
2005-06 (Interim)	12.01,2006	11.01.2013	3,94,280			
2005-06 (Final)	28.09.2006	27.09.2013	7,17,258			
2006-07(1st Interim)	22.01.2007	21.01.2014	6,85,080			
2006-07(2nd Interim)	09.03,2007	08.03.2014	3,90,632			
2006-07 (Final)	21.09.2007	20.09.2014	4,98,067			
2007-08 (Interim)	29.01.2008	28.01.2015	8,36,107			
2007-08 (Final)	20.09,2008	19.09.2015	2,95,972			
2008-09 (Interim)	28.01.2009	27.01.2016	6,98,118			
2008-09 (Final)	19.09.2009	18.09.2016	3,25,018			
2009-10(Interim)	19.03.2010	18.03.2017	4,07,061			
2009-10(Final)	30.09.2010	29.09.2017	3,16,248			
2010-11(Interim)	31.01.2011	30.01.2018	5,77,414			
2010-11(Final)	29.09.2011	28.09.2018	5,71,765			
2011-12(Interim)	20.03.2012	19.03.2019	17,45,916			



- (g) Members holding shares in physical form are requested to notify immediately, change in their address in block letters with PIN CODE and/or change in their Bank particulars, if any, to the Registered Office of the Company, quoting their Folio Number. Members holding shares in electronic form are requested to notify their change of address and/or bank particulars to their respective Depository Participants (DPs) only.
- (h) As per the provisions of the Companies Act, 1956, facility for making nominations is available to shareholders in respect of the shares held by them. In case, shares are held in electronic form, registration of nomination has to be done with the respective Depository Participants (DPs) only without referring the matter to the Company, Nomination Forms (Form 2B) if needed, can be obtained from the Registered Office of the Company. This form can also be downloaded from the Company's website www.nalcoindia.com.
- (i) The Company provides the facility of centralised NECS (Credit Clearing) to the shareholders, holding shares both in electronic and physical forms in 81 designated centers as on date. A blank NECS Mandate form is attached herewith for use by such shareholders. This form can also be downloaded from the Company's website www.nalcoindia.com. The mandate given by the shareholder would be used for all future payments unless amended/withdrawn.
  - Shareholders holding shares in electronic form may please note that the Company will use 9 digit MICR Code along with Bank particulars, as provided by their respective Depositories, for the purpose of payment of dividend through NECS.
- (j) Members holding shares in electronic form may please note that their bank details as provided by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion of such bank details. However, if there is any change in their Bank particulars and/or change in address after the date of providing beneficial owners position by the Depositories but before the date of dispatch of dividend warrant/demand draft/NECS credit, the Company may consider such requests provided that such requests are received through their respective Depository Participants, duly certified by them. Further, instructions, if any, already given to the Company by them in respect of shares held in physical form will not be automatically applicable to the dividend payable on shares held in electronic form. Members may therefore give fresh instructions regarding particulars of their bank accounts and address in which they wish to receive dividend, to their respective Depository Participants only.
- (k) Shareholders/Investors are advised to send their queries/complaints through the dedicated e-mail ld i.e. investorservice@nalcoindia.co.in for quick and prompt redressal of their grievances.
  - SEBI has introduced a centralized web based system called SEBI Complaints Redress System (SCORES) for online movement of complaints to concerned Companies and for online view of the action taken by the Companies on the complaints. Members may also use this new system introduced by SEBI for lodging their complaints/ grievances.
- (I) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit the PAN details to their Depository Participants (DP) with whom they are maintaining demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
  - Any person desirous of transferring shares in his name in physical mode must enclose copy of PAN along with other share transfer related documents. Any transfer request without PAN copy will be rejected.
- (m) Shareholders who hold shares in physical form in multiple folios in identical names or joint holdings in the same order of names are requested to send the share certificates to the Company for consolidation into single folio.
- (n) In terms of 'Green Initiative in the Corporate Governance' of the Ministry of Corporate Affairs vide circular no. 17/2011 dated 21.04.2011, shareholders holding shares in physical form are requested to furnish their e-mail address in the attached format for sending future notices/documents through their e-mails. Changes therein, may be informed to the Company immediately. Shareholders holding shares in electronic form are requested to update their e-mail address with their respective DPs without referring the matter to the Company.
- (o) All Unclaimed/unpaid interest and principal amount on debentures have already been transferred to IEPF on 04.04.2012. Hence no request/grievance on any such interest /principal amount on debentures will be entertained by the Company.



#### ANNEXURE TO NOTICE

#### Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956.

#### Item No. 5:

Shri G. P. Joshi, Former IAS was inducted to the Board as an Additional Director of the Company w.e.f. 29.09.2011. In terms of Section 260 of the Companies Act, 1956, Shri Joshi holds office up to the date of the ensuing 31st Annual General Meeting.

G. P. Joshi, born 1955, has master's degree in Physics and Management of International Development Projects and PG Diploma in Financial Management. He joined the Indian Administrative Service in 1978 and took voluntary retirement in 2008. He has thirty years of experience in various positions in the Central and State Governments of Manipur and Gujarat. He serves as a director on the Boards of Saraf Foods Limited. Peaches & Plums Resorts Pvt. Limited and Hindustan Copper Limited.

Shri Joshi does not hold any shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Joshi as Director of the Company, whose period of office is liable to be determined by rotation.

Your directors feel that Shri Joshi's association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.

None of your directors except Shri Joshi, whose appointment is proposed herein, is interested in the proposed resolution.

#### Item No. 6:

Shri S. S. Khurana, Former Chairman, Railway Board was inducted to the Board as an Additional Director of the Company w.e.f. 29.09.2011. In terms of Section 260 of the Companies Act, 1956, Shri Khurana holds office up to the date of the ensuing 31st Annual General Meeting.

Shri S.S. Khurana (an alumnus of IIT/Roorkee) former Chairman of Railway Board and ex-officio Principal Secretary to Government of India has a blend of 38 years of strong Administrative, Corporate, Management and Technical Experience in various key positions of Indian Railways. Apart from the Apex level position of Chairman Railway Board in the Ministry of Railways, he held the other important and crucial positions of Member Staff, Railway Board and ex-officio Secretary to Government of India, General Manager of the Zonal Railways of East Coast Railway and the Eastern Railway, Divisional Railway Manager of the ADRA division of South Eastern Railway. Apart from this, he discharged the onerous tasks of Chairman of the two important PSUs of the Ministry of Railways e.g. IRCON International Ltd. and the Dedicated Freight Corporation of India Ltd (DFCCIL). He also worked as the Chief Electrical Engineer of the Railway Electrification at Allahabad and Chief Project Manager of Railway Electrification at Ambala. Shri Khurana has undergone an Advanced Leadership programme from "Stern Business School, New York, USA". He has visited many countries on study tours as well as for Inspection, Design & Development of Electric Locomotives. He has the wide ranging experience and exposure to the Railways in these countries.

Shri Khurana does not hold any shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Khurana as Director of the Company, whose period of office is liable to be determined by rotation.

Your directors feel that Shri Khurana's association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.

None of your directors except Shri Khurana, whose appointment is proposed herein, is interested in the proposed resolution.

#### Item No. 7:

Shri S. S. Mahapatra, was inducted to the Board as an Additional Director of the Company w.e.f. 01.10.2011. In terms of Section 260 of the Companies Act. 1956, Shri Mahapatra holds office up to the date of the ensuing 31st Annual General Meeting.

Born on 20.12.1954, Shri S.S. Mahapatra did his B.Sc. (Engg.) in Mechanical engineering from UCE, Burla and post graduate diploma in material management from IIMM. Bangalore. He also holds law degree from Utkal Iniversity. Shri Mahapatra started his career with M/s. Pressels Pvt. Ltd. and subsequently joined NALCO in 1982. He became Director (Production) w.e.f. 01.10.2011. He has 33 years of varied experience from boiler manufacturing industries to aluminium industries.

Shri Mahapatra has contributed significantly towards technology up-gradation, indigenous developments, proactive and predictive maintenance systems, turnaround in casting and rolling facilities. He has a commendable involvement in quality, environment and occupational health management. Recertification of QHSAS 18001 and ISO 14001 in all four unit completed in this financial year. Under his leadership, the critical and lifeline project "Ash disposal to mines void through lean slurry" of captive power plant has made a remarkable progress. Company has immensely benefited from his indefatigable efforts in stabilizing 2nd phase expansion of alumina refinery unit.

Shri Mahapatra is fellow of Institution of Engineers (India) and life member of Indian Institute of Metals. He has been elected as member to the prestigious Standing Committee of Non-Ferrous Minerals & Industries of Federation of Indian Mineral Industries (FtMI). He is also member of Board of Governors of National Institute of Foundry & Forge Technology (NIFFT), an autonomous body of Govt. of India under Ministry of HRD.

Shri Mahapatra does not hold any shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Mahapatra as Director of the Company, whose period of office is liable to be determined by rotation.



Your directors feel that Shri Mahapatra's association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.

None of your directors except Shri Mahapatra, whose appointment is proposed herein, is interested in the proposed resolution.

#### Item No. 8:

Shri Madhukar Gupta was inducted to the Board as an Additional Director of the Company w.e.f. 27.12.2011. In terms of Section 260 of the Companies Act, 1956, Shri Gupta holds office up to the date of the ensuing 31st Annual General Meeting.

Shri Madhukar Gupta is a post graduate in Political Science. He joined the Indian Administrative Service in 1971. He brings with him more than 38 years experience in the Central Government and State Governments of Uttar Pradesh and Uttarakhand. He retired as Home Secretary, Government of India. The positions held by him prior to that included Secretary in the Ministries/Departments of Fertilizers and Youth Affairs and Sports, Additional Secretary, Department of Mines, Vice Chairman Delhi Development Authority, and Regional Director (Middle East) Indian Investment Centre, Abu Dhabi, in the Central Government, and Chief Secretary, Government of Uttarakhand, and other important positions, including in the public sector, in the State. He was a Fellow at the Queen Elizabeth House, University of Oxford, and had earlier obtained a Diploma in Rural Development Projects: Design and Appraisal from the ILO Centre at Turin, Italy.

Shri Gupta does not hold any shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Gupta as Director of the Company, whose period of office is liable to be determined by rotation.

Your directors feel that Shri Gupta's association with the Board will be in the Interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.

None of your directors except Shri Gupta, whose appointment is proposed herein, is interested in the proposed resolution.

#### Item No. 9:

Shri Ghanshyam Hiralal Amin was inducted to the Board as an Additional Director of the Company w.e.f. 27.12.2011. In terms of Section 260 of the Companies Act, 1956, Shri Amin holds office up to the date of the ensuing 31st Annual General Meeting.

Born on 28.03.1947, Shri G. H. Amin is a Science graduate and holds a degree in Law. He is a practicing lawyer in Gujarat High Court for last 38 years. He was former Chairman of Bar Council of Gujarat. Shri Amin has immensely contributed to the Cooperative sector in India. He was the Chairman of The Ahmedabad District Central Co.Op. Bank Ltd., and Regional Chairman of The Cosmos Co.Op. Bank Ltd. (Multi State Bank). He was the President of National Co-Operative Union of India – New Delhi. He was a member of the High power committee constituted to review and amend Multi State Co-operative Societies Act. He was also a member of High power committee constituted by the Gujarat Government for evaluation and amendment of the Gujarat State Co-op. Societies Act, 1961. He was formerly Court member of Jawaharial Nehru university (JNU) and former syndicate member of Gujarat University, Ahmedabad. He has many awards to his name viz. Sardar Patel international award in cooperative management, felicitation by International Association of Educators for world peace by UNO and UNESCO. He is also a director on the Board of Oil India Limited. Shri Amin was inducted to NALCO Board w.e.f. 27.12.2011.

Shri Amin does not hold any shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Amin as Director of the Company, whose period of office is liable to be determined by rotation.

Your directors feel that Shri Amin's association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.

None of your directors except Shri Amin, whose appointment is proposed herein, is interested in the proposed resolution.

#### Item No. 10:

Shri N. R. Mohanty was inducted to the Board as an Additional Director of the Company w.e.f. 01.02.2012. In terms of Section 260 of the Companies Act, 1956, Shri Mohanty holds office up to the date of the ensuing 31st Annual General Meeting.

Born on 13.01.1957, Shri Mohanty graduated in B.Sc. Engg. (Hons) in Mechanical Engineering from NIT, Rourkela in 1980 and was adjudged as the "BEST GRADUATE" of Sambalpur University. Joined NALCO in December, 1986 after working in L&T and BALCO and held various positions before becoming Director (P&T) w.e.f.01.02.2012. He was instrumental in conceiving designing & developing a fleet of WHEEL CRUST BREAKERS that entirely replaced Russian made Crust Breaking Vehicles in BALCO resulting in huge import savings. While working in Business Development dept. of NALCO, he immensely contributed in preparation of new vision and mission plan of NALCO. During his tenure, NALCO smelter achieved 100% capacity utilization and bagged 2nd prize in Aluminium sector for National Energy Conservation Awards – from Ministry of Power, Govt. of India. He is a life member of Indian Institute of Metals, Fellow member of Institute of Engineers and member of Indian Institute of Welding.

Shri Mohanty holds 304 shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Mohanty as Director of the Company, whose period of office is liable to be determined by rotation.

Your directors feel that Shri Mohanty's association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.



#### Item No. 11:

Shri Arun Kumar was inducted to the Board as an Additional Director of the Company w.e.f. 30.04.2012. In terms of Section 260 of the Companies Act, 1956, Shri Kumar holds office up to the date of the ensuing 31st Annual General Meeting.

Shri Arun Kumar has degrees in Mechanical and Electrical Engineering (Equivalent degrees). He joined Indian Administrative Service in 1983. Prior to that, he did his Special Class Railway Apprenticeship at Jamalpur and had joined the Indian Railway Service of Mechanical Engineers in 1980. At present, he is serving as Joint Secretary, Ministry of Mines, Government of India. He brings with him varied experience in administration, personnel, industries, mines and minerals, energy and power sectors. He was Managing Director of Hydrocarbon and Energy Limited, Assam and Principal Secretary to the Government of Assam, before joining Ministry of Mines. He is also a director on the board of Mineral Exploration Corporation Ltd.

Shri Kumar does not hold any shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Kumar as Director of the Company, whose period of office is liable to be determined by rotation.

Your directors feel that Shri Kumar's association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.

None of your directors except Shri Kumar, whose appointment is proposed herein, is interested in the proposed resolution.

#### Item No. 12:

Shri Qaiser Shamim was inducted to the Board as an Additional Director of the Company w.e.f. 10.07.2012. In terms of Section 260 of the Companies Act, 1956, Shri Shamim holds office up to the date of the ensuing 31st Annual General Meeting.

Born on 05.06.1951, Shri Qaiser Shamim did his M.A. in Economics and LLB from Lucknow University. He has also done M.Sc. in Fiscal studies from the University of Bath, U.K., Trade Policy Programme from Kennedy School of Government. Harvard University, USA, Research in Economics from Hitotsubashi University, Tokyo, Japan and Japanese Language Certificate Course from Osaka University of Foreign Studies, Osaka, Japan. He joined IRS in 1974 and has 37 years of varied experience in the Govt. of India. During his deputation as Joint Secretary to the Government of India, Ministry of Textiles between December, 2005 to February, 2008 he was looking after textile exports. He regularly negotiated India's textile related matters at the WTO, Geneva. He also led and accompanied several delegations of the Ministry of Textiles and Ministry of Commerce to various countries including USA, Russia, Japan, Switzerland, Germany, Kazakhstan, Uzbekistan, Hongkong Turkey, Greece, Egypt, UAE etc. He retired as Chief Commissioner of Income Tax, Delhi, Shri Shamim is a seasoned specialist on matters of corporate governance having extensively dealt with the largest public and private sector corporations of the country. Shri Shamim was inducted to NALCO Board as an Independent Director w.e.f. 10.07.2012.

Shri Shamim does not hold any shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Shamim as Director of the Company, whose period of office is liable to be determined by rotation.

Your directors feel that Shri Shamim's association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.

None of your directors except Shri Shamim, whose appointment is proposed herein, is interested in the proposed resolution.

#### Item No. 13:

Shri Sanjiv Batra was inducted to the Board as an Additional Director of the Company w.e.f. 10.07.2012. In terms of Section 260 of the Companies Act, 1956, Shri Shamim holds office up to the date of the ensuing 31st. Annual General Meeting.

Born on 17.09.1950, Shri Sanjiv Batra holds a B. Tech (Electrical degree) from IIT, New Delhi and MBA from Delhi University. He has also done a certification course on International trade from IIFT. He has 40 years of work experience in public and private sectors in marketing, strategic planning, business diversification, policy formulation for import and export of commodities, supply chain management and logistics and promoting trade related infrastructure. He last served MMTC Limited as CMD. He was instrumental in leading transformation of MMTC into an integrated conglomerate following public private partnership route. He is also director on the Board of National Commodity and Derivatives Exchange of India (NCDEX), Mumbai.

Shri Batra does not hold any shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Batra as Director of the Company, whose period of office is liable to be determined by rotation.

Your directors feel that Shri Batra's association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.

None of your directors except Shri Batra, whose appointment is proposed herein, is interested in the proposed resolution.

By order of the Board

(K. N. RAVINDRA) COMPANY SECRETARY

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Place: Bhubaneswar Date: 14,07,2012



# Details of Directors seeking re-appointment / appointment in the 31st Annual General Meeting 14th August, 2012. (In terms of Clause - 49 of the Listing Agreement)

DETAILS OF DIRECTORS SEEKING	RE-APPOINTMENT (ORDINARY BUSINESS IN THE NOTICE)
Shri Ansuman Das     Father's Name     Date of Birth     Date of Appointment     Expertise in specific functional areas  Qualifications     List of outside Directorships held     Member of Committees of the Board     Member of Committees in other Companies	Late Shri Sarat Chandra Das 29.04.1955 28.10.2009 Mechanical Engineer having varied experience in domestic sale/export of alumina, metal and launching of rolled products, speciality alumina products etc. BE (Mech.), MBA from University of Hull, U.K. Nil Nil Nil
2. Shri Ved Kumar Jain Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held  Member of Committees of the Board Member of Committees in other companies	Shri Padam Sain Jain 15.12.1953 21.03.2011 Varied experience in financial management B.Sc.,FCA, B.A., LLB 1. Maytas Properties Ltd. 2. IL&FS Engineering and Construction Company Ltd. 3. PTC India Ltd. 4. PTC India Financial Services Ltd. 5. VJ Corporate Advisors Pvt Ltd. 6. ICAI Accounting Research Foundation 7. Ved Jain & Associates Chairman – Audit Committee 1. Chairman – Audit Committee – Maytas Properties Ltd. 2. Chairman – Audit Committee – IL&FS Engineering and Construction Company Ltd. 3. Member – Audit Committee – PTC India Ltd. 4. Member – Audit Committee – PTC India Financial Services Ltd. 5. Member – Shareholders' Grievance Committee – IL&FS Engineering and Construction Company Ltd. 6. Member – Shareholders' Grievance Committee – PTC India Ltd.
DETAILS OF DIRECTORS SEEKING APPOINT  3. Shri G P Joshi Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held  Member of Committees of the Board Member of Committees in other companies	Shri Padmadutt Joshi 01.04.1955 29.09.2011 Retired IAS officer having varied experience in administration. Post Graduate in Physics & IAS 1. Hindustan Copper Ltd. 2. Saraf Foods Ltd. 3. Peaches & Plums Resorts Pvt. Ltd. Member – Audit Committee Nil
4. Shri S S Khurana Father's Name Date of Birth Date of Appointment Expertise in specific functional areas  Qualifications List of outside Directorships held Member of Committees of the Board Member of Committees in other companies	Late Mohan Singh Khurana 15.05.1950 29.09.2011 Retired Chairman, Railway Board and Ex-officio Principal Secretary, Ministry of Railways, Govt. of India having wide ranging administrative, managerial and technical experience while working in the Indian Railways. BE (Mechanical), IIT. Roorkee Managing Director – Indian Railway Welfare Organisation Nil Nil



5.	Shri S S Mahapatra Father's Name Date of Birth Date of Appointment Expertise in specific functional areas  Qualifications List of outside Directorships held Member of Committees of the Board Member of Committees in other companies	Shri Nrusimha Prasad Mahapatra 20.12.1954 01.10.2011 Mechanical Engineer having varied experience in boiler manufacturing industries and aluminium industries and rich experience in plant and process equipment design to project execution and plant operation. B.Sc. (Engg.) Mechanical & PG Diploma in Materials Management., LLB Nil Nil Nil
6.	Shri Madhukar Gupta Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held Member of Committees of the Board Member of Committees in other companies	Shri Anand Swaroop Gupta 14.08.1948 27.12.2011 Retired IAS officer having varied experience in administration Post Graduate in Political Science & IAS Centennial Development Advisory Services India Pvt. Ltd. Nil Nil
7.	Shri Ghanashyam Hiralal Amin Father's Name Date of Birth Date of Appointment Expertise in specific functional areas  Qualifications List of outside Directorships held Member of Committees of the Board Member of Committees in other companies	Shri Hiralal Aashabhai Amin 28.03.1947 27.12.2011 Wide and rich experience in the fields of Law, Education and Co-operative Management B. Sc., LLB Oil India Limited Nil Chairman – Shareholders' Grivance Committee – Oil India Limited
8.	Shri N R Mohanty Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held Member of Committees of the Board Member of Committees in other companies	Late Kishori Charan Mohanty 13.01.1957 01.02.2012 Mechanical Engineer having wide range of experience in aluminium industry B.Sc. Engg. (Hons.) Mechanical Nii Nii Nii
9.	Shri Arun Kumar Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held Member of Committees of the Board Member of Committees in other companies	Shri Jagdishwar Sharan 19.03, 1968 30.04,2012 IAS officer having varied experience in administration and industries ME (Mech. Engg.), BE (Electrical Engg.) and IAS Mineral Exploration Corporation Ltd. Nil Chairman-Audit Committee - Mineral Exploration Corporation Ltd.
Lis Me	Shri Qaiser Shamim Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications  t of outside Directorships held ember of Committees of the Board ember of Committees in other Companies	Late Shri Syed Shamimul Hasan 05.06.1951 10.07.2012 Retired IRS officer with varied experience. Seasoned specialist in matters of corporate Governance. MA(Economics), LLB from Lucknow University, M.Sc. in Fiscal studies from the University of Bath, U.K., Trade Policy Programme from Kennedy School of Government, Harvard University, USA, Research in Economics from Hitotsubashi University, Tokyo, Japan and Japanese Language Certificate Course from Osaka University of Foreign Studies, Osaka, Japan, IRS Nii Nii Nii Nii

# 31" Annual Report 2011-12



Shri Sanjiv Batra

Father's Name Date of Birth Date of Appointment

Expertise in specific functional areas

Qualifications

List of outside Directorships held Member of Committees of the Board Member of Committees in other companies Shri L.N. Batra 17.09.1950 10.07.2012

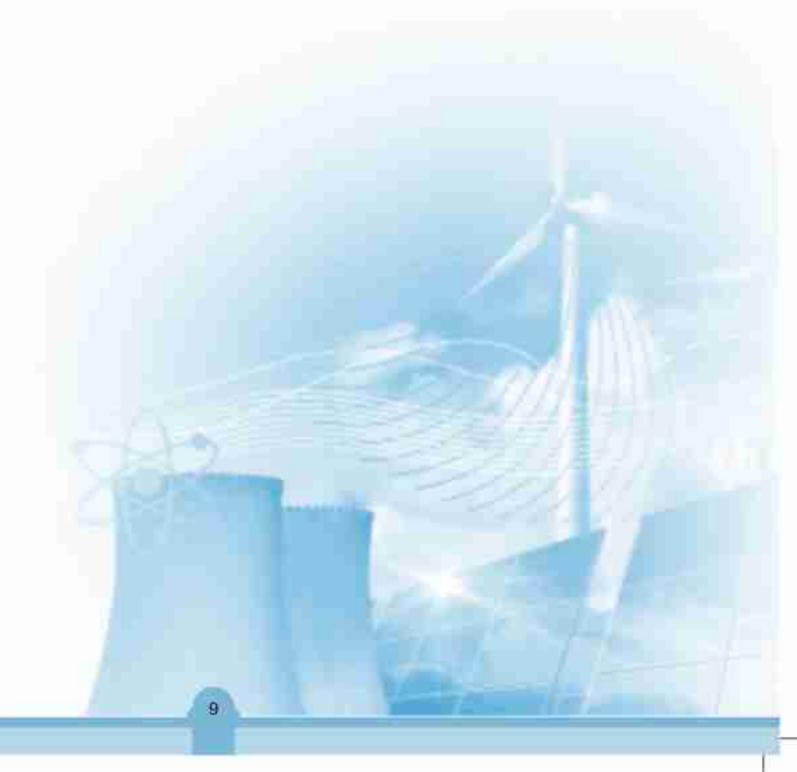
Senior technocrat with expertise in marketing, strategic planning, business diversification, supply chain management and logistics.

B.Tech (Electrical), MBA

1. National Commodity and Derivatives Exchange of India (NCDEX)

Nil

- Audit Committee in NALCO has also been assigned with the job of looking into the redressal of Shareholders/Investors' Grievances.
- Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee have only been considered as per Clause 49 of the Listing Agreement.





#### Dear Member,

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. The Circulars provide that a company will be in compliance with the provisions of Sections 53 and 219 of the Companies Act, 1956, in case documents like notices, annual report and all other communications are sent in electronic mode to its members.

In view of the above, we request all the members to be part of this Green Initiative. Members who are holding shares in electronic form may update their e-mail Ids with their respective DPs. Members who are holding shares in physical form may fill up the attached "E-communication Registration Form" and send it back to the Company.

Please note that all the documents sent to the members in the electronic form will also be uploaded in the website of the Company www.nalcoindia.com. As a member of the company you are always entitled to receive all such communications, free of cost, on a request made to the Company in this behalf.

Yours faithfully For National Aluminium Company Limited

> (K. N. Ravindra) Company Secretary

Signature of the 1st Registered Holder



## National Aluminium Company Limited

(A Government of India Enterprise)

Regd. Office: NALCO Bhawan, Plot No. P/1, Nayapalli, Bhubaneswar – 751 061(Odisha)

#### E-COMMUNICATION REGISTRATION FORM

National Aluminium Company Limited NALCO Bhawan, P/1, Nayapalli, Bhubaneswar – 751 061 Dear Sirs.

#### RE: Green Initiative in Corporate Governance

I/We, agree to receive all communication from	National Aluminium	Company	Limited	in electr	onic mode.	Please	register	m
E-mail ID in your records for sending communication	on through e-mail.							1.7
Registered Folio No.	1000			_				
PAN								
Name of the 1st Registered Holder								

Name of the Joint Holder(s)

E-mail ID

#### Important Note:

Date:

- Investors can also forward the scanned copy of this Registration Form to investorservice@nalcoindia.co.in
- (ii) On registration, all the communication from the Company will be sent to the E-mail ID registered with the Company.
- (iii) The members are requested to keep the company informed as and when there is any change in the E-mail ID. Else, the communication will be sent only to the E-mail ID registered with the Company. The 'E-communication Registration Form' can also be downloaded from the Company's website www.nalcoindia.com





# **National Aluminium Company Limited**

(A Government of India Enterprise)

Regd. Office: NALCO Bhawan, Plot No. P/1, Nayapalli, Bhubaneswar – 751 061(Odisha)

# ATTENDANCE SLIP

31" Annual General Meeting 14" August, 2012 at 11.00 A.M.

Bhubaneswar – 751 061, on Tuesday), the 14" August, 2012.	
Member's/Proxy's name in Block letters	Member's/Proxy's Signature
Note: Please fill this attendance slip and hand it over at the entrance of the hall	I.
TEAR HEI	ALCO
National Aluminium Comp (A Government of India Ente Regd. Office: NALCO Bhawan, Plot No. P/1,Nayapalli	erprise)
Regd. Folio No Client Id/Ben. A/c	DP ld No. of shares held
FORM OF PRO	OXY
I/We	
ofin the district ofbeing a member/men  of in the district of  of in the district of  on my/our behalf at the THIRTYFIRST ANNUAL GENERAL MEETIN  14th August, 2012 at 11.00 A.M. and at any adjournment thereof.	or failing him/heras my/our proxy to vote for me/us
Signed thisday of2012	Signature

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



# THE YEAR AT A GLANCE

PARTICULARS	UNITS	2011-12
Physical		
Bauxite	MT	5,002,626
Alumina Hydrate	MT	1,687,000
Aluminium	MT	413,089
Power ( Net)	MU	6,200
Financial		
Financial		
Export Turnover	₹ in Crore	2,569
	₹ in Crore	2,569 6,500
Export Turnover Net Sales	197022007	7577674
Export Turnover Net Sales Profit Before Tax	₹ in Crore ₹ in Crore	6,500
Export Turnover	₹ in Crore	6,500 1,198
Export Turnover Net Sales Profit Before Tax Profit After Tax	₹ in Crore ₹ in Crore ₹ in Crore	6,500 1,198 850

#### Registered office & Corporate office:

NALCO Bhawan P/1, Nayapalli

Bhubaneswar - 751 061, Odisha

Tel.: 0674-2301989-99

Fax: 0674-2300470 / 2300580 / 23006777 / 2300740

Website: www.nalcoindia.com

31st Annual General Meeting Tuesday, the 14th August, 2012 at 11:00 A.M. at NALCO Bhawan, P/1, Nayapalli, Bhubaneswar - 751 061.

### CONTENTS The year at a glance 01 Directors' Report 07 Report on Corporate Governance 24 Management Discussion & Analysis Report 43 Auditors' Report 50 C&AG Comments 53 Annual Accounts 54 Cash Flow Statement 56 5 years performance at a glance-Physical & Financial 79 Offices and Customer Contact Centres 82



## **BOARD OF DIRECTORS**



#### Shri B. L. Bagra

Born on 21.11.1954, Shri Bajrang Lal Bagra is a Fellow member of Institute of Chartered Accountants of India. He has varied experience of over 35 years, spanning over key sectors of Power, Seeds, Railways, consultancy and mining at senior levels, including as CFO of Botswana Railways from 1994 to 1998 and as Director (Finance) of RITES from 2000 to 2007. He joined NALCO as Director (Finance) on 28.02.2007. He is also holding additional charge of the post of Chairman-cum-Managing Director w.e.f. 27.02.2011.

The Company has achieved many milestones under his leadership. The 2nd phase expansion has been successfully commissioned in all the units. Physical performance has surpassed the previous records in all segments. NALCO expanded its vision from aluminium sector to Metals and Energy sectors under Vision 2020 framed under his leadership. Several growth projects have been taken up in hand in order to take the turnover of the Company from

present level of ₹ 6300 crore to ₹ 20,000 crore by 2020. The most significant achievement in realizing the vision is floating of a Joint venture Company with NPCIL NPCIL-NALCO Power Company Ltd' with a proposed equity investment of ₹ 1685 crores by NALCO in the JVC. The JV will generate 1400MW nuclear power on its commissioning, scheduled in 2015. Besides, quite a sizable amount is being invested in renewable power projects viz. wind power and solar power.

The Company is poised to enter into an agreement with Gujrat Mineral Development Corporation Ltd. for setting up an alumina refinery in Gujarat with 1 Million Tonne capacity, with a proposed investment of ₹ 4000 crores. NALCO has also partnered with the Odisha Government by floating a Company named Angul Aluminium Park Limited to set up an Aluminium park in Angul with NALCO's stake of 49.5% in the Company.

Under close guidance of Shri Bagra the company has been exploring investment in aluminium sector at home and overseas. Presently, two projects of 0.5 MTPA smelter plant and 1250 MW power plant each, with total estimated project cost of ₹ 35,000 crore are being explored, in Western Odisha and Indonesia respectively. The Company has been successful in securing approval for bauxite mining leases in Andhra Pradesh recently. NALCO has also become a member of the consortium to explore various minerals in Afganistan.

Shri Bagra held additional charge of Managing Director of Bharat Gold Mines Limited, a Government of India Enterprise, from Oct., 2008 till May, 2012 and is presently Director on the Board of IPICOL.

#### Shri Arun Kumar

Shri Arun Kumar has degrees in Mechanical and Electrical Engineering (equivalent degrees). He joined Indian Administrative Service in 1983. Prior to that, he did his Special Class Railway Apprenticeship at Jamalpur and had joined the Indian Railway Service of Mechanical Engineers in 1980. At present, he is serving as Joint Secretary, Ministry of Mines, Government of India. He brings with him varied experience in administration, personnel, industries, mines and minerals, energy and power sectors. He was Managing Director of Hydrocarbon and Energy Limited, Assam and Principal Secretary to the Government of Assam, before joining Ministry of Mines. He is also a director on the board of Mineral Exploration Corporation Ltd.





#### Shri Joy Varghese

Born on 17.08.1952, Shri Joy Varghese holds M.S.W. with specialization in Personnel management/IR. He also holds MBA degree from University of Ljublijana, Slovenia. He also did his Advanced Management Programme from University of Ljublijana, Slovenia and Diploma of merit in Scientific Research. He worked in different capacities in HRM field with Kudremukh Iron Ore Co. Ltd., a central PSU for 30 years before joining NALCO in 2007.

Shri Varghese is overall in-charge of HRM including Corporate Social Responsibility, Public Relations, Law and Administration, Under his able leadership, quite a few significant achievements viz. introduction of NEFFAR scheme, pay revision of executives, wage settlements of non-executives, introduction of several OD interventions was made in the Company. He was also instrumental in formation of NALCO Foundation for CSR activities and implementation and monitoring of SA 8000 standards. Recently, robust performance management system and Performance related

payment to executives were introduced as per DPE guidelines.

Shri Varghese is a guest faculty in HRM field in many colleges and business schools of Bangalore and Bhubaneswar. He was President of NIPM, Utkal University from 2008 to 2010, acknowledged as one of the best chapters, in the country. He was President of Rotary Club of Temple City, Bhubaneswar during 2010-11.

#### Shri Ansuman Das

Born on 29.04.1955. Shri Ansuman Das graduated in Mechanical Engineering from NIT, Rourkela in the year 1976. He holds a MBA degree from University of Hull, UK. Shri Das started his career as a Management trainee with Hindustan Aeronautics Ltd. and has done a post graduation course in Aeronautical production in IIT, Chennai. Shri Das joined National Aluminium Company Ltd. in 1982 in its formative days. He has served in several capacities in NALCO in its Technical Services Department, as Technical Officer to CMD, Marketing and Material functions. As a Technical Officer to CMD, he has rich experience of project implementation. Shri Das was instrumental in formation of various marketing policies, strategies both for domestic and overseas sales and in launching almost all the value added products of NALCO both in metals and chemical business. NALCO has achieved several milestones and accolades through the efforts put in by Shri Das and his team.



Shri Das headed the Materials department as its Executive Director for a brief period before taking over as Director(Commercial) NALCO in October, 2009.



# **BOARD OF DIRECTORS**



#### Shri S.S. Mahapatra

Born on 20:12:1954, Shri S.S. Mahapatra did his B.Sc. (Engg.) in Mechanical engineering from UCE, Burla and post graduate diploma in material management from IIMM, Bangalore. He also holds law degree from Utkal Iniversity. Shri Mahapatra started his career with M/s. Pressels Pvt. Ltd. and subsequently joined NALCO in 1982. He became Director (Production) w.e.f. 01.10.2011. He has 33 years of varied experience from boiler manufacturing industries to aluminium industries.

Shri Mahapatra has contributed significantly towards technology up-gradation, indigenous developments, proactive and predictive maintenance systems, turnaround in casting and rolling facilities. He has a commendable involvement in quality, environment and occupational health management. Recertification of OHSAS 18001 and ISO 14001 in all four units completed in the financial year. Under his leadership, the critical and lifetine project "Ash disposal to mines void

through lean slurry" of captive power plant has made a remarkable progress. Company has immensely benefited from his indefatigable efforts in stabilizing 2nd phase expansion of alumina refinery unit.

Shri Mahapatra is fellow of Institution of Engineers (India) and life member of Indian Institute of Metals. He has been elected as member to the prestigious Standing Committee of Non-Ferrous Minerals & Industries of Federation of Indian Mineral Industries (FIMI). He is also member of Board of Governors of National Institute of Foundry & Forge Technology (NIFFT), an autonomous body of Govt. of India under Ministry of HRD.

#### Shri N. R. Mohanty

Born on 13.01.1957, Shri Mohanty graduated in B.Sc. Engg. (Hons) in Mechanical Engineering from NIT, Rourkela in 1980 and was adjudged as the "BEST GRADUATE" of Sambaipur University. Joined NALCO in December, 1986 after working in L&T and BALCO and held various positions before becoming Director (P&T) w.e.f.01.02.2012. He was instrumental in conceiving designing & developing a fleet of WHEEL CRUST BREAKERS that entirely replaced Russian made Crust Breaking Vehicles in BALCO resulting in huge import savings. While working in Business Development dept. of NALCO, he immensely contributed in preparation of new vision and mission plan of NALCO. During his tenure, NALCO smelter achieved 100% capacity utilization and bagged 2nd prize in Aluminium sector for National Energy. Conservation. Awards – from Ministry of Power, Govt. of India. He is a life member of Indian Institute of Metals, Fellow member of Institute of Engineers and member of Indian Institute of Welding.

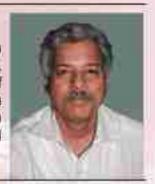


#### Shri Ved Kumar Jain

Born on 15.12.1953, Shri Ved Kumar Jain is a rank holder in both CA Inter and CA Final examination. A Triple Bachelors Degree Holder, he completed his Bachelor of Science from Punjab University in 1973. After completing his Chartered Accountancy in 1976, he did his Bachelors of Arts in Economics in 1979. He also completed his Bachelors of Law in 1980. He was elected to the central council of ICAI in 2004 and thereafter in 2007 and became President of ICAI in 2008. He has more than three decades of experience in finance and taxation. A prolific writer, having command in Hindi, English, French, Urdu and Punjabi, has authored many books on Direct Taxes He is also holding directorship in many other Companies viz. Maytas Properties Ltd, PTC India Ltd, PTC India Financial Services Limited, IL&FS Engineering and Construction Company Ltd., VJ Corporate Advisors(P) Ltd. and ICAI Accounting Research. He was inducted as an independent director on NALCO Board w.e.f. 21.03.2011.

#### Shri P.C. Sharma

Born on 31.03.1950, Shri P.C. Sharma did M.Sc. in Chemistry from Guwahati University in 1972. He joined Indian Administrative Service in 1975. He discharged his duties in various departments viz. Rural development, Agriculture, Industries, Tourism, Transport etc. in the state and Central Government. He took over charge as Chief Secretary of Assam in 2006 and superannuated in 2010. He played a significant role in controlling militancy in the state and played a pivotal role in bringing double digit growth in the state during this period. He was inducted as an independent director on NALCO Board w.e.f. 21.03.2011. He is also Director on the Board of Garden Reach Shipbuilders & Engineers Ltd. and Brahmaputra Chemicals & Polymers Ltd..



#### Shri GP Joshi

Born 1955, has master's degree in Physics and Management of International Development Projects and PG Diploma in Financial Management. He joined the Indian Administrative Service in 1978 and took voluntary retirement in 2008. He has thirty years of experience in various positions in the Central and State Governments of Manipur and Gujarat. He serves as a director on the Boards of Saraf Foods Limited, Peaches & Plums Resorts Pvt. Limited and Hindustan Copper Limited. He has been on the Board of NALCO since 15.09.2011.



# **BOARD OF DIRECTORS**

#### Shri S. S. Khurana

Shri S.S. Khurana (an alumnus of IIT/Roorkee) former Chairman of Railway Board and ex-officio Principal Secretary to Government of India has a blend of 38 years of strong Administrative, Corporate, Management and Technical Experience in various key positions of Indian Railways. Apart from the Apex level position of Chairman Railway Board in the Ministry of Railways, he held the other important and crucial positions of Member Staff, Railway Board and exofficio Secretary to Government of India, General Manager of the Zonal Railways of East Coast Railway and the Eastern Railway, Divisional Railway Manager of the ADRA division of South Eastern Railway. Apart from this, he discharged the onerous tasks of Chairman of the two important PSUs of the Ministry of Railways e.g. IRCON International Ltd. and the Dedicated Freight Corporation of India Ltd (DFCCIL). He also worked as the Chief Electrical

Engineer of the Railway Electrification at Allahabad and Chief Project Manager of Railway Electrification at Ambala. Shri Khurana has undergone an Advanced Leadership programme from "Stern Business School, New York, USA". He has visited many countries on study tours as well as for Inspection, Design & Development of Electric Locomotives. He has a wide ranging experience and exposure to the Railways in these countries. Shri Khurana was inducted to NALCO Board of Directors w.e.f. 15.09.2011.

#### Shri Madhukar Gupta

Shri Madhukar Gupta is a post graduate in Political Science. He joined the Indian Administrative Service in 1971. He brings with him more than 38 years experience in the Central Government and State Governments of Uttar Pradesh and Uttarakhand. He retired as Home Secretary, Government of India. The positions held by him prior to that included Secretary in the Ministries/Departments of Fertilizers and Youth Affairs and Sports, Additional Secretary, Department of Mines, Vice Chairman Delhi Development Authority, and Regional Director (Middle East) Indian Investment Centre, Abu Dhabi, in the Central Government, and Chief Secretary, Government of Uttarakhand, and other important positions, including in the public sector, in the State: He was a Fellow at the Queen Elizabeth House, University of Oxford, and had earlier obtained a Diploma in Rural Development Projects: Design and Appraisal from the ILO Centre at Turin, Italy, Shri Gupta was inducted to NALCO Board w.e.f. 27.12.2011.



#### Shri G. H. Amin

Born on 28.03.1947, Shri G. H. Amin is a Science graduate and holds a degree in Law. He is a practicing lawyer in Gujarat High Court for last 38 years. He was former Chairman of Bar Council of Gujarat. Shri Amin has immensely contributed to the Cooperative sector in India. He was the Chairman of The Ahmedabad District Central Co.Op. Bank Ltd., and Regional Chairman of The Cosmos Co.Op. Bank Ltd. (Multi State Bank). He was the President of National Co-Operative Union of India – New Delhi. He was a member of the High power committee constituted to review and amend Multi State Co-operative Societies Act. He was also a member of High power committee constituted by the Gujarat Government for evaluation and amendment of the Gujarat State Co-op. Societies Act, 1961. He was formerly Court member of Jawaharlal Nehru university (JNU) and former syndicate member of Gujarat University, Ahmedabad. He

has many awards to his name viz. Sardar Patel international award in cooperative management, felicitation by International Association of Educators for world peace by UNO and UNESCO. He is also a director on the Board of Oil India Limited. Shri Amin was inducted to NALCO Board w.e.f. 27.12.2011.

#### Shri Qaiser Shamim

Born on 05.06.1951, Shri Qaiser Shamim did his M.A. in Economics and LLB from Lucknow University. He has also done M.Sc. in Fiscal studies from the University of Bath, U.K., Trade Policy Programme from Kennedy School of Government, Harvard University, USA, Research in Economics from Hitotsubashi University, Tokyo, Japan and Japanese Language Certificate Course from Osaka University of Foreign Studies, Osaka, Japan. He joined IRS in 1974 and has 37 years of varied experience in the Govt. of India. During his deputation as Joint Secretary to the Government of India, Ministry of Textiles between December, 2005 to February, 2008 he was looking after textile exports. He regularly negotiated India's textile related matters at the WTO, Geneva. He also led and accompanied several delegations of the Ministry of Textiles and Ministry of Commerce to various countries including USA, Russia, Japan, Switzerland, Germany, Kazakhstan,



Uzbekistan, Hongkong Turkey, Greece, Egypt, UAE etc. He retired as Chief Commissioner of Income Tax, Delhi. Shri. Shamim is a seasoned specialist on matters of corporate governance having extensively dealt with the largest public and private sector corporations of the country. Shri Shamim was inducted to NALCO. Board as an independent Director w.e.f. 10.07.2012.

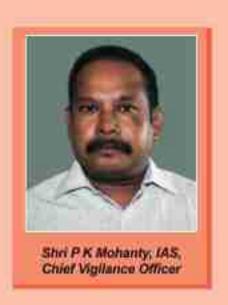


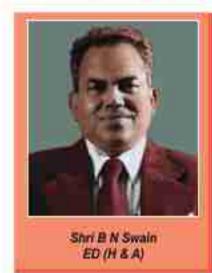
#### Shri Sanjiv Batra

Born on 17.09.1950, Shri Sanjiv Batra holds a B.Tech (Electrical) degree from IIT, New Delhi and MBA from Delhi University. He has also done a certification course on International trade from IIFT. He has 40 years of work experience in public and private sectors in marketing, strategic planning, business diversification, policy formulation for import and export of commodities, supply chain management and logistics and promoting trade related infrastructure. He last served MMTC Limited as CMD. He was instrumental in leading transformation of MMTC into an integrated conglomerate following public private partnership route. He is also director on the Board of National Commodity and Derivatives Exchange of India (NCDEX), Mumbai. Shri Batra was inducted to NALCO Board as an Independent Director w.e.f. 10.07 2012.



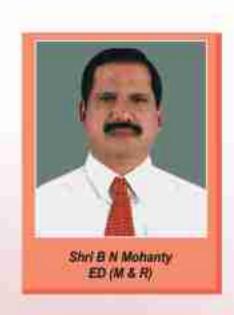
# EXECUTIVE DIRECTORS

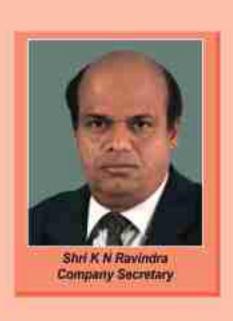


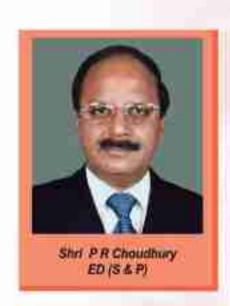




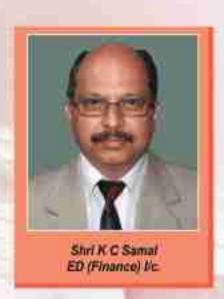






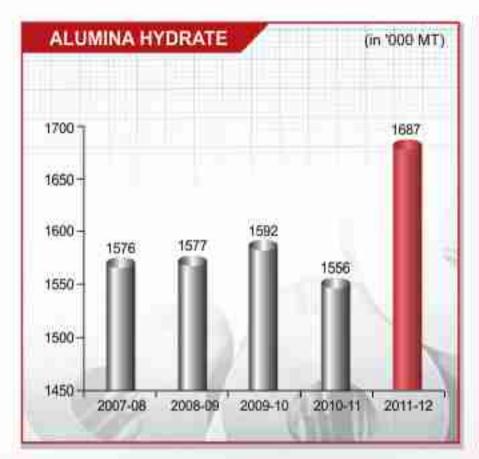


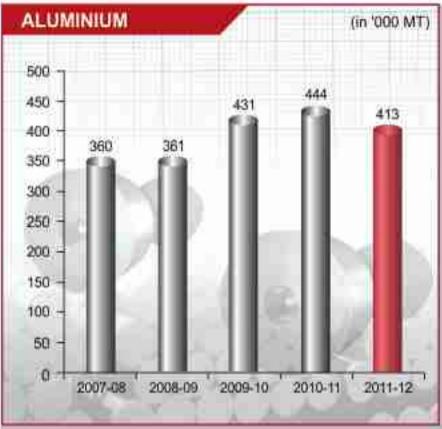






# **PRODUCTION**









# Directors' Report

#### Dear Members

Your Directors have great pleasure in presenting the 31" Annual Report of your Company together with the audited statement of accounts and Auditors' Report thereon for the financial year 2011-12.

#### **PERFORMANCE HIGHLIGHTS**

You will be pleased to know that your Company has achieved the highest ever performance in Bauxite transportation of 50.03 takh MT (against previous best of 48.79 takh MT achieved in 2009-10), alumina hydrate production of 16.87 takh MT (against the previous best of 15.92 takh MT achieved in 2009-10) and Special Grade Hydrate (SGH) production of 9.851 MT (surpassing the previous best of 8,649 MT achieved in FY 2009-10). Smelter achieved capacity utilisation of 90% with cast metal production of 4.13 takh MT against the previous best of 4.44 takh MT achieved in the year

2010-11. The production of metal was lower mainly due to coal constraints and low metal price in later part of the year.

CPP achieved 'Net Power Generation' of 6,200 MU (at 66:25% PLF) against the previous best of 6,608 MU achieved in 2010-11. Power generation was reduced due to coal constraints.

Production achieved during the year under report vis-a-vis-the previous year is given below:

	Unit	2011-12	2010-11
Bacode	MT	50,02,626	48,23,908
Alumina Hydrate	MT	16,87,000	15,56,000
Aluminium	MT	4,13,089	4,43,597
Electricity (Net)	MU	6.200	6,608

You will be pleased to know that your Company could save an operating cost of about ₹95 crore during the year under report by getting a favourable order from OERC to register Steam and Power Plant at Damanjodi as a co-generation unit there by complying the requirements as an obligated entity under the OERC (Renewable and co-generation purchase obligation and its compliance) Regulation 2010. Under the regulation your Company has to consume 5% power from renewable and co-generation sources, out of its total consumption from captive sources. The 5% consumption from renewable and co-generation sources comprises of 3.7% from co-generation sources, 1.2% from Non-Solar sources and 0.1% from Solar sources. The obligation with reference to co-generation RPO compliance for coming years will be met from our own co-generation plant. However, despite above, full RPO could not be met and ₹ 9.01 crore had to be spent on purchase of RECs. With commissioning of Wind Power Plant in current year, such expenditure is expected to be reduced.

#### Sales Performance

You will be pleased to know that as a proactive approach for providing customized products to our customers, your Company has introduced Chequered Sheets, a new product in its sales mix during the year.

Your Company achieved total sale of 4,15,916 MT Aluminium metal during the year as against sale of 4,38,952 MT metal achieved in preceding year. This included sales of 21,552 MT of Rolled Products, which was the highest ever surpassing the previous best of 20,152 MT achieved during the previous year.

The Domestic sale of Chemicals (Alumina/Hydrate/Special Alumina/Special Hydrate) was 49,844 MT, the highest ever surpassing the previous best of 42,062 MT achieved in 2010-11. The Domestic Chemicals sale included 10,052 MT of speciality alumina, the highest ever surpassing the previous best of 8,376 MT achieved during 2009-10 and 13,725 MT of alumina hydrate, also the highest ever surpassing the previous best of 12,623 MT achieved during 2009-10.











#### The sales break-up is as follows:

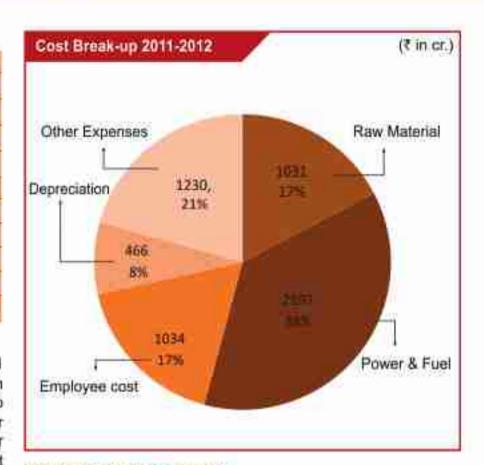
	Unit	2011-12	2010-11
Export			
Alumina	MT	792,552	639,855
Aluminium including	MT	98,399	98,200
Rolled Products			
Domestic			
Alumina & Hydrate	MT	49,844	42,062
Zeolite A	MT	409	3,854
Aluminium	MT	317,517	340,752
Total Metal Sale	MT	415,916	438,952
Total Chemical Sale	MT	842,396	681,919

#### Finance

Despite increase in the income from ₹ 6,410 crore during 2010-11 to ₹ 7,154 crore during 2011-12, the profit after tax has gone down from ₹ 1,069 crore (2010-11) to ₹ 850 crore (2011-12) due to increase in operating cost. The operating expenses were higher by about ₹ 1,003 crore during the year over the previous year mainly due to increase in prices of various input materials, impact of non-executive pay revision and increase in volume of production in Refinery. The details of financial performance is given below:

#### (₹ in crore)

	2011-12	2010-11
Income	7,154	6,410
Expenses	5,956	4,886
Profit Before Tax (PBT)	1,198	1,524
Tax	348	455
Profit After Tax (PAT)	850	1,069



#### Dividend and Appropriations

You will be happy to know that your Company paid an Interim Dividend for the year 2011-12 @ ₹ 0.90 per share (18%) in March, 2012. The Board of Directors of your Company have recommended payment of final dividend @ ₹ 0.10 per share (2%) making aggregate of ₹ 1.00 per share (20%) for the year 2011-12 as against ₹ 2.50 per share (₹ 2 per pre-split and bonus share of ₹ 10 each (20%) as interim dividend and ₹ 0.50 per post split and bonus share of ₹ 5 each (10%) as final dividend] paid for the previous year 2010-11. Your Directors have recommended a lower rate of dividend keeping in view the falling profit margins due



Naico Pays Rs. 202 Crore as Interim Dividend to Government of India. For the Financial Year 2011-12, the Company paid altogether Rs. 232 crore





Shri Montek Singh Ahluwalia. Dy. Chairman, Planning Commission delivering the 11" Edition of Nalco Foundation Day Lecture Series



Shri S.S. Mahapatra; Director (Production) flagging off the Mobile Health Unit at Damanjodi launched by Nalca Foundation, in association with Wackhardt Foundation, Mumbai



to slow down of global economy affecting industrial growth and also keeping in view the requirement of funds for the growth projects under consideration by your Company. The final dividend will be paid after your approval in the Annual General Meeting.

Your Directors propose to transfer ₹ 550 crore to General Reserve Account from the profits of the year 2011-12 as against ₹770 crore transferred in the previous year.

#### **Presidential Directives**

As per Presidential Directives, steps were taken for recruitment of SC/ST candidates. Your Company also complied with the provisions of the Persons with Disabilities Act, 1995.

As on 31.03.2012, out of the total 7,705 employees (including trainees) on the rolls of your Company, there were 1,240 (16.09%) SCs, 1,378 (18.88%) STs, 776 (10.07%) OBCs and 77 (1.00%) Persons with Disabilities. Every third employee in your Company either belongs to SC or ST category. The total number of lady employees in the organization as on that date was 355.

#### Industrial Relations

Human excellence and cordial industrial relations continued to remain the core strengths of your Company during the year under report. The strong ethos of collective excellence was bolstered during the year with the signing of 5th Long Term Wage Settlement (LTWS) for non-executive employees of your Company covering a period of 10 years effective from 01.01.2007, in a peaceful and cordial atmosphere. Several measures have been included in the 5th LTWS for controlling labour costs in your Company in the long run, results of which are expected to be realized in due course.

The healthy industrial relations climate during the year helped your Company in sailing through tough times on production front.

#### CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, NALCO has been allocating 2% of its net profit for social sector activities – 1% through Periphery Development (PD) Programme regulated by the State Government and 1% through the company's CSR arm NALCO Foundation, which was set up in July 2010, following the CSR Guidelines for CPSEs issued by the Department of Public Enterprises, Govt. of India. For the 2011-12 financial year, altogether ₹ 21.38 crore was allotted for the purpose. As per policy, the unspent amount is not lapsable at the end of the year.

During the fiscal, 1,109 camps were organized through four Mobile Health Units (MHUs) under the PD Programme, treating 50,938 patients with free medicines. NALCO Foundation also started a new MHU, in collaboration with Wockhardt Foundation in Damanjodi sector from mid-February 2012.

Altogether 76 projects were completed at Angul during 2011-12 at a total cost of ₹ 2.86 crore. Out of these, 42 projects were executed directly by the Company and rest 34 through district administration.

NALCO Foundation started 27 projects, mostly in the tribaldominated Damanjodi sector, at a financial contribution of ₹ 8.24 crore. During the fiscal, 10 projects have been completed.

The emphasis was on providing drinking water through dug wells as well as tube wells, providing medical facilities through operation of Mobile Health Units, imparting livelihood trainings, providing appliances to physically challenged persons, renovation of infrastructure facilities etc.

#### Visit of Parliamentary Committees:

The following Parliamentary Committees visited your Company and held discussions with Company management during the year under report:

- Department Related Parliamentary Committee on Industries on 30th June, 2011.
- Third Sub-Committee of the Committee of Parliament on Official Language on 30th September, 2011.
- Hindi Salahkar Samiti of Ministry of Mines visited Bengaluru Office on 17th October, 2011.
- Parliamentary Consultative Committee of Ministry of Mines



Naico Foundation signs MoUs with Kalinga Institute of Social Sciences, Korapul Development Foundation and Bikash Vidyalaya to sponsor tribal children from the Macist-Infested villages around Damanjodi for quality aducation



discussed matters related to your Company on 18th November, 2011.

- Parliamentary Committee on Welfare of Scheduled Castes & Scheduled Tribes on 20th January, 2012.
- Parliamentary Standing Committee on Coal & Steel on 25th February, 2012.

#### Awards & Recognitions:

Your Directors are pleased to inform you that your Company received the following awards in various fields during the year 2011-12:

- PSE Excellence Award 2011, in the Maharatna and Navratna category, for Corporate Social Responsibility & Responsiveness, instituted by the Department of Public Enterprises, Govt. of India and Indian Chamber of Commerce.
- Top Export Award of CAPEXIL, for outstanding export performance during 2010-11.
- Best Exporters' Award from Directorate of Export Promotion and Marketing, Govt. of Odisha for outstanding export of Alumina and Aluminium for the year 2009-10.



Shri B.L. Bagra, CMD, Nalco receives National Energy Conservation Award-2011 from Shri Sushil Kumar Shinde, Union Minister of Power

- Prestigious National Energy Conservation Award for the year 2011 from Ministry of Power for smelter plant at Angul.
- Three prestigious awards: "CEO with HR Orientation", "HR Leadership Award" and "Organization with Innovative HR Practices" at the Global HR Excellence Awards ceremony during World HRD Congress – 2012.

#### **EXPANDED CAPACITIES**

#### 2nd Phase Expansion Project

You will be pleased to know that with the commissioning of 4th Stream of Alumina Refinery during the year, the 2nd Phase Expansion Project of your Company stands completed. The details of earlier capacity and present capacity after 2nd phase expansion of your Company are as under.

SI. Project Segment No.		Capacity before 2"	Capacity after 2"
		Phase Expansion	Phase Expansion
1	Bauxite Mine	48 Lakh TPY	63 Lakh TPY
2	Alumina Refinery	15.75 Lakh TPY	21 Lakh TPY
3	Aluminium Smelter	3.45 Lakh TPY	4.6 Lekh TPY
4	Captive Power Plant	960 MW	1,200 MW

#### ONGOING EXPANSION PROJECTS

#### 1. Alumina Refinery-Upgradation Project

Capacity upgradation of 4th Stream of Alumina Refinery from 5.25 lakh TPY to 7.0 lakh TPY and that of Bauxite Mines from 6.3 Million TPY to 6.825 Million TPY at an estimated project cost of ₹ 409 crore is in progress. Overall physical progress upto 81% has been achieved. The project is scheduled to be commissioned during the course of current year.

#### 2. Utkai - E Coal Block

Utkal – E Coal Block project at an estimated cost of ₹ 337.61 crore (at May, 2011 price level) is in progress. It has a mineable reserve of around 67.49 min tons.

Almost all statutory clearances have been received. Activities for acquisition of Govt. as well as private land and construction of rehabilitation colony are at hand.

#### 3. 3rd Phase Expansion Project

The Company has initiated activities for 3rd phase brown field expansion at existing facilities at Angul and Damanjodi, in Odisha at an estimated investment of ₹7,500 crore.

The status of projects is as under:

#### a) Amperage increase at Smelter

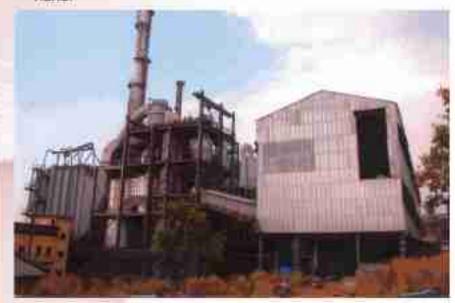
Smelter pot lines operating at 180 KA for the last two and half decades, have been taken to enhance current to 220 KA, at an outlay of ₹ 900 crore and the capacity of plant will be enhanced by 1.07 lakh MT, to 5.67 lakh MTPA. Preparation of Detailed Project Report and Environmental Impact Assessment (EIA) study is in progress.

#### b) 500MW power plant at CPP

The proposed 500MW power plant at CPP will meet the power requirement for the technology up-gradation of Smelter Pot line besides export of surplus power to State grid. Project cost is estimated at ₹2,522 crore (August 2009 price level).

#### c) 5th stream at Alumina Refinery

Your Company has plans to add one more stream to existing four streams in Alumina Refinery. The capacity of the stream will be 1 million tones per annum and investment will be ₹ 4,000 crore approximately. Activities for preparation of DPR are in hand.



New Calciner Plant at M&R Complex



#### 4, 50 MW Wind Power Plant.

In line with the vision of the Company and in pursuit of endeavor to hamess the potential in renewable energy sources, your Board has approved the investment of ₹ 274 crore for setting up 50 MW Wind Power Plant in Andhra Pradesh, Manufacturing of all equipments has been completed. Site storage yard construction is also completed and all materials have reached the site. Stage – II Forest Clearance for the project is being pursued with Ministry of Environment & Forests for commissioning of the plant.



Shri Dinsha J. Patel, Union Mines Minister, visits ₹11,500 crore NPC/L-NALCO JV Project in Gujerat.

#### Nuclear Power Plant in Joint Venture

Your Company has entered into joint venture with Nuclear Power Corporation of India Ltd. for setting up of 1400MW nuclear power plant in Gujarat at an estimated cost of ₹ 11,459 crore. Your Company's present equity share is 26% and the same would be increased to 49% after approval of the Govt. of India.

#### MoU PERFORMANCE

Your Company is likely to be rated 'Very Good' under Memorandum of Understanding (MoU), signed by the Company with the Government of India for the Financial Year 2011-12, based on achievement of financial results as well as other parameters laid down by the Department of Public Enterprises (DPE), Govt. of India for evaluation of performance of the Company.

#### IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

Your Company continued to pay special attention for propagation of Hindi in the Company.

You will be pleased to know that 27 Employees of your Company passed 'Praveen' Examination and 49 employees passed 'Pragya' Examination held in the month of May and November, 2011 under Hindl Teaching Scheme of Govt. of India. Your Company observed Hindi Day, Hindi week and Hindi fortnight and organised Hindi Kavi Sammelan, Several competitions were organised amongst Hindi speaking and Non-Hindi speaking employees during Hindi Week celebrations at all the units of the Company. Three Hindl Workshops were organised during the year for those employees who have acquired working knowledge in Hindi after passing Praveen and Pragya Examinations. The Hindi version of NALCO Website has been faunched as a part of your Company's efforts for promoting Rajbhasha. Official correspondences were also made in Hindi during the year under report as per the norms of the Official Language Implementation Policy of Govt. of India. "THE PARICHAYA", Quarterly House Journal of your Company was published in Hindi regularly.

#### VIGILANCE

The Vigilance set up exists in the Company at its three sites namely Smelter & Power Complex, Mines & Refinery Complex and Corporate Office. Broadly, Vigilance Department activities in



Signing of MoU between Shri Vishwapati Trivedi, IAS, Secretary, Ministry of Mines and Shri B.L. Bagra, CMD, Nalco, on physical and financial targets for 2012-13





Chequered Sheet: New Addition to Product Profile.

# 31" Annual Report 2011-12



the Company consist of carrying out various checks/inspections such as surprise checks, sample tests, regular inspections, CTE type intensive examination of works / contracts etc. under preventive vigilance drive. Vigilance Department often acts as an aid and assistance to the management in detecting corruption that may creep in innocuously during various transactions in the organization. To reduce chances of corruption, the Company has been using technology in the form of e-tendering, e-payments, eauction etc. Based on the vigilance advice, the Purchase Manual of your Company was revised during the year under report.

For creating awareness amidst employees, Vigilance Awareness Week was celebrated from 31.10.2011 to 05.11.2011 at all the units and regional offices of your Company and programmes like seminars, elocution competitions among school and college students were organized in Hindi, Oriya and English languages. 14 training programmes were organized at different locations of the organization for sensitizing employees on the evil effects of corruption.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

The particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure-I to this report.

#### PARTICULAR OF EMPLOYEES

None of the employees of your Company was in receipt of remuneration of ₹ 5 lakh per month or ₹ 60 lakh per annum as prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, during the year under report.

#### LISTING IN STOCK EXCHANGE & PAYMENT OF LISTING FEES

The equity shares of your Company continued to be listed on Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited (NSE). The listing fee for the year 2011-12 was paid to these Stock Exchanges on time.

#### PAYMENT OF ANNUAL CUSTODIAL FEES TO DEPOSITORIES

As per SEBI guidelines, your Company's in-house Share Registry has established direct electronic connectivity with both the Depositories, NSDL and CDSL, for providing the facility to its shareholders for holding the shares in electronic mode. Annual custodial fees as well as connectivity fees for the year 2011-12 were paid to both the Depositories on time.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, Directors of your Company hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- that the directors have prepared the annual accounts on a going concern basis.

#### CORPORATE GOVERNANCE

A report on Corporate Governance as per SEBI guidelines, Stock Exchange listing requirements and DPE guidelines is placed at Annexure-II to this report. Like previous years, as a part of good Corporate Governance practice, your Company voluntarily got the Secretarial Audit carried out for the year 2011-12 also and the report of the Secretarial Auditors is placed at Annexure-III to this report.

#### MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion & Analysis report is placed at Annexure-IV to this report.

#### C & AG COMMENTS

Comments of the Comptroller and Auditor General of India (C & AG) under Section 619(4) of the Companies Act, 1956 on the Accounts of your Company for the year ended March 31, 2012 are enclosed.

#### **PUBLIC DEPOSITS**

Your Company neither accepted nor renewed any public deposits during the year 2011-12.

#### **AUDITORS**

The following auditing firms were appointed to be the auditors of your Company for the financial year 2011-12:

a) Statutory Auditors : M/s C.K. Prusty & Associates and

Wis Agasti & Associates.

b) Cost Auditors : M/s S. Dhal & Co.

Secretarial Auditors : M/s Sunita Mohanty & Associates.

d) Internal Auditors : M/s B. N. Mishra & Co.,

M/s MKPS & Associates and

M/s Patra & Co.

#### DIRECTORS

The following changes took place in the Board of Directors of your Company since the last report:

#### Appointment:

- Shri B L Bagra, Director(Finance) continued to hold the additional charge of the post of CMD of your Company in addition to his present assignment w.e.f. 27.02.2011.
- Shri G P Joshi and Shri S S Khurana were appointed as Independent Directors with effect from 15.09.2011.
- Shri S S Mahapatra was appointed as Director (Production) with effect from 01.10.2011.
- Shri Madhukar Gupta and Shri G H Amin were appointed as Independent Directors with effect from 27, 12, 2011.
- Shri N R Mohanty was appointed as Director(Projects & Technical) with effect from 01.02.2012.



 Shri Arun Kumar, Joint Secretary, Ministry of Mines, Govt. of India was appointed as a Part Time Official Director w.e.f 30.04.2012.

 Shri Qaiser Shamim and Shri Sanjiv Batra were appointed as Independent Directors with effect from 10.07.2012.

#### Cessation:

- Shri S K Nayak, Joint Secretary, Ministry of Mines, Govt. of India ceased to be a Part-time Official Director on the Board of your Company w.e.f. 05:09:2011.
- Shri AK Sharma, Director (Production) ceased to be a Director of the Company w.e.f. 30.09.2011 on attaining the age of superannuation.
- Shri P K Padhi, Director (Projects & Technical) ceased to be a Director of the Company w.e.f. 31.01.2012 on attaining the age of superannuation.
- Shri S K Srivastava, Spl. Secretary, Ministry of Mines, Govt. of India ceased to be a Part-time Official Director on the Board of your Company w.e.f. 31.05.2012.

Your Directors wish to place on record their appreciation for the valuable services rendered by Shri S K Nayak, Shri A K Sharma, Shri P K Padhi and Shri S K Srivastava during their tenure on the Board of your Company.

#### ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the valuable guidance and co-operation received from the Ministry of Mines and other Ministries/Departments of the Government of India and the support received from the Government of Odisha, Mahanadi Coal fields, Indian Railways and other Government agencies. Your Directors express their sincere thanks to the Comptroller and Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Statutory Auditors, Cost Auditors, Secretarial Auditors, Internal Auditors, Bankers and JV Partners for the co-operation extended and services provided by them.

Your Directors also place on record their gratitude to the shareholders of the Company for the confidence reposed by them in the Management of the Company.

Your Directors place on record their appreciation for the continued support and co-operation received from various domestic and international customers, vendors, solicitors, business associates, Trade Unions and the Officers' Associations during the year under report and also look forward for continuance of such mutually supportive relationship in future as well.

Last but not the least, your Directors express their appreciation to the untiring efforts put in by all the officers and employees at various levels and their support over the years which has enabled your Company to achieve the present position and hope that with such continued support, your Company will grow from strength to strength and would be able to expand its area of activities, scale greater heights of success and contribute positively for better stakeholders' delight.

For and on behalf of Board of Directors

- ラストライス

(B.L.Bagra)

Chairman-cum-Managing Director

Place; Bhubaneswar Date: 14:07.2012



Guava & acacia plantation on reclaimed land at bauxite mines, damanjodi



Annexure-I

# STATEMENT OF PARTICULARS UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER

#### A. CONSERVATION OF ENERGY

Various energy conservation measures that have been adopted for optimal utilization of energy resources in different units of the Company during the year 2011-12 are as under:

#### Captive Power Plant

- On-line Monitoring of high energy drains: In order to monitor MAL valve passing thermo-couple attachments have been installed in Unit#6 and #5. In unit#6 the temperature data has been hooked up-to DCS. In Unit#5 cable laying has been over.
- Installation of energy efficient lighting products: During the year about 200 nos. of T-5 fluorescent fittings and 500 electronic ballasts have been installed resulting in a saving of 23,725 KWh of electricity per annum.
- Installation of Energy meters for monitoring and control of area-wise consumption: Energy meters have been installed in RCPH, New Bunker MCC, Ash Pond, Intake pump house. This will help in building energy consumption data inventory for these important areas for analysis and control.
- Order has been placed for two nos. of Intelligent power Controllers for use in Coal conveyors having the facility to control
  the power drawn by the coal conveyor drives to the optimum level, thereby saving around 20% energy.
- Online condenser cleaning system: System installed in unit #6 and by March'12 another set shall be installed in Unit #5.
- APH basket has been replaced in two units in this year, i.e in Unit #1 and #6.
- Replacement of soft touch redial seals has been carried out in three units in this year, i.e Units #1, #6, #8.
- Energy efficient fan blade: Two sets of FRP blades have been procured for Unit#1 and #6 cooling towers. Installation in Unit#6
  has been in progress.
- 9. High Efficiency PA fan motors (900KW) have been procured for 04 units: Installation in Unit#6 is completed during the year.
- Seven nos. of LT energy efficient motors ranging from 37KW to 160KW have been procured for replacement of existing damaged motors.
- Energy Audit: The order has been placed for energy audit in unit#7 and #8. The work in Unit#7 shall start shortly. Whereas the
  work in Unit#8 shall be delayed as the rotor is under repair at BHEL, Hyderabad shop.

#### Smelter Plant

- Reduction of DC energy consumption in Pot Line-III achieved by control of bath drop with ALPSYS advanced regulation system, reducing anodic problems, optimal alumina control & use of graphitised cathode block.
  - Annual saving of electrical energy is 1,09,86,275 KWH.
  - Financial benefits for the year are ₹316.40 Lakhs @₹2.88 per KWH.
- Reduction of DC energy consumption in Pot Line-IV achieved by reduction in steam beam drop, optimising metal inventory, regulating FTP fume suction, proper anode setting, control of bath drop with ALPSYS advanced regulation system, reducing anodic problems, low voltage start up & optimal alumina control.
  - Annual saving of electrical energy is 7, 37,828 KWH.
  - Financial benefits for the year are ₹21.24 Lakhs @ ₹2.88 per KWH.
- Incorporation of magnetic resonator in HFO lines of Wire rod mill furnaces to achieve better fuel efficiency Magnetic
  resonators have been fitted in Wire Rod Mill-II furnaces 7 & 8. Installation of Magnetic Resonator has enhanced smooth flow of
  HFO through the burners due to turbulence of Hydrocarbon Atoms of HFO arising out of resonance effect of permanent magnet.
  This has resulted in proper atomisation & combustion in the furnace.
  - Annual saving of Thermal Energy HFO is 26.98 KL.
  - Financial benefits for the year are ₹9.70 Lakhs @ ₹35,964 per KL
- Automatic switching off of FTA lights during idle time in Anode Baking Furnace-2:

The idle time of the crane has been sensed by a program modification in PLC and used for switching off the crane lights.

- Annual saving of electrical energy is 11,563 KWH.
- Financial benefits for the year are ₹0.33 Lakhs @ ₹2.88 per KWH
- Auto shutdown of downstream conveyors of Cleaning Station during idle time in cleaning station of Anode Baking Furnace-2:
   Necessary modification in PLC has been incorporated in the cleaning system of ABF-2 for stopping the downstream conveyors during idle time.
  - Annual saving of electrical energy is 34,296 KWH.
  - Financial benefits for the year are ₹ 0.98 Lakhs @ ₹2,88 per KWH.



#### Alumina Refinery Plant

- Installation of variable frequency drive in makeup water pumps in Boiler-4. This has resulted in electrical energy saving to the tune of 70 KW.
- Installation of variable frequency drive in PH-3 Green Liquor Pump resulting saving in electrical energy to the tune of 20 to 25 KW.
- Installation of variable frequency drive in Digestion and Dilution Pumps. This has resulted in electrical energy savings to the tune of 15-20 KW.
- Due to proper coal blending (Imported coal with Raw Coal) by suitable modification (with introduction of VFD in respective vibrofeeder), steam requirement for all the 04 phases is now being met through operation of 03 boilers / 06 Coal Mills since mid-February 12. This is resulting in Electrical energy savings of approx. 30-35 MWH. per day.
- Ceramic grinding media was used in Boiler #1/ Mill#1 on trial basis. Performance of the mill has been quite encouraging since there is saving of almost 250 KW of electrical energy as compared to other mills.

#### Mines

- Replacement of PLC system is being done in which modified programs etc. shall be contributing for higher productivity of single 15 KMs long conveyor belt drive systems, which is a major load in mining units.
- The street light of Mines have been planned to be replaced with Solar Lights. P.O. has been placed for 10 sets of solar street light on 14.12.11. There shall be saving of 8760 KWH per annum.
- 5 Nos remote security watch tower for VHF system has been taken up for providing solar powered supply.
- Use of LED recess type luminaries to replace 4 X 20 W conventional T8 fitting in administrative building false ceiling areas & 2 X 40 W T8 tube fittings with LED strip light has been proposed for indoor office building. 25 nos. strip lights & 30 nos. of recess fittings). Savings shall be 15,768 KWH.
- Comprehensive metering and energy monitoring and analysis systems is procured and installed to measure the energy consumption in different areas.





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# FORM – A DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### A. Power and Fuel Consumption:

		CAPTIVE POV	VER PLANT	ALUMINA REFINERY	
		Current year 2011-12	Previous year 2010-11	Current year 2011-12	Previous Year 2010-11
1.	Electricity				
	(a) Purchased from GRIDCO				
	Unit (Million KWH)	139.362	121.695	66.103	51.776
	Total amount (₹ in lakh)	9,332.89	6,519.61	4,281.32	2,770.02
	Rate/Unit (₹/KWH)	6.70	5.35	6.48	5.35
	(b) Own Generation	1,000			
	i) Through Diesel Generator	NA.	NA	NA	NA
	Unit				
	Unit per Ltr. of diesel oil Cost/Unit				
	ii) Through Steam Turbine/ Generator				
	Units (Gross)/Million KWH	6,983.33	7,435.56	365.038	349.412
	Units per litre of fuel oil/gas	284.40	325.84		
	Cost/Units (₹/KWH)	2.82	2.31	-	2
2.	Coal (Specify quality & where used)				
	(Quality Grade- F&G) Used for own generation of Electricity and Steam.				
	Quantity (Tonnes)	5,622,764	5,916,465	1,105,716	1,113,939
	Total cost (₹ in lakh)	93,857.86	82,076.17	23,312.80	17,447.51
	Average rate (₹/Tonne)	1,669.25	1,387.25	2,108.39	1,566.29

	C	Captive Power Plant		mina Refinery	Smelter Plant	
	Current year 2011-12	Previous year 2010-11	Current year 2011-12	Previous year 2010-11	Current year 2011-12	Previous Year 2010-11
3. Furnace Oil			4.45411.00			-311646000
Quantity (KL)	24,555	22,820	144,722	131,786	32,157	33,203
Total Amount (7 in lakh)	9,704.06	7,138.67	53,155.08	35,127.63	11,606.88	8,852.65
Average rate (₹/Tonne)	39,520	31,283	36,729	26,655	36,094	26,662
4. Others/Internal generation	NA	NA	NA	NA	NA	NA
Quantity						
Total Cost						
Rate/Unit						

## B. Consumption per unit of production

	Products (with details)	Unit	Standards (if any)	Current year 2011-12	Previous Year 2010-11
1.	Alumina	The second second			
	(a) Power	(Kwh/MT)	335	341.68	340
	(b) Fuel oil for calcination	(Ltr/MT)	377	76,95	76.40
	(c) Coal for steam	(Kg/MT)	620	652	711
	(d) Oil for steam	(Ltr/MT)	4	8.73	9.04
2.	Aluminium				
	a) A.C. Power	(Kwh/MT)	14,800	14,801	14,636
	b) Fuel Oil	(Ltr/MT)	90	77	75
	c) Others	WWW.002	150	-	



#### FORM - B

# DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R&D)

#### 1. Specific areas in which R&D activities carried out by the Company are:

#### (A) In-house R&D activities

#### Alumina Piant

- Studies to establish the effect of fine seed addition on granulometry and to develop it as a tool to control granulometry.
- Studies to establish solubility of CaO from different sources of Lime.
- Studies related to use of CAIS as filter aid.
- Studies to establish impact of over flocculation in settler overflow.
- Commercialization of high temperature resin developed in-house.
- Impurity identification and salt removal studies starting with V<sub>v</sub>O<sub>v</sub>
- Installation of heating bundles in pre desilication tank.
- Preparation of Low Alpha Special alumina for ceramic use.
- . Study on impact of surface mined Bauxite on process.
- Laboratory scale studies were carried out along with the suppliers of various flocculants for use in High Rate thickeners and Deep cone washers of new stream.

#### Smolter Plant

- Development of chequered sheet as a new variety of rolled product.
- Development of a process for production of High purity metal (HP-2 grade) first time in two pots of Potline-IV.
- Bench scale studies on impact of butt quantity & quality on anode quality.
- Six sigma project on reduction of iron in anode completed successfully.
- Characterization of baked anodes for process monitoring.
- Metallographic studies of cast products & tibor rods, inclusion analysis of molten aluminium metal are being carried out regularly for product quality improvement.
- Fuel oil saving by use of magnetic resonators in cast house furnace.
- Pots started with alternate supply of cathode blocks, reprocessed rejected paste & indigenously developed ramming paste are being monitored for their performances.
- Slot cutting machine for anodes commissioned in carbon plant. Slotted anodes are being used in pot line-I & II.
- Bench scale studies were carried out on impact of spent pot lining carbon on anode quality.
- Bench scale studies are continuing on effect of high softening point pitch on anode quality.
- Trials are continuing with nonwetting castable in tapping ladies.
- Melt loss is being monitored in cast house furnaces.

#### B. Collaborative R&D activities

- Infra Red Thermography studies and Estimation of Scaling Height in precipitators at Refinery collaborative project with JNARDDC; Nagpur.
- Development of high speed extrusion alloys for Indian industries in collaboration with JNARDDC, Nagpur.
- Characterisation of various casting & Rolling Defects of Strip Cast Aluminium Alloys at NALCO RPU in collaboration with JNARDDC, Nagpur completed.
- Aprocess for preparation of ferric alum from low grade aluminium dross hasbeen developed in collaboration with JNARDDC. Nagpur.
- Development of glaze tiles and foam based light weight aggregates from Red Mud in collaboration with JNARDDC, Nagpur.
- Process for manufacturing ceramic tiles from Fly ash in collaboration with IIT, Kharagpur.
- Destruction of cyanide from SPL and recovery of valuables in collaboration with JNARDDC, Nagpur.
- Development of liquidus temperature sensor in collaboration with JNARDDC, Nagpur.
- Development of tools & techniques for measurement of PFC emissions in collaboration with JNAR DDC, Nagpur.

#### C. Patenting and Commercialization

Thrust has been laid on patenting of process know-how developed in the Company either through in-house or collaborative R&D efforts. So far 21 patents have been sent for filings which include 4 nos, of patents filed in the current financial year. Board level technology committee meetings are being held to review the R&D activities of the Company including technological up-gradation and benefits derived thereon for further improvements in the process and productivity.

#### 2. Benefits Derived as a result of the above R&D (In-house & collaborative)

- Use of fine seed helps to maintain desired level of seed surface area, thus control product quality (in terms of Granulometry and soda incorporation) at the same time improving the liquor productivity and hence production.
- Aluminate liquor filtration studies helps to take corrective action whenever solids are high so that product CaO is not increased on this
  account.

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- Establish the effect of various sources of lime with regard to its quality.
- Tests using flocculants show improvement in filtration rate with over flocculation. A plant scale trial shall be taken up to establish
  the same.
- Use of the high temperature resin will result in huge savings in make-up water consumption in Boilers and energy consumption.
- Impurity control and segregation of salt as value added by-product and also reduction in lime consumed for causticisation.
- Elimination of sodic condensate dilution in process liquor, thus saving in steam and hence energy required for evaporation.
- Use of surface mined bauxite will reduce, if not fully eliminate the use of explosives in mining of Bauxite.
- Approximately 240 MT chequered sheets have been produced at Rolling Plant upto Dec'11 & revenue earned is approximately ₹2 crores.
- Process know-how developed for production of high purity metal (HP-2 grade).
- · Studies on impact of butt quantity & quality on anode quality will help in improving anode quality.
- Reduction of iron in anode will reduce steel shots consumption by ₹ 60 lakhs per annum & improve anode quality and aluminium metal purity.
- Use of slotted anode will reduce DC energy consumption.
- Implementation of higher grain to sand ratio in GAP2 has resulted in improvement of anode density by .005- .01 gm/cc along with consistency in anode quality.
- Studies conducted in anode bench scale plant and regular characterizations of anodes have helped in process and anode quality improvements. Baking level was increased in ABF1 and there is improvement in related properties.
- Inclusion analysis and metallographic studies have helped to improve product quality and reduce customer complaints.
- Use of magnetic resonators in WRM2 furnace has resulted in savings of 0.765LT /T in specific oil consumption amounting to financial benefit of ₹9.8 lakh in the year 2011-12.
- Process for preparation of ferric alum from low grade aluminium dross is being considered for commercialization.
- Process for production of construction bricks and artificial ceramic stone chips from red mud is being considered for commercialization.
- Process for preparation of ceramic tiles from fly ash is explored for pilot scale study for its commercialization.

#### Future pian of action and new projects

Setting up of a world class Research & Technology Centre at Bhubaneswar with new Vision and Mission stated as under:

#### Vision

To be a world class, state of the art research and development centre in the field of Bauxite, Alumina, Aluminum, Down stream products, Power, waste utilisation and allied areas, progressively.

#### Mission

- Creation of facilities at NALCO Research & Technology Centre (NRTC) and at sites to develop and strengthen technological expertise
  pertaining to Bauxite Mining, Alumina Refining, Aluminum Smelting for improvement of efficiency, reduction of cost in various units
  including CPP in association with site R&D.
- To continuously work on development of new raw materials, products, improve quality, waste utilization and analytical innovation.
- To provide continuous technical assistance to both M&R and S&P complex in association with site R&D.
- Commercialisation of construction bricks from Red mud and Fly ash based ceramic tiles.
- Implementation of Bayer process Simulation package for better process control and reduction in cost of production.
- Use of CAIS as filter aid in Kelly filtration to improve filtration.
- Reaction kinetics study of Digestion/ Desilication for optimizing the process parameters.
- Reaction kinetics study of precipitation for improving productivity with minimal impurity occlusion.
- Industrial implementation of medium pressure digestion for better extraction of alumina and productivity.
- Industrial implementation of atmospheric double digestion for reducing raw material consumptions.
- Studies related to CaO incorporation in product.
- Reaction kinetics study for optimizing the process parameters.
- Reaction kinetics study of precipitation for improving productivity with minimal impurity occlusion.
- Industrial implementation of medium pressure digestion for better extraction of alumina and productivity.
- Industrial implementation of atmospheric double digestion for reducing raw material consumptions.
- Plant level trials by blending of different types of cokes.
- · Trial with indigenous Tepid ramming paste in pots.
- Measures to reduce melt loss in cast house furnaces.
- Large scale trials with magnetic resonator for fuel oil saving.
- Trial with non-wetting castable lining of tapping ladles.
- Reduction of iron content in anodes.
- Plant scale trial with spent pot lining carbon material in anode matrix.
- Plant scale trial for production of high purity metal.



- Improvement in bath chemistry in pots.
- Anode Cathode Distance modeling.
- Plant level trials by blending of different types of cokes.
- Measures to reduce melt loss in cast house furnaces.
- Large scale trials with magnetic resonator for fuel oil saving.
- Trial with non-wetting castable lining of tapping ladles.
- Plant scale trial with spent pot lining carbon material in anode matrix.
- Improvement in bath chemistry in pots.
- . Installation of intelligent flow controller in the compressed air network.
- Development & implementation of a process for treatment of Spent Pot lining.
- Projects related to energy conservation in Smelter Plant.

### 4. Expenditure on R&D:

(₹ in lakhs)

	Particulars	2011-12	2010-11
(a)	Capital	416.00	Nil
(b)	Recurring	699.00	119.43
(c)	Total	1,115.00	119.43
(d)	Total R&D Expenditure as a % of total turnover	0.16	0.02

# 5. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

## (a) M&R Complex, Damanjodi:

SI. No.	Details of Modification	Benefit thereof
1	Fine seed addition as external seed	Reduced soda impurity and marginal increase in production.
2	Split feeding in precipitators	Reduced soda impurity.
3	High rate settling technology	Lower reversion loss of alumina, soda loss and heat losses, Reduced foot print area and Capex.
4	Use of CAIS as filter aid	Improved specific filtration rate.
5	Advanced vertical Diaster filters in place of Kelly filters	Enhanced flow rate and reduced CAPEX.
6	Two stage PHE eliminating water cooling stage in existing 3 stage PHE	Higher heat recovery.
7	Scheme for automatic skew correction in New Reclaimer	Increased Reclaimer availability.

# (b) Smelter Plant, Angul:

SI. No.	Details of Modification	Benefit thereof
1	Wire Rod Mill#2 Casting Wheel, Pinch Roll & Auto Shear Analog DC drives were upgraded with Siemens make Digital DC drives (Type-6RA70).	Latest Technology. Less downtime. Availability of indigenous spares & services. Ease in maintenance & quick trouble shooting of fault. Analog drives were obsolete & imported origin.
2	New ABB make VFDs (Type:-ACS800) were installed & commissioned for Recirculation Fan Motor-2&3 of Homogenizing Furnace-1 in Cast House-A in place of D.O.L. starters.	Smooth start results in less wear & tear of the system.     Better protection.     Energy saving.     Easy in maintenance & quick trouble shooting of fault.
3	ECL-1 CTA Long travel, Trolley Cross travel and Cabin Cross travel VFDs are upgraded with new 755 power flex drive of Rockwell Automation in Cast House-B.	Latest Technology.     Existing drives were obsolete.
4	The old & obsolete Simatic S-5 PLC in rolling plant has been replaced by more advanced PLC & PC based HMI.	Online data acquisition, alarm management & historica data trends for better process data monitoring.     Easier fault finding through advanced features.



# DETAILS OF TECHNOLOGY IMPORTED /UPGRADED DURING LAST 5 YEARS:

# a) M&R Complex, Damanjodi:

Technology imported / up-graded	Year of import	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action
Potentiometer analysis of Bayer liquor for soda and dissolved alumina in place of titration based analysis.	2008-09	Fully Absorbed	
Seed grain size control through addition of micro fined hydrate.	2008-09	Fully Absorbed	· 😅
Ion Chromatograph for analysis of Fluoride, Oxalate etc.	2008-09	Fully Absorbed	( e.
AutoAnalyser for particle size analysis	2010-11		Under evaluation.
Thermography studies to locate hot spots in furnaces and electrical Switchyard equipments.	2009-11	I Ce	Estimations done were under a collaborative project with JNARDDC. Thermography camera under procurement for carrying out thermography a standard practice.

# b) Smelter Plant, Angul:

Technology imported / up-graded	Year of import	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action
Installation , commissioning of online HF monitors on the stacks of FTP-1 & FTP-2 of Potline.	2011-12	Yes	7 7 6
EHTF Heater of capacity 8 x 432 kW along with Thyristor Control Panels(TCP), vessels, piping, automation system. This system is an upgradation of the old oil fired Boiler in carbon plant. The heaters and TCPs were imported and the process design and implementation is in-house.	2011-12	Yes	
Slot cutting machine for baked anodes in carbon plant	2010-11	Yes	2 4
New mechanized Bath breaking & bath finishing machines in rodding shop-I of carbon plant	2011-12	Yes	
Inhouse development of chequered sheet as a new product in rolled product unit.	2011-12	Yes	
Universal Tensile strength machine upgraded to microprocessor based. Instron make machine	2011-12	Yes	1/1/1/1
Online fluoride monitoring system in waste water /recycled water	2010-11	Yes	
Ambient air online real time display monitoring system	2011-12	Yes	

# 6. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of your Company for the year 2011-12 was ₹ 2,558 crore as against ₹ 2,056 crore in 2010-11.

The foreign exchange outgo of your Company for the year under report was ₹ 328 crore as against ₹ 423 crore in the previous year.



Annexure II

# Report on Corporate Governance

# Philosophy

Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

It deals with laws, procedures, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis-à-vis its claimants, in particular its shareholders, creditors, customers, the state and employees.

In NALCO, it goes with the global consensus about the objective of Good Corporate Governance to maximize long term shareholder value.

#### 2.0 Board of Directors

The Board of Directors formulate strategies, policies and review performance periodically to manage the Company. The Functional i.e. Executive Directors manage the business of the Company under the overall supervision, control and guidance of the Board.

# 2.1 Directors' Profile

A brief resume of all the Directors is given at the beginning of the Annual Report. The nature of their expertise in specific functional areas and names of Companies in which they hold directorships, chairmanship/membership of Board Committees and their shareholding in the Company are given therein.

#### 2.2 Composition

As per the Articles of Association of the Company, the number of directors on the Board shall not be less than four and shall not be more than eighteen. NALCO being a Government Company, the power to appoint directors vests with the President of India.

As on 31st March, 2012, the Board had 12 directors comprising of 6 executive directors, one non-executive official director and six non-executive non-official (independent) directors. One of the executive directors being under suspension, the composition of Board was in compliance with the requirements under clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance. However, there was non-compliance on part of composition of the Board from 1st April, 2011 to 26.12.2011.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in Clause 49 of the Listing Agreement. The necessary disclosures regarding Committee positions are regularly made by the Directors.

# 2.3 Age limit and tenure of Directors

Age limit for the Functional i.e. Executive Directors including Chairman-cum-Managing Director is 60 years. The upper age limit for consideration of appointment of Independent directors is 65.

Tenure of office of CMD and/or other Functional i.e. Executive Directors is for a period of five years from the date of appointment or until the age of superannuation or till further order of the Govt. of India which ever is earlier.

Non-executive official directors are generally nominee directors representing Ministry of Mines. They retire from the Board on ceasing to be official of the Ministry.

Independent directors are appointed for a period of three years by the Government of India.

## 2.4 Board Meetings

The Board met 11 times during the year 2011-12. The minimum and maximum time gap between any two Board meetings was 8 days and 73 days respectively. Details of Board meetings and attendance of directors are as follows:

Board Meeting No. & Date	Board Strength	No. of Directors Present
250/27.04.2011	9	8
251/21.05.2011	9	7
252/30.05.2011	9	7
253/12.08.2011	9	8
254/22.08.2011	9	8
255/03.09.2011	9	6.
256/29.09.2011	10	9
257/12.10.2011	10	10
258/13.12.2011	10	9
259/06.02.2012	12	9
260/20.03.2012	12	-11



Directors' attendance at the Board Meetings, at the last Annual General Meeting, number of directorships in other companies and membership in other committees etc. during the year 2011-12 are as follows:

# a. Whole time Directors

Name & Designation	Director Identification Number (DIN)	Board Meeting		Board	d Meeting Attendance No. at 30th of AGM held other on 29.09.2011 director-		of other	the Cor	ership in mmittees other panies*
		Held during the tenure	Attended		ships	Member- ship	Chairman ship		
Shri A.K. Srivastava, Chairman-cum- Managing Director (1)	00302121	NA	NA	NA	Nii	Nii	Nil		
Shri B.L. Bagra, Director (Finance) & CMD (2)	00090596	11	-11	Yes	3	1	3		
Shri Joy Varghese, Director (Pers. & Admn.)	01955109	ार्	্ৰাৰ্	Yes	Nii	NII	Nil		
Shri A.K. Sharma, Director(Production) (upto 30.09.2011)	02600938	7	7	Yes	Nii	Nii	Nii		
Shri P.K. Padhi, Director (P&T) (upto 31.01.2012)	02780916	9	8	Yes	Nii	Nii	Nil		
Shri Ansuman Das, Director (Commercial)	02845138	:41	9	Yes	Nil	Nil	Nil		
Shri S.S. Mahapatra, Director(Production) (w.e.f. 01.10.2011)	03619725	4	3.	NA	Nil	Nil	Nil		
Shri N.R. Mohanty, Director(P&T) (w.e.f. 01.02.2012)	05181575	2	2	NA	Nil	Nil	Nil		

# b. (i) Part-time official Directors (Non-independent)

Shri S.K. Nayak, IAS (upto 05.09.2011)	02140600	6	4	NA	1	Nil	a
Shri S.K. Srivastava, IAS	03321160	11	7	No	Nil	Nil	Nii

# b. (ii) Part-time non-official (independent) Directors

Shri Ved Kumar Jain	00485623	11	8	Yes	5	2	4
Shri P.C. Sharma, IAS(Retd.)	00513921	11	8	No	2	1.	- 1
Shri G.P. Joshi, IAS(Retd.) (w.e.f. 15.09.2011)	00603925	5	5	Yes	2	Nii	Nil
Shri S.S. Khurana (w.e.f.15.09.2011)	02126149	5	5	Yes	Nil	Nii	Nil
Shri Madhukar Gupta, IAS(Retd.) (w.e.f. 27.12.2011)	02897920	2	2	NA	1	Nil	Nii
Shri G.H. Amin, (w.e.f. 27.12.2011)	02284350	2	2	NA:	1	Nil	1



- \* As per clause 49 of the Listing Agreement, Membership/Chairmanship in only the Audit Committee and Shareholders/ Investors' Grievance Committee has been considered.
- Under suspension w.e.f 26.02.2011.
- Holding additional charge of the post of Chairman-cum-Managing Director w.e.f. 27.02.2011.

# 2.5 Procedure adopted for Board Meeting

- Board Meeting dates are decided well in advance. Generally meetings are convened by giving at least 7 days advance notice to all Directors except on occasions where meeting is convened on shorter notice to address any urgent needs.
- Sometimes, resolutions are also passed by circulation. In such case, the resolution is put up in the next Board meeting for confirmation.
- Board Meetings are normally held at the Registered Office of the Company at Bhubaneswar.
- Detailed agenda and notes on agenda are sent in advance to the Directors. Where it is not practicable to circulate the agenda, the same is placed on the table with permission of the chair.
- The Board has complete access to all information within the Company.
- Information as required under Annexure IA to Clause 49 is being placed before the Board.
- Draft minutes of Board meeting is circulated to all directors for their comments, if any, before finalizing the same.
- The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliances, if any.

# 2.6 Training to Board members

As a policy, the Company sponsors the Independent Directors to various training programmes conducted by SCOPE, DPE etc. to train them on the latest developments in corporate governance etc.

#### 3.0 Board Committees

The Board has constituted the following committees:

- Audit Committee(also acts as Shareholders' Grievance Committee)
- Human Resources Committee
- Remuneration Committee
- Technology Committee
- e. Share Transfer Committee
- f. Investment Committee
- g. Committee of Directors for consideration of unaudited results.
- Committee of Directors for Sales
- i. Committee of Directors for Procurements
- Ethics & Corporate Governance Committee
- Risk Management Committee
- I. CSR & Sustainability Development Committee
- Committee of Directors for Projects and New Ventures

## 3.1 Audit Committee

Audit Committee was first constituted in 1999. Thereafter, it has been reconstituted from time to time to be in line with the requirements under Companies Act, 1956. Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance.

The role of the Audit Committee inter-alia includes the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommend to the Board for fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of subsection (2AA) of section 217 of the Companies Act, 1956.
- Changes, If any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustments made in the financial statements arising out of audit findings.



- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- 5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 13. To review the functioning of the Whistle Blower mechanism.
- To review the following information -
  - Management discussion and analysis of financial condition and results of operation.
  - Statement of related party transaction, if any, submitted by management.
  - Management letters/letters of internal control weaknesses issued by the Statutory Auditors.
  - Internal audit reports relating to internal control weaknesses.
  - The appointment and removal of the chief internal auditor.
  - Certification/declaration of financial statement by the Chief Executive Officer/CFO.
- 15. Carrying out any other function as amended from time to time in the terms of reference of the Audit Committee in the listing agreement and DPE guidelines and other functions as may be assigned by the Board from time to time.

The Committee comprises of three independent directors viz. Shri V.K. Jain - Chairman, Shri P.C. Sharma and Shri G.P. Joshi. The composition meets the requirement of Section 292 A of the Companies Act, 1956, Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance for CPSEs.

All Audit Committee members possess financial/accounting knowledge.

Director (Finance), Statutory Auditors, Chief of Internal Audit and Cost Auditors are invited to the meetings for interaction with the members. Besides, Functional Directors and senior functional executives are also invited to the meetings as and when required.

#### Powers of the Audit Committee

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- To protect whistle blowers.

#### Audit Committee meetings and attendance

The Audit Committee met 5 times on 20th May, 2011, 12th August, 2011, 21st October, 2011, 12th November, 2011 and 6th February, 2012 during the year. The maximum gap between any two Audit Committee meetings was 87 days.

# Attendance

Name	Held during the tenure	Attended
Shri V.K. Jain	- 5	5
Shri, P.C. Sharma	5	4
Shri S.K. Nayak (upto 05.09.2011)	2	2
Shri G.P. Joshi (w.e.f. 15.09.2011)	3	3

Chairman, Audit Committee attended the last Annual General meeting held on 29:09:2011.

Shri K.N. Ravindra, Company Secretary is the Secretary to the Audit Committee.



#### 3.2 Shareholders' Grievance Committee

The Audit Committee has also been assigned with the responsibilities of Shareholders' Grievance Committee. The Shareholders' Grievance Committee looks into redressal of shareholders' Investors' complaints/grievances pertaining to share transfers/transmissions, non-receipt of dividend/Annual Reports, issue of duplicate certificates, rematerialization/dematerialization of shares, change in address, bank particulars and other miscellaneous complaints.

Shri K. N. Ravindra, Company Secretary is the compliance officer. He is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and the regulatory authorities.

The Company addresses all complaints, suggestions and grievances of the investors expeditiously and usually sends/ resolves the issues within 2-3 days except for those cases where DDs are required to be issued against lost/expired warrants or cases which require certain legal compliances.

The total number of complaints/ queries/ correspondence received and replied/ attended to the satisfaction of the shareholders during the year was 82. There was no complaint pending as on 31st March, 2012.

SEBI has commenced processing of investors complaints in a centralized web based system called SEBI Complaints Redress System (SCORES) w.e.f. 3rd June, 2011 for all listed Companies. The salient features of this system are:

- Centralised database of all complaints.
- On-line movement of complaints to the concerned listed companies.
- On-line upload of Action Taken Reports (ATRs) by the concerned Companies, and
- On-line viewing by investors of actions taken on the complaint and its current status.

The break-up of total complaints received, resolved and outstanding as on 31.03.2012, physically as well as under SCORE is as follows:

Particulars	Complaints	Compla	aints/grievances receiv	ed from
	SCORE	Individuals & Institutions	Stock Exchanges	SEBI
No. of cases received during the year 2011-12	80	66	03	05
No. of cases attended and redressed to the satisfaction of the shareholders/investors	80	66	03	05
No. of pending cases remained unresolved/un-redressed	Nil	Nil	Nii	Nil

# 3.3 Human Resources Committee

Terms of reference of HR Committee includes:

To study and recommend to the Board for approval, proposals, in the following areas:

- Framing of rules and regulations and changes therein relating to recruitment, transfer, promotion, deputation and other
  conditions of service in respect of employees of the Company, other than those which are approved by the Board and which are
  delegated to CMD.
- ii) Wage structure and scales of pay of the employees of the Company and any changes therein.
- Organization chart including manpower planning.
- iv) Any other reference made by the Board from time to time.

HR Committee comprises of 3 independent directors and 2 full-time directors as on 31st March, 2012. The Committee is headed by Shri P.C. Sharma, Independent Director. The Committee was reconstituted 3 times i.e. 27.04.2011,19.10.2011 and 06.02.2012 during the year under review.

The Committee met 4 times on 23rd April, 2011, 27th June, 2011, 31st January, 2012 and 9th March, 2012 during the year.



# Attendance

Held during the tenure	Attended
1	i i
1	- 1
1	1 1
. 1	- 1
1	1
4	4
1	- 1
3	3
1	1
2	1
2	2
1	1
	1 1 1 1 1 3 3

## 3.4 Remuneration Committee

The Remuneration Committee was reconstituted on 6th February, 2012. It comprises of 3 Independent Directors as on 31st March, 2012.

The terms of reference of the Remuneration Committee is enumerated below:

Remuneration Committee will decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the prescribed limits.

There was no Remuneration Committee meeting during the period under review.

# Remuneration Policy and details of remuneration

# (a) Whole-time Directors

The Chairman-cum-Managing Director and other whole-time directors are appointed by the President of India for a period of five years from the date of taking over charge or till the date of superannuation (presently 60 years of age) or till further order from the Government of India, whichever event occurs first.

Name	Relationship Business with other relationship with		Remuneration for the year 2011-12 (₹)			
	Directors	the Company, if any	All elements of remuneration package, i.e. Salary, PF contribution, Pension, Gratuity etc.	Other benefits*	Total	
Shri A.K. Srivastava (1)	No	Chairman-cum- Managing Director	5,75,068	8,80,642	14,55,710	
Shri B.L. Bagra	No	Director (Fin.) & CMD	28,63,502	7,12,219	35,75,721	
Shri Joy Varghese	No	Director (P&A)	23,51,534	9,55,096	33,06,630	
Shri Ansuman Das	No	Director (Comm.)	23,13,777	6,76,231	29,90,008	
Shri S.S. Mahapatra (w.e.f.01,10.2011)	No	Director (Prodn.)	12,39,808	3,40,503	15,80,311	
Shri N.R. Mohanty (w.e.f. 01.02.2012)	No	Director (P&T)	3,47,481	1,17,794	4,65,275	
Shri A.K. Sharma (upto 30.09.2011)	No	Director (Prodn.)	20,63,622	6,26,869	26,90,491	
Shri P.K. Padhi (upto 31.01.2012)	No	Director(P&T)	35,31,255	6,16,403	41,47,658	

<sup>(1)</sup> under suspension w.e.f. 26.02.2011.

Other benefits include Medical facilities, Leave Travel Concession, Residential Accompdation, Electricity & water charges, Upkeep allowance, Entertainment allowance, productivity and performance related incentives etc.



#### Stock Option Plans

The Company has not issued any shares so far under stock option to its directors or employees. However, the Company is preparing an Employee Stock Purchase Scheme (ESPS) to pay a certain percentage of Performance Related Pay (PRP) in shape of shares for issue of shares as part payment.

# (b) Part-time Non-official (Independent) Directors

The sitting fees payable to independent directors was revised from ₹ 10,000 to ₹ 20,000 w.e.f 12.08.2011 for attending each meeting of Board/ Committees thereof. Details of sitting fees paid to the Independent Directors for the year are given below:

Name	Sitting		
	Board Meetings	Committee Meetings	Total (₹)
Shri S.B. Mishra (upto 24.04.2011)	(40	10,000	10,000
Dr. Jyoti Mukhopadhyay (upto 24.04.2011)	( E	10,000	10,000
Maj. Gen.(Retd.) Samay Ram, UYSM, AVSM, VSM (upto 24.04.2011)		10,000	10,000
Shri Ved Kumar Jain (w.e.f. 24.04.2011)	1,40,000	1,60,000	3,00,000
Shri P.C. Sharma (w.e.f. 24.04.2011)	1,30,000	1,60,000	2,90,000
Shri G.P. Joshi (w.e.f. 15.09.2011)	1,00,000	1,00,000	2,00,000
Shri S.S. Khurana (w.e.f. 15.09.2011)	1,00,000	80,000	1,80,000
Shri Madhukar Gupta (w.e.f. 15.09.2011)	40,000	40,000	80,000
Shri G.H. Amin (w.e.f. 15.09.2011)	40,000	60,000	1,00,000

#### (c) Part-time Official Directors

Government nominee directors from the administrative ministry are considered as Part-time official directors. There was one part-time official director on the board of the Company as on 31st March, 2012. No remuneration was paid to the part-time official directors.

There is no provision for payment of severance fees to any category of directors.

# 3.5 Technology Committee

The Technology Committee pays special attention to the assessment of Company's own technology status, to acquiring and assimilating technologies necessary to make the Company competitive, own R&D efforts to maintain a sustained strength in the technological field and review/fix specific consumption norms pertaining to production units.

The Technology Committee was reconstituted on 6th February, 2012. It comprises of 2 independent directors and 2 functional directors as on 31st March, 2012. One of the independent directors is Chairman of the Committee.

The Committee met 3 times during the year.

#### 3.6 Share Transfer Committee

To ensure smooth process of transfer/transmission and dematerialization of shares, Company Secretary has been authorized by the Board to approve all such requests/cases. However, cases pertaining to issue of new share certificates in case of torn/mutilated/defaced/lost/rematerialisation are placed before the Share Transfer Committee. All whole-time directors except Chairman-cum-Managing Director are members of the Committee. 30 such meetings took place during the year ended 31st March, 2012 out of which approval through Share Transfer Committee was 7 times.

#### 3.7 Committee of Directors for Sales

The terms of reference of Committee of Directors for Sales includes decision on all short term contracts of sale both for alumina and aluminium i.e. the contracts for a period of one year or less irrespective of the value of contract in the cases where the value exceeds the powers delegated to CMD.

Chairman-cum-Managing Director and all full-time directors are members of the Committee.

The committee met 13 times during the year.

# 3.8 Committee of Directors for Procurements

Chairman-cum-Managing Director and all functional directors of the Company constitute the Committee.

The terms of reference of the Committee of Directors for Procurements are as follows:

In respect of contracts/items/packages/tenders included in the approved capital budget:

To approve Contracts / items / packages / tenders both domestic and overseas in respect of all capital expenditure which have been included in the approved capital budget beyond ₹ 50 crores and upto ₹ 200 crores in each case.



# In respect of other Procurements chargeable to Revenue Account:

Full powers for procurement of materials and services for operations and maintenance, chargeable to revenue which is beyond the powers of CMD.

The Committee met 20 times during the year.

#### 3.9 Investment Committee

The terms of reference of Investment Committee is for investment of surplus funds as per Government guidelines issued from time to time.

The Committee consists of CMD, Director (Finance), Director(Commercial) and one more functional director.

The Committee met 6 times during the year.

# 3.10 Committee of Directors for consideration of unaudited financial results

The terms of reference of the Committee is to consider and take on record, the Quarterly Financial Results in terms of Clause 41(II) of the Listing Agreement after the same are considered by the Audit Committee.

The Committee consists of CMD, Director (Fin.) one part-time official director and two independent directors, one being the Chairman. However, since Director (Fin.) is holding additional charge of CMD and the part-time official director post was vacant as on 31st March, 2012, the Committee comprised of one functional director and two independent directors only.

The Committee met once on 12th November, 2011 during the year.

## 3.11 Ethics & Corporate Governance Committee

The Committee was constituted on 6th February, 2012.

The terms of reference includes:

- Practices of Corporate Governance at all levels and to suggest remedial measures wherever necessary.
- (ii) Provision of correct inputs to the media so as to preserve and protect the Company's image and standing.
- (iii) Dissemination of factually correct information to the investors, institutions and public at large.
- (iv) Interaction with existing and prospective Fils and rating agencies, etc.
- (v) Establishing oversight on important corporate communication on behalf of the Company with the assistance of consultants/ advisors, if necessary.
- (vi) Institution of standardized channels of internal communications across the Company to facilitate a high level of disciplined participation.
- (vii) Compliance of the following, formulated in terms of SEBI & DPE guidelines:
- a) Code of Conduct for Senior Management.
- b) Insider Trading Regulations
- Related Party transactions
- d) Vigilance Related issues
- e) Whistie Blower Policy

The Committee comprises of 2 functional directors and 2 Independent directors. One of the Independent directors is the chairman of the Committee.

The committee met once on 14th March, 2012 during the year.

# 3.12 Risk Management Committee

The Committee was constituted on 6th February, 2012.

The terms of reference includes:

- Assisting the Board of Directors in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks.
- Overall responsibility for monitoring and approving the risk policies and associated practices of the company.
- -Reviewing and approving risk disclosure statements in any public documents or disclosures.

The Committee comprises of 2 functional directors and 3 independent directors. One of the Independent directors is chairman of the Committee.

The Committee met once on 14th March, 2012 during the year.

#### 3.13 CSR & Sustainability Development Committee

The Committee was constituted on 19.10.2011. The terms of reference includes:

- Overseeing peripheral development activities being under taken by the Company through the respective Rehabilitation Periphery Development Advisory Committees (RPDAC) and proposed to be taken under proposed MMDR Bill.
- ii) Nalco Foundation.
- Environment Protection & Pollution controls.



The Committee comprises of 2 functional directors and 3 independent directors. One of the Independent directors is chairman of the Committee.

The Committee met once on 31st January, 2012 during the year.

# 3.14 Committee of Directors for Projects and New Ventures

Originally, Committee of Directors for Overseas Ventures was constituted on 14.10.2011 to study and recommend to the Board, all proposals for investment in new projects in India and abroad.

This Committee was rechristened as COD for Projects and New Ventures w.e.f. 20" March, 2012. The terms of reference of the Committee includes review of status of capital projects. Its observations after review of status of capital projects are placed before the Board on quarterly basis.

The Committee consists of 4 functional directors, 3 independent directors and 1 part-time official director. However, since the part-time official director post was vacant as on 31st March, 2012, the Committee comprised of 3 functional directors and 2 independent directors only.

No meeting of this committee was held during the year.

# 4.0 Statutory Auditors

M/s. C.K. Prusty & Associates, Bhubaneswar and M/s. Agesti & Associates, Bhubaneswar were joint Statutory Auditors of the Company for the financial year 2011-12.

The fees paid/payable to the joint statutory auditors for the year 2011-12 was ₹ 14 lakhs towards statutory audit fees, ₹ 3.50 lakhs plus applicable tax for every quarterly Limited Review Report, ₹ 2.85 lakhs plus applicable tax towards fee for Tax audit and ₹ 0.65 lakhs plus applicable tax towards fee for certification on Corporate Governance.

# 5.0 General Meetings of Shareholders

Particulars of the General Meetings of the shareholders held during last 3 years:

Annual General Meeting					
Year	Date	Time	Location		
2008-2009	19.09.2009	11.00 A.M.	NALCO Bhawan, Bhubaneswar		
2009-2010	30.09.2010	11.00 A.M.	NALCO Bhawan, Bhubaneswar		
2010-2011	29.09.2011	11.00 A.M.	NALCO Bhawan, Bhubaneswar		

Extra-ordinary General Meeting	
Nil	

No special resolution was passed through postal ballot during the year under review.

# 6.0 Disclosures

# Material Contracts/Related Party Transactions

The Board receives disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

Details of related party transactions are included in the notes to accounts as per Accounting Standard (AS)-18 of the Companies (Accounting Standard) Rules, 2006. Transactions with related parties are disclosed in Note No. 46 of Notes to financial statements in the Annual Report.

Items of expenditure debited in books of accounts, not related to business-₹ 1 crore donation to Chief Minister Relief Fund of Odisha.

Expenses incurred which are personal in nature and incurred for the Board of Directors and top management - Nil.

Administrative and office expenses as a percentage of total expenses are given below:

(₹ in lakh)

Particulars	2011-12	2010-11
Administrative and office expenses	367.75	269.74
Total expenses	5955.98	4886.14
Administrative and office expenses as a % of total expenses	6.16	5.52

The reason for increase in administrative and office expenses is due to higher amount of interest on disputed statutory dues and first time recognition of Renewable Purchase obligation.

The financial expenses for the current year is ₹ 0.87 lakhs (previous year Nil) whose % is negligible as compared to total expenses.



# Compliance

The Company has complied with all requirements under Listing Agreement with Stock Exchanges as well as guidelines prescribed by SEBI. However, there was non-compliance on composition of Board of Directors as required under clause 49 of the Listing Agreement from 24.04.2011 to 27.12.2011. The Company had taken up with Administrative Ministry to appoint more independent directors whenever the composition was not in line with clause 49 of the Listing Agreement and DPE guidelines.

No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities during last three years.

The Company has complied with all Presidential Directives issued during last three years.

#### Code of Conduct

The Company is committed to conduct business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A model business code of conduct prescribed by DPE was adopted by the Board. The code intends to serve as a basis for ethical decision making in the conduct of professional work. The code of business conduct is circulated to all the members of the Board and senior management at the beginning of the financial year and compliance of the same is affirmed by them annually.

Model business code of conduct is posted at Company's website: www.nalcoindia.com.

Adeclaration to this effect signed by Chairman-cum-Managing Director is given below:

"I hereby confirm that the Company has obtained from the members of the Board and senior management (Key Executives), affirmation that they have complied with the Code of Conduct for Directors and senior management in respect of the financial year 2011-12."

Sd/-(B.L. Bagra) Director (Finance) & CMD

## CEO/CFO certification

In terms of Clause 49 of the Listing Agreement, the certification by the CEO and the CFO on the financial statement of the Company and internal controls relating to financial reporting has been submitted to the Board.

The Company has been getting 'NIL' comment from C & AG which indicate a regime of unqualified financial statements.

# Whistle Blower Policy

As a measure towards compliance of non-mandatory requirements under clause 49 of the Listing Agreement and to strengthen the reporting system, Whistle Blower Policy and Fraud Prevention policy have been put in place for employees to report to the management about unethical behaviour, actual or suspected fraud or violation of conduct or ethics policy. The policies have also been posted in the Company's website.

#### Reconciliation of Share Capital

Share Capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital is carried out through a qualified practicing Company Secretary. The audit confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

# Non-mandatory Requirements

The Company has adopted 'Whistle Blower Policy' and 'Constitution of Remuneration Committee' which are part of the non-mandatory provisions specified in Annexure ID of Clause 49 of the Listing Agreement.

## Accounting Standards

The financial statements are prepared in compliance with applicable mandatory Accounting Standards and relevant presentational requirements of Institute of Chartered Accountants of India and provisions of the Companies Act, 1956. Where different treatment from prescribed Accounting Standard is followed, the fact is disclosed in the financial statement.

# Risk Management

A Risk Management Committee has been constituted to review the Risk Assessment and Mitigation reports periodically. More details are given in the committee position above. The subject is also covered under "Management Discussion and Analysis Report".

# 7.0 Corporate Ethics

# Code of conduct for prevention of Insider Trading

The Board has adopted a code of conduct for prevention of insider trading pursuant to SEBI (Prohibition of Insider Trading)
Regulation, 1992 as amended from time to time. The code aims at preventing purchase/sale of shares of the Company by an



insider on basis of any unpublished price sensitive information. Any investment in the securities of the Company beyond specified limit needs to be informed to the Company. All directors/officers/designated employees are also required to disclose their holding periodically as per the code and in turn it will be forwarded to Stock Exchanges, if necessary.

#### 8.0 Means of Communication

## Quarterly/annual financial results

- The quarterly/half-yearly results of the Company are published in the newspapers and posted on the website of the Company.
- Quarterly/half-yearly results are immediately faxed to BSE & NSE where shares of the Company are listed. Scanned copy
  of the results is also sent through mail to the respective email-ids of BSE & NSE.
- The results are also promptly uploaded in Corporate Filing & Dissemination System (CFDS) portal, a common platform jointly developed and managed by NSE & BSE. It also gets uploaded in NSE Electronic Application Processing System (NEAPS).

#### Results

The quarterly and annual results along with the Segmental Reports are generally published in one leading English newspaper (all India circulation), one Hindi newspaper (all India circulation) and one in regional newspaper immediately after its submission to the Stock Exchanges.

## News releases, presentations

Official news releases, presentations made to media and to Institutional investors/analysts are displayed at Company's website: www.nalcoindia.com. Such presentations are also sent to the Stock Exchanges in which Company's shares are listed.

#### Website

Pursuant to new clause 54 of the Listing Agreement, the Company maintains a dedicated website www.nalcoindia.com containing details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances. The website is being updated from time to time.

## Annual Report

Annual Report containing Directors' Report, Management Discussion and Analysis Report, Corporate Governance Report, Auditors' Report, Audited Accounts, Consolidated Financial Statements and other important shareholders information is circulated to the members and others entitled thereto. It is also hosted in the Company's website.

As a part of the Green Initiative initiated by MCA, the Annual Reports are now being sent by e-mail to shareholders whose e-mail ids are registered with the depositories and with the Share Registry of the Company.

#### Chairman's Address

Chairman's speech in printed form is distributed to all shareholders at the Annual General Meeting and in Extra-ordinary General Meeting. It is also uploaded in the investors' page in the Company's website.

# Reminder to shareholders/debenture holders

The Company sends reminder notice to all shareholders/debenture holders who have not claimed their dividend/interest. The details of unpaid/unclaimed dividend account wise are also available in the Company's website for information of the shareholders/debenture holders.

# 9.0 Shareholders' information

#### **Annual General Meeting**

Date: 14"August, 2012 Time: 11.00 A.M.

Venue: NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751 061

# Financial Calendar for 2012-13:

Events	Tentative Date
Unaudited Financial results for the first quarter ending 30" June, 2012	By 14* August, 2012
Unaudited Financial results for the second quarter ending 30" September, 2012	By 14" November, 2012
Unaudited Financial results for the third quarter ending 31" December, 2012	By 14" February, 2013
Audited Financial results for the year ending 31" March, 2013	By 31* May, 2013
Annual General Meeting for the year ending 31* March, 2013	By 30" September, 2013



# **Book Closure Dates**

Book Closure/Record Date	Purpose	
26" March, 2012	Interim Dividend @ ₹0.90 per share for 2011-12	
7" August, 2012 to 14" August, 2012	Final Dividend @ ₹0.10 per share for 2011-12	

# Dividend payment

Details of dividend paid since inception is given below:

Year	Dividend per share (₹)	Total Equity Shares	Total Dividend (₹ in crores)
1991-1992	0.12	128,86,19,200	15.46
1992-1993	0.2	-do-	25.77
1993-1994	0.2	-do-	25.77
1994-1995	0.3	-do-	38.66
1995-1996	0.35	-do-	45.10
1996-1997	0.8	-do-	103.09
1997-1998	1.0	-do-	128.86
1998-1999	1.2	64,43,09,628 *	77.32
1999-2000**	2.0	-do-	128.87
2000-2001	4.0	-do-	257.72
2001-2002	4.0	-do-	257.72
2002-2003	6.0	-do-	386.59
2003-2004	4.0	-do-	257.72
2004-2005**	4.0	-do-	257.72
2005-2006**	5.0	-do-	322.15
2006-2007**	7.5	-do-	483.24
2007-08**	6.0	-do-	386,59
2008-09**	5.0	-do-	322.15
2009-10**	2,5	-do-	161.07
2010-11**	2.5	257,72,38,512#	257.72
2011-12 (Interim)	0.9	-do-	231.95
2011-12(Final)##	0.10	-do-	25.77
	TOTAL		4197.01

Subsequent to the capital Restructuring of the Company

# Transfer of unpaid/unclaimed interest/dividend to IEPF

During the year under review, the following unpaid/unclaimed interest and dividend have been transferred to the Investor Education and Protection Fund (IEPF):

# a. Transfer of unpaid/unclaimed interest on 14.5% NCDs

Period	Nature of Payment	Amount (₹)	Date of Transfer
26.03.2004 to 25.09.2004	11th half yearly interest on 14.5% NCDs	85,321	21.10.2011

# b. Transfer of unpaid/unclaimed Dividend

Financial Year	Nature of Payment	Amount (₹)	Date of Transfer	
2003-04	3-04 Dividend		21.10.2011	
2004-05	Interim Dividend	4,04,016	02.02.2012	

<sup>\*\*</sup> Including interim dividend

<sup>#</sup>Subsequent to the split and bonus issue

<sup>##</sup> Recommended



# Listing on Stock Exchanges

NALCO shares are presently listed in following Stock Exchanges:

National Stock Exchange of India Ltd.	Bombay Stock Exchange Ltd.
Scrip code: NATIONALUM	Scrip code: 532234
Traded from: 28.04.1999	Traded from : 19.10.1992
ISIN COD	E: INE 139A01034

Listing fees for the year 2011-12 has been paid to both the Stock Exchanges.

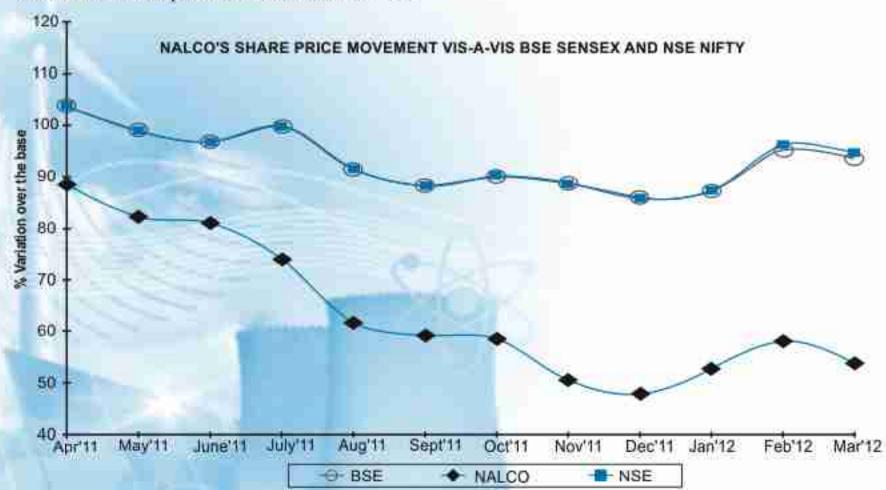
# Market Price Data

(Amount in ₹)

MONTH		SHARE PRICE	E (BSE)	SH	ARE PRICE (	NSE)
	н	L	Avg. Daily Turnover	н	L	Avg. Daily Turnover
April, 2011	100.90	89.90	1,44,614	100.90	91.80	4,63,221
May	94.25	83.45	63,407	94.35	83.15	2,24,650
June	94.00	80.80	41,918	93.45	81.00	1,79,733
July	86.00	73.30	63,783	86.40	74.70	2,69,122
August	76.10	57.15	84,120	76.00	58.00	3,62,662
September	68.90	59.45	62,112	69.90	58.00	3,14,820
October	66.80	59.55	23,222	67.00	59.40	1,26,785
November	64.50	48.00	48,107	64.50	44.55	1,53,111
December	55.70	48.05	40,509	55,10	48.00	1,49,889
January, 2012	61.45	50.55	1,27,002	63.50	50.40	5,20,784
February	68.45	57.35	2,20,599	68.45	57.25	11,10,647
March	64.00	53.10	92,463	63.50	52.25	4,26,335

H=Highest, L=Lowest Source: Web-sites of BSE and NSE

# Performance in comparison to broad - based Indices





# **Equity Shares in Suspense Account**

No equity shares are lying in suspense account in terms of clause 5A (I) of the Listing Agreement, for the year under review.

# Registrar and Transfer Agents

All kinds of investors' related services, both for physical as well as electronic segments are provided from its in-house Share Registry at the following address;

National Aluminium Company Ltd.

Share Registry

NALCO Bhawan,

Plot No. P/1, Nayapalli,

Bhubaneswar - 751 061 (Odisha)

Tel: 0674-2303197

0674-2301988 to 2301999 (12 lines) (EPABX)

(Extn. 2585-87) Fax. 0674-2300677

E-mail addresses:

knravindra@nalcoindia.co.in

- ii) dmrao@nalcoindia.co.in
- iii) nkmohanty@nalcoindia.co.in
- iv) bharatsahu@nalcoindia.co.in

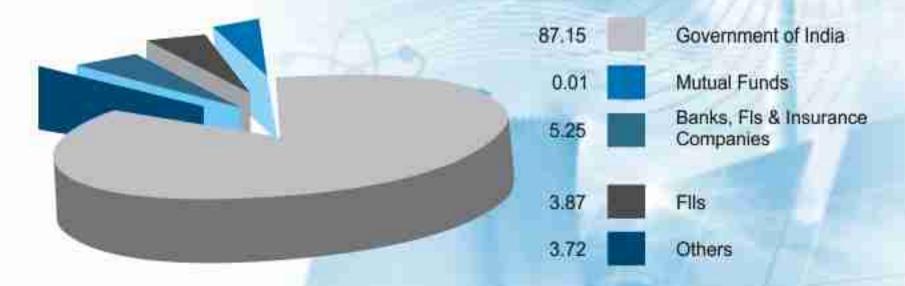
Pursuant to Clause 47-C of the Listing Agreement, half-yearly certificates on compliance of share transfer formalities obtained from Practicing Company Secretary have been submitted to Stock Exchanges in time.

The total number of transfer deeds processed and shares transferred during the last three years are as under:

Year	No. of Transfer Requests Received	No. of shares Transferred
2011-12	78	24,800
2010-11	180	20,260
2009-10	102	8,110

# Shareholding pattern as on 31.03.2012

SI. No.	Category	No. of Shareholders	No. of Shares	Percentage of shareholding
4.	Promoters (Government of India)	1	224,59,98,540	87.15
2.	Mutual Funds	17	3,84,600	0.01
3.	Banks/ Financial Institutions	19	3,34,58,581	1.30
4.	Insurance Companies	7	10,16,89,602	3.95
5.	Fils	86	9,96,69,728	3.87
6.	Bodies Corporate	1,036	7,12,29,710	2.76
7.	Indian Public	52,615	2,18,00,355	0.84
8.	Others	1,786	30,07,396	0.12
	TOTAL	55,567	257,72,38,512	100.00





## Distribution schedule of shareholding

Number of shares	Number of Shareholders	Total Shares held	% of share capital	
1-200	34,990	1,68,19,270	0.13	
201-500	12,041	2,27,58,465	0.18	
501-1000	4,544	1,80,84,325	0.14	
1001-50000	3,887	7,09,61,400	0.55	
50001-100000	42	1,39,77,515	0.11	
100001 and above	63	12,74,35,91,585	98.89	

# Dematerialisation/Rematerialisation of Listed Shares & Liquidity

99.90% of the Company's share capital stands dematerialized as on 31st March, 2012 as compared to 99.18% as on 31st March, 2011.

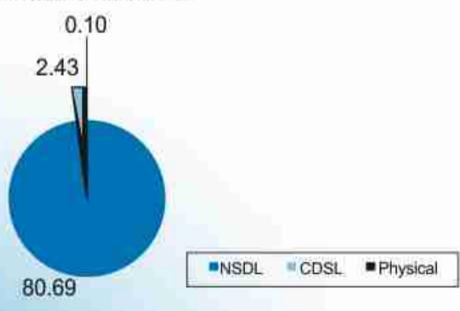
NALCO shares are traded in compulsory demat form in NSE and BSE. Demat requests are confirmed to the respective Depositories (NSDL/CDSL) within 8-10 days of receipt of Demat Request Forms (DRFs) along with original share certificates from the DPs.

During the financial year, 224,61,22,472 no. of shares have been dematerialized under both the Depositories as detailed below:

NSDL: 224,60,96,668

CDSL: 25,804

#### Dematerialisation of Listed Shares



During the year, the Company has confirmed 6 rematerialisation requests for 881 shares and the physical share certificates were dispatched to the respective shareholders in time.

## 10.0 Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

The Company has neither issued any GDR / ADR nor any convertible instrument outstanding as on date.

# 11.0 Plant locations of the Company

# Mines & Refinery

Mines & Refinery Complex Damanjodi - 763 008 Dist.-Koraput (Odisha)

# Smelter Plant

Nalco Nagar Angul - 759 145 (Odisha)

# Captive Power Plant

Angul - 759 122 (Odisha)

# Port Facilities

Opposite Ore Handling Complex Port Area, Visakhapatnam - 530 035 (Andhra Pradesh)

# Address for correspondence

Registered Office:

NALCO Bhawan

Plot No. P/1, Nayapalli, Bhubaneswar - 751 061 (Odisha)



# **AUDITORS' CERTIFICATE**

To

The Members
National Aluminium Company Limited
Bhubaneswar

We have examined the compliance of conditions of Corporate Governance by **NATIONAL ALUMINIUM COMPANY LIMITED**, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement subject to:

The company had not requisite number of independent directors on its Board from 01.04.2011 to 26.12.2011.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For C. K. Prusty & Associates Chartered Accountants FRN-323220E

(CAC.K. Prusty)
Partner
Membership No.057318

Place: Bhubaneswar

Date: The 16th day of June, 2012

For Agasti & Associates Chartered Accountants FRN-313043E

(CA P.R. Das)
Partner
Membership No 060597



Annexure III

# SECRETARIAL AUDIT REPORT

To
The Members
National Aluminum Company Limited
NALCO Bhawan,
P/1, Nayapalli, Bhubaneswar

We have examined all registers, records and documents maintained by National Aluminium Company Limited for the financial year ended 31st March, 2012 according to the provisions of:-

- The Companies Act, 1956 and the rules made thereunder.
- The Depositories Act, 1996 and business rules of the Depositories.
- Various regulations and guidelines prescribed under the Securities and Exchange Board of India (SEBI) Act, 1992.
- The equity Listing Agreement with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

Based on our examination, verification of records, documents and based on the information and explanation given to us by the Company, we report that:

# 1. Maintenance of Statutory Records:

The Statutory Registers, records and other registers, as prescribed under various provisions of the Companies Act, 1956, the Depositories Act, 1996 and the rules made thereunder are kept and maintained properly with all necessary entries made therein. Provisions of the Companies Act, 1956 were duly complied with regard to closure of Register of Members.

# 2. Filing of Statutory Returns:

The provisions of the Companies Act, 1956 and other statutes are duly complied with regard to timely filing of various forms and returns with the Registrar of Companies and other Statutory Authorities. All documents/intimations under various Statutes/Listing Agreement/business rules were also regularly filed with the Stock Exchanges and Depositories (NSDL and CDSL) within the due dates.

# 3. Composition of the Board:

Clause 49 of listing agreement requires that if the Chairman of the Company is executive Chairman then not less than half of the Board of Directors should comprise of independent directors. As far as compliance of Clause 49 of listing agreement pertaining to composition of Board is concerned, the Company has not complied with the provisions from 01.04.2011 to 26.12.2011. Out of 6 full time and 2 part time official directors; one full time official director is under suspension since 26.02.2011. Therefore his name is not considered for calculating the total number of non-independent directors. The tenure of one part-time official director ended on 05.09.2011. Thus, after induction of 2 independent directors on 27.12.2011, the Company is having 6 independent directors. Therefore the Company is complying with the provision of Clause 49 of the listing agreement pertaining to Composition of Board, w.e.f. 27.12.2011.

#### 4. Board Meetings:

The Company held eleven Board Meetings during the financial year with a maximum gap of 73 days during two consecutive Board Meetings with valid quorum being present in all meetings. The Company has complied with the provisions of Companies Act, 1956 in respect of service of notice of Board Meetings, recording of all proceeding of the meetings including circular resolutions in the Minutes Book.

# 5. In -house Share Registry:

The Company has its own in-house Share Registry located at its Registered Office at NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751061. It handles all share related activities (both physical and electronic) segments in compliance with the SEBI Circular No. D&CC/FITTC/CIR-15/2002 dt.27.12.2002.

#### 6. Share Transfer Committee:

The Share Transfer Committee (STC), formed under Clause VI C of Clause 49 of listing agreement considers and approves issue of new share certificates in case of tom/mutilated/defaced/lost/rematerialisation of shares and also transfer/transmission of shares covered during that STC. For quick disposal of requests, Company Secretary has been authorized by the Board to consider only the cases of the transfer/transmission of shares. During the year ended 31st March, 2012 share transfer/transmission and issue of new share certificates arising out of tom/mutilated/defaced/lost/rematerialisation were approved 7 times through Share Transfer Committee and Company Secretary approved transfer/transmission of shares 23 times.



#### Redressal of Investors Grievances:

All complaints/grievances relating to share transfers, transmissions, demat/ remat of shares, issue of duplicate share certificates, payment of dividend etc. were attended and resolved within 2-3 days time of their receipt. Details of these complaints/ grievances, share transfers, electronic holding of shares (both NSDL and CDSL) were put up in every Audit Committee Meeting (Audit Committee is also entrusted with the job of looking into redressal of investors grievances).

On 3rd June 2011, SEBI introduced a web based compliant redress system SCORES. It enables the investors to lodge their complaints on-line and the Companies shall redress the grievance and report on-line. The status of the complaints can also be viewed on-line by the investors. After introduction of SCORES, NALCO received 8 complaints and all of them were redressed on-line.

# 8. Daily Reconciliation of Listed and Paid up Capital:

The reconciliation of physical and dematerialised shares with the total shares issued by the Company is carried out on daily basis. The Company has adequate transparent systems and procedures to carry out the above reconciliation. The Company has complied with the provisions of Depositories Act, 1996 and the bye-laws framed thereunder by the Depositories with regard to reconciliation of records of dematerialised securities with all securities issued by the Company.

# 9. Dematerialisation/Rematerialisation:

The dematerialisation/rematerialisation requests received from participants (DPs) of the Depositories (NSDL/CDSL) are attended immediately. The requests are confirmed within 8-10 days of receipt of the physical documents as against 15 days from the date of receipt stipulated by the Depositories and 21 days from the date of uploading the individual requests stipulated by SEBI. The Company has duly complied with the provisions of Depositories Act, 1996 and the rules and regulations made thereunder with regard to dematerialisation/rematerialisation of securities.

During the year under review, the DP operations of NALCO were inspected by the authorized inspecting officials of NSDL and CDSL on 21.06.2011 and 22.02.2012 respectively and as per the inspection reports it is observed that no deviations were noticed by the inspecting officials.

# 10. Payment of Corporate Cash Benefits to the Shareholders:

The provisions of the Companies Act, 1956 are duly complied with regard to payment of dividend in time to shareholders after declaration and wherever necessary rights to dividends were kept in abeyances, pending registration of transfer of shares/ pending final settlement of legal suits. The Company had paid an interim dividend of ₹ 0.90 per share on the face value of ₹ 5 per share on 30.03.2012 and has recommended a final dividend of ₹ 0.10 per share for the financial year 2011-12 making it a total of ₹ 1 per share.

# 11. Transfer to Investor Education and Protection Fund:

In terms of Section 205A of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company has transferred the following unpaid/unclaimed interest and dividend to the Investor Education and Protection Fund on expiry of 7 years period from the date of declaration/payment:

# A. Transfer of unpaid/unclaimed Interest of 14.5% NCDs

Period	Amount (₹)	Date of Transfer
26.03.2004 to 25.09.2004	85,321/-	21.10.2011

# B. Transfer of unpaid/unclaimed Dividend

Financial year	Amount (₹)	Date of Transfer		
2003-2004	6,17,740/-	21.10.2011		
2004-2005 (Interim Dividend)	4,04,016/-	02.02.2012		

# 12. Corporate Governance, Business code of conduct and ethics

The Board of Directors has adopted the guidelines on Corporate Governance, model business code of conduct and ethics for Board members and senior management, prescribed by DPE. The code of business conduct is circulated to all Board members and senior management at the beginning of the financial year and compliance of the same is affirmed by them annually.

# 13. Whistle Blower Policy:

During the year, the Board has adopted whistle blower policy for employees to report to the management about unethical behaviour, actual or suspected fraud or violation of conduct or ethics policy. Company Secretary is the compliance officer.



# 14. Insider Trading Regulations:

The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures by the directors, officers and designated employees and has maintained proper records required under these regulations. The Company has also framed code of internal procedures and conduct as per the regulations.

# 15. Legal Notice:

During the year under review, the Company has not received any legal notice from any Statutory Authorities like SEBI, Stock Exchanges and Registrar of Companies for any shortcomings/deviations in the securities transactions.

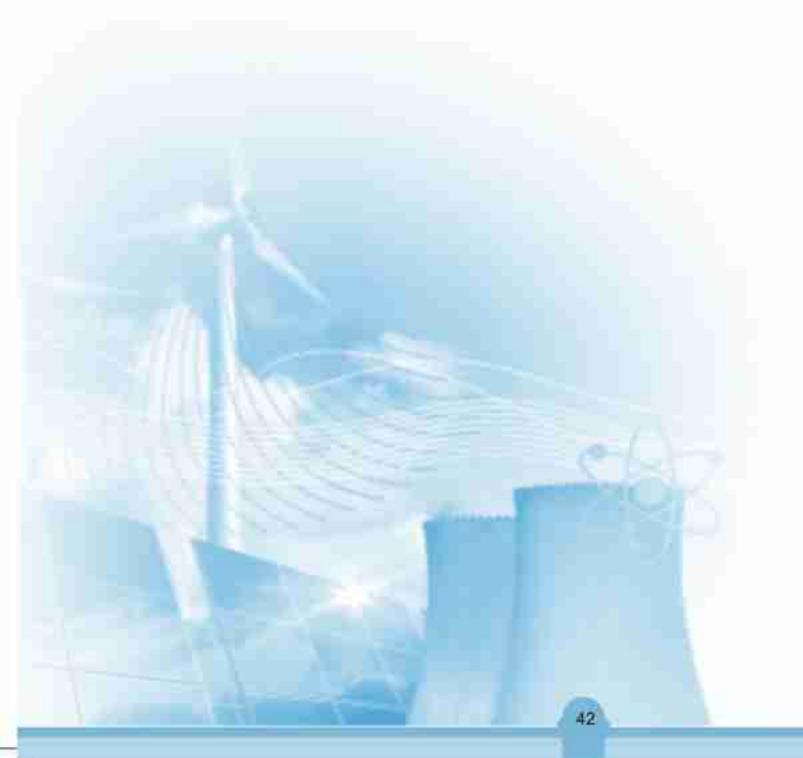
# 16. Public Deposits:

The Company has not accepted any Public Deposits under Companies (Acceptance of Deposits) Rules, 1975 during the year under review. The Company has neither issued any GDR/ADR nor any convertible instrument during the year under review.

> M/s. Sunita Mohanty & Associates (Company Secretaries)

CS Jyotirmoy Mishra, Partner (C.P.No-6022)

Place: Bhubaneswar Date: 6th June, 2012





# Annexure-IV

# **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

# 1. INDUSTRY STRUCTURE & DEVELOPMENTS

The global Alumina & Aluminium industry in 2011 was affected by diverse multifaceted economic, political, structural and fundamental factors that had a bearing on the price of Aluminium and the mechanism of price determination in Alumina.

#### ALUMINA

During the year 2011, the world consumption of Alumina was 89.122 million MT against the world production of 90.04 million MT thereby showing a surplus of 0.918 million MT. The world Alumina production and consumption grew by approx. 10% and 8.6% respectively during 2011 as compared to 2010. The Chinese alumina production registered an increase of about 22.3% over 2010 production.

The alumina market continues to be oversupplied even now, with a global surplus of around 350,000 MT in Q1 2012. It is expected that due to new alumina capacity additions, production creeps and announced smelter shutdowns, this surplus will increase further during H2 2012 and can only be negated by potential production cutbacks or potential increase of Chinese imports. However, the proportion of imported alumina supply against the total supply in China has decreased significantly. China's import of bauxite will increase significantly in the coming years whereas the import of alumina will witness a decreasing trend. Analysts and Industry experts forecast alumina refining cuts at high cost refineries, which may support prices.

#### ALUMINIUM

During the year 2011, the world consumption of Aluminium was 44.88 million MT against the world production of 45.54 million MT thereby showing a surplus of 0.66 million MT. The world Aluminium production and consumption grew by approx. 8.6% and 9.6% respectively during 2011 as compared to 2010. The Chinese aluminium production and consumption registered an increase of about 12.8 % & 14.5% over 2010 production & consumption respectively.

#### 2. STRENGTHS AND WEAKNESS

# Strengths

As reported in last year's report, skilled and committed manpower, good quality bauxite reserves, efficient technology, various well planned and ideally located infrastructure facilities, efficient operations, manufacture of good quality alumina and aluminium products at competitive cost, excellent customer service, prudential financial management and commitment to good Corporate Governance practices in all facets of operations are some of the key strengths of your Company and your Directors are committed to bank upon these strengths for the sustained growth of your Company.

#### Weakness

Shortage of coal, limited product range, escalating production cost including that of labour, fluctuations in the LME prices as well as in exchange rates are some of the weaknesses that continue to affect the profitability of your Company.

# OPPORTUNITIES AND THREATS.

# Opportunities

Opportunity exists in the domestic market as the per-capita consumption of aluminium is set to increase in the country. Significant opportunity also exists for export of alumina and aluminium to neighboring countries because of their low production levels.

Your Company is looking for opportunities in metal sectors other than aluminium to hedge its performance from the cyclic market scenario of aluminium sector. With the above objective, it has entered into understanding with Hindustan Copper Ltd. to explore business avenues in copper and other minerals in India and abroad.

Caustic Soda project is being contemplated in JV with existing major chloro-alkali manufacture for an effective backward integration.

With the formation of NPCIL-NALCO Power Company Limited, a JV between NALCO and NPCIL, your Company has entered into power sector as an independent power producer.

Considering the future regulatory requirement and its commitment to harness renewable energy, your Company is in process to set up wind power and solar power plants.

# Threats

China is likely to keep giving tax rebates to exporters of semi-finished aluminium products this year to encourage the exports and such products may flood the Indian market. This will make exports of downstream products from India difficult. The energy coasis in several areas could result in cuts in production giving a competitive edge to producers self-sufficient in its energy requirements. The price outlook will also be negatively affected if the planned capacity closures do not take place. Power is one of the major inputs for Aluminium production and it constitutes about 40% of the production cost. Substantial increase in cost of



coal in recent past has put additional cost pressure on aluminium producers in India. On the other hand, the availability of lowcost aluminium from smelters in West Asia is expected to impact Indian smelters, for the production capacity has increased considerably in gulf countries in the past decade due to cheap gas from oil refineries making the region ideal to set up aluminium plants.

The other threat perceptions include competition from scrap imports, substitute materials particularly plastics, 5% tariff differential between virgin, scrap imports of aluminium and increasing raw material costs.

Constraints in fuel supply and rise in input material cost are also considered as major threats for aluminium producers like NALCO.

#### 4. SEGMENTWISE PERFORMANCE

The detailed segment wise information is furnished below:

	Chemicals (Alumina)		Aluminium		Power		Unallocable#		Total
	₹in.cr.	Share	₹in cr.	Share	₹incr	Share	₹in.cr.	Share	₹in cr.
Net Sales & Operating revenue	2,656	28%	4,968	52%	1,976	20%	_		6,500*
PBIT	590	49%	(16)	-1%	287	24%	337	28%	1,198
Capital Employed	2,706	22%	3,180	25%	1,546	12%	5,132	41%	12,564
ROCE(%)		22%		-1%		18%		7%	10%
PBIT Margins (%)		22%		- 5		15%			18%

<sup>#</sup>Includes Cash balance and Capital works in progress of expansion units

# Segment-wise Revenue, Results and Capital Employed:

The segment-wise revenue, results and capital employed are placed as Additional Information to accounts. The analysis of each element is given below:

## a) Segment revenue (income)

Income from chemical, metal and power segments has gone up by 28%, 2% and 11% respectively, as compared to the previous year. The revenue of chemical segments has increased because of higher sales realization and higher quantity of external sales. The revenue of metal segment has increased because of higher sales realization as compared to previous year. The revenue of power segment has improved because of higher inter segment (transfer) price of ₹ 3.19 per unit as against ₹ 2,67 per unit for the previous year.

# b) Segment results (profit/loss)

The profit from chemical segment has gone up by ₹ 140 crore (31%) as compared to previous year, mainly because of higher transfer price from ₹ 11,279 to ₹ 13,474, higher external sales volume from 685,771 MT to 842,805 MT and higher export realization from ₹ 15,950/MT to ₹ 17,921/MT.

The profit from power segment has gone down by ₹ 36 crore mainly because of higher operating cost due to higher coal and fuel prices.

There is marginal loss from metal because of higher transfer price of both alumina and power from Chemical and power segment by about ₹378 crore and higher operating costs on carbon and fuel oil.

# c) Segment capital employed

Capital employed of chemical segment has increased by ₹ 1,215 crore mainly as a result of capitalization of 4th stream of alumina plant. The capital employed of metal and power segment has increased due capitalization of remaining assets under construction of 2nd phase expansion. Un-allocated common assets have gone down by ₹ 1031 crore because of capitalization of 4th stream of Refinery unit.

## 5. OUTLOOK

#### Domestic Market Outlook:

Some Brownfield and Greenfield projects are likely to be commissioned and come on-stream which would cause a surplus production situation and country's aluminium production capacity is expected to rise from around 1.67 million tonnes in 2011-12 to 3 million tonnes in next few years.

The Domestic consumption is likely to increase with increase in usage of aluminium in various applications and increasing the per-capita consumption from very low level as compared to other countries. The industry in India is poised to grow at 7-8% per year. The major drivers for this growth would be from power generation & transmission, construction and automobile sectors.

<sup>\*</sup> Internal Transfers have been eliminated.



#### International Outlook

The prices of aluminium metal in the international market fluctuated substantially during the year 2011 due to weak global economic growth and European crisis. The London Metal Exchange (LME) prices weakened during the year 2011 and fell from a high of USD 2772 (on 28.04.2011) to USD 1945 (on 21.12.2011). During Jan'12 & Feb'12 LME price showed some signs of improvement due to announcements of production curtailments by some of the major aluminium producers across the globe which provided a boost to the price. However, LME prices started declining since March'12 and have been on a downward trend mainly due to Euro Zone crisis.

Aluminium producers are facing additional challenge in the short-term due to over capacity, high input costs, carbon tax and high inventories. In view of these factors, 10-15% of world primary aluminium capacity is expected to be curtailed if the world aluminium prices remained at the current level. Some of the world's leading producers like Russia's UC Rusal, Norsk Hydro, Alcoa Inc and Rio Tinto have already announced production curtailments.

Despite falling prices and worries on demand front, analysts project consumption to rise by 7%. Global growth for aluminium is expected in the aerospace industry by 10% and automobile industry by 8%. This is an important difference to the downturn in 2008 when automotive demand collapsed. Growth is expected in transportation, packaging and construction sectors as well. Demand outlook in Japan and USA is better than in Europe and both countries are expected to outperform Europe.

The aluminum industry in the Gulf Cooperation Council (GCC) countries is gradually becoming a leading global contributor. The UAE, Oman, Bahrain, and Qatar are all home to some of the largest aluminium smelters in the world. The GCC area is poised to become a primary aluminium production hub with the expectation that the region will contribute to over 13 per cent of the world's aluminum production by 2013.

#### RISKS & CONCERNS

The fluctuations in US Dollar/Euro, rising oil and coal prices, power shortages and weak growth in traditionally strong economies, debt contagion, rise in interest rates, drop in credit rating of certain developed economies and its negative effect on the global economy in general are causes for concern.

Delay in establishment of greenfield smelter in India is a major concern in achieving the goals set out by your Company in its Corporate Plan.

Aluminium, not being in the priority sector, would be adversely affected by the increase in cost of coal. For viability of Greenfield Smelter, allotment of captive coal block has become a necessity.

Delay in establishment of Greenfield smelter in India and the recent developments in coal project of the identified Coal Mining Company are also causes of concern with respect to growth plans of your Company.

# Risk Management

The approved "Integrated Approach for Enterprise Risk Management" policy is under implementation in all process units as well as in operational areas of your Company. Your Company also follows the DPE guidelines on Risk Management, which inter alia stipulate that the Board should ensure the integration and alignment of the Risk Management System with corporate and operational objectives and also that risk management is undertaken as a part of normal business practice and not as a separate task at set times.

Accordingly, the Board of your Company constituted a Risk Management Committee during the year under report for assisting the Board in fulfilling its corporate governance obligations in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environment risks with overall responsibility for monitoring and approving the risk policies and associated practices for your Company. The first meeting of the Risk Management Committee was held on 14.03.2012 and the Committee reviewed the various internal and external risk factors associated with operation of individual production units of your Company and suggested various actions/precautionary measures for mitigating such risks.

#### 7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Directors are pleased to inform that NALCO has well established internal control systems, commensurate with the nature and size of its operations. Your Company has entrusted its internal audit function to three reputed and well experienced external Chartered Accountants' firms for objective and impartial assessment of its financial and non-financial transactions carried during the year under report. The internal audit reports submitted by the auditors are discussed at functional directors level in the first instance and then material observations are submitted to the Audit Committee for its review, analysis and advice to further strengthen the internal control systems covering all material controls, financial controls and compliance controls. Action taken reports on the observations of Audit Committee on internal audit reports are regularly submitted to the Audit Committee.

# 8. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Details on financial performance with respect to operational performance of your Company are given in the Directors' Report.

The net profit during the year has decreased by 21% over the previous year. The sales realization both from Export as well as Domestic market has gone up as compared to previous year. The average export realization per MT of Alumina and metal increased by 12% and 10% respectively over the previous year. Average realization from domestic metal sale also increased by 8% over the previous year. The operating expenses of the Company have increased by 22% over the previous year mainly due to substantial increase in prices of raw material, coal and fuel oil in addition to impact of pay revision.



# 9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

#### **Human Resources**

In pursuit of HR excellence by aligning HR with the Mission and Vision of your Company and also aligning with Vision 2020 documents, the HR & Training functions have been re-oriented accordingly. "Sarjana" Suggestion Scheme has been revised during the year in order to encourage the employees of your Company to participate and come out with new suggestions and innovative ideas related to improvement in the existing system of Production, Process and Productivity. 442 employees have been awarded under the "Sarjana" Scheme during the year.

Total manpower strength of your Company as on 31.03.2012 was 7705 as against 7714 as on 31.03.2011. The breakup of employee strength is given below:

	In Position	As on 31.03.2012	As on 31.03.2011
A.	Executives	1851	1884
B.	Supervisory	860	839
C.	Skilled/Highly Skilled	4014	3977
D.	Unskilled/Semi-Skilled	980	1014
	Total	7705	7714

#### Training & Development

Human Resources Development is the key for the success of your Company. Keeping this in mind and the targets set, functional and developmental training needs are identified from multiple sources, primary being, the competency related needs, secondly, needs arising from organizational requirements and finally departmental / sectional imperatives. Emphasis is being placed on specific position related training needs and there is an attempt to customize programmes, to the extent possible. Training effectiveness evaluation is also carried out in line with the requirement of quality management systems, to measure the benefits emanating from the action.

The training statistics for the year 2011-12 vis-a-vis previous year is given below:

Category	2011	-12	2010-11		
	Persons	Mandays	Persons	Mandays	
Executives	3,128	10,476	2,539	8,114	
Non-Executives	4,865	10,719	5.840	15,360	
Total	7,993	21,195*	8,379	23,474	

# 10. CORPORATE PLAN AND BUSINESS DEVELOPMENT

# Corporate Plan

Your Company intently pursues the Corporate Plan and Vision 2020 adopted in 2009-10. The main focus areas, as enshrined in the Vision Statement are metal and energy sectors. The plan vis-à-vis achievement in all its business activities is being reviewed regularly and corrective actions have been initiated.

# **Business Development**

Notwithstanding the fact that your Company started its growth and diversification initiatives only recently, it has been able to achieve reasonable progress on some projects in hand. The progress made in some of the major initiatives are given below:

- a) Alumina Refinery in Gujarat: Your Company has emerged the sole qualified bidder for setting up of alumina refinery based on bauxite deposits in Kutch district, Gujarat. Project office has been opened in Ahemedabad to take up pre-project activities. Project agreement and other agreements for sourcing raw materials for the project are under finalization.
- Nuclear Power Plant: AJVC between your Company and NPCIL in the name of "NPCIL-NALCO Power Company Ltd." was incorporated on 02:03:2012 to develop Kakarpar Atomic Power Station (KAPS)- 3 & 4. First Board meeting of the JV company was held at Bhubaneswar on 16th March, 2012.
- c) Smelter project in Odisha: As advised by the State Government, the Company has identified a suitable afternative location in Sundargarh district in Odisha for the smelter and power project. It is expected that water for proposed project would be allocated soon by the State Government.
- d) Mine and Refinery in Andhra Pradesh: No field activity is being taken up in the area surrounding the bauxite mines in Gudem and KR Konda blocks in Andhra Pradesh, due to security concern. Only soft CSR activities are being taken up in the area.
- e) 2nd Wind Power Plant: Your Company is in advanced stage of selection of the wind farm developer to set up another 50 MW wind power plant in any wind potential state in India.



Further, a consultant has been engaged for carrying out feasibility study in the mined out area of Damanjodi bauxite mine, for setting up of another wind power plant for the Company.

f) Solar Power Plant: In order to meet its renewable purchase obligation (RPO), your Company is pursuing to set up a 15 MW solar power project, for which it has already prepared the feasibility report. The proposed Solar Power Project has been registered with Rajasthan Renewable Energy Corporation Ltd. (RRECL).

#### 11. COMPUTERISATION ACTIVITIES

Your Company relies significantly on Information and Communication Technology (ICT) to strengthen and boost its business processes in all functional areas. Starting with Geo-statistics and Mines Planning application in 1982, your Company has had extensive use of ICT to help deliver its strategic business objectives.

With implementation of ERP, the Company has migrated all its major legacy applications into the SAP environment across the organization covering Materials & Contracts (MM), Sales & Distribution (SD), Production Planning (PP) with module Advanced Planning & Optimization (APO), Quality, Finance & Controlling (FICO) and Human Resource Management (HR) modules. In the area of Maintenance Management, your Company uses the Ramco e.Apps maintenance module.

Your Company has strengthened its data pipelines both to the Internet and to the Works Locations with fault tolerant high bandwidth links, to ensure un-interrupted data connectivity. This also enables tele-presence activities between Corporate Office and Works locations of your Company. The Local Area Networks (LAN) at all the Works sites and Corporate Office will be replaced with high bandwidth and fault tolerant state of the art networks, which will support data as well as broadband applications. Zonal Offices have been linked with MPLS VPN network.

New technologies like server virtualization for enterprise services, link load balancing for internet links etc. have been implemented. There are plans to use bandwidth reservation for internet and wide area links, RFID technology for file tracking, and other uses like asset and material tagging, vehicle tracking etc. Video conferencing has been popularized and the infrastructure is being further enhanced for higher availability for conferencing, so as to make video conferencing a handy tool in day to day working. Towards technical compliance to the internet world, your Company is taking steps to migrate the internet facing elements to IPv6 technology.

In the area of e-governance, your Company has fully complied with the recent Central Public Procurement Portal (CPPP) initiative of the Government, whereby all tenders and awarded contracts of your Company are published in the CPPP site. Procurement of a biometric based attendance and access control solution is in progress. E-tendering for export sales is continuing and has been implemented with security measures like Server Secure Socket Layer (SSL) certificate and end user PKI Digital certificate. Road map and action plan for e-tendering in the Materials and Services procurement arena has been drawn up and soon web based procurement processes will be implemented.

#### 12. TOTAL QUALITY MANAGEMENT

Quality Management Systems at Alumina Refinery, Vizag Port Facilities; Smelter, CPP, Mines and associated Corporate functions have successfully undergone two nos. six-monthly Surveillance Audits each by the Certification Body. i.e. M/s DNV and the Certification of the units to the latest Quality Management Standard ISO 9001: 2008 is maintained. During the year under report, 4 Training Programmes for Integrated Management System were conducted with the help of external faculty. The Apex Manuals of IMS at Alumina Refinery, Smelter, CPP & Mines were issued after adequacy audit by Certification Body.

47 Quality Circles (QCs), including a few newly formed QCs of your Company have completed 40 projects during the year. 16 QCs from your Company participated in National Convention on Quality Circles organised by QCFI at Hyderabad in December, 2011. Two QCs of your Company were placed in the highest category (Par-Excellence). QC "Srujani" from Smelter Plant and QC "Pragati" from Alumina Refinery, participated in International Quality Circle Convention organised in Tokyo, Japan. Under the Kaizen Scheme, total 19 Kaizens have been completed during the year 2011-12. One training programme for Facilitators of QCs, QIPs, Kaizens were conducted during the year with the help of external faculty. Fifteen numbers of in-house training programmes with internal faculty were conducted on QC, Kaizen Awareness & broader concepts of TQM/ TPM including specific training programmes on 5S Basics.

In Smelter Plant, Lean Six Sigma Initiative, i.e. a combined approach of Higher Level Problem Solving Six Sigma Management and Lean Management, could result in thirteen completed projects in process areas like Cast House, Carbon Plant, Rolling Plant and Potline during the year under report. 5S activities were started during the year in Alumina Refinery, CPP and Mines as a part of Lean Management activities.

The Company organised the All-Odisha Quality Circle Convention in April 2011 for the 16th year in succession. This Convention is considered as a flagship event in the Quality movement of the State of Odisha. 30 Quality Circles/TPM Circles from different organisations in the State participated.

# 13. SAFETY & HEALTH

Environment, Safety and Health are three vital systems in any industry for its growth, success and sustenance. Your Company, as a responsible corporate entity, has given utmost importance to its Environment, Safety and Occupational health issues since inception and the Company's performance in this regard remain satisfactory during the year 2011-12.

All the operating units of your Company are certified to OHSAS-18001:2007 Occupational Health and Safety Management Systems for Occupational Health and Safety Management. The main highlights during the year under report are:



- M/s DGFASLI, Ministry of Labour & Employment, Mumbai have completed External Safety audit of all operating units of your Company and the follow up of recommendation is in progress.
- All units of your Company have on site emergency plan in place and to check response mock drills were conducted regularly
  as per statutory guidelines.
- All units of NALCO provide Safety Code for Contractors along with the Work Orders, ensure issue and use of quality PPE, provide safety induction training to all contract labour before starting of jobs, issue Safety Guidelines before issue of gate passes to the contractors, provide Safe Operating Procedures (SOP) for all types of jobs and adopt variety of permits for different types of works in the Plant such as Work Permit, Electrical Work Permit, Confined Space Permit, Height Permit etc.
- Regular safety inspection, annual safety audit, external safety audits, OHSAS Audits are conducted to find out the lapses and take corrective action.
- During the year 5538 Employees of your Company and 4522 contract workers underwent PME check.
- For developing awareness on Environment, Safety and Health, your Company observed and celebrated functions like World Environment Day, Vanamahotsav, Chemical Disaster Prevention Day, Ozone Day, National Safety Day/Week, Electrical Safety Week, Road Safety Week together with publication of Bulletins, Newsletter and Annual journal in this regard.
- There were 5 reportable accidents and one fatal accident occurred during the year 2011-12 as against 12 reportable
  accidents and 2 fatal accidents recorded in the previous year.

# ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENT, FOREIGN EXCHANGE CONSERVATION.

#### Environmental Protection & Conservation

- During the year all operating units of your Company have operated with valid "Consent to operate", valid Authorizations and
  valid licenses under different statutory obligations applicable to the organization.
- All operating units of NALCO have adopted Zero Discharge with respect to their waste water management as well as sewage waste water management. The treated waste water were recycled and reused in the process/ horticulture purposes.
- For monitoring waste water quality, stack emission, ambient air quality adequate laboratory facilities along with installation of monitoring equipments have been provided in all its operating units.
- Automatic Weather Monitoring Station procured and has been installed for monitoring weather parameters at Mines. Same
  is already in place at other units of NALCO.
- During 2011-12 CPP and Alumina Refinery utilized 60.58% & 39.89% ash respectively for different uses like Brick making.
   Agriculture, Cement making, Filling low lying areas, dyke raising, filling of abandoned stone quarries etc.
- A hazardous waste landfill of 40,000 MT capacities has been commissioned in Smelter at a cost of ₹ 4 crores to dispose of the hazardous wastes which were left out after recycling and reuse inside the plant.
- A comprehensive water and waste water study has been carried out by M/s IIT Roorkee to streamline the water and waste water management practices in the plant and for water conservation at Smelter and Township of S&P Complex.
- CPP have taken up one CDM (Clean Development Mechanism) project to reduce carbon emission. The project is "Heat recovery from CBD (Continuous Blow Down) and reutilizing in the de-aerators of the boiler."
- CPP has taken up a pilot project for carbon sequestering by algae. The construction work for the same is in progress and expected to be commissioned in 2012-13.
- Around 18,00,000 m3 of treated industrial drain water & 1, 70, 15,020 m3 of ash pond overflow treated water recycled back to the Plant and utilised in ash disposal system at CPP.
- 3.30 KL of Turbine oil was reclaimed, filtered and again recycled back to the system for re-use and 13.55 KL of Fuel oil was
  reclaimed and re-utilised in the system at CPP.
- New varieties of ornamental seasonal species have been introduced and successfully grown in mines climatic conditions.

#### Technological Conservation

As reported in last year's report, your Company adopted the then latest technology AP-18 of Aluminium Pechiney, France, following technical collaboration with the global leader in Aluminia Refining and Smelting. The Technical Collaboration Agreement was signed with Aluminium Pechiney (AP) in 1981 and was subsequently extended from time to time to avail the Continued Technical Assistance (CTA) of AP for successful implementation of Phase-I and Phase-II expansion projects of your Company.

# Renewable Energy Development

As a part of diversification plans and green initiative towards promoting sustainable development by harnessing the unconventional energy source, your Company has been endeavouring to enter into energy sector and unconventional energy source. Towards this direction, the Board approved the investment of ₹ 274 crore for establishing 50 MW Wind Power Plant in Andhra Pradesh, which is under commissioning. Your Company is in advanced stage of finalization of the wind farm developer to set up yet another 50 MW wind power plant in a wind potential state in India.



Besides, a new JV company between your Company and NPCIL in the name of "NPCIL-NALCO Power Company Ltd." was incorporated on 02.03.2012 to develop 1400 MW Kakarpar Atomic Power Station (KAPS) - 3 & 4.

In order to meet its renewable purchase obligation (RPO), your Company is pursuing to set up a 15 MW solar power project, for which it has already prepared the feasibility report.

# Foreign Exchange Conservation

Your Company's Forex earnings for the year 2011-12 was ₹2558 crore and Forex outgo for the same year was ₹328 crore.

# 15. ANCILLARY DEVELOPMENT

Your Company continues to make seamless efforts to encourage MSME Units through its ancillary development programmes and support these units through special incentives.

As on 31st March, 2012, 52 number of MSME Units have been awarded Ancillary Status by the Company and the Company has placed orders to the tune of ₹58.20 crore on these units in the year 2011-12.

In order to encourage local entrepreneurs and improve orders for Ancillary Units, your Company participates in various exhibitions for exhibiting its requirement of Spares and manufacturing items and also for technical and commercial guidance.

Your Company also sponsors various MSME exhibitions. Recently, one MSME exhibition was conducted at Angul premises – in collaboration with MSME Directorate and Govt. of Odisha, which was well attended and appreciated.

As a part of development of aluminium based down stream products, a joint venture company with IDCO, namely 'Angul Aluminium Park' has been set up in July, 2010. The proposed park will be set up over an area of 204 acres in 1st phase. For this purpose social-economic survey of nearby revenue villages and work for preparation of DPR of the project are at hand. In response to EOI to gauge the market interest in the park, more than 50 proposals in downstream and ancillary sectors have been received.

#### 16. IMPLEMENTATION OF SOCIAL ACCOUNTABILITY STANDARD (SA-8000)

As a continuation of fulfillment of the requirements of SA 8000 Standard, the following actions have been taken:

- Re-Certification (SA 8000:2008 Standard) of corporate office has been completed successfully by Certification Body.
- Surveillance Audit for Corporate Office, Mines, Refinery, Smelter and CPP conducted successfully.

# 17. IMPLEMENTATION OF THE RIGHT TO INFORMATION ACT, 2005

Your Company as a responsible corporate citizen and a Public Authority continues to believe in practicing good corporate governance, attaining maximum level of transparency, accountability and equity in all facets of its operations and in all its interactions with all its stakeholders viz. shareholders, employees, government, customers, vendors, bankers & society at large and also believes in providing access to information under its control to the Indian citizens under the provisions of the Right to Information Act, 2005 (RTIAct).

With this objective in mind, your Company is committed to implement the provisions of the RTI Act as well as the directives of concerned authorities of the Government of India.

During the year 2011-12, your Company periodically reviewed and updated the proactive disclosures published under Section 4(1)(b) and also the directives issued by the Central Information Commission under Section 19(8)(a) of the RTI Act in the RTI segment of your Company's website "www.nalcoindia.com".

The status of information requests received by your Company and appeals made under the RTI Act during the year 2011-12 is given in the following table:

Information Requests/Appeals	Opening Balance as on 01.04.2011	Received during the year	No. of requests transferred to other Public Authorities	No. of requests/ 1st appeals rejected under various provisions of the Act	No. of requests serviced/ 1st & 2nd appeals disposed off during 2011-12	No. of requests/ appeals pending for disposal as on 31.03.2012
Information requests received by PIO	33	233	01	38	209	18
1st Appeal before Appellate Authority of the Company	Nil	42	Nii	03	39	Nii
2nd Appeal before CIC, New Delhi	01	07	N.A.	N.A.	07	01

#### 18. Sustainable Development Activities

Budget provision for five nos, of identified Sustainable Development projects have been made and the projects are planned to be completed as per commitments in the MoU with Govt. of India.

Preparation of Sustainable Development Report has been taken up in hand and the appointment of a Consultancy organisation for preparing the Report as per Global Reporting Initiative (GRI) guidelines is in the process.



# **AUDITORS' REPORT**

# TO THE MEMBERS

NATIONAL ALUMINIUM COMPANY LIMITED.

- We have audited the attached Balance Sheet of NATIONAL ALUMINIUM COMPANY LIMITED, as at 31st March, 2012, the Profit and Loss Statement and the Cash Flow Statement of the Company for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report)
  (Amendment) Orders, 2004, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956,
  we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary
    for the purposes of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3c) of the Companies Act, 1956;
  - In terms of Government of India, Ministry of Finance, Department of Company Affairs, Notification No.GSR 829 (E)
    dated 21st October, 2003, Government Companies are exempt from the applicability of provisions of Section 274 (1)
    (g) of the Companies Act, 1956;
  - f. In our opinion and to best of our information and according to the explanations given to us, the said accounts read with significant accounting policies give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
  - ii. In the case of the Profit & Loss Statement of the profit of the Company for the year ended on that date; and
  - iii. In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Agasti & Associates Chartered Accountants FRN -313043E

(CA. M. Bandyopadhyay) Partner (M.No.050968)

Place : New Delhi Dated : 21" May 2012 For C.K. Prusty & Associates Chartered Accountants FRN 323220E

> (CA. C.K. Prusty) Partner (M.No.057318)



# ANNEXURE TO THE AUDITORS' REPORT (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) 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 of the Company and the nature of its assets.
    - All the movable assets have been physically verified by a Firm of Chartered Accountants during the year;
    - As informed to us, no material discrepancies between book records and physical asset have been noticed;
  - (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of fixed assets during the year and the going concern assumption of the Company has not been affected.
- (a) In respect of its inventory, as explained to us, all inventories except stocks relating to expansion project, stocks lying with third parties and stocks in-transit, have been physically verified by a Firm of Chartered Accountants at reasonable intervals during the year;
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory. The discrepancies noticed on physical verification and book records relating to shortage have been dealt with in the books of account, while excess have been ignored.
- (a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii) (b) to (d) of paragraph 4 of the Order are not applicable;
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in the internal control system;
- According to information and explanations given to us, the Company has not entered into any contract or arrangement which requires to be entered in register maintained under Section 301 of the Companies Act, 1956;
- vi) In our opinion and as per the information and explanations given to us, the Company has not accepted deposits from the public during the year within the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules formed thereunder;
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business:
- viii) We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act. 1956 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 determining whether they are accurate and complete;
- (a) According to information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty Cess and Electricity Duty with the appropriate authorities;
  - According to the information and explanations given to us, no undisputed amounts are payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues as at 31st March, 2012 for a period of more than six months from the date they became payable;



(b) According to the information and explanations given to us, there are disputed statutory dues which have not been deposited are given below:

Statute	Nature of Dues	Amount disputed ₹ in Crore	Amount deposited ₹ in Crore	Forum where disputes are pending
Sales Tax	Sales Tax	44.09 215.02 210.24 469.35	4,62 61.75 33.56 99.93	Commissioner Tribunal High Court
Entry Tax	Entry Tax	59.71 45.09 5.29 110.09	7.93 23.98 <u>0.00</u> 31.91	Commissioner Tribunal High Court
Central Excise Act, 1944	Excise Duty	10.80 17.98 59.26 88.04	2.50 0.59 0.00 3.09	Commissioner Tribunal High Court
Customs Act, 1962 Customs Duty		0.77 0.08 0.85	0.05 0.00 0.05	Commissioner Tribunal
Income Tax Act, 1961	Income Tax	234.91 118.65 8.05 361.61	178.77 104.84 0.00 283.61	Commissioner Tribunal High Court
	TOTAL		1029.94	418.59

- The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year;
- In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks or debenture holders;
- Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- In our opinion the Company is not a chit fund/nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company;
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions
  of clause 4 (xiv) of the Order are not applicable to the Company;
- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- Eased on our examination of records and the information and explanations given to us, the Company has not raised any term loan during the year under audit;
- According to the information and explanations and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment;
- xviii) According to the Information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956;
- xix) Based on our examination of the records and the information and explanations given to us, the Company has not issued any debentures during the year,
- xx) The Company has not raised any money by way of public issues during the year;
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Agasti & Associates Chartered Accountants FRN -313043E (CA. M. Bandyopadhyay) Partner (M.No.050968)

Place : New Delhi Dated : 21" May 2012 For C.K. Prusty & Associates
Chartered Accountants
FRN 323220E
(CA. C.K. Prusty)
Partner (M.No.057318)



# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NATIONAL ALUMINIUM COMPANY LIMITED, BHUBANESWAR FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of National Aluminium Company Limited, Bhubaneswar for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21.05.2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of National Aluminium Company Limited, Bhubaneswar for the year ended 31 March 2012. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

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

(Nandana Munshi)

Principal Director of Commercial Audit & Ex-officio Member, Audit Board-I, Kolkata

Place : Kolkata Date: 07 June 2012



# Balance Sheet as at 31.03.2012

(₹ in Crore)

Particulars	Note No.	Figures as at the end of current	Figures as at the end of the previous
-		reporting period	reporting period
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1 2	1,288.62	1,288.62
Reserves and surplus	2	10,426.46	9,875.99
Non-current liabilities			
Deferred tax liabilities (Net)	3	849.11	693.46
Other Long term liabilities	3 4 5	41.41	56.81
Long-term provisions	5	238.29	212.79
Current liabilities			
Short-term borrowings	6		14.88
Trade payables	6 7 8 9	693.98	671.47
Other current liabilities	8	1,937.93	1,960.30
Short-term provisions	9	44.98	174.58
Total		15,520.78	14,948.90
ASSETS		1	1 <del> </del>
Non-current assets			
Fixed assets			
Tangible assets	10	6,498.96	5,488.69
Intangible assets	10	113.39	4.84
Capital work-in-progress	11	684.44	1,706.82
Non-current investments	12	1.02	116.02
Long-term loans and advances	13	1.165.15	791.75
Other non-current assets	44	35.49	35.70
Current assets			
Current investments	15	753.24	1,215.65
Inventories	16:	1,212.70	1,071.00
Trade receivables	17	138.12	111:66
Cash and Bank Balances	18	4,168.35	3,795.23
Short-term loans and advances	19	515.34	435.54
Other current assets	20	234.58	176.00
Total		15,520.78	14,948.90

Significant Accounting Policies

See accompanying notes to the financial statements. 1 - 46

For and on behalf of Board of Directors

(CS. K.N. Ravindra) Company Secretary (A. Das) Director (Commercial) (CA.B.L.Bagra)
Director (Finance) and
Chairman-Cum-Managing Director I/c

In terms of our report of even date attached.

For Agasti & Associates

Chartered Accountants FRN - 313043E

(CA. M.Bandyopadhyay) Partner (M.No.050968) For C.K.Prusty & Associates

Chartered Accountants FRN - 323220E

(CA.C.K.Prusty) Partner (M.No.057318)

Place : New Delhi Dated : 21st May, 2012



# Statement of Profit and loss for the year ended 31.03.2012

(\* in Crore)

Particulars	Note No.	Figures for the current reporting period	Figures for the previous reporting period
Revenue from operations	23	6,611.57	6,056.57
Other income	24	542.16	353.40
Total Revenue		7,153.73	6,409.97
Expenses:			
Cost of materials consumed	25	1,030.78	766.12
Power and Fuel	26	2,196.68	1,765.47
Changes in inventories of finished goods		2400000	APWIN-2000
intermediaries and work-in-progress	27	(2.93)	(61.68)
Employee benefits expense	28	1,034.54	961.16
Finance costs	29	0.87	2000mg
Depreciation and amortization expense	10	466.55	421.72
Other expenses	30	1,207.59	1,033.35
Total expenses		5,934.08	4,886.14
Profit before exceptional items and tax		1,219.65	1,523.83
Exceptional items	31	21.90	12
Profit Before Tax		1,197.75	1,523.83
Tax expense:			, semicontrologica :
(1) Current tax		237.94	421.74
(2) MAT Credit Entitlement		(39.89)	
(3) Deferred tax		155.65	32.87
(4) Earlier Years		(5.45)	(0.08)
Profit / (Loss) for the period		849.50	1,069.30
Earnings per equity share of face value of ₹ 5/- eac	h:	-	
(1) Basic		3,30	4.15
(2) Diluted		3.30	4.15

Significant Accounting Policies

See accompanying notes to the financial statements. 1 - 46

For and on behalf of Board of Directors

(CS. K.N. Ravindra) Company Secretary (A.Das) Director (Commercial) (CA.B.L.Bagra)
Director (Finance) and
Chairman-Gum-Managing Director I/c

In terms of our report of even date attached.

For Agasti & Associates Chartered Accountants

FRN - 313043E

(CA. M.Bandyopadhyay) Partner (M.No.050968) For C.K.Prusty & Associates

Chartered Accountants FRN - 323220E

(CA.C.K.Prusty) Partner (M.No.057318)

Place: New Delhi Dated: 21st May, 2012



# Cash Flow Statement for the year 2011-12

(₹ in Crore)

		Figures fo curren reporting p	t	Figures for the previous reporting period	
۸.	Cash flow from Operating Activities : Net Profit before tax and Extraordinary Income		1,197.75		1,523.83
	Adjustments for :		1,101.10		1,023.03
	Depreciation	466.55		421.72	
	Interest and Financing charges	0.87		XTAN X	
	Provisions (Net)	1.29		0.34	
	Claims/Recoverables written off	2.81		0.01	
	Stores and spares written off	16.30		8.57	
	Dividend Income	(98.47)		(64.74)	
	Loss/(Profit) on sale of assets (net)	0.21		(0.04)	
	OTHERMULESSIANU VASSAVIAASSASSIANUVAN		389.56		365.86
	Operating Profit before working capital changes	-	1.587.31		1,889.69
	Adjustments for :				
	Inventories	(162.91)		(122.26)	
	Trade & other receivables	(163.39)		13.50	
	Trade & Other payables	(70.26)		396.79	
	In the order to be the state of		(396.56)		288.03
	Cash generated from Operations		1,190.75		2,177.72
	Direct taxes paid		(304.05)		(547.24)
	Cash flow before Extraordinary Items		866.70		1,630.48
	Extraordinary Items		44.		
	Net cash from operating activities		886.70		1,630.48
	Cash Flow from Investing Activities:				
	Purchase of Fixed Assets & Investments	(180.75)		(833.22)	
	Divided income from Mutual fund	98.47	Water	64.74	-17-100 a. 100
	Net cash used in investing activities		(82.28)		(768.48)
	Cash Flow from Financing Activities:				
	Interest and Financing charges	(0.87)			
	(Payment )/Proceeds of Short term Borrowings	(14.88)		6.27	
	Dividends including dividend tax peid	(415.55)		(225.39)	
			(431.30)	-	(219.12)
1	Net changes in Cash & Cash equivalents (A+B+C)		373.12		642.88
	Cash & Cash equivalents - Opening balance		3,795.23		3,152.35
	Cash & Cash equivalents - Closing balance (D+ E)		4,168.35		3,795.23

# Note:

- a) Cash and Bank Balances under Current Assets at note 18 are Cash and Cash equivalents for the purpose of drawing Cash Flow statement. Therefore reconciliation statement required under para-42 of the Accounting Standard 3 is not furnished separately.
- b) Cash and cash equivalents includes ₹ 415.97 crore (Previous Year ₹ 368.58 Crore) towards disputed Electricity Duty, ₹ 3.18 crore towards Unpaid dividend (Previous year ₹ 0.85 crore), ₹ Nil (Previous Year ₹ 0.11 crore) towards Debenture interest, not freely available for use by the Company.
- c) During the year the Company availed working capital loan facility (fund based) of ₹ 650 crore (Previous year ₹ 650 crore), sanctioned by bankers. The loan balance at the end of the year as per books of account is ₹ Nil (previous year ₹ 14.88 crore on account of cheques issued
- d) Working Capital Loan facility is mortgaged by hypothication of raw materials, stock-in-process, finished goods, consumables, stores and spares, book debts, receivables and other current assets of the Company.
- e) Figures in brackets are cash outflow/income, as the case may be.

For and on behalf of Board of Directors

(CS. K.N. Ravindra) Company Secretary

(A. Das) Director (Commercial) In terms of our report of even date attached.

(CA.B.L.Bagra) Director (Finance) and Chairman-Cum-Managing Director I/c

For Agasti & Associates Chartered Accountants FRN - 313043E

(CA. M.Bandyopadhyay)

Place : New Delhi Dated: 21st May, 2012 Partner (M.No.050968)

For C.K.Prusty & Associates Chartered Accountants FRN - 323220E

(CA.C.K.Prusty) Partner (M.No.057318)



# Segmentwise Information

	Che	micals	Alun	inium	Electr	ricity	Unallocate	d Common	To	(₹ in Crore tal
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
BUSINESS SEGMENTS										-
A. Revenue	W/Days/aw	nandera cara-	THE LOCATION AND THE	14 (50 m) 51 (50 m)	72722	2.3436436			Tari David Tari	HAMP-MARKET
External sales	1,531.09	1,114.18	4,968.05	4,828.20	1.13	16.60	_		6,500.27	5,958,98
Inter-sagment transfers	1,124.68	954,32	THE LOCATION AND THE		100000	1,749.00	-		3,100.06	
Total Revenue	2,655.77	2,068.50	4,968.05	4,828.20	1,976.51	1,765.60	-		9,600.33	8,662.30
Less: Elimination									(3,100.06)	(2,703.32)
Net Revenue									6,500.27	5,958.98
B. Result										
Segment result	590.11	449.62	(16.19)	592.70	286.83	322.43	(182.53)	(169.95)	678.22	1,194.80
Interest expense									0.87	+
Interestincome									520.40	329.03
Income taxes									348.25	454.53
Net Profit									849.50	1,069.30
C. Other Information										
Segment assets	3,190.72	1,998.42	3,723.70	3,540.40	2,969.18	2,681.79	5,637.18	6,728.29	15,520.78	14,948.90
Segment liabilities	484.25	506.55	543.32	658.03	1,423.50	1,360.38	505,51	565.87	2,956.59	3,090.83
Capital expenditure	1,369.79	197.98	274,56	307.55	168.76	627.97	(965.67)	(665.99)	847.44	487.51
Depreciation	143.07	144.17	189.27	174.49	128.85	107.44	5.36	3.96	466.55	430.06
Non-cash expenses (other than depreciation)	20.87	25.39	19.02	33.28	9.13	14,33	1.92	4.50	50.94	77.50
GEOGRAPHIC SEGMENTS										
	In	dia			Outsid	le India			To	otal
	Current	Previous		1	Current	Previous			Current	Previous
	Year	Year			Year	Year			Year	Year
A. Revenue				1						
External sales	3,931.67	3,893.88			2,568.60	2,065.10			6,500.27	5,958.98
B. Other Information										
Segment assets	15,399.82	14,874,41			120.96	74.49			15,520.78	14,948.90
Capital expenditure	847.44	467.51			***				847.44	467,51

(CS. K.N. Ravindra) Company Secretary For and on behalf of Board of Directors (A. Das)

Director (Commercial)

(CA.B.L.Bagra)
Director (Finance) and
Chairman-Cum-Managing Director I/c

In terms of our report of even date attached.

For Agasti & Associates

Chartered Accountants FRN - 313043E

(CA. M.Bandyopadhyay) Partner (M.No.050968)

Place: New Delhi Dated: 21st May, 2012 For C.K.Prusty & Associates

Chartered Accountants FRN - 323220E

(CA.C.K.Prusty) Partner (M.No.057318)



# **Notes to the Financial Statements**

Note 1 : Share Capital (₹ in Crore)

Particulars	Figures as at the	Figures as at the
	end of current reporting period	end of previous reporting period
Share Capital		
Equity Share Capital		
AUTHORISED		
600,00,000,000 shares of par value of ₹ 5/- each		
(Previous year 600,00,00,000 shares of par value of ₹ 5/- each)	3,000.00	3,000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP	-	
2,57,72,38,512 shares of par value of ₹ 5/- each fully paid up		
(Previous year 2,57,72,38,512 shares of par value of ₹ 5/- each	<u>-</u>	
fully paid-up)	1288.62	1288.62

- The Government of India holds 224,59,98,540 equity shares (87.15%) of the total equity shares of the Company and no other shareholder of the Company holds more than 5 percent of the equity shares. (Previous year -same)
- b) The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.
- c.) During the financial year 2010-11, the company has issued 128,86,19,256 equity shares as fully paid bonus shares. Other than the said bonus issue, the company has not issued/bought back any equity shares in the last 5 years. The bonus issue was made subsequent to splitting up of shares from the face value of ₹10/- each into 2 equity shares of ₹ 5/- each in the said year.

Note 2: Reserve and Surplus

a)	Capital Reserve				
	As per Last Balance Sheet	0.42		0.46	
	Less : Transferred to Surplus	(0.07)		(0.04)	
	Closing Balance	13-	0.35		0.42
b)	General Reserve				
	As per Last Balance Sheet	9,869,90		9,744.21	
	Add : Transfer from Surplus	550.00		770.00	
	Less : Capitalled for Bonus Issue			(644.31)	
	Closing Balance		10,419.90		9,869.90
c)	Surplus				
	- Balance as at the beginning of the year	5.67		6.60	
	- Add : Profit after tax for the year	849.50		1,069.30	
	transferred from statement of profit and loss				
	- Add : Transferred from Capital Reserve	0.07		0.05	
	- Less : Transfer to General Reserve	550.00		770.00	
	- Less ; Interim Dividend	231,95		128.86	
	- Less : Tax on Interim Dividend	37.63		21,40	
	- Less : Proposed Final Dividend	25.77		128.86	
	- Less ; Tax on Proposed Final Dividend	3.68		21,16	
	Closing Balance	- 1	6.21		5.67
Tot	al		10,426.46		9,875.99



# Note 3: Deferred Tax Liabilities (Net)

(₹ in Crore)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Deferred Tax Liability :		
Difference of tax depreciation		
over Book Depreciation	1,037.15	861.62
Less : Deferred Tax Assets		
Disallowances u/s 43B of the Income Tax Act, 1961	78.81	61.63
On retirement Benefits expenses as per AS - 15	0.06	0.04
Provision for doubtful debts, claims & Provisions	109.17	106.49
Closing Balance	188.04	168.16
Total:	849.11	693.46

Note 4 : Other Long Term Liabilities		
Trade payables	12.17	13.47
Others	29.24	43.34
Total:	41.41	56.81

Note No. 5: Long Term Provisions

Provisions for Employee Benefits :		
Leave Encashment	184,75	160.38
Post retirement medical benefits	8.23	7.61
Retirement Benefits	11.12	10.76
Long Service Reward	15.20	19.48
NEFFARS	18.99	14.56
Total:	238.2	

#### Note 6 - Short term horrowings

pans repayble on Demand		
From Banks		
Secured	Marini / B	
Working Capital Loans*	- M2000	14.88
Total:		14.88



# Note 7: Trade Payables

(₹ in Crore)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Trade Payables		
Micro, Small and Medium Enterprises	0.78	0,63
Others	693.20	670,84
Total:	693.98	671.47

### Note 8: Other Current Liabilities

Employee Benefits Payble	294.76	515.65
Statutory Dues		
Excise Duty	11.76	36.18
Electricity Duty & Interest thereon	927.17	830.78
Income Tax (TDS & TCS)	18.58	11.14
Others	_11.82	17.97
	969.33	896.07
Creditors for Capital Expenditure	457.33	330.88
Customers Credit Balances &		
Advance from customers	140.30	145.99
Other Paybles	72.39	70.72
Unpaid Dividend	3.82	0.85
Unpaid Debenture Interest		0.11
Unpaid Reedemed Shares		0.03
Total:	1,937.93	1,960.30

# Note 9 : Short Term Provisions

Provisions for Employee Benefits :		
Gratuity	5:21	13.05
Leave Encashment	3.37	2.68
Post retirement medical benefits	0.30	0.27
Retirement Benefits	0.67	0.44
Leave Travel Benefits	-	3.34
Long Service Reward	0.09	0.08
NEFFARS	4.23	3.59
	13.87	23.45
thers :		E76/8/8
Provision for Wealth Tax	1.16	0.87
Provision for Dividend	25.77	128.86
Tax Provision for Dividend	4.18	21.40
	31.11	151.13
Total:	44.98	174.58



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		Gross Block	Block	11		Depre	Depreciation		Net	Net Block
	As on	Adjustments	Addition / Deductions lustments	As on 31,03,2012	As on 01.04.2011	For the Year	Deductions	As on 31,03,2012	As on 31.03.2012	As on 31.03.2011
A.TANGIBLE ASSETS										
Land										
Frae Hold	67.61	5,70	0	73.31	,	i.	i		73.31	67.61
Lease	110.47	(104.59)	((0)	5.88	7.83	0.05	(5.92)	1.96	3,92	102.64
Buildings	903,80	71,11	)))	974.91	336.37	27.47	•	363.84	611,07	567,43
Railway Sidings	70.71	2,77	Đ,	73,48	58.80	1,18		59.98	13,50	11.91
Plant and Equipments	10,717.00	1,469:03	(0:28)	12,185,47	6,063.73	418.02	(0.45)	6,481.30	5,704,17	4,653.27
Furniture and fixtures	24.44	2.18	(0,33)	26.27	17.86	96.0	(0.30)	18,52	7.75	6.58
Vehicles	41.19	5,47	(1.02)	45,64	26.41	2.85	(0.95)	28.31	17.33	14,78
Office equipments	39.08	3.53	(0.71)	41.90	24.80	3.34	(0.65)	27.49	14.41	14.28
Miscellaneous equipments	92.37	7.58		98.99	42.18	4.02	(0.71)	45,49	53.50	50.19
Total:	12,066,67	1,462.78	(3.58)	13,525.85	6,577.98	457.89	(86.8)	7,026.89	6,498.96	5,488.69
B.INTANGIBLE ASSETS										
Softwares	9.48	129	()	10,77	4.84	2.72	110	7.36	3.41	4.84
Mining Rights (Refer Note 44.2)	A.V.	107.30	30	107.30	9	5.27	5.92	11.19	96.11	
Licenses & Franchise (Refer Note 44.3)	٧	14.70	0	14.70	1	0.71	0.12	0.83	13.87	1
Total Intangible Assets :	9,48	123.29	*	132,77	4.64	8.70	6.04	19.38	113,39	4.84
Grand Total	12,076,15	1,586.05	(3.58)	13,658.62	6,582.62	466.59	(2.94)	7,046.27	6,612,35	5,493,53
Grand Total (Previous Year)	11 017 96	1 686 11	721 901	42 075 45	6 121 55	TT 1CF	100 007	6 582 62	5 403 63	4 8 3 6 34

1. The cumulative Impairment provision included in cumulative value of Depresiation in buildings & Structures is ₹ 6.76 crore (Previous Year ₹ 7.38 crore)

Impairment provision included in cumulative value of depreciation in Plant and equipments is ₹ 41.04 crore (Previous Year ₹ 44.46 crore) 2. The cumulative

The impairment provision included in Depreciation in buildings & structures is ₹ ( 0.62) crore (Previous Year ₹ 4.76 crore)

4. The impairment provision included in Depreciation in Plant and equipments (s.₹ (3.42) crore (Previous Year ₹ 35.61 crore)

5. Addition to fixed assets during the year include 7 1,227 crote for capitalisation 2nd phase expansion of Refinery Unit.

6. Gross Block includes the following capital expenditure (fully depreciated) represented by assets not owned by the Company

a) Buildings - ₹ 6.32 crote (Previous year ₹ 6.32 crote)

b) Railway Skings - ₹ 2.26 crore (Previous year ₹ 2.26 crore)

c) Plant and Equipments - ₹ 16.18 dore (Previous year ₹ 16.18 dore)

0.05 (8.34) 430.06 0.12 Current Year 466.43 0.04 b. Adjustment pertains to earlier Year c. Charged to Capital Account s. For the reporting Period 7. Break up of Depreciation

466.59

Total



# Note 11 : Capital Work - in - Progress

(₹ in Crore)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Capital Work - in - progress at cost	493.22	1,386.60
Construction materials including in transit (at cost)	109.95	101.36
Expenditure during construction pending		
allocation (Note 11.1)	81.27	218.86
	684.44	1,706.82
Note 11.1		
EXPENDITURE DURING CONSTRUCTION		
Pending allocation (Openning Balance)	218.86	210.18
Add : Expenditure during the year	Ground.	
Technical Consultants Fee and Know how	27.80	33.12
Startup & Commissioning	35.08	34.28
Other expenses	9.71	15.26
Depreciation	0.04	0.05
E-Martin Martin	72.63	82.71
Less : Income during the year		
Income out of Trial Operation	(8.70)	(12.07)
Other Income		(0.16)
	(8.70)	(12.23)
Net expenditure during the year	63,93	70.48
Total expenditure	282.79	280.66
Less : Allocated to fixed assets	(201.52)	(61.80)
Balance carried forward	81.27	218.86

Note 12 : Non-Current Investments

Trade Investments & Unquoted		No of Units	
Equity Investments		in '000	
Equity Shares in Bhubaneswar Stock Exchange Ltd	0.03	11741.554-12	0.03
Equity Shares in Excel Services Ltd	0.001		0.001
Investment in Joint Ventures (Refer Note 38.1)			
Equity shares in Angul Aluminium Park PvL Ltd	0.99		0.99
Other Investments & Quoted			
Investment in Mutual Funds (Face value of ₹10 each)			
SBI SDFS 18 Months Series - 5	- 0	10,000	10.00
SBI SDFS 13 Months Series - 11	9	25,000	25.00
UTI MF YFMP 03/11 (396 Days)	9	30,000	30.00
Canara Robeco FMP -13-Series - 68		50,000	50.00
Total :	1.02		116.02
Aggregate amount of Quoted Investments			115.00
Aggregate amount of Quoted Investments market value	9		116.09
Aggregate amount of Unquoted Investments	1.02		1.02



# Note 13: Long term Loans and Advances

(₹ in Crore)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Capital Advances		
Secured, Considered Good	12	2
Unsecured Considered Good	320.75	40.82
Doubtful	0.26	0.26
Less : Allowances for doubtful	0.26	0.26
Sub Total:	320.75	40.82
Other loans and advances		
Loans to Employees		
Secured, Considered Good	29.68	31.64
Unsecured Considered Good	7.93	3.56
Sub Total :	37.61	35.20
Deposits (Undisputed, Unsecured, Considered Good)		
Customs, Excise, Sales Tax ,Port Trusts etc.	6.20	1.74
Other Government Authorities	236.15	287.39
Others	3.46	3.46
2000 March 1	245.81	292.59
Deposits (Disputed, Unsecured, Considered Good)		
Customs, Excise, Sales Tax ,Railways, Port Trusts etc.	196.91	187.64
Income Tax Authority	360.46	235.09
Others	3.61	0.41
	560.98	423,14
Deposits (Disputed, Unsecured, Considered Doubtful)		
Others	1.93	1.93
Less : Allowances for doubtful	1.93	1.93
Sub Total:		-
Total:	806.79	715.73
	1,165.15	791.75

Note 14: Other Non Current Assets

The state of the s			
Long Term Trade Receivables	To Marie		
Doubtful	38.95	38.95	
Less : Allowances for doubtful	38.95	38.95	
The Late of the Control of the Contr			
Interest Accrued on			
Loans to Employees			
Secured Considered Good	35.02	34.62	
Unsecured Considered Good	0.47	1.08	
	35.49		35.70
Total:	35.49		35.70



# Note 15: Current Investments

(₹ in Crore)

Particulars	end o	s as at the if current ing period	end	res as at the of previous orting period
	Units in		Units in	
	.000		'000	
Investment in Mutual Funds (Face Value of ₹ 10 Each)				
IDBI FMP -370 Days Sereies - II(March12)C	25,000	25.00		
IDBI FMP -370 Days Sereies - II(March12)D	15,000	15.00		
SBI Debt Fund Series 367 Days - 13- Gr	30,000	30.00		
SBI Debt Fund Series 367 Days - 16- Gr	50,000	50.00		
SBI Debt Fund Series 370 Days - 11- Gr	50,000	50.00		
SBI Debt Fund Series 367 Days - 18- Gr	100,000	100.00		
UTI FTIF Series X Plan- VI(368 Days)	25,000	25.00		
UTI FTIF Series X Plan- VIII(368 Days)	100,000	100.00		
UTI FTIF Series XI Plan- III(368 Days)	50,000	50.00		
LIC NOMURA MF FMP Series 52-367 Days - Gr	50,000	50.00		
Canara Robeco Interval Series 2 Otrly Plan	25,000	25.00		
LICN MF Interval Fund Series -1 Otrly Dividend Plan-I	10,000	10.00		
SBI Debt Fund Series-90 Days- 56 - Dividend	10,000	10.00		
SBI Debt Fund Series-90 Days- 60 - Dividend	50,000	50.00		
SBI Debt Fund Series-90 Days - 54 - Dividend	18,000	18.00		
UTI FIIF-Series II QIP IV	15,000	15.00		
UTI FIIF-Series II QIP VII	15,000	15.00		
UTI FIIF-Series II QIP VII	240.82	0.24		
UTI-FIIF-Int Plan-Series-III		COMPLE	41,414	41.45
UTI-FIIF-Series II-Int Plan-IV			52,176	52.22
UTI FIIF Series -II-QIP-V			51,941	51.97
Canara Robeco Quarterly Interval Plan			30,000	30.00
SBI SDFS 90 days Series - 38			30,000	30.00
SBI SDFS 90 days Series - 41			100,000	100.00
SBI SDFS 180 days Series - 14			50,000	50.00
Long Term Investment with Maturity less than				12,240,000,00
2 months from the date of balance sheet date)				
SBI SDFS 18 Months Series - 5	10,000	10.00		
SBI SDFS 13 Months Series - 11	25,000	25.00		
UTI MF YFMP 03/11 (396 Days)	30,000	30.00		
Canara Robeco FMP -13-Series - 6B	50,000	50.00		
SBI SDFS 370 Days Series - 5	I HARCON	- market	40,000	40.00
SBI SDFS 370 Days Series - 6		12	25,000	25.00
SBI SDFS 370 Days Series - 7			25,000	25.00
SBI SDFS 370 Days Series - 9			50,000	50.00
SBI SDFS 370 Days Series - 10			50,000	50.00
SBI SDFS 370 Days Series - 11			50,000	50.00
SBI SDFS 15 Months Series - V			50,000	50.00
IDBI FMP Series - 1 - (367 Days)			15,000	15.00
IDBI FMP Series - 1B - (367 Days)			10,000	10.00
IDBI FMP Series - 1C - (367 Days)			25,000	25.00
IDBI FMP Senes - 1D - (367 Days)			30,000	30.00
UTI MF YFMP 10/10 (396 Days)			25,000	25.00
UTI MF YFMP 12/10 (396 Days)			20,000	20.00
UTI MF YFMP 01/11 (395 Days)			50,000	50.00
UTI FTIF Series -IX-Plan-I- (367 Days)			100,000	100.00

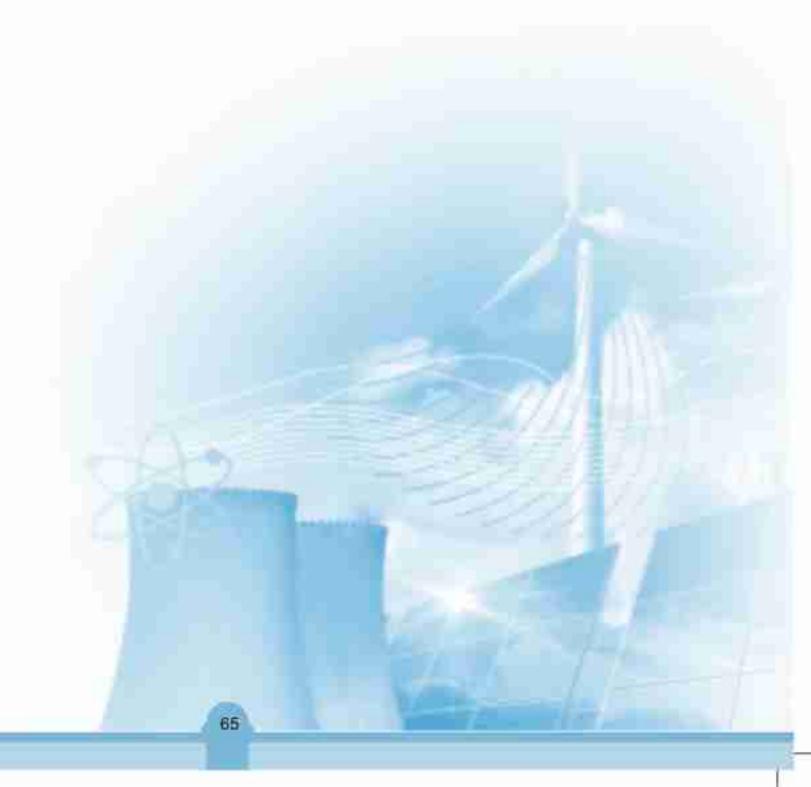
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Contd....

(₹ in Crore)

Particulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period	
UTI FMP YFMP (03/10 )	*	50,000	50.00
UTI FMP YFMP (08/10 )	*	40,000	40.00
UTI FMP YFMP (09/10 )	*	20,000	20.00
UTI FTIF-Series -VII-Plan -I	a a	20,000	20.00
UTI FTIF-Series -VII-Plan -II	a a	35,000	35.00
UTI FTIF-Series -VII-III		25,000	25.00
UTI FTIF-Series -VIII-Plan -I		25,000	25.00
UTI FTIF-Series -VIII-II		25,000	25.00
UTI FTIF-Series -VIII-IV		25,000	25.00
Canara Robeco FMP -14-Series - 6		5,000	5.00
Canara Robeco FMP -13-Series - 6		25,000	25.00
Total:	753.24	- V	1,215.65
aggregate amount of Quoted Investments	753.24		1,215.65
Aggregate amount of Quoted Investments market value	776.21		1,244.81





Note 16 : Inventories (₹ in Crore)

Particulars	Figures as at the end current reporting peri		at the end of orting period
Raw Materials	101.79	65.19	
Add :In Transit	23.63	40.11	
	125.4		105.30
Work-in-Progress	166.35	117.54	
Intermediaries	104.48	102.17	
Finished Goods	169.63	214.72	
	440.4	6	434.43
Stores & Spares	408.00	384.38	
Add :In Transit	35.16	42.14	
	443,1	6	426.52
Power & Fuel	169.34	80.12	
Add :In Transit	17.48	15.76	
	186.8		95.88
Scraps & Unserviceable Materials	15.92	7.71	
Less: Allownces for doubtful	0.16	0.16	
	15.7	6	7.55
Fixed Assets Awating Disposal	5.34	5.49	
Less : Allownces for doubtful	4.26	4.17	
	1.0	8	1.32
Total:	1,212.7	0	1,071.00

# Note 17: Trade Receivables

Unsecured, Considered Good		
- Outstanding for a period exceeding		
6 months from the date they are due	150	1.
- Others	138.12	111.66
Total:	138.12	111.66

# Note 18 : Cash and Bank Balances

Cash and Cash Equivalents		
Balances With Banks		
In Current Account	3.18	2.47
In Term Deposits #	4,161.18	3,791.63
Unpaid Dividend Account	3.82	0.85
Unpaid Debenture interest		0.11
Cheques, drafts in Hand,		
Cash on Hand including Stamps	0.17	0.17
Total :	4,168.3	3,795.23

# Includes ₹ 415,97 crore (Previous year ₹ 368.58 crore) earmarked for disputed electricity duty as per court order.



Min	An 41	0 . 0	and tarm	Lagra and	Advances
NIC	ITP T	4 5	ort term	i nans and	Anvances

(₹ in Crore)

Particulars	Figures as at the end current reporting per	of Figures as od previous rep	at the end of porting period
Other loans & Advances	W AVV		
Secured, considered good			
- Loans to employees	8.87	9:60	
Sub Total	8.8		9.60
Unsecured, considered good			
- Loans to employees	4.73	3.08	
- Advances to employees	80.13	84.40	
- Advances to Vendors	142.85	139.06	
- VAT Credit Receivable	13.41	13.09	
- Cenvat Credit Receivable	105.66	97.14	
- Advance income tax (Net of Provision)	27.82	81.34	
- MAT Credit Entitlement	39.89	250	
- Claims receivable from Customs.			
Excise and Railway Authorities	3.25	3.30	
- Prepaid Expenses	1.63	1.50	
- Others	87.10	3.03	
	506.4	2 2 3 5 5 T	425.94
Unsecured , considered doubtful	200		360.57
- Advances to employees	0.01	- 2	
- Advances to Vendors	2.42	2.40	
- Claims receivable from Customs,	676	5.40	
	1.05	1.05	
Excise and Railway Authorities - Others	1.95	2.03	
- Others	5.42	5.48	
Committee of the Commit		1. St. 1877	
Less : Allownces for doubtful	(5.42)	(5.48)	
Total:	515.3	34	435.54
Note 20 : Other Current Assets			
Interest Accrued on			
Bank Deposits	67.18	105.40	
Loans to Employees	0.49	0.54	
Other loans and Advances	0.17	0.13	
Unsecured, considered good	167.84	106.07	
Loans to Employees			
Secured, considered good	2.57	2.71	
Sub Total	170.4	H T	108.78
Export Incentives	61.02	63.14	
Less : Allownces for doubtful		(2.47)	
	61.0	12	60.67
Sundry Debtors			
Unsecured, considered good	0.97	0.74	
Unsecured, considered doubtful	0.06	0.06	
Less : Allownces for doubtful	(0.06)	(0.06)	
	0.5	Children and the childr	0.74
Insurance Claims	10.02	9.91	
Less : Allownces for doubtful	(7.84)	(4.10)	
	2.1		5.81
Total:	234.5	58	176.00



# Note 21: Contingent Liabilities not provided for

(₹ in Crore)

Par	ticulars	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
Clai	ms against the company not acknowledged as debts :		
1.	Sales Tax	470.37	456.67
2.	Excise Duty	112.68	294.56
3.	Customs Duty	0.62	0.68
4.	Claims of Contractors' Suppliers & Others	98.90	153.42
5.	Land acquisition and interst there on	47.89	46.50
6.	Income Tax & wealth tax	361.61	276.50
7.	Entry Tax and Road Tax	110.09	78.20
8.	Employee State Insurance	0.40	0.32
9.	Provident Fund Commissioner		0.05
10.	Royality	0.48	15.48
11.	NPV and related expenses under mining lease	106.04	59.82
	Total:	1,309.08	1,382.20

# Note 22 : Capital and other commitments

a)	Capital commitments		
1.	Estimated amount of contracts on capital account and not provided for remaining to be executed	498.18	806.16
<b>b</b> )	Other commitments		
1	The company has imported capital goods under the export promotion capital goods scheme of the Govt. of India at concessional rates of duty under the scheme to fulfill quantified exports (Duty saved ₹ 274 Crore).	2,195.00	1,763.84
2	The company has availed concessional rate of duty through EPCG license for its Rolled Product Unit established earlier as 100% EOU which was debonded wef 15.5.2007 (Duty saved ₹ 27.83 Crore)	223.00	223.00
	Total:	2.916.18	2,793.00



# Note 23: Revenue From Operations

(₹ in Crore)

Par	ticulars			es for the co porting peri		Figures for the previous reporting period		
a)	Sale of Products					-		
(i)	Export:		Quantity*			Quantity*		
	Alumina		792,552	1,420.33		639,855	1,020.55	
	Aluminium		98,399	1,148.27		98,200	1,044.55	
				2,568.60			2,065.10	
(ii)	Domestic :		PRESENTED	and the same of th		++1171974	100 march 100 m	
	Alumina		50,253	122.44		45,913	103.42	
	Aluminium		317,517	4,234.76		340,753	4,184,76	
	Electricity		16	1.13		56	16.60	
	Aller State of the			4,358.33			4,304.78	
		Sub-Total:			6,926.93		II 0004000000	6,369.88
b)	Other Operating Revenue							19110000000
(i)	Export Incentives							
	Alumina			76.56			60.70	
	Aluminium			28.12			31.32	
				104.68			92.02	
(ii)	Finished Goods Internally							
2.1871	Consumed /Capitalised			6.62			5.57	
	objection of the state of the s	Sub-Total :		-	111.30			97.59
c)	Less : Excise Duty				canera			
	Alumina			11.66			9.80	
	Aluminium			415.00			401.10	
		Sub-Total:			426.66			410.90
		Total:			6,611.57			6,056.57

<sup>\*</sup> Quantity for Alumina and Aluminium are in MT and for Electricity it is in MU.

#### Note 24: Other Income

a)	Interest Income on:		COMBO	1992 - 01	
	Bank Deposits		414.09	259.24	
	Loans to Employees		3,05	3.48	
	Others		4.79	1.56	
	1000000	Sub-Total:	421.93		264.28
b)	Income on Investments:	PARTITION OF	1		1
	Net Gain /(Loss) on				
	Dividend Plan Investments		6.90	20,57	
	Short term Investments		19,02	18.00	
	Long term Investments		72.55	26.17	
	-11000	Sub-Total :	98.47		64.74
c)	Net gain/ (loss) on Foreign				14.5.0001.1
	Exchange translation & transactions		0.69		0.27
d)	Miscellaneous Income		21.07		24.11
777.0		Total:	542.16		353.40



# Note 25: Cost of Materials Consumed

(₹ in Crore)

Particulars	Figures for the current reporting period		Figures for the previou reporting period	
Raw Materials	Quantity(MT)		Quantity(MT)	7_()
Caustic Soda	144,631	370.40	107,068	226.19
C.P. Coke	159,969	428.36	170,388	334.87
C.T. Pitch	36,634	120.30	41,189	106.33
Aluminium Flouride	8,279	62.36	8,275	46.91
Lime	44,845	27.79	46,799	23.11
Others		27.07		28.71
Sub-Total:	2	1,036.28	3	766.12
Adjustments Pertains to Earlier Year		(5.50)		~
Total:		1,030.78	-	766

#### Note 26: Power and Fuel

₹ in Crore)

vote 26 : Power and Fuel			(s in crois)
Coal	1,171,71	995.24	
Fuel Oil	744.66	511,19	
Duty on own Generation	138.01	154.47	
Purchased Power	136.14	92.89	
Power Transmission Charges	4.39	3.31	
Power from Trial Operation		2 11	
Sub-Total:	2,194.91	1,759.21	
Adjustments Pertains to			
Earlier Year	1.77.	6.26	
Total:	2,196.68		1,765.47





Note 27: Changes in inventories of finished goods, intermediaries and work-in-process

(₹ in Crore)

Particulars	Figures for the current reporting period	Figures for reportin	the previous g period
A. Finished Goods			
Opening Stock			
Bauxite	25.25	16.91	
Chemical	87.69	76.34	
Aluminium	101.78	48.80	
Less : Closing Stock	214.72		142.05
Bauxite	14.96	25.25	
Chemical	97.12	87.69	
Aluminium	57.55	101.78	
	169.93		214.72
(Accretion)/Depletion	45.09		(72.67)
Change in Excise Duty	(5.64)		11.05
Trial Production/Other Adjustments	3		1.81
Net (Accretion)/Depletion	39.45		(59.81)
B. Intermediaries			
Opening Stock			
Anodes	94.79	73.97	
Others	7.38	11.26	
	102.17		85.23
Less : Closing Stock			
Anodes	88.44	94.79	
Others	16,04	7.38	
	104.48		102.17
(Accretion)/Depletion	(2.31)		(16.94)
Trial Production/Other Adjustments	0.05		6.59
Net Accretion(-)/Depletion	(2.26)		(10.35)
C. Work-in-Process			
Opening Stock	117.53	123.71	
Less : Closing Stock	166.35	117.53	
(Accretion)/Depletion	(48.82)		6.18
Trial Production/Other Adjustments	8.70		2.30
Net (Accretion)/Depletion	(40.12)		8.48
Total (A+B+C):	(2.93)		(61.68)



# Note 28: Employee Benefit Expenses

(₹ in Crore)

Particulars	Figures for the current reporting period	Figures for the Previous reporting period
Salaries and wages	891.86	850.76
Contribution to Provident, Pension and Gratuity Fund	101.94	82.71
Staff welfare expenses	40.78	28.57
	1,034.58	962.04
Adjustments Pertaining to Earlier Years	(0.04)	(0.88)
Total:	1,034.54	961.16

# Long term Employee Benefit obligations (As per AS-15) included in Note 28 above

Gratuity	Leave Encash- ment	Post Retire- ment Medical Benefit	Retire- ment Benefit	Leave Travel Benefit	NEFFAR Scheme	Long Service Reward
						2
262.12	188.12	8.53	11.79	-	23.22	15.29
250.26	163.06	7.88	11.20	3.34	18.15	19.56
256.91	2	-			7	
237.21	20	2		12	14	- 2
(5.21)	2	2	100		14	-
(13.05)	2			- 4	14	- 2
5.21	20	2	170	120	14	
13.05	2	20	(/2)	- 2	- 2	- 3
18.36	43.07	2	1/4/	- 20	14	0.76
17.27	40.02	2	1/2	- 4	- 2	0.96
19.60	11.78	0.58	0.88	- 21	14	1.31
17.88	8.20	0.45	0.85	0.29	- 6	1.17
18.97				- 3		-
10.68					9	
(13.52)	2.02	1.34	0.09	(3.34)	5.07	(0.10)
(11.55)	24.43	2.18	(0.19)	0.68	2.30	5.08
5.47	56.87	1.92	0.97	(3.34)	5.07	1.97
12.92	72.65	2.63	0.66	0.97	2,30	7.21
Sheet:						
13.05	163.06	7.88	11.20	3.34	18,15	19.56
92.87	114.56	6.02	10.74	4.91	15.85	16.89
5.47	56.87	1.92	0.97	(3.34)	5.07	1.97
12.92	72.65	2.63	0.66	0.97	2.30	7.21
13.30	31.81	1.27	0.38			6.24
92.74	24.15	0.77	0.20	2.54		4.54
	- Printer					5.0
	-/-			- 20		
5.22	188.12	8.53	11.79		23.22	15.29
	163.06	7.88	11.20			19.56
	262.12 250.26 256.91 237.21 (5.21) (13.05) 5.21 13.05 18.36 17.27 19.60 17.88 18.97 10.68 (13.52) (11.55) 5.47 12.92 Sheet: 13.05 92.87 5.47 12.92	262.12 188.12 250.26 163.06 256.91 - 237.21 - (5.21) - (13.05) - 5.21 - 13.05 - 18.36 43.07 17.27 40.02 19.60 11.78 17.88 8.20 18.97 - 10.68 - (13.52) 2.02 (11.55) 24.43 5.47 56.87 12.92 72.65 Sheet: 13.05 163.06 92.87 114.56 5.47 56.87 12.92 72.65 13.30 31.81 92.74 24.15	Encash- ment Benefit  262.12 188.12 8.53 250.26 163.06 7.88 256.91 237.21 (5.21) (13.05) 5.21 13.05  18.36 43.07 17.27 40.02 - 19.60 11.78 0.58 17.88 8.20 0.45 18.97 10.68 (13.52) 2.02 1.34 (11.55) 24.43 2.18 5.47 56.87 1.92 12.92 72.65 2.63  Sheet:  13.05 163.06 7.88 92.87 114.56 6.02 5.47 56.87 1.92 12.92 72.65 2.63 13.30 31.81 1.27 92.74 24.15 0.77	Encash-ment   Benefit   Benefit	Encashment   Benefit   Benefit   Benefit   Benefit	Encash-ment   Benefit   Benefit   Benefit   Benefit   Benefit   Benefit   Benefit   Benefit   Benefit   Scheme

#### Note

- 1. Figures in Italics pertain to previous year.
- 2 Gratuity is a Post Employment Funded Defined Employee Benefit Plan
- 3. Other Benefits are Un-Funded Defined Employee Benefit Plan



#### Note 28 : Employee Benefit Expenses Cont..

(₹ in Crore)

Particulars	Figures for the current reporting period	Figures for the Previous reporting period
A. Acturial Asumptions		
Mortality Table (LIC)	LICI 1994-1996	LICI 1994-1996
Discount rate	8.00%	8.00%
Return on plan assets	8.00%	8.00%
Rate of escalation in salary	5.00%	5.00%
Superannuation Age	60 Years	60 Years

The estimates of future salary increases considered in acturial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employement market. Further the expected return on plan asset is determined considering several applicable factors mainly the composition of plan assets held, assessed risk of asset management and historical returns from plan assets.

#### B. Investment Details of Plan Assets

C. Actual Return on Plan Assets	7	7.05 Crore	₹1	7.28 Crore
Total:	256.91	100.00	237.21	100.00
Others	0.02	0.01	0.10	0.04
Insurer Managed Fund	256.89	99.99	237.11	99.96
	₹ in Crore	96	₹ in Crore	%

#### D.General description of various defined benefit schemes are as under:

- (i) Provident Fund: The company pays fixed contribution to Provident Fund, at pre-determined rates, to a separate trust, which invests the funds in permitted securities. On contributions the trust is required to pay a minimum rate of interest, to the members, as specified by Govt. of India. The obligation of the Company is limited to the shortfall in the rate of interest on the contribution based on its return on investments as compared to the declared rate.
- (ii) Pension Fund: The Company pays fixed contribution to the trustee bank of PFRDA, which in turn invests the money with the insurers as specified by the employee concerned. The Company's liability is limited only to the extent of fixed contribution.
- (iii) Gratuity: Gratuity payable to employees who render continues service of five years or more, on separation at 15 days of last drawn pay (Basic plus DA) for each completed years of service subject to a maximum of ₹ 10,00,000/-. The gratuity scheme is funded by the Company and are managed by a separate trust. The liability for under the gratuity scheme is recognised on the basis of acturial valuation.
- (iv) Post Retirement Medical Benefit: The benefit is available to retired employees and their spouses in the Company's hospital/ Govt. Hospital/ hospitals notified by the Company. They can also avail treatment as out patient subject to ceiling fixed by the Company. The liability under the scheme is recognised on the basis of acturial valuation.
- (v) Retirement Benefit: On superannuation /retirement/termination the employees and/or family shall be entitled to get travelling allowance as fixed by the Company (as per TA rule) from the last hedquarters to the home town or any other place of settlement. The liability for the same is recognised on the basis of acturial valuation.
- (vi) Long Service Reward: The employees who complete 25 years of service are entitled for long service reward which is equal to one month basic pay. The liability for the same is recognised on the basis of acturial valuation.
- (vii) NEFFARS: In the event of disablement/death, the Company pays monthly benefit to the employee/legal heir at their option and on deposit of prescribed amount as stipulated under the scheme upto the date of notional superannuation. The liability for the same is recognised on the basis of acturial valuation.
- (viii) Leave Encashment: The accumulated earned leave, half pay leave & sick leave is payable on separation, subject to maximum permissible limit as prescribed in the leave rules of the Company. During the service period encashment of accumulated leave is also allowed once in a calendar year subject to limits. The liability for the same is recognised on the basis of acturial valuation.



Note 29 : Finance Cost	(₹ in Crore)
------------------------	--------------

		he current period	Figures for the Previou reporting period	
Interest Expense	- M			30
Interest on Short term Loans	0.76		£	
Other Borrowing Costs				
Interest on Bills Discounting	0.11			
Total:	- HALL	0.87		÷
Note 30 : Other Expenses				
Repairs and Maintenance				
Repairs to Building	35.25		24.75	
Repairs to Plant & Machinery	111.52		97.99	
Repairs to Others	11.87		8.96	
Sub-Total:	11,07	158.64	0.50	131.70
Consumption of Stores & Spare Parts etc.		100.04		10,
Stores & Spares*	303.57		293.63	
Consumables	100.92		89.45	
Sub-Total :	100.92	404.49	69.45	383.08
		404.43		303.00
Other Manufacturing Expenses	65.63		59.10	
Royality & Cess			10 TO	
Water Charges	23.44		12.68	
Others	42.27	122.22	36.27	7-22-1
Sub-Total:		131.34		108.05
Freight and Forwarding Expenses				
Incoming Materials	68.62		65.13	
Outgoing Materials	69.17	MINISTRA	56.66	74014744.0144.0454
Sub-Total :		137.79		121.79
Rent		1.29		1.23
Rates & Taxes		2.70		2.59
Insurance		4.99		4.72
Payment to Auditors				
As Auditors	0.14		0.14	
For Taxation Matters	0.03		0.03	
For Company Law Matters	0.10		0.08	
For Reimbursement of Expenses	0.14		0.15	
Sub-Total:	2	0.41		0.40
Payment to Cost Auditors		0.02		0.02
Security & Fire fighting Expenses		60.93		48.35
CSR Expenses (Refer Note No.44.1)		34.22		26.77
Miscellaneous		HESTER		PDR*-2001 (V)
Administrative and General Expenses	100.34		65.82	
Interest on Disputed Govt. Dues & Others	131.30		100.64	
Selling & Distribution Expenses	15.34		15:01	
Others	29.26		18.86	
Provisions	1.29		0.34	
Sub-Total:	1175	277.53		200.67
Adjustments Pertaining to Earlier Years		(6.76)		3.98
Total:		1,207.59		1,033.35

<sup>\*</sup>Not included in Repairs & Maintenance



# Note 31 : Exceptional Items

(7 in Crore)

Particulars	Figures for the current reporting period	Figures for the Previous reporting period
Employee Benefit Expense	140.61	*
(Refer Note No.39.1)		
Power and Fuel (Electricity Duty)	(118.71)	
(Refer Note No.39.2)		
Total:	21.90	

# Note 32: Expenditure incurred in Foreign Currency

Professional & Consultation Fees	9.31	6.11
Other expenses	0.75	0.83
Total:	10.06	6.94

# Note 33: Earnings in Foreign Currency

Export of goods calculated on FOB basis	2,556.93	2,055.20
Other Income(Despatch Money Claim)	0.85	0.54
Total:	2,55	7.78 2,055.74

# Note 34 : Value of Imports calculated on CIF basis

Raw materials	181.37	279.96
Components & spare parts	75.55	57.36
Capital goods	60.93	79.06
Total:		317.85 416.3

# Note 35 : Value of Raw Materials, Spare parts & components consumed during the year

	- 3-0	Value	%	Value	%
a) Raw Materials					
Imported		163.17	15.75	156.11	20.38
Indigenous		873.11	84.25	610.01	79.62
	Total:	1,036.28	100.00	766.12	100.00
b) Spare parts and components					e /
Imported		143.79	35.55	139.09	36.31
Indigenous		260.70	64.45	243.99	63.69
S2	Total:	404.49	100.00	383.08	100.00



#### Note No. 36: Land & Building:

- 36.1 Title deeds have been executed for freehold land acquired through State Government, except for land measuring 17.25 acres. Process of conversion of freehold land for Industrial use has been taken- up with Revenue Authorities.
- 36.2 Leasehold land includes 1238.63 acres of land in respect of which lease deeds are yet to be executed. However, the Company has been permitted by the State Government to carry on its operations on the said land.
- 36.3 Registration formalities in respect of office space for 6,459 Sq.ft purchased from Kolkata Municipal Development Authority, valuing ₹ 5.50 Crore in Kolkata is under process.

#### Note No. 37: Compensation to land displaced persons:

In order to compensate substantially land affected persons (SAPs) at Angul Sector in lieu of employment, the Company has offered a cash assistance package ranging from ₹ 2.50 lakhs to ₹ 15.00 lakhs per person depending upon the area of land, based on recommendation of Rehabilitation Advisory Committee (RAC), constituted by State Government for the purpose. Compensation paid/payable to such SAPs as on 31.03.2012 is ₹7.69 crore.

#### Note No.38: Investment in Joint Ventures and New Projects:

- 38.1 The Company has entered in to a joint venture with IDCO (A Govt. of Odisha Undertaking) under the name and style "Angul Aluminium Park Pvt. Ltd", in the share holding pattern between NALCO and IDCO in the ratio of 49.5% and 50.5% respectively. As on date, the Company has paid ₹ 0.99 crore towards equity contribution. The payment towards equity contribution has been shown under the head 'investments'.
- 38.2 The Company has also entered in to a joint venture with Nuclear Power Corporation of India Limited (NPCIL) under the name & style of NPCIL-NALCO Power Company Limited incorporated on 2nd March, 2012 in which NALCO has 26% stake. No equity contribution has been made by NALCO till 31.03.2012.
- 38:3 The Company has paid ₹ 151 crore to Gujarat Mineral Development Corporation Ltd (GMDC) towards upfront payment while bidding for a new project for establishing Alumina Refinery and Aluminium Smelter with supply of Bauxite by GMDC. The decision of GMDC on the bid is awaited.

#### Note No. 39. : Exceptional Item:

#### 39.1Employee Benefit:

Performance Related Pay (PRP) payable to Executives w.e.f. financial year 2007-08 was finalized during the year. The additional impact over and above the liability provided up to 31.03.2011 works out to ₹ 54.77 crore mainly due to certain new clarification issued by Govt. of India during the year. As per the long term wage settlement for unionized employees, contribution for pension benefit under New Pension scheme up to 31.03.2011 has been provided in the current year amounting to ₹ 85.84 crore.

#### 39.2 Electricity Duty:

Based on the Judgment of Hon'ble High Court of Odisha, Transformer and Transmission loss of power is not subject to levy of Electricity Duty and amount paid, if any is refundable. The impact of liability provided on this account up to last year amounts to ₹118.71 grore, written back now.

The above amounts being material and relevant to users for understanding the financial performance, the same has been considered exceptional items. The net impact is additional expenditure of ₹21.90 crore.

#### Note No.40: Pay Revision of Unionized Employees:

5th Long Term Wage Settlement of Unionized employees was finalized and implemented during the year. Additional amount of ₹45.54 crore over and above the liability provided up to last year (₹395 crore) has been charged to current year accounts.

#### Note No.41: Renewable Purchase Obligation (RPO):

As per the provisions of Odisha Electricity Regulatory Commission (OERC) notification, NALCO, being an obligated entity has the obligation to generate power for 5% of its total consumption from renewable sources comprising of 3,70% from co-generation, 0.10% from Solar renewable source and 1.20% from Non solar renewable source. The company has fulfilled the requirement of its co-generation obligation for the year 2011-12 through co-generation of power from Steam Power Plant at Refinery Unit.

The Company has spent and provided an amount of ₹ 29,20 crore towards Renewable Purchase Obligation (RPO) for the year due to non-fulfillment of the obligation to generate power from renewable source of Solar and Non-solar, as detailed below:

a) Procurement of REC against Non-solar obligation ₹8.93 crore

 b) Balance liability for Non-solar obligation ₹12.81 crore

 c) Liability for solar obligation ₹7.46 crore ₹ 29.20 crore

Total:



An appeal, however, is pending before OERC to postpone RPO for the year to next year.

#### Note No. 42: Dues payable to Micro, Small and Medium Enterprises:

Dues payable to Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ in crore)

		As at 31st March 2012	As at 31st March 2011
J)	Principal amount due	0.78	0.63
ii)	Interest on principal amount due	Nil	Nil
iii)	Interest and principal amount paid beyond appointment day	Nil	Nil
iv)	The amount of interest due and for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the amount of interest specified under MSME Development Act 2006	Nii	Nil
v)	The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSME DevelopmentAct 2006	Nii	Nii

#### Note No.43: Dividend for the year:

- 43.1 The Company has paid interim dividend of ₹ 0.90 per equity share of ₹ 5/- each for the year 2011-12 (previous year ₹ 2/- per equity share of ₹ 10/- each before splitting and bonus issue, which is equivalent ₹ 0.50/- per equity share of ₹ 5/- each).
- 43.2 The provision for final dividend of ₹ 0.10 per equity share of ₹ 5/- each is made for the year 2011-12 (previous year ₹ 0.50/- per equity share of ₹ 5/- each after splitting and bonus issue).
- 43.3 Total dividend for the year 2011-12 works out to ₹ 1/- per equity share of ₹ 5/- each (previous year ₹ 1/- per equity share of ₹ 5/- each). Total amount of proposed dividend for the year 2011-12 is ₹ 257.72 crore (previous year ₹ 257.72 crore).

#### Note No.44: Change in Accounting Policy/ Practice:

- 44.1 The Company is providing education facilities through its sponsored schools at plant sites for the children of employees as well as children from peripheral areas as a part of Corporate Social Responsibility. Proportionate expenditure incurred for students from peripheral areas amounting to ₹ 10.93 crore (previous year ₹ 10.12 crore) has been classified as CSR expenses which was included under employee benefits expenses up to last year.
- 44.2 Mining Rights represent amount paid towards Net Present Value (NPV) and other related payments in connection with renewal of mining lease which was earlier grouped under Lease hold land (₹ 104.67 crore) now classified under intangible assets in compliance with revised Schedule VI to the Companies Act, 1956. Depreciation on the said assets has been re-grouped accordingly.
- 44.3 Technological license represent payment of ₹ 14.70 crore made to Rio Tinto Alcan (RTA) towards license right for use of technology for Alumina and Aluminium production (which includes ₹ 0.72 crore capitalized as plant and equipment in earlier years).

There is no impact on the Profit of the Company due to above change in Accounting Policies/ Practices.

#### Note No.45: Regrouping of previous year's figures:

Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable.

#### Note No.46: Related Party Disclosures:

46.1 As per AS-18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the names of the related parties during the year are given below:-



#### Whole time Directors:

- (a) Shri A.K. Srivastava
- (b) Shri B.L. Bagra
- (c) Shri Joy Varghese
- (d) Shri A.K. Sharma (Up to 30.09.2011)
- (e) Shri P.K. Padhi (Up to 31.01.2012)
- (f) Shri Ansuman Das
- (g) Shri S.S. Mohapatra (w.e.f. 01.10.2011)
- (h) Shri N.R. Mohanty (w.e.f. 01.02.2012)

#### ii) Part time Official Directors: (Nominee of Govt. of India):

- (a) Shri S.K. Nayak, IAS (Up to 05.09.2011)
- (b) Shri S.K. Srivastava, IAS

#### iii) Part time non official (Independent) Directors:

- (a) Shri Ved Kumar Jain
- (b) Shri P.C. Sharma, IAS (Retd.)
- (c) Shri G.P. Joshi, IAS (Retd.) (w.e.f. 15.09.2011)
- (d) Shri S.S. Khurana (w.e.f. 15.09.2011)
- (e) Shri Madhukar Gupta, IAS (Retd.) (w.e.f. 27.12.2011)
- (f) Shri G.H. Amin (w.e.f. 27.12.2011)

#### 46.2Related party transactions:

Remuneration and loans to whole time directors are as furnished below:

₹ In Crore

SI No Particulars	Current Year	Last Year
Whole time Director's Remuneration :		
Salaries	1.35	1.39
Performance Related Pay (PRP)	0.39	0.28
Company's Contribution to Provident Fund	0.14	0.16
Leave Travel Concession	0	0.02
Medical Benefits	0.02	0.02
Other Benefits	0.12	0.06
Total:	2.02	1.93
2. Loans / advances due from Directors:		
Outstanding at the end of the year	0.08	0.01
Maximum amount due at any time during the year	0.08	0.01



#### SIGNIFICANTACCOUNTING POLICIES

#### 1. BASIS OF ACCOUNTING.

The financial statements are prepared under historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

#### USE OF ESTIMATES.

In preparing the financial statements in conformity with accounting principles generally accepted in India, the Company makes estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amount of revenues and expenses during the reported period. Actual result in some cases could differ from those estimates. Any revision of such estimates is recognized in the period in which the same is determined.

3. COMPLIANCÉ TO REQUIREMENT OF REVISED SCHEDULE-VITO THE COMPANIES ACT. 1956.

The Financial Statements are prepared in compliance with the provisions of revised Schedule VI to the Companies Act, 1956. All assets and liabilities have been classified as current and/or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

#### (A) FIXEDASSETS.

- 4.1 Åll fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment loss, if any. Cost includes all direct expenditure of acquisition, attributable borrowing cost and net of CENVAT/VAT credit, wherever applicable.
- 4.2 Expenditure on development of land including leasehold land is capitalized as part of cost of land.
- 4.3 Intangible Assets are stated at acquisition cost, net of accumulated amortization and are amortized on a straight line basis over their estimated useful lives.
  - NPV and related payments made to Govt. authorities for bauxite mines, Application Software package like ERP and application development tools like RDBMS and Technical know-how right (RTA) are treated as intangible assets.
- 4.4 Insurance spares valuing more than ₹1 lakh per unit are capitalized with the related fixed assets.
- 4.5 Fixed assets retired from active use and held for disposal are stated at net book value with provision for doubtful realization required, if any, and considered as current asset till the time of its disposal.

#### 4. (B) DEPRECIATION.

- 4.1 Depreciation on tangible assets is provided on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956 except in case of certain assets where depreciation at higher rate is provided based on their estimated remaining useful life, evaluated on the basis of technical estimate made periodically in respect of the following assets.

  Earth work portion of:
  - a) Red mud pond at Alumina Refinery;
  - b) Ash pond at Alumina Refinery;
  - c) Ash ponds at Captive Power Plant.
- 4.2 Intangible assets for software is amortized over a period of 3 years and intangible assets for Mining Rights is amortized over 20 years from the date of payment or date of renewal / deemed renewal whichever is earlier based on respective lease life. Technical know-how right (RTA license) is amortized over the useful life of related plant and machinery.
- 4.3 Certain assets at Port Facilities are depreciated at rates calculated on the basis of balance lease period of land belonging to the Port Authority on which these assets are installed.
- 4.4 Assets costing ₹ 5.000/- or less individually are depreciated fully in the year in which they are put to use.
- 4.5 Assets laid on land not owned by the Company are depreciated over a period of five years.
- 4.6 Classification of plant and machinery into continuous and non-continuous is made on the basis of technical opinion and depreciation provided accordingly.
- 4.7 Depreciation on value adjustment is provided prospectively.
- BORROWING COST.
- 5.1 General and specific borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset until such time the assets are ready for their intended use.
- $5.2 \quad \text{Other borrowing costs are recognized as expenses in the period in which these are incurred}.$
- 6. IMPAIREMENT.

The Company reviews the carrying amount of its fixed assets, whenever circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated discounted future cash flow expected to result from use of the asset is less than its carrying amount, the asset is deemed to be impaired. The impairment loss is measured as the difference between the carrying amount and recoverable amount.

#### INVESTMENTS.

- 7.1 Investments intended to be held for not more than one year from the date of such investment, are classified as current investments. All other investments are classified as long term investments. Long-term investments are carried at cost, after providing for diminution in value, if it is of a permanent nature.
- 7.2 Current investments are stated at cost or fair value whichever is lower.
- 8. INVENTORY.
- 8.1 Inventory of stores and spares are valued at cost net of CENVAT / VAT credit wherever applicable. Cost is determined on moving weighted average price on real time basis.
- 8.2 Stores and spares other than insurance spares held but not issued for more than 5 years are valued at 5% of the cost.
- 8.3 Shortage of coal up to 1% of the receipt quantity is treated as normal loss and beyond 1% is treated as abnormal loss.
- 8.4 Materials and other supplies held for use in the production (other than considered as non-moving) are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost.
- 8.5 Inventories of finished goods, semi-finished goods, intermediary products and work in process except anode butts and rejects are valued at lower of cost and net realizable value. Cost is generally determined at moving weighted average price of materials on real time basis, appropriate share of labour and related overheads. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.
  - Anode rejects and butts are valued at lower of past realized value or 45% of direct material cost.
- 8.6 Scrap of various nature internally generated is valued at estimated net realizable value.



#### 9. GOVERNMENT GRANTS.

- 9.1 Fixed assets acquired out of financial grant from Government are shown at cost by crediting the grant-in-aid received to Capital Reserve.
- 9.2 Export incentives/Duty drawback on exports made during the year, are accounted for on accrual basis and shown as other operating income.
- 9.3 The saving on account of application of concessional rate of customs duty against EPCG licenses is disclosed as a contingent liability towards its Export Obligation.
- 10. FOREIGN CURRENCYTRANSACTIONS.
- 10.1 All foreign currency transactions are recorded by applying the exchange rate as on the date of transactions.
- 10.2 Monetary assets and liabilities in foreign currency are restated at year-end exchange rates. Exchange difference on restatement are recognized in the statement of Profit & Loss.
- 11. REVENUE RECOGNITION.
- 11.1 Sales in the domestic market are recognized at the time of dispatch of materials to the buyers. Export sales are recognized on issue of Bill of Lading. Domestic Sales include excise duty and are net of rebate and price concessions.
- 11.2 Claims and interest receivables are accounted for in the statement of Profit & Loss based on certainty of their realization.
- 11.3 Interest income on term deposits is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.
- 12. LONGTERMEMPLOYEEBENEFITS.
- 12.1 Contributions towards Provident Funds & Pension Scheme are charged to the Profit and Loss Account for the period as and when the contributions to the Funds are due.
- 12.2 The provisions/liabilities towards gratuity, accrued leave, long term service awards, post retirement medical and settlement benefits, future payments to the legal heirs of deceased employees under the NEFFARS scheme, are made based on the actuarial valuation as at the end of the year and charged to Profit & Loss Account after considering actuarial gains/losses.
- 12.3 Expenditure on voluntary retirement compensation is charged off in the year in which it is incurred.
- 13. PRIOR PERIOD/PREPAID ITEMS.
  - Income/ Expenditure relating to prior period and prepaid expenses not exceeding ₹1 lakh in each case is treated as income/expenditure for the current year.
- 14. EXPENDITURE ON NEW PROJECTS.
  - Expenses on account of new potential projects incurred till investment approval, are charged to revenue. Expenditure incurred thereafter in case of successful projects are accounted for under capital-work-in progress and capitalized subsequently.
- 15. REPAIRSAND REPLACEMENT.
  - Repairs and replacement of major components are considered in the statement of Profit & Loss as and when incurred.
- 16. EXPENDITURE ON RESEARCH AND DEVELOPMENT.
  - Expenditure incurred during research phase is charged to revenue when no intangible asset arises from such research.
  - Development expenditure except of capital nature is charged to statement of Profit & Loss in the year incurred after setting of incidental income, if any.
- 17. EXCEPTIONALITEMS.
  - Exceptional items are the items of income and expenses within profit or loss from ordinary activities of such size, nature or incidence whose disclosures is necessary.
- 18. DEFERREDTAX.
- 18.1 Deferred Tax expense or benefit is recognized on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- 18.2 Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.
- 19. SEGMENT REPORTING.
- 19.1 The Company has considered Chemicals, Aluminium and Electricity as the three primary business segments. Chemicals include Calcined Alumina, Alumina Hydrate and other related products. Aluminium includes aluminium ingots, wire rods, billets, strips, rolled and other related products. Bauxite produced for captive consumption for production of alumina is included under chemicals.
- 19.2 India and Outside India are the two geographical segments. Since all production and other facilities are located in India, segment assets except export debtors are shown under one geographic segment i,e. India.
- 19.3 Inter-unit transfer of Calcined Alumina is considered at lower of average price from export sales during the period less freight and cost plus 15.50% return on investment on gross fixed assets. For electricity, lower of the average sales price to GRIDCO and cost plus 15.5% return on investment on gross fixed assets (as per CERC guidelines), has been considered for transfer pricing.
- 19.4 Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities. Revenue, expenses, assets and liabilities, which relate to the enterprise as a whole and are not allocable on a reasonable basis, have been included under Unallocated Common segment.
- 20. JOINTVENTURES.
  - The company has entered into Joint Ventures with IDCO (A Govt. of Odisha Undertakings) under the name and style of Angul Aluminium Park Private Limited registered on 30.07.2010 in the share holding pattern between NALCO and IDCO in the ratio of 49.5% and 50.5% respectively. Besides, a new Company has been formed in Joint Venture with Nuclear Power Corporation of India Ltd. (NPCIL) in the name and style of the new JV as NPCIL NALCO Power Company Ltd where NALCO has 26% stake.
  - The investment made in the Joint Venture is disclosed in line with Accounting Standard AS-27 issued by the Institute of Chartered Accountants of India.
- 21. PROVISIONS AND CONTINGENT LIABILITIES & CONTINGENT ASSETS.
- 21.1 A provision is recognized when there is present obligation as a result of a past event and it is probable that an out flow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. These are reviewed at end of each year and adjusted to reflect the best current estimate.
- 21.2 Provision is made /written back in respect of balances on account of sums payable/receivable for more than 3 years, in respect of parties other than Govt. Dept./ Govt. Companies. In case of Govt. Dept./ Govt. Companies, the same is made on case to case basis depending upon the merit of the case.
- 21.3 Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require any outflow of resources.
- 21.4 No provision is recognized or disclosure for contingent liability is made, when there is a possible obligation or a present obligation and the likely hood of outflow of resources is remote.
- 21.5 Contingent assets is neither recognized nor disclosed in the financial statement.



# 5 YEARS PERFORMANCE AT A GLANCE - PHYSICAL

SI.	Particulars	Units	2011-12	2010-11	2009-10	2008-09	2007-08
1	Production:						
	Bauxite	MT	5,002,626	4,823,908	4,878,888	4,700,027	4,684,684
	Alumina Hydrate	MT	1,687,000	1,556,000	1,591,500	1,576,500	1,575,500
	Aluminium	MT	413,089	443,597	431,488	361,262	360,457
	Power (net)	MU	6,200	6,608	6,293	5,541	5,609
2	Export Sales:						
	Alumina	MT	792,552	639,855	702,554	851,886	859,943
	Aluminium	MT	98,399	98,200	146,947	82,317	101,723
3	Domestic Sales:			11-17-200			
	Alumina / Hydrate	MT	36,144	27,511	26,045	20,929	11,307
	Aluminium	MT	317,517	340,752	289,032	271,274	251,612
	Power	MU	16	56	15	81	129

# 5 YEARS PERFORMANCE AT A GLANCE - FINANCIAL

SI.	Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Α	Income Statement :	Seminar			135.40001	2022005
1	Exports	2,569	2,065	2,209	2,085	2,134
2	Domestic Sales	4,358	4,305	3,101	3,446	3,340
3	Gross Sales (1+2)	6,927	6,370	5,310	5,531	5,474
4	Less : Excise Duty	427	411	256	423	485
5	Net Sales (3 - 4)	6,500	5,959	5,054	5,108	4,989
6	Other Income :		STATE OF		300	150,000
7	Operating	112	98	119	123	146
8	Non-operating	542	353	374	400	441
9	Operating expenses	5,467	4,464	4,071	3,427	2,822
10	Operating Profit (5+7-9)	1,145	1,593	1,102	1,804	2,313
11	Exceptional Expenditure	22	1,000	1,102	1,000	2,010
12	Earning before interest, dep. & taxes (EBIDT)(10+8 -11)	1,665	1,946	1,476	2,204	2,754
13	Interest & Financing charges	1,003	1,040	1,470	2,204	2,7.04
14	Earning before den & taves (EDDT) (12.13)	1,664	1,946	1,474	2,200	2,752
	Earning before dep. & taxes (EBDT) (12-13)					
15	Depreciation and Amortisation	467	422	319	273	285
16	Profit before Tax (PBT) (14-15)	1,198	1,524	1,155	1,927	2,467
17	Provision for Tax	348	455	341	655	835
18	Net Profit (PAT) (16 - 17)	850	1,069	814	1,272	1,632
В	Balance Sheet :					
19	Equity Capital	1,289	1,289	644	644	644
20	Reserves & Surplus	10,426	9,876	9,751	9,126	8,230
21	Networth (19+20)	11,715	11,165	10.395	9,770	8,874
22	Loans	100000000000000000000000000000000000000	15	9		1.547.53
23	Net Fixed Assets	6,612	5,494	4,836	4,032	3,531
24	Working Capital	4,193	3,304	2,998	2,596	3,500
25	Capital Employed (23+24)	10,805	8,798	7,834	6,628	7,031
C	Ratios :					
26	Operating Profit Margin (OPM) (%) (10 / 5*100)	17.62	26.73	21.80	35.32	46.36
27	Net Profit Margin (%) (18 / 5 *100)	13.07	17.94	16.11	24.90	32.71
28		7.86	12.15	10.39	19.19	23.21
	Return on Capital Employed (ROCE) (%) (18/25*100)		9.57	7.83	7 7 7 9 9 9	18.39
29 30	Return on Networth (RONW)(%) (18/21*100)	7,25	9.07	7,03	13.02	10.09
au	Debt Equity (21 / 20)					
D	Others:					
31	Book value per share of Rs.5 each(in Rs.)	45.46	43.32	40.34	37.91	34.43
32	Earnings per share (in Rs)	3.30	4.15	3.16	4.94	6.33
33	Dividend (Rs. Per Share)	1.00	2.50	2.50	5.00	6.00



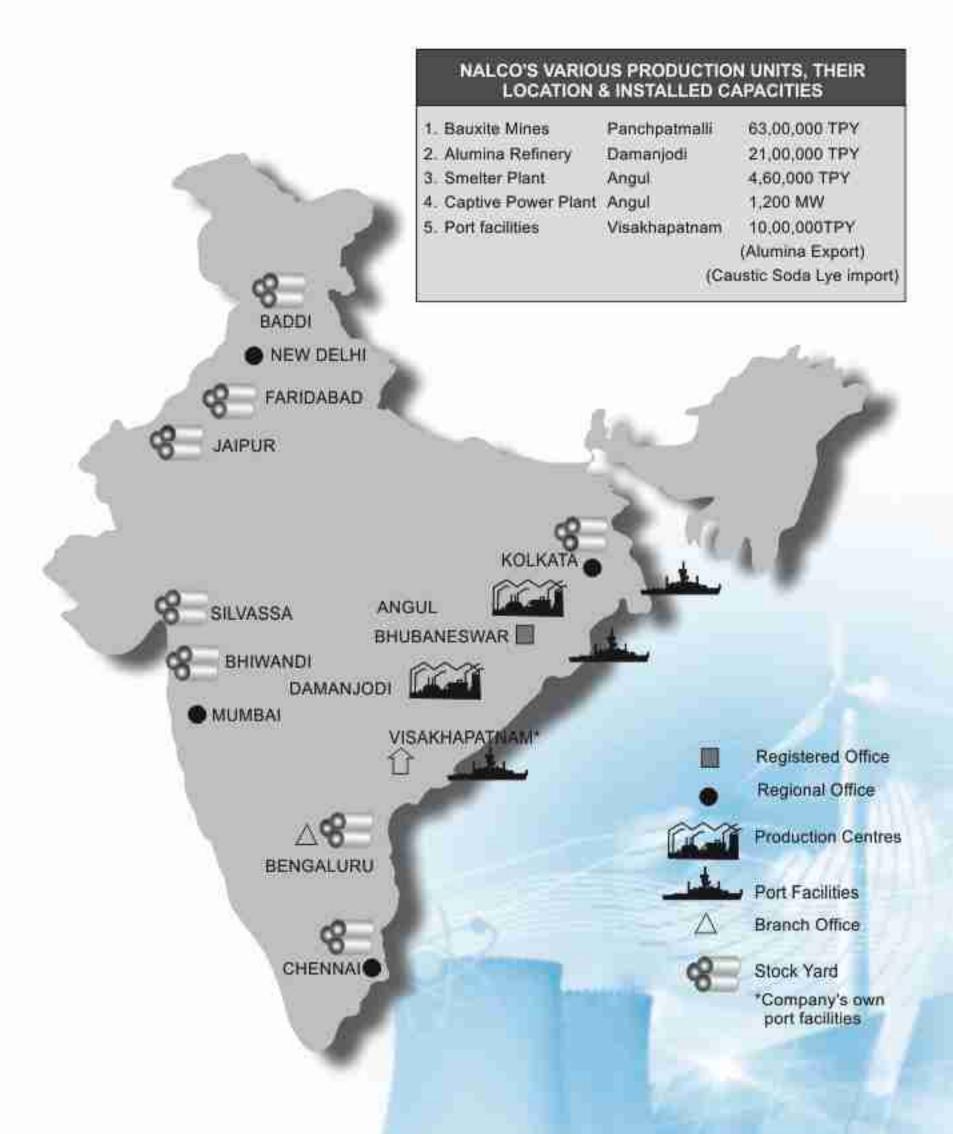
# Reconciliation of Published Quarterly (Unaudited) Financial Results and Annual (Audited) Financial Results for the year 2011-2012

(₹ in crore except st. no. 10 & 11)

in S	SI. Particulars Vo.	1st Quarter (Reviewed)	2nd Quarter (Reviewed)	3rd Quarter (Reviewed)	4th Quarter (Reviewed)	Total of four Quarters	Full Year (Audited)	Varlances
-	2	3	4	52	9	7	80	6
٣	Gross Turnover	1851.00	1689.38	1527.86	1858.69	6926.93	6926.93	300
	Lessi Excise Duty	117.90	105.65	97.84	105.27	426.66	426.66	- 6
	Net Sales	1733,10	1583,73	1430.02	1753.42	6500.27	6500.27	800
2	Other Income	156.00	162.28	149.49	190.47	658,24	653,46	(4.78)
(7)	Total Expenditure	1232.71	1461.36	1384.71	1413.91	5492.69	5488.56	(4.13)
4	Interest & Financing Charges	(6	32.	0.11	0.78	0.87	0.87	5/ <b>#</b>
10	Depreciation & Provision	101.94	117.94	123,48	123.19	466.55	466.55	09
9	Profit Before Taxation(PBT)	554.45	166,71	71.21	406.03	1198.40	1197,75	(0.65)
1	Provision for Taxation	177.61	27.37	19,99	123.93	348.90	348.25	(0.85)
80	Net Profit(PAT)	376.84	139.34	51.22	282.10	849.50	849.50	AC.
on.	Paid up Equity Share Capital	1288.62	1288.62	1288.62	1288.62	1288.62	1288.62	( <u>#</u> .)
10	Eaming per Share (Rs.)	1.46	0.54	0.20	1.09	3.30	3.30	:*:
	(Not annualised)				1			
÷	Aggregate of non-promotor Shareholding:							
	Number of Shares	331,239,972	331,239,972	331,239,972	331,239,972	331,239,972	331,239,972	
	Percentage of Shareholding	12.85	12.85	12.85	12.85	12.85	12.85	

Note: Variances are on account of regrouping. However the total impact is NIII.







# OFFICES AND CUSTOMER CONTACT CENTRES

#### REGD. & CORPORATE OFFICE

NALCO Bhawan Plot No. - P/1, Navapelli Bhubaneswar - 751 061 (Orissa) : 0574-2301988 to

2301999

#### UNITS

#### 1. Mines & Refinery

Mines & Refinery Complex Damanjodi - 763 008

Dist Koraput (Orissa) Phane : 06853-254515/254550

254251

#### 2. Captive Power Plant

Dist : Angul (Orissa) PIN 759 122 Phone 06764-220158 : 06764-220646 Fax

#### 3. Smelter Plant

NALCO Nagar - 759 145 Dist. Angul (Orissa) 06764-220110 Phone : 06764-220738/220206

#### PORT FACILITIES

#### Visakhapatnam

Opp Ore Handling Complex Port Area

Visakhapatnam - 530 035

Andhra Pradesh

Phone 0891-2561433/2561435

Fax 0891-2561598

E-mall amport@nalcoindia.co.in

#### Paradip (Port Office)

#### 'V' Point

Badapadia

Paradip 751142 Phone 06722-221288 Fax : 06722-221286

F-mail

nalco\_paradeep@nalcoindia.co.in

#### REGIONAL OFFICES

#### 1. Eastern Region

1st floor, J K Millenium Centre 46-D. Chowringhee Road.

Kolkata - 700 071

Phone : 033-22870115/22877363

033-22810393 Fax Western Region 215, T.V. Industrial Estate S.K. Ahire Marg, Worll, Mumbai - 400 025

Phone 022-24939288/89 Fax 022-24950500

midewangan@nalcoindla.co.in

#### 3. Northern Region

Core -4, 5th Floor, South Tower, District Centre, Scope Minar, Laxmi Nagar, Deihi 110 092 Phone : 011-22010792-97,

22010801

011-22010800/22010790 Fax

E-mail

nsundaray@nalcoindia.co.in

#### 4. Southern Region

3E, Century Plaza, 560, Anna Salai, Teynampet, Chennai-600 018 044-24344162/24349157 Phone

044-24343495 Fax

: rmsouth@nalcoindia.co.in E-mail

#### **BRANCH OFFICE**

Bengaluru

3rd Floor, Reshma Complex. 50, M.G. Road, Bengaluru-560 001

Phone 080-25550390/25587086/298 080-25586151 Fax E-mail : mktbin@sify.com

#### STOCK YARDS

1. Bhiwandi

National Aluminium Company Limited C/o. NSIC Limited,

Godown No. 42/57 Indian Corp. Compound

Mankoli Naka, Mumbai Nasik Road,

Bhiwandi

Phone 02522-277283/9820844526

Kolkata

National Aluminium Company Limited C/o. Balmer Lawrie & Company

WH, 1-Sanapur Road, Kolkata-700

088

Limited

Phone 033-24495298

(Ext. 340 & 324)

#### 3. Bengaluru

National Aluminium Company Limited C/o. M/s. Container Corporation of India Limited

Warehouse no. 3, Whitefield Road,

Bangaluru - 560 066

Phone. : 080-28451327/28 : 080-28451329 Fax

#### 4. Jaipur

National Aluminium Company Limited C/o. Central Warehousing Corporation Central Warehouse

SP-1296, Sitapur Industrial Area Tonk Road, Jaipur- 302 022

: 0141-2770226/2770817

#### 5. Silvasa

National Aluminium Company Limited

C/o. NSIC Limited

Godown : Shallmar Enterprises

Corporation

80/4, Dayat Falia Road. Amli (Piparia), Silvasa-396.230 (U.T. of Dadra Nagar Haveli)

: 0260-2632883/2641436 Phone.

#### 6. Faridabad

National Aluminium Company Limited C/o. NSIC Limited

India Garage Equipment, Plot No. 51, Sec-8

Faridabed, Haryana - 121 003 Phone : 0129-4102430/4044098

#### 7. Visakhapatnam

National Aluminium Company Limited

NALCO Port Facilities

Port Area, Visakhapatnam - 530 035 Godown : Shallmar Enterprises Corporation

Andhra Pradesh

Phone : 0891-2721032

#### 8. Baddi

National Aluminium Company Limited C/o. NSIC Limited

Opp. Surva Powder Company Limited Dharampur, Thana Road, Village P.O. Baddi, Tehsil : Nalagarh,

Dist. : Solan (HP)

Phone : 0179-5652114/5657114

#### 9. Chennal

National Aluminium Company Limited C/o. NSIC Limited, R.M. Depot. NIC Technical Service Centre Phase-I, B-24, Guindy Industrial Estate

Chennai - 600 032

Phone : 044-22252338



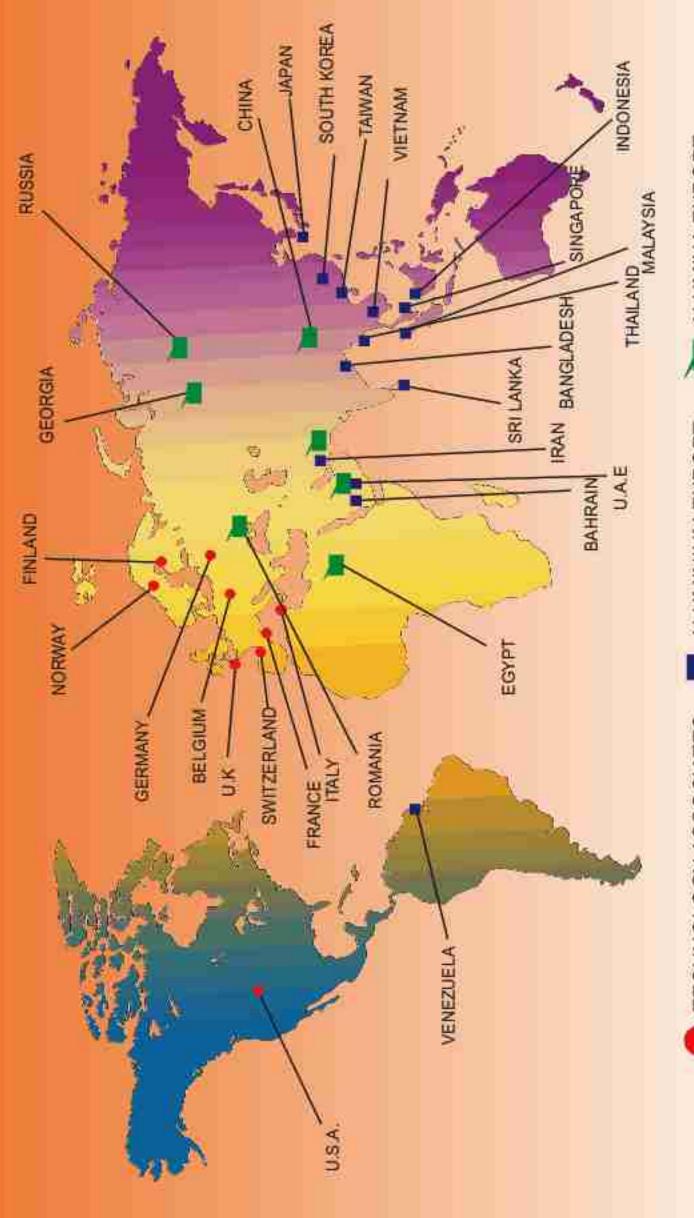
# NATIONAL ELECTRONIC CLEARING SERVICE MANDATE FORM

(Please fill in the information in CAPITAL LETTERS. Please TICK Wherever it is applicable.)

-	Regd. Folio No			/1	OPID:IN	-				_	CL	IEN	TID	BEN	I.A/C	No.				
2.	First Shareholder																			
3.	First Shareholder																			
								- 82217.5												
4.	Particulars of Bar	ık:																		
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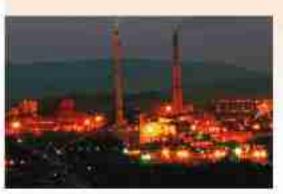


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