

नालको NALCO

एनबीसी/एस/4.5 एवं 4.5(ए)/2022/1967
दिनांक: 22.09.2022

NBC/S/4.5 & 4.5(A)/2022/ 1967
Date: 22.09.2022

प्रबंधक/The Manager बीएसई लिमिटेड/BSE Limited, फीरोज जीजीभोय टावर्स/ Phiroj Jeejeebhoy Towers, दलाल स्ट्रीट/Dalal Street, मुम्बई/MUMBAI- 400 001 स्क्रिप कोड/Scrp Code: 532234	प्रबंधक/The Manager अनुसूचन विभाग/Listing Department नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लि., National Stock Exchange of India Ltd., एक्सचेंज प्लाजा, बांद्रा-कुर्ला कम्प्लेक्स, Exchange Plaza, Bandra-Kurla Complex, बांद्रा ईस्ट/Bandra East, मुम्बई/MUMBAI-400 051 प्रतीक/Symbol: NATIONALUM
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विषय 41वीं वार्षिक साधारण बैठक में अध्यक्ष-सह-प्रबंध-निदेशक का संभाषण.

Sub: Chairman Speech at 41st Annual General Meeting of the Company.

Dear Sir/ महोदय,

The Chairman's speech for the 41st Annual General Meeting of the Company held on 22.09.2022 through Video Conferencing/Other Audio Visual Means is enclosed for your information and record. It is also uploaded in the website of the Company.

You are requested to please take a note and disseminate the same in your Exchange.

Thanking you/ धन्यवाद,

भवदीय/Yours faithfully,
कृते नेशनल एल्यूमिनियम कंपनी लिमिटेड
for National Aluminium Co. Ltd.

Nayan Kumar
Mohanty

Digitally signed by Nayan
Kumar Mohanty
Date: 2022.09.22 16:06:28
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(एन. के. महान्ति)
(N.K. Mohanty)

समूह महाप्रबंधक एवं कंपनी सचिव और अनुपालन अधिकारी
GGM & Company Secretary and Compliance Officer

Encl.: As above/ संलग्न

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

National Aluminium Company Limited
(A Government of India Enterprise)
REGD. & CORPORATE OFFICE
NALCO Bhawan, Plot No.P/1, Nayapalli, Bhubaneswar-751013, India

CIN # L27203OR1981GOI000920

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41st
Annual General Meeting
Chairman's Speech



Shri Sridhar Patra
Chairman-cum-Managing Director

Strategic Growth Towards A Sustainable Future



Highest-ever Annual
Production and Sales



Highest-ever Revenue
from Operations



Highest-ever
Net Profit

Esteemed Shareholders, Ladies and Gentlemen,

A very warm welcome to all.

It gives me immense pleasure in welcoming you to the 41st Annual General Meeting of the Company. I extend my heartfelt gratitude and a very warm welcome to my Management Team present here and all the shareholders who are connected with us today virtually for this meeting.

The meeting is being held through video conferencing in conformity with the regulatory framework and guidelines issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The notice convening the meeting, the Directors' Report and the Audited Financial statements for the year ended March 31, 2022, have been shared earlier through e-mail. The Directors' Report is with you and with your permission, I take them as read.

FY 2021-22 was a historic year in the journey of business excellence of NALCO. Apart from higher benchmarks in physical and financial performances, the company has achieved unprecedented milestones, breaking several past records of last four decades i.e since the inception of the Company.

Key Highlights of Major Achievements of FY 2021-22

- Highest-ever bauxite production was achieved in FY 2021-22, registering a benchmark volume of 75, 11,075 MT.
- Operationalizing all its 960 pots at Smelter Plant resulting in 100% capacity utilisation for the first time since inception and yielding highest-ever Aluminium cast metal production of 4,60,000 tonnes.
- Highest-ever dividend of 130% of the paid-up equity share capital.
- Highest-ever sales turnover of Rs 14,181 crore and highest ever Profit after Tax of Rs. 2,952 crore.
- Procurement through GEM portal at an all-time high with a staggering 810% jump over the previous year. NALCO procured Goods & services worth Rs. 3121.45 crore compared to Rs.343.19 crore in the previous year.
- Successful completion of Gram Sabhas for Pottangi bauxite mines.
- Operationalization of the Lean Slurry Project which was lagging since long past. This project will ensure 100% utilization of the ash generated at the company's Captive Power Plant.
- Completion of the boundary wall for the 5th stream Refinery project, thereby giving further impetus to expansion activities at our Alumina Refinery at Damanjodi.
- Engagement of Mine Developer and Operator (MDO) for Utkal D and E Coal Blocks and accelerating the process of all statutory clearances for Utkal E Coal Block.
- Despite inflation in various input costs, the Company has been able to maintain the status of being the lowest cost producer of Bauxite and Alumina in the World (*as per Wood Mackenzie Report*).

- Commissioning and operationalizing the Caustic Soda plant under Joint Venture mode with M/s. Gujarat Alkalies and Chemicals Ltd.

As you may be aware, your Company aims towards achieving sustainable development across the economic, social and environmental dimensions addressing the five P's of sustainability namely **People, Planet, Prosperity, Partnership and Peace**. Your Company's endeavour is to ensure inclusive growth of the marginalised sections of the society through its Corporate Social Responsibility interventions in its sphere of operations.

Now, I would like to highlight in brief the performance of your Company and share with you some of my thoughts on economic scenario, both global and domestic, pertaining to the aluminium industry in particular and on your Company's achievements and performance during the Financial Year 2021-22. The details have already been outlined in the Director's report and Management Discussion Analysis report.

GLOBAL ALUMINA SCENARIO:

- Globally, it is observed that the production and consumption of Metallurgical Grade Alumina in the year 2021 stood at 131.30 million tonnes and 130.99 million tonnes respectively, registering an increase of 3.52% and 3.66% YoY. Both in production front and consumption front, China held the lion's share having 55.05% share in production and 57.23% share in consumption of Alumina in the world.
- Alumina production in India during the financial year 2021-22 was 73.13 lakh tonnes. Your Company has produced 21.10 lakh tonnes with 28.85% share in the Country.

GLOBAL ALUMINIUM SCENARIO:

- Worldwide aluminium production and consumption in the year 2021 was 67.41 million tonnes and 68.96 million tonnes respectively. Thus the market registered a deficit of around 1.55 million tonnes during 2021.
- China remained as the largest consumer and producer of aluminium accounting for 57.25% of the world production and 58.21% of the consumption.

DOMESTIC OUTLOOK: ALUMINIUM:

- India achieved aluminium production of 40.33 Lakh MT in FY 21-22, out of which your Company's share was 4.6 lakh tonne. Like previous years, the primary metal produced in the Country was partially consumed in the domestic market, while the balance demand was met from the imported aluminium scarp that continued in the FY 21-22.

BUSINESS OUTLOOK: NON-FERROUS METAL:

- Non-Ferrous metals are traded based on London Metal Exchange (LME) price under a perfect competition market. The average LME price for Aluminium in the year 2021-22 has been USD 2769.
- The inventory of LME has fallen to a lowest-ever of 6.47 Lakh MT level. Despite such low inventory, non-ferrous metal prices are softened on account of recession fears and monetary tightening by Federal Reserve to curb inflation. Recent electricity rationing measures on account of heat wave led to production cut in China. Aluminium spot prices is hovering around \$2250 to \$2300, which is marginally lower than the cost of production of Smelters. Aluminium prices are expected to be supported by lowest inventory and global cost curb.

CAPITAL EXPENDITURE (CAPEX):

- Your Company has met the CAPEX target of Rs.1488 crore on standalone basis and achieved a consolidated CAPEX of 1944.65 crore which includes Rs.456 crore in the joint venture project of Caustic Soda plant at Dahej.

MoU PERFORMANCE:

- Your Company has been rated “Excellent” as per the Memorandum of Understanding (MoU), signed with the Government of India for the financial year 2020-21.
- Considering financial performance and achievement of other non-financial parameters, as set in the MoU, your Company’s self evaluated score rates “Excellent” for the financial year 2021-22.

RAW MATERIAL SECURITISATION:

- Panchpatmali Bauxite Mine, the captive Mine for Alumina Refinery consists of Central & North blocks and South Block. The Mines are having lease validity up to 16.11.2032 and 19.07.2029 respectively, which will meet the requirement of pithead Refinery up to 2029-30.
- Operationalization of Pottagi bauxite mines will further strengthen the raw material security of the Refinery.
- Despite having linkage and bridge linkage of coal, the Company has been facing acute shortage of coal due to restrictions in rake allotment and imposition of trigger-level coal supply. All efforts were made for power sourcing from State grid to continue uninterrupted production.
- Engagement of MDO & expeditious action taken to operationalize Utkal D & E coal blocks on fast track mode is expected to ease out coal crisis in near future. It will also provide energy security to the high-power intensive Smelter plant.
- The Caustic Soda plant at Dahej in Gujarat was commissioned and made operational and its first consignment was received at our Alumina Refinery. Operationalisation of Caustic Soda plant will further strengthen the much needed raw material securitization of a prime raw material for the Refinery.

MAJOR PROJECTS UNDER IMPLEMENTATION:

Your Company has a long term growth oriented business plan to be implemented in phases.

5th Stream of Alumina Refinery:

- Construction of the boundary wall was completed to facilitate smooth commissioning of the ongoing 5th Stream Alumina Refinery project, as already explained earlier.
- Almost all contracts and work orders have already been issued for various jobs and procurement of equipments. Considering the project progress achieved so far, the Company is quite hopeful to commission the same by FY 2023-24.

Pottangi Bauxite Mines:

- Pottangi bauxite mines has been reserved by Government of India in favour of your Company for meeting the bauxite requirement.
- In this regard, I would like to share with you that the Gram Sabhas (Public Hearing) have been successfully completed. The forest rights certificate has been obtained and Stage-I forest clearance is under process.
- Deposit of 75 million bauxite ore reserve will cater to the need of combined capacity of existing Refinery and the 5th stream in future.

Utkal-D & E Coal Block:

- Utkal-D and Utkal-E Coal Blocks have been allocated by Government of India as a part of energy security to the existing operational Units at Captive Power Plant (CPP) and future expansion of your Company.
- Your Company executed the Mining Lease of Utkal-D after obtaining requisite regulatory clearances and completing land acquisition in the Mining Lease area. The Coal Controller has granted the Mine Opening Permission in May, 2021.
- Appointment of Mine Developer and Operator (MDO) including signing of Coal Mining Agreement has been completed.
- Your Company is hopeful for operationalization of Utkal-D Coal Block in FY 2022-23 and all required efforts are being made in this regard.

JV PROJECTS:

Angul Aluminium Park Pvt. Ltd. in JV with M/s. Odisha Industrial Infrastructure Development Corporation (IDCO):

- Your Company and IDCO are jointly developing Angul Aluminium Park for promoting Aluminium downstream industries in Odisha with equity holding of 49% and 51% respectively.
- Your Company has already released Rs.16.22 crore towards full equity contribution to the JV Company.
- Internal infrastructure development of the Park is under progress. The Project is expected to be completed in the FY 2022-23.

High End Aluminium Alloy Plant in JV with M/s. Mishra Dhatu Nigam Ltd. (MIDHANI):

- Your Company and MIDHANI have formed a JV Company named M/s. Utkarsha Aluminium Dhatu Nigam Limited (UADNL) in August, 2019 for establishment of 60,000 TPA High End Aluminium Alloy Plant for application in Defence, Aerospace and Automobile sectors as a part of import substitution and diversification with value added products.

- Your Company has released Rs.20 crore so far towards its share of equity contribution. The statutory clearances, tendering, award of contracts are under process.

Acquisition of Strategic minerals in overseas in JV with M/s. Hindustan Copper Limited (HCL) and M/s. Mineral Exploration Corporation Limited (MECL):

- Your Company has formed a JV Company named M/s. Khanij Bidesh India Limited (KABIL) with HCL and MECL for acquisition of some strategic minerals in overseas locations as a mineral security measure of the nation and to promote “Make in India” initiative of the Government of India.
- Study on 12 shortlisted minerals completed and two MoUs have so far been signed with JEMSE and YPF (Government Companies of Argentina) to explore and confirm availability of lithium and other mineral assets, including their commercial viability so as to acquire overseas mineral assets.
- JWG meeting (Government to Government and Business to Business) with Australia, Bolivia was held in September, 2021 and April, 2022 respectively to explore sourcing of lithium and other mineral assets.
- Your Company has released Rs.13 crore so far towards its share of equity contribution in KABIL.

DIVIDEND:

- During the year the Company has paid interim dividend @ Rs.5.00 per equity share amounting to Rs.918.32 crore in two tranches and final dividend for the FY 2020-21 @ Rs.1.00 per equity share amounting to Rs.183.66 crore.
- Total dividend payout for the financial year 2021-22 is Rs.1,101.98 crore as against Rs.460.61 crore during the previous year.
- Dividend payout has been 37.33% of the PAT against 35.44% during the previous financial year.
- The Board of Directors have recommended final dividend @ 30% i.e. Rs.1.50 per equity share subject to approval of the shareholders in the ensuing Annual General Meeting.

CSR HIGHLIGHTS:

- Your company believes in sharing and caring concept. As a Central Public Sector Enterprise, all our efforts are made to undertake theme-based CSR initiatives and activities, as outlined by the Government of India.
- Other flagship CSR projects like Mobile Healthcare Units, drinking water supply, infrastructure development in peripheral villages, and initiatives for promoting education for tribal children and meritorious girl-students from BPL families are continuing uninterruptedly.
- **In 2021-21 the CSR theme was on Health & Nutrition** - Your Company has undertaken several CSR activities on Health & Nutrition with special focus on COVID related measures.

INDUSTRIAL RELATIONS:

- Your Company continued to maintain a cordial Industrial Relations culture during the year 2021-22 despite challenges faced due to outbreak of COVID-19 pandemic and the lockdown measures.
- There was zero man-days loss on account of labour disputes in spite of uncertainties due to COVID pandemic. The cordial industrial climate was ensured through participative management of the Company.
- Compliance of applicable Labour Laws, adherence to Government Guidelines and consultative decision making continued to remain core strengths in dealing with employee benefits and welfare issues.

BOARD OF DIRECTORS:

The Board plays a pivotal role in the overall performance and visibility of the Company. An enlightened Board formulates vision, strategy and policy for the Company and reviews them periodically for its effectiveness. The Board believes in the inalienable rights of the shareholders as true owners of the Company and its role as trusteeship to the stakeholders.

During the year under review:

- (a) Ministry of Mines, Govt. of India vide Order dated 10.11.2021 appointed 7 (Seven) Part-time Non-official (Independent) Directors (Shri Ravi Nath Jha, Dr. B. R. Ramakrishna, Adv. George Kurian, Dr. Ajay Narang, Shri Y. P. Chillio, Ms. (Dr.) Shatorupa and Adv. Dushyant Upadhyay) for a period of three years and further, vide Order dated 22.03.2022 appointed Shri Sanjay Ramanlal Patel as a Part-time Non-official (Independent) Director for a period of three years.
- (b) Dr. Veena Kumari Dermal, IPoS, Joint Secretary, Ministry of Mines, GOI, was appointed as a Part-time Official Director w.e.f. 20.01.2022.
- (c) Shri Ramesh Chandra Joshi was appointed as Director (Finance) w.e.f. 04.02.2022.
- (d) Shri Sadashiv Samantaray was appointed as Director (Commercial) w.e.f. 22.03.2022.
- (e) Tenure of Shri Satendra Singh, IAS as Part-time Official Director ended on 20.01.2022.

As of today, the Board comprises of Six Full-time (Executive) Directors including Chairman-cum-Managing Director, Two Part-time Official Directors and Eight Part-time Non-official (Independent) Directors.

CORPORATE GOVERNANCE:

Your Company follows high ethical standards. Furtherance to induction of requisite number of Independent Directors, your Company meets all the statutory requirements of Corporate Governance compliance.

AWARDS & ACCOLADES:

- The Company has been acknowledged and recognized for its exemplary and outstanding achievements in various fields including Energy Conservation, Sustainable Business Practices, Business Excellence, Environmental Care, Safety Practices, and for impactful CSR initiatives.

- **Some of the notable recognitions includes:**

5 Star Rating by the Ministry of Mines, Govt of India, for sustainable Mining, Golden Peacock Award for sustainability in the Mining & Metal sector by the Institute of Directors, Non-Ferrous Best Performance Award by the Indian Institute of Metals, Energy Conservation Award with highest rating in Large Scale Category, by CII and Pollution Control Excellence Award by the State Pollution Control Board, Odisha and Platinum category award for Business Excellence from CII Institute of Quality.

ACKNOWLEDGEMENT:

- Before concluding, I take this opportunity to thank each and everyone who have contributed and played their roles in the improved performance of the Company.
- I, on behalf of the Board would also like to acknowledge the unstinted support provided by the Government of India, (especially Ministry of Mines and other allied department) and the Government of Odisha (particularly Ministry of Steel and Mines, Home Department and Local District Administrations at Angul and Damanjodi).
- I would like to express my heartfelt appreciation to our esteemed shareholders, investors, customers, suppliers, bankers, consultants and business associates for their unwavering support. Your Company is also thankful to the people residing in the periphery of our production units for their support and for providing a conducive environment for us to operate.
- Last but not the least, your Directors also place on record their deep sense of appreciation for the dedication and commitment shown by all employees, contractors and contract workers.
- The Board of Directors also endorses and appreciates the hard work demonstrated by the employees at all levels, trade unions and officers associations to keep the Plants/Units operational during COVID-19 pandemic situation. The Company's consistent growth was made possible due to belongingness, solidarity, co-operation and support received from all fronts.

I convey my appreciation to my colleagues on the Board and all employees for their valuable contribution towards the growth of the Company. Setting higher benchmarks in business value and societal value has been the hallmark of NALCO. The extraordinary results is a testimony to the extraordinary attitude demonstrated by the employees in the face of pandemic induced adversity. I urge each and every one to continue their unstinted support and cooperation for enabling the company to scale new heights of growth, success and achievements.

With this belief, I once again convey my best wishes to you, your family members and to all our stakeholders.

Sd/-
(Sridhar Patra)
Chairman-cum-Managing Director

Bhubaneswar
September 22, 2022

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