

Notice

Notice is hereby given that the 12th Annual General Meeting of the Shareholders of National Aluminium Company Limited will be held at the Registered office of the Company at IDCO Towers, Bhubaneswar at 11.30 hours on Thursday, the 30th September 1993 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet and the Profit and Loss Account for the year ended 31st March, 93, the Report of the Directors, Auditors and the comments of the Comptroller & Auditor General of India thereon.
2. To consider declaration of dividend on the Equity Shares of the Company.

SPECIAL BUSINESS

To consider and pass the following Resolutions:

Ordinary Resolutions:

3. "Resolved that Dr. S.K. Tamotia be and is hereby appointed as a whole time Director of the Company in terms of Govt. of India, Ministry of Mines order No. 6(10)/91-Met. IV dated 16.2.93"
4. "Resolved that Shri B.D. Singh be and is hereby appointed as whole time Director of the Company in terms of Govt. of India, Ministry of Mines order No. 6(16)/92-Met. IV dated 16.2.93"
5. "Resolved that Shri N.Gopalan, Joint Secretary & FA, Ministry of Chemical & Fertilizers, and Joint Secretary and FA., Ministry of Mines, be and is appointed as a Director of the Company, in terms of Govt. of India Ministry of Mines order No. 4(4)/89-Met-IV dated 26-8-1993 and he will be liable to retire by rotation".

SPECIAL RESOLUTIONS:

6. To consider and to pass the following resolution as a special resolution.

"RESOLVED that Proviso to Article 67(v) of the Article of Association of the company be amended as under:

Existing Proviso

Provided further that no appointment in the higher categories of posts (Rs. - 2500-3000 and above) when pay proposed to be fixed including pension and pensionary equivalent of other retirement benefits exceed Rs. 2,500/- p.m. of persons who have attained the age of 58 years, whether they be from public or private sector shall be made without the prior approval of the president.

Proposed Proviso

Provided further that no appointments in the higher categories of posts (where the minimum of pay scale proposed to be given to such person is Rs. 5700/ p.m. or more) when pay proposed to be

fixed including pension and pensionary equivalent of other retirement benefits exceed Rs. 5700/ p.m. of persons who have attained the age of 58 years, whether they be from public or private sector shall be made without the prior approval of the president.

By Order of the Board

Sd/-
(N.S. Parameswaran)
Company Secretary

Bhubaneswar
Dated: 27th August, 1993

- Notes**
1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company.
 2. The relative Explanatory Statement, pursuant to section 173 of the Companies Act, 1956 in respect of the business under items Nos. 3, 4, 5 & 6 above, are annexed hereto.
 3. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September 1993 to 30th September 1993 both days inclusive.
 4. Payment of dividend, if declared will be made on or after 30th September 1993 to the eligible members whose names appear in the Register of members of the company on 30th September 1993.
 5. Any member who is entitled to exemption should submit Tax Exemption Certificate of Declaration by 30th September 1993 in order to receive the dividend without deduction of tax at source.

- To
1. All Shareholders
 2. Tej Raj & Pal
Chartered Accounts,
1, Kalpana Square,
Bhubaneswar- 751 004

Explanatory statement pursuant to Section 173 of the Companies Act, 1956.

Item No. 3, 4 & 5

The Board of Directors of the Company at its 79th meeting held on 23.3.93 appointed Dr. S.K. Tamotia and Shri B.D. Singh as Additional Director (P&T) and (P&A) respectively of the Company. Shri N. Gopalan, Joint Secretary & FA, Ministry of Chemicals & Fertilizers and Ministry of Mines was also appointed as additional Director in terms of Govt. of India, Ministry of Mines order No. 4(4)/89-Met-IV dated 26-8-1993. Pursuant to Article 67(A) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Dr. S.K. Tamotia, Shri B.D. Singh and Shri N. Gopalan hold office up to date of the ensuing Annual General meeting. As a result of disinvestments of some shares of the Company certain provisions of the companies Act. 1956 have become applicable to the Company. The above appointments are proposed to comply with the Companies Act 1956 & action for amendment of Articles of Association will be taken on receipt of overall policy decision of the Govt. in this regard.

Item No.6

The Article 67(v) of the Articles of Association of NALCO, inter alia, stipulates obtaining of approval of the president for making any appointments in the higher category of posts (Rs. 2500-3000) of persons who have already attained the age of 58 years.

Keeping in view the revisions in the pay scales in the PSU's Govt. of India, Ministry of Industry DPE OM No. 18(9)/87 GM (DPE) dt. 22.3.93 has directed to amend the Articles of Association suitably to give effect to the decision wherever necessary. Accordingly Article 67(v) of the Articles of Association is amended as proposed in the Resolution to give effect to the Govt. decision.

None of the Directors is concerned or interested in the above resolution.

01. Directors' Report.

02. Annexures to the Directors' Report.

- A. Information U/S 217(2A)
- B. Statement of Particulars under the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988
- C. Review of Accounts by C&AG

DIRECTORS' REPORT

The Shareholders,
National Aluminium Company Ltd.,
Bhubaneswar.

Gentlemen,

The Directors have pleasure in presenting the twelfth Annual Report of the Company and audited accounts for the financial year ended 31st March, 1993. The review of accounts of the Company by the Comptroller & Auditor General of India in items of Section 619(4) of the Companies Act, 1956 for the year is annexed as part of the report.

1.0 ECONOMIC SCENARIO

1.1 The recent changes in the economic and trade policies of the Govt. of India the deregulation of the Industrial sector and the moves to open up the economy for foreign investments, have led to the transition of the Indian economy to an open Market economy. The changes in export and Import policies and especially the full convertibility of the Rupee from March 1993 are welcome steps, which have accelerated the pace of industrial development of the country. The reduction and rationalization of excise duty in the Budget for 1993-94 on aluminium products has provided considerable relief to the aluminium industry and may help to increase demand and arrest the slump in the domestic market which was experienced during the year 1992-93.

1.2 The outlook for LME prices remained bleak during the year under report and showed a declining trend from October '92 and reached a low level of US \$ 1200 pmt in February '93 and even dropped further to US \$ 1150 in March '93. In the domestic market also, the demand for metal continued to be depressed during the year. In view of the market uncertainties, continued depressed prices of Aluminium in the domestic and international markets, the Company adopted an aggressive marketing strategy to liquidate the inventories and obtain the best possible prices in the domestic and international market.

2.0 PERFORMANCE

Your Directors are however happy to state that despite the adverse price and demand situation, your Company met the targets set out in the Memorandum of Understanding with Govt. of India and attained "excellent" performance rating.

Comparative performance figures for 92-93 & 91-92 are given below.

Performance	1992-93	1991-92
PRODUCTION		
Bauxite (t)	22,67,320	18,60,000
Alumina (t)	8,03,500	6,72,200
Aluminium (t)	1,91,069	1,92,022
Net Generation (CPP) (MU)	3,690	3,531
SALES		
EXPORT		
Alumina (t)	4,24,595	3,76,270
Aluminium (t)	85,771	61,117

DOMESTIC

Aluminium (t)	104,390	1,08,302
Total Aluminium (t)	190,161	1,69,419

FINANCE

Sales turnover (Rs.in Crs.)	1169.11	974.03
Foreign Exchange Earnings (Rs.in Crores)	538.57	386.32

2.1 Operating Results

2.2 Your Company continued to maintain good record of performance for the fifth year in succession. The operating results for the financial year ended 31st March, 1993 showed a profit of Rs. 152.81 crores against Rs. 50.42 Crores of the previous financial year.

The Financial Highlights

	(Rupees in Crores)	
	1992-93	1991-92
1. Sales		
Domestic	631	588
Exports	<u>538</u>	<u>386</u>
	1169	974
2. Other Income including accretion of stock	73	128
3. Total Income	<u>1242</u>	<u>1102</u>
4. Manufacturing expenses	<u>584</u>	<u>487</u>
5. Excise Duty	132	125
6. Selling and Distribution Expenses	38	23
7. Interest and Financing charges	120	190
8. Depreciation	215	227
9. Total	<u>1089</u>	<u>1052</u>
10. Net Profit for the year	<u>153</u>	<u>50</u>

2.3 Dividend

Keeping in view the requirement of funds for ongoing and expansion projects & loan repayment liabilities, your Company proposes to declare a modest dividend of 2% amounting to Rs. 25.77 crores, on the large equity capital of Rs. 1288.62 crores of the Company subject to approval of the shareholders at the Annual General Meeting.

3.0 SHARE CAPITAL

The paid up Capital of the Company was Rs. 1288.62 crores. In pursuance of the decision of the Govt. of India 3,50,99,900 shares of your Company (Face value Rs. 35.09 crores) was allotted to Financial Institutions like Unit Trust of India, General Insurance Corporation of India and its subsidiaries and Mutual Funds during 1991-92. The Company's shares are listed in the major Stock Exchange at Bombay, Madras, Calcutta and Delhi and the regional Stock Exchange at Bhubaneswar. The trading in shares has formally commenced in the Bombay Stock Exchange.

During the year under Report, the Govt. of India had also disinvested 12,98,85,000 shares, the cumulative shares disinvested being 16,49,84,900 or 12.8% of paid up capital.

4.0 EURO DOLLAR LOANS

The Project cost of the facilities of NALCO was financed through two foreign currency commercial loans totaling US \$ 980 million, French Credit FF 1050 million and the balance by equity contribution by the Govt. of India. Effective financial management has enabled the Company to repay the Euro Dollar Loans and interest installments during the year on due dates. As on March 1993, the Euro Dollar Loans outstanding was US\$ 794.41 million against US \$ 835 Million at the end of the previous year.

To pursue the policy of pro-active debt liability management the Company concluded fixed interest rate swap and interest rate cap agreement with the Banks for a total value of US \$ 195 million to limit its interest liability in the next three years taking advantage of prevailing low international interest rates.

4.1 Short Term Deposits

The short term deposits with Can Bank Financial Services Ltd. for Rs. 60 crores and Andhra Bank Financial Services Ltd. for Rs. 45 crores deposited during June/July 1992 and due for payment in September/October 1992 had remained unpaid so far owing to their financial liquidity constraints. Your Company has been taking necessary steps to realise the deposits together with the interest accrued on those deposits.

5.0 PROJECT IMPLEMENTATION

All the segments of the Mines and Alumina Refinery Complex at Damanjodi have been completed and commissioned. It is gratifying to note that the aluminium hydrate and calcined alumina production exceeded the rated capacity of the Plant for the first time during the period under review.

480 pots in the Smelter have been mechanically completed and 428 pots were in operation as on 31.3.93.

The VIth Unit of CPP of 120 MW for augmenting supply of electric power to Smelter and supply of power to Billet Casting Facilities have been taken up for implementation and the unit is expected to be synchronized in the first quarter of 1994-95, where-after balance pots would be commissioned progressively along with implementation of balancing facilities in Carbon area of Smelter Plant. The mechanical completion of the Billet Casting facilities is expected by end 1993.

6.0 SYSTEMS SUPPORT

6.1 Coal Handling Plant:

Mahanadi Coal Fields Ltd. have been entrusted to install Coal Handling Plant with rapid loading system to meet the requirement of coal for CPP from Bharatpur Colliery. The Phase-I consisting of ground bunker and silo for storage and loading of wagons have been completed and commissioned. The Phase-II consisting of mine head establishment and conveying system from Mines to ground bunker at loading point is nearing completion

6.2 Railway Koraput-Rayagada Line

The 163 km long Koraput-Rayagada line to link Koraput to Vizianagaram is one of the most challenging tasks of the Railways as the line passes through a difficult hilly terrain involving construction of a large number of bridges and tunnels by SE Rlys. It is hoped that this line would be ready for trial runs by middle of 1994.

6.3. 220KV Transmission Line from TTPS to Rengali

In spite of constant follow up, OSEB has not yet started the work for transmission line and has instead submitted a new scheme and revised estimate. OSEB have been requested to submit the technical report for the new scheme which is awaited.

7.0 EXPANSION PROGRAMMES

7.1 Expansion including Downstream Facilities

Your Company has submitted a proposal for expansion of the existing capacity of the Integrated Aluminium Complex as follows:

Project Details	Existing Capacity	Additional capacity (Tpy)	Capacity after expansion (Tpy)	expansion (Tpy)
Bauxite Mine		24,00,000	24,00,000	48,00,000
Alumina Refinery		8,00,000	5,50,000	13,50,000
Aluminium Smelter		1,27,000	1,27,000	3,45,000
Captive Power Plant		6x120MW	2x120 MW	8x120MW
Semi Fabrication facilities		-	36,000	36,000

The Public Investment Board has recommended the proposal for expansion of Mines to 4.8 million tones (TPY) and Alumina Refinery to 1.35 million tones (TPY). Approval of the Government is expected shortly.

7.2 100% EOU Alumina Plant with Hydro Aluminium As Norway (Hydro)

Your Company has signed a Project Cooperation agreement with Hydro Aluminium a.s., Norway (Hydro) to carry out jointly the Detailed feasibility report for setting up of 100% Export Oriented Alumina Plant of 0.9 mln tpa capacity in Koraput district. The Feasibility Report is expected shortly.

7.3 Ancillary Development

NALCO is the first Public Enterprise in the State of Orissa to confer ancillary status to 18 SSI units in the State who are entitled to the standard benefits and other concessions and benefits extended by NALCO.

8.0 MARKETING

8.1 Consistent with the mission of NALCO to strive for market leadership in the country and maximise foreign exchange earnings from exports of alumina and metal, your company has made concerted efforts for exports and domestic sales as indicated below:

Year/Details	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Exports						
Alumina (t)	76840	384161	448554	328782	376270	424595
Metal (t)	---	14875	27391	27877	61117	85771
Domestic Sales						
Metal (t)	24247	63967	98843	128813	108302	104390

The international demand for primary alumina is likely to remain sluggish and consequently the prospects of higher prices for alumina and metal in the near future are not bright. To reduce the impact of price uncertainty the Company has been taking steps to enter into medium & long-term contracts and other measures. The year started with opening inventory of about 27,000 tonnes of aluminium metal and despite the fall in demand the Company could improve its market share of metal to 27.9% during the year under report, against 25.9% of the previous year.

DOMESTIC ALUMINIUM MARKET SCENARIO

Year/Companies	1989-90	1990-91	1991-92	1992-93
NALCO	98,843	128,813	108,302	104,390
HINDALCO	128,968	135,678	153,171	145,999
BALCO	89,173	92,311	88,794	78,540
INDAL	66,169	66,603	55,526	35,308
MALCO	6,147	2,625	-	-
IMPORTS	-	12,600	12,500	10,000
Total Consumption	389,300	438,630	418,293	374,237

9.0 CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

As required by Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors Rules) 1988 particulars on conservation of energy, technology absorption and foreign exchange earnings and outgo etc. are given in the Annexure to this Report.

10.0 ENVIRONMENT

The company's policy on environment showing its commitment and concern for ecology is being framed for abatement of pollution and environment management, keeping in view technological constraints in the aluminium industry and current national & international standards. Important pollution control & environment management activities taken up or continued during the year are:

- the Company had planted 3,20,000 trees in Damanjodi and Angul and brought about a dramatic and green change in the scenario of the barren areas. The Company installed micro-processor based pulse control units on Electrostatic Precipitators for Captive Power Plant at an estimated cost Rs. 103 lakhs bringing down the solid particulate matter emission of 250mg/m³ to less than 150mg/m³.
- modification to the ash pond at CPP, Angul has been undertaken at a cost of Rs. 1256 lakhs to increase the volume of the ash pond and reduce suspended solid in the overflow by introducing two pond concept along with associated facilities.
- overflow system at Damanjodi ash pond has been successfully modified to achieve near zero suspended solids going out with the overflow.
- retaining dams of red mud pond at Damanjodi raised at a cost of Rs. 1500 lacs. Studies are also being carried out for dry disposal of red mud.

11.0 RESEARCH AND DEVELOPMENT

(A) COLLABORATIVE R&D

1. Heat Balance Study of NALCO'S Electrolytic Cells: (NALCO & JNARDDC Collaboration)

During the year under report, complete Heat Flux measurement was done for the 4-experimental pots. Heat flux measurement from Cathode Shell Bottom was done at 18 different points and heat flux at 24 different points on the long side of the cathode shell at metal and bath level has also been measured. Complete evaluation on heat balance studies are in progress.

2. Al-Li alloy Development Programme

Defence Metallurgical Research laboratory, and Non-ferrous Materials Technology Development Centre, Hyderabad have proposed to set up a pilot plant for development of Al-Li alloys using NALCO's High Purity Aluminium metal. After successful technical evaluations, sheets processed in Russia from Company's alloy has been despatched to Aeronautical Development Authority for use in Light Combat Air Craft. It is a matter of pride that these sheets have been accepted by Authorities for use in such specialised applications.

3. Development of Aluminium Master alloys at NFTDC, Hyderabad

NALCO is associated with R&D work on Aluminium alloys including master alloys and Al-Li which is in progress at NFTDC, Hyderabad. Al-3% Zr alloy and Al-Li extruded rods have been supplied to Ordnance Factory, Ambajhari and ISRO, Bangalore respectively for their special applications.

4. Extraction, Refining & Characterization of Gallium from NALCO'S Bayer Liquor

NALCO & C Met-Hyderabad have submitted a joint project proposal to the Govt. of India for putting up the facilities for extraction of Gallium of 2 tpa capacity from Bayer Liquor to 3N/4N purity at Damanjodi and its subsequent refining and characterization up to 6N/7N purity at C-Met, Hyderabad.

5. Direct Smelting of Al-Si Alloy

Final report on Techno-Economic Feasibility for Electro-thermal Smelting of Al-Si alloy based on pilot scale testing of Indian raw materials VAMI, Russia has been reviewed and the report is being updated.

(B) IN-HOUSE R&D ACTIVITIES

Development of special alumina products like dry-hydrate, Super pure hydrate and high alpha alumina is under progress at NALCO's Damanjodi Laboratory.

- Studies are in progress to examine the possibilities for manufacturing of bricks and cement from waste products generated like fly-ash, lime grit and red mud.
- Development of a mathematical model for the process control of digestion unit is under active pursuit for process automation.
- Studies are in progress in our Smelter Unit for substitution of Standard Cathode Carbon blocks by graphitised Carbon blocks and BIL insulation bricks by Hysil Calcium Silicate.

12.0 PERSONNEL & INDUSTRIAL RELATIONS:

12.1 Employee health, safety and environmental issues continued to receive great attention.

As on March 1993, the work force of the Company remained within the approved man-power budget as indicated below:

Details		As on 31.3.93	As on 31.3.92
1.	Executives	1070	1018
2.	Graduate Engineer Trainees	14	25
3.	Non-Executives	4635	4344
4.	Operator Trainees	78	68
5.	Trainees Assistants	11	21
Total:		5808	5476
6.	Schedule Castes	993	993
7.	Schedule Tribes	1059	989

Owing to abolition of contract labour system in a number of jobs by the Govt. of Orissa vide their Gazette Notification of 9th April 1991, the Company had to recruit about 300 persons to supplement the existing manpower.

12.2 Scheduled Caste & Scheduled Tribes:

Efforts including those under Special Recruitment Drive for SCs/STs, were continued to improve the representation of SC/ST communities in employment in the Company during the year. Out of the total strength of 5808, 993 employees belonged to Scheduled Castes and 1059 employees to Scheduled Tribes.

12.3 Regular induction of trainees at the Graduate Engineer Operative and Assistant levels took place and necessary in-house and field training were arranged for them. For development of human resources 6213 mandays covering 1948 employees were put through such programmes. Apart from job-related training, emphasis was laid on improvement of skills and team work and 283 executives attended such programmes.

12.4 Particulars of employees as required by Section 217(2A) of the Companies Act 1956 are given in the Annexure to this report.

12.5 Industrial Relations/HRD/Work-Culture and Welfare

The Company maintained cordial Industrial relations with the employees. Bi-partite Fora functioned effectively in all units of the Company despite multiplicity of unions. Communications with the employees has shown remarkable improvement and the In-house news letter of the Company (Parichaya) has become very popular among employees.

HRD/Work-Culture

To help the Company build competence and capability to meet the challenges, extensive HRD/Work-culture building exercises are being undertaken.

Welfare :

The Company has provided excellent medical facilities to all employees and their families. In Company's townships at Damanjodi, Angul and Bhubaneswar, community centres have been constructed providing recreational facilities for the employees and their family members. Additional quarters were constructed in the year, providing more accommodation facilities to the employees.

12.6 Use of Hindi

For implementation of official language, Hindi workshops were organized with the help of faculty members of National repute to impart practical training on use of Hindi in official work. Hindi week was organized with a number of programmes which included Special Kavi Sammelan in which Padmashri Gopal Das "Neeraj" and other national level poets participated. Our Company received the "Indira Gandhi Raj Bhasha" shield from the President of India for the year 1990-91 on 26th June 1993.

12.7 Presidential Directives

The second long term settlement expired on 31.12.91. In view of the Govt. directives the Company could not make much head way on revision of pay scales and perks pending formulation of new wage policy by the Govt. We have now received clearance from the Govt. Negotiations are to take place with the workers' unions shortly.

12.8 Vigilance

Vigilance department continued its drive in the fields of preventive, detective and punitive vigilance in the Company.

13.0 DIRECTORS :

Shri D.N. Ghosh and Dr. T.R. Ramachandran ceased to be Directors from 30.9.92, on the expiry of their terms of appointment. The Board wishes to record its appreciation of the valueable guidance received from Shri. D.N. Ghosh and Dr. T.R. Ramachandran on financial and technical matters. Shri. N. Mohanty, Director (Production) retired from service on 31st Oct. '92 on attaining the age of superannuation. Shri Mohanty who joined the Company in Oct. '81 during the formative stages of the Company had contributed in no small measure to the achievements of the Company. Board places on record their appreciation of the valuable services rendered by him.

Govt. of India has appointed Dr. S.K. Tamotia and Shri B.D. Singh as Director (P&T) and Director (P&A) from 16th February 1993 and 17th February 1993, respectively. Shri N. Gopalan, Joint Secretary & FA, Ministry of Chemicals & Fertilizers and Ministry of Mines is also appointed as a Director from 26th August, 1993.

14.0 ACKNOWLEDGEMENT :

Your Directors are grateful to the Ministry of Mines, Govt. of India, Railway Board, Coal India Limited, Govt. of Orissa, Orissa State Electricity Board for the guidance, help and co-operation received from them. Thanks are also due to our technical consultants M/s. Aluminium Pechiney, France, Engineers India Limited and Development Consultants Limited for their services to the Company. The Directors gratefully acknowledge the excellent patronage, support and co-operation from their esteemed customers in India and abroad whose support alone has helped the Company to tide over an otherwise difficult year for the aluminium industry in India.

The Board acknowledges the sincere efforts made by officers, staff and employees of the Company for meeting production ad export targets.

For & on behalf of the Board.

(Dr. S.K. Tamotia)
Chairman-cum-Managing Director

Information As Per Section 217(2a) Of The Companies Act, 1956 Forming Part Of Directors' Report For The Year Ended 31/3/1993.

SL. No	Name	Designation of the Employee	Remuneration received (Rs.)	Qualification & Experience (Years)	Date of Commencement of Employment	Age as on 31.3.93 (years)	Last employment held before joining the company
1.	2.	3.	4.	5.	6.	7.	8.
1.	Acharya S	GM (Pers)	1,76,530	BA (Hons) PG Dip. IR&W 24 Yrs	05.03.82	47	Manager (P&A) NTPC
2.	Agrawal C B	CE (Mech)	1,44,290	BE (Mech) 26 Yrs	16.04.81	47	Plg. Engr., BALCO
3.	Agarwal S S	GM (Proj)	1,79,509	BE (Hons) (Mech) 33 Yrs	27.05.82	57	Works Mgr. BALCO
4.	Arora B K	CE (Elect)	1,49,472	BE (Elect) 22 Yrs	16.04.81	48	Planning Engr. BALCO
5.	Arora V K	CMM	1,47,959	BA Dip in Business Mgt 25 Yrs	17.05.82	51	Dy Mgr. UP State Cement Corpn
6.	Badi N V	GM (Mat)	1,61,015	BA, BE (Mech) Hon FIE, DMA, CE, AMIIE 30 Yrs	07.01.82	51	Mrg (Mat) MECL
7.	Banerjee S K	DGM (T&C)	1,52,493	BE (Civil) 28 Yrs	16.11.84	49	DCE (Civil), HFCL
8.	Bisen M S	OSD (M & P)	1,62,463	BE (Mech) 28 Yrs	01.06.81	52	Supdt. Engr (Mech) BALCO
9.	Maj. Choudhury Ashim	Chief of Aviation	1,80,603	B.A PGDM 27 Yrs	01.10.84	48	Pilot IMFA Ltd
10.	Chouharia S D	DGM (PC&E)	1,47,351	BE (Metallurgy) 27 Yrs	16.04.81	50	Supdt. (Smelter) BALCO
11.	Das M N	AGM (CPP)	1,76,546	B.Sc Engg (Elect) 28 Yrs	05.03.82	49	Proj Elect Engr Tata Consulting Engr
12.	Das P	DGM (Oprn)	1,51,970	B.Tech (Chem) 22 Yrs	16.04.81	50	Planning Engr BALCO
13.	Jain N K	DGM ((Mat)	1,52,651	B.Sc., BE (Mech) 25 Yrs	28.12.81	46	Dy. Mat. Mgr., FCI
14.	Kampani M L	GM (Smelter)	1,45,099	B.Sc (Chem Engg) 32 Yrs	31.03.89	58	Manager (Smelter) INDAL
15.	Khatri L C	CE (Civil)	1,44,149	Dip. In Civil Eng. AMIE	03.08.81	49	Zonal Engr BALCO

16.	Kumar A	DGM (Matl)	1,48,427	29 Yrs M.Com	29.05.82	51	Deputy Controller of
17.	Maheshwari R K	DGM (Oprn)	1,59,566	28 Yrs BE (Mech)	15.03.82	46	Store, KIOCL
18.	Mallik K K	DGM (Mktg)	1,46,976	25 Yrs BE (Mech)	01.09.82	44	Consulting Engr Tarun Engineers
19.	Mohanty B C	ED (S&P)	1,71,939	21 Yrs BE (Electrical)	01.11.84	56	Dy Mgr (Mat) NTPC
20.	Mohanty Dr. R C	AGM (M&R)	1,73,848	33 Yrs M.Sc. (Geology) Ph. D	30.11.81	49	Supdt (Power Plant) Rourkela Steel Plant
21.	Mohanty R K	ED (Vig)	1,60,815	27 yrs IPS	09.09.88	47	Sr Design Engr MECON
22.	Mahapatra B K	CE (Mech)	1,47,567	23 YRS B.Sc. Engg (Mech)	01.06.83	49	Dy Director ARC
23.	Nayak S B	AGM (Smelt)	1,68,650	26 Yrs B.Sc. Engg (Elect)	04.05.82	48	Asstt. Supdt BALCO
24.	Pahadi B N	DGM (Mat)	1,66,145	24 yrs B.Sc. (Mech. Engg) B. Tech (Hons)	30.12.81	53	Dy Mgr Bokaro Steel Plant
25.	Pahwa S N	CE (Mech)	1,52,806	26 Yrs BE (Mech)	12.01.85	50	Dy Mrg. (Mat) FCI
26.	Panda B S P	CE (Civil)	1,45,635	28 Yrs AMIE (Civil)	22.10.84	52	Project Engr (Mech) Dubai Aluminium Co.
27.	Panda G S	DGM (Smelter)	1,68,730	28 Yrs B.SC Engg (Mech)	14.02.83	52	Zonal Engr (Civil) Bokaro Steel Plant
28.	Panda L K	ED (R& D)	1,58,013	30 Yrs B.Sc BE (Chem) Member IIM,	16.04.81	57	Executive Engr (I&P) Dept. Govt of Orissa
29.	Pandey S K	CE (Mech)	1,47,758	35 Yrs B.SC Engg (Mech)	31.12.84	46	DGM, BALCO
30.	Parija M S	DGM (P&A)	1,56,357	24 Yrs B.Sc (Hons) B.Sc Eng (Civil)	15.10.84	51	Asstt Chief Engr (Mech), FCI
31.	Patnaik SB	DGM (E&MS)	1,50,220	30 Yrs B.Sc Engg (Mech)	10.12.82	47	Engr. Supdt (C) HCW, IDCOL
32.	Patnaik B B	DGM (Admn)	1,55,620	25 Yrs BA (Hons) 30 yrs	01.03.83	55	Prodn. Engr. TISCO
							Dr. Secy., Govt. of Orissa

33.	Patnaik A K	DGM (TS)	1,75,347	B.Sc B E (Civil) MIE 30 Yrs	16.04.81	55	Planning Engr BALCO
34.	Paul N K	CE (C&I)	1,45,177	B Tech (Hons) Inst & Electronics 21 Yrs	12.02.85	47	Dy Manager Bokaro Steel Plant
35.	Prasad U K	DGM (Fin)	1,49,466	M.Com & ICWA 30 Yrs	28.12.82	55	Deputy Controller of Accounts, BSP, SAIL
36.	Ramaratnam P S	ED (Gen)	1,52,232	MA 29 Yrs	09.02.84	58	Commercial Mgr. Automotive Castg. Ltd
37.	Rao N S	GM (Fin)	1,78,316	B.Com, AICWA 25 yrs.	31.12.81	57	Manager (Fin) NTPC
38.	Rao T P C	DGM (Fin)	1,54,614	B.Com AICWA 30 Yrs	02.11.81	52	Dy Mgr (Fin) NHPC
39.	Rath A	DGM (Oprn.)	1,45,119	B.SC Engg (Mech) 25 Yrs	20.06.83	47	Plant Engr (Mech) RCF, FCI
40.	Routary P K	DGM (E&MS)	1,48,317	B Sc Engg (Elec) DIM M.Tech (IE) 22 Yrs	11.05.82	44	Dy Manager Bokaro Steel Plant
41.	Roy A	DGM (Maint.)	1,52,544	BE (Elect) 22 Yrs	12.04.82	46	Sr Engr. NTPC
42.	Sahoo P.L.	DGM (Fin)	1,65,363	M.Com, LLB, A.C.A 21 Yrs	15.02.82	52	F.A & CAO Konark Jute Mill Ltd
43.	Sanyal S S	DGM (Coord)	1,79,740	BE (Civil) 31 Yrs	03.10.81	55	Supdt. Engr., BALCO
44.	Seth M M	Chief Mgr (Smelter)	1,54,629	BE (Metallurgy) 26 Yrs	12.03.82	51	Act Supdt. BALCO
45.	Sethi H K	ED (M&R)	1,46,633	B.Tech (Hons) Elect Engg. 34 Yrs	14.12.85	58	Manager (Engg) ACC Ltd Cement CO. Ltd
46.	Singdeo B S	DGM (Mat)	1,59,629	M.Sc., LLB, MBA 20 Yrs.	12.04.82	46	DM (Mat), IDLC Ltd
47.	Singh A P	ACE (Civil)	1,50,206	B.Sc. Engg (Civil) 23 Yrs	24.08.84	46	Sr. Project (Engr.) Narmada Dam Project
48.	Singh D K	CE (Elect)	1,51,317	B.Sc. Engg (Elect.) PGDBM 19 Yrs	17.11.82	48	Asstt Supdt BALCO
49.	Tamotia Dr. S K	Director (P&T)	1,74,492	BE (Hons) Civil ME (Soil & Foundn) Ph.D	24.02.84	54	Chief (Design Plg & Contracts) KIOCL

50.	Thakur C M	ACE (Mech)	1,44,413	29 Yrs BE (Mech)	04.12.82	47	Asst. Supdt (Mech)
51.	Vidyasagar P	DGM (Oprn)	1,55,874	27 Yrs M. Tech.	06.04.82	51	BALCO Asstt Supdt. BALCO
52.	Mohanty N	Director (Prodn)	1,49,566	28 Yrs Employed for part of the year B.Sc (Hons), M.Sc (Tech) AMIIC	12.10.81	59	Supdt INDAL
53.	Singh B D	Director (P&A)	15,762	33 yrs MA (Hist), BL, MA (LSW), JEDP (MBA) 29 Yrs	17.02.93	53	GM (P), RINL

- Note :
1. Remunerations excludes LTC and medical reimbursement and includes contribution to the Provident Fund.
 2. All appointments are on regular basis except Serial No. 21, who is on deputation from Government.
 3. Terms and conditions are as per Rules of the Company.
 4. Chairman cum Managing Director and Functional Directors are appointed by the President of India and are on tenure contract.
 5. None of the employees are related to any of the Directors of the Company
 6. Percentage of equity shares held by the employees of the Company is nil for the year under report.

Annexure to the Directors' Report

Statement of Particulars under the companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY

All the segments of NALCO viz Mines, Alumina Refinery, Smelter, Captive Power Plant and Port Facilities have adapted the most modern technology leading to the optimal consumption of energy. The specific energy consumption figures are reviewed and monitored regularly. An inter plant energy audit team was formed and auditing was carried out for suggesting corrective measures to be taken for optimum energy consumption.

(a) Energy Conservation Measures Taken

Mines & Refinery

- Use of Cable belt system with power regeneration facilities for bauxite transportation.
- Mechanical agitation system with Ekato agitators for good agitation and energy efficiency.
- Computer based maintenance system.
- Pumps with mechanical seals for reducing energy requirement for evaporation.
- Use of 1400 TPD Fluidised bed calciner for calcinations of Alumina Hydrate.
- Creation of Energy audit cells for reducing wastage of energy due to leakages, etc.

Inter Plant Energy audit team constituted in Sept. '92, carried out detailed energy audits of all the segments of NALCO and have recommended various measures to be taken for effective energy conservation which are being looked into.

Smelter

- Regulation of operating parameters of pots with the help of computerized system.
- Reduction in heat losses from pots by proper hooding and centre feeding.
- Low energy, high amperage pots for aluminium smelting.
- Atomized fuel heating system in baking furnace.
- Increased availability of auxiliary machineries and equipments.

Captive Power Plant

- Process optimization via instrumentation and equipment design.
- Plant operation with high load factor of more than 70%.
- Computerized firing of burners to get high thermal efficiency.
- High pressure barrel type turbine system with by-pass facilities both at high pressure & low pressure.

- Fully automatic operation of turbine run up system.

(b) Additional Investment and Proposals being implemented

Following are few proposals planned for future to reduce specific energy consumption.

- MP/LP steam line modification.
- Use of fuel oil additive.
- Recommission of economizer soot blower.
- Heat recovery from excess sodic condensate.
- Auto combustion control system in boiler.
- Use of Hysil Panels in place of BIL insulation bricks in pots.
- Use of graphitised cathode carbon blocks.
- Checks of Steam Traps and Steam Leakages.
- Utilisation of waste heat etc.

(c) Impact of Measures (a) & (b) above

Due to adoption of superior State-of-the-art-technology and various other economized energy consumption measures taken for the entire plant, at the design stage itself, the energy consumption norms of NALCO is well comparable with international standards. Energy consumption figures for '92-93 in the alumina refinery sector is lower when compared with the previous years figures as well as with the norms due to achievements of rated capacity of production. However in the smelter unit the energy consumption figures are slightly higher than the norms due to lower capacity utilisation of the plant.

(d) Total Energy Consumption and Energy Consumption per Unit

The figures are given in Form 'A'.

(B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption

Form - A for disclosure of particulars with respect to conservation of Energy (See Rule-2)

A. Power and Fuel Consumption

		Captive Power Plant Angul		Alumina Refinery, Damanjodi	
		Current year (1992-93)	Previous year (1991-92)	Current year (1992-93)	Previous year (1991-92)
1	Electricity				
a)	Purchased from OSEB				
	Unit (Million KWH)	15.972	8.77	79.735	69.9
	Total amount (Rs.in Lakhs)	1545.50	103.11	693.69	566.19
	Average rate (Rs./KWH)	9.68	1.18	0.87	0.81
b)	Own Generation				
	Through Diesel Generator				
	Unit	Not applicable		Not applicable	
	Units per Ltr.of Diesel Oil				
	Cost/Unit				
c)	Through Steam Turbine/Generator				
	Unit (Million KWH)	4088	3929	187.28	175.95
	Energy cost per unit (Coal & Fuel Oil) (Rs./KWH)	0.2427	0.2134		
2	Coal (Specify Quality & where used)				
	Quality 'G' Grade				
	Quantity (Tonnes)	3278467	3236299	518623	455821
	Total Cost (Rs.in lakhs)	8662.52	6964.22	3284.92	2473.60
	Average rate (Rs./Tonnes)	264.22	215.20	633.00	542.67

3 Fuel Oil & LDO

		Captive Power Plant Angul		Alumina Refinery Damanjodi		Smelter Angul	
		1992-93	1991-92	1992-93	1991-92	1992-93	1991-92
Quantity	KL	6080.70	13346	75090	63718	17305	16658
Total amount	Rs.in Lakhs	294.68	572	3781.87	2703	880	729
Average	Rs./KL	4846	4286	5036	4286	5085	4367

B. Consumption per unit of Production

		Standards (if any)	Current year 1992-93	Previous year 1991-92
Products (with details) Unit				
1 Aluminium Refinery, Damanjodi				
a. Power	KWH/Ton	380	328.97	365.7
b. Fuel Oil for Calcination	KG/Ton	85.3	85.68	85.9
c. Coal for Steam	KG/Ton	750	640.00	678.0
d. Oil for Steam	KG/Ton	10	7.52	8.35
2 Smelter, Angul				
a. AC Energy	KWH/Ton	14600	15065.8	15119
b. Fuel Oil	KG/Ton	95	85.81	82.24
c. Others				
i) C.P. Coke	KG/Ton	408	403.46	396.64
ii) C.T. Pitch	KG/Ton	106.5	94.85	95.54

Form –B

I. Research and Development

1. Specific areas in which R&D carried out by the Company

(a) In-house R&D Activities

Alumina Plant

- i) Laboratory scale study on indigenous filter fabric.
- ii) Preparation of mass and energy balance.
- iii) Superior quality synthetic flocculent study.
- iv) Chemical cleaning liquor provision for 1st washer overflow line towards flocculent preparation.
- v) Digital study on digester and evaporator.
- vi) Study of Hydro cyclone for Hydrate classification.
- vii) On line RP analysis.

Smelter Plant

- i) Use of Graphitised carbon block for reduction of energy consumption.
- ii) The study on addition of special additives for fuel oil savings.
- iii) Replacement of imported insulation bricks by Hysil Calcium Silicate Panel.

(b) Collaborative R&D Work

- i) Heat Balance study of NALCO's electrolytic Cells in collaboration with JNARDDC.
- ii) Al-Li alloy development work with DMRL & NFTDC.
- iii) Development of Aluminium based master alloys and grain refiners like Al-75%Mn, Al-3% Zr, Al-9% Ti, & Al-2.5% Ti-2.5% B etc. at NFTDC.
- iv) Extraction of Gallium from NALCO's Bayer Liquor and subsequent refining and characterization to 6N/7N purity with C-MET Hyderabad & UNDP.
- v) Techno-economic feasibility for Electro-thermal smelting of Al-Si alloys in collaboration with UNDP & VAMI, Russia.

2. Benefits derived

- i) Productivity at alumina plant has increased as a result of which rated capacity has been achieved.
- ii) Operational efficiencies have shown remarkable improvements.

- iii) Availability of special alloys and value added products.
- iv) Effective energy conservation and reduction in specific raw materials consumption.

3. Future plan of action

- i) Development of Al-alloy sacrificial anode for cathodic protection.
- ii) Setting up of in-house R&D facilities.
- iii) Continuance of the present collaborative Research & Development activities.
- iv) Identification of New Research & Development Project both for in-house and collaborative R&D work.

4. Expenditure on R&D

	1992-93	1991-92 (Rs. in lakhs)
(a) Capital		
(b) Recurring	3.90	6.13
(c) Total	3.90	6.13
(d) Total R&D expenditure as percentage of turnover	0.003%	0.006%

II. Technology Absorption, Adaptation and Innovation

1. Efforts made in brief

It has been a constant endeavour on the part of NALCO'S Technical personnel for minimizing dependence on imported technologies. Towards this objective creation of planning and design cells at our alumina refinery, Smelter and Power plant is a step forward in this direction. R&D work in the company is directed forwards suitable adaptability of imported technologies pertaining to Indian conditions. Our import substitution Departments at respective sites are working successfully for indegnisation of imported spare parts required for our different plants and machineries.

Training and upgradation of our Engineers and Scientists has been a constant practice in the company and they are sent to different countries for visiting modern plants and R&D establishments. Participation in International/National Seminars, Symposium and Works shops is regularly encouraged for exchange of Scientific and technological views, research findings and updatation of global information in the field of alumina/aluminium technologies. The company has entered into an agreement with Aluminium Pechiney France for 3yrs for continued technical assistance, as and when required.

2. Benefits derived as a result of the above efforts

Import substitutions, foreign exchange savings, cost reduction, improvements in process parameters and plant efficiencies and march towards self sufficiency are some of the derived benefits.

3. Details of Technology imported during the past 5 yrs.

a)	Technology imported	Nil
b)	Year of Import	Not applicable In view of (a)
c)	Has Technology been fully absorbed	
d)	If not fully absorbed reason thereof and future plan of action	

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**(a) Activities relating to exports:**

Strategic marketing planning like concluding long term/medium term/contracts, conversion of formula based prices into fixed price contracts, spot sales, appointment of local agents wherever necessary, foreign visits and other promotional activities were undertaken during the year under report.

Though the original objective was to export alumina in the overseas markets, NALCO started exporting metal also in view of the availability of metal after meeting domestic demand. As a producer of metal of international acceptance, NALCO's metal was registered in the London Metal Exchange in May 1989.

NALCO's exports covers developing countries of the world in North America, Europe, Asia and Africa where the NALCO's alumina and metal have found acceptance.

Products Qty.in Tonnes	Target	1992-93 Actual
Calcined Alumina	4,20,000	4,24,595
Aluminium Metal	65,000	85,771

(b) Total foreign exchange used and earned.

	(Rs. in Crores)	
Particulars of Foreign Exchange	1992-93	1991-92
Earnings	538.57	386.32
Out go	239.23	246.70

COMMENTS OF THE COMPTROLLER & 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 31ST MARCH, 1993.

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956 on the accounts of National Aluminium Company Limited for the year ended 31st March, 1993.

Sd/-
(U. Bhattacharya)
Principal Director of Commercial
Audit & Ex-Officio Member, Audit
Board-I, Calcutta.

Dated, Calcutta
The 17th September, 1993.

Review of the Accounts of National Aluminium Company Limited for the year ended 31st March 1993 by the Comptroller & Auditor General of India.

1 FINANCIAL POSITION

The table below summarises the financial position of the company under broad headings for the last three years :

		(Rs. in lakhs)		
Liabilities		1990-91	1991-92	1992-93
a)	Paid -up Capital	128861.92	128861.92	128861.92
b)	Reserves & Surplus :			
	i) Surplus	19361.16	25275.58	37217.60
	ii) Committed Reserves	-	-	-
c)	Borrowing from :			
	i) Consortium of International Banks	179369.36	263721.57	260241.62
	ii) Housing Development Finance Corpn.Ltd.	91.95	88.58	84.73
	iii) Banks : Cash Credit	834.35	1396.27	1270.64
	Export Packing Credit	3253.11	-	1459.99
d)	Current Liabilities & Provisions	23094.23	24534.56	29461.83
	TOTAL	354866.08	443878.48	458598.33
Assets				
e)	Gross Block	308800.42	400726.77	408897.69
f)	Less: Cumulative Depreciation	49327.19	72068.29	93914.47
g)	Net Block	259473.23	328658.48	314983.22
h)	Capital work-in-progress	13393.48	18953.46	25227.65
i)	Capitalised expenditure	6655.73	9524.77	9084.44
j)	Investment	986.22	980.84	977.56
k)	Current Assets, Loans & Advances	74357.42	85760.93	108325.46
	TOTAL	354866.08	443878.48	458598.33
	Capital Employed (g+k-d)	310736.42	389884.85	393846.85
	Net Worth [a+b(i)-(i)]	141567.35	144612.73	156995.08
	Net Worth per rupee of paid-up Capital (in Rs.)	1.10	1.12	1.22

2 CAPITAL STRUCTURE

- i) The debt-equity ratio of the company was 1.21:1 in 1990-91, 1.71:1 in 1991-92 and 1.57:1 in 1992-93.

3 LIQUIDITY AND SOLVENCY

- i) The percentage of current assets to total net assets of the company was 21% in 1990-91, 19% in 1991-92 and 24% in 1992-93.
- ii) The percentage of current assets to current liabilities (including provision) which is a measure of short-term solvency was high at 322 in 1990-91, 350 in 1991-92 and 368 in 1992-93.
- iii) The percentage of quick assets (Sundry Debtors, Loans & Advances and Cash & Bank balances) to current Liabilities (excluding provisions) which is another measure of liquidity was also high at 275 in 1990-91, 295 in 1991-92 and 292 in 1992-93.

4 WORKING CAPITAL

- i) The working capital (i.e. Current Assets less Current Liabilities and Provisions) at the close of three years ending 31st March 1993 amounted to Rs. 51263.19 lakhs, Rs. 61226.37 lakhs and Rs. 78863.63 lakhs respectively.
- ii) The percentage of Working Capital to Sales was 57,61 and 67 during the years 1990-91, 1991-92 and 1992-93 respectively. The deterioration in turnover of working capital was mainly due to accumulation of inventory and increase in debtors.

5 SOURCES AND USES OF FUNDS

Funds amounting to Rs. 34231.81 lakhs from internal and external sources were realised and utilised during the year as shown below:

Sources of Funds		(Rs.in lakhs)
a)	Increase in Reserve and Surplus	11942.02
b)	Addition to Cumulative Depreciation	21846.18
c)	Decrease in Capitalised Expenditure	440.33
d)	Disinvestment	3.28
	Total inflow of funds during the year	<u>34231.81</u>
Utilisation of Funds		
a)	Addition to Gross Block	8170.92
b)	Increase in Capital work-in-progress	6274.19
c)	Repayment of loans	2149.44
d)	Increase in Working Capital:	
e)	Increase in Current Assets	22564.53
	Less: Increase in Current Liabilities	<u>4927.27</u>
	Total outflow of funds during the year	<u>17637.26</u>
		<u>34231.81</u>

6 WORKING RESULTS

The working results of the company in the last three years are given below:

		(Rs.in lakhs)		
		1990-91	1991-92	1992-93
i)	Sales	90681.11	100061.36	118018.26
ii)	Net Profit/Loss(-) after tax	7193.86	5914.42	13488.36
iii)	Percentage of Profit after tax			
a)	To sales	7.93	5.91	11.43
b)	To net worth	5.08	4.09	8.59

The improvement in profit margin in 1992-93 was mainly because of reduction of interest and financing charges by Rs. 7059.37 lakhs.

7 INVENTORY LEVELS

The Inventory levels at the close of last three years is given below:

				(Rs.in lakhs)
		1990-91	1991-92	1992-93
i)	Raw Materials	1892.22	3259.32	2965.98
ii)	Stores and Spares	12883.00	15400.62	16458.50
iii)	Finished Goods	5902.29	10136.58	11668.76
iv)	% finished goods to Sales	6.54	10.13	9.39

8 SUNDRY DEBTORS

The sundry debtors vis-a vis Sales in the last three years are given below:

					(Rs. in lakhs)
As on	Sundry Debtors		Total	Sales	Percentage of
	Considered	Considered	Sundry		Sundry debtors
	goods	doubtful	debtors		to Sales
31.3.1991	11713.22	-	11713.22	90681.11	13
31.3.1992	21881.37	-	21881.37	100061.86	22
31.3.1993	34357.40	-	34357.40	118018.26	29

The above indicated an adverse growth trend in debtors.

Dated, Calcutta
The 17th September, 1993.

Sd/-
(U Bhattacharya)
Principal Director of Commercial
Audit & Ex-Officio Member, Audit
Board-I, Calcutta

Auditors' Report	2
Annexure Referred to in Paragraph-2 of our Report of even date	3

Auditors' Report

To
The Members of
National Aluminium Company Limited

1. We have audited the annexed Balance Sheet of National Aluminium Company Limited as at 31st March, 1993 and also the Profit and Loss Account for the year ended on that date annexed thereto.
2. As required by the manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2, above, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit,
 - b) in our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of the books,
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account,
 - (d) in our opinion and to the best of our information and according to the explanations given to us, the Company's Profit and Loss Account for the year ended 31st March, 1993 and the Balance Sheet as at that date, read with the notes thereon and statement of Accounting Policies, give the information required by the Companies Act, 1956 in the manner so required and subject to:
 - (i) Note No. 2.7 regarding the deposits with Canbank Financial Services Limited (Rs. 60 crores) and Andhra Bank Financial Services Limited, (Rs. 45 crores) having remained unpaid on the due dates together with interest thereon of Rs. 6.70 crores and the non-recognition of interest accrued but not due for the subsequent period, we are unable to ascertain at this stage the extent of probable loss that may arise as a result of future non-realiseability of the said deposits and interest thereon.
 - (ii) Charging of depreciation on certain assets at rates other than those prescribed in Schedule XIV of the Companies Act, 1956 resulting in net undercharging of depreciation for the year by Rs. 32123.62 lakhs with corresponding effect in the trading result and also understatement of accumulated depreciation by Rs. 111462.45 lakhs (Refer Note No. 3.1)
 - (iii) Note No. 3.2 regarding proposal for declaration of dividend @ 2% on the ordinary shares amounting to Rs. 25.77 crores pending approval of Central Government as provided in Sec. 205(l) (c) of the Companies Act; give a true and fair view.
 - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1993 and
 - (b) in case of the Profit and Loss Account, of the Profit of Company for the year ended on that date.

Bhubaneswar
25th July, 1993

Sd-
(P. Venugopala Rao)
Partner
For and on behalf of
TEJ RAJ & PAL,
Chartered Accountants

Annexure Referred to in Paragraph-2 of our Report of even date

- I. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
(b) Pursuant to the Company's programme of physical verification of fixed assets, which in our opinion reasonable, movable fixed assets of the Company have been verified by the management during the year and discrepancies noticed in such verification which were not material are under reconciliation.
- II. The fixed assets of the Company have not been revalued during the year.
- III. The stocks in hand of finished goods, stores, spare parts and raw materials of the Company have been physically verified by the management, and the frequency of verification is reasonable.
- IV. In our opinion, the prescribed procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- V. The discrepancies between the physical stocks and the book stocks, which are not materials, have been properly dealt with in the books of account.
- VI. On the basis of our examination of stock valuation, we are of the opinion that the valuation of the stocks of finished goods, stores, spare parts and raw materials (a) has been fair and proper in accordance with the normally accepted accounting principles and (b) is on the same basis as in the previous year.
- VII. The Company has not taken any loans from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or from Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- VIII. The Company has not granted any loans to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- IX. Loans or advances in the nature of loans given to the parties are being repaid as stipulated together with interest, where applicable.
- X. In our opinion, internal control procedures of the Company relating to purchase of stores, raw materials including components, plants and machinery, equipment and other similar assets and for the sale of goods are adequate and commensurate with the size and the nature of the business of the Company.
- XI. The Company has not purchased goods and materials and not sold goods, materials and services aggregating to Rs. 50,000/- or more in value from/to any of the parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- XII. The Company has a system of determining unserviceable or damaged stores and raw materials on the basis of technical evaluation and on the aforesaid basis no unserviceable or damaged stores were noticed which would necessitate write-off in the accounts.
- XIII. The Company has not accepted any deposits from Public.

- XIV. In our opinion, reasonable records have been maintained by the Company for sale and disposal of scraps. The Company has no by-product.
- XV. In our opinion, the Company's Internal Audit system needs to cover more areas so as to commensurate with the size and nature of its business.
- XVI. On the basis of the records produced, we are of the opinion that, prime facie, the cost records and accounts as prescribed by the Central Government under Section 209(1)(a) of the Companies Act, 1956, and applicable to the Company have been maintained.
- XVII. The Company is regular in depositing provident Fund dues with the appropriate authorities. None of the employees of the Company are members of the Employees' State Insurance.
- XVIII. As at 31st March, 1993, there were no amounts outstanding in respect of undisputed income tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable. The Company is not liable to pay wealth tax.
- XIX. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of any such case by the management.
- XX. The Company is not a sick industrial Company within the meaning of Clause 'O' of Section 3(1) of Sick Industrial Companies special Provisions Act, 1985.

Sd-
(P. Venugopala Rao)
Partner
For and on behalf of
TEJ RAJ & PAL,
Chartered Accountants

Bhubaneswar
25th July, 1993

Annual Accounts

01. Balance Sheet
02. Profit & Loss Account
03. Schedules Forming Part of the Balance Sheet
04. Schedules forming Part of the Profit & Loss Account
05. Significant Accounting Policies
06. Notes forming part of the Account

Balance Sheet
as at March 31, 1993

(In Thousand Rupees)

	Schedule	As at March 31, 1993	As at March 31, 1992
SOURCES OF FUNDS			
Shareholder's Funds :			
Share capital	1.1	1288,61,92	12,88,61,92
Reserves and Surplus			
Surplus Balance in Profit and Loss Account		372,17,60	252,75,58
Loan Funds :			
Secured loans	1.2	27,30,63	13,96,27
Unsecured loans		<u>2603,26,35</u>	<u>2638,10,15</u>
		2630,56,98	2652,06,42
TOTAL		<u><u>4291,36,50</u></u>	<u><u>4193,43,92</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	1.3	4088,97,69	4007,26,77
Less : Depreciation		<u>939,14,47</u>	<u>720,68,29</u>
Net Block		3149,83,22	3286,58,48
Capital Work in Progress	1.4	252,27,65	189,53,46
Investments	1.5	9,77,56	9,80,84
Current Assets, Loans and Advances:			
Inventories	1.6	310,93,24	288,77,11
Sundry Debtors		343,57,40	218,81,37
Cash and Bank balances		210,11,70	58,89,92
Other Current Assets		122,10,89	215,01,90
Loans and Advances		<u>96,52,23</u>	<u>76,10,63</u>
		1083,25,46	857,60,93
Less : Current Liabilities & Provisions			
Liabilities	1.7	218,06,07	191,18,75
Provisions		<u>76,55,76</u>	<u>54,15,81</u>
		294,61,83	245,34,56
Net Current Assets		788,63,63	612,26,37
Miscellaneous Expenditure			
To the extent not written off or adjusted	1.8	<u>90,84,44</u>	<u>95,24,77</u>
TOTAL		<u><u>4291,36,50</u></u>	<u><u>4193,43,92</u></u>
Notes forming part of the Accounts	1.9		

In terms of our attached report of even date

P. Venugopala Rao
Partner
For and on behalf of
Tej, Raj & Pal
Chartered Accountants

New Delhi
19th July, 1993

N.S.Parameswaran B.D. Singh
Company Secretary Director (Personnel &
Administration)

S.K. Tamotia
Chairman-Cum-
Managing Director

Bhubaneswar
25th July, 1993

Profit and Loss Account

For the year ended March 31, 1993

(In Thousand Rupees)

	Schedule	Year ended March 31, 1993	Year ended March 31, 1992
INCOME			
Sales	2.1	1169,10,92	974,03,37
Finished products internally consumed		34,04	43,55
Accretion/(depletion) to stock of finished products	2.2	15,31,19	42,28,05
Other income	2.3	57,11,50	85,92,09
		<u>1241,87,65</u>	<u>1102,67,06</u>
EXPENDITURE			
Raw Materials Consumed	2.4	169,30,39	134,65,02
Finished Goods purchased		-	14,85,71
Power & Fuel	2.5	228,65,89	171,05,15
Repair & Maintenance	2.6	59,33,78	50,31,96
Other Manufacturing Expenses	2.7	32,03,57	32,64,72
Excise Duty		131,81,32	124,74,02
Employees' Remuneration and Benefits	2.8	37,48,68	31,59,26
Administrative, Selling & Distribution Expenses	2.9	63,81,82	48,22,27
Interest and Financing Charges	2.10	119,84,46	190,43,83
Provisions	2.11	27,25,16	21,00,57
Depreciation		215,17,87	226,88,29
Miscellaneous Expenditure written off		4,33,97	5,84,69
		<u>1089,06,91</u>	<u>1052,25,49</u>
Profit for the year		<u>152,80,74</u>	<u>50,41,57</u>
Less /(Add) Prior Period adjustments	2.12	<u>17,92,38</u>	<u>(8,72,85)</u>
Surplus for the year		<u>134,88,36</u>	<u>59,14,42</u>
Profit brought forward previous year		<u>252,75,58</u>	<u>193,61,16</u>
Balance available for appropriation		<u>387,63,94</u>	<u>252,75,58</u>
APPROPRIATION :			
Dividend paid for 1991-92		15,46,34	-
Balance transferred to Balance Sheet		<u>372,17,60</u>	<u>252,75,58</u>
		<u>387,63,94</u>	<u>252,75,58</u>
Notes forming part of the accounts	1.9		

In terms of our attached report of even date

P.Venugopala Rao
Partner
For and on behalf of
Tej, Raj & Pal
Chartered Accountants

New Delhi
19th July, 1993

N.S.Parameswaran
Company Secretary

B.D. Singh
Director (Personnel &
Administration)

S.K. Tamotia
Chairman-Cum-
Managing Director

Bhubaneswar
25th July, 1993

Schedules forming part of Balance Sheet

Schedule 1.1

SHARE CAPITAL

(In Thousand Rupees)

	As at March 31, 1993	As at March 31, 1992
Authorised :		
130,00,00,000 Equity Shares of Rs. 10/-each		
(Previous year 130,00,00,000 Equity Shares of Rs. 10/- each)	<u>1300,00,00</u>	<u>1300,00,00</u>
Issued, Subscribed and Paid up		
128,86,19,200 Equity Shares of Rs. 10/- each fully Paid up		
(Previous year 128,86,19,200 Equity Shares of Rs. 10/- each)	<u>1288,61,92</u>	<u>1288,61,92</u>
	<u><u>1288,61,92</u></u>	<u><u>1288,61,92</u></u>

Schedule 1.2
LOAN FUNDS

	As at March 31, 1993	As at March 31, 1992
A. Secured Loans		
(Secured by Hypothecation of Raw Materials Semi/Finished goods, Stores & Book debts outstandings)		
Cash Credit From State Bank of India	12,70,64	13,96,27
Export Packing Credit from State Bank of India	14,59,99	-
	27,30,63	13,96,27
B. Unsecured Loans		
Medium term Eurodollar loans from consortium of international Banks (Guaranteed by Government of India)		
US\$ -Million	-	14,07,26
US\$ 133.33 Million	416,01,66	464,39,63
US \$ 50.909 Million	158,84,27	197,01,66
US\$ 125 Million	390,01,56	386,99,69
US \$ 300 Million (Including US\$ 51.525 Million swapped to Swiss Franc 100 Million)	983,55,86	975,45,80
Japanese Yen 20 Billion	539,57,81	465,11,63
Medium term installment sale liability (US\$ 36.667 Million from Morgan Grenfell & Co. Ltd.)	114,40,46	134,15,90
Loan from M/S Housing Development Finance Corporation Ltd.	84,73	88,58
	2603,26,35	2638,10,15
	2630,56,98	2652,06,42

Schedule 1.3**FIXED ASSETS**

(In Thousand Rupees)

Particulars	Gross Block				Total	Net Block	
	As on 1.4.92	Addition	Sales/ Adjustment	cost as on 31.3.1993	Depreciation Up to 30.3.93	As on 31.3.93	As on 31.3.92
A. PLANT MINES AND OTHERS							
Free hold land including cost of developments	29,85,01	3,06	-	29,88,07	-	29,88,07	29,85,01
Leasehold land including cost of developments	1,91,17	-	36	1,91,53	56,53	1,35,00	1,43,83
Buildings	134,37,26	7,81	2,35	134,47,42	33,48,87	100,98,55	107,06,21
Roads, bridges and culverts	23,75,75	10,74	-57	23,85,92	5,38,13	18,47,79	18,72,54
Railway sidings	45,52,28	6,94	3,55	45,62,77	14,08,27	31,54,50	33,83,02
Water supply, drainage and sewerage	44,53,94	-	-7,21	44,46,73	13,31,58	31,15,15	33,17,45
Power supply, distribution & lighting	156,99,19	2,02	-99,06	156,02,15	44,38,31	111,63,84	119,97,87
Plant & machinery	3427,55,00	78,07,25	1,84,73	3507,46,98	793,14,46	2714,32,52	2829,40,66
Office equipments	3,18,30	22,29	-1,88	3,38,71	1,67,72	1,70,99	1,89,27
Furniture and fittings	4,58,55	9,09	-34	4,67,30	1,02,21	3,65,09	3,71,95
Vehicles	16,43,32	24,07	-67	16,66,72	11,17,04	5,49,68	6,88,06
Miscellaneous Equipments	12,16,20	78,64	-2,97	12,91,87	3,98,25	8,93,62	8,81,89
Total	3900,85,97	79,71,91	78,29	3981,36,17	922,21,37	3059,14,80	3194,77,76

Plant & machinery includes capitalisation of Rs. 152922.13 lakhs towards exchange variation loss in accordance with

Accounting Policy No.A.4.

B. SOCIAL FACILITIES

Freehold land including cost of developments	2,89,77	-	-	2,89,77	-	2,89,77	2,89,77
Leasehold land including cost of developments	38,82	-	-	38,82	10,04	28,78	30,72
Buildings,	72,53,75	93,28	2,56	73,49,59	8,90,40	64,59,19	64,81,80
Roads, bridges and culverts	11,38,78	7,82	-	11,46,60	1,42,86	10,03,74	10,14,55
Water supply, drainage and sewerage	8,59,59	4,17	47	8,64,23	2,74,74	5,89,49	6,22,12
Power supply, distribution & lighting	7,12,14	1,07	18	7,13,39	2,51,17	4,62,22	4,97,72
Office equipments	6,17	-	-	6,17	2,31	3,86	4,69
Furniture and fittings	81,13	94	-12	81,95	27,42	54,53	57,45
Vehicles	65,38	-	-	65,38	35,19	30,19	35,04
Miscellaneous Equipments	1,95,27	9,99	36	2,05,62	58,97	1,46,65	1,46,86
Total	106,40,80	1,17,27	3,45	107,61,52	16,93,10	90,68,42	91,80,72
Schedule Total							
For Current Year	4007,26,77	80,89,18	81,74	4088,97,69	939,14,47	3149,83,22	3286,58,48
For Previous year	3088,00,42	917,80,56	1,45,79	4007,26,77	720,68,29	3286,58,48	2594,73,23

Included above are the following properties laid out on land other than lease which do not belong to company.

(1) Building- 81,76(2) Roads, Bridges & Culverts- 295,50(3) Water supply, drainage & sewerage- 12.36(4) Power supply, distribu
Railway sidings- 81,85

Schedule 1.4**CAPITAL WORK-IN-PROGRESS**

(In Thousand Rupees)

	As at March 31, 1993	As at March 31, 1992
Construction and Erection Work-in-Progress at cost (Including material with contractors Rs 115,77)	186,23,94	109,82,05
Advances to Government Departments & Contractors (Unsecured considered good)	35,79,83	52,55,19
Advances to Suppliers for capital goods (Unsecured considered good)	95,68	1,90,21
Stock of construction materials at cost	8,62,43	9,87,04
Construction material in transit at cost	1,00	-
Plant & Machinery in transit at cost	9,10,48	17,88
Incidental Expenditure During Construction (Schedule-1.4.1)	- 30,49	2,81,11
Exchange Variation pending capitalisation	9,02,24	10,78,04
Expenditure on Expansion Projects	2,82,54	1,61,94
	252,27,65	189,53,46

Schedule 1.4.1

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

	As at March 31, 1993	As at March 31, 1992
Opening Balance Awaiting Allocation	2,81,11	13,75,61
Expenditure during the year		
Administrative Expenses		
Rates & Taxes	-	1,00
Insurance	20,34	9,41
Repair & maintenance-Buildings	-	-35
Repair & maintenance-Machinery	-	- 11,02
Repair & maintenace-Others	-	50
Stores & spares	-	- 20,34
Power & fuel	1,03	-
Others	-83,89	10,79
	-62,52	-10,01
Start up & Commissioning Expenses	1,57,50	1,89,49
Technical consultancy fees & expenses	54,46	1,18,11
Excise Duty	5,68	12,45
Enabling works	4,87	4,33
Selling and Distribution expenses	1,10	96
Depreciation	41	16,72
Income Tax	-	-7,22,57
	1,61,50	-3,90,52
Less : Income		
Income out of trail production	48,59	1,09,50
Interest earned	2,45,69	2,15,99
Other Income	11,01	32,08
	3,05,29	3,57,57
Net Income/ (Expenditure) during the year	1,43,79	7,48,09
Total Exdpenditure	1,37,32	6,27,52
Amount allocated to Fixed assets	1,67,81	3,46,41
Balance awaiting adjustment	- 30,49	2,81,11
	1,37,32	6,27,52

Schedule 1.5

INVESTMENTS

(In Thousand Rupees)

	Face Value Per-Unit (Rs.)	As at March 31, 1993			As at March 31, 1992		
		Number	Market Value	Book Value	Number	Market Value	Book Value
Investments Valued at Cost (Unquoted unless otherwise stated)							
Government Securities							
7 year National Saving Cetificates (Deposited with Government Authorities)			-	1		-	3,29
Other Invetments:							
13% Nuclear Power							
Corporation Bonds	1,000	95000	-	9,77,55	95000	-	9,77,55
				9,77,56			9,80,84
Aggregate Books Value of Quoted Investments			-			-	
Aggregate Books Value of Unquoted Investments				9,77,56			9,80,84
Aggregate Market Value of Quoted Investments			-			-	

Schedule 1.6

CURRENT ASSETS, LOANS & ADVANCES

	As at March 31,1993	As at March 31,1992
Current Assets		
Inventories		
Raw materials at cost (Including Rs. 9,77,61 in transit)	29,65,98	32,59,32
Stock in trade at lower of cost or net realisable value	116,68,76	102,17,17
Stores and spares at cost (Including Rs.10,33,20 in transit out of which Rs. 5,01,24 awaiting inspection)	164,58,50	154,00,62
	310,93,24	288,77,11
Sundry debtors (Unsecured Considered Good)		
Debts over six months	53,70,21	24,06,96
Other debts	289,87,19	194,74,41
	343,57,40	218,81,37
Cash and Bank Balance		
Cash balance on hand including imprest, Stamp & Postal orders	5,11	4,26
Bank balances with Schedules Banks		
In current Accounts	2,32,73	3,66,79
In Short term/fixed deposits	207,53,73	54,98,06
In Post Office Savings accounts	20,13	20,81
	210,11,70	58,89,92
Other Current Assets :		
Deposit with Andhra Bank Financial Services Ltd.	45,00,00	-
Deposit with SBI Capital Markets Ltd.	10,00	158,10,00
Deposit with CANFINA	60,00,00	-
Deposit with BOI Finance Ltd	-	48,00,00
	105,10,00	206,10,00

Interest accrued on Investments,

Deposits and LCs	13,01,67	6,92,02	
interest accrued on Loans to Employees	2,15,67	1,67,07	
Interest accrued on Loans to Public Sector Companies	74,44	32,81	
Discount accrued on Certificate of Deposits	1,09,11	-	
	<u>122,10,89</u>		215,01,90

Loans, Advances and Deposits**Unsecured considered good**

(Unless otherwise stated)

Loans

Employees (Rs. 5,60,88 secured)	7,84,66	6,49,56	
Stores on loan basis	74,72	75,45	
Loans to Public Sector Companies	13,50,00	7,00,00	
	<u>22,09,38</u>		14,25,01

Advances/ Recoverables :

Advances to Employees	95,63	82,57	
Advance payment of Tax	-	1,27	
Income Tax deducted at source	4,76,45	2,27,61	
Advances to others	21,03,71	20,49,75	
Amount due from BALCO	1,97	1,97	
Advance for Andhra Bauxite Project	65,99	65,99	
Prepaid Expenses	13,32,17	1,01,45	
Claims Recoverable	23,99,52	32,56,79	
	<u>64,75,44</u>		57,87,40

Deposits :

Deposits with Government Departments	39,64	35,62	
Deposits with Customs Authorities	41,17	65,82	
Deposits with Port Authorities	43,41	38,67	
Deposits with Sales Tax Authorities	5,00	5,00	
Deposits with Excise Authorities	7,88,54	2,11,63	
Deposits with others	49,65	41,48	
	<u>9,67,41</u>		3,98,22
	<u>96,52,23</u>		76,10,63
	<u>1083,25,46</u>		857,60,93

Schedule 1.7**CURRENT LIABILITIES AND PROVISIONS**

	(in Thousand Rupees)	
	As at March 31, 1993	As at March 31, 1992
Liabilities		
Sundry creditors	102,50,82	78,62,01
Other liabilities (including advance from customers of Rs. 340,59)	88,70,84	88,20,88
Security deposits	16,75,70	13,86,24
Interest accrued but not due on loans	10,08,71	10,49,62
	<u>218,06,07</u>	<u>191,18,75</u>
Provisions		
For Doubtful Advances	1,80,81	1,80,81
For Relining	65,20,99	50,70,28
For Doubtful Insurance Claims	4,21,87	1,64,72
For Doubtful Despatch Money & Freight Claims	24,35	-
For Sundry claims	5,07,74	-
	<u>76,55,76</u>	<u>54,15,81</u>
	<u>294,61,83</u>	<u>245,34,56</u>

Schedule 1.8**MISCELLANEOUS EXPENDITURE****to the extent not written off or adjusted**

(In Thousand Rupees)

	Balance as at April 1, 1992	Additions/ Adjustments During 1992-93	Written off During 1992-93	Balance as at March 31, 1993
Interest and Penalties on Sales Tax	67,64,18	- 6,36	-	67,57,82
Scientific research	76	-	-	76
Exchange variation loss	27,59,83	-	4,33,97	23,25,86
Total for Current Year	95,24,77	- 6,36	4,33,97	90,84,44
Total for Previous Year	66,55,73	34,51,67	5,82,63	95,24,77

Schedules forming part of the Profit and Loss Account**Schedule 2.1****SALES**

In Thousand Rupees)

	Year Ended March 31st, 1993	Year Ended March 31st, 1992
Export :		
Alumina Hydrate	3,75,52	1,57,79
Calcined Alumina	2,06,11,51	1,54,20,10
Aluminium Ingots	3,27,91,46	2,12,53,08
Aluminium Wire rods	55,25	59,19
	<u>5,38,33,74</u>	<u>3,68,90,16</u>
Trading Sales		
Calcined Alumina	-	16,86,90
	<u>5,38,33,74</u>	<u>3,85,77,06</u>
Indigenous :		
Bauxite	25,44	2,23,07
Alumina Hydrate	55,01	1,76,96
Calcined Alumina	8,98	1,29,05
Aluminium Ingots	3,68,66,28	2,80,80,88
Aluminium Wire rods	2,14,40,27	2,67,07,79
Electricity	46,81,20	35,08,56
	<u>6,30,77,18</u>	<u>5,88,26,31</u>
Total	<u>11,69,10,92</u>	<u>9,74,03,37</u>

Schedule 2.2

ACCRETION/DEPLETION TO FINISHED PRODUCTS

	(In Thousand Rupees)				
	Opening Stock	Adjustments During the year	Adjusted Opening Stock	Closing Stock	Accretion/ Depletion
Bauxite	1,29,57 (3,02,24)	- -	1,29,57 (3,02,24)	94,72 (1,29,57)	-34,85 (-1,72,67)
Alumina Hydrate	2,19,74 (2,13,32)	- -	2,19,74 (2,13,32)	65,99 (2,19,74)	-1,53,75 (6,42)
Calcined Alumina	12,04,14 (23,43,24)	- -	12,04,14 (23,43,24)	16,70,14 (12,04,14)	4,66,00 (-11,39,10)
Aluminium Ingots	50,15,90 (11,24,31)	99 (2,33)	50,16,89 (11,26,64)	63,17,62 (50,15,90)	13,00,73 (38,89,26)
Aluminium Wire rods	14,82,48 (65,97)	- (3,91)	14,82,48 (69,88)	10,21,48 (14,82,48)	-4,61,00 (14,12,60)
Other items	20,84,75 (18,53,21)	- -	20,84,75 (18,53,21)	24,98,81 (20,84,75)	4,14,06 (2,31,54)
Total	1,01,36,58 (59,02,29)	99 (6,24)	1,01,37,57 (59,08,53)	1,16,68,76 (1,01,36,58)	15,31,19 (42,28,05)

Figures in brackets represent those for previous year;

Negative Figure indicates depletion of Finished Products.

Schedule 2.3
OTHER INCOME

(In Thousand Rupees)

	Year Ended March 31, 1993	Year Ended March 31, 1992
Receipt for rent, electricity & water charges	75,38	77,33
Receipt for use of vehicle & aviation	6,92	4,21
Receipt from guest house	4,59	3,64
Interest (Gross) income from Investments	1,23,50	1,23,84
Interest income from employees, LCs and others	12,02,98	7,52,59
Machinery hire charges	2,41	5,70
Export incentive	-	7,48,71
Sundry receipts	1,45,38	48,60
Sale of scarp	4,30	-
Interest income from deposits	24,33,64	48,68,03
Interest income from loans to Public Sector Companies	1,24,09	93,21
Premium on Exim scrip & sale of REP license	10,73,30	18,66,23
Discount on Certificate of Deposits	5,15,01	-
Total	57,11,50	85,92,09

Sechdule 2.4
RAW MATERIALS CONSUMED

(In Thousand Rupees)				
	Year Ended March 31, 1993		Year Ended March 31, 1992	
	Quantity (MT)	Value	Quantity (MT)	Value
Caustic soda	52411	53,24,89	40903	36,88,71
C.P.Coke	85796	64,70,41	78675	56,27,35
C.T. Pitch	18432	22,69,22	17901	19,83,40
Aluminium fluoride	4716	16,13,92	4141	13,57,77
Lime	41797	4,70,66	34467	3,38,58
Others		7,81,29		4,76,21
Total		<u><u>1,69,30,39</u></u>		<u><u>1,34,65,02</u></u>

Schedule 2.5
POWER & FUEL

(in Thousand Rupees)		
	Year Ended	Year Ended
	March 31, 1993	March 31, 1992
Power purchased	16,64,40	1,03,10
Duty on self generation	39,65,07	32,76,84
Coal consumed	1,19,45,44	94,37,82
Fuel oil consumed	52,90,98	42,87,39
Total	<u><u>2,28,65,89</u></u>	<u><u>1,71,05,15</u></u>

Schedule 2.6
REPAIR & MAINTENANCE

(in Thousand Rupees)

	Year Ended March 31, 1993	Year Ended March 31, 1992
Buildings	1,50,33	1,59,07
Machinery	50,02,02	41,79,71
Others	7,81,43	6,93,18
Total	59,33,78	50,31,96

Schedule 2.7
OTHER MANUFACTURING EXPENSES

(in Thousand Rupees)

	Year Ended March 31, 1993	Year Ended March 31, 1992
Royalty & cess	9,56,50	13,55,62
Freight	15,45,39	13,12,50
Others	7,01,68	5,96,60
Total	32,03,57	32,64,72

Schedule 2.8
EMPLOYEE REMUNERATION AND BENEFITS

(in Thousand Rupees)

	Year Ended March 31, 1993	Year Ended March 31, 1992
Salaries, Wages & Bonus	29,40,17	23,77,20
Contribution to Provident Fund	2,12,76	1,87,64
Staff welfare expenses	5,67,47	5,68,65
Gratuity	28,28	25,77
Total	37,48,68	31,59,26

Schedule 2.9
ADMINISTRATIVE, SELLING & DISRIBUTION EXPENSES

(in Thousand Rupees)

Year Ended March 31, 1992		Year Ended March 31, 1993
	Administrative	
75,37	Rent for office and guest house	70,62
18,14	Rent for leased accommodation	18,20
63,62	Rates and taxes	79,03
1,58,83	Insurance	1,58,50
1,08	Auditors' Remunerartion-Statutory Audit Fees	1,08
2,74	Auditors' Remunerartion-Statutory Audit Expenses	3,73
50	Auditors' Remunerartion-Tax audit Fees& Expenses	60
69,48	Rapairs & maintance- Buildings	41,39
1,05,73	Repairs & maintenance-Others	1,27,95
78,47	Vehicle operating expenses	70,98
36,53	Consumption of stores	34,49
21,31	Recruitment expenses	4,25
1,23,92	Bank charges	70,42
12,03	Legal expenses	12,53
-	Filing fees	2
66,70	Printing & stationery	55,90
24,16	EDP expenses	11,43
1,49,72	Postage, telegram, telex & telephone	1,63,89
54,00	Advertisement & publicity	51,02
6,35	Entertainment	5,09
48,75	Power & fuel	46,24
2,21,89	Travelling expeses	2,94,77
45,78	Demurrage	1,04,20
3	Director sitting fees	1
78,07	Hire charges for machinery/vehicles	81,14
5,65	Donations	5,47
15,75	Management development & training	21,14
43,68	Plantation/horticulture	40,70
10,01	Maintenance of guest house	10,67
23,17	Miscellaneous consultancy	17,45
3,15,18	CISF and other expenses	3,18,71
46,45	Fire fighting services	67,29
1,16,86	Other miscellaneous expenses	1,14,36
53,89	Loss on sale of assets and shortages	62,66
-	Claims written off	23,92
4,27,68	Technical assisance fees and expenses	3,57,79
6,13	Research & development expenses	3,90
25,27,65		25,51,54
	Selling and Distribution:	
4,54	Sales Tax	6,60
1,58,21	Packing and forwarding	2,44,50
17,09,58	Freight and handling	26,83,63
17,63	Commission to selling agents	71,10
71,29	Cash discount	2,24,56
3,33,37	Others	5,99,89
22,94,62		38,30,28
48,22,27	Total	63,81,82

Schedule 2.10
INTEREST AND FINANCING CHARGES

Schedule 2.10
INTEREST AND FINANCING CHARGES

(in Thousand Ruppes)

	Year Ended March 31, 1993	Year Ended March 31, 1992
Interest on medium term loans	1,04,64,82	1,46,54,76
Interest on cash credit, export parking credit	2,39,39	3,61,58
Agency fees including Upfront charges	1,39,31	3,74
Exchange variation	11,40,94	40,23,75
Total	1,19,84,46	1,90,43,83

Schedule 2.11
PROVISIONS

(in Thousand Ruppes)

	Year Ended March 31, 1993	Year Ended March 31, 1992
Relining expenses	19,26,78	19,35,85
Doubtful insurance claim	2,66,29	1,64,72
Doubtful Despatch Money & Freight Claims	24,35	-
Sundry claims	5,07,74	-
Total	27,25,16	21,00,57

Schedule 2.12
PRIOR PERIOD ADJUSTMENTS

(in Thousand Ruppes)

	Year Ended March 31, 1993	Year Ended March 31, 1992
Sales	-2,14,90	4,12
Other Income	-77	-5,50
Raw Materials consumed	-3,85	7,34
Power & Fuel	13,42,77	-8,17,73
Repair & Maintenance	41,01	-1,51,95
Other Manufacturing expenses	10,38	6,15
Excise Duty	-9,61	62
Employees' Remuneration & Benefits	75,17	-2,49
Administrative, Selling & Distribution expenses (Including Rs. 60 for Statutory Audit Expenses)	2,06,39	48,21
Interest and Financing charges	-59	-60
Depreciation	3,46,38	41,04
Miscellaneous Expenditure written off	-	-2,06
Net prior period adjustments	17,92,38	-8,72,85

Statement of Accounting Policies

A. BALANCE SHEET

1. Leasehold Land :

Lease hold land including development expenses there-on is amortised on straight line method over a period of 25 years in the case of Mines and 20 years in other cases.

2. Capitalisation :

- (a) In the absence of final bills/statement of accounts, capitalization of assets has been done provisionally on the basis of technical assessment which may undergo change consequent to settlement of final bills/receipt of statement of accounts.
- (b) Interest on term loans incurred during the construction period up to start of commercial operation is capitalized.

3. Valuation of Inventory :

- (a) Raw materials, stores, spares parts and loose tools are valued at weighted average cost. Finished goods are valued at the lower of cost or net realizable value. The cost excludes administrative overheads, selling and distribution overheads, interest, exchange variation and depreciation on exchange variation capitalized.
- (b) Intermediary products, like green and baked anodes are valued at direct material cost and anode butts, anode rejects etc, at lower of direct material cost or net realisable value.
- (c) Value of scrap is recognized in the accounts as and when sold.
- (d) In-process materials are not valued in view of the fact that the entire initial fill for the process has already been capitalized and the quantum thereof at the opening and closing date of the year remains unchanged.

4. Conversion of Foreign Currency :

- (a) All long term foreign currency loans, US\$ -Swiss Franc currency swap, and bank balances are recorded in rupees by applying appropriate exchange rate prevailing on the date of the Balance Sheet. Foreign currency transactions settled during the accounting year, alongwith export invoices are recorded in rupees by applying actual exchange rates, as per LERMS (Liberalised Exchange Rate Management System) prevailing on the respective dates of the transaction. The interest income in foreign currency is recorded in rupees at the average exchange rates for each month.
- (b) In case of long term liabilities incurred for acquisition of fixed assets and not settled within the accounting period, the net conversion loss and the net exchange loss on settlement of such liabilities during the accounting period is perceived and proportionate amount relating to the capitalized value of Plant & Machinery is included in the carrying amount of Plant & machinery and balance included in capital work-in-progress. Depreciation on the amount so included in Plant & Machinery is

provided prospectively over the residual useful life. The net exchange variation loss in case of unsettled long term liabilities other than those incurred for acquisition of fixed assets on the date of balance sheet is either recognized in the Profit and Loss Account or deferred (to the extent it is non-recurring) and recognized in the Profit and Loss Account of current or future period over the remaining term of the liability.

5. Incidental Expenditure during Construction :

Revenue expenditure incurred during construction period i.e. prior to the relevant fixed assets being brought into use, is treated as expenditure incidental to construction and the same is being allocated along with direct capital expenditure on an appropriate basis to different assets.

B. PROFIT AND LOSS ACCOUNT

1. Depreciation :

- (a) Depreciation on the Main Plant and machinery and related Factory Buildings and Storage Godowns is provided on straight line method based on the estimated useful life of the assets.
- (b) Depreciation on all other assets is provided on straight line method based on the rates specified in schedule XIV of the Companies Act, 1956.
- (c) Items of Plant & machinery valuing Rs. 5000/- or less individually are depreciated at the rate of 100%.
- (d) Depreciation is charged on pro-rata basis in respect of assets added/deleted during the year.

2. Assets not belonging to the Company:

Expenses of capital nature incurred on assets laid on land not belonging to the Company are depreciated over a period of five years.

3. Relining Expenses :

Provision is made in the accounts at a rate per ton of aluminium metal to meet the relining expenses of the pots based on technical estimate of the lining life of the pots as four years.

4. Miscellaneous Expenditure :

Mines Development Expenditure incurred during the year is charged to Profit and Loss Account during the same year.

5. Pre-Paid Expenses and Prior Period Expenses/Income :

Income/expenditure relating to prior periods as well as prepaid expenses not exceeding Rs. 25000/- in each case are treated as income/expenditure of the current year.

6. Gratuity :

Liability on account of service gratuity is covered under Group Gratuity Life Assurance Scheme of Life Insurance Corporation of India. Annual contribution to the scheme is charged to Profit and Loss Account.

7. Excise Duty :

Excise Duty is accounted for on dispatch of products from the factory.

Schedule 1.9**NOTES FORMING PART OF THE ACCOUNTS****1. General :**

- 1.1 Statement of Accounting Policies and Schedules to the Accounts form part of the Accounts.
- 1.2 Previous year's figures have been re-grouped/re-arranged where-ever necessary to make then comparable with those of current year.
- 1.3 Outstanding letters of credit, guarantees and counter guarantees amount to Rs.20,73.03 lakhs (Previous year Rs. 31,71.54 lakhs).

2. Balance Sheet :

- 2.1 Out of the issued, subscribed and paid up share capital of Rs. 12,88,61.92 lakhs, the share holding of Govt. of India is Rs. 1189,08.83 lakhs.
- 2.2 Land :
- (i) Value of Free hold Land represents advance payments made so far for acquisition through State Government. Land acquisition proceedings are still in progress and it is possible that further claims may be made upon the company. Relevant title deeds for the acquired land have since been executed.
- (ii) Value of Lease hold Land includes land on mining lease for which lease documents have been executed and possession taken.
- (iii) Land taken by the Company includes Government land given on lease basis. Though the company has been permitted by the Government to use such lands, the formalities for legal transfer are yet to be completed. The value of lease hold land represents amounts deposited with the State Government and estimated liabilities provided for.
- 2.3 The estimated amount of contracts remaining to be executed on capital account and not provided for amount to Rs. 7517.07 lakhs (previous year : Rs. 6468.94 lakhs).
- 2.4 Contingent liabilities not provided for :

	Year ended 31st March, 93 (Rs. In lakhs)	Year ended 31st March, 92 (Rs. In lakhs)
Claims not acknowledged as debt:		
(i) OSEB for delayed payment surcharge	164.36	156.62
(ii) OSEB for import of power (Net)	-	473.47
(iii) Sales tax on works Contracts under dispute (on supply portion)	4540.20	4540.20
(iv) Contractors and others	2006.18	3179.63
(v) Excise duty for non-submission of proof of export	2459.94	2073.57

(vi)	Excise duty on fabrication work done by contractors & other claims	603.42	588.37
(vii)	Customs Duty on Design/Engineering charges/Steel Billets and other claims	378.07	335.92
ix)	Cost of land acquisition and interest on above	301.56	-
x)	Income tax liability u/s143(1)(A) for the assessment year 1991-92	243.93	-
		10697.66	11347.78

Beside the above, few more cases in respect of escalation and extra claims for works contracts have been referred to arbitration and the extent of such claims is not ascertainable at this stage.

- 2.5 Liabilities towards Sales tax on works contracts amounting to Rs. 1937.41 lakhs (previous year Rs. 1941.52 lakhs) has been provided for and considered for capitalisation, although the levy of such tax is disputed by the Company and appeals filed in different courts are pending for disposal. Liability towards interest/penalty amounting to Rs. 6757.82 lakhs (previous year Rs. 6764.18 lakhs) imposed by Sales Tax Authorities has been shown as "Miscellaneous Expenditure" pending decision of Orissa High Court. The honourable High Court of Orissa have since quashed the demand towards interest/penalty amounting to Rs. 6199.33 lakhs in respect of Captive Power plant after the Balance Sheet date.
- 2.6 To realize company's claims against off-loaded contracts, bank guarantees totalling to Rs.111.14 lakhs were invoked for encashment. However, the bank guarantees in question could not be realized in some cases for last six years because of injunction granted by various courts.
- 2.7 Short term deposits with Canbank Financial Services Ltd (Rs. 60.00 crores) and Andhra Bank Financial Services Ltd. (Rs. 45.00 crores) both subsidiaries of Public Sector Banks made in June '92 / July '92 and due for repayment in September '92/October '92 have remained unpaid along with Rs. 6.70 crores being interest accrued and due because of their financial constraints. It has been considered prudent not to recognize interest accrued but not due for subsequent period upto the year end. As the aforesaid parties which are Public Sector financial companies have assured repayment, it is considered premature to make any provision in this respect.

3. Profit and Loss Account:

- 3.1 In accordance with Accounting Policy No B-1, depreciation is charged in respect of following fixed assets based on the estimated useful-life applying rates of straight line method which are different from the respective rates prescribed in the Schedule XIV of the Companies Act 1956.

Assets	Rate of Depreciation adopted.
Factory Building including Storage Godown	5%
Plant and Machinery	5%
Red mud Pond (Earth work portion)	14.29%
Ash pond at Alumina Refinery (Earth work portion)	13.34%
Ash pond at CPP	15.38%

Had the depreciation been calculated by applying the rates specified in Schedule xiv of the Companies Act, 1956, the charge for the year would have been more by Rs. 32123.62 lakhs (previous year Rs. 31195.63 lakhs) and consequently the accumulated depreciation as at 31st March, 1993 is understated by Rs. 111462.45 lakhs (previous year Rs. 79338.83 lakhs).

- 3.2 Dividend at the rate of 2.0% (previous year 1.20%) on ordinary shares which would amount to Rs. 25.77 crores (previous year Rs. 15.46 crores) is proposed to be declared subject to the approval of Central Govt. as provided in Sec 205(1)(c) of the Companies Act, 1956 for which approval is being sought for. Such dividend would be accounted for in the Accounts of the subsequent year if and when the aforesaid approval of Central Govt. is obtained.

4. Whole-time Director's Remuneration :

(Rupees in Lakhs)		
Particulars	Current Year	Previous Year
Salaries	4.26	6.98
Company's contribution to Provident Fund	0.35	0.55
Leave Travel Concession	0.18	0.26
Medical Benefits	0.14	0.21
Other Benefits	1.38	1.59
	6.31	9.59

In addition, the whole time Directors are allowed the use of Company's car for private purposes upto 9000 kms. per annum on payment of Rs. 3000/- per annum.

5. **Particulars of Employees in receipt of remuneration of not less than Rs. 144,000/- per annum or Rs. 12,000/- per month when employed for a part of the year.**

5 Particulars of Employees in receipt of remuneration of not less than Rs.144,000/- per annum or Rs.12,000/- per month when employed for a part of the year.

	Employed Throughout the year		Employed for part of the year	
	Current Year	Previous Year	Current Year	Previous Year
Number of Employees	52	8	3	1
Salaries & Wages (Rs. lakhs)	75.57	12.63	0.43	1.26
Contribution to Provident Fund (Rs.lakhs)	6.27	1.27	0.03	0.07
Total	81.84	13.90	0.46	1.33

6 Licensed Capacity, Installed Capacity and Prodcuction/ Generation :

Products	Licensed Capacity	Installed Capacity		Prodn./Gen.	
	(same as last year)	Current Year	Previous year	Current Year	Previous Year
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Bauxite	Not Applicable	2400000	2400000	2267320	1860000
Aluminium Hydrate	Not Applicable	800000	800000	802000	680100
Calcined Alumina	Not Applicable	800000	800000	803500	672200
Aluminium Ingots	118000	106880	103250	155183	134844
				(93)	(115)
Aluminium Wire Rod	100000	87500	87500	35886	57178
				(17)	(49)
Electricity (in MU net)	Not Applicable	600MW	600MW	3690	3531

- Note : 1. Installed capacities are as per project report.
2. Production figures include Production during trial runs which are stated in the brackets.
3. Production in respect of Bauxite, Alumina Hydrate, Calcined Alumina and Electricity includes productions meant for internal consumption also.
4. Production of Aluminium Ingots includes 63469 MT of Sow Ingots (Previous year 48692 MT).

7 Stock and Sale :

Products	Opening Stock		Sales		Closing Stock	
	Qty. (Tons)	Values (Rs. Lakhs)	Qty (Tons)	Value (Rs. Lakhs)	Qty (Tons)	Value (Rs. Lakhs)
Bauxite	158012 (285135)	129.57 (302.24)	10870 (104970)	2544 (223.07)	109656 (158012)	94.72 (129.57)
Alumina Hydrate	9757 (9645)	219.74 (213.32)	5482 (4250)	430.53 (334.76)	2898 (9757)	65.99 (219.74)
Calcined Alumina	42402 (85642)	1204.14 (2343.24)	424710 (377576)	20620.49 (17236.05)	56094 (42402)	1670.14 (1204.14)
Aluminium Ingots	21549 (4240)	5015.90 (1124.31)	152442 (117409)	69657.74 (49333.96)	23890 (21549)	6317.62 (5015.90)
Aluminium Wire Rods	5558 (273)	148.48 (65.97)	37614 (51859)	21495.52 (26766.97)	3821 (5558)	1021.48 (1482.48)
Electricity (in Mu net)	- -	- -	731 (548)	4681.20 (3508.56)	- -	- -
Other Items	- -	2084.75 (1853.21)	- -	- -	- -	2498.81 (2084.75)
TOTAL	-	10136.58 (5902.29)	-	116910.92 (97403.37)		11668.76 (10136.58)

I) Figures in brackets pertain to previous year. li) Sales do not include the sale of products out of trail operation.
iii) The closing stock of Aluminium ingots includes 21493 MT of Sow Ingots (Previous year 20033 MT).

8 Expenditure incurred in Foreign Currency on Cash basis :

		(Rupees in Lakhs)	
		Year ended 31st March '93	Year ended 31st March '92
Agency, Syndication and Management Fees	:	1364.87	5.19
Interest on Loan	:	12659.47	14929.17
Royalty to Aluminium Pechiney	:	332.55	795.70
Payment to Consultants	:	438.33	282.16
Travelling expenses	:	2.69	1.96
Purchase of Alumina	:	-	1485.71
Agency commission on sale	:	69.43	17.63
Books and Periodicals,	:		
Advertisement, bank charges etc.	:	4.64	3.34
Total	:	14871.98	17620.86

9 Earning in Foreign Currency on Cash basis :

		(Rupees in Lakhs)	
		Year ended 31st March '93	Year ended 31st March '92
i) Export of Goods	:	45891.52	35069.88
ii) Interest on Bank Deposits	:	711.11	476.15
iii) Others (Despatch Money)	:	3.5	2.02
TOTAL	:	46606.13	35548.05

10 Value of Imports Calculated on CIF basis :

		(Rupees in Lakhs)	
		Year ended 31st March '93	Year ended 31st March '92
i) Raw materials	:	6178.98	4677.06
ii) Components, Spare parts, Contruction materials	:	2136.28	2490.12
iii) Capital goods	:	735.85	-
TOTAL	:	9051.11	7167.18

11 Value of Raw materials, Stores/spare & Compoents consumed during the year :

		Year ended 31st March '93 Rs. in Lakhs	%	Year ended 31 st March '92 Rs. in Lakhs	%
(a) Raw material					
i) Imported	:	6761.83	39.89	4497.42	33.33
ii) Indigenous	:	10189.99	60.11	8997.24	66.67

TOTAL	16951.82	100.00	13494.66	100.00
(Rupees in Lakhs)				
	Year ended 31st March '93 Rs. in Lakhs	%	Year ended 31 st March '92 Rs. in Lakhs	%
b) Stores, Spares and Components				
i) Imported	: 2204.54	35.80	2101.20	38.92
ii) Indigenous	: 3954.03	64.20	3297.49	61.08
TOTAL	6158.57	100.00	5398.69	100.00

12 Social Amenities:

(Rupees in Lakhs)						
Expenses	Township	Education	Medical	Social/ cultural Activities	Canteen	Total
Payment to Employees	31.29	-	94.76	-	26.28	152.33
Welfare Expenses	-	118.13	62.44	77.46	139.50	397.53
Material Consumed	1.74	0.39	50.17	-	-	52.30
Repair & Maintenance	100.93	-	1.55	-	0.09	102.57
Fuel, Power & Water charges	78.86	-	0.34	-	0.11	79.31
Misc. Expenses	-	-	-	6.46	-	6.46
Depreciation	209.37	8.37	6.26	5.43	3.41	232.84
TOTAL	422.19	126.89	215.52	89.35	169.39	1023.34
Less Income	61.49	-	-	-	-	61.49
Net Expenditure	360.70	126.89	215.52	89.35	169.30	961.85
For Previous Year	325.52	101.98	193.99	75.08	127.86	824.43

P. Venugopala Rao
Partner
For and on behalf of
Tej Raj & Pal
Chartered Accountants.
Bhubaneswar,
25th July, 1993

New Delhi 19th July, 1993	N. S. Parameswaran, Company Secretary	B.D.Singh Director (Personnel & Administation)	S. K. Tamotia Chairman-cum- Managing Director
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