

Notice is hereby given that the 14th Annual General Meeting of the Company will be held on Tuesday, the 10th October, 1995, at 11.00 A.M. at Mahanadi Niwas, Nalco Nagar, Chandrasekharpur, Bhubaneswar - 751016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet and the Profit and Loss Account for the year ended 31st March, 1995, together with the report of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri B.D. Singh, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. Appointment of Shri T.L. Sankar, as Director whose period of office is liable to determination by retirement of Directors by rotation.

To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

"Resolved that Shri T.L. Sankar be and is hereby appointed as a Director of the Company, whose period of office is liable to determination by retirement of Directors by rotation".

5. Appointment of Shri S.K. Golcha, as Director whose period of office is liable to determination by retirement of Directors by rotation.

To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

"Resolved that Shri S.K. Golcha be and is hereby appointed as a Director of the Company, whose period of office is liable to determination by retirement of Directors by rotation".

6. Appointment of Shri Ramakant Rath, as Director whose period of office is liable to determination by retirement of Directors by rotation.

To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

"Resolved that Shri Ramakant Rath be and is hereby appointed as a Director of the Company, whose period of office is liable to determination by retirement of Directors by rotation".

7. Appointment of Shri S.D. Sharma, as Director whose period of office is liable to determination by retirement of Directors by rotation.

To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution :

"Resolved that Shri S.D. Sharma be and is hereby appointed as a Director of the Company, whose period of office is liable to determination by retirement of Directors by rotation".

8. Appointment of Shri G.S. Panda, as Director whose period of office is liable to determination by retirement of Directors by rotation.

To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

"Resolved that Shri G.S. Panda be and is hereby appointed as a Director of the Company, whose period of office is liable to determination by retirement of Directors by rotation".

9. Appointment of Shri A. Prasad, as Director whose period of office is liable to determination by retirement of Directors by rotation.

To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution :

"Resolved that Shri A. Prasad be and is hereby appointed as a Director of the Company, whose period of office is liable to determination by retirement of Directors by rotation".

By Order of the Board

(Ashok Tandon)
Company Secretary

Place : Bhubaneswar
Dated : 7th Sept., 1995

NOTES

- a) The relative Explanatory statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of item No.4 to 9 set out above, are annexed hereto.
- b) The agenda item No.3 regarding retirement of Directors and appointment in his place is proposed to comply with the provisions of Section 255 and 256 read with Section 9 of the Companies Act, 1956, which have become applicable to the Company, consequent on its ceasing to be a wholly owned Government Company as a result of disinvestments of some shares by the Government. Action for amendment of the relevant Article(s) of the Articles of Association of the Company has been taken. On receipt of over all policy decision of the Government in this regard, the Articles of Association will be amended.
- c) A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, to vote instead of himself and a proxy need not be a member of the Company. Proxies in order to be valid and effective, must be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
- d) The Register of Members and Share Transfer Books of the Company remained closed from 03.08.1995 to 31.08,1995 (both days inclusive) as notified in the press.
- e) If a dividend on shares as recommended by the Directors is passed at the Meeting, payment of such dividend will be made on and after 10th October, 1995, to those members, whose names are on the Company's Register of Members on the 31st August, 1995.
- f) In terms of the provisions of Section 194 of the Income Tax Act, 1961, no tax will be deducted at source from dividend receivable by a member who is an individual and resident

in India provided such dividend does not exceed Rs.2,500/-. Any member who is otherwise entitled for exemption should submit Tax Exemption Certificate or Declaration in Form 15 G, in duplicate to the Company Secretary at Nalco's Registered Office at 8th Floor, IDCO Tower, Janpath, Bhubaneswar - 751007 on or before 10th October, 1995, in order to receive the dividend without deduction of tax at source. It would not be possible for the Company to act on the Exemption Certificate/Declaration received after the above date.

- g) Members are requested to notify immediately, change in their address, if any, to the Registered Office of the Company, quoting their Folio Number.

ANNEXURE TO NOTICE

Explanatory Statement under Section 173(2) of the Companies Act, 1956.

Item No.4 :

Shri T.L. Sankar was inducted to the Board as an Additional Director of the Company w.e.f 30.09.94 in terms of Section 260 of the Companies Act, 1956. Shri Sankar holds office only up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Sankar as a Director of the Company, whose office is liable to retirement by rotation, alongwith the prescribed deposit. At present, Shri Sankar is serving as the Principal of Administrative Staff College of India (ASCI). Shri Sankar has vast experience in management field and was serving as Director of Institute of Public Enterprises, Hyderabad, before taking over the present assignment as Principal, ASCI. Your Directors feel that his association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail itself of his services as a Director and recommend passing of the resolution at item No.4.

None of your Directors except Shri T.L Sankar, whose appointment is proposed herein, is interested in the proposed resolution.

Item No.5 :

Shri S K Golcha was inducted to the Board as an Additional Director of the Company w.e.f 30.09.94 in terms of Section 260 of the Companies Act, 1956. Shri Golcha holds office only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Golcha as a Director of the Company, whose office is liable to retirement by rotation alongwith the prescribed deposit. Shri Golcha is the Head of Golcha Group of Industries, Jaipur. His rich experience in managing a large number of Companies would benefit your Organisation. Your Directors feel that Shri Golcha's association with the Board will be in the interest of the Company. It is considered desirable that the Company should avail itself of his services as a Director and recommend passing of the resolution at item No.5.

None of your Directors except Shri S.K Golcha, whose appointment is proposed herein, is interested in the proposed resolution.

Item No.6 :

Shri Ramakant Rath was inducted to the Board as an Additional Director of the Company w.e.f 30.09.94 in terms of Section 260 of the Companies Act, 1956. Shri Rath holds office only up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Rath as a Director of the Company, whose office is liable to retirement by rotation, alongwith the prescribed deposit. Shri Rath is a retired civil servant with

varied and rich experience in various senior positions in the Government. Your Directors feel that his association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail itself of his services as a Director and recommend passing of the resolution at item No.6.

None of your Directors except Shri Ramakant Rath, whose appointment is proposed herein, is interested in the proposed resolution.

Item No.7 :

Shri S.D. Sharma was inducted to the Board as an Additional Director of the Company w.e.f 14.02.95 in terms of Section 260 of the Companies Act, 1956. Shri Sharma holds office only up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Sharma as a Director of the Company whose office is liable to retirement by rotation, alongwith the prescribed deposit. At present, Shri Sharma is serving as Joint Secretary in the Ministry of Mines, Government of India. Your Directors feel that Shri Sharma's association with the Board will be in the interest of the Company. It is considered desirable that the company should avail itself of his services as a Director and recommend passing of the resolution at item No.7.

None of your Directors except Shri S.D. Sharma, whose appointment is proposed herein, is interested in the proposed resolution.

Item No.8 :

Shri G.S Panda has been appointed as a whole time Director and designated as Director (Production) on the terms and conditions prescribed by the Government. In order to comply with the provisions of Section 255 and 256 of the Companies Act, 1956, Shri Panda was inducted to the Board as an Additional Director of the Company w.e.f 28.02.95 in terms of Section 260 of the Companies Act, 1956. Shri Panda holds office only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act 1956, signifying his intention to propose the candidature of Shri Panda as a Director of Company, whose office is liable to retirement by rotation, alongwith the prescribed deposit. Shri Panda is associated with the Company for the last 13 years. He has served in various capacities before his appointment as Director (Production). He was serving as General Manager (Smelter) at Angul Unit of the Company. Your Directors feel that Shri Panda's association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail itself of his services as a Director and recommend passing of the resolution at item No.8.

None of your Directors except Shri G.S Panda, whose appointment is proposed herein, is interested in the proposed resolution.

Item No.9 :

Shri A. Prasad was inducted to the Board as an Additional Director of the Company w.e.f 16.06.95 in terms of Section 260 of Companies Act, 1956. Shri Prasad hold office only upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act 1956, signifying his intention to propose the candidature of Shri Prasad as a Director of the Company, whose office is liable to retirement by rotation, alongwith the prescribed deposit. At present, Shri Prasad is serving as an Additional Secretary and Financial Advisor in the Ministries of Steel and Mines, Government of India. Your Directors feel that Shri Prasad's association with the Board will be in the interest of the Company. It

is considered desirable that the Company should avail itself of his services as a Director and recommend passing of the resolution at item No.9.

None of your Directors except Shri A. Prasad, whose appointment is proposed herein, is interested in the proposed resolution.

By Order of the Board

(Ashok Tandon)
Company Secretary

Place : Bhubaneswar

Dated : 7th September, 1995

01. Directors' Report.

02. Annexures to the Directors' Report.

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

To

The members,

Your Directors have pleasure in presenting the Fourteenth Annual Report of the Company together with the audited accounts for the financial year ended 31st March, 1995. The review of accounts by the Comptroller and Auditor General of India in terms of Section 619(4) of the Companies Act, 1956, for the year is annexed as part of the report.

ECONOMIC SCENARIO

The economy has shown a tremendous resurgence during the year under review to bounce back to healthy growth rate of 5.3 percent. The industrial growth has shown an increase of around eight percent whereas capital goods industry and consumer durable industry have registered increase of around twenty two and ten percent, respectively. The agricultural production has also increased during the year 1994-95 by around 1.6 percent as compared to the previous year. Though the inflation rate remained in double digit most of the time during the year, it had dropped down to 8.95 percent in the first week of April, 1995. The Government continued to pursue the policy of liberalization and reforms. The emphasis during the year had been on infrastructural development for industries.

The year under review was encouraging for the Aluminium Industry. There was strong surge in aluminium prices during the year 1994-95. The main reason for increase in aluminium prices was falling stock level and increase in demand, following end of the worldwide economic recession and the subsequent surge of investment which revived most sectors of the hard pressed aluminium business. The sudden spurt of the rise in primary aluminium prices consequent on a worldwide reduction in primary metal production capacity and strong growth in demand contributed to the current mood of optimism prevailing in the Aluminium Industry worldwide. The Indian Aluminium Industry has fully integrated with the International market with the linking of domestic prices of aluminium with LME prices.

PERFORMANCE

The Company registered highly satisfactory performance during the year under review. Despite volatile International market in terms of demand and price and constraint in rail movement and unprecedented situation faced during February, 1994, due to complete power outage on account of grid failure of OSEB, the performance of the Company has been "Excellent" in terms of rating in MOU signed with the Government of India. The Company achieved several milestones during the year under review. Salient features of the performance during 1994-95 are given below :-

	1994-95	1993-94
PRODUCTION		
Bauxite(T)	21,38,344*	24,35,596
Alumina(T)	7,70,000	7,53,021
Aluminium(T)	1,78,072**	1,94,332
Net Generation of Power (MU)	3,979	3,741
SALES		
Export		
Alumina(T)	4,07,405	3,71,009
Aluminium(T)	65,307	60,037
Domestic		
Aluminium (T)	1,36,356	1,35,490

Total Aluminium(T)	2,01,663	1,95,527
FINANCIAL		
Sales Turnover (Rs. In crore)	1,475	1,196
Foreign Exchange Earnings	486	411

*Limited to actual requirement of Alumina Plant

** Decrease due to long Power outage following OSEB grid failure

The Directors are happy to inform that during the year your Company earned ISO 9002 certification for its Smelter Plant and Alumina Refinery. The Company, during the year registered highest ever overburden excavation of bauxite, production of calcined Alumina at 81,000 MT during January, 1995, net power generation at 3979 million units, highest domestic sale of aluminium at 1,36,356 MT and highest total sale of aluminium metal at 2,01,663 MT.

OPERATING RESULTS

The Company decided to link its domestic prices of Aluminium with that of LME prices since November/December, 1994, for the first time in the country. This facilitated better average realization per tonne besides helped in reducing inventory carrying cost. The financial highlights of the year were:

	1994-95	1993-94
INCOME		(Rupees in Crore)
Sales		
(a) Domestic	989	785
(b) Exports	<u>486</u>	<u>411</u>
	1,475	1,196
Other Income	65	45
Stock Depletion/Accretion	<u>(-) 58</u>	<u>2</u>
Total Income	<u>1,482</u>	<u>1,243</u>
EXPENDITURE		
- Manufacturing expenses	582	554
- Excise duty	147	145
- Selling and distribution expenses	27	30
- Interest and financing charges	181*	127
- Depreciation	<u>266</u>	<u>251</u>
TOTAL	<u>1,203</u>	<u>1,107</u>
Net Profit for the year	279	136
Prior period adjustment	21	21
Net Profit after prior period adjustment	300	157

* Increase due to devaluation of Rupee against Japanese Yen.

DIVIDEND

Your Directors are pleased to recommend a dividend of 3 percent amounting to Rs.38.66 crore on the Paid-Up Equity Capital of Rs.1,288.62 crore as compared to dividend of 2 percent declared during 1993-94. Adequate provision has been made to meet the fund requirement for the expansion and on going new projects and for repayment of Euro Dollar loans. The above is subject to the approval of the members at the Annual General Meeting.

SHARE CAPITAL

The Authorised Share Capital of the Company continued to be Rs.1300 crore. The Subscribed and Paid-Up Capital remained at Rs.1288.62 crore. Government of India have till date disinvested 12.85 percent of the total Paid UP capital of the Company, including 6,05,030 equity shares disinvested in favour of the employees of the Company during the year under review.

EURO DOLLAR LOANS

During the year under review apart from making payment of Euro Dollar Loan installments and interest due to thereon, and swap settlement totaling to US\$ 188.26 million (Rs.593.20 crore), the Company pre-paid euro Dollar loan amounting to US\$ 66.667 million (Rs.212 crore) Total loan repayment was to the tune of US\$ 254.93 million (Rs.805.20 crore) including interest and swap settlement, which is the highest ever repayment made during any single year. As on 31.3.95, the outstanding external commercial borrowings stood at US\$ 305.138 million and Japanese Yen 20 billion.

SHORT TERM DEPOSITS

The Company was successful in realization of its outstanding dues from CANFINA. Out of a total sum of Rs.80 crore placed with CANFINA as Inter Corporate Deposit an amount of Rs.57 crore remained unpaid as at the end of last year i.e 31.3.94. After intensive and vigorous follow up and with protracted negotiations, the entire amount of principal alongwith interest thereon of Rs.18.24 crore was realized during the year under review.

Your Directors had informed that an agreement was reached on 17.5.94 with ABFSL for settlement of entire outstanding Inter Corporate Deposit of Rs.45 crore alongwith interest due thereon. As per the settlement, Company has realized all its dues except an amount of Rs.5 crore alongwith interest for which ABFSL has undertaken to deliver to the Company 17 percent PSU bonds or any alternative bonds of Rs.5 crore alongwith interest warrants. The matter is being pursued with ABFSL for an early settlement.

EXPANSION AND DIVERSIFICATION PLANS

EXPANSION PLANS

Mines and Refinery

The proposal for expansion of Bauxite Mine from 2.4 million tpy to 4.8 million tpy and Alumina Refinery from 800,000 tpy to 1350,000 tpy is awaiting Government final clearance. The updated proposal has again been submitted by your Company to the Government for consideration involving an investment of Rs.1207 crore.

Smelter and CPP

The proposal for expansion of Aluminium Smelter from 2,30,000 tpy to 3,45,000 tpy and Captive Power Plant (CPP) from 6x120 MW to 8x120 MW has been approved in principle by the Board of Directors of your Company and the updated proposal is being submitted to the Government after final approval by the Board at an estimated cost of Rs.2152 crore.

In order to augment the smelting capacity of the Company, debottlenecking of Smelter by addition of balancing equipment is presently under implementation. This would increase the capacity of

Smelter to 2,30,000 tpy from the present rated capacity of 2,18,000 tpy. The debottlenecking is likely to be completed by October, 1996.

DIVERSIFICATION PLANS :

Strip Casting Project

The facilities for production of 26,000 tpy aluminium cast strips are under implementation at Angul unit of the Company. The facilities are expected to be completed for commissioning in the second quarter of 1998, at an estimated cost of Rs.48 crore. The cast strips are to be used as feedstock by re-rollers for the cold rolling mills for production of sheets, which are in short supply in the market.

Gallium Project

Your Company in collaboration with various Government agencies is setting up the facilities for extraction of Gallium metal with annual capacity of 950 kg at Damanjodi unit of the Company at an estimated cost of Rs.8.05 crore. The investment by the Company will be Rs.4.55 crore and balance will be contributed by various Government agencies in the form of aid.

OTHERS

In addition to the above, your Company is also exploring a few other value added/down stream projects such as Special Grade Alumina, Zeolite, Aluminium Cast Wheel etc. for diversification.

ENVIRONMENT

The Environment Policy of the Company was reviewed and updated during the year under review. The policy continues to give utmost importance to maintaining cleaner and healthier environment in and around its plants apart from meeting statutory environmental norms. Your Directors are happy to inform that Mines and Refinery Complex of your Company bagged Eco Friendly Factory Award on National Safety Day from the Chief Inspector of Factories and Boilers, Orissa. The following special efforts made in this regard needs to be mentioned ;

- The Company planted 21,65,000 trees in M & R Complex and 17,32,200 trees in S&P Complex upto the year under review.
- The Company implemented the recommendations of the Genetic Resources Survey conducted by OUAT, Bhubaneswar at Mines with regard to plantation activity alongwith slopes to avoid soil erosion and continue with practice of plantation in mined out areas.
- Phase-1 modification of Ash Pond at Captive Power Plant (CPP) was completed. This has brought down the suspended solid in the overflow within the stipulated norms.

MARKETING

Aluminium

The marketing efforts during the year resulted in achieving highest ever sales of 2,01,663 MT metal including 65,307 MT export. This was achieved inspite of the fact that the downward trend in Aluminium and Alumina market experienced during the previous year continued till 2nd quarter of the year under review. The prices and demand for the metal however, started picking up from September, 1994 and the upward trend continued upto January, 1995. The LME prices touched the highest level of US\$ 2146 PMT on 25.1.95 and thereafter started declining which was mainly due to

withdrawal of Pension Fund Managers from the commodity market. The LME prices as on 31.3.95 were at US\$ 1803.52 PMT.

Linking Metal Prices to LME

The Company decided to link domestic price of primary metal with International market in November, 1994. The domestic price linkage to LME prices was the landmark decision in the history of the Indian Non-Ferrous Industry which not only improved the profitability of the Company but also benefited the consumers at large. The above decision helped in bringing to a large extent the speculative trading besides encouraged major secondary producers to import the metal specially those having advance licences and eased the pressure on the domestic producers. The Company adopted a rational allocation policy so that the requirement of each buyer associated with the Company during depressed market situation gets a reasonable allotment of metal. The Company achieved highest ever domestic sale at 1,36,356 MT during the year. The Company not only brought down the level of finished goods inventory to all time low figure of 2819 MT at the end of the year under review as against opening stock of 26452 MT but was also successful in liquidating its off grade material. Special efforts resulted in reduction of sundry debtors relating to metal and Alumina by Rs.78 crore during the year under review.

Alumina

The Alumina market was also in the grip of recession due to production cuts agreed by major aluminium producers world over. The downward trend in International prices of Alumina continued till November, 1994. The prices went as low as US\$ 110-125PMT during the first quarter of 1994-95. The market however, started improving marginally from December, 1994, and by March 1995, prices were around US\$ 170 PMT. Your Company had taken best advantage of the improved market situation in the last part of the year and was able to export more than 4,00,000 T of Alumina with average price realization of US\$ 154 PMT.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Manpower and HRD

The Company attaches prime importance to the human resources. In order to meet the requirements in the fast changing business scenario, the systematic HRD efforts have been made to continuously upgrade the expertise and skill of the manpower. An ideal blend of young and experienced manpower is maintained. The average age of employees is 35 years. The manpower strength at different levels is indicated below :-

	As on 31/3/95	As on 31/3/94
i) Executive	1226	1093
ii) Graduate Engineer Trainees/ Management Trainees	4	64
iii) Non-Executive	4591	4664
iv) Non Executive Trainees like SOT, JOT, Trainee Assts., Trainee Worker	263	81
v) Employment to under Privileged	6084	5902

As a part of its social and constitutional obligations, the Company has continued to accord high priority to the employment of the persons coming from the under privileged sections of the society. Your Directors are happy to report that over a third of its manpower belongs to Scheduled Castes and Scheduled Tribes. Out of a total strength of 6084 employees, 1022 belong to Scheduled Castes and 1067 to Scheduled Tribes.

Industrial Relations

The industrial relation situation during the year under review remained cordial in spite of multiplicity of unions. Pro-active steps in introducing various HRD sub-system such as open forum, employee assistance scheme for grievance handling, suggestion reward scheme monitoring etc., besides development of HRD facilitators and development and education of union leaders from within as change agents, have increased the participation level at all corners. The preliminary meeting with the workers union have been held for the ensuing long term wage settlement.

Employees' Health, Safety and Welfare

Your Company continues to give special emphasis to safety, health and welfare of its employees. Constant efforts have been made to ensure safe work practices with an aim to achieve "Zero accident level". Health care facilities in the company township have been improved. Sports and cultural activities, housing, recreation and other welfare measures have been given priority to improve the quality of life. Safety policy of the Company is constantly reviewed and safety audit, risk analysis, and disaster management plan are implemented to ensure smooth functioning of all the units. Your Company has been awarded the "Safety Award" instituted by Confederation of Indian Industry.

USE OF HINDI

Use of Hindi in the day to day working of the Company has become the culture of the organization. The Company continued its efforts to popularize Hindi by organizing various workshops, training programmes and Kavi Sammelan. During the year, your company was awarded the "Rajbhasha Shield" of the Ministry of Home Affairs, for the implementation of Official language in the Eastern Zone and also " Rajbhasha Shield" of the Bharatiya Sanskriti Sansthan, New Delhi, in recognition of its efforts to implement and popularize use of Hindi.

ISO ACCREDITATION AND TQM

Your Directors are happy to inform that during the year, Alumina Refinery and Smelter Plant of your Company have earned the ISO 9002 certification from IROS & TUV, respectively. Though your Company's products are known for its International quality world over, ISO accreditation would further help in systematic upgradation of product quality.

Enthusiastic response from the employees have been marked towards functioning of quality circles and constant training is being imparted towards "Total Quality Management".

ANNEXURE TO DIRECTORS' REPORT

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 earning and outgo etc. are given as Annexure to this report. Information as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, may be treated as NIL.

C&AG COMMENTS

The replies to the comments of the C&AG on the Annual Accounts of the Company for the year 1994-95 are annexed to this report.

DIRECTORS

Shri R.B. Rao, Director (Finance), Shri Divakar Dev and Dr. B.P. Mathur, part time Directors nominated by the President of India ceased to be the Directors of the Company w.e.f 31st January, 1995, 14th February, 1995, and 16th June, 1995, respectively. The Board places on record its appreciation of the services rendered and contribution made by Shri Rao, Shri Dev and Dr. Mathur during their tenure as Directors of the Company.

Shri T.L Sankar, nominee of the President of India was appointed as an Additional Director w.e.f. 30.9.94. Shri Sankar holds office upto the date of the Annual General Meeting. A notice has been received from a member, under Section 257 of the Companies Act, 1956, proposing the candidature of Shri Sankar for the office of a Director.

Shri S.K. Golcha, nominee of the President of India was appointed as an Additional Director w.e.f 30.9.94. Shri Golcha holds office upto the date of the Annual General Meeting. A notice has been received from a member, under Section 257 of the Companies Act, 1956, proposing the candidature of Shri Golcha for the office of a Director.

Shri Ramakant Rath, nominee of the President of India was appointed as an Additional Director w.e.f 30.09.94. Shri Rath holds office upto the date of Annual General Meeting. A notice has been received from a member, under Section 257 of the Companies Act, 1956, proposing the candidature of Shri Rath for the office of a Director.

Shri S.D Sharma, nominee of the President of India was appointed as an Additional Director w.e.f 14.2.95 vice Shri Divakar Dev. Shri Sharma holds office upto the date of the Annual General Meeting. A notice has been received from a member, under section 257 of the Companies Act, 1956, proposing the candidature of Shri Sharma for the office of a Director.

Shri G.S. Panda, was appointed as an Additional Director w.e.f 28.2.95 on the terms and conditions prescribed by the President of India and was designated as Director (Production). Shri Panda was serving your Company as GM (Smelter) before taking up the responsibility as Director (Production). Shri Panda holds office up to the date of the Annual General Meeting. A notice has been received from a member, under Section 257 of the companies Act, 1956, proposing the candidature of Shri Panda for the Office of a Director.

Shri A. Prasad, nominee of the President of India was appointed as an Additional Director w.e.f 16.6.95 vice Dr. B.P. Mathur. Shri Prasad holds office upto the date of the Annual General Meeting. A notice has been received from a member, under Section 257 of the Companies Act, 1956, proposing the candidature of Shri Prasad for the office of a Director.

ACKNOWLEDGEMENT

The Directors wish to thank the Ministry of Mines and various Ministries of the Government of India , the Government of Orissa, SE Railway, Mahanadi Coal India Limited, State Bank of India, Orissa State Electricity Board and other organizations for the cooperation, assistance and support extended by them to the Company. The Board also thanks M/S Aluminium Pechiney, France, Engineers India Limited, Bharat Heavy Electricals Limited for their services to the Company.

The Directors also express their thanks to the valued customers of the Company for their continued support and cooperation which inspired the Company to improve its sales and services to them.

The Directors are also pleased to place on record their keen appreciation for achievement of impressive performance by the Company due to loyalty, zeal and enthusiasm of Nalconians at all levels.

By Order of the Board

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

Place : Bhubaneswar

Dated : 7th September, 1995

ANNEXURE 1**Statement of Particulars under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.****(A) Conservation of Energy**

Nalco has adopted the most modern and state-of-the-art technology in all its production units viz. Mines, Refinery, Smelter and Captive Power Plant. In addition to the in built technical advantages, it has been our continuous endeavour to keep the specific energy consumption at the optimum level. Some of the measures taken to achieve this goal are as follows :

(a) Energy Conservation Measures Taken**i) Mines and Refinery**

- Load shedding scheme has been successfully implemented.
- An uninterrupted power supply system for Calciners has been operating successfully.
- Commissioning of "Soft Start" device for crushers in Mines.
- Use of High Speed Diesel additives in heavy earth moving vehicles in Mines

ii) Steam and Power Plant

- Commissioning of uninterrupted power supply for boilers to reduce boiler tripping.
- Reduction in DM water consumption.
- Direct Coal feedings.
- Improved water reclamation from Ash Pond.

iii) Smelter Plant**Improvements in Power Supply System.**

- For reliability of power supply to both the pot line-I and pot line-II, interconnection on 93 KV side of the pot line regulatory transformer has been made.

Pot Lines

- Three pots have already been replaced with graphitised cathode blocks in place of conventional cathode blocks for better productivity.
- Six pots have been lined with semi-graphite bricks (30% graphite) for achieving lower energy consumption.

Cast House and Bake ovens

- In bake ovens low cement castable mono-blocks have been used in few sections with aim to increase service life of flue wall and stable bake oven operation.
- New Furnace Clearing Machine has been procured for regular cleaning of holding furnaces which will result in better utilization of the furnaces and reduction in energy consumption.

(iv) Captive Power Plant

- Cycle efficiency of condenser reduced due to scaling, was improved by chemical cleaning of the tubes.

- The de-mineralised make-up water consumption has been brought down.
- The unit-VI commissioned during the year is using energy efficient "Dyno-Drive Coal Feeder" in place of PIV device.
- Oil Consumption has been kept low.
- Increased emphasis on maintenance of proper operating parameters.

(b) Additional Investment and Proposals being implemented

- Use of fuel oil additive in fuel oil for calcinations.
- Use of cytech-synthetic flocculant in settlers.
- Installation of separating cyclone for recovery of spent liquor solids.
- Installation of condensate polishing unit for reduction of DM water and recovery of heat value.

(c) Total Energy Consumption and Energy Consumption Per Unit

- The figures are given in Form "A"

FORM A

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 (1994-95)	PREVIOUS YEAR (1993-94)	CURRENT YEAR (1994-95)	PREVIOUS YEAR (1993-94)
1 Electricity					
a) Purchased from OSEB		8.170	16.844	43.658	48.017
Unit (Million KWH)		200.52	430.64	-	408.14
Total Amount (Rs. In Lakh)		2.45	2.56	-	0.815
Average rate (Rs./KWH)					
b) Own Generation		Not applicable		Not applicable	
Through Diesel Generation Unit					
Unit per Ltr. Of Diesel Oil Cost/Unit					
c) Through Steam Turbine/Generator					
Unit(Gross) (Million KWH)		4405.04	4144.51	236.117	229.13
Energy cost per unit (Coal & Fuel Oil) (Rs./KWH)		0.2853	0.2636	-	-
2. Coal (Specific quality & Where used)					
Quality F&G Grade					
Quantity (Tonne)		3335818	3241446	538163	510087
Total Cost (Rs.in Lakh)		10806.68	9545.66	4103.28	3613.50
Average rate (Rs./Tonne)		323.96	294.49	762.46	708.41

3. Fuel Oil & LDO

		CAPTIVE POWER PLANT ANGUL		ALUMINA REFINERY DAMANJODI		SMELTER ANGUL	
		(1994-95)	(1993-94)	(1994-95)	(1993-94)	(1994-95)	(1993-94)
Quantity	KL	6423.97	5616.50	68749	69074	18218	17791
Total Amount	Rs. in Lakh	376.02	313.56	3535.82	3808.95	1067.32	1034.24
Average	Rs/KL	5835	5583	5143	5514	5859	5813

B. Consumption per unit of production

			Standards (if any)	Current year (1994-95)	Previous Year (1993-94)
Products (with details) Unit					
1. Alumina Refinery, Damanjodi					
(a)	Power	KWH/ton	380	363.34	363.08
(b)	Fuel oil for Calcination	KG/Ton	85.3	82.38	84.68
(c)	Coal for Steam	KG/Ton	750	704.99	665.73
(d)	Oil for Steam	KG/Ton	10	6.58	6.74

2. Smelter, Angul

(a)	AC Energy	KWH/Ton	14,600	15,514	14,906.25
(b)	Fuel Oil	KG/Ton	95	102.37	86.05
(c)	Others				
i)	C.P Coke	KG/Ton	408	426.99	406.16
ii)	C.T. Pitch	KG/Ton	106.5	101.18	88.29

FORM B**B. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption

I. Research and Development

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

(a) In House R&D Activities**Alumina Plant**

- i. Special Grade Alumina development carried out at the site, was put up as a Project Proposal to DSIR, Ministry of Science & Technology, for financial support under PATSER Scheme. A sanction of Rs.1 crore has been received from DSIR for putting up a Pilot Plant at a cost of Rs.2.63 crore.
- ii. DSIR has recognized Nalco's in house R&D facilities at both Alumina Refinery and Smelter Plant. Revamping of in house R&D facilities at Alumina Refinery and Smelter Plant have been taken up.
- iii. Oxalate removal parameters are established at laboratory scale and plant trial will be taken up shortly.
- iv. Crystal Growth Modifier (CGM) addition for better control on nucleation and higher productivity has been continuing.
- v. On line RP measurement equipment has been commissioned.

Smelter Plant

- i) Substitution of conventional Carbon Blocks by Graphitised Carbon Block for reduction of energy consumption.

(b) Collaborative R&D Projects in Hand

- i. Trial production of special Grade Alumina named as NSPL-120 has been taken up with association of an external agency and the product was launched in the market.
- ii. By utilizing Nalco's Sodium Aluminate Liquor, which is an intermediate of Alumina Refinery Plant, Detergent Grade Zeolite (Zeolite-A) has been successfully synthesized both in the laboratory and Pilot Plant Scale in association with Central Salt and Marine Chemicals Research Institute, Bhavnagar, for the first time in the country and its physical, chemical and different applied properties have been fully characterized and established which matches well with that of the International Standards.
- iii. R&D activities relating to utilization of plant waste products like red mud and fly ash are under implementation in association with various National Laboratories like RRL, Bhubaneswar, RRL, Bhopal, NML, Jamshedpur, CPRI, Bangalore etc.
- iv. Red mud cement (Ferrite Cement) and red mud soil conditioners have been successfully synthesized in collaboration with RRL, Bhubaneswar,

- v. Red mud based Fibre Reinforced Polymer Composites have been successfully synthesized in collaboration with RRL, Bhopal which is used as "Synthetic Wood"
- vi. Wear resistant ceramic material have been produced from Nalco's fly ash in association with NML, Jamshedpur and their properties have been fully established.
- vii. Beta Alumina has been successfully extracted from Nalco's fly ash in collaboration with CPRI, Bangalore and its properties have been established. Beta alumina finds its application as solid electrolyte in Sodium-sulphur Battery System.
- viii. R&D activities relating to alumina process have been taken up at JNARDDC, Nagpur.
- ix. Some of the aluminum alloys developed at NFTDC, Hyderabad has been supplied to Ordnance Factory, Ambajhari, Pennar Profiles and INDAL and marketability of the products have been established.
- x. At NFTDC/DMRL, Hyderabad product development activities are under way for production of various sophisticated aluminium alloys like aluminium- lithium alloys etc. for high-tech applications.
- xi. Measurements of pots technical parameters like heat balance etc. for its efficient operation with JNARDDC, Nagpur.

2. Benefits Derived

- i. Productivity in stream-I & II of Alumina Refinery increased on addition of crystal growth modifier.
- ii. Based on the success of lab studies on special grade alumina, Pilot Scale trial have been taken up as a part of value added product development activity.
- iii. Use of Graphitised Carbon Blocks expected to result in substantial amount of energy saving.

3. Future Plan of Action

- i. Development of different special grade Alumina products for high-tech applications.
- ii. Manufacture of master alloys and grain refiners for use in aluminium foundry industry.
- iii. Technology scale-up for development of aluminium-lithium alloys.
- iv. Advance treatment of cooling water system using synthetic chemical.
- v. Use of Cytec-Synthetic Flocculant in Settler.

4. Expenditure on R&D

		1994-95	1993-94 (Rs. in lakh)
a)	Capital	-	-
b)	Recurring	<u>42.41</u>	<u>20.10</u>
c)	Total	<u>42.41</u>	<u>20.10</u>
d)	Total R&D Expenditure as % of turnover	0.029	0.018

II. Technology Absorption, Adoption and Innovation

1. Since the inception of Nalco, it has been the major hall mark to initiate efforts towards non-dependence on import of technology and to give a boost to available indigenous technology in the field of alumina and aluminium industry. By creation of planning and design cells in all the three plants of Nalco this very objective is fulfilled to a considerable extent. Further, Research and Development endeavours are likely to be transformed into commercially viable entities through the newly formed Business Development Department in the Company. Our major R&D thrust areas have been product and process development towards production of different value added products, waste utilization, technology upgradation and indigenisation of imported technology to the extent possible and import substitute of spares in a phased manner.

2. Details of Technology imported during the past 5 years

- | | | | |
|----|---|---|----------------|
| a) | Technology Imported | : | Nil |
| b) | Year of Import | : | Not applicable |
| c) | Has Technology been fully absorbed: | | Not applicable |
| d) | If not fully absorbed reason thereof
and future plan of action | : | Not applicable |

ANNEXURE 3

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NATIONAL ALUMINIUM COMPANY LIMITED, BHUBANESWAR FOR THE YEAR ENDED 31ST MARCH, 1995

COMMENTS OF C&AG**REPLY OF MANAGEMENT****PROFIT & LOSS ACCOUNT :**

Net profit after prior period adjustments:
Rs.300.17 crores.

In terms of Ministry of Finance O.M of 4.6.1993 the company is liable to pay guarantee fee @1.2% per annum on the outstanding amount of Principal plus interest on external borrowings guaranteed by the Government of India. Further, the Company is also liable to pay guarantee fee at double the normal rate for the period of default where the guarantee fee is not paid on due date.

The Company has provided (but not paid) Rs. 27.99 crores as guarantee fee for the year 1994-95. The Company has also treated Rs.25.85 crores being guarantee fee for 1993-94 (4.6.1993 to 31/3/1994), due for payment but not paid, as contingent liability. No provision for the guarantee fee at penal rate has been made for failure to pay for the period of default. Consequently there is under provision of liability for guarantee fee by Rs.79.69 crores with corresponding overstatement of above profit by the same amount.

(Note No. 2.6 on accounts refers)

The Management stated in reply (July 1995) that no provision was made for 1993-94 as there was no demand for payment of guarantee fee for the year 1993-94 and that the Company had represented to the Government for waiver of full guarantee fee.

The contention of the Management is not acceptable as the liability for guarantee fee is known to the Company and its provision for 1994-95 has been made in the accounts. It is observed that the Ministry of Finance had turned down (March 1995) the Company's request for waiver of guarantee fee.

The terms of guarantee issued by the Government of India in respect of External commercial borrowings for financing the project does not provide for the payment of guarantee fee by the Company.

As per Ministry of Finance, Department of Economic Affairs O.M dated 4.6.93 read with O.M dated 24.4.92 guarantee fee is to be determined taking into consideration a number of factors and it is to be done by the Government on a case by case basis.

The Company has so far not accepted the levy of guarantee fee by the Government and has represented for its waiver.

In October, 1994, Government of India asked the Company to pay Rs.27.14 crore due on 1.4.94 for the year 1994-95. In view of such specific demand, the liability for the year 1994-95 was provided. Since there was no demand for the year 1993-94, no provision for the guarantee fee for this year was made in the accounts for 1994-95.

The Government of India, Ministry of Mines vide their letter No. 3(1) 93-Met. I dated 17.7.95 (Copy furnished to Audit) has conveyed their decision to reduce the rate of guarantee fee from 1.2% per annum to 1% per annum on the outstanding loan including accrued interest thereon provided there has been no default in servicing of the guarantee loan. This brings down the amount of guarantee fee from Rs. 25.85 crore and Rs. 27.99 crore for 1993-94 and 1994-95 to Rs. 21.54 crore and Rs. 23.32 crore, respectively.

Subsequently, Government of India, Ministry of Mines vide their letter No. 3 (1) 93-Met.I dated 21.8.95 (Copy furnished to Audit) has intimated the following :

- i. It has been decided to actively follow up the request of NALCO already forwarded to the Ministry of Finance, for waiver of payment of guarantee fee in respect of the loans and the interest thereon in consideration of special and unique circumstances of the case.

Sd/-
(B.K. CHATTOPADHYAY)
Principal Director of Commercial
Audit & Ex-Officio Member
Audit Board-I, Calcutta

Dated : Calcutta
The 5th September, 1995

- ii. As the matter is still under consideration of the Government, this case may not be deemed as default on the part of NALCO in payment of the GUARANTEE FEE.
- iii. In case the Company is finally held liable for payment of any guarantee fee, the same will be paid in a phased manner starting from 1996-97 onwards subject to the approval of Ministry of Finance which will be communicated at the appropriate stage."

In view of the above, the Management feels that the Company's liability towards guarantee fee @ 1.2% on the outstanding amount of Principal plus Interest on external borrowings has not been finally established. Further, the question of any default on the part of the Company in the payment of guarantee fee does not arise in view of the letter dated 21.8.95 of Ministry of Mines, Government of India.

It will be seen that the final decision for levy of guarantee fee is yet to be communicated by the Government. The entire liability is, therefore, contingent upon such final decision. Further, the question of levy of penal guarantee fee does not arise in view of the Ministry of Mines letter dated 21.8.95 referred to above which, inter alia, indicates that payment, if any, towards guarantee fee after final decision may have to be made in a phased manner starting from 1996-97 onwards.

Under the circumstances, provision of additional amount of Rs. 79.69 crore including penal amount of Rs. 53.84 crore in the accounts for 1994-95 is not considered necessary by the Management, as it would have vitiated a true and fair view of the operating results of the Company.

ANNEXURE 2**Review of the Accounts of National Aluminium Company Ltd. For the year Ending****1 FINANCIAL POSITION**

under broad headings for the last three years :-

		(Rs. in lakhs)		
		1992-93	1993-94	1994-95
LIABILITIES				
a)	Paidup Capital	128861.92	128861.92	128861.92
b)	Reserves and Surplus :			
	I) Free Reserves	37217.60	50312.44	54040.36
	ii) Committed Reserves	-	-	19846.18
c)	Borrowings From :			
	I) Consortium of International Banks	260241.62	232153.79	177428.17
	ii) Housing Development Finance Corporation Ltd	84.73	-	-
	iii) Banks : Cash Credit	1270.64	-	-
	Export Packing Credit	1459.99	-	-
d)	Current Liabilities and Provisions	28834.8	24970.82	30265.48
TOTAL		457971.30	436298.97	410442.11
ASSETS				
e)	Gross Block	408897.69	416875.11	452531.67
f)	Less : Cumulative Depreciation	93914.47	115744.53	143374.08
g)	Net Block	314983.22	301130.58	309157.59
h)	Capital work-in-progress	25227.65	29200.57	9265.12
I)	Miscellaneous Expenditure to the extent not written off	9084.44	2770.7	2181.13
j)	Investments	977.56	977.56	2927.56
k)	Current Assets, Loans and Advances	107698.43	102219.56	86910.71
		457971.30	436298.97	410442.11
Capital Employed (g+k-d)		393846.85	378379.32	365802.82
Net Worth (a+b(I)-I)		156995.08	176403.66	180721.15
Net worth per rupee of paid up capital (in Rs.)		1.22	1.37	1.40

2 CAPITAL STRUCTURE

The Debt Equity Ratio of the Company was 1.57:1 in 1992-93, 1.30:1 in 1993-94 and 0.97:1 in 1994-95.

3 LIQUIDITY

- i) The liquidity of the Company in terms of percentage of Current Assets to Total Net Assets was decreased from 24% in 1992-93 to 23% in 1993-94 and 21% in 1994-95.
- ii) The percentage of Current Assets to Current Liabilities (including Provisions) which is a measure of liquidity was high at 374% in 1992-93, 409% in 1993-94 and 287% in 1994-95.
- 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 290% in 1992-93, 361% in 1993-94 and 306% in 1994-95.

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, 1995, amounted to Rs. 78863.63 Lakhs, Rs. 77248.74 Lakhs and Rs. 56645.23 Lakhs respectively
- ii) The percentage of working Capital to Sales was 67%, 64% and 38% during the years 1992-93, 1993-94 and 1994-95 respectively.

5 SOURCES AND USES OF FUNDS

Funds amounting to Rs. 74973.97 Lakhs from internal and external Sources

SOURCES OF FUNDS		(Rs.in Lakhs)	
a)	Funds from operation		
	Profit for the year	30017.20	
	Add : Depreciation	27629.55	57646.75
b)	Miscellaneous expenditure written off		589.57
c)	Decrease in Working Capital		16737.65
			74973.97

UTILISATION OF FUNDS

a)	Increase in Gross to Fixed Assets	
	Less : Decrease in Capital Work-in-Progress	15721.11
b)	Addition to Investments	1950.00
c)	Repayment of Loans	54725.62
d)	Dividend Paid	2577.24
		<u>74973.97</u>

6 WORKING RESULTS

The working Results of the Company in the last three years are given below :

		(Rs. in lakhs)		
		1992-93	1993-94	1994-95
i)	Sales	118018.26	120677.50	147898.16
ii)	Net Profit	13488.36	15672.08	30017.20
iii)	Percentage of Profit to			
	(a) Sales	11.43%	12.99%	20.30%
	(b) Networth	8.59%	8.87%	16.61%
	c) Equity Capital	10.48%	12.16%	23.29%
	(d) Capital Employed	3.42%	4.14%	8.21%

7 INVENTORY LEVELS

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

		(Rs. in lakhs)		
		1992-93	1993-94	1994-95
i)	Raw Materials	2695.98	3196.56	3924.20
ii)	Stores and spares	16458.50	17930.39	19578.98
iii)	Finished goods	11668.76	11821.38	6057.41
iv)	Percentage of Finished goods to Sales	9.89%	9.80%	4.10%

8 [SUNDRY DEBTORS](#)

8 **SUNDRY DEBTORS**

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

(Rs. in Lakhs)					
Year Ended	SUNDRY DEBTORS			Total Sales	Percentage
as on	Considered	Considered	Total	during the year	of Sundry
	Good	Doubtful			Debtors to
					Sale
31/3/1993	34357.40	-	34357.40	118018.26	29%
31/3/1994	25077.39	6.39	25083.78	120677.50	21%
31/3/1995	19109.30	136.30	19245.60	147898.16	13%

Note :

Review of Accounts has been prepared without taking into account the Comments U/S 619(4) of the Companies Act, 1956 and the qualifications contained in Statutory Auditor's Report.

sd/-

(B K CHATTOPADHYAY)

Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I
Calcutta

Dated : 5th September, 1995
Calcutta

Auditors Report	2
ANNEXURE TO THE AUDITORS REPORT	4

To

The Members of
National Aluminium Company Limited;

We have audited the attached Balance Sheet of NATIONAL ALUMINIUM COMPANY LIMITED as at 31st March, 1995 and also the Profit and Loss Account for the year ended on that date annexed thereto and report that :

- (1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
- (2) Further to our Comments in the Annexure referred to in paragraph (1) above :
 - 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 account 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 referred to in 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 said accounts subject to :
 - i. Note No.1.7 regarding full and final settlement of the long outstanding Inter Corporate Deposits with Canbank Financial Services Ltd., and recovery of further interest amounting to Rs.13.92 crore (including Rs.4.61 crore for the current year) accounted during the year;
 - ii. Note No.1.8 regarding agreement dated 17.5.94 as to mode of recovery of long outstanding Inter Corporate Deposits with Andhra Bank Financial Services Ltd. of Rs.45 Crore through exchange with PSU Bonds and Interest warrants thereof calculated with effect from initial deposit date in full and final settlement regarding non-delivery of PSU Bonds worth Rs.5 crore and non-payment of overdue interest amounting to Rs.6.28 crore calculated at equivalent PSU Bond Rates upto 31.3.95 pending approval of Special Court/Custodian and non consideration of any diminution in value of Bonds classified under investments per Note in schedule No.1.6;
 - iii. Note No.1.9 regarding long overdues of Rs.5 crore from Bharat Gold Mines Ltd., a BHR referred Government Company, considered good due to availability of assurance letter from Government of India.
 - iv. Note No.1.10 regarding long overdues of Rs.1.15 crore from Mineral Exploration Corporation Ltd., considered good being a Government Company;
 - v. Note No.2.1 read with Accounting Policy No. B.1 regarding revision in life of certain assets and charging depreciation thereof at higher rates than prescribed in Schedule XIV of Companies Act, 1956, resulting in depreciation charge for the year being higher by Rs.47.99 crore (including Rs.24.93 crore for the Current year) with consequent decrease in profit figure by similar amount and cumulative undercharge of depreciation being Rs.1009.25 crore with corresponding effect on Net Block and Reserve and Surplus;

- vi. Note No.2.2 read with Accounting Policy No. B.10 regarding accounting during the year of proposed dividend amounting to Rs.38.66 crore for 1994-95 pending approval of Central Government as per Section 205(1)(c) of the Companies Act, 1956 and of Dividend paid for 1993-94 of Rs.25.77 crore after such approval, with consequent impact of increase in provisions figure by Rs.38.66 crore and decrease in Reserves and Surplus by similar amount;
 - vii. Note No.2.3 read with Accounting Policy No. B.6 regarding change in policy of provisioning for relining expenses resulting in overcharge under Repairs Rs.13.38 crore and undercharge in Provision for relining by Rs.17.96 crore having net effect of increase in profit for the year by Rs.4.58 crore and reduction in provisions by similar amount and regarding retention of accumulated provision of Rs.79.29 crore in the accounts pending decision on subsequent utilization thereof;
 - viii. Note No.2.4 regarding consideration of estimated liability for employees pay revision amounting to Rs.4.38 crore accounted during the year (cumulative Rs.8.96 crore upto 31.3.95)
 - ix. Note. No.2.5 regarding writing back of Rs.20.83 crore cess liability provided in earlier years based on legal opinion;
 - x. Note No.2.6 regarding provision of guarantee fee of Rs.27.99 crore on forex loans for 1994-95 demanded by Government of India and Rs.25.85 crore for 1993-94 based on circular, disclosed under contingent liability and the issue of levy of guarantee fee by Government of India totally being disputed by the Company; and read together with other notes on accounts including Accounting Policies of the Company, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
-
- 1. In the case of the Balance sheet of the state of affairs of the company as at 31st March, 1995.
 - 2. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For A.K SABAT & CO
Chartered Accountants,

(A K SABAT)
PARTNER

CALCUTTA
Dated : 28th June.1995

ANNEXURE TO THE AUDITORS REPORT

REFERRED TO IN PARAGRAPH -1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1995, OF NATIONAL ALUMINIUM COMPANY LIMITED.

- 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 is reasonable, majority of movable and immovable fixed assets of the Company have been verified by the Management during the year and discrepancies noticed on such verification, which were not material, are under reconciliation.
- II. None of the Fixed Assets have been revalued during the year.
- III. The Stocks of finished goods, stores, spare parts and raw materials of the Company at all its locations (except stocks with third parties and in transit) have been physically verified by the management at reasonable intervals.
- IV. In our opinion, the 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 noticed on such physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
- VI. In our opinion and on the basis of our examination of the valuation of stocks, such valuation is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year read with Accounting Policy No. A.4.
- VII. The Company has not taken any loans, secured or unsecured, from Companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956 and/or from Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
- VIII. The Company has not granted any loans, secured or unsecured, 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 Section 370 (1B) of the Companies Act, 1956.
- IX. The principal amounts and interest wherever applicable thereon in respect of loans and/or advance in the nature of loans given by the Company to bodies corporate and employees have been recovered regularly as stipulated except part of Inter Corporate Deposit dues from Andhra Bank Financial Service Limited, amount due from Bharat Gold Mines Limited and Mineral Exploration Corporation Limited as referred in Note Nos.1.8, 1.9 and 1.10, respectively.
- X. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments, and other assets and with regard to sale of goods.
- XI. According to the information and explanations given to us, there are no transactions of purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in value from/to any party.

- XII. As explained to us the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on items so determined.
- XIII. The Company has not accepted any deposits from public.
- XIV. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realizable scraps. The company has no by product.
- XV. In our opinion, the Company's internal audit system even though satisfactory needs to cover more areas so as to be commensurate with its size and nature of its business.
- XVI. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima-facie the prescribed records have been made and maintained. We have not, however, made a detailed examination of the said records.
- XVII. The company is regular in depositing Provident Funds dues with appropriate authorities. None of the employees of the Company is member of the Employees' State Insurance.
- XVIII. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- XIX. During the course of our examination of books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than expenses under contractual obligations and/or generally accepted business practices, which have been charged to revenue account.
- XX. The Company is not a Sick Industrial Company within the meaning of Clause (O) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For A.K SABAT & CO
Chartered Accountants,

Sd/-

(A K SABAT)
PARTNER

CALCUTTA
Dated : 28th June.1995

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 Accounts
07. Additional Information forming part of the Account

Balance Sheet as at March 31, 1995

(In Thousand Rupees)			
Schedule		As at March 31,1995	As at March 31,1994
SOURCE OF FUNDS			
Shareholders' Funds			
Shre Capital	1.1	1288,61,92	1288,61,92
Reserves and Surplus	1.2	738,86,54	503,12,44
Loan Funds			
Secured Loans	1.3		
Unsecured Loans		1774,28,17	2321,53,79
TOTAL		3801,76,63	4113,28,15
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	1.4	4525,31,67	4168,75,11
Less Depreciation		1433,74,08	1157,44,53
Net Block		3091,57,59	3011,30,58
Capital Work-in-Progress	1.5	92,65,12	292,00,57
		3184,22,71	3303,31,15
Investments	1.6	29,27,56	9,77,56
Current Assets, Loans and Advances			
Inventories	1.7	295,60,59	329,48,33
Sundry Debtors		191,09,30	250,77,39
Cash and Bank Balances		259,37,07	232,00,86
Other Current Assets		32,20,05	124,51,99
Loans and Advances		90,83,70	85,40,99
		869,10,71	1022,19,56
Less : Current Liabilities and Provisions			
Liabilities	1.8	183,88,60	167,75,10
Provisions		118,76,88	81,95,72
		302,65,48	249,70,82
Net Current Assets		566,45,23	772,48,74
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	1.9	21,81,13	27,70,70
TOTAL		3801,76,63	4113,28,15
Notes on Accounts	3		
Additional informations	4		

Statement of Significant Accounting Policies and Schedules from part of Accounts.

In terms of our attached report of even date

BHUBANESWAR 30TH JUNE,1995	A K SABAT Partner For and on behalf of M/s A K Sabat & Co. Chartered Accountants	ASHOK TANDON Company Secretary	DR S K TAMOTIA Chairman-Cum- Managing Director
		B.D SINGH Director(Personnel & Administration)	P.L SAHU GM(Finance)

PROFIT AND LOSS ACCOUNT

for the year ended March 31, 1995

(In Thousand Rupees)			
	Schedule	As at March 31,1995	As at March 31,1994
INCOME			
Sales	2.1	1474,95,52	1195,96,24
Finished Goods internally Consumed		15,57	62
Accretion/(Depletion) to stock of finished/ intermediary products	2.2	(57,63,97)	1,52,62
Other income	2.3	64,83,00	45,10,03
		1482,30,12	1242,59,51
EXPENDITURE			
Raw Materials consumed	2.4	134,81,40	142,73,70
Finished Goods purchased		1,80	3
Power and Fuel	2.5	246,78,65	234,56,54
Repairs and Maintenance	2.6	81,34,09	61,18,91
Other Manufacturing expenses	2.7	32,11,69	34,43,44
Excise Duty		146,70,72	145,10,75
Employees' Remuneration and Benefits	2.8	48,92,94	44,85,15
Administrative Expenses	2.9	39,14,59	35,89,23
Selling and Distribution Expenses	2.1	26,56,46	29,63,52
Interest and Financing Charges	2.11	181,03,28	126,90,00
Provisions	2.12	7,25,02	27,99,20
Depreciation		253,62,56	218,32,04
Miscellaneous Expenditure written off		4,73,61	4,97,13
		1203,06,81	1106,59,64
PROFIT FOR THE YEAR			
		279,23,31	135,99,87
Add : Prior Period Adjustments (Net)	2.13	20,93,89	20,72,21
NET PROFIT			
		300,17,20	156,72,08
Balance of Profit brought forwarded from previous year		503,12,44	372,17,60
Amount available for appropriation		803,29,64	528,89,68
APPROPRIATION			
Dividend paid for previous year (subject to deduction of tax)		25,77,24	25,77,24
Dividend proposed for current year (subject to deduction of tax)		38,65,86	-
Transferred to Investment Allowance Reserve		198,46,18	-
Transferred to General Reserve		500,00,00	-
Balance of Profit carried forward to balance sheet		40,40,36	503,12,44
		803,29,64	528,89,68

Notes on Accounts3

Additional information4

Statement of Significant Accounting Policies and Schedules from part of Accounts.

In terms of our attached report of even date

BHUBANESWAR
30TH JUNE,1995

A K SABAT
Partner
For and on behalf of
M/s A K Sabat & Co.
Chartered Accountants

ASHOK TANDON
Company Secretary

B.D SINGH
Director(Personnel
& Administration)

DR S K TAMOTIA
Chairman-Cum-
Managing Director

P.L SAHU
GM(Finance)

Schedule 1.1
SHARE CAPITAL

	(In Thousand Rupees)	
	As at March 31, 1995	As at March 31, 1994
Authorised		
130,00,00,000 Equity Shares of Rs.10/- each (Previous year 130,00,00,000 Equity Shares of Rs. 10/- each	1300,00,00	1300,00,00
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). Out of these Shares, Government of India holds 112,29,99,270 (Previous year 112,36,34,400)	1288,61,92	1288,61,92
	1288,61,92	1288,61,92
Schedule 1.2		
RESERVES AND SURPLUS		
General Reserve		
Transferred from Profit and Loss account	500,00,00	-
Investment allowance Reserve:		
Transferred from Profit and Loss account	198,46,18	-
	198,46,18	-
	-	-
Investment allowance Utilisation Reserve		
Transferred from Investment Allowance Reserve	198,46,18	-
Balance in Profit and Loss Account	40,40,36	503,12,44
TOTAL	738,86,54	503,12,44

Schedule 1.3**LOAN FUNDS****Secured Loans**

- -

Unsecured Loans

Medium term Euro dollar loans from

Consortium of International Banks

(Guaranteed by Government of India)

US\$- Million (Previous year 100.000 Million)

- 313,72,50

US\$-25.455 Million (Previous year 38.182 Million)

80,15,64 119,78,59

US\$- 110.294 million (Previous Year 125.000 million)

347,31,62 392,15,63

US \$ 51.525 million swapped to Swiss Franc 100 million)]

567,73,24 791,85,32

Japanse yen 20 billion (Previous year 20 billion)

705,60,00 609,90,00

Morgan Grenfell and Company Ltd.

(Previous year US \$ 30.000 million)

73,47,67 94,11,75

TOTAL 1774,28,17 2321,53,79

Note :

Repayable within one year : US\$ 100.767 million (Rs.317,31,37) {Previous year US\$ 134.100 million (Rs.422,31,28)}

Repaid during the year US\$ 200.767 million (Rs.634,47,04) including prepayment of US\$ 66.667 million (Rs.,212,15,76)

Schedule 1.4**FIXED ASSETS**

Schedule 1.4
FIXED ASSETS

(In Thousand Rupees)

PARTICULARS OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.4.94	Additions	Sales/ Adjustment	Cost as on 31.3.95	As on 1.4.94	For the Year	Sales/ Adjustment	Up to 31.3.95	As on 31.3.95	As on 31.3.94
A. PLANT, MINES AND OTHERS										
Freehold land including development costs	29,90,34	6,36	-	29,96,70	-	-	-	-	29,96,70	29,90,34
Leasehold land including development Costs	1,91,62	37	18,04	2,10,03	65,64	10,52	1,45	77,61	1,32,42	1,25,98
Buildings	134,49,44	13,29,97	2,59	147,82,00	39,52,17	6,88,31	46,45	46,86,93	100,95,07	94,97,27
Roads, bridges and Culverts	24,14,12	4,65	-	24,18,77	5,73,25	35,46	-	6,08,71	18,10,06	18,40,87
Railway sidings	47,76,55	11,05	2,17	47,89,77	17,85,72	3,01,77	19,89	21,07,38	26,82,39	29,90,83
Water supply, drainage and sewerage	42,81,36	2,32	-3,82	42,79,86	14,38,07	2,04,29	13,62	16,55,98	26,23,88	28,43,29
Power supply, distribution and lighting	155,95,69	57,84	-8,29	156,45,24	51,95,32	8,19,20	51,57	60,66,09	95,79,15	104,00,37
Plant and machinery	3576,56,57	340,07,54	-2,20,99	3914,43,12	987,17,90	227,44,96	21,37,07	1235,99,93	2678,43,19	2589,38,67
Office equipments	3,60,95	1,26,81	-61	4,87,15	2,10,68	43,82	-24	2,54,26	2,32,89	1,50,27
Furniture and fittings	4,93,32	53,40	-1,52	5,45,20	1,48,65	48,89	-63	1,96,91	3,48,29	3,44,67
Vehicles	16,75,16	38,07	-6,64	17,06,59	12,53,76	1,37,19	-4,05	13,86,90	3,19,69	4,21,40
Miscellaneous Equipment	13,40,89	85,09	4	14,26,02	4,69,54	71,45	3,28	5,44,27	8,81,75	8,71,35
TOTAL	4052,26,01	357,23,47	-2,19,03	4407,30,45	1138,10,70	251,05,86	22,68,41	1411,84,97	2914,15,31	
B. SOCIAL FACILITIES										
Freehold land including development costs	2,90,21	9,27	-	2,99,48	-	-	-	-	2,99,48	2,90,21
Leasehold land including development costs	38,82	-	-3,70	35,12	11,98	1,75	-1,18	12,55	22,57	26,84
Buildings	81,04,28	1,05,36	44	82,10,08	10,18,26	1,34,83	-45	11,52,64	70,57,44	70,86,02
Roads, bridges and Culverts	11,56,03	-	-30	11,55,73	1,61,65	18,88	1	1,80,54	9,75,19	9,94,38
Water supply, drainage and sewerage	8,89,29	12,31	-9	9,01,51	3,09,21	36,05	3	3,45,29	5,56,22	5,80,08
Power supply, distribution and lighting	8,09,72	30,12	-6,92	8,32,92	2,87,92	39,33	-31	3,26,94	5,05,98	5,21,80
Office equipments	6,17	-	-	6,17	3,13	77	-	3,90	2,27	3,04
Furniture and fittings	85,54	3,04	-	88,58	36,75	9,16	-	45,91	42,67	48,79
Vehicles	63,75	1,09	-	64,84	36,06	5,39	38	41,83	23,01	27,69
Miscellaneous Equipment	2,05,29	1,64	-14	2,06,79	68,87	10,54	10	79,51	1,27,28	1,36,42
TOTAL	116,49,10	1,62,83	-10,71	118,01,22	19,33,83	2,56,70	1,42	21,89,11	96,12,11	97,15,27
TOTAL FOR CURRENT YEAR	4168,75,11	358,86,30	-2,29,74	4525,31,67	1157,44,53	253,62,56	22,66,99	1433,74,08	3091,57,59	3011,30,58
TOTAL FOR PREVIOUS YEAR	4088,97,69	81,74,42	-1,97,00	4168,75,11	939,14,47	218,32,04	-1,98	1157,44,53	3011,30,58	3149,83,22

Plant and machinery includes captialisation of Rs.1699,77.73 (Previous year Rs.1592,49,31) (including Rs107,28,42 during the year, Rs.63,27,18 previous year) towards exchange variation loss in accordance with Accounting police No. A4(b)

Included in Gross Block above are the following assets laid on land not belonging to the Compamy :

- 1) Building Rs. 95,96 (Previous year Rs. 97,22)
- 2) Roads, bridges and culverts - Rs. 2,95,32 (Previous year Rs. 2,95,32)
- 3) Water supply, drainage and sewerage - Rs. 12,36 (Previous year Rs.12,36)
- 4) Power supply distribution and lighting - Rs. 3,74,04 (Previous year Rs.379,81)
- 5) Railway Sidings - Rs. 3,05,46 (Previous year Rs. 2,95,63)

SCHEDULE 1.5

CAPITAL WORK IN PROGRESS

Schedule 1.5**CAPITAL WORK-IN-PROGRESS**

	(In Thousand Rupees)	
	As at March 31,1995	As at March 31,1994
Construction and work-in-progress at cost (including materials with contractors Rs.77,95 previous year Rs. 87,47)	55,02,62	244,44,70
Advances to Government Departments and Contractors (Unsecured, considered good)	15,99,61	17,80,28
Advances to suppliers for capital goods (Unsecured, considered good)	48,12	65,58
Stock of construction material (at cost)	7,79,92	8,20,04
Construction materials-in-transit(at cost)	-	30,11
Plant and machinery-in-transit(at cost)	3,07,77	-
Incidental expenditure during construction-Schedule 1.5.1	-	11,11,31
Exchange variation pending capitalisation	10,27,08	9,48,55
TOTAL	92,65,12	292,00,57

Schedule 1.5.1**INCIDENTIAL EXPENDITURE DURING CONSTRUCTION**

Opening balance awaiting allocation		11,11,31		-30,49
Expenditure/adjustments during this year				
Administrative Expenses				
Rates and Taxes	-		20	
Insurance	32,47		10,95	
Repairs and maintenance-others	-		-48,37	
Power and fuel	-		62	
Others	70		-20,12	
		33,17		-56,72
Start up and commissioning expenses		408,62		5,68
Technical consultancy fees and expenses		55,93		32,90
Excise Duty		11,85		-
Enabling works		9,72		3,00
Selling and distribution expenses		41		-
Income Tax		-		-3,17
		5,19,70		-18,31
Less: Income and Adjustments				
Sales out of trial production	1,96,19		-	
Interest	1,09		-126894	
Others	-		27,81	
Internal consumption out of trial production	2,15,90	4,13,18	-	-12,41,13
Net Expenditure during the year after adjustments		1,06,52		12,22,82
Total Expenditure		12,17,83		11,92,33
Amount allocated to fixed assets		12,17,83		81,02
Balance awaiting allocation		-		11,11,31
TOTAL		12,17,83		11,92,33

Schedule 1.6
INVESTMENTS

	(In Thousand Rupees)				
	Face Value per unit(Rs)	As at March 31, 95		As at March, 31, 94	
		Number	Book Value	Number	Book Value
Investments:					
(Unquoted unless otherwise stated)					
Government Securities :					
7 Years National Savings Certificates					
(Deposited with Government Authoritis)			1		1
Other Investments :					
13% Nuclear Power					
Corporation Bonds, 1988	1,000.00	95,000	9,77,55	95,000	9,77,55
9%(Tax free) Power finance					
Corporation Bonds, 1988	1,000.00	125,000	*12,50,00	-	-
9% (Tax Free) Power Finance					
Corporation Bonds, 1990	1,000.00	70,000	*7,00,00	-	-
			<u>29,27,56</u>		<u>9,77,56</u>
Aggregate Book Value of Quoted Investments			-		-
Aggregate Book value of Unquoted Investments			29,27,56		9,77,56
Agrrgregate Market Value of Quoted Investments			-		-

* NOTE : Out of the above, investments having face value of Rs, 19,50,00 (Cost Rupees 19,50,00) have been acquired from ABFSL in settlement of intercorporate deposits. In view of Accounting Policy No. A.3 and since Company shall realise the face value of these investments on maturity, the notional loss based on the traded rates on 31.3.95, if any, has not been considered.

Schedule 1.7
CURRENT ASSETS, LOANS AND ADVANCES

	(In Thousand Rupees)	
	As at March 31, 1995	As at March 31, 1994
Current Assets:		
Inventories		
Raw materials at Cost (Including Rs.533.05 Previous year Rs.1308,68 in transit)	39,24,20	31,96,56
Stock in trade/intermediary products at lower of cost or net realisable value	60,57,41	118,21,38
Stores and spares at cost (including Rs.2580,84 previous year Rs 946,35, in transit) out of which Rs. 186,15 (previous year nil) awaiting inspection	200,59,98	184,17,09
LESS : Provision for non- moving stores and spares	4,81,00	486,70
	<u>1,95,78,98</u>	<u>179,30,39</u>
	295,60,59	329,48,33
Sundry Debtors (Unsecured)		
Debts over six months		
Considered good	44,87,30	57,06,63
Considered Doubtful	1,36,30	6,39
	<u>46,23,60</u>	<u>57,13,02</u>
LESS : Provision for doubtful debts	1,36,30	6,39
	<u>448,730</u>	<u>57,06,63</u>
Other debts considered good	<u>146,22,00</u>	<u>193,70,76</u>
	191,09,30	250,77,39

Cash and Bank Balances:

Cash balance on hand including imprest & stamp	5,50		5,45	
Cheques on hand	10,65,59		1,02,67	
Bank balances with Scheduled Banks				
In Current Accounts	24,92,93		1,07,57	
In Short Term/Fixed deposits	129,00,00		117,88,98	
In Post office Saving Accounts	15		15	
Certificate of deposits with Banks	<u>94,72,90</u>		<u>111,96,04</u>	
		259,37,07		232,00,86

Other Current Assets:**Inter Corporate Deposits with:**

Andhra Bank Financial Services Ltd.	-	45,00,00
SBI Capital Market Ltd	-	10,00
Canara Bank Financial Services Ltd	-	57,00,00
		<u>102,10,00</u>

Interest Accrued on :

Investments	73,27	43,99
Debtors	5,51,34	2,18,70
Short Term/Fixed deposits	9,30,41	1,69,89
Discount accrued on Certificate of Deposits	5,28,72	1,44,12
Inter Corporate deposits	6,28,32	13,81,86
Loans to Employees	3,45,14	2,80,20
Loan to Public Sector Companies	20,73	3,23
Swap and Cap receivables	<u>1,42,12</u>	<u>-</u>
	<u>32,20,05</u>	<u>22,41,99</u>
	32,20,05	124,51,99

Loans, Advances and Deposits :

(Unsecured, considered good unless otherwise stated)

Loans ;

Employees (Secured Rs.8,33,12 Previous Year Rs.6,42,68)	10,72,82		9,44,25	
Stores on loan basis	61,35		51,80	
Loans to Public Sector Companies (Including interest accrued and due Rs.16,39 Previous year Rs.122,50)	<u>6,31,39</u>		<u>7,37,50</u>	
		17,65,56		17,33,55

Advances /Recoverables

Advances to Employees	98,97		1,01,94	
Income Tax deducted at Source	2,62,30		4,91,32	
Advance to others				
Considered good	16,12,33		22,45,28	
Considered doubtful	<u>2,18,02</u>		<u>1,47,32</u>	
	18,30,35		23,92,60	
Less: Provision for doubtful advances	<u>2,18,02</u>		<u>1,47,32</u>	
	16,12,33		22,45,28	
Amount due from Andhra Bank Financial Service Ltd.				
towards Inter Corporate Deposits	5,00,00		-	
Amount due from Bharat Aluminium Company Ltd	1,97		1,97	
Prepaid Expenses	4,83,34		8,67,22	
Claims Recoverable :				
Considered good	37,88,21		14,32,86	
Considered doubtful	<u>8,71,20</u>		<u>6,44,47</u>	
	46,59,41		20,77,33	
Less : Provision for doubtful claims	<u>8,71,20</u>		<u>6,44,47</u>	
	<u>37,88,21</u>		<u>14,32,86</u>	
		67,47,12		51,40,59

Deposit with :

Government Departments	61,55	37,94
Customs Authorities	74,59	47,23
Port Authorities	33,00	27,63
Sales Tax Authorities	-	8,36,39
Excise Authorities	3,45,74	6,68,03
Others	56,14	49,63
	5,71,02	16,66,85
TOTAL OF LOANS, ADVANCES AND DEPOSITS	90,83,70	85,40,99
TOTAL	869,10,71	1022,19,56

Note : Loans due from Directors as on 31.3.1995 - Rs. 2,62 maximum amount due Rs.3,03 during the year

Schedule 1.8**CURRENT LIABILITIES AND PROVISIONS**

	(In Thousand Rupees)	
	As at March 31, 1995	As at March 31, 1994
Current Liabilities:		
Sundry Creditors	67,77,94	83,95,73
Others Liabilities (including advances from customers of Rs.1435,24, Previous Year Rs. 1398,33)	77,89,65	48,05,16
Security deposits	24,46,25	24,85,44
Interest accrued but not due on loans	13,74,76	10,88,77
	183,88,60	167,75,10
Provisions :		
For Relining	79,29,20	79,29,20
For Dividend	38,65,86	
For Sundry Claims	81,82	2,66,52
	1187688	819572
TOTAL	302,65,48	249,70,82

Schedule 1.9**Miscellaneous Expenditure****(to the extent not written off or adjusted)**

Particulars	Balance as at April 1,1994	Additions/ adjustments during 94-95	Written off during 1994-95	Balance as at March 31,1995
Interest and Penalties on Sales Tax	5,86,61	-1,59,88	-	4,26,73
Exchange Variation Loss	18,91,90	-	4,33,96	14,57,94
Expenditure on unsuccessful projects	78,73	57	39,65	39,65
Expenditure on new projects*	20,23	38,80	-	59,03
Edpenditure on Expansion Projects*	1,93,23	4,55	-	1,97,78
TOTAL FOR CURRENT YEAR	27,70,70	-1,15,96	4,73,61	21,81,13
TOTAL FOR PREVIOUS YEAR	92,97,90	-56,81,38	8,45,82	27,70,70

*NOTE : In view of Accounting Policy No. A.5, these expenditure earlier classified under Capital Work-in-progress have been regrouped for proper disclosure.

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Schedule 2.1

SALE

(In Thousand Rupees)

	Year Ended March 31, 1995	Year Ended March 31, 1994
Own Products :		
Exports :		
Alumina Hydrate	-	24,77
Calcined Alumina	141,01,49	146,18,31
Aluminium Ingots	288,42,13	229,89,28
	<u>429,43,62</u>	<u>376,32,36</u>
Export Through Merchant Exporter :		
Calcined Alumina	<u>56,20,48</u>	<u>35,39,99</u>
Domestic		
Alumina Hydrate	39,43	33,13
Calcined Alumina	3,26,74	1,02
Aluminium Ingots	550,22,01	507,83,57
Aluminium with Rods	302,07,54	220,96,05
Aluminium Billets	42,43,80	-
Electricity	90,89,32	55,10,12
	<u>989,28,84</u>	<u>784,23,89</u>
Trade Goods- Domestic :		
Special grade Alumina	<u>2,58</u>	<u>-</u>
TOTAL	<u>1474,95,52</u>	<u>1195,96,24</u>

Schedule 2.2**ACCRETION/DEPLETION (-) TO FINISHED/INTERMEDIARY PRODUCTS**

	(In Thousand Rupees)		
	Opening Stock	Closing Stock	Accretion/ (-) Depletion
Bauxite	3,36,58	3,57,27	20,69
	(94,72)	(3,36,58)	(2,41,86)
Alumina Hydrate	2,20,75	86,78	-1,33,97
	(65,99)	(2,20,75)	(1,54,76)
Calcined Alumina	21,41,99	25,25,98	3,83,99
	(16,70,14)	(21,41,99)	(4,71,85)
Aluminium Ingots	65,27,31	5,64,67	-59,62,64
	(63,17,62)	(65,27,31)	(2,09,69)
Aluminium Wire rods	1,07,24	26,88	-80,36
	(10,21,48)	(1,07,24)	(-9,14,24)
Aluminium Billets	-	2,15,98	2,15,98
	(-)	(-)	(-)
Other items	24,87,51	22,79,85	-2,07,66
	(24,98,81)	(24,87,51)	(-11,30)
TOTAL	118,21,38	60,57,41	-57,63,97
	(116,68,76)	(118,21,38)	(1,52,62)

Figures in brackets represent those for previous year.

Schedule 2.3**OTHER INCOME****(In Thousand Rupees)**

	Year Ended March 31,1995	Year Ended March 31,1994
Interest (Gross) Income from Investments		
(Tax deducted at source NIL, Previous year NIL)	3,94,33	1,23,50
Interest (Gross) Income from debtors		
(Tax deducted at source Rs. 13,85, Previous year NIL)	11,07,12	4,72,50
Interest income from Short Term / Fixed Deposits with Banks	24,50,14	8,18,04
Discount on Certificate of Deposits	7,89,56	9,46,30
Interest income from Inter Corporate Deposits	5,46,73	5,49,83
Interest income from employees and others	1,08,23	78,91
Interest (Gross) income from loans to Public Sector companies		
(Tax deducted at source Rs. 90,76, Previous year NIL)	91,85	1,39,39
Premium on Exim scrip and sale of Import license	3,87,07	10,80,64
Receipt for freight, handling etc. from customers	3,14,07	-
Machinery hire charges	1,54	4,66
Sundry receipts	1,40,89	94,70
Sale of scrap	73,36	1,08,05
Receipt for rent, electricity and water charges	73,67	76,23
Receipt for use of vehicle and avation	1,36	13,09
Receipt from guest house	3,08	4,19
Total	64,83,00	45,10,03

Schedule 2.4**RAW MATERIALS CONSUMED**

	Year ended March 31, 1995		Year ended March 31, 1994	
	Quantity (MT)	Value	Quantity(MT)	Value
Caustic Soda	48060	34,43,95	45545	37,46,39
C P Coke	75990	46,62,02	82239	58,15,42
C T Pitch	18006	15,93,03	18946	18,06,39
Aluminium Fluoride	5820	17,99,92	5080	18,55,84
Lime	43760	6,02,81	43325	5,64,70
Crystal growth modifier	242	3,34,70	50	78,79
Purchased anodes	(Nos) 1999	4,28,01	-	-
Others	-	6,16,96	-	4,06,17
TOTAL		134,81,40		142,73,70

Schedule 2.5**POWER AND FUEL**

	Year Ended March 31,1995	Year Ended March 31,1994
Purchased power	4,68,13	5,30,38
Duty on self generation (Including interest on Electricity Duty Rs.215,83 Previous year Rs.276,26)	38,25,61	41,83,80
Coal consumed	149,09,96	131,59,16
Fuel Oil consumed	54,74,95	55,83,20
TOTAL	246,78,65	234,56,54

Schedule 2.6**REPAIRS AND MAINTENANCE**

Buildings	2,16,43	1,79,91
Machinery	70,76,36	51,29,16
Others	8,41,30	8,09,84
TOTAL	<u>81,34,09</u>	<u>61,18,91</u>

Schedule 2.7**OTHER MANUFACTURING EXPENSES**

Royalty and Cess	7,27,04	8,28,10
Freight	15,65,12	17,57,02
Others	9,19,53	8,58,32
TOTAL	<u>32,11,69</u>	<u>34,43,44</u>

Schedule 2.8**EMPLOYEES' REMUNERATION AND BENEFITS**

Salaries, Wages and Bonus	37,58,69	34,07,00
Contribution to Provident Fund	2,84,62	2,40,61
Staff Welfare Expenses	8,01,76	8,03,58
Gratuity	47,87	33,96
TOTAL	<u>48,92,94</u>	<u>44,85,15</u>

Schedule 2.9**ADMINISTRATIVE EXPENSES**

Rent for Office and Guest house	96,96	86,14
Rent for leased accommodation	27,39	22,56
Rates and taxes	74,71	94,83
Insurance	1,56,41	1,49,04
Auditors' Remuneration-Statutory Audit Fees	1,50	1,50
Auditors' Remuneration- Statutory Audit Expenses	2,43	2,90
Auditors' Remuneration-Tax Audit Fees and Expenses	60	60
Repair and Maintenance - Buildings	56,78	62,32
Repairs and Maintenance - others	1,43,92	1,61,39
Vehicle operating expenses	88,08	1,20,92
Consumption of stores	74,00	62,58
Recruitment expenses	7,82	31,07
Bank charges	1,19,16	91,83
Legal expenses	18,54	15,06
Filling fees	1	1
Printing and Stationary	81,35	57,38
EDP expenses	19,85	20,41
Postage, telegram, telex and telephone	2,41,68	1,92,90
Advertisement and publicity	85,66	64,19
Entertainment	11,30	7,14
Electricity and water charges	86,73	74,48
Travelling Expenses	4,94,99	3,96,89
Demurrage	6,77	7,62
Directors' sitting fees	4	-
Hire charges for machinery/vehicles	1,14,82	1,09,18
Donations	13,41	2,86

Management Development and Training	56,36	31,46
Plantation/Horticulture	36,67	38,34
Maintenance of Guest house	21,52	15,05
Miscellaneous consultancy	47,86	23,40
CISF and other expenses	4,59,25	4,77,09
Fire fighting services	75,32	57,75
Loss on sale of assets and shortages	5,00	1,42,79
Claims and debts written off	2,89	-
Technical assistance fees and expenses	9,56,39	8,34,16
Research and development expenses	4,74	10
Wealth tax	1,06	47
Peripheral development expenses	60,54	18,12
Other miscellaneous expenses	1,62,08	1,14,70
TOTAL	<u>39,14,59</u>	<u>35,89,23</u>

Schedule 2.10**SELLING AND DISTRIBUTION EXPENSES**

Sales tax	16,17	11,95
Packing and forwarding	1,17,14	1,42,22
Freight and handling	19,45,78	18,64,69
Commission to selling agents	15,96	33,71
Cash discount	1,65,42	4,38,27
Demurrage	62,67	90,56
others	3,33,32	3,82,12
TOTAL	<u>26,56,46</u>	<u>29,63,52</u>

Schedule 2.11**INTEREST AND FINANCING CHARGES**

Interest on medium term loans	107,15,16	94,82,59
Interest on cash credit, export packing credit	-	90,38
Agency fees including upfront charges	4,55,98	4,55,75
Exchange variation	41,33,23	26,61,28
Guarantee fee on foreign loans	27,98,91	-
TOTAL	181,03,28	126,90,00

Schedule 2.12**PROVISIONS**

Relining expenses	-	19,53,82
Doubtful advances	84,58	69,40
Doubtful debtors	1,30,16	6,39
Doubtful insurance claims	3,85,84	1,47,27
Doubtful despatch money and freight claims	3,38	1,45
Sundry claims	-	1,34,17
Non moving stores and spares	1,21,06	4,86,70
TOTAL	7,25,02	27,99,20

Schedule 2.13**PRIOR PERIOD AJUSTMENTS(NET)**

Sales	(52,47)	(1,96,60)
Raw materials consumed	1,11,21	(7,91)
Power and fuel	(15,04)	13,83,16
Repairs and maintenance	1,07,26	74,94
Employees' Remuneration and Benefits	(1,21,21)	(2,26,48)
Administrative Expenses (Including reversal of Rs. 47 for audit expenses, Previous year inclusion of Rs. 1,53)	13,58	(2,27,58)
Selling and distribution expense	2,84,32	-
Interest and Financing charges	-	(66,77)
provisions written back	3,02,54	3,66,71
Depreciation	(22,74,67)	(1,08,38)
Provision of Cess Written back	20,83,19	-
Other Income	9,62,15	14,32,32
Other Manufacturing expenses	6,93,31	(2,51)
Miscellaneous Expenditure written off	(28)	(3,48,69)
Net Prior Period ajdustments TOTAL	20,93,89	20,72,21

Figures in brackets represent expenses/negative incomes.

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**A. BALANCE SHEET****1. FIXED ASSETS**

- 1.1 All fixed assets are stated at historical cost less depreciation.
- 1.2 Expenses on development of land including leasehold land is capitalized forming part of cost of land.
- 1.3 Expenses of Capital nature incurred on assets laid on land not belonging to the Company are capitalized under appropriate assets head.
- 1.4 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.

2. INCIDENTAL EXPENDITURE DURING CONSTRUCTION

- 2.1 For the original project, revenue expenditure incurred during construction period has been treated as expenditure incidental to construction and is being allocated to relevant Fixed Assets on an appropriate basis.
- 2.2 For subsequent projects, only direct revenue expenditure incurred is being treated as incidental expenditure during construction.

3. INVESTMENTS

Investments are valued at Cost.

4. INVENTORIES

- 4.1 Raw material, stores, spare parts and loose tools are valued at weighted average cost. Finished goods including aluminium scrap, 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.
- 4.2 Anodes are valued at direct material cost. Anode butts and anode rejects are valued at lower of direct material cost or net realizable value.
- 4.3 Value of Scrap excluding aluminium scrap is recognized in the accounts as and when sold.
- 4.4 In process material 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 at the same level.
- 4.5 Inventory of Stores and Spares not moved for 5 years and above, have been valued at Cost less 20 percent.

5. MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT-WRITTEN OFF)

Expenditure on feasibility studies, preparation of project reports, documentations and other related matters on New/Expansion Projects and Unsuccessful Projects, capital contribution

to external Research and Development Institutions to the extent not written off, are grouped under this head.

6. CONVERSION OF FOREIGN CURRENCY

- 6.1 Exports and Imports during the year are recorded in Indian rupees by applying monthly average Bill Buying and Bill Selling rates respectively.
- 6.2 Foreign currency transactions settled during the year through Bank Accounts in India are recorded in Indian rupees by applying actual exchange rates prevailing on respective dates of transaction. Foreign currency transactions settled during the year through foreign currency account with SBI, New York are recorded by applying average mid rate of the month of transaction. The interest income during the year in foreign currency is recorded in Indian rupees at the average exchange rates for each month.
- 6.3 All outstanding long term loans, US Dollar, Swiss Franc currency swaps, unrealized export invoices, bank balances and other current assets/liabilities are recorded in Indian rupees by applying appropriate exchange rates prevailing on the date of Balance Sheet.
- 6.4 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 are perceived and appropriate amount relating to the capitalized value of Plant and Machinery is included in the carrying amount of Plant and Machinery and balance included in Capital Work-in-Progress.

7. CONTINGENT LIABILITIES

Contingent liabilities to the extent not provided for have been shown under notes forming part of accounts.

B. PROFIT AND LOSS ACCOUNT

1. DEPRECIATION

- 1.1 Depreciation is provided on straight line method.
- 1.2 Depreciation on the main plant and machinery, related factory buildings and storage godowns is provided based on the estimated useful life of assets by retention of 5 percent residual value except for assets already written off fully.
- 1.3 Depreciation on all other assets is provided as per rates laid down in Schedule XIV of the Companies Act, 1956.
- 1.4 Assets valuing Rs.5000/- or less, individually are depreciated fully in the year they are put to use.
- 1.5 Exchange variation loss included in Plant and Machinery is fully depreciated prospectively over the residual life of assets.
- 1.6 Assets laid on land or belonging to the Company are depreciated over a period of five years.
- 1.7 Leasehold land including development expenses thereon is amortised on straight line method over a period of 25 years in the case of mines and 20 years in other cases, irrespective of actual lease period.

2. PRIOR PERIOD EXPENSES/INCOMES AND PREPAID EXPENSES

Income/Expenditure relating to prior periods as well as prepaid expenses, not exceeding Rs.25,000/- in each case is treated as Income/Expenditure of the currency year.

3. RECOGNITION OF REVENUE

- 3.1 The export sale is recognized based on the date of Bill of Lading irrespective of terms of sale viz. FOB, C&F and CIF etc.. The indigenous sale is recognized based on the date of Railway Receipt, Lorry Receipt or Delivery Challan.
- 3.2 Claims are accounted for in the Profit and Loss Account based on certainty of their realization.
- 3.3 Interest on out-standings is accounted for where there is certainty of realization based on past experience.

4. EXCISE DUTY

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

5. EXCHANGE VARIATIONS

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 the 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 as the case may be over the remaining term of liability.

6. RELINING EXPENSES

Pot relining expenses incurred during the year are charged to Profit and Loss Account in the year of occurrence.

7. GRATUITY

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

8. MISCELLANEOUS EXPENDITURE

- 8.1 Expenditure on Unsuccessful Projects and capital contribution to external Research and Development Institutions are written off over a period of three years.
- 8.2 Mines development expenditure is charged to Profit and Loss Account in the year of occurrence.

9. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenditure except of capital nature, is charged to Profit and Loss Account in the year of occurrence.

10. DIVIDEND

Proposed dividend, subject to approval of Central Government under Section 205(1)(c) of the Companies Act, 1956 and awaiting approval of shareholders, is provided in the accounts.

NOTES FORMING PART OF THE ACCOUNTS**SCHEDULE 3****1. Balance Sheet :****1.1 Land:**

- i. Value of Freehold Land includes 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, except a few, have been executed.
 - ii. Value of Leasehold 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 land, the formalities for legal transfer are yet to be completed. The value of leasehold Land represents amount deposited with the State Government and estimated liabilities provided for.
- 1.2 The estimated amount of contracts to be executed on capital account and not provided for is Rs.81.00 crore (previous year Rs.29.19 crore).
- 1.3 Liabilities towards Sales Tax on works contracts amounting to Rs.20.37 crore (previous year Rs.18.73 crore) have been provided for and considered for capitalization, although the levy of such tax is disputed by the Company and appeals filed in different courts are pending for disposal. Interest/Penalty amounting to Rs.4.27 crore (previous year Rs.5.87 crore) imposed by Sales Tax authorities has been shown as " Miscellaneous Expenditure" pending decision of Orissa High Court/ Supreme Court.
- 1.4 To realize Company's claims on off-loaded contracts, bank guarantees totaling to Rs.1.11 crore (previous year Rs.1.11 crore) were invoked. However, the bank guarantees in question could not be realized in all cases for last eight years because of injunction granted by various courts. In addition, Bank guarantees amounting to Rs.0.76 crore, could not be realized because of injunction granted by various courts.
- 1.5 Pending installation of debottlenecking facilities, balance 52 number of pots in Smelter Plant, not put to use, have not been capitalized. The corresponding direct cost, incidental expenditure during construction and exchange variation have been included in "Capital work-in-Progress".
- 1.6 Contingent liabilities not provided for :

	Year ended 31st March'95 (Rs.in crore)	Year ended 31st March'94 (Rs.in Crore)
Claims not acknowledged as debt :		
i. i) Sales Tax on works contracts under dispute (on supply portion)	45.26	45.40
ii. ii) Contractors and others	17.04	18.51
iii. iii) Excise Duties for non-submission of proof of export /other documents	42.02	23.35

iv. iv) Excise Duty on Fabrication work done by contractors	6.10	6.04
v. v) Customs Duty on Design/Engineering charges/Steel Billets and other claims	15.06	15.20
vi. vi) Cost of Land acquisition and interest there on	10.98	3.19
vii. vii) Outstanding letter of credit, guarantees and counter guarantees	49.68	23.60
viii. viii) OSEB for low power factor/ disputed energy bill	0.25	-
ix. ix) Income Tax	1.35	-
x. x) Guarantee fee to Government of India	25.85	
TOTAL	213.59	135.29

Besides 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.

- 1.7 Canbank Financial Services Ltd. (CANFINA), a wholly owned subsidiary of Canara Bank, have refunded the balance amount of principal (Rs.57 crore) along with interest of Rs.18.24 crore during the year in full and final settlement of the long outstanding Inter Corporate Deposits due from them. Interest was realized at the originally agreed rate of return for the initial deposit period from 17th/19th June, 1992, to 15th/17th September, 1992, amounting to Rs.4.32 crore already accounted for in 1992-93 and thereafter at a simple rate of 10% per annum, on the reducing balances amounting to Rs.13.92 crore, of which Rs.9.31 crore have been accounted as prior period income and Rs.4.61 crore as income during the current year.
- 1.8 In terms of the agreement dated, 19th May, 1994 between the Company and Andhra Bank Financial Services Ltd. (ABFSL), a wholly owned subsidiary of Andhra Bank, against long outstanding Inter Corporate Deposits of Rs. 45 crore, ABFSL repaid Rs. 12.50 crore in lieu of 14 percent MTNL Bonds (realized by them on maturity), paid Rs. 3.75 crore as interest realized on earmarked PSU Bonds of face value of Rs. 40 crore, delivered Public Sector Unit Bonds of face value of Rs. 27.50 crore (13 percent NPC Bonds of face value of Rs. 8 crore and 9 percent tax free PFC Bonds of face value of Rs.19.50 crore) alongwith future interest warrants towards settlement of overdues. ABFSL as part of the settlement process had also undertaken to deliver 17 percent Public Sector Unit Bonds of face value of Rs. 5 crore alongwith interest warrants or pay equivalent thereof, in cash and further pay past overdue interest of Rs. 3.99 crore in cash in lieu of interest realized by them on earmarked PSU Bonds of face value of Rs. 40 crore calculated w.e.f. the date(s) of deposit at the respective coupon rates within six months from the date of the said agreement.

Out of PSU Bonds of face value of Rs. 27.50 crore, 13 percent Bonds of face value of Rs.8 crore have matured during the year and have been encashed. They are yet to deliver 17 percent PSU Bonds for Rs.5 crore alongwith interest warrants since 22.7.92 or pay equivalent thereof in cash and are also yet to clear the past interest dues of Rs.3.99 crore as was agreed to, in the above agreement pending clearance of the Special Court /Custodian. Interest income on the outstanding principal amount of Rs.5 crore, computed @ 17 percent per annum as per the agreement amounting to Rs.0.85 crore for the full year has been considered in the accounts of 1994-95. The Company is following up regularly for realization of the overall amounts due, being Rs.11.28 crore as of 31.3.95

- 1.9 Bharat Gold Mines Ltd. (BGML) was paid a working capital loan of Rs.5 crore during May 1989 repayable in six months. Although BGML has been referred to BIFR under Sick Industrial Companies (Special Provisions) Act, 1985 and default committed by BGML in repayment of principal overdue, the same has been considered good in view of BGML, being a Government Company and an assurance letter from Government of India stating that in the event of default by BGML, Government would pay the amount from the budgetary support. However, BGML have cleared the outstanding simple interest dues upto 31.3.95 as of date.
- 1.10 Mineral Exploration Corporation Ltd. (MECL) was paid a working capital loan of Rs.2 crore in August, 1991, for one year out of which Rs.0.85 crore has been realized by 31.3.95 together with interest upto 6th May, 1994. The balance principal of Rs.1.15 crore which is overdue alongwith interest outstanding of Rs.0.20 crore upto 31.3.95 has been considered good in view of MECL being a Government Company.

2. Profit and Loss Account

2.1 Depreciation :

- i) Depreciation was charged in respect of main Plant and Machinery and related Factory Buildings and Storage godowns etc. at the rate of 5 percent upto 31st March, 1994, based on estimated useful life of assets without retention of 5 percent residual value. The useful life of these assets have been revised from 20 years to 18 years to bring at par with life of "Continuous process plant" as envisaged in Schedule XIV of Companies Act, 1956. Such change in life of assets is considered from 1.4.93 i.e. from the year of introduction of "Continuous power plant" concept in Schedule XIV of Companies Act, 1956. Depreciation rate on such assets has been recomputed based on guidelines issued under Circular No.1/85 dated 10.1.85 by Department of Company Affairs, by allocating the unamortised value over the remaining life after retention of 5 percent residual value.
- ii) Had the depreciation been calculated by applying the earlier rates, the charge for the year would have been lower by Rs.47.99 crore (Rs.24.93 crore for the current year and Rs.23.06 crore for 1993-94 under prior Period adjustments).
- iii) Depreciation rates on the following assets are considered based on the estimated useful life of assets which are higher than the respective rates prescribed in Schedule XIV of companies Act, 1956

Assets	Rate of Depreciation
Red Mud pond (Earth work portion)	14.29%
Ash Pond at Alumina Refinery (Earth work portion)	13.34%
Ash pond at CPP	15.38%

- iv) Had the depreciation been calculated on various assets by applying the rates specified in Schedule XIV of Companies Act, 1956, the charge for the year including under prior period adjustments would have been lower by Rs.107.65 crore (previous year higher by Rs.2.28 crore) and consequently the accumulated depreciation as on 31.3.95 is understated by Rs.1009.25 crore (Previous year Rs.1116.90 crore)

- v) Such arrears of depreciation are being accounted in line with the requirement u/s 205 (1) (c) of the Companies Act, 1956, through higher rates adopted as above than those required under Schedule XIV of Companies Act, over the balance life of assets.
- 2.2 Upto 1993-94 dividend used to be accounted on payment basis. From 1994-95 as per Accounting Policy No.B.10, the profit and Loss appropriation includes dividend paid @ 2 percent for 1993-94 amounting to Rs.25.77 crore as well as proposed dividend for 1994-95 @ 3 percent amounting to Rs.38.66 crore.
- 2.3 Upto 1993-94 provision used to be created in the accounts at a rate, per ton of production of aluminium metal to meet the relining expenses of pots based on technical estimate of the lining life of the pots as four years. With effect from 1.4.94 the accounting for relining expenditure has been made on actual basis as per Accounting Policy No. b.6 . Due to such change in Accounting Policy, the charge in Profit and Loss Account for relining expenses provision has been lower by Rs.17.96 crore and for repair and maintenance (machinery) higher by Rs.13.38 crore, with consequential increase in profit by Rs.4.58 crore and reduction in provision by same amount in the Balance Sheet. The accumulated provision of Rs.79.29 crore on this account has been retained pending a final review and appropriate decision in the matter.
- 2.4 Pending finalization of wage agreement with employees/pay revision of executives on IDA scales, a provision of Rs.2.70 crore during the year and a cumulative provision of Rs.4.18 crore for the period from 1/1/92 to 31/3/95 has been made in the accounts to cover the likely increase in salary, wages and other consequential benefits.
- 2.5 A sum of Rs.20.83 crore provided in the accounts of 1991-92 towards Cess on bauxite and coal for the period from 22.12.89 to 4.4.91 was continuing upto 31.3.94. In view of the stay granted by both High Court of Orissa and Supreme Court against demand by State Government/MCL on the Company, for payment of cess subsequent to 22/12/89 and on the strength of legal opinion obtained on the intention/interpretation of "The Cess and Other Taxes on Minerals (Validation) Act, 1992" states that the unrealized cess cannot be claimed by State Government, the aforesaid provision has been written back during the year.
- 2.6 An amount of Rs.27.99 crore has been provided towards guarantee fee on external commercial borrowings for the year 1994-95 as demanded by Ministry of Mines, Government of India, although disputed by the Company. However, Rs.25.85 crore being such fee for 1993-94 as per the Circular of Ministry of Finance, Government of India, for which no claim or demand whatsoever has been made by the Government of India on the Company, has been included under Contingent liability. The applicability of such guarantee fee to the Company has been disputed by the Company and the matter is under consideration of Ministry of Finance, Government of India for waiver.
- 2.7 In view of related guidelines issued by the Institute of Chartered Accounts of India for accounting translation of foreign exchange transactions, the minor changes effected through the Accounting Policy No.A.6 do not have any impact on profitability of the year.
- 2.8 In the absence of taxable profit, no provision for taxation has been created for the year.
3. Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with those of current year.

ADDITIONAL INFORMATION FORMING PART OF ACCOUNTS
for the year ended 31st March 1995
Schedule 4

	(Rs. in Lakh) Current Year	(Rs. in lakh) Previous Year
1 Whole time Directors' Remuneration:		
Salaries	5.01	4.47
Company's contribution to Provident Fund	0.51	0.52
Leave travel concession	0.24	-
Medical benefits	0.65	1.07
Other benefits	2.63	2.51
TOTAL	9.04	8.57
2 Expenditure Incurred in Foreign Currency on Cash Basis :		
Agency, Syndication and management fees	2.52	3.15
Interest on loans	10575.88	9399.33
Continued technical assistance to Aluminium Pechiney	510.65	610.86
Payments to consultants/supervision charges	4.48	11.69
Travelling expenses	52.40	15.59
Agency commission on sales	8.92	33.71
Books, periodicals, advertisement, bank charges etc	10.53	18.53
TOTAL	11165.38	10092.86
3 Earning in Foreign Currency on cash basis :		
Export of goods	42941.49	43487.52
Interest on bank deposits	272.59	585.16
Others (despatch money)	21.68	25.78
TOTAL	43235.76	44098.46

4 **Value of Imports calculated on CIF basis :**

Raw Materials	5900.44	4330.36
Components, spare parts and construction Material	2743.51	1729.97
Capital goods.	806.87	348.84
TOTAL	9450.82	6409.17

5 **Value of Raw materials, stores, spares and components consumed during the year :**

	(Rs. In Lakh)		(Rs. In Lakh)	
	<u>Current year</u>		<u>Previous Year</u>	
	Value	%	Value	%
(a) Raw Materials :				
Imported	6071.91	45.02	5080.08	35.59
Indigenous	7415.21	54.98	9193.62	64.41
TOTAL*	13487.12	100.00	14273.70	100.00
(b) Stores, spares and componetns :				
Imported	3066.17	35.07	1896.49	27.93
Indigenous	5675.87	64.93	4892.84	72.07
TOTAL	8742.04	100.00	6789.33	100.00

* Includes Rs.5.72 representing consumption for trial production which has been capitalised

6. Licenced Capacity, Installed Capacity and Production/Generation :

Products	Licenced Capacity (Same as previous Year (In Tonnes))	Installed Capacity		Production/Generation	
		Current year (in Tonnes)	Previous year (in Tonnes)	Current year (in Tonnes)	Previous year (in Tonnes)
Bauxite	Not applicable	24,00,000	24,00,000	21,38,344	24,35,596
Aluminium Hydrate	Not applicable	8,00,000	8,00,000	7,63,363	7,58,000
Calcined Alumina	Not applicable	8,00,000	8,00,000	7,70,000	7,53,021
Alluminium Ingots	1,18,000	1,06,880	1,06,880	1,28,557	1,57,995
Aluminium Wire Rods	1,00,000	87,500	87,500	43,678	36,337
Aluminium Billets	-	-	-	5,837	-
Electricity	Not applicable	720MW	600MW	3,979	3,741

Note :

1. Installed capacities are as per project report.
2. Production figures include production during trial runs of 58 MU of Electricity and 104 MT of Aluminium Ingots.
3. Bauxite of 21,32,062 MT(Previous year 21,58,438 MT) Alumina Hydrate 7,70,000 MT (Previous Year 7,53,021 MT), Calcined Alumina of 3,46,905 MT (Previous year 3,73,471 MT) and Electricity of 2,818 MU (Previous year 2976 MU) have been consumed internally during the year
4. Production of Aluminium Ingots includes 52,465 MT of Sow Ingots (Previous year 67685 MT)

7. Stock and Sale

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Products	Opening Stock		Sales		Closing Stock	
	Quantity	Value	Quantity	Value	Quantity	Value
	in Tonnes	Rs. in Lakh	in Tonnes	Rs. in Lakh	in Tonnes	Rs. in Lakh
Bauxite	3,86,873	336.58	-	-	3,92,600	357.27
	(1,09,656)	(94.72)	(-)	(-)	(3,86,873)	(336.58)
Aluminium Hydrate	9,820	220.75	416	39.43	3,688	86.78
	(2,898)	(65.99)	(689)	(57.90)	(9,820)	(220.75)
Calcined Alumina	71,531	2141.99	4,11,597	20048.71	84,035	2525.98
	(56,094)	(1670.14)	(3,67,213)	(17963.53)	(71,531)	(2141.99)
Aluminium Ingots	26,092	6527.31	1,52,494	83864.14	2,010	564.67
	(23,890)	(6317.62)	(1,55,721)	(73772.85)	(26,092)	(6527.31)
Aluminium Wire Rods	360	107.24	43,911	30207.54	96	26.88
	(3,821)	(1021.48)	(39,806)	(22096.05)	(360)	(107.24)
Aluminium Billets	--	--	5,154	4243.8	713	215.98
	(-)	(-)	(-)	(-)	(-)	(-)
Electricity (in MU net)	--	--	1,161	9089.32	(-)	(-)
	(-)	(-)	782	5510.12	(-)	(-)
Other Items	--	2487.51	--	--	(-)	2279.85
	(-)	2498.81	(-)	(-)	(-)	(2487.51)
TOTAL	--	11821.38	--	147492.94	(-)	6057.41
	(-)	11668.76	(-)	119400.45	(-)	11821.38

Note 1 Figures in brackets pertain to that of previous year. 2. Sales do not include sale out of trial production.

3. The closing stock of Aluminium Ingots includes 1,331 MT of Sow Ingots (Previous year 19,345 MT)

8. Social Amenities :						(Rs.in Lakh)
Expenses	Township	Education	Medical	Social/ Cultural	Canteen	Total
Payments to employees	58.97	-	122.95	-	40.15	222.07
Welfare Expenses	-	151.90	106.13	40.64	124.97	423.64
Materials consumed	17.87	0.07	67.44	-	0.28	85.66
Repairs and Maintenance	132.68	-	1.57	-	0.39	134.64
Power, fuel and water charges	115.21	0.51	0.12	-	0.19	116.03
Depreciation	221.97	12.98	9.43	8.90	3.43	256.71
Total	546.70	165.46	307.64	49.54	169.41	1238.75
Less : Income	65.98	-	4.16	-	-	70.14
Net Expenditure	480.72	165.46	303.48	49.54	169.41	1168.61
For Previous Year	430.58	143.09	297.12	46.95	178.66	1096.40