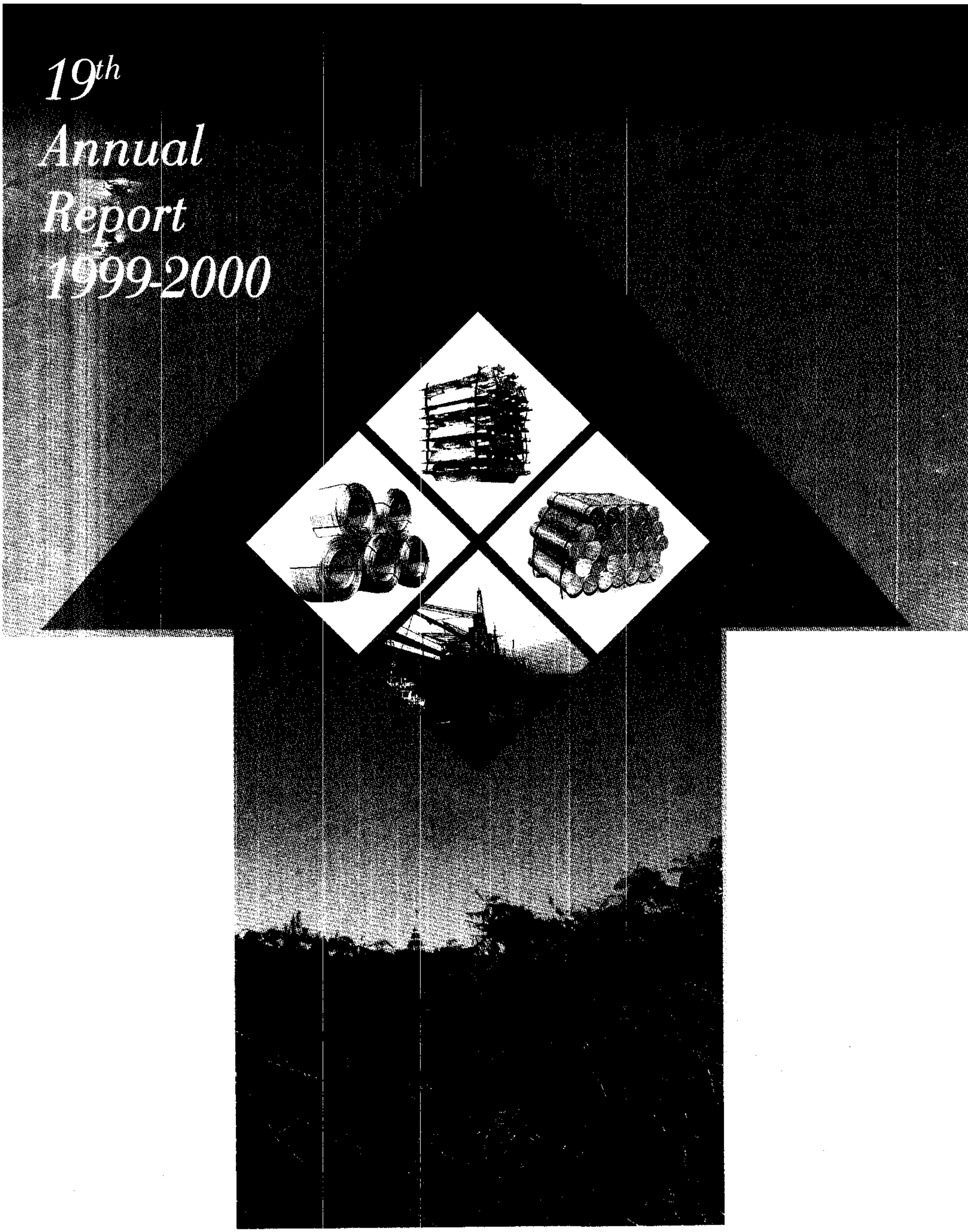
19th Annual Report 1999-2000



नालको NALCO

Vision

To be a company of
global repute
in Aluminium Sector

Mission

To achieve growth in business with
global competitive edge providing
satisfaction to the customers,
employees, shareholders and
community at large.

National Aluminium Company Limited

BOARD OF DIRECTORS
Shri P. Parvathisem
Dr. (Smt.) Aruna Bagchee
Dr. Sutanu Behuria
Shri C. Venkataramana
Shri S.B. Nayak
Shri K.N. Misra
Shri S.K. Banerjee
Shri P. Mohapatra
Shri S.N. Malik
Shri P.G. Kakodkar

EXECUTIVE DIRECTORS
Dr. R.C. Mohanty
Shri P.L. Sahu
Maj. A. Chowdhury
Shri S.K. Misra
Shri M.S. Parija
Shri N.K. Jain

CHIEF VIGILANCE OFFICER
Shri S.K. Mishra

COMPANY SECRETARY
Shri K.N. Ravindra

BANKERS
State Bank of India

REGISTERED & CORPORATE OFFICE
NALCO BHAWAN,
Plot No. - P/1, Nayapalli,
Bhubaneswar - 751 013 (Orissa)
Tel. : 301988-99
Fax : 0674-300470/300580/300677/300740

AUDITORS
Tej Raj & Pal
Chartered Accountants
1, Kalpana Square
Bhubaneswar - 751 014.

Contents

The Year at a Glance ---------- 2
Environment Management ---------- 8
Aluminium Industry - An Overview ---------- 15
Directors' Report ---------- 19
Review of Accounts by C & AG ---------- 34
Auditors' Report ---------- 37
Annual Accounts ---------- 40
Cash Flow Statement ---------- 60
Reformatted financial statements in substantial compliance with U.S., U.K. & French GAAP ---------- 63
Annual Report of International Aluminium Products Limited (A WHOLLY OWNED SUBSIDIARY OF NALCO) ---------- 75

The Year at a glance - 1999-2000

PHYSICAL

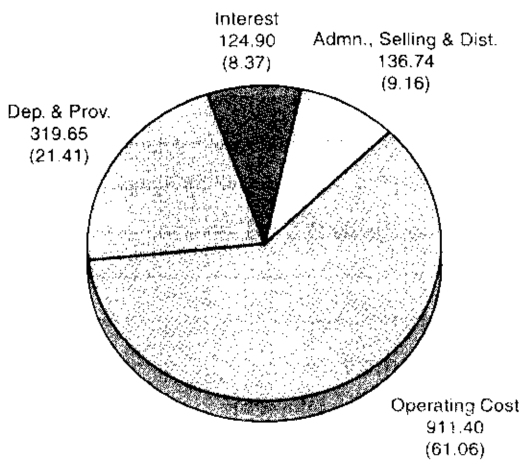
	Units	1999-2000	1998-99
Bauxite mining	MT	**28,22,464**	28,06,288
Alumina production	MT	**8,86,000**	8,94,500
Aluminium production	MT	**2,12,663**	1,46,206
Power	MU	**3,985**	3,588

FINANCIAL

	1999-2000	1998-99
Export Turnover (Rs. in crore)	**1,031.64**	632.17
Sales Turnover (Rs. in crore)	**2,142.32**	1,506.65
Profit Before Tax (Rs. in crore)	**681.00**	337.22
Profit After Tax (Rs. in crore)	**511.13**	248.25
Earning Per Share (in Rs.)	**7.94**	3.85
Book Value Per Share (in Rs.)	**49.67**	44.01

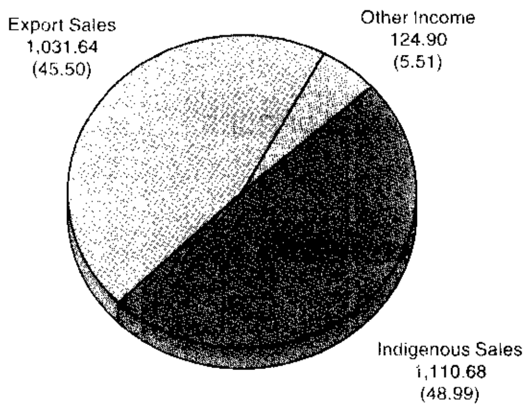
Break-up of Total Cost

Rs. in Cr. (%)

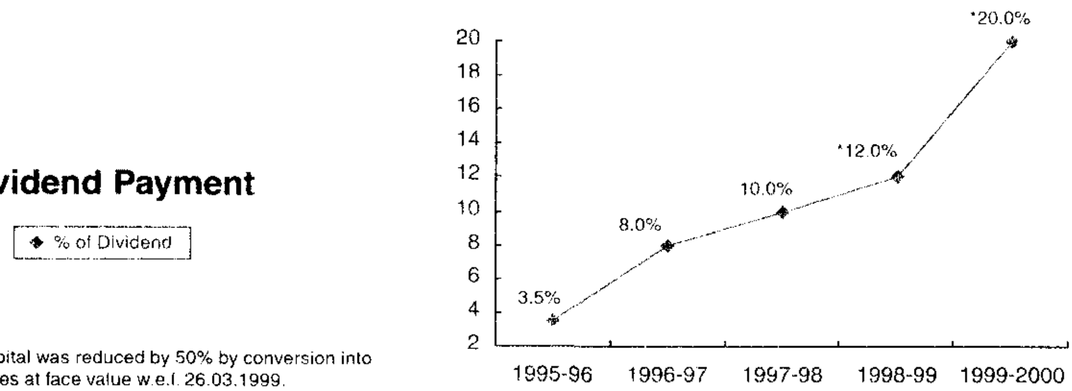


Break-up of Earnings

Rs. in Cr. (%)



Dividend Payment



*Paid up equity Capital was reduced by 50% by conversion into debentures at face value w.e.f. 26.03.1999.

10 years performance at a glance - Physical

Sl. No.	Particulars	Units	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91
1.	**Production :**											
	Bauxite	MT	**2,822,464**	2,806,288	2,661,557	2,558,002	2,408,472	2,138,344	2,435,596	2,267,320	1,860,000	1,920,000
	Alumina	MT	**886,000**	894,500	883,300	840,062	807,130	770,000	753,021	803,500	672,200	652,485
	Aluminium	MT	**212,663**	146,206	200,162	203,823	192,288	178,072	194,332	191,069	192,022	151,300
	Power (net)	MU	**3,985**	3,588	3,902	4,187	4,147	3,979	3,741	3,690	3,531	2,654
2.	**Export Sales :**											
	Alumina/Hydrate	MT	**479,620**	610,940	479,801	465,139	415,209	407,405	371,286	429,428	378,446	335,401
	Aluminium	MT	**95,185**	39,865	55,475	60,357	49,128	65,307	60,037	85,771	61,117	27,877
3.	**Domestic Sales :**											
	Alumina/Hydrate	MT	**8,027**	6,151	5,119	6,898	6,292	4,608	428	764	3,380	7,549
	Aluminium	MT	**120,171**	98,573	140,660	145,521	143,092	136,356	135,490	104,390	108,302	128,813
	Power	MU	**595**	920	658	903	1,093	1,161	782	731	548	251

10 years performance at a glance - Financial

(Rs. in crore)

Sl. No.	Particulars	**1999-2000**	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91
A.	**Income Statement:**										
	1. Exports	**1,031.64**	632.17	679.48	637.86	577.58	485.64	411.72	538.34	385.77	277.78
	2. Domestic Sales	**1,110.68**	874.48	1,174.06	1,131.00	1,166.40	989.32	784.24	630.77	588.26	606.26
	3. Gross Sales (1+2)	**2,142.32**	1,506.65	1,853.54	1,768.86	1,743.98	1,474.96	1,195.96	1,169.11	974.03	884.04
	4. Less : Excise Duty	**155.00**	109.04	148.11	140.20	141.73	146.71	145.11	131.71	124.75	131.21
	5. Net Sales (3-4)	**1,987.32**	1,397.61	1,705.43	1,628.66	1,602.25	1,328.25	1,050.85	1,037.40	849.28	752.83
	6. Other Income :										
	7. Operating	**93.62**	82.20	10.24	14.68	4.58	7.01	10.81	10.73	26.15	20.10
	8. Non-operating	**31.28**	88.57	90.93	45.63	55.45	67.44	48.61	46.40	59.82	49.15
	9. Operating expenses	**1,048.14**	908.97	870.99	865.07	754.12	636.16	573.80	589.56	431.54	380.52
	10. Operating Profit (5+7-9)	**1,032.80**	570.84	844.68	778.27	852.71	699.10	487.86	458.57	443.89	392.41
	11. Interest & Financing charges	**63.43**	38.06	36.92	9.08	86.37	181.03	127.57	119.85	190.44	205.03
	12. Gross Profit (10+8-11)	**1,000.65**	621.35	898.69	814.82	821.79	585.51	408.90	385.12	313.27	236.53
	13. Depreciation and Amortisation	**283.00**	283.10	272.30	259.41	283.12	281.12	227.86	222.99	233.12	165.26
	14. Provisions	**36.65**	1.03	0.96	(0.50)	3.39	4.22	24.32	27.25	21.01	14.96
	15. Profit before Tax (PBT)(12-13-14)	**681.00**	337.22	625.43	555.91	535.28	300.17	156.72	134.88	59.14	56.31
	16. Provision for Tax	**169.47**	88.97	78.46	64.15	0.02	Nil	Nil	Nil	Nil	Nil
	17. Net Profit (PAT) (15-16)	**511.53**	248.25	546.97	491.76	535.26	300.17	156.72	134.88	59.14	56.31
	18. Extraordinary Income	**Nil**	Nil	Nil	Nil	79.29	Nil	Nil	Nil	Nil	Nil
	19. Net Profit after Extraordinary Income (17+18)	**511.53**	248.25	546.97	491.76	614.55	300.17	156.72	134.88	59.14	56.31
B.	**Balance Sheet :**										
	20. Equity Capital	**644.31**	644.31	1,288.62	1,288.62	1,288.62	1,288.62	1,288.62	1,288.62	1,288.62	1,288.62
	21. Reserves & Surplus	**2,556.19**	2,191.17	2,088.50	1,681.91	1,300.67	717.05	475.42	281.33	157.51	127.05
	22. Networth (20+21)	**3,200.50**	2,835.48	3,377.12	2,970.53	2,589.29	2,005.67	1,764.04	1,569.95	1,446.13	1,415.67
	23. Loans Outstanding	**663.54**	643.58	594.10	580.00	1,024.91	1,774.28	2,321.54	2,630.57	2,652.06	1,835.49
	24. Net Fixed Assets	**2,251.99**	2,379.45	2,545.35	2,730.55	2,948.20	3,091.58	3,011.31	3,149.83	3,286.58	2,594.73
	25. Net Current Assets	**517.99**	635.01	1,192.65	689.53	582.34	566.45	772.49	788.64	612.26	512.63
	26. Capital Employed (24+25)	**2,769.98**	3,014.46	3,738.00	3,420.08	3,593.70	3,658.03	3,783.80	3,938.47	3,898.84	3,107.36
C.	**Ratios :**										
	27. Operating Profit Margin (OPM) (%) (10/5*100)	**51.97**	40.84	49.53	47.79	53.22	52.63	46.43	44.20	52.27	52.12
	28. Net Profit Margin (%) (17/5*100)	**25.74**	17.76	32.07	30.19	33.41	22.60	14.91	13.00	6.96	7.48
	29. Return on Capital Employed (ROCE) (%) (17/26*100)	**18.47**	8.24	14.63	14.38	14.89	8.21	4.14	3.42	1.52	1.81
	30. Return on Networth (RONW) (%) (17/22*100)	**15.98**	8.76	16.20	16.55	20.67	14.97	8.88	8.59	4.09	3.98
	31. Debt Equity (%) (23/22*100)	**20.73**	22.70	17.59	19.53	39.58	88.46	131.60	167.56	183.39	129.66
D.	**Others :**										
	32. Book value per share of Rs. 10 each (in Rs.)	**49.67**	44.01	26.21	23.05	20.09	15.56	13.69	12.18	11.22	10.99
	33. Earnings per share (in Rs.)	**7.94**	3.85	4.24	3.82	4.15	2.33	1.22	1.05	0.46	0.44
	34. Dividend declared (%)	**20.00**	12.00	10.00	8.00	3.50	3.00	2.00	2.00	1.20	Nil

Note : Paid-up Equity Capital was reduced by 50% by conversion into Debentures at face value w.e.f. 26.03.1999.

Reconciliation of Published Quarterly (Unaudited) Financial Results and Annual (Audited) Financial Results for the Year 1999-2000

(Rs. in crore)

Sl. No.	Particulars	1st Quarter (Unaudited)	2nd Quarter (Unaudited)	3rd Quarter (Unaudited)	4th Quarter (Unaudited)	Total of four quarters (Unaudited)	Variation	Full Year (Audited)
1	2	3	4	5	6			7
1.	Sales Turnover	427.86	524.29	503.08	687.12	2,142.35	(0.03)	2,142.32
2.	Other Income	27.90	27.89	30.39	41.69	127.87	0.32	128.19
3.	Total Expenditure	258.60	318.73	268.43	356.18	1,201.94	4.49	1,206.43
4.	Interest and Financing charges	24.47	22.19	(7.63)	24.38	63.41	0.02	63.43
5.	Gross Profit after interest (but before Depreciation & Taxation)	172.69	211.26	272.67	348.25	1,004.87	(4.22)	1,000.65
6.	Depreciation & Amortisation of DRE	70.20	70.19	70.51	110.62	321.52	(1.87)	319.65
7.	Profit before taxation (PBT)	102.49	141.07	202.16	237.63	683.35	(2.35)	681.00
8.	Provision for Taxation	28.78	36.71	44.40	61.36	171.25	(1.78)	169.47
9.	Net Profit (PAT)	73.71	104.36	157.76	176.27	512.10	(0.57)	511.53
10.	Paid up Equity Share Capital	644.31	644.31	644.31	644.31	644.31		644.31
11.	Reserves excluding Revaluation Reserves					2,596.02*		2,556.19
12.	Earnings per share (Rs.)					7.95		7.94
13.	Book value per share (Rs.)					50.29*		49.67

Note: 1. * Subject to adjustment of final dividend and tax thereon for 1999-2000. The interim dividend of 15% on paid-up capital and tax thereon have already been reflected in these figures.

2. Items have been regrouped as per format prescribed in the listing agreement with Stock Exchanges.

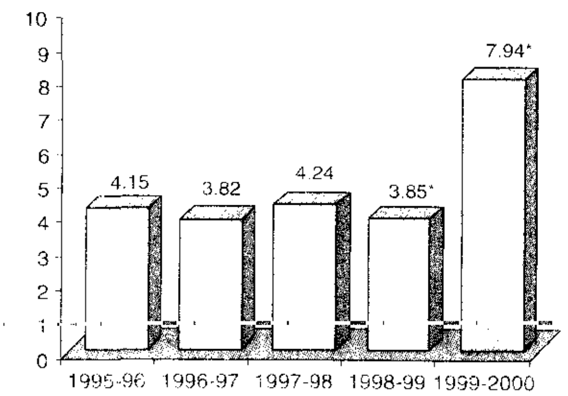
Shareholding Pattern (As on 31.03.2000)

Category	No. of Equity shares held	Number of shareholders	Amount (Rs. in crore)	% of Equity
President of India	56,14,99,635	1	561.49	87.1475
Foreign Institutional Investors (FIIs)	1,04,78,961	50	10.48	1.6264
Unit Trust of India	3,90,19,415	1	39.02	6.0560
Insurance Companies	30,68,017	6	3.07	0.4761
Mutual Funds	1,26,96,734	62	12.70	1.9706
Others	1,75,46,866	30,174	17.55	2.7233
Total	64,43,09,628	30,294	644.31	100.0000

Debentureholding Pattern (As on 31.03.2000)

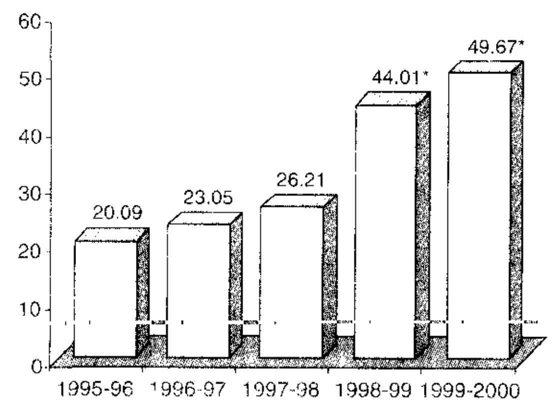
Category	No. of debentures held	No. of debenture holders	Amount (Rs. in crore)	% of debenture
President of India	—	—	—	—
Foreign Institutional Investors (FIIs)	11,022	32	1.10	0.171
Unit Trust of India	12,00,862	1	120.09	18.660
Insurance Companies	4,79,272	6	47.93	7.447
Mutual Funds	9,96,314	45	99.63	15.482
Public & Private Limited Companies	5,84,567	464	58.46	9.083
Nationalised Banks	20,60,495	16	206.05	32.018
Others	11,02,849	16,724	110.28	17.139
Total	64,35,381	17,288	643.54	100.00

Earning per Share
(in Rs.)

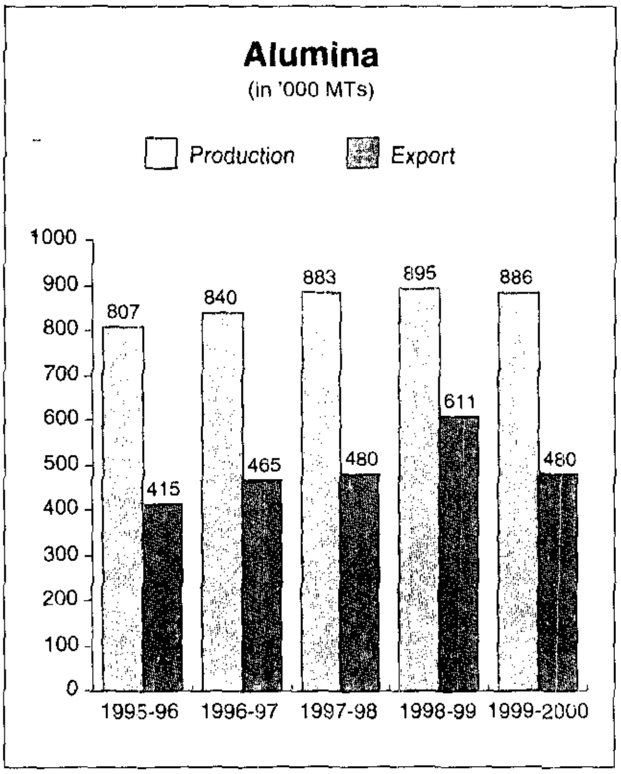


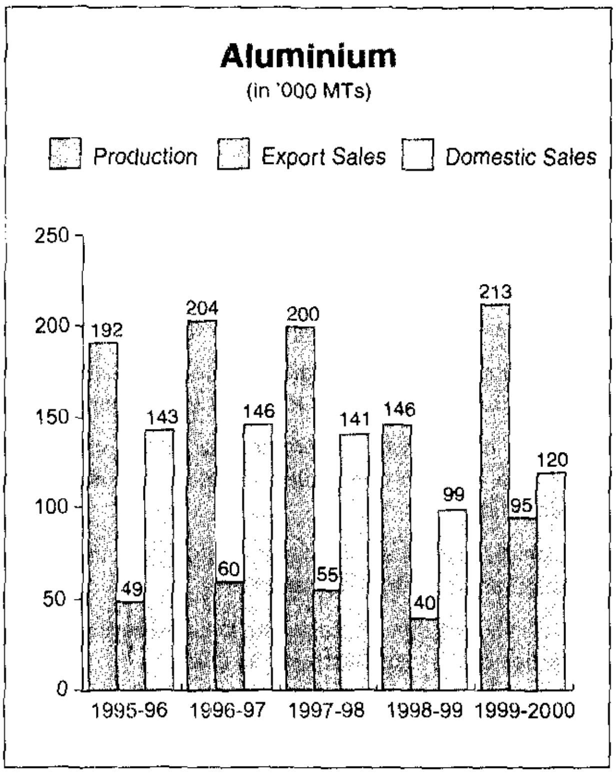
* on reduced capital base.

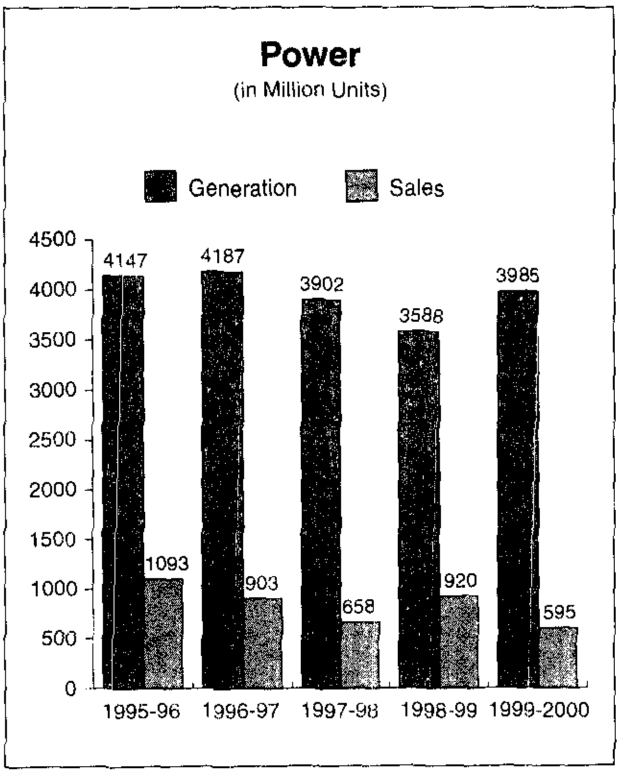
Book Value per Share
(in Rs.)

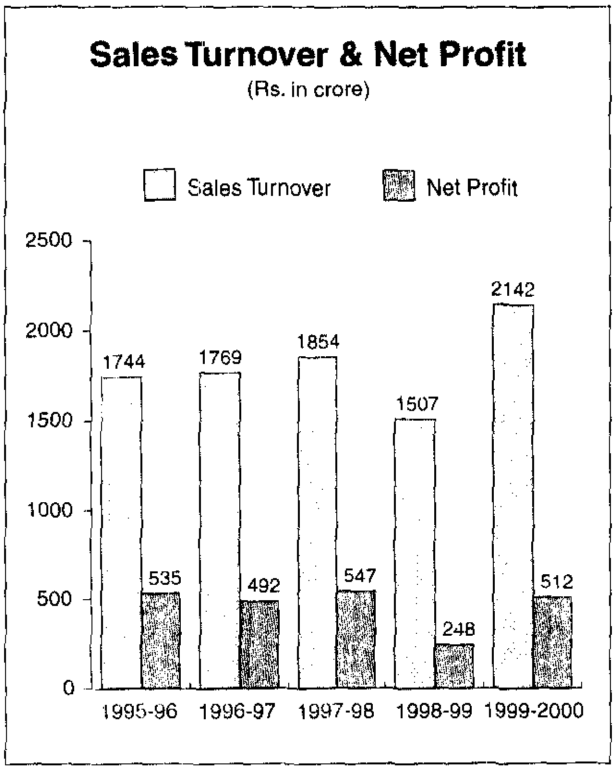


* on reduced capital base.


Alumina
(in '000 MTs)
Production
Export
1000
900
800
700
600
500
400
300
200
100
0
807
415
840
465
883
480
895
611
886
480
1995-96
1996-97
1997-98
1998-99
1999-2000


Aluminium
(in '000 MTs)
Production
Export Sales
Domestic Sales
250
200
150
100
50
0
192
49
143
204
60
146
200
55
141
146
40
99
213
95
120
1995-96
1996-97
1997-98
1998-99
1999-2000


Power
(in Million Units)
Generation
Sales
4500
4000
3500
3000
2500
2000
1500
1000
500
0
4147
1093
4187
903
3902
658
3588
920
3985
595
1995-96
1996-97
1997-98
1998-99
1999-2000


Sales Turnover & Net Profit
(Rs. in crore)
Sales Turnover
Net Profit
2500
2000
1500
1000
500
0
1744
535
1769
492
1854
547
1507
248
2142
512
1995-96
1996-97
1997-98
1998-99
1999-2000

Environment Management

CORPORATE ENVIRONMENT POLICY

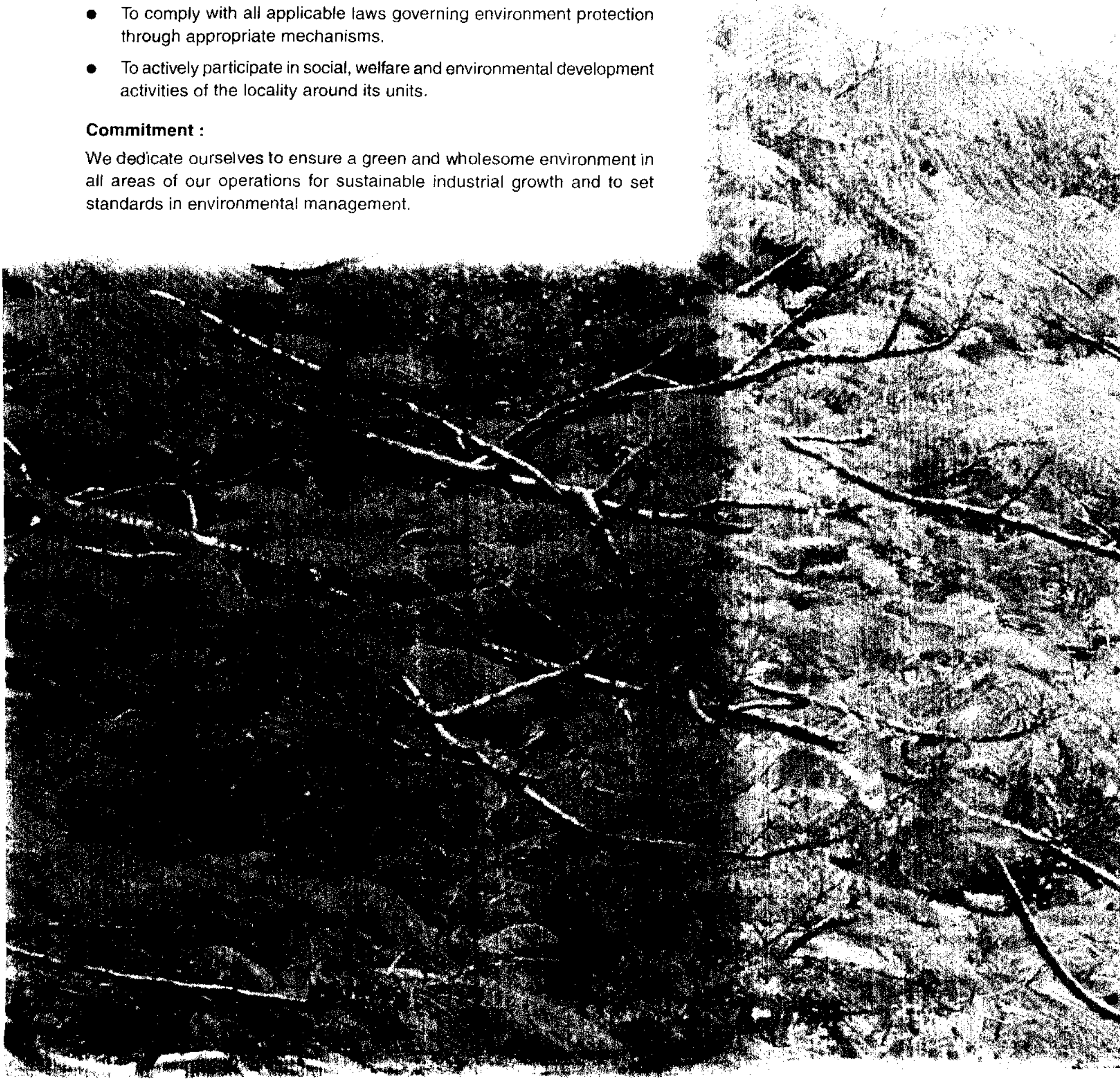
In recognition of the interests of the society in securing sustainable industrial growth compatible with a wholesome environment, NALCO affirms that it assigns high importance to promotion and maintenance of a pollution free environment in all its activities.

Objectives :

- To use non-polluting and environment friendly technology
- To monitor regularly air, water, land, noise and other environmental parameters.
- To constantly improve upon the standards of pollution control and provide a leadership in environment management.
- To develop employees awareness on environmental responsibilities and encourage adherence to sound environmental practices.
- To work closely with government & local authorities to prevent or minimise adverse consequences of the industrial activities on the environment.
- To comply with all applicable laws governing environment protection through appropriate mechanisms.
- To actively participate in social, welfare and environmental development activities of the locality around its units.

Commitment :

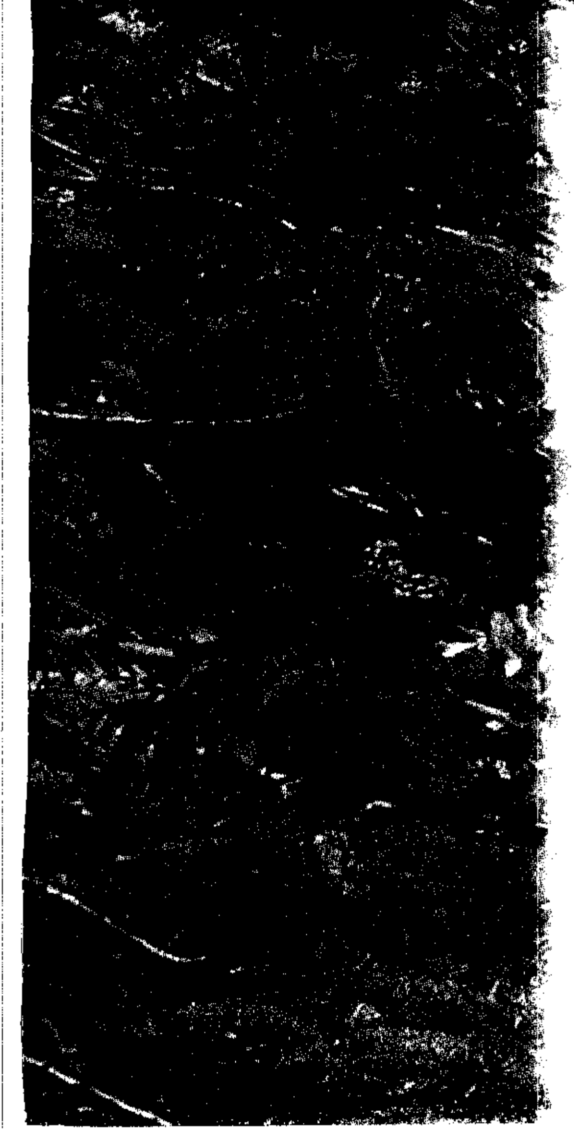
We dedicate ourselves to ensure a green and wholesome environment in all areas of our operations for sustainable industrial growth and to set standards in environmental management.



यत ते भूमे विश्वनामि क्षिप्रं तदपि रोहतु।
मा ते मर्म विमृग्वरि मा ते हृदयमर्पिपम ॥

Oh! mother earth, when I dig out trees, roots and other substances for food and medicines from your body, let your wounds heal quickly. Let me never hurt the essence of your vitality, the source of all creations and turn you barren.

Atharva Veda (Chapter 12/35)



SAFETY POLICY

NALCO assigns high importance to Safety as an essential component in every sphere of its activities in order to improve well-being of employees, performance and growth of the Company.

Objectives :

- To give highest priority to safety, in selection of plants & equipments, erection and commissioning activities.
- To develop operating manuals for each process with safety provisions duly highlighted.
- To provide safety training to employees and contract workers and to ensure use of PPE and safe work practices.
- To inculcate safety culture in the organisation where safety is manifested in each employee's mind, thought and expression.
- To strictly adhere to the safety related laws, rules, procedures framed by the Government and to take appropriate action in case of violation.
- To identify and eliminate risk related process by carrying out safety audits.
- To ensure, prepare and update Disaster Management strategies and organise mock drills to keep the concerned personnel in preparedness.
- To give priority on occupational health of its employees.
- To continuously strive for improvement in safety performances.

Commitment :

We dedicate ourselves to the Safety Policy to improve our performance and strive for achieving zero accident on continuous basis.

Environment Management

Since inception NALCO has taken adequate steps for pollution control and environment management by selecting eco-friendly technology, process and equipment on the advice of M/s. Aluminium Pechiney (AP), the Consultants, who have good experience in maintaining stringent pollution control standards of Europe.

Further, the Company has adopted a detailed Environment Management Plan (EMP) which was prepared after extensive studies on Environment Impact Assessment. This EMP has the approval of Orissa State Pollution Control Board (OSPCB) and Ministry of Environment and Forests (MOEF), Government of India.

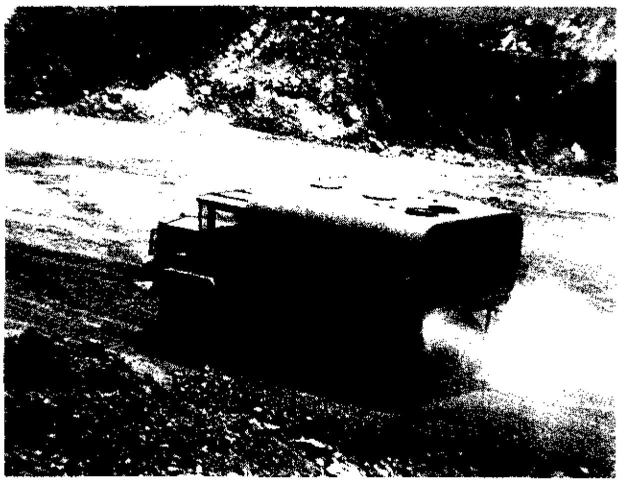
Implementation of adopted Environment Policy in all units and constant monitoring has helped the Company to achieve considerable success in the field of Environment Management. The Company maintains a track record of meeting statutory guidelines in existing plants as well as ongoing projects.

Measures taken:

Measures taken by the Company in all its Units for Environment Management are as follows:-

Mines

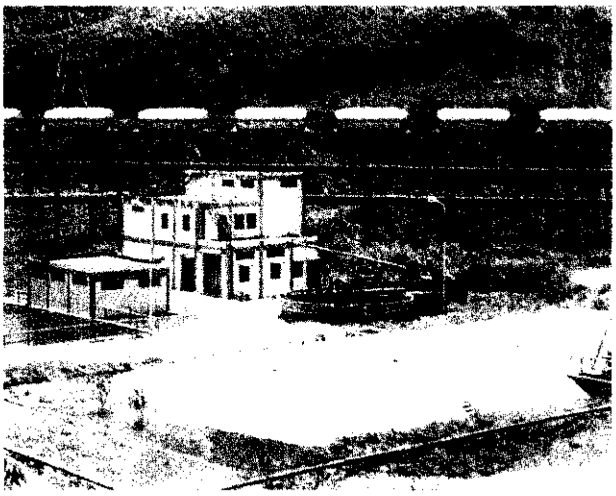
- Periphery barrier of 15m width having green cover around mines.
- Garland drains & drainage control within the mines.
- Dust suppression at source and sprinkling of water.
- Total overburden excavated with top soil is used for reclamation and rehabilitation of mined out areas with vegetation cover.



Sprinkling of haulage roads

Alumina Refinery

- Highly efficient ESPs at Calciners and Steam Generation Plant.
- Multi-stage washing of red mud & lining of red mud pond to impound highly alkaline waste.
- Use of dust collectors in alumina transport and handling areas & stack emission control at Steam Generation Plant.
- *Recycling of waste water.*



Waste Water Treatment Plant, Alumina Refinery

Smelter

- Hooding of pots and absorption of fluorine gas by dry scrubbing with Alumina in Fume Treatment Plant.
- Defluoridation to reduce fluorine level of contaminated surface water & recycling it to achieve zero discharge.
- Specially designed preservation system for spent pot lines.

Captive Power Plant

- Electrostatic Precipitators with advanced intelligent controllers and effective stack emission control.
- Efficient burner management to reduce emission of carbon monoxide.
- Ash pond with zero discharge and recycling of waste water.

Common measures taken in all Units

- Treatment and recycling of process waste water and sewage.
- Regular monitoring of air, water and noise pollution.
- Regular safety and fire audits, mock drills etc.,
- Occupational Health Surveys and periodical *medical check-up of all employees.*
- Promoting and executing programmes for socio-economic development in peripheral areas such as housing, electricity and water supply, sanitation, road & communication, health, education, agriculture, vocational training, sports & cultural activities.

Electro-static Precipitators, CPP

Plantation:

Since construction stage i.e. 1983-84, the Company has been giving thrust in plantation, afforestation and waste land development. During the last 15 years, over 6 million trees have been planted covering more than 3000 hectares within all plants, townships and over reclaimed land. With the efforts put in by NALCO, the Panchpatmali Bauxite deposit which was barren without any vegetation before the mining started, has now been developed into a green zone with thick vegetation over 325 hectares which covers 48 hectares of reclaimed land after mining and the rest covering dump sites, periphery zone & hill slopes etc. This has helped in improving water retention and discharges to perennial springs emanating below.

NALCO Nursery

AWARDS

As a reward for all these activities and for its contribution in the field of afforestation and waterland development, the Company received Indira Priyadarshini Vrikshyamitra Award from Government of India.

The Company and its units have also received various National, State and Institutional awards for excellence in Environment Management as detailed below:-

- Best Eco-friendly Factory Award for 1994-95 to the Mines and Refinery Complex by Orissa State Safety Awards Committee.
- Indira Priyadarshini Vrikshyamitra Award – 1994 from MOEF, Government of India, to the Company for eco-friendliness.
- FICCI Environment Award for environment Conservation for 1996-97
- WEC-IIEE-IAEWP Environment Award for contributing towards environment protection around NALCO.
- Gem Granite Environment Award for 1997-98 by FIMI, New Delhi.
- *Sri Sita Ram Rungta Memorial Social Awareness* Award for 1997-98 by FIMI, New Delhi.
- Pollution control Excellence Award – 1998 by Orissa State Pollution Control Board.

Defluoridation Unit, Smelter

— Special Commendation under Golden Peacock environment Management Award 1998 Scheme by World Environment Foundation

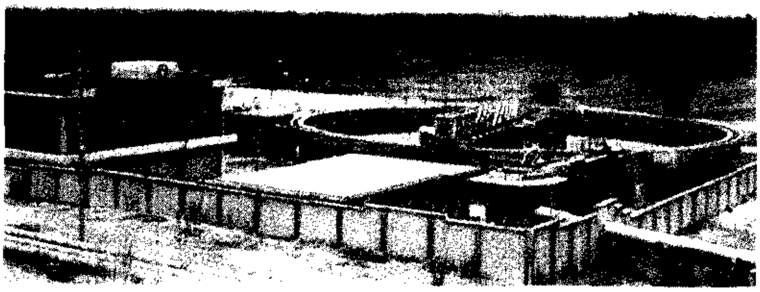
ISO 14000

In its quest for excellence in environmental care, the Company crossed a milestone when M&R Complex was certified under ISO 14001. Alumina Refinery of the Company is the first chemical plant in the country to be certified under ISO 14001.

Today, all the four units of the Company have achieved ISO-14001 Certification, as detailed below:

Unit	Date of Certification	Certifying Agency
Mines	June 24, 1996	*M/s Aspects Moody Certification,UK
Refinery	February 10, 1997	-do-
CPP	December 19, 1997	M/s RWTUV, Germany
Smelter	May 25, 1998	-do-

* From February'2000 onwards, re-certification of Mines & Refinery by M/s RWTUV, Germany.

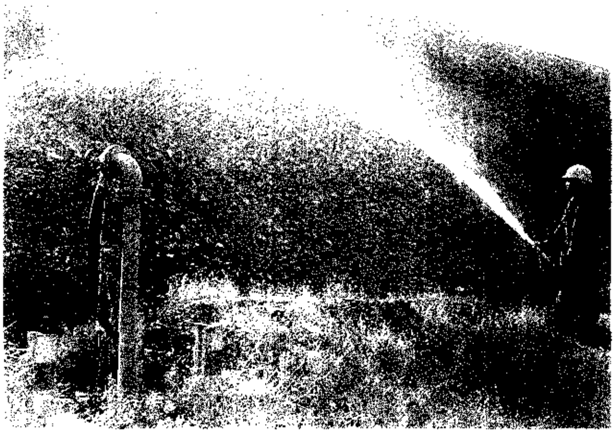


Treatment & recycling of Ash Pond water, CPP

The ISO 14000 certification has not only helped to improve the image as an eco-friendly Company but has also given significant financial benefits. These benefits have come mostly due to better house keeping, reduction in waste generation and systematic collection for disposal of wastes and improvement in performance particularly with respect to consumption norms.

Special Studies

A number of special studies have been undertaken through different expert groups to analyze the adverse effect, if any, from the activities going on in the plants and to plan remedial measures to curtail them. These include studies by CMRS(Dhanbad), NGRI(Hyderabad), ENCOT(Vizag) and OUAT(Bhubaneswar) on impact of mining activities. Similarly, studies have been conducted for assessing the impact of red mud pond to the ground water at Damanjodi and impact of Smelter at Angul. Studies were conducted by OUAT, Bhubaneswar on Biological monitoring of fluoride around Smelter to assess the impact on vegetation and bovine population and ROHC, Calcutta under ICMR on Epidemiological survey to investigate the fluoride impact on human beings around Smelter.



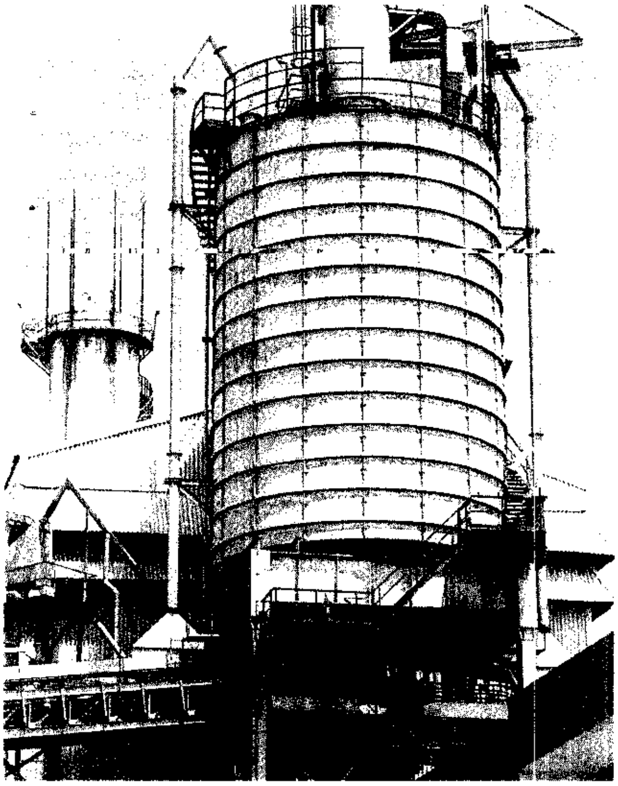
Sprinkling of water to check auto ignition of coal

R&D Activities:

The Company has been conducting various R&D studies for waste utilization particularly of red mud and fly ash. Use of fly ash in agricultural fields have yielded encouraging results and has drawn attention of local farmers. Fly ash bricks, tiles etc., produced from these waste products have been in use.

Expenditure on Environment Management:

The Company has incurred capital expenditure of around Rs. 226 crore during construction period till 1987 towards Environment Management systems. Subsequently, Rs. 60 crore has been spent on red mud pond/fly ash pond



Fume Treatment Plant, Smelter

management, on developmental works and pollution control measures. Revenue expenditure being spent annually by the Company on Environment Management and Peripheral development has been Rs. 24 crore on an average.

In the Expansion projects in progress, the capital expenditure to be incurred on Environment Management systems will be of the order of around Rs. 350 crore. The annual average expenditure that is likely to be spent would be around Rs. 40 crore on Environment Management and Peripheral Development after the expansion projects are commissioned.

SAFETY & OCCUPATIONAL HEALTH

Safety and Occupational Health aspects have been given necessary thrust by the Company since inception.

OHC, Damanjodi

Adequate care has been taken for this under the Company's Safety Policy. The Company is also taking necessary care through safety audits both internal & external and periodical monitoring.

The Company has implemented on-site and off-site Disaster Management Plan prepared by Disaster Management Institute, Bhopal for all its Units. Mock Drills, Fire audits etc., are taken up periodically.

With the help of experts from BHEL, full fledged Occupational Health Centres have been established at both M&R Complex at Damanjodi and S&P Complex at Angul which look after periodical medical check-ups to assess the health of its employees for necessary advice. These centres also help in conducting health checks in nearby peripheral villages and organise health camps etc.

The Company has achieved distinction in safety at its CPP and Mines with zero accident records and have received awards for both Safety & Occupational Health.

Awards

— First Mines Safety Award – March 1988.

— Safety Award for Eco-friendly factory – March 1995.

— Best occupational health service award to Damanjodi Unit by State Safety Awards Committee, Government of Orissa – March 1998.

— NALCO Hospital at Angul was declared Baby Friendly by National Task Force for Baby Friendly Hospital Initiative (BFHI), Department of Family Welfare, Government of India – August 1998.

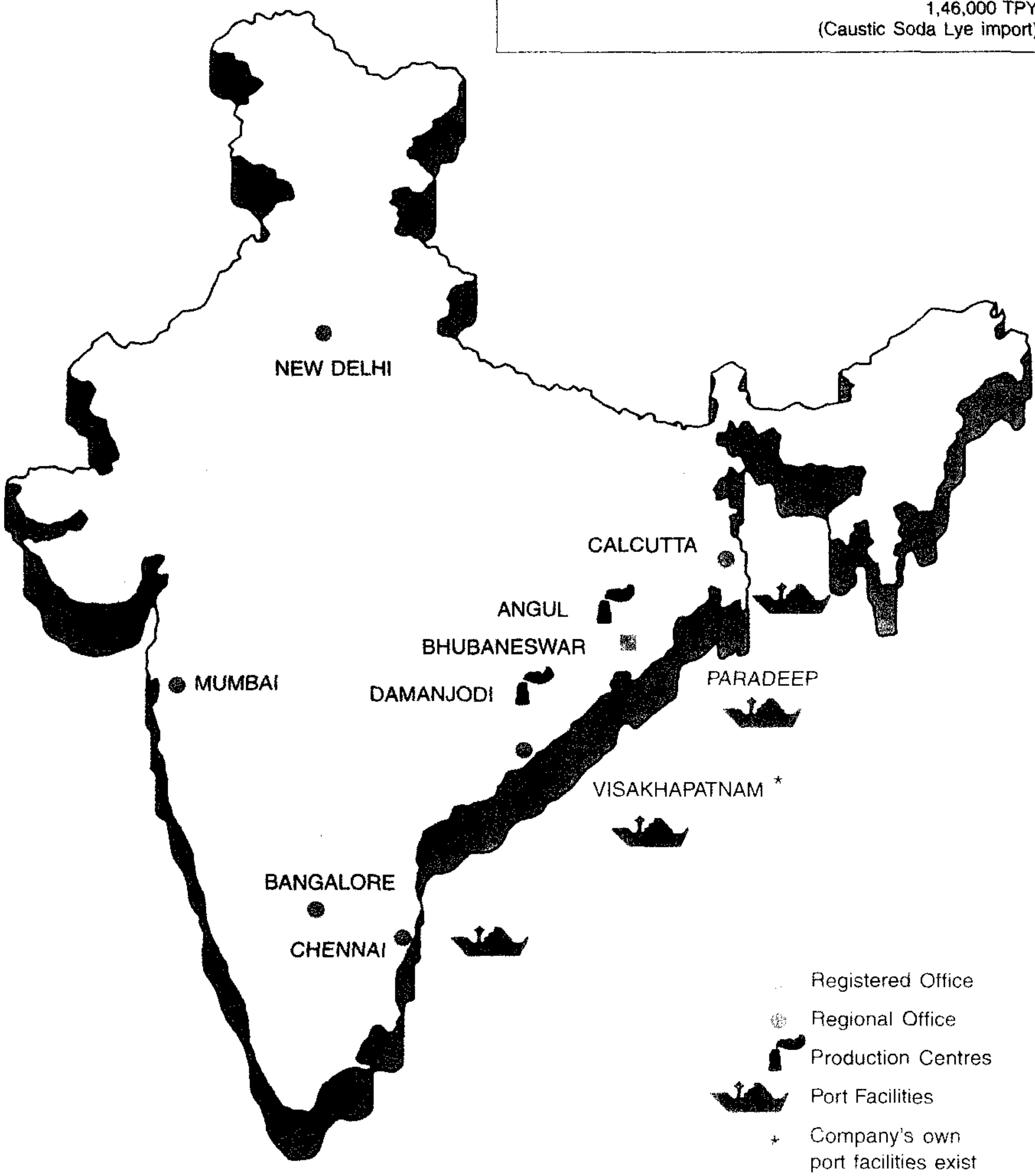
— "Certificate of appreciation" by CII, Eastern Region, Calcutta for excellence achieved in the area of industrial safety for the year 1999-2000 to CPP.

— Occupational Health Centre of S&P Complex, Angul as the best OHS Centre & Dr.(Mrs.) Susama Choudhury as the best Occupational Health Doctor in the State for the year 1999-2000 by CIF&B, Government of Orissa.

The Company recognises that excellence in managing Safety, Health and Environment (SH&E) responsibilities is essential for long term success. Through effective management practices, NALCO aims to ensure the health and safety of its employees, to minimise any adverse impact its activities may have on the environment and to make a positive contribution to local community life.

NALCO'S VARIOUS PRODUCTION UNITS, THEIR LOCATION & INSTALLED CAPACITIES

1.	Bauxite Mines	Panchpatmalli	24,00,000 TPY
2.	Alumina Refinery	Damanjodi	8,00,000 TPY
3.	Smelter Plant	Angul	2,18,000 TPY
4.	Captive Power Plant	Angul	720 MW
5.	Port Facilities	Visakhapatnam	3,75,000 TPY (Alumina Export) 1,46,000 TPY (Caustic Soda Lye import)



Aluminium Industry - An Overview

Aluminium, although not in its metal form, is actually one of the first materials put to use by man. In 5300 BC, it was observed that the best clay for making potteries is the one which contains hydrated aluminium silicate. Similarly, use of alum, which is also a compound of aluminium, as dyes, chemicals and medicines started as early as in 2000 BC. But this " Metal of Clay " remained only as a curiosity till early 19th century. Aluminium, which is most abundant metal in earth's crust was first separated as a metal in the year 1825 and since then aluminium has never looked back and after the discovery of Hall-Herault process in 1886, aluminium gradually became the metal of common man.

Within a short span of slightly more than a century, Aluminium has risen to prominence from obscurity. Its global production has risen from 13 tonnes to more than 23 million tonnes. At present, in terms of production and consumption, aluminium is second to steel only. But it has more profound and far reaching influence in stimulating industrial and economic development.

Aluminium is already set to play a key role in the progress of industrial development in India, because it serves as a basic input for a number of industries apart from its use as a strategic metal. In every day life, one meets Aluminium in large number of applications. Starting from household utensils, it has made its way high up into the space. Aluminium is indeed a very versatile metal and can be termed as a "Metal of opportunity" with a host of areas and methods of application.

This " Wonder Metal " is light, ductile, good conductor of heat and electricity, nonmagnetic, nontoxic, durable and decorative. It can be alloyed with copper, magnesium, zinc, silicon, manganese, etc. to form various kinds of rolled products, extrusions, castings and drawn products. Aluminium is environmentally so friendly that it can be called " Green Metal " also. Over its life cycle, aluminium is more an energy saver than an energy consumer as often it is accused of. With all these virtues, it has right to become the Thrust Non-Ferrous Metal of the future and to be called " Metal of the Millennium ".

Global Status:

Over past 20 years there has been substantial regional changes in primary aluminium production. Although USA is the largest primary aluminium producer followed by Russia but most of the recent growth in aluminum industry has come from the developing countries.

At present, the world smelter capacity for primary aluminium is around 21.5 million tonnes/year. The production in the year 1999 was 20.65 million tonnes. The production during 1999 in North America and Asian region has been 6.17 million tonnes and 1.97 million tonnes respectively. Production of secondary aluminium has also grown steadily due to less energy requirement, lower environmental pressure and cheaper in cost compared to production of primary aluminium.

The LME price which was showing upward trend till 1990 fell steadily from USD 2000 per ton to around USD 1250 per tonne in 1998. The prices improved thereafter and it was around 1680 USD per ton in January 2000 but it is not expected to rise very significantly. However the demand for aluminium is forecast to pick up in coming decade due to world economic growth.

The Asian region is becoming increasingly important as its share of world consumption has gone up from 20% in 1980's to 35% at present. Three main end use sectors for use of aluminium are transportation, packaging and construction.

Demand for bauxite and alumina is largely dependant on trends in aluminium sector as around 80% of bauxite and over 90% of alumina is consumed by aluminium smelters. The total world reserves of bauxite is estimated to be around 40 Billion tonnes but confirmed reserves of metallurgical grade is around 28 Billion tonnes. About 50% of world bauxite reserves comes from developing countries like Guinea, Brazil, India, Vietnam, Jamaica, etc. while Australia alone accounts for more than 20% of world deposits.

The alumina refining capacity of the world has increased from 36 million tonnes in 1980 to 51 million tonnes in 2000 and at the end of last century the alumina production of the world was around 45 million tonnes. The major alumina producing countries are Australia, USA and Jamaica which accounts for nearly half of world production. The latest developments and additional alumina refinery by way of brownfield expansion and greenfield projects are coming up in Australia and Asian regions. It is expected that demand for alumina will increase steadily but a demand supply gap of 3-4 million tonnes may still remain during the present decade.

Status of Indian Industry:

India entered the field of aluminium smelting in 1943 with the setting up of 2500 tonnes capacity smelter by Indian Aluminium Company at Alupuram, Kerala. The production of aluminium in 1943 was 1292 tonnes only. But it was after 1960 that aluminium industry in India made a rapid growth when HINDALCO was established and INDAL expanded its capacities by putting up more smelters.

The policy changes for opening up of economy and liberalisation since 1991 has brought about considerable opportunities for Indian Industry and has generated lot of interest by multinational companies to participate in joint ventures with Indian companies by way of technology, investment, marketing & franchise arrangements. With the present opportunities, Indian Aluminium Industry is all set to move towards its vision for becoming a global player.

Indian Aluminium Industry has already entered the world arena and registered its presence in global market after the entry of NALCO's Alumina and Aluminium in world market.

Government of India entered in the field of aluminium production with the setting up of BALCO in 70's. However, till 1980, India's aluminium production was not sufficient to meet its domestic demand and there was no global presence of Indian Aluminium Industry. In 1981, National Aluminium Company in Public Sector was set up as a largest integrated Alumina-Aluminium plant in Asia. It is only after NALCO came up in 1987 with its world class alumina and metal capabilities, India could enter the " Global Arena " in Alumina & Aluminium.

Bauxite:

Apart from other factors, one of the important factors for the development of Indian Aluminium Industry is the availability of large quantity of bauxite in India. Bauxite is the only ore, which is being used worldwide for extraction of Alumina and India is endowed with the large bauxite deposits of good quality. Presently, India ranks 5th with estimated bauxite reserve of about 3,000 million tonnes, which is nearly 7.5% of world's total bauxite reserves of 40,000 million tonnes. Major Bauxite deposits of the world is given in Table - I.

In India, mining of bauxite is mainly done for producing metallurgical grade alumina. Bauxite Mines in India are open pit type and the present mining capacity is around 5 million tonnes per year. Thus India contributes about 4% of total bauxite production of the world. With the proposed brown field expansion of alumina plant by NALCO and coming up of 100% EOU greenfield Alumina Plants by other entrepreneurs, the bauxite mining capacity of India will be more than 10 million tonnes per year in the next ten years or so.

Alumina:

Alumina is an intermediate product obtained from bauxite for the production of Aluminium. Many developing countries, which are having plenty of bauxite reserves and are having high cost of power generation prefer to produce alumina as value added product for export purpose rather than exporting bauxite. On the other side, the countries having cheaper energy availability want to import alumina for their smelter instead of bauxite so as to reduce tonnage and transport problem. As such, International trading of alumina has increased in last two decades. Demand and price of alumina in International market more or less follow the trend of the metal.

The production of Alumina in India started in 1945 - since then the capacity of the same has increased from 4,000 tonnes to 2.0 million tonnes at present. Presently, there are five alumina producers in the country and all others except NALCO are having their alumina capacity matching to the requirement of their smelters. NALCO is the only Company, which has planned production of alumina for export purpose. Some other producers also export alumina only when their smelting capacity is not fully utilised.

The present installed capacities alongwith expected growth/expansion of alumina production capacities in India are given in Table-II. India is contributing to the extent of 4% in the world Alumina production. While NALCO's brownfield expansion will increase its alumina plant capacity from 1.05 million tonnes to 1.575 million tonnes. It is expected that two more 100% EOU greenfield alumina plants with the capacity of 1 million tonne each will come up in India. Some minor expansion is also expected in other plant. With this, India will produce about 4.5 million tonnes of alumina thereby increasing its share to 10-12% in world market.

Aluminium:

Presently, there are five operating companies in the field of aluminium smelting in India. Out of these, three are in private sector and two are in public sector. Every Company in India has obtained smelting technology from different sources like Alcan, Kaiser, Montecatini, VAMI & Pechiney and then modernised and upgraded it to suit their requirements. The present installed capacities of Aluminium smelters in India is 7.14 lakh tonnes. Brownfield smelter expansions of NALCO and others are in progress, which is expected to take the aggregate capacity to about 9,29,000 tonnes by the year 2003 AD. Although, capacity utilisation has been low during past few years but it has improved progressively over the years with the installation of captive power plants. With the production of 6.18 lakh tonnes during the year 1999-2000, India has contributed approx. 3% to the world's primary aluminium production.

Apart from primary aluminium, the secondary aluminium contributes to the tune of about 30% of the world's aluminium requirement. In India, except for small capacity of 25,000 tonnes of INDAL, we do not have any organised sector for secondary aluminium production and there exists a good scope for the development in this field.

Demand & Supply Scenario:

The world consumption figure of aluminium shows an upward trend and it is expected to rise at a growth rate of about 3-4% per year. This may ultimately lead towards building up of additional production capacities in the world. The consumption of aluminium in India is also expected to grow at a rate of 7-8%.

The changes in Indian economic and industrial policies has given a boost to the exports. All these has helped Indian aluminium industry to grow. Although share of aluminium from India in the International market is small at present, the country's export performance since 1982 has been increasing continuously. Apart from aluminium, India is exporting alumina to the tune of 6.5 lakh tonnes per year and with the brownfield expansion of NALCO and coming up of new 100% export oriented alumina production units, India is likely to export about 2.0 million tonnes of alumina per year by the end of this decade.

Consumption pattern:

The pattern of consumption of Aluminium in selected countries of the world has been shown in table-III. The consumption pattern is different in India from other countries because India is mainly a rural based developing country and its priority areas for development are electrical, packaging and transport sectors. The increased availability of substitute materials have also determined the pattern of sectoral consumption in India. The electrical sector uses about 35% of aluminium in India due to rural electrification programme. On the other hand, due to developments in transport and packaging sectors after 1980's, the use of aluminium in these sectors started growing.

It is known that the domestic market largely depended on electrical sector which alone accounts for about 35% of consumption compared to less than 10% in developed countries like USA, UK, Japan. The consumption in transport sector in India has increased over the years and is around 18% which compares well with 20-22% in USA & UK. But, the building construction sector which accounts for around 25% in other countries is only 6% in India. Similarly consumption of aluminium in packaging and consumer durables segments in India is 7% and 12% respectively as against 42% (both combined) in USA. Due to growing consumption in the country as well as development in every sphere of life the consumption pattern will change and there is enough scope for high value addition and the prospects of increased aluminium consumption in the country seems to be good.

The relatively limited consumption of the aluminium in India is indicated by the per capita consumption of about 0.6 kg. compared to about 25 to 30 kg. in developed countries like USA and Japan. In India, aluminium is used only in about 300 different uses while world over it is over 3000 different end uses. Looking to the past trend and consumption growth of primary aluminium in India, the demand from domestic market looks to be optimistic.

Considering the benefits to be accrued from increased aluminium application and the upswing in general economic conditions the outlook for Indian Aluminium Industry is bullish.

Table - I

MAJOR BAUXITE DEPOSITS OF THE WORLD

(IN MILLION TONNES)

Sl.No.	Country	Bauxite Deposits	% Share
1.	Guinea	9100	22.8
2.	Australia	8080	20.2
3.	Brazil	4000	10.0
4.	Vietnam	3300	8.2
5.	India	3035	7.6
6.	Jamaica	2000	5.0
7.	Indonesia	1760	4.4
8.	Venezuela	1150	2.9
9.	Cameroon	1030	2.6

Table - II

PRESENT & FUTURE CAPACITIES OF INDIAN ALUMINIUM PLANTS

(IN '000 METRIC TONNES)

	ALUMINA			ALUMINIUM		
COMPANY	**Present**	**Planned**	**Total**	**Present**	**Planned**	**Total**
BALCO	200	—	200	100	—	100
NALCO	1050	525	1575	230	115	345
HINDALCO	450	—	450	242	100	342
INDAL	388	—	388	117	—	117
MALCO	60	—	60	25	—	25
Other Greenfield Projects	—	2000	2000	—	—	—
Total	**2148**	**2525**	**4673**	**714**	**215**	**929**

Table - III

ALUMINIUM SECTORAL USAGE ACROSS COUNTRIES

(IN PERCENTAGE)

	India	Japan	USA	UK	Argentina
Electrical	35.0	7.6	9.3	8.6	10.0
Consumer Durable	12.0	—	7.5	7.1	14.0
Transport	18.0	31.5	20.1	21.9	14.0
Building & Construction	6.0	25.0	16.9	15.4	29.0
Industrial	6.0	3.3	6.9	8.3	5.0
Packaging	7.0	9.7	35.5	16.5	17.0
Others	16.0	22.9	3.8	22.2	11.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Directors' Report

To
The Members,

Your Directors take pleasure in presenting the 19th Annual Report of your Company together with the Audited Accounts for the year ended the 31st March,2000.

Performance Highlights

You will be pleased to know that during the millennium year, your Company attained greater heights of achievements in almost all areas of operation, marketing and finance, despite unprecedented crisis during the previous year in which almost 50% of the pots were to be switched off. NALCO collective, bounced back with renewed sense of commitment and dedication not only achieved the milestone of operating all the 480 pots on 26th March, 2000 but also created a processing marvel of sorts in the Smelter by running the pots at 160 KA of current, instead of the stipulated 180 KA, for more than a month during October '99/November '99 when two rectifier transformers failed in quick succession at Potline-II, thereby avoiding the stoppage of about 225 pots. What could have been a major disaster for the Company, with a direct production loss of more than 50,000 tonnes of metal eventually turned out to be an exemplary case study in the technology of aluminium making. All these achievements could be possible due to inherent strength of your Company and untiring efforts of NALCO collective.

Operations

During the year, your Company's performance has touched new heights in almost all key performance areas. In the performance of Mines, Bauxite production exceeded the plant capacity for the sixth time. The Bauxite excavation & overburden excavation of 28,60,534 MT & 14,72,695 MT have been the highest since inception exceeding the previous best of 28,07,201 MT & 13,02,855 MT achieved during 1998-99 respectively. The Bauxite transportation of 28,22,464 MT was an all time record compared to the earlier peak of 28,06,288 MT achieved during 1998-99. Even the OMS (output per man shift) of 28.3 tonnes has been the highest since inception exceeding the previous best of 26.34 tonnes achieved during 1989-90. With all this, zero accident was achieved in the Mines for the 2nd successive year.

In Alumina Refinery, the Hydrate production of 9,06,000 MT has been the highest since inception exceeding the previous best of 9,01,000 MT achieved during 1998-99. The Calcined Alumina production of 8,86,000 MT has also exceeded the plant capacity for the 6th time. Alumina despatch of 8,88,893 MT from Damanjodi was also an all time high compared to previous record of 8,83,870 MT achieved during 1998-99. The production and sale of Special Grade Alumina from SGA pilot plant has almost reached installed capacity of 600 TPY by producing 593 MT of special products which include 479 MT of special hydrate & 114 MT of special alumina. The 3 x 18.5 MW co-generation unit of Alumina Refinery has generated 265.16 MU against target of 252 MU for the year.

In Aluminium Smelter, your Company achieved the milestone of running 100% of its capacity on 26.03.2000 as stated above. The hot metal and cast metal production of 2,16,924 MT and 2,12,663 MT have been the highest since inception exceeding the previous best of 2,07,028 MT and 2,03,823 MT respectively achieved during 1996-97. Carbon plant has also achieved record production. The Green, Baked and Rodded Anode production of 1,23,811 nos, 1,18,912 nos and 1,18,824 nos respectively have been highest since inception exceeding the previous highest of 1,09,680 nos (1997-98), 1,06,637 (1997-98) & 1,09,272 nos (1996-97) respectively. Total Aluminium despatch of 2,16,187 MT from Smelter and 97,641 MT of metal despatch for export by rail is highest since inception. The butt recycling of 34% and average permuting cycle of 21 hours have been the best since inception.

The Captive Power Plant at Angul generated 3985.1 MU which was 11% more compared to last year. However, the power generation could have been more but for the lesser off take by GRIDCO.

The Port Facilities at Visakhapatnam handled record export of 55,729 MT of Aluminium and 4,79,620 MT of Alumina apart from other input materials like Baked Anodes, Caustic Soda, Cathode Blocks, Synthetic Floculants, etc.

Marketing

Your Company has achieved excellent marketing results despite depressed domestic metal market during the year. Your Company has achieved record metal sale of 2,15,356 MT during the year, the highest ever since its inception. 95,185 MT of metal was exported and 1,20,171 MT of metal was sold in the domestic market. Your Company was able to increase metal export in order to compensate lower domestic demand and took advantage of the bullish international aluminium market with improved LME prices. Your Company exported 4,79,620 MT of alumina during the year. Besides, 7,540 MT of alumina hydrate and 603 MT of special alumina products were also sold in the domestic market. Your Company added Aluminium Cast Strip to its existing product mix by launching the product in domestic market in January,2000. On account of higher metal off-take during the year, the metal inventory as on 31.03.2000 could be reduced to 7,885 MT from a level of 11,627 MT as on 31.03.99.

Finance

Following improved production and better price realisation,your Company has achieved an all time record sales turnover of Rs.2142.32 crore, which is 42.19% higher than the previous year's figure of Rs.1506.65 crore. Your Company has posted a record net profit of Rs.511.53 crore against Rs.248.25 crore achieved in 1998-99, registering an increase of 106.05%. The export earnings crossed the Rs.1000 crore mark touching at Rs.1031.64 crore which is 63.19% more than the previous year figure of Rs.632.16 crore.

During the year, the Company exported a record quantity of 95,185 tonnes of metal (against previous year's 39,865 tonnes) earning an export revenue of Rs.635.26 crore. Similarly, alumina export of 4,79,620 tonnes earned the Company Rs. 396.38 crore in foreign exchange. The total forex earnings of Rs.1031.64 crore was about 50% of the annual sales turnover of the Company.

The average export realisation of Calcined Alumina in terms of US$ has gone up from US$ 165 during 1998-99 to US$ 191 during the year under report and in the case of Aluminium metal from US$ 1243 to US$ 1544. The realisation in terms of Rupee has also increased due to higher exchange rate prevailing during the year under report.

Your Company incurred a total capital expenditure of Rs. 777.43 crore during the year substantially on account of expansion projects. It also includes value added projects and additions, modifications and replacements on the existing operating plants as well as acquisition of IAPL. All of this were funded out of internal resources without resorting to any external borrowings. Besides, for the sixth year in succession, your Company managed to finance all its working capital needs out of internal resources except availing Export Packing Credit of Rs. 20 crore during last week of March, 2000 against a net working capital outlay of Rs. 517.99 crore as on 31.03.2000.

The status of expansion projects funding as on 31.07.2000 is as under :-

The Company expects to spend around Rs. 900 crore on the expansion projects during the financial year 2000-2001. The Company hopes to end with a saving of about Rs. 300 crore on the expansion of Mines & Refinery segment against an approved cost of Rs. 1664.60 crore.

Dividend

You will be happy to know that your Directors have recommended final dividend of 5% which together with the interim dividend of 15% paid by the Company during May, 2000 works out to 20% dividend for the year 1999-2000, on the paid up equity capital of Rs.644.31 crore. Proposed dividend is subject to approval of Central Government under Section 205(1)(c) of the Companies Act,1956.

It is proposed to transfer Rs. 75.00 crore to General Reserve Account and Rs. 321.77 crore to Debenture Redemption Reserve Account out of the profits of the year. The General Reserve Account already has a balance of Rs. 2150 crore at the beginning of the year.

Human Resources

The manpower strength of the Company as on 31.03.2000 stands thus:

Category	As on 31.03.2000	As on 31.03.99
Executive	1501	1424
Supervisor	802	841
Skilled/Highly skilled	3042	3028
Unskilled/Semi skilled	1177	1175
Total	**6522**	**6468**

Out of 6522 employees as on 31.03.2000, 56 Persons With Disability (PWD) were employed in identified posts. (Blindness or low vision - 09. Hearing Impairment - 02 and Locomotor disability or cerebral palsy - 45). Thus. 0.86% belongs to persons with Disability in your Company.

(Rs. in crore)

		Mines & Refinery Expansion	Smelter & Power Plant Expansion	Total
1.	Approved Project cost	1664.60	2061.98	3726.58
2.	Commitments made as on 31.07.2000 by way of placement of orders for supplies/works/services etc.	1273.97	1350.95	2624.92
3.	Actual cash outflow as on 31.07.2000 met entirely out of internal resources	940.11	162.34	1102.45
	(Out of 3 above relating to the period from 01.04.2000 to 31.07.2000)	151.25	49.59	200.84

In line with the organization's policy of infusing fresh blood into the mainstream, 55 Graduate Engineer Trainees and 52 non-executives were recruited during the said period.

Training & Development

One of the primary objectives in the area of HR has been to provide effective, job-based as well as developmental training inputs to our people. To that effect, your Company's approach has been two-pronged; one, to reinforce desired behavioural traits and job skills by exposing employees to specific tailor-made training programmes on a continual basis and secondly, to take fresh initiatives by organizing training programmes in new areas. Whereas employees are sponsored for in-house, external as well as foreign training, the thrust has been on developing capabilities. In this context, in-house training programmes are organized at the respective Training Institutes at the Units and Corporate Office. The HRD Centre of Excellence set up at Corporate Office addresses training needs not only of your Company but also that of organizations in contiguous areas, enabling it to operate as a profit-centre.During the year 16629 mandays of training was imparted covering 5300 employees under various training programmes .

Along with extensive coverage of employees, the thrust has also been on focussing on new thrust areas like Emotional Intelligence, Neuro Linguistics Programming etc. Programmes have been initiated to develop skills of SC/ST employees after extensive pre-programme survey. Exposure of senior executives to quality management, strategic planning, human process lab, behavioural training for all executives, cross-functional training for areas like materials, HR, specialized training for Trade Union leaders and productivity missions to organizations of repute are some of the other efforts to train and develop the manpower.

Presidential Directives on SC & ST Employees

In line with the Presidential Directives, measures to improve the representation of SC/ST communities in employment of the Company, continued. As on 31.03.2000, there were 1099 employees belonging to the Scheduled Caste, 1188 employees belonging to the Scheduled Tribe and 509 employees belonging to Other Backward Classes out of 6522 employees including trainees.Thus, 16.85% of employees are SC, 18.21% are ST and 7.8% are OBC. The total number of women employees in the Company stands at 253.

Other HR Initiatives

For three years now, your Company has been organizing the HRD Meet - a platform to share experiences with other organizations as well as to enrich HR awareness among the employees. The 3rd HRD Meet was held on 11th March, 2000 with the theme ' Humanizing HR'. As in other years, a number of competitions like Poster, Case Study, Theme Paper, Slogan, Quiz, Role Play etc. were held among the employees. Team presentations were made by NTPC, HINDALCO and NALCO. Distinguished personalities from industry and academics spoke on the occasion and there was widespread participation from various companies.

In order to inculcate the spirit of learning in the organization, a one-page handout on various aspects and issues in HR, known as 'HRD for You' is brought out on a monthly basis. HRD Talks are arranged from time to time on issues of interest to our employees. Organizational diagnosis being the first step to many a remedy, a study on work culture in the Smelter was undertaken by the Nabakrushna Chowdhury Centre for Development Studies, Bhubaneswar. The study has aimed to identify, analyse and explain the nature and dynamics of work culture in terms of work related values, organizational climate and employee orientation. The findings are under study.

Also, an Open Forum Efficacy Survey has been undertaken during the year to analyse the need for holding open forum in the various units.

Industrial Relations Scenario

Employer-employee relations in your Company continued to be by and large cordial and harmonious . Believing in the philosophy of participative management, employees at all levels are interacted through various statutory and non-statutory committees. In spite of multi-unionism, with variety of affiliations to Central Trade Union organizations, effective communication is held with the internal leaders with mutual trust and openness. Trade Union Leadership programmes are also conducted for office bearers of various trade unions, besides sending employees in teams on industrial missions.

Peripheral Development

Your Company has been contributing towards socio-economic development of the areas in and around its centres of operation and Corporate Office at Bhubaneswar. During the year, your Company has spent an amount of Rs.1.25 crore on various programmes like development of infrastructure in rural areas such as roads, lighting, providing drinking water facilities, development of school buildings, sanitation, promotion of rural sports etc.

Contribution to Super Cyclone Relief & National Defence Fund

In the wake of the Super Cyclone that devastated the coastal belt of Orissa, your Company as a concerned Corporate citizen rose to the occasion and extended a variety of support through various government agencies to carry out relief and rehabilitation works in the affected areas. The total contributions from the Company was Rs.1.14 crore (employees contributed Rs.0.18 crore). Technical assistance was provided to M/s. PPL just after Super Cyclone in normalising Emergency DG power by synchronisation of two existing DG sets, thereby preventing discharge of Ammonia Gas to atmosphere.

Prior to that, during the Kargil War, your Company donated Rs. 1.18 crore to the National Defence Fund (employees contributed Rs.0.18 crore). In both the cases, the NALCO collective donated one days salary amounting to Rs.0.36 crore.

Corporate Excellence

It was a year of awards and accolades for NALCO. Your Company bagged the Top Export Award, in the category of processed minerals, from Chemical and Allied Products Export Promotion Council (CAPEXIL) for 1998-99 for the 12th year in succession.

Shri P. Vidyasagar, GM (R&D), Dr. B.K. Satpathy, CM (Spl. Products Mktg.), Shri S.K. Pattnaik, SM (Chemical), Dr. S.C. Pattnaik, AM (Lab.) received the ICI Award instituted by Indian Institute of Chemical Engineers, for their meritorious work in the field of speciality alumina development.

Shri Dolu Patra, Senior Technician of NALCO, has received the prestigious Shram Vir Award from Hon'ble Prime Minister of India Shri Atal Behari Vajpayee, for the year 1998, on February 14, at New Delhi. The honour carries a citation and a cash award of Rs. 60,000/-. Shri Patra is presently working in the Steam & Power Plant of Alumina Refinery at Damanjodi, which has new types stein mills, imported from France. Although he did not have any exposure on training in such mills, he could solve a number of chronic problems through innovative skills and ideas.

Expansion of Bauxite Mines & Alumina Refinery

Your Directors are pleased to inform you that your Company has commissioned the 1st phase of the expansion of its Alumina Refinery in June, 2000 which will take the production capacity of Refinery from 8,00,000 TPA to 10,50,000 TPA . The final phase of expansion to the level of 15,75,000 TPA is scheduled to be completed by April, 2001. In the first phase of expansion itself your Company has already doubled its bauxite excavation capacity from 24,00,000 TPA to 48,00,000 TPA to meet the ultimate requirement of bauxite ore for the expanded refinery capacity .The captive Port facilities of the Company at Visakhapatnam which handles bulk import of input materials and export of alumina are being upgraded with additional facilities to deal with the higher volumes of import and export.

After the expansion, your Company becomes the largest alumina producer in Asia with an exportable surplus of one million tonnes per annum after meeting the internal demands of its expanded Smelter at Angul. The expansion programme in Mines and Refinery envisages an expenditure of Rs. 1665 crore. However through careful selection of the technologies, optimum use of the available infrastructure and proper splitting of various packages coupled with competitive biddings, your Company is likely to save around Rs. 300 crore on the projected cost of expansion. By any international standards the brown field expansion of your Company's Alumina Refinery is being achieved at a minimum cost. The lower cost of expansion and substantial internal funding of the capital will result in lower production cost of alumina which has been the hallmark of your Company in the field of alumina production in the world.

With the demand scenario expected to grow further, your Company's presence in the International market with higher volumes of alumina is expected to do good to the Company's financial performance and higher returns on the investment.

Expansion of Aluminium Smelter & CPP

On the metal segment also your Company is on fast track, implementing an expansion project which will enhance the smelting capacity from the current level of 2,30,000 TPA to 3,45,000 TPA and Captive Power Plant capacity from 720 MW to 840 MW. This project envisages an investment of Rs 2062 crore and is scheduled to be completed by May, 2002. With the expansion completed, your Company's share in the country's primary aluminium production capacity will go up from the current level of 32.21 % to 42 %.

The tendering activities for Smelter and CPP - 7th Unit are underway. The work for site grading and piling work are at advanced stage and are nearing completion. Similarly the civil and structural tenders for Potline and Power House have been placed.

Orders for major equipments like 220 KV Conversion Substation, Fume Treatment Plant, BIL Refractory Bricks for Pot, Pot Lining Machine, Green Anode Plant, Carbon Blocks, Alumina and Crushed Bath Handling System Anode Baking Furnace, Firing and Regulation System etc. have been placed. In case of 7th Unit of CPP the order for Main Power House Package, Coal Handling System and EOT Crane have been placed.

The proposal for addition of 8th unit of 120 MW at a cost of Rs. 497.50 crore (August, 2000 price level) is under the active consideration of the Government of India.

New Projects

Your Company is also implementing a number of downstream projects to manufacture value added items like Special Grade Alumina, Zeolite, Gallium etc. The progress of these projects is as follows:

(i) Special Grade Alumina

A 26,000 TPY special alumina plant at Damanjodi at a capital cost of Rs.56.78 crore based on technical knowhow obtained from Alumina Technology Associates, USA and consultancy service rendered by Engineers India Limited is expected to be commissioned during March, 2001. The plant is designed to produce a total of 24 grades of special hydrate and alumina. With in-house expertise, your Company is already in the process of production and test marketing of several grades of special hydrates and alumina products produced from the pilot plant. The special products have been sold to different customers. The Special Products Marketing Group provides necessary technical and marketing services to customers for gainful use of the products and market development.

(ii) Zeolite-A Project

A 10,000 TPY Detergent Grade Zeolite (Zeolite-A) Plant at Damanjodi, at a capital cost of Rs.24.10 crore based on technical knowhow from Central Salt & Marine Chemical Research Institute (CMCRI), Bhavnagar licenced through National Research Development Corporation (NRDC), New Delhi and with consultancy services rendered by Engineers India Ltd., is scheduled for completion during March, 2001. Due to non-banning of sodium tri polly phosphate (presently used in detergents) in the country, marketing of Zeolite-A in domestic market will be a constraint. However, efforts are on for exploring overseas market for the same.

(iii) Gallium Project

A 950 kg/annum 5N purity Gallium Extraction Plant at Damanjodi at a capital cost of Rs.12.77 crore based on indigenous technology and financial assistance to the extent of Rs.5.54 crore coming from associated Government of India agencies viz. DSIR, DST, DRDO and NRDC is under implementation. The process knowhow is from Central Electrochemical Research Institute (CECRI), Karaikudi and Nuclear Fuel Complex (NFC), Hyderabad, licenced through NRDC, New Delhi and consultancy services rendered by EIL.

Takeover of IAPL

As you are aware, on a strategic move, your Company has taken over International Aluminium Products Limited (IAPL), on 16.03.2000 a 100% EOU Company with an estimated project cost of Rs. 292 crore. Prior to 100% take over, your Company had 26% equity stake in IAPL. IAPL is a 50,000 TPA cold rolled product plant to produce product mix such as cast coils, cold rolled sheets and coils for end use in foils, cans, roll forming of other industries. The integration of IAPL operations will benefit your Company and enhance project viability. The elimination of the differential tariff structure of NALCO for IAPL (Power & liquid metal) vs cost of production would add benefit to the project. The infrastructure of selling and distribution set up can be leveraged to sell the products of IAPL. As per the approval given by the Members, petitions have already been submitted to the Central Government for the amalgamation of IAPL with your Company. IAPL will remain as a separate 100% EOU unit after merger.

Joint Venture proposals

Your Company received a number of proposals both from within the country and overseas for strategic alliance, takeover and merger etc. These proposals are being analysed with the Company's objectives and mission in view. Your Company is actively considering proposals for setting up of overseas smelters and production of Tabular alumina and other speciality products with overseas primary producers.

Corporate Planning

Monitoring and review of different functional goals/ strategies already set in the approved Corporate Plan 1995-2005 are being expedited regularly for successful implementation. A "Vision 2020 document" is under the process of preparation based on the new challenges to be faced in new millennium due to changing business environment along with liberal globalization policy and disinvestment decision of Government of India. Accordingly, brain storming sessions among the Senior Executives and Top Management were organised at all sites and Corporate Office. A large number of executives from each of the production units and Corporate Office participated and gave their views and suggestions related to areas like Production, R&D/Technology, Finance, Marketing, HRD, Raw material, Diversification, Value-addition, Business Development, Systems and Corporate Plan etc.

Computerisation Activities

You will be happy to note that Your Company achieved Y2K compliance much ahead of the roll-over to the new millennium. Third party audit on Y2K compliance of the organisation in the commercial and IT infrastructure area was carried out by M/s. Millennium Infosystems (P) Limited,Calcutta and in process area for embedded systems by M/s. ECIL, Hyderabad. Total expenditure of Rs.99 lakhs was incurred by the Company for achieving the Y2K compliance. Company's Y2K compliance was declared on 30th June 1999 as per plan. Roll-over to the year 2000 was smooth and no incident was reported in the transition.

Also, keeping pace with the changing times, Internet and Mail Messaging services were installed at the Corporate Office. The Internet based e-mail services have also been extended to Smelter, CPP, Mines and Refinery through the Wide Area Network connectivity.

Maintenance Management Module of M/s. Ramco Marshall ERP package was customised, integrated and installed at Smelter, NALCO, Angul. Letter of Intent has been issued for implementing the same module at Refinery, NALCO, Damanjodi.

As a part of improving computer usage for various functional needs in the areas of Finance, Marketing, Share Transfers, Materials, MIS, HRD etc. new application packages were developed and existing application packages were re-engineered into the GUI environment as a step towards keeping abreast with technology.

VSAT connectivity at Mines, Damanjodi and at M/s. Dasturco location, Chennai for NALCO Project expansion activities was installed and implemented. Bandwidth was enhanced from 1 kbps to 10 kbps to meet the requirements of enhanced services.

Quality Movement

Your Company continues its efforts in implementing ISO 9000 standards in its plants/units. Quality Circles movement is given great importance by the Company not as much due to solution of workplace related problems as due to its role in improving work culture and providing a forum for self development and growth of individual employees. During the year the Company organised the All Orissa Quality Circle Convention for the 4th year in succession, in which 20 Quality Circles from 13 organisations participated.

At present 48 active Quality Circles are operating in NALCO. 41 projects and 4 Quality Improvement projects were completed during the financial year. "Wheel" Quality Circle of dumper section of Mines brought several laurels to the Company by winning, Best of the session award in National Convention of Quality Circles (NCQC99) held at Durgapur and was also recommended for participation in the International Convention on Quality Control Circles. It also won best Quality Circle of the state in the All Orissa QC Convention held at Bhubaneswar, first prize in the Koraput QC Chapter Convention and best Quality Circle in case study presentation & 2nd best in performance in the inter-unit QC Competition, during the year.

Efficiency Unit

Efficiency unit activities are being carried out on regular basis in all the four units i.e. Smelter, Captive Power Plant, Mines & Refinery according to the action plans drawn at Apex Level Committee meetings at Corporate Office. In order to optimise the production and consumption pattern, scientific inventory level minimisation, cost control, maximisation of revenue & savings, a series of exercises meant for efficient working of sub-units and departments are being implemented with success. These are vital for the internal and external image of the Company as a whole and have been possible largely due to orientation of workers, the internal efficiency of work, process of decision making etc.

Environmental Management

The rapid industrialization in the 20th century has brought its harmful effects on the environment, which is passed on to the 21st century as a curse on the human civilization.

The sound environmental performance not only enhances the prestige of the Company as eco-friendly, but also its products find greater acceptability in International markets. Good environmental management practices also lead to conservation of raw materials and energy, as well as minimization of waste and its recycling, which result in better financial performance and profitability.

Your Company is among few such companies which are committed to sustained actions for protecting the environment and it is reflected in its Corporate environment policy. The eco-friendly technologies adopted have substantially taken care of generation of pollutants source. The Company has already spent over Rs. 200 crore on equipment and facilities for treatment of effluents and emissions, for reducing noise level and disposal of wastes like red mud and fly ash. Your Company has been able to comply with most of the conditions imposed by statutory authorities. Various steps have been taken towards utilization of waste, treating and recycling of waste water. The pollution control unit, installed at a cost of Rs.1.8 crore at CPP, Angul, to purify 65 million litres of water overflowing from the ash also improved its performance in recycling of spent anodes.

Your Company is also working in collaboration with CSIR laboratories and other consultants to find avenues for commercial utilization of wastes like red mud and fly ash, its two major waste products. While bricks/blocks, granite tiles and ceramic products have been developed from fly ash, ferrite cement and fibre-reinforced polymer composites for building components as wood substitutes have been successfully developed from red mud. Experimental use of fly ash in agriculture fields at Angul and Damanjodi has also given higher yields.

As a responsible Corporate citizen, your Company is giving top priority to healthy working conditions at work place. Periodical health surveys are being conducted among the employees. Occupational Health Centres have been set up to keep a close watch on occupational health aspects of the employees. Occupational Health Centre of S&P Complex, Angul, has received the State Award this year.

A number of expert studies have been conducted to assess the environmental impact in and around the plant areas, and plan corrective action wherever necessary.

During the year under report, your Company has started pisciculture in one artificial pond created by harvesting rain water and a biogas pilot plant was also installed by using canteen waste.

Over 6 million trees, covering more than 3000 hectares, have been planted to provide green cover at plant areas and townships. Our track record in environment management is commendable. Recently,your Company received the prestigious Indira Priyadarshini Vrikshamitra award, the highest honour of the Government of India, in the field of afforestation and wasteland development.

Report on conservation of Energy, Technology Absorption etc.

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption are given at Annexure-II to the report.

Rajbhasha

In line with the policy of Government of India for development and use of the official language, Hindi, your Company has continued its efforts to accelerate the use of Hindi in official work during the year.

During the year a number of programmes were undertaken to promote the use of Hindi, 14th September,1999 to 14th September,2000 is being observed as the Golden Jubilee year of Rajbhasha.

To encourage noting and drafting in Hindi a booklet of Official Notings was published and distributed among employees. To increase the original work in Hindi, Hindi workshops were organised at Corporate and unit level. Different Hindi competitions were organised on the occasion of Hindi Week.

Computerisation of different forms used in the office originally in bilingual form internally by the Hindi Cell of Corporate Office was appreciated at all levels.

Monthly Hindi Newsletter 'Parichaya' from Corporate Office is being published regularly and publication of quarterly/ half-yearly magazines 'Bhavana' from Angul and 'Teen Suman' from Damanjodi and a monthly newsletter from Mines 'Panchapatmali Samachar' has been appreciated.

Meetings of Angul Town Official Language Implementation Committee were organised under the convenorship of your Company and contribution of your Company in Bhubaneswar Town Official Language Implementation Committee was also remarkable.

During the year special action has been taken to install the bilingual facilities in the computers of units and different offices.

Vigilance

The Vigilance Department of your Company while continuing with past endeavour, devoted considerable attention towards prevention of corruption. Preventive vigilance activities were thus restructured by means of identifying the activities in major areas into four categories. Operations/transactions involving high value & high vigilance vulnerability has been given highest priority in planning and execution of vigilance activities. Low down in order, the attention was further apportioned among areas falling in low expenditure and high vigilance vulnerability, high expenditure and low vigilance vulnerability, and low expenditure and low vigilance vulnerability. Efforts are now being undertaken to bring about better vigilance awareness among executives. Periodical meetings at appropriate levels helped in tackling problems in key areas of concern.

Sports

For NALCO, 1999-2000 was a year of Excellence and achievements in the field of sports. Cricketer Debasis Mohanty did the Company and the Country proud by putting up a commendable performance in the World Cup in England. He was also in the Indian team that toured New Zealand, Sri Lanka, Singapore, Canada and Australia. Continuing with cricket, the stylish opener Shiv Sundar Das toured with the India A team to the US and UAE this year.

On the other hand, NALCO's ace athlete Anuradha Biswal created a national record in 100 meters hurdles in the Inter-State Athletic Meet at Lucknow, which she broke by clocking 13.57 seconds in the All India Open Athletic Championship, at Bhopal, during October. Another cherished moment came her way when she bagged a silver medal in the same event in the 8th SAF Games in Nepal.

In Women's soccer, centre forward Sradhanjali Samantaray represented India in the 12th Asian Women Football Championship, held in the Philippines and played against Korea, Malaysia, Vietnam and Chinese Taipei. On the other hand, NALCO's Men's football team bagged the All India Public Sector Soccer Control Board's runner-up trophy, during August at Dhanbad. The Company for the first time organised All Orissa NALCO Open Ranking Tennis Tournament in which about 200 players participated.

Particulars of Employees

Details of employees in receipt of remuneration in excess of the limits viz. Rs.50,000/- p.m or Rs.6,00,000/- p.a prescribed under the provisions of Section 217(2A) of the Companies Act,1956 read with the Companies (Particulars of Employees) Rules, 1975, are given at Annexure-I.

Status of listing in Stock Exchanges

Your Company's shares and debentures are listed in the following Stock Exchanges for which the listing fees for 2000-2001 has been paid to all the listed Stock Exchanges for trading of shares and debentures of your Company:

1. Bhubaneswar Stock Exchange,A-22, Falcon House,Jharapada, Cuttack Road, Bhubaneswar.
2. The Delhi Stock Exchange Association Limited,West Plaza, Indira Gandhi Stadium,Indraprastha Estate,New Delhi - 110 002.
3. The Calcutta Stock Exchange Association Limited,7, Lyons Range,Calcutta -700 001.
4. Madras Stock Exchange,Exchange Building,Post Box No.183,11, Second Line Beach,Chennai-600 001.
5. The Stock Exchange,Phiroze Jeejeebhoy Towers,25th Floor, Dalal Street, Mumbai - 400 001.
6. National Stock Exchange of India Limited,Trade World, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

You will be happy to know that your Company has entered into an agreement with NSDL to facilitate dematerialisation of debentures also. This will help to increase the liquidity since there would be no stamp duty on the debentures transferred in demat mode.

Foreign Exchange Earnings and Outgo(on Cash Basis)

Foreign Exchange earnings (on cash basis) during the year 1999-2000 was Rs.1044.50 crore as against Rs. 559.88 crore during the previous year.

The foreign exchange outgo (on cash basis) during the year was Rs. 318.66 crore as against Rs. 743.07 crore during the previous year (including repayment of 20 billion of Japanese Yen equivalent to Rs.627.64 crore).

Review of Accounts by C&AG

Review on Accounts for the year ended 31st March, 2000, prepared by the Comptroller and Auditor General of India is annexed to this report.

Audited Accounts of IAPL

Audited Accounts of International Aluminium Products Limited (IAPL), a wholly owned subsidiary of your Company, for the year ended 31st March 2000 together with the Directors' report and Auditors' report are enclosed.

Auditors

M/s. Tej Raj & Pal, Chartered Accountants, 1, Kalpana Square, Bhubaneswar has been appointed as Statutory Auditors of the Company for the year 1999-2000 by the Central Government on the recommendation of the Comptroller & Auditor General of India.

M/s. S S Sonthalia & Co., Cost Accountants, Bhubaneswar have been appointed as Cost Auditors of the Company for the year 1999-2000.

Directors

Shri P Parvathisem was appointed as Chairman-cum-Managing Director of the Company under Article 63(1)(a)(i) of Articles of Association of your Company with effect from 06.09.1999 (AN) in place of Shri P K Mohanty, IAS, Additional Secretary to Government of India, Ministry of Steel & Mines, Department of Mines.

Shri S K Banarjee was appointed as Director (P&T) w.e.f. 30.09.1999 by the President of India.

Dr. Sutanu Behuria, Joint Secretary & FA of the Ministry was appointed as Director of the Company w.e.f 09.05.2000 in place of Shri A H Jung, Addl. Secretary & FA of the Ministry.

Your Directors would like to place on record their deep appreciation for the valuable services and guidance received from Shri P K Mohanty and Shri A H Jung during their tenure on the Board of your Company.

Acknowledgment

Your Directors acknowledge with gratitude the timely assistance, co-operation, guidance and support extended by different wings of Government of India, in general and Ministry of Mines in particular, the Government of Orissa, SE Railways, Mahanadi Coal Fields, State Bank of India, GRIDCO and other organisations.

Your Directors would like to take this opportunity to express their gratitude to the customers for the support and understanding they have rendered and look forward to continued co-operation and a mutually beneficial future.

Your Directors also record their deep appreciation of valued co-operation extended by the office of the Comptroller & Auditor General of India, Statutory Auditors & Bankers. Last but not least, the Board commends the hard work and dedicated efforts put in by the employees of the Company at all levels during the year but for which your Company would not have achieved the record breaking results during the year under report.

For and on behalf of the Board of Directors

(P. PARVATHISEM)
Chairman-cum-Managing Director

Place: Bhubaneswar
Date : 01.09.2000

Annexure-I

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Sl. No.	Name (S/Shri)	Designation of employee	Remuneration received (Rs.)	Qualification & experience (Years)	Date of Commencement of employment	Age as on 31.03.2000	Last employment held before joining the Company.
1	2	3	4	5	6	7	8
Employed throughout the Financial Year and in receipt of remuneration of not less than Rs. 6,00,000/- in the aggregate for the year.							
1.	P.K. Routray	General Manager (Projects)	6,24,210	B.Sc. (Elect. Engg.), Graduateship in IE, Diploma in Management (28 years)	11.05.1982	50	Dy. Manager, Bokaro Steel Plant, Bokaro.
Employed for part of the Financial Year and in receipt of remuneration of not less than Rs. 50,000/- per month — NIL							

Notes:

1. Salary includes Basic Pay, D.A., Incentives, Leave Encashment and other benefits paid through salary.
2. Shri Roatray's appointment is on regular basis.
3. Terms and conditions are as per Rules of the Company.
4. Shri Roatray is not related to any of the Directors of the Company.

Annexure-II

STATEMENT OF PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

A. CONSERVATION OF ENERGY:

NALCO in its pursuit for an efficient energy management has adopted the most energy efficient technologies in all its units. Regular energy audits are being carried out to keep a close tab on the energy consumption figures. In addition, condition monitoring, debottlenecking and system modifications etc. are carried out in its true earnest to achieve the optimum energy application and utility. Regular review and monitoring of energy consumption is maintained at high energy use points. Installation of solar water heating systems, solar photovoltic lighting systems and other renewable energy systems are installed at different locations of NALCO.

Some of the important energy conservation measures implemented by the Company are highlighted below:

a) Energy Conservation Measures taken:

I. Mines & Refinery

— *Reduction in coal consumption has been obtained due to :*

1. Improved boiler efficiency.
2. Stringent monitoring of coal leakages.
3. Excellent coal yard management.
4. Improved maintenance of milling and pressure parts.

— *Reduction in make-up water consumption (with respect to MOU target) has been obtained due to:*

1. Reduced number of Turbo Generator outages.
2. Availability of standby boiler feed pumps.
3. Successful island operation.

— *Reduction in oil consumption is due to:*

1. Technological upgradation of heat recovery from flue gas of calciner stack.
2. Excellent maintenance of oil firing equipments.
3. Direct coal feeding to the maximum extent.
4. Ensuring availability of coal mills on SOS basis.

II. Smelter Plant

1. Operation of 480 pots during the year has helped in reducing the energy consumption for hot metal production.
2. Nearly 40% of electric motors including 2 nos. 37 KW blower motor in fume treatment plant have been replaced by energy efficient motors during the last two years.
3. In the main cooling tower for cast house, one fan has been provided with fibre reinforced plastic blades instead of aluminium blades. The energy saving is being monitored and quantified.
4. Cast house shop floor lighting has been upgraded by energy efficient sodium vapour lamps in place of mercury vapour lamps.
5. Furnace, though in house design, installed for aluminium scrap salvaging.

III. Captive Power Plant

1. By increasing the availability of mills and by avoiding the partial loading of turbines below 60MW, specific fuel oil consumption has come down to 0.78 ml/kwh as compared to 1.29 ml/kwh in 1998-99. Considering the gross generation as 4469 MU in 1999-2000 the reduction in fuel oil is to the tune of 2279 kl. The total saving cost is Rs. 2.0088 crore.
2. Saving in lub oil consumption by a margin of 10.455 kl has been achieved by (a) reclaimation of lub oil by oil purification machine. (b) condition based oil replacement plan. The saving comes Rs. 3.98 lakhs (Considering cost of lub oil is Rs. 38,000/- per kl)
3. Reduction in percentage of mill reject in 1999-2000 as compared to previous year has been 1.44%. The saving coal consumption is to the tune of 46.66 KT, which is estimated as Rs. 1.96 crores (Considering Rs. 4.2 lakhs/KT).
4. Cooling tower fan blade assembly of 8 nos of blades of existing cooling tower make were deproprietised and was replaced by assembly of 4 blades procured from an alternate source. The saving in energy conservation is to the tune of Rs. 1 lakh per year besides saving in material cost of Rs. 10.8 lakhs. In another cooling tower, a set of energy efficient fan blades procured and has been installed. The energy saving is Rs. 0.91 lakh per set per year, besides saving in material cost of 1.6 lakhs per set.
5. Strategy was formulated to run FD fan per unit in place of two per unit. If two FD fans kept in service the power consumption is 290 KW, where as with one fan running, the power consumption is 215 KW. Considering 5 units in service and approximate power cost of Rs. 1/unit, the saving on energy is to the tune of Rs. 33.29 lakhs/ year. In addition, there is also reduction in consumption of spares and maintenance cost.

b) Proposals being implemented:

1. Procurement action has been initiated for replacement of 80% electric motors in cast house by energy efficient motors as per recommendations of Tata Energy Research Institute (TERI). All procurement of spare motors, hereafter in Smelter, are scheduled to be energy efficient motors.
2. It is proposed to replace variable torque drive by invertor drives in cranes, pumps, fans etc. in selected areas for energy conservation.
3. Action is being taken for replacement of 2 nos. 1000 watt halogen lamps in each PTM cabin with 150 watt metal halide lamps in all 20 PTMs.
4. It is proposed to carry out more studies on fuel oil additives for reducing specific consumption of HFO is cast house and bake oven.

FORM-A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption

Particulars	CAPTIVE POWER PLANT ANGUL Current year 1999-2000	CAPTIVE POWER PLANT ANGUL Previous year 1998-99	ALUMINA REFINERY DAMANJODI Current year 1999-2000	ALUMINA REFINERY DAMANJODI Previous year 1998-99
1. Electricity				
a) Purchased from GRIDCO (million KWH)	3,114	00.982	—	—
Total amount (Rs. in lakh)	87.75	28.930	—	—
Rate/Unit (Rs./KWH)	2.82	2.95	—	—
b) Own Generation	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(i) Through Diesel Generator				
Unit per Ltr. of Diesel Oil				
Cost/unit				
(ii) Through Steam Turbine/Generator				
Units (Gross)(Million KWH)	4469.191	4036.463	265.162	268.950
Energy cost per unit(Rs./KWH)	0.9593	0.9324	—	—
2. Coal (Specify quality & where used) (Quality F&G grades)				
Quantity (Tonnes)	3407803	3084030	584039	607409
Total Cost (Rs. in lakh)	16410.13	13943.34	5879.84	6311.62
Average rate (Rs./Tonne)	482	452	1015.59	1039

3. Fuel Oil & LDO

	CAPTIVE POWER PLANT ANGUL		ALUMINA REFINERY DAMANJODI		SMELTER ANGUL	
	Current year 1999-2000	Previous year 1998-99	Current year 1999-2000	Previous year 1998-99	Current year 1999-2000	Previous year 1998-99
Quantity (KL)	3486	5227	74403	76427	24000	20462
Total amount (Rs. in lakhs)	308.67	411.14	5932.71	4410.07	1931.96	1465.74
Average rate	8855	7866	7974	5770	8050	6258
4. Others/internal generation	Nil		Nil		Nil	
Quantity						
Total Cost						
Rate/unit						

B. Consumption per unit of Production

Raw materials (with details)	Unit	Standards if any	Current year (1999-2000)	Previous year (1998-99)
1. Alumina Refinery, Damanjodi				
a) Power	(KWH/Tonne)	380	359.29	350.26
b) Fuel oil for calcination	(Kg/Tonne)	85.3	77.51	78.12
c) Coal for steam	(Kg/Tonne)	674	683	674
d) Oil for steam	(Kg/Tonne)	10	2.84	2.04
2. Smelter, Angul				
a) A.C. Power	(KWH/Tonne)	14,600	15,549	17,725
b) Fuel Oil	(Ltr/Tonne)	95	111	119.05
c) Others				
(I) CP Coke	(Kg/Tonne)	408	406	465
(II) CT Pitch	(Kg/Tonne)	106.5	113	122

FORM — B

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Efforts made in Research & Development

I. RESEARCH & DEVELOPMENT:

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

(A) In-house R&D Activities:

(a) Alumina Plant:

i) **Revamping of R&D Centre:**

The R&D Centre has become fully operational after procurement, installation and commissioning of various equipments which is helping substantially in reinforcing Company's strengths for growth of indigenous technology in a select few high-tech areas in addition to catering to the requirements of day-to-day process problems encountered during the Alumina production process.

ii) **Development of Special Grade Alumina & Hydrate:**

The Special Grade Alumina Pilot Plant has been commissioned. All proposed products have been developed and test marketed successfully. Programme Aimed at Technological Self Reliance (PATSER) under DSIR, Ministry of Science & Technology, Government of India is already completed. During the year, 124 MT of Special Alumina & 733 MT of Special Hydrates were sold to the prospective customers.

iii) **Development of Technology for Coated Hydrate:**

A technology has been developed for production of Coated Hydrate & Scaling up of the process in Pilot plant scale has been taken up for test marketing of the product.

iv) **Reduction of Soda Content in Alumina Hydrate & Calcined Alumina:**

A new route has been developed in laboratory scale for reduction of Soda content in Alumina Hydrate and Calcined Alumina.

v) **Production of Light Alumina Hydrate:**

A technology has been developed both in the laboratory as well as in the bench scale for production of Light Alumina Hydrate having wide range of applications.

vi) **Studies in High Temperature Furnace for Conversion into Alpha Alumina:**

Studies in High Temperature Furnace completed for establishing the effect of different parameters like time & temperature on the quality of Alpha Alumina produced using Alumina Hydrate/Calcined Alumina as the feed materials.

vii) **Studies on Decolourisation of Aluminate Liquor:**

Studies on Decolourisation of Aluminate Liquor through alternate routes have been successfully carried out in the laboratory scale and preliminary results obtained are found to be promising.

(b) Smelter Plant:

i) **Evaluation of Effectiveness of Low Density Aluminium Fluoride:**

Studies were carried out to evaluate the effect of Aluminium Fluoride density variations on pot performance.

ii) **Development of New Types of Anode Clads:**

A new type of Anode Clads have been developed with the help of indigenous vendors and field trials are continuing.

(B) Collaborative R&D Projects in hand:

i) **Development of Zeolite-P:**

After successful development of Zeolite-P, a better performing builder material for Detergent formulations, in the laboratory & pilot plant scales, it may be scaled up depending on market response.

ii) **Development of Special Aluminium Alloys for Conductor Application:**

After successful development of new Rare Earth Added Aluminium Alloys for Conductor Application in Laboratory Scale in collaboration with RRL, Trivandrum, pilot scale trials at Smelter plant, Angul is being taken up.

iii) Technology Demonstration Project on Effect of Fly Ash (Angul) on Soil Fertility & Crop Yield:

Technology Demonstration Project on effect of Fly Ash (Angul) on Soil Fertility & Crop yield covering an area of 3 acres has since been implemented at CPP, Angul in collaboration with RRL, Bhopal and Fly Ash Mission, TIFAC, DST, Government of India. The project is under active implementation and seasonal crops, vegetables & cereals are being cultivated by employing Fly Ash in various acceptable compositions as per the soil quality.

iv) Development of Fibre Reinforced Polymer Composites for Building Components as Wood Substitute:

Development of Fibre Reinforced Polymer Composites for Building Components as Wood Substitute has been successfully completed both in the laboratory as well as in the pilot plant scale. Final Reports have been submitted. A number of useful products-Household Furnitures, Door, & Window panels etc. have been made for which so far wood was used.

v) Development of Wear Resistant Cast Irons from NALCO Red Mud & Conversion of NALCO Red Mud into Ferro-Titanium:

Wear Resistant Cast Irons from NALCO Red Mud & Conversion of NALCO Red Mud into Ferro-Titanium have been successfully completed in laboratory scale in collaboration with Department of Metallurgy and Material Science, IIT, Kharagpur. Industrial scale trials are being envisaged.

vi) Characterisation of Spent Pot Lining Materials (SPL) and Development of a Process Flow-Sheet for Extraction of Valuables:

Spent Cathode Pot Lining Materials have been successfully characterised and Process Flow-Sheet for Extraction of Valuables have been developed in collaboration with JNARDDC, Nagpur.

vii) Separation of Carbon, Bath Constituents & Aluminium Metal from Spent Bath Residues:

Physical separation of Carbon, Bath Constituents & Aluminium Metal from Spent Bath Residues generated at NALCO's Smelter Plant has been successfully completed in laboratory scale in collaboration with RRL, Bhubaneswar.

2. Benefits Derived:

i) After successful commissioning of both the R&D Centres at Mines & Refinery Complex, Damanjodi and S&P Complex, Angul, full fledged in-house Research & Development activities have been taken up catering to the needs of day-to-day problem solving devices, Process & Product Development, Energy Conservation, Waste Utilisation and above all Development of in-house expertise for the growth of indigenous technology in the Company.

ii) Renewal of recognition of NALCO's in-house R&D centres at Mines & Refinery Complex, Damanjodi and S&P Complex, Angul, have been accorded by Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India till 31st March, 2003.

iii) For effective management of plant production processes as well as quality of the products, emphasis was laid on various trouble shooting measures and providing solutions to the problems encountered which resulted in overall increase in productivity.

3. Future Plan of Action:

A number of R&D projects both in-house and collaborative have been planned in such areas like Process & Product Developments, Waste Utilisation & Energy Conservation etc. in Alumina, Aluminium & allied fields.

4. Expenditure on R&D:

		(Rs. in lakhs)	
		1999-2000	**1998-99**
a)	Capital	146.16	127.59
b)	Recurring	71.88	138.79
	Total	218.04	266.38
c)	Total R&D expenditure as% of turnover	0.10	0.177

II. TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION:

Technology absorption, adoption & innovations have been the prime objective and principal motto of Scientific & Technological pursuits undertaken by the Company. Technology being the "Key Word of Success" and driving force for attaining greater heights in functioning of an organisation has found its deserve position in the Company for attaining outstanding growth potential both in the domestic as well as in the global arena.

Measures taken up by the Company in its different units concerning technology absorption, adoption & innovations are summarised below:

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

Sl No.	Details of Modification	Benefits thereof
1.	PC based on-line RP Analyser	For better quality control.
2.	Addition of more effects to the Evaporation Battery	Increase in production by 30,000 TPA anticipated.
3.	Auto emergency Power Normalisation Scheme for precipitation & classification area	To ensure availability of emergency power automatically in the event of power failure.
4.	Auto Starting Scheme for RMP Pumps & Ash Pond Pumps	Remote operation of unmanned equipment located at long distance to save time.
5.	Liquor productivity was 70.45 Kg/M3 as against design value of 65 Kg/M3	Additional production of 50,223 MT.
6.	With modifications in Calciners, the specific consumption of fuel oil came down to 80.74 ltr/T from 83.15 ltr/T last year	Cost of Alumina production reduced by 170.11 lakhs i.e. Rs. 19.2/MT.
7.	7 grades of Special Hydrates and 10 grades of Special Aluminas were developed and a total of 124 MT of Special Alumina & 733.5 MT of Special Hydrates were produced in the pilot plant.	Development of Value added product.

(b) **Smelter Plant, Angul:**

Sl No.	Details of Modification	Benefits thereof
1.	A mechanised system, based on in-house design, for uniform mixing of Alumina in crushed bath used for Anode covering. System commissioned and put into operation.	Regular and uniform mixing of Alumina in the required percentage made possible.
2.	Installation of variable frequency drive in the Ball Mill screw conveyor	Improved Ball Mill operation and out put.
3.	Replacement of Aluminium fan blade by Fiber Reinforced Plastic (FRP) blades in the main cooling tower for Cast House	Energy saving which is being monitored.
4.	Process automation systems of both pot lines and other areas were made Y2K compliant by doing necessary modifications.	No problem was encountered during the new year change over.
5.	The Flue wall top are replaced by LCC mono-blocks to prevent air ingress in flue wall and to restrict flue wall damage	Flue wall top layer damages reduced and brick repair cost reduced.
6.	Modified casting wheel based on in-house design along with accessories for Ingot Casting Lines	Reduction in dross generation, uniformity in Ingot size, increased life for casting wheel and hence less down time.
7.	System based on in-house design of melting chamber for salvaging of Aluminium from waste like scrap	Help to recover Aluminium from miscellaneous scrap. Trial already carried out.

(c) Captive Power Plant:

Sl No.	Details of Modification	Benefits thereof
1.	Specific Fuel Oil Consumption for the year was 0.78 ml/kwh against last year's 1.295 ml/kwh	Reduction in specific Fuel Oil Consumption. Saving of Rs. 2.0088 crore achieved.
2.	Reduction in running one FD fan instead of two has been established after due experimentations.	Power consumption on one of the FD fans (about 230 kw) is saved which comes to 1159 kw for 5 units operation. As a result, a saving of Rs. 4.66 crore has been achieved.
3.	After installation of improved version of Air Motors IPM 400 continuous rating Air Gear Motors in unit 3 are capable of running continuously	This will help to avoid fire in Air Heater.
4.	Changing of Gland Sealing System to Mechanical Sealing System has been carried out in Chlorine Booster Pump in Water Treatment Plant to avoid repeated gland failure	Annual savings on this account comes to Rs. 0.54 lakhs.
5.	Effective Coal Yard Management by Systematic stacking and reclaiming has reduced considereably spontaneous fire in the coal yard	No. of fire spots reduced to 331 against 404 during 1998-99 accounting to 18% less.
6.	Improvement in Industrial Effluent and Ash Pond Over-flow Management has been achieved by adoption of EMS	Quality of Industrial Effluent and Ash Pond Overflow substantially increased.
7.	Recycling of Ash Pond Overflow	Quantity of water intake from river has been reduced drastically. As a result, Water Cess reduction and water rate reduction amounts to Rs. 5,89,899 and Rs. 8,19,538.00 respectively.

III. DETAILS OF TECHNOLOGY IMPORTED DURING PAST 5 YEARS:

(a) M&R Complex, Damanjodi

Sl. No.	Technology Imported	Year of Import	Has technology been fully absorbed	If not fully absorbed reason thereof and future plan of action
1.	Plant is being set up for production of 26,000 TPA Special Grade Alumina and Hydrate with Technical Know-how from M/s ATA, USA.	1995	Project is under implementation	Project is under implementation
2.	AP Technology is imported for debottlenecking of Alumina Refinery for capacity enhancement from 0.8 mln TPY to 1.05 mln TPY.	1997-98	AP Technology is being implemented	AP Technology is being implemented
3.	Technology imported for the expansion of Mines (24,00,000 MT to 48,00,000 MT) & Alumina Refinery (8,00,000 MT to 15,75,000 MT) from Aluminium Pechiney, France which includes - Oxalate removal - Classifying cyclones High rate thickeners for mud clarification	1998-99	AP Technology is being implemented	AP Technology is being implemented

(b) Smelter Plant, Angul

Sl. No.	Technology Imported	Year of Import	Has technology been fully absorbed	If not fully absorbed, reason thereof and future plan of action.
1.	Hot top maxi casting technology for Billet production from M/s. LOMA & M/s. WAGSTAFF	1994	Fully absorbed	—
2.	Technology for continuous Strip Casting (Jumbo Caster) from M/s. FATA-HUNTER	1998	In the process of stabilisation	—
3.	Furnace Tending Assembly (FTA) in the Bake Oven	1996	Fully absorbed	—
4.	Autogenous Mill in the new bath system	1998	Fully absorbed	—
5.	In certain areas technology developed in the recent past by AP are being imported for use in expansion of the Smelter Plant (2,30,000 MT to 3,45,000 MT)	1998-99	AP technology is being implemented	AP technology is being implemented

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 2000.

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act 1956 on the accounts of National Aluminium Company Limited for the year ended 31st March 2000.

Sd/-
(A. Pattanayak)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-I,
Calcutta

Dated, Calcutta
The 22nd August 2000

REVIEW OF ACCOUNTS OF NATIONAL ALUMINIUM COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH 2000 BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA.

(Review of accounts has been prepared without taking into account the comments under Section 619(4) of the Companies Act, 1956 and qualifications contained in Statutory Auditors' Report.)

1. Financial Position

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

(Rs. in crore)

	1997-98	1998-99	1999-2000
Liabilities			
(a) Paid-up Capital			
i) Government	1123.00	561.50	561.50
ii) Others	165.62	82.81	82.81
(b) Reserves and Surplus			
i) Free Reserves & Surplus	1893.44	2189.94	2233.15
ii) Investment Allowance Utilisation Reserve	198.46	—	—
iii) Capital Reserves	1.28	1.24	1.27
iv) Debenture Redemption Reserve	—	—	321.77
(c) Borrowings from			
i) Consortium of International Banks	594.10	—	—
ii) Non-convertible Redeemable Debentures	—	643.58	643.54
iii) Other Loan	—	—	20.00
(d) Current Liabilities and Provision	361.52	414.43	493.02
TOTAL	4337.42	3893.50	4357.06
Assets			
(e) Gross block	4771.67	4883.37	5037.81
(f) Less : Cumulative Depreciation	2226.32	2503.91	2785.82
(g) Net Block	2545.35	2379.46	2251.99
(h) Capital Work-in-Progress	189.31	379.68	939.77
(i) Misc. Expenditure to the extent not written off	4.68	—	—
(j) Investments	43.91	84.92	154.29
(k) Current Assets, Loans and Advances	1554.17	1049.44	1011.01
TOTAL	4337.42	3893.50	4357.00
(l) Working Capital [k-d]	1192.65	635.01	517.99
(m) Capital Employed (g+l)	3738.00	3014.47	2769.98
(n) Net Worth [a+b(i)+b(iv)-i]	3177.38	2834.25	3199.23
(o) Net Worth per rupee of paid up capital (in Rupees)	2..47	4.40	4.47

2. Working Results

(Rs. in crore)

	1997-98	1998-99	1999-2000
(i) Sales	1853.54	1506.65	2145.61
(ii) Less Excise Duty	148.11	109.04	155.00
(iii) Net Sales	1705.43	1397.61	1990.61
(iv) Other Misc. Income	101.17	178.93	124.90
(v) Profit/Loss before tax and Prior period adjustment	626.13	344.16	674.41
(vi) Prior period adjustment	(-)0.70	(-)6.94	6.59
(vii) Profit/Loss before tax	625.43	337.22	681.00
(viii) Tax provision	78.46	88.97	169.47
(ix) Profit after tax	546.97	248.25	511.53
(x) Proposed Dividend including interim dividend and dividend tax	141.75	85.82	146.59

3. Ratio Analysis

Some important financial ratios on the financial health and working of the company at the end of last three years as under:

	1997-98	1998-99	**1999-2000**
A. Liquidity Ratio			
Current Ratio	430%	253%	**205%**
B. Debt Equity Ratio			
Long term Debt to Equity	19%	23%	**20%**
C. Profitability Ratio			
a) Profit before tax to:			
(i) Capital Employed	16.73%	11.19%	**24.58%**
(ii) Net Worth	19.68%	11.90%	**21.29%**
(iii) Sales	33.55%	21.27%	**30.49%**
b) Profit after tax to Equity Capital	42.45%	38.53%	**79.39%**
c) Earning per Share (Rupees)	4.24	3.85	**7.93**

4. Sources and Utilisation of Funds

Funds amount to Rs. 869.72 crore from internal and external sources were generated and utilised during the year as shown below:

Sources of Funds		(Rs. in crore)
Funds from Operations :-		
a) Net Profit for the year	511.53	
b) Add: Depreciation	281.91	793.44
c) Increase in borrowings		19.96
d) *Decrease in Working Capital*		56.24
e) Grants in aid received		0.08
Total		**869.72**
Utilisation of Funds		
a) Increase in Gross Fixed Assets		154.44
b) Increase in Capital Work-in-Progress		560.09
c) Increase in Investment		69.37
d) Dividend paid (including dividend tax)		85.82
Total		**869.72**

5. Inventory Levels

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

(Rs. in crore)

	1997-98	1998-99	**1999-2000**
(i) Raw Materials	34.31	37.96	**55.11**
(ii) Stores & Spares	249.14	249.07	**229.25**
(iii) Finished Goods and work-in-progress	112.50	156.33	**155.88**
(iv) Percentage of Finished goods to Sales	6.04%	10%	**7%**

6. Sundry Debtors

The Sundry debtors vis-a-vis sales during the last three years are given below:

Sundry Debtors					(Rs. in crore)
Year ended as on	Considered Good	Considered Doubtful	Total	Sales during the year	% of total sundry debtors to sale
31.03.1998	360.63	3.48	364.11	1863.87	20%
31.03.1999	330.17	5.05	335.22	1585.74	21%
31.03.2000	313.48	42.29	355.77	2233.82	16%

Percentage of doubtful debts to total debts has been increased from 1.50% in 1998-99 to 11.88%in 1999-2000.

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

Dated : Calcutta
The 22nd August 2000

Auditors' Report

To

The Members of
National Aluminium Company Limited,
Bhubaneshwar.

We have audited the attached Balance Sheet of **NATIONAL ALUMINIUM COMPANY LIMITED, BHUBANESWAR** as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:-

1. As required by Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Sec. 227 (4A) of the Companies Act, 1956, we enclose in the ANNEXURE a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in ANNEXURE referred to *in paragraph 1 above, we report that :-*

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b) In our opinion, proper books of 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 & Loss Account dealt with by this report are in agreement with the books of account.

   d) In our opinion the Balance Sheet and the Profit and Loss Account comply with the Accounting standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956 except accounting for certain items of scrap on disposal and not on accrual as stated in Accounting Policy No. B.2.4 of Schedule - W.

   e) i. As stated in Note No. 2.1 of Schedule -X to the Accounts depreciation charged for the year is higher by Rs. 108.54 crore and the accumulated depreciation charged up to 31.03.2000 is lower by Rs. 343.32 crore, compared to the depreciation calculated at the rates prescribed under Schedule XIV of the Companies Act, 1956.

   ii. As stated in Note No. 3 of Schedule-X to the Accounts, there have been changes in the accounting policies in view of Accounting Standard (Revised) having been made mandatory with effect from 01.4.99 in respect of method of valuation of inventories which have the net effect of reducing the profit by Rs. 4.36 crore.

   iii. Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account together with notes thereon, give in the prescribed manner, the information required by the Companies Act, 1956 in the manner *so required and give a true and fair view:*

      a. in the case of the Balance Sheet of the affairs of the Company as at 31st March, 2000.

      b. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For Tej Raj & Pal
Chartered Accountants

Camp: Visakhapatnam
Date : 26th June, 2000

P. Venugopala Rao
Partner

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

I. a. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets except adjusting increase/decrease in cost consequent on revaluation of foreign currency liabilities to respective assets held at different units.

b. The Company has a regular programme of verification of fixed assets, which is kept up during the year and which, in our opinion, is adequate and reasonable, having regard to the size of the Company and the nature of its assets.

II. None of the fixed assets has 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 the nature of its business.

V. The discrepancies noticed on such physical verification of stocks as compared to book records were not material. Such discrepancies relating to shortages have been dealt with in the books of account, while excesses have been ignored.

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 except as stated in Note No. 3 of Schedule-X.

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 to Companies under the same management as defined under Section 370(IB) of the Companies Act, 1956.

VIII. The Company has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the Registers maintained under Section 301 of the Companies Act, 1956 and/or to companies under the same management as referred under Sub-section (IB) of Section 370 of the Companies Act, 1956 except the loan of Rs. 9.57 crore to International Aluminium Products Limited (IAPL) which has become a wholly owned subsidiary during the year.

IX. The principal amounts and interest wherever applicable thereon in respect of loans and/or advances in the nature of loans given by the Company to bodies corporate and employees have been recovered regularly as stipulated except amounts due from Bharat Gold Mines Limited as stated in Note No. 1.4 of Schedule-X to the accounts.

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 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. The Company has not purchased goods or materials or sold goods, materials or services from/to any parties listed in the register maintained under Section 301 of the Companies Act, 1956.

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, in terms of Section 58A of Companies Act, 1956.

XIV. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by-product.

XV. In our opinion, the Company has a reasonably adequate internal audit system commensurate with the size and nature of its business.

XVI. We 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 maintained. We have not, however, made a detailed examination of the said records. As per the directions of the Central Government, Cost Auditors have been appointed to carry out detailed review of records for the year.

XVII. The Company is regular in depositing Provident Fund dues with appropriate authorities. None of the employees of the Company is a member of the Employees' State Insurance. Family pension dues from 16.11.95 amounting to Rs. 11.49 crore, have been deposited with NALCO Employees' Provident Fund Trust and not with Regional Provident Fund Commissioner pending grant of exemption from such payment in view of creation of separate pension fund by the Company as stated in Note No. 2.3 of Schedule-X to the Accounts.

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 Sick Industrial Companies (Special provisions) Act, 1985.

For Tej Raj & Pal
Chartered Accountants

Camp: Visakhapatnam
Date : 26th June, 2000

P. Venugopala Rao
Partner

Balance Sheet as at March 31, 2000

(Rupees in crores)

	Schedule		As at March 31, 2000		As at March 31, 1999
SOURCES OF FUNDS					
Shareholders' Funds:					
Share Capital	A		644.31		644.31
Reserves and Surplus	B		2,556.19		2,191.17
Loan Funds:	C				
Secured loans			663.54		643.58
Unsecured loans			—		—
TOTAL			**3,864.04**		**3,479.06**
APPLICATION OF FUNDS					
Fixed Assets:	D				
Gross Block		5,037.81		4,883.36	
Less: Depreciation		2,785.82		2,503.91	
Net Block		2,251.99		2,379.45	
Capital Work-in-Progress	E	939.77		379.68	
			3,191.76		2,759.13
Investments	F		154.29		84.92
Current Assets, Loans and Advances:	G				
Inventories		440.24		443.37	
Sundry Debtors		313.48		330.17	
Cash and Bank Balances		4.07		22.05	
Other Current Assets		25.22		26.82	
Loans and Advances		228.00		227.03	
		1,011.01		1,049.44	
Less: Current Liabilities & Provisions:	H				
Liabilities		329.22		246.53	
Provisions		163.80		167.90	
		493.02		414.43	
Net Current Assets			517.99		635.01
TOTAL			**3,864.04**		**3,479.06**
Significant Accounting Polices	W				
Notes on Accounts	X				
Additional information	Y				

(Schedules A to Y form part of Accounts)

In terms of our report of
even date attached.
For and on behalf of
Tej Raj & Pal
Chartered Accountants

For and on behalf of Board of Directors

P. Venugopala Rao	**Visakhapatnam**	**K.N. Ravindra**	**C. Venkataramana**	**P. Parvathisem**
Partner	26th June, 2000	Company Secretary	Director (Finance)	Chairman-cum-Managing Director

Profit and Loss Account for the year ended March 31, 2000

(Rupees in crores)

	Schedule	Year ended March 31, 2000	Year ended March 31, 1999
INCOME:			
Sales	I	2,142.32	1,506.65
Finished goods internally consumed/capitalised		3.29	0.85
Accretion/(Decretion) to stock of finished/ intermediary products/work-in-process	J	(0.45)	43.83
Other income	K	124.90	178.93
		2,270.06	**1,730.26**
EXPENDITURE:			
Raw materials consumed	L	213.52	196.16
Power & Fuel	M	356.51	304.88
Repairs & Maintenance	N	126.85	141.66
Other Manufacturing Expenses	O	64.04	66.49
Excise Duty		155.00	109.04
Employees' Remuneration & Benefits	P	159.80	126.07
Administrative Expenses	Q	52.18	49.69
Other Expenses	R	28.81	33.91
Selling and Distribution Expenses	S	55.55	34.10
Interest & Financing Charges	T	63.43	38.06
Provisions	U	36.65	2.68
Depreciation		283.31	279.06
Deferred Revenue Expenditure written off		—	4.30
		1,595.65	**1,386.10**
PROFIT FOR THE YEAR		674.41	344.16
Less/(Add): Prior Period Adjustments (Net)	V	(6.59)	6.94
PROFIT BEFORE TAX		681.00	337.22
Less: Provision for taxation for the year		171.92	100.13
Add: Provision for taxation for earlier year written back		2.45	11.16
PROFIT AFTER TAX		511.53	248.25
Balance of profit brought forward from previous year		39.93	43.44
Transfer from Investment Allowance Reserve Utilised		—	198.46
Transfer from Capital Reserve		0.05	0.04
Amount available for appropriation		**551.51**	**490.19**
APPROPRIATIONS:			
Interim dividend		96.65	—
Proposed dividend		32.22	77.32
Tax on interim & proposed dividend		17.72	8.51
Tax on deemed dividend by way of capital reduction		—	64.43
Transfer to Debenture Redemption Reserve		321.77	—
Transfer to General Reserve		75.00	300.00
		543.36	**450.26**
Balance of profit carried to Balance Sheet		**8.15**	**39.93**
Significant Accounting Policies	W		
Notes on Accounts	X		
Additional information	Y		

(Schedules A to Y form part of Accounts)

In terms of our report of
even date attached.
For and on behalf of
Tej Raj & Pal
Chartered Accountants

For and on behalf of Board of Directors

P. Venugopala Rao Partner	**Visakhapatnam** 26th June, 2000	**K.N. Ravindra** Company Secretary	**C. Venkataramana** Director (Finance)	**P. Parvathisem** Chairman-cum-Managing Director

Schedules forming part of the Balance Sheet

(Rupees in crores)

	As at March 31, 2000	As at March 31, 1999
Schedule A		
SHARE CAPITAL		
Authorised:		
130,00,00,000 Equity Shares of Rs. 10/- each	1,300.00	1,300.00
Issued, Subscribed and Paid up:		
64,43,09,628 Equity Shares (Previous year 64,43,09,628 shares) of Rs. 10/- each fully paid up. Out of these shares, Government of India holds 56,14,99,635 shares (Previous year 56,14,99,635 shares).	**644.31**	**644.31**
Schedule B		
RESERVES & SURPLUS		
Capital Reserve:		
Grants-in-aid received from Government of India:		
As per last Balance Sheet	1.24	1.28
Add: Received during the year	0.08	—
	1.32	1.28
Less: Transfer to Profit & Loss Account	0.05	0.04
	1.27	1.24
General Reserve:		
As per Last Balance Sheet	2,150.00	1,850.00
Add: Transfer from Profit & Loss Account	75.00	300.00
	2,225.00	2,150.00
Investment Allowance Reserve Utilised		
As per Last Balance Sheet	—	198.46
Less: Transfer to Profit & Loss Account	—	198.46
	—	—
Debenture Redemption Reserve		
As per Last Balance Sheet	—	—
Add: Transfer from Profit & Loss Account	321.77	—
	321.77	—
Balance in Profit & Loss Account	8.15	39.93
TOTAL	**2,556.19**	**2,191.17**
Schedule C		
LOAN FUNDS		
Secured Loans:		
64,35,381 Nos. (Previous year 64,35,831 Nos.) of 14.5% Non-convertible Redeemable Debentures of Rs. 1,000 each, redeemable at par in three equal annual instalments commencing from the end of 4th year from the date of allotment being 26th March, 2003 and secured by hypothecation of Plant & Machinery at Captive Power Plant at Angul.	643.54	643.58
Export Packing Credit from State Bank of India (Secured by hypothecation of raw materials, finished/intermediary products, stores and book debts etc.)	20.00	—
Unsecured Loans:	—	—
TOTAL	**663.54**	**643.58**

Schedule D

FIXED ASSETS

(Rupees in crores)

Particulars of Assets	Gross Block				Depreciation				Net Block	
	As on 1.4.99	Additions	Sales/ Adjust-ments	As on 31.3.2000	As on 1.4.99	For the Year	On sales/ adjust-ments	Upto 31.3.2000	As on 31.3.2000	As on 31.3.99
A. PLANT, MINES AND OTHERS:										
Freehold land including development costs	30.05	—	(0.15)	29.90	—	—	—	—	29.90	30.05
Leasehold land including developmet costs	3.27	—	0.07	3.34	1.17	0.10	—	1.27	2.07	2.10
Buildings	174.64	3.18	1.14	178.96	76.32	8.26	0.05	84.63	94.33	98.32
Roads, bridges and culverts	26.57	0.97	(0.19)	27.35	7.56	0.38	—	7.94	19.41	19.01
Railway sidings	51.62	—	—	51.62	34.40	2.77	—	37.17	14.45	17.22
Water supply, drainage and sewerage	43.37	0.19	(0.09)	43.47	24.76	2.06	—	26.82	16.65	18.61
Power supply, distribution and lighting	185.34	0.07	(0.37)	185.04	95.39	9.69	—	105.08	79.96	89.95
Plant and machinery	4,144.39	134.86	0.44	4,279.69	2,192.72	251.80	(1.45)	2,443.07	1,836.62	1,951.67
Office equipments	12.98	1.89	(0.01)	14.86	5.46	1.56	(0.03)	6.99	7.87	7.52
Furniture and fittings	10.71	1.26	(0.04)	11.93	6.28	0.70	(0.03)	6.95	4.98	4.43
Vehicles	19.15	2.16	0.45	21.76	15.54	0.66	0.43	16.63	5.13	3.61
Miscellaneous equipments	32.59	3.16	(0.54)	35.21	10.56	1.70	(0.11)	12.15	23.06	22.03
TOTAL	**4,734.68**	**147.74**	**0.71**	**4,883.13**	**2,470.16**	**279.68**	**(1.14)**	**2,748.70**	**2,134.43**	**2,264.52**
B. SOCIAL FACILITIES:										
Freehold land including development costs	3.00	—	(0.08)	2.92	—	—	—	—	2.92	3.00
Leasehold land including development costs	0.35	—	—	0.35	0.20	0.02	—	0.22	0.13	0.15
Buildings	104.65	5.17	(0.80)	109.02	17.63	1.71	(0.05)	19.29	89.73	87.02
Roads, bridges and culverts	12.70	—	0.01	12.71	2.59	0.21	—	2.80	9.91	10.11
Water supply, drainage and sewerage	11.51	0.02	0.04	11.57	5.10	0.51	—	5.61	5.96	6.41
Power supply, distribution and lighting	10.20	0.91	(0.01)	11.10	5.02	0.50	—	5.52	5.58	5.18
Office equipments	0.08	—	0.01	0.09	0.07	—	—	0.07	0.02	0.01
Furniture and fittings	1.47	0.14	(0.02)	1.59	1.15	0.17	—	1.32	0.27	0.32
Vehicles	0.73	—	—	0.73	0.52	0.03	—	0.55	0.18	0.21
Miscellaneous equipments	3.99	0.47	0.14	4.60	1.47	0.23	0.04	1.74	2.86	2.52
TOTAL	**148.68**	**6.71**	**(0.71)**	**154.68**	**33.75**	**3.38**	**(0.01)**	**37.12**	**117.56**	**114.93**
Total for current year	**4,883.36**	**154.45**	**(0.00)**	**5,037.81**	**2,503.91**	**283.06**	**(1.15)**	**2,785.82**	**2,251.99**	**2,379.45**
Total for previous year	4,771.67	114.03	(2.34)	4,883.36	2,226.32	278.86	(1.27)	2,503.91	2,379.45	2,545.35

Notes:

1. Plant and machinery includes capitalisation of Rs. 1760.53 (Previous year Rs. 1760.53) (including Rs. Nil during the year, Rs. 18.48 previous year) towards net exchange variation loss in accordance with Accounting policy No. B 4.4 of schedule W.
2. Depreciation for the year includes Rs. 0.06 transferred to expenditure during construction period, pending capitalisation to Fixed Assets (previous year Rs. 0.06) and (-) Rs. 0.31 charged to prior period adjustment (Previous year (-) Rs. 0.26).
3. Included in Gross Block above are the following assets laid on land not belonging to the Company:
   a) Buildings—Rs. 0.97 (Previous year Rs. 0.97)
   b) Roads, bridges and culverts—Rs. 2.95 (Previous year Rs. 2.95)
   c) Water supply, drainage and sewerage— Rs. 0.58 (Previous year Rs. 0.58)
   d) Power supply, distribution and lighting—Rs. 4.83 (Previous year Rs. 4.83)
   e) Railway sidings—Rs. 6.53 (Previous year Rs. 6.53)

(Rupees in crores)

	As at March 31, 2000	As at March 31, 1999
Schedule E		
CAPITAL WORK-IN-PROGRESS		
Construction and other work-in-progress at cost	557.98	229.78
Advances to contractors and suppliers for capital goods (Unsecured, considered good)	83.76	24.79
Stock of construction materials (at cost) (Including materials with contractors Rs. 3.81, Previous year Rs. 0.99)	116.48	36.90
Construction materials and Plant & machinery-in-transit (at cost)	86.91	26.74
Expenditure during construction pending allocation (Schedule E.1)	94.64	61.47
TOTAL	**939.77**	**379.68**

Schedule E.1

EXPENDITURE DURING CONSTRUCTION
(Pending allocation)

		As at March 31, 2000		As at March 31, 1999
Opening Balance		61.47		30.87
Expenditure/Adjustments during the year:				
Technical Knowhow	3.58		9.60	
Technical Consultancy	30.80		18.64	
Other expenses	4.22		2.68	
Depreciation	0.06		0.06	
	38.66		30.98	
Less: Income/Adjustments during the year:				
Interest	0.26		0.13	
Net Expenditure during the year		38.40		30.85
Total Expenditure		99.87		61.72
Less: Amount allocated to Fixed assets		5.23		0.25
Balance carried forward		**94.64**		**61.47**

Schedule F

INVESTMENTS: (AT COST)

	Face value per unit (Rs.)	March 31, 2000 Number	March 31, 2000 Book Value	As at March 31, 1999 Number	As at March 31, 1999 Book Value
Trade:					
Long term Investments: (Unquoted)					
Equity shares in International Aluminium Products Ltd. (Acquired during the year 74,076,000 shares)	10	90,000,000	90.29	15,924,000	15.92
Non-Trade:					
10 year 9% (Tax free) Power Finance Corporation Bonds, 1990	1,000	20,000	2.00	70,000	7.00
10 year 9% (Tax free) Indian Railway Finance Corporation Bonds, 1990	1,000	120,000	12.00	120,000	12.00
10 year 15% GRIDCO Bonds, 1999	1,000	500,000	50.00	500,000	50.00
TOTAL			**154.29**		**84.92**

(Rupees in crores)

			As at March 31, 2000			As at March 31, 1999
Schedule G						
CURRENT ASSETS, LOANS & ADVANCES						
Current Assets:						
Inventories: (As Certified by the Management)						
Raw materials (Including in transit Rs. 18.41, Previous year Rs. 17.71)		55.11			37.96	
Stock of Finished/intermediary products/ work-in-process		155.88			156.33	
Coal and fuel oil (Including in transit Rs. 1.81, Previous year Rs. 0.93)		17.19			19.98	
Stores, spares and others (Including in transit Rs. 19.16, Previous year Rs. 22.02)		211.39			227.73	
Fixed Assets retired from active use and unserviceable materials	1.70			2.56		
Less: Provision	1.03			1.19		
		0.67			1.37	
			440.24			443.37
Sundry Debtors: (Unsecured)						
Debts over six months						
Considered good	120.42			110.91		
Considered doubtful	42.29			5.05		
	162.71			115.96		
Less: Provision for doubtful debts	42.29			5.05		
		120.42			110.91	
Other debts, considered good		193.06			219.26	
			313.48			330.17
Cash and Bank Balances:						
Cash on hand including imprest & stamps		0.11			0.13	
Cheques and postal orders on hand		3.33			8.70	
Balances with Scheduled Banks:						
In Current Accounts		0.41			12.20	
In Exchange Earner's Foreign Currency Account		0.02			0.41	
In Term Deposits		0.20			0.30	
Remittances in transit		—			0.31	
			4.07			22.05
Other Current Assets:						
Interest accrued:						
Investments		2.06			1.89	
Debtors		0.51			0.38	
Bank deposits and others		1.29			1.84	
Deposits with Financial Institutions		—			4.08	
Loans to Employees		11.21			8.90	
Accrued Export Incentives		10.15			9.73	
			25.22			26.82
Sub-total of Current Assets:			**783.01**			**822.41**

(Rupees in crores)

		As at March 31, 2000		As at March 31, 1999
Schedule G				
CURRENT ASSETS, LOANS & ADVANCES (Contd.)				
Loans and Advances:				
(Unsecured, considered good unless otherwise stated)				
Loans to employees (Secured Rs. 37.07 Previous Year Rs. 31.46)		41.62		36.33
Stores on loan basis		0.32		0.30
Loans to Public Sector Companies		5.00		5.00
Short term Deposits with Financial Institutions:				
Industrial Development Bank of India	—		15.00	
Industrial Finance Corporation of India	—		35.00	
		—		50.00
Advances to Employees		5.32		1.91
Income Tax refund receivable		20.38		20.17
Advance for Sales Tax		—		3.95
Advance to International Aluminium Products Ltd. (A 100% subsidiary of NALCO)		9.57		—
Payments made towards disputed Sales Tax, Customs and Excise demands		21.08		18.85
Advances to Suppliers and others:				
Considered good	6.48		5.42	
Considered doubtful	2.62		3.15	
	9.10		8.57	
Less: Provision for doubtful advances	2.62		3.15	
		6.48		5.42
Prepaid Expenses		2.96		2.48
Claims Recoverable (Considered good):				
MODVAT credit claims	74.01		58.91	
DEPB claims	25.12		14.66	
Other claims	11.56		6.11	
	110.69		79.68	
Claims Considered doubtful	4.36		4.26	
	115.05		83.94	
Less: Provision for doubtful claims	4.36		4.26	
		110.69		79.68
Deposits with:				
Customs Authorities	0.96		0.33	
Port Authorities	0.39		0.33	
Excise Authorities	0.17		0.03	
Other Government Departments	1.45		0.69	
Others	1.61		1.56	
		4.58		2.94
Sub-total of Loans and Advances:		228.00		227.03
TOTAL		**1,011.01**		**1,049.44**

Note: Loans due from Directors as on 31.3.2000—Rs. 0.03 lakhs, Maximum amount due during the year Rs. 1.76 lakhs (Previous year—Rs. 1.49 lakhs, Maximum amount due Rs. 1.95 lakhs)

(Rupees in crores)

		As at March 31, 2000		As at March 31, 1999
Schedule H				
CURRENT LIABILITIES & PROVISIONS				
Current Liabilities:				
Sundry creditors:				
On capital account	82.61		47.84	
Others	84.75		62.82	
Other liabilities (Including advances from customers of Rs. 14.13, previous year Rs. 9.73)	92.76		97.34	
Security deposits:				
On capital account	27.47		13.99	
Others	23.64		23.00	
Book Overdraft	16.45		—	
Interest accrued but not due on:				
Export Packing Credit	0.01		—	
Redeemable debentures	1.53		1.54	
		329.22		246.53
Provisions:				
For taxation (net of advance payment of tax)	9.68		11.26	
For interim dividend	96.65		—	
For proposed dividend	32.22		77.32	
For tax on interim and proposed dividend	17.72		8.51	
For tax on deemed dividend	—		64.43	
For leave encashment and post-retirement medical benefits	7.53		6.38	
		163.80		167.90
TOTAL		**493.02**		**414.43**

Schedules forming part of Profit & Loss Account

(Rupees in crores)

		Year ended March 31, 2000	Year ended March 31, 1999
Schedule I			
SALES			
Export:			
Calcined Alumina		396.38	422.84
Aluminium Standard and Sow Ingots		573.60	187.30
Aluminium Billets		61.66	22.03
		1,031.64	**632.17**
Domestic:			
Alumina Hydrate		6.90	5.45
Calcined Alumina		0.52	0.31
Aluminium Standard and Sow Ingots		682.75	519.84
Aluminium Wire Rods		336.17	242.74
Aluminium Billets		23.13	22.41
Aluminium Strips		5.87	—
Electricity		55.34	83.73
		1,110.68	874.48
	TOTAL	**2,142.32**	**1,506.65**

Schedule J

ACCRETION/(DECRETION) TO FINISHED/ WORK-IN-PROCESS/INTERMEDIARY PRODUCTS

		Opening Stock	Closing Stock	Accretion/ Decretion
Finished Products:				
Bauxite		4.53	5.79	1.26
		(4.25)	(4.53)	(0.28)
Alumina Hydrate		—	4.51	4.51
		—	—	(—)
Calcined Alumina		26.45	26.97	0.52
		(22.84)	(26.45)	(3.61)
Aluminium Standard and Sow Ingots		33.79	17.95	-15.84
		(8.00)	(33.79)	(25.79)
Aluminium Wire Rods		7.60	0.45	-7.15
		(0.40)	(7.60)	(7.20)
Aluminium Billets		10.53	17.89	7.36
		(7.30)	(10.53)	(3.23)
Aluminium Strips		—	0.06	0.06
		(—)	(—)	(—)
Intermediary products:				
Anodes		8.29	14.11	5.82
		(14.87)	(8.29)	(-6.58)
Anode butts		34.83	27.34	-7.49
		(28.58)	(34.83)	(6.25)
Aluminium scraps		1.98	7.32	5.34
		(2.72)	(1.98)	(-0.74)
Work-in-process		28.33	33.49	5.16
		(23.54)	(28.33)	(4.79)
	TOTAL	**156.33**	**155.88**	**-0.45**
		(112.50)	(156.33)	(43.83)

Figures in brackets represent those of previous year.

(Rupees in crores)

	Year ended March 31, 2000	Year ended March 31, 1999
Schedule K		
OTHER INCOME		
Operating:		
Export incentives	86.94	76.17
Exchange variation gain	5.68	2.86
Stock yard recoveries	1.00	3.17
	93.62	**82.20**
Non-Operating:		
Interest on/from:		
Investments	9.12	3.33
Debtors	6.67	7.97
Bank Deposits and others	4.95	8.81
Certificates of Deposit	—	1.57
Deposits with Financial Institutions	0.83	20.94
Loans to Employees	2.64	2.23
Exchange variation gain on bank balance	0.39	43.82
Profit on sale of fixed assets	0.04	0.09
Sale of scrap	1.27	2.08
Receipt for rent, electricity & water charges	1.97	1.58
Miscellaneous Income	3.40	4.31
	31.28	96.73
TOTAL	**124.90**	**178.93**

Tax deducted at source from interest income from debtors, deposits with banks and financial institutions Rs. 3.24 (previous year Rs. 5.86).

	Year ended March 31, 2000 Quantity (MT)	Value	Year ended March 31, 1999 Quantity (MT)	Value
Schedule L				
RAW MATERIALS CONSUMED				
Caustic soda	63,561	63.79	71,584	70.71
C.P. Coke	88,494	59.56	74,106	64.95
C.T. Pitch	25,151	30.24	16,822	16.85
Aluminium fluoride	5,716	21.35	5,161	19.71
Lime	13,522	3.46	12,429	3.51
Crystal growth modifier	183	2.42	287	3.61
Purchased anodes	5,343 Nos.	23.51	1825 Nos.	8.19
Others		9.19		8.63
TOTAL		**213.52**		**196.16**

(Rupees in crores)

		Year ended March 31, 2000	Year ended March 31, 1999
Schedule M			
POWER & FUEL			
Coal		222.90	202.55
Fuel oil		85.81	64.02
Duty on self generation		44.39	35.85
Power transmission charges		2.53	2.17
Purchased power		0.88	0.29
	TOTAL	**356.51**	**304.88**
Schedule N			
REPAIRS & MAINTENANCE			
Buildings		5.40	10.51
Machinery		115.35	123.55
Others		6.10	7.60
	TOTAL	**126.85**	**141.66**
Schedule O			
OTHER MANUFACTURING EXPENSES			
Royalty & Cess		11.57	11.50
Freight inwards		19.63	14.58
Consumption of stores		25.83	31.22
Water charges		1.81	1.65
Technical assistance fee & expenses		5.20	5.99
Others		—	1.55
	TOTAL	**64.04**	**66.49**
Schedule P			
EMPLOYEES' REMUNERATION AND BENEFITS			
Salaries, wages, bonus & exgratia		118.08	91.98
Contribution to Provident & Pension funds		7.84	7.12
Provision for leave encashment and post-retirement medical benefits		1.15	0.74
Staff welfare expenses		30.65	24.44
Gratuity		2.08	1.79
	TOTAL	**159.80**	**126.07**

(Rupees in crores)

		Year ended March 31, 2000		Year ended March 31, 1999
Schedule Q				
ADMINISTRATIVE EXPENSES				
Rent		1.59		1.11
Rates and taxes		0.63		0.69
Insurance		2.27		2.29
Repairs & Maintenance :				
Buildings		1.35		2.22
Others		2.50		3.18
Vehicle operating expenses		0.87		0.85
Consumption of stores		0.52		0.95
Recruitment expenses		0.05		0.32
Bank charges		1.86		1.47
Legal expenses		0.88		0.56
Printing & Stationery		1.29		1.20
Electronic data processing expenses		1.11		1.37
Communication expenses		3.65		3.85
Advertisement & publicity		1.29		2.51
Electricity & water charges		2.64		2.40
Travelling expenses		5.56		4.59
Hire charges for machinery and vehicles		2.87		2.44
Management development & training		2.24		1.49
Consultancy charges		1.00		0.85
CISF and other security expenses		12.72		10.67
Fire fighting services		1.58		1.35
Miscellaneous expenses		3.71		3.33
TOTAL		**52.18**		**49.69**
Schedule R				
OTHER EXPENSES				
Research & development expenses		**0.25**		**0.61**
Plantation and horticulture		1.22		0.99
Environment and pollution control		0.35		0.27
Peripheral development expenses		3.57		5.52
Debenture issue expenses		0.10		4.83
Auditors' remuneration :				
Statutory audit fee		0.04		0.02
Tax audit fee		0.01		0.01
Audit expenses		0.05		0.05
Cost audit fee & expenses		0.01		0.01
Donations		1.00		—
Demurrage		0.25		0.24
Loss on sale of assets		0.04		0.06
Loss on sale of scrap		0.29		0.02
Stores & spares written off	21.50		30.01	
Less : Provision in earlier years	—	21.50	9.19	20.82
Claims, receivable and debts etc written off		0.13		0.46
TOTAL		**28.81**		**33.91**

(Rupees in crores)

	Year ended March 31, 2000	Year ended March 31, 1999
Schedule S		
SELLING AND DISTRIBUTION EXPENSES		
Packing and forwarding	1.41	0.96
Freight outwards and handling (net of recoveries)	27.74	18.05
Cash discount	21.48	10.41
Demurrage	0.07	0.14
Bank charges	0.81	0.71
Others	4.04	3.83
TOTAL	**55.55**	**34.10**
Schedule T		
INTEREST AND FINANCING CHARGES		
Interest on :		
Medium term foreign loans	—	11.73
Debentures	93.31	1.54
Export packing credit	0.05	—
Others	3.13	3.78
Exchange variation	—	15.07
Guarantee fee on foreign loans	(33.06)	5.94
TOTAL	**63.43**	**38.06**
Schedule U		
PROVISIONS		
Unserviceable materials	(0.16)	0.24
Doubtful debts	37.24	1.57
Doubtful advances	(0.53)	0.71
Doubtful insurance claims	0.03	(0.09)
Sundry claims	0.07	0.25
TOTAL	**36.65**	**2.68**
Schedule V		
PRIOR PERIOD ADJUSTMENTS (NET)		
Interest from debtors	—	6.58
Interest on loan to public sector company	—	1.58
Raw materials consumed	0.87	0.10
Power & fuel	(4.99)	—
Repairs & maintenance	(0.49)	0.46
Other manufacturing expenses	(1.87)	(0.03)
Administrative expenses	0.20	0.18
Selling & distribution expenses	—	(0.02)
Provisions	—	(1.65)
Depreciation	(0.31)	(0.26)
TOTAL	**(6.59)**	**6.94**

Figures in brackets represent credits.

Schedules forming part of the Accounts

Schedule W

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING :

The Company prepares its accounts on accrual basis under historical cost convention in accordance with mandatory accounting standards.

B. BALANCE SHEET :

1. FIXED ASSETS :

1.1 All fixed assets are stated at historical cost less depreciation. Cost of acquisition is inclusive of freight, duties, taxes and net of MODVAT credit wherever applicable.

1.2 Direct revenue expenditure including financing cost incurred during construction period on New/ Expansion projects is treated as expenditure during construction and is allocated to relevant fixed assets at the time of capitalisation.

1.3 Expenses on development of land including leasehold land is capitalised as part of cost of land.

1.4 Expenses of capital nature incurred on assets laid on land not belonging to the Company are capitalised under appropriate asset heads.

1.5 Where final bills/statements of account are not received, capitalisation of assets has been made provisionally on the basis of technical assessments which may undergo change on settlement of final bills / receipt of statements of account.

1.6 Fixed assets acquired out of financial grant from Government are shown at gross cost by crediting the grant-in-aid received to Capital Reserve. Equivalent amount of depreciation written off on such assets in each year is transferred from Capital Reserve to Profit & Loss Account.

2. INVENTORIES :

2.1 Raw materials, stores, spare parts and tools are valued at weighted average cost and net of MODVAT credit wherever applicable.

2.2 Finished goods are valued at lower of cost or net realisable value. Cost is determined on the basis of relevant year's average cost of production and excludes selling and distribution overheads, interest, exchange variation, depreciation on capitalised exchange variation. Cost of Finished goods inside the plant includes excise duty payable.

2.3 Intermediary product, viz. Anodes are valued at direct material cost. Anode butts and anode rejects are valued at 45% of direct material cost (being 50% of direct material cost less 10% thereof towards reprocessing cost).

2.4 Aluminium scrap is valued at cost. Scrap arising out of replacement of major machinery components is valued on the basis of technical estimation. Other scrap is accounted for on disposal.

2.5 Stocks of work-in-process are ascertained on the basis of technical estimates and are valued at annual average direct material and power & fuel, and proportionate conversion cost.

2.6 Inventory of stores and spares, other than insurance spares, not moved for more than 5 years is valued at 5% of cost. Inventory of insurance spares is valued after making appropriate adjustments in line with Accounting Standard-2 read with Accounting Standard-10.

3. DEFERRED REVENUE EXPENDITURE :

Expenditure on feasibility studies, preparation of project reports, documentations and other related matters on new/expansion projects and unsuccessful projects and capital contribution to external Research & Development Institutions to the extent not adjusted, are grouped under this head pending capitalisation / write off. Expenditure on unsuccessful projects and capital contribution to external Research & Development Institutions is written off over a period of three years.

4. FOREIGN CURRENCY TRANSACTIONS :

4.1 Exports and imports during the year in foreign currency are recorded in Indian rupees by applying average Bill Buying and Bill Selling rates of the respective months.

4.2 Other transactions in foreign currency are accounted for at the exchange rates prevailing on the date of the transactions.

4.3 All foreign currency assets and liabilities are stated at the rates prevailing as on the date of the Balance Sheet.

4.4 Exchange differences relating to acquisition of fixed assets are adjusted against relevant nature of fixed assets. Other exchange differences arising out of their settlement and restatement are dealt with in the Profit & Loss Account.

C. PROFIT AND LOSS ACCOUNT :

1. DEPRECIATION :

1.1 Depreciation is provided under straight line method.

1.2 Depreciation was charged in respect of main Plant and Machinery and related Factory Buildings and Storage godowns etc., at the rate of 5 per cent up to 31st March, 1994, based on estimated useful life of assets being 20 years without retention of 5 per cent residual value. The useful life of these assets has been revised to 18 years to bring it at par with the life of "Continuous process plant" as envisaged in Schedule XIV of Companies Act, 1956. Such change in life of assets has been considered from 1.4.93 i.e. from the year of introduction of "Continuous process plant" concept in Schedule XIV of Companies Act, 1956. Depreciation rates on such assets have been recomputed based on guidelines issued under Circular No.14/93 dated 20.12.93 by Department of Company Affairs, by allocating the unamortized value over the remaining life after retention of 5 per cent residual value except for assets already written off fully.

1.3 Depreciation on the following assets is provided based on their estimated useful life at the rates 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 Captive Power Plant	15.38%

1.4 Depreciation on all other assets is provided as per rates prescribed in Schedule XIV of the Companies Act, 1956.

1.5 Assets costing Rs.5,000/- or less individually are depreciated fully in the year in which they are put to use.

1.6 Exchange variation loss/gain adjusted to cost of Plant and Machinery is fully depreciated prospectively over the residual life of assets.

1.7 Assets laid on land not belonging to the Company are depreciated over a period of five years.

1.8 Cost of leasehold land including development expenses thereon is amortised over a period of 25 years in the case of Mines and 20 years or the period of lease whichever is less in other cases commencing from the year of commercial operation.

2. **PRIOR PERIOD INCOME /EXPENDITURE & PRE-PAID EXPENSES :**

Income/Expenditure relating to prior period and pre-paid expenses not exceeding Rs.1 lakh in each case is treated as income / expenditure of the current year.

3. **RECOGNITION OF REVENUE :**

3.1 Export sales are recognised based on the date of Bill of Lading irrespective of terms of sale viz. FOB, C&F, CIF etc. Indigenous sales are recognised 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 realisation.

3.3 Interest receivable is accounted for based on certainty of realisation from past experience.

3.4 Export incentives in the form of credit earned on exports made during the year, under Duty Entitlement Pass Book (DEPB) and Special/ Advance Licences, are treated as income at actual credit and estimated realisable value respectively.

3.5 Consumption of raw materials and stores & spares is accounted for at net of MODVAT credit wherever applicable.

4. **EXCISE DUTY :**

Excise Duty is accounted for on despatch of products from the factory and on closing stock inside the plant as stated in Para No.B 2.2.

5. **REPAIRS AND REPLACEMENTS :**

5.1 Replacements of major machinery components of high value items of gear boxes, transformers, conveyor belts, wire ropes etc. are charged to Profit & Loss Account in the year of replacement after adjustment of estimated realisable value of the scrap arising there-from.

5.2 Pot relining expenses are charged to Profit & Loss Account in the year of occurrence.

6. **RETIREMENT BENEFITS :**

6.1 Contribution to Provident Fund is provided on the basis of actual liability.

6.2 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.

6.3 Liabilities towards other retirement benefits such as leave encashment and post retirement medical facilities to employees as at the end of the year are provided for on the basis of actuarial valuation.

7. **RESEARCH & DEVELOPMENT EXPENDITURE :**

Research and development expenditure except of capital nature, is charged to Profit & Loss Account in the year of incurring after setting off of incidental income, if any.

8. **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.

Schedule X

NOTES FORMING PART OF THE ACCOUNTS :

1. BALANCE SHEET :

1.1 Debentures:

The number of 14.5% Non-convertible Redeemable Secured Debentures of Rs.1000/- each was reduced from 64,35,831 to 64,35,381 on liquidation of fractional debentures because of holding of fractional original shares. In terms of value, the reduction is from Rs.643.58 crore to Rs 643.54 crores.

1.2 Land :

a) Value of Freehold land includes advance payments made for acquisition through State Government. Land acquisition proceedings are still in progress and it is possible that further claims may arise on the Company. Relevant title deeds for the acquired land, except a few have been executed.

b) Land acquired by the Company includes Government land on lease basis. Though the Company has been permitted by the Government to use such land, formalities for legal transfer are yet to be completed. Value of leasehold land represents amount deposited with the State Government and estimated liabilities provided for.

1.3 Contingent Liabilities :

(Rs. in crore)

	As at 31st March, 2000	As at 31st March, 1999
a) Estimated amount of contracts to be executed on capital account (net of advances and Lcs opened)	331.49	618.49
b) Outstanding letters of credit, guarantees and counter guarantees	146.91	104.88
c) Claims against the Company not acknowledged as debts :		
i) Sales Tax on:		
Works contracts	6.05	6.05
Sale of products	60.95	61.08
ii) Excise Duty on fabrication works	6.12	6.12
iii) Customs Duty on design/engineering charges, steel billets & other claims	13.80	17.57
iv) Claims of contractors & suppliers	24.43	25.68
v) Land acquisition & interest thereon	21.02	19.68
vi) Claims made by GRIDCO not covered by contractual terms:		
Transmission charges	83.93	66.28
Energy charges	7.25	6.55
vii) Contribution to Mineral Exploration Fund	1.28	1.28
viii) Excise Duty for non submission of :		
a) Proof of export	7.68	3.55
b) Other documents	13.18	29.63
ix) Unrealised bank guarantees due to court injunctions.	0.60	0.77
x) Income Tax	13.05	0.17
xi) Bauxite cess	8.34	8.34
xii) Road Tax	0.01	0.40
xiii) State Entry Tax	2.84	—
xiv) Electricity Duty on Auxiliary Consumption	39.86	—
TOTAL	310.39	253.15

An amount of Rs.21.08 crore (Previous year Rs.18.85 crore) paid under protest against some of the above demands is shown under Loans and Advances. Besides above, a few more cases in respect of escalation and extra claims for works contracts have been referred to arbitration and monetary value of such claims is not ascertainable.

1.4 Bharat Gold Mines Limited (BGML) was paid a working capital loan of Rs. 5 crore during May 1989, repayable within six months. BGML has defaulted in repayment of principal. BGML has been referred to BIFR under Sick Industrial Companies (Special Provisions) Act, 1985. The above amount is considered good, as BGML is a government company and the Central Government has given assurance regarding repayment.

1.5 Dues to various Small Scale Industrial Units amounting to Rs.0.70 crore (Previous year Rs.1.02 crore) has been grouped under Current Liabilities. There are no dues to Small Scale Industrial Units for more than thirty days in excess of rupees one lakh in each case.

1.6 International Aluminium Products Ltd. (IAPL), a public limited company promoted by Mukund and others, in which NALCO had earlier 26% equity stake, was progressively taken over by NALCO by acquiring balance 74% equity by 1.3.2000. Thus, IAPL has become a wholly owned subsidiary of NALCO. In the EGM held on 5.5.2000, it was decided to merge IAPL with the company w.e.f. 1.4.2000 and application in this regard has been submitted to Central Government for approval. IAPL is a 100% EOU with an estimated project cost of Rs.292.00 crores and is coming up adjacent to NALCO's Smelter Plant.

2. PROFIT AND LOSS ACCOUNT:

2.1 The depreciation rates followed by the Company in respect of certain assets are at variance with the rates specified in Schedule XIV as explained in Accounting Policy No.C.1.2, 1.3 and 1.6. Had the depreciation been calculated in respect of those assets by applying the rates specified in Schedule XIV of Companies Act, 1956, the charge for the year would have been lower by Rs.108.54 crore (previous year lower by Rs.100.35 crore). However the cumulative shortfall in depreciation under Section 205(2) of the Companies Act upto 31.3.2000 is Rs.343.32 crore (previous year Rs.451.86 crore). Such shortfall of depreciation is being provided through higher rates adopted as above than those required under Schedule XIV of Companies Act, over the next four years.

2.2 Pending finalisation of revision of pay scales for employees (both executive and non-executive) under IDA pattern with effect from 01.01.1997, a provision of Rs.23.14 crore (previous year Rs.13.45 crore and cumulative provision of Rs.50.81 crore) has been made as per Mohan Committees' Report towards likely liability on account of such revision. However, the Board has recommended better pay scales for executives and the same is awaiting Central Government's approval. Additional liability on this score amounting to Rs.16.24 crores has not been considered as no approval has been received so far.

2.3 The Company has introduced its own "Employees Pension Scheme"with effect from 1.4.95 which has been recognised by Income Tax Department. In terms of para 39 of Employees Pension Scheme'95 (EPS'95), the Company has sought exemption from operation of EPS'95, which is awaited. Pending grant of recognition to Company's Pension scheme, the amounts otherwise payable to RPFC under EPS'95, amounting to Rs.11.49 crore from 16.11.95 to 31.3.2000 has been retained with the Nalco Employees Provident Fund Trust.

2.4 In respect of self generation of power, the cost under "Power and Fuel" consists of consumption of coal and fuel oil but does not include other expenses of generation and consumption of certain other materials, which have been included under the primary heads of account.

2.5 The dues against GRIDCO amounting to Rs.148.88 crores is based on billing made in accordance with agreement with them (erstwhile OSEB). The balance outstanding has not yet been confirmed by them pending reconciliation.

2.6 Chief Electrical Inspector, Government of Orissa, has raised a claim of Rs.39.86 crores dated 14.12.99 towards Electricity Duty on auxiliary consumption at CPP starting from 1986-87 upto October 1999. The company has disputed the claim in view of the decision taken in the high level meeting chaired by Chief Secretary, Orissa government on 28.1.94 to initiate action for exempting electricity duty on auxiliary consumption by bringing in an amendment to the Orissa Electricity (Duty) Act, 1961. It was also decided in the said meeting that exemption of ED on auxiliary consumption granted to different categories of power plants till the date of amendment of the statute shall remain unchanged and regularised while amending the statute. The Company considers that the issue of such notification exempting levy of ED on auxiliary consumption is a mere formality. However, the claim amount of Rs. 39.86 crores has been shown as contingent liability.

2.7 Provision made for taxation in previous year has been written back to the extent of Rs.2.45 crore (Previous year Rs.11.16 crores) based on the opinion of the Counsel and the return of income filed by the Company.

3. In view of Accounting standard - 2 (Revised) being mandatory in nature w.e.f. 1.04.1999, the changes made in the method of valuation of inventories has the following impact on the financial statements:

a) Consequent to change in method of valuation of finished goods by including cost of factory management and administration, (Policy No.B.2.2), both the inventory and profit for the year are increased by Rs. 3.38 crore.

b) Consequent to change in method of valuation of work-in-process by including proportionate conversion cost (Policy No.B.2.5), both inventory and profit for the year are increased by Rs.5.90 crore.

c) Consequent to change in method of valuation of inventory of insurance spares by making appropriate adjustments (Policy No.B. 2.6), both inventory and profit for the year are reduced by Rs.13.64 crore.

d) Consequent to inclusion of Excise Duty payable on stock of finished products inside the plant (Policy No.B.2.2), both inventory of finished goods and other liability have gone up by Rs.8.44 crore. This has no impact on the profit for the year of the Company.

4.1 Figures have been rounded off to Rupees in crores with two decimal points as approved by Department of Company Affairs.

4.2 Previous year's figures have been regrouped/ rearranged wherever necessary to make them comparable with those of current year.

Schedule Y

Additional information forming part of accounts for the year ended March 31, 2000

	Current year (Rs. in crores)	Previous year (Rs. in crores)
1. Whole-time Directors' Remuneration:		
Salaries	0.16	0.14
Leave salary on retirement	0.04	—
Provision for pay revision liability	0.21	0.02
Company's contribution to Provident Funds & Gratuity Scheme	0.02	0.02
Leave travel concession	0.01	0.01
Medical benefits	0.01	0.01
Other benefits	0.05	0.05
TOTAL	**0.50**	**0.25**

(In addition, each whole time director is allowed the use of Company's car for private purpose up to 750 kms per month on payment of Rs. 4,800/- to Rs. 9,360/- per annum as applicable. Sitting fees paid to non-functional Directors during the year is Rs. 35,000 (previous year Rs. Nil.)

	Current year	Previous year
2. Expenditure incurred in Foreign Currency on cash basis:		
Interest on loans	—	11.86
Continued technical assistance to Aluminium Pechiney	3.67	3.49
Payments to consultants/supervision charges	0.51	3.87
Travelling expenses	0.50	0.60
Books, periodicals, advertisement, bank charges etc.	0.51	0.41
TOTAL	**5.19**	**20.23**
3. Earnings in Foreign Currency on cash basis :		
Export of goods	1,041.83	550.50
Interest on bank deposits	2.23	8.89
Despatch money	0.44	0.49
TOTAL	**1,044.50**	**559.88**
4. Value of Imports calculated on CIF basis :		
Raw materials	83.53	47.98
Components, spare parts and construction materials	28.14	12.69
Capital goods	201.80	34.53
TOTAL	**313.47**	**95.20**

5. Value of Raw materials, stores, spares & components consumed during the year:

	Current Year		Previous Year	
	Value	**%**	**Value**	**%**
a) Raw materials :				
Imported	85.97	40.26	60.73	30.96
Indigenous	127.55	59.74	135.43	69.04
TOTAL	**213.52**	**100.00**	**196.16**	**100.00**
b) Stores, spares and components				
Imported	53.93	39.19	51.92	34.75
Indigenous	83.67	60.81	97.49	65.25
TOTAL	**137.60**	**100.00**	**149.41**	**100.00**

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

Products	Licenced Capacity	Installed Capacity		Actual 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	28,22,464	28,06,288
Aluminium Hydrate	Not Applicable	8,00,000	8,00,000	9,06,000	9,01,000
Calcined Alumina	Not Applicable	8,00,000	8,00,000	8,86,000	8,94,500
Aluminium Standard Ingots	Not Applicable	1,00,000	1,00,000	81,872	53,666
Aluminium Sow Ingots	Not Applicable	—	—	81,067	54,332
Aluminium Wire rods	Not Applicable	1,00,000	1,00,000	35,932	30,996
Aluminium Billets	Not Applicable	30,000	30,000	12,179	6,742
Aluminium Strips	Not Applicable	13,000	—	625	—
Electricity	Not Applicable	720 MW	720 MW	3,985	3,588 MU

Note : 1. Installed capacities are as per project report.

2. Bauxite of 27,82,352 MT (previous year 27,92,105 MT), Alumina Hydrate of 8,86,479 MT (previous year 8,94,906 MT), Calcined Alumina of 4,12,894 MT (previous year 2,81,353 MT) and Electricity of 3,393 MU (previous year 2,668 MU) have been consumed internally during the year.

3. The Aluminium production does not include production 524 MT (previous year 131 MT) of bus bar and 464 MT (previous year 339 MT) of Anode stem and wedges produced for internal consumption.

7. **Stocks and Sales:**

Products	Opening Stock		Sales		Closing Stock	
	Quantity In Tonnes	Value Rs. in crores	Quantity In Tonnes	Value Rs. in crores	Quantity In Tonnes	Value Rs. in crores
Bauxite	4,15,923	4.53	—	—	4,56,393	5.79
	(4,04,534)	(4.25)	—	—	(4,15,923)	(4.53)
Alumina Hydrate	4	—	7,540	6.90	11,985	4.51
	(6)	(—)	(5,869)	(5.45)	(4)	(—)
Calcined Alumina	71,609	26.45	4,80,107	396.90	65,068	26.97
	(67,131)	(22.84)	(6,11,222)	(423.15)	(71,609)	(26.45)
Aluminium Standard ingots	8,006	33.79	1,66,320	1,256.35	4,574	17.95
	(2,397)	(8.00)	(1,02,327)	(707.14)	(8,006)	(33.79)
Aluminium Wire rods	1,492	7.60	37,336	336.17	87	0.45
	(116)	(0.40)	(29,622)	(242.74)	(1,492)	(7.60)
Aluminium Billets	2,129	10.53	11,112	84.79	3,217	17.89
	(1,878)	(7.30)	(6,489)	(44.44)	(2,129)	(10.53)
Aluminium Strips	—	—	618	5.87	7	0.06
	—	—	—	—	—	—
Electricity (in MU net)	—	—	595	55.34	—	—
	—	—	(920)	88.73	—	—

Note: 1. Figures in brackets pertain to those of previous year.

2. The closing stock of Aluminium ingots includes 1679 MT of Sow ingots (previous year 5294 MT).

3. Stock of Bauxite, Alumina hydrate and Calcined alumina are valued and disclosed as finished products.

4. Figures of closing stock are after adjustment of excess of Bauxite 358 MT (Previous year shortage of 2794 MT), Alumina hydrate Nil (Previous year shortage of 227 MT) and Calcined alumina excess of 460 MT (Previous year 2571 MT), Aluminium Standard & Sow ingots shortage of 60 MT (previous year 62 MT), Aluminium Wire rods shortage 1 MT (previous year excess 2 MT), Aluminium billets Nil (Previous year shortage of 2 MT). Corresponding insurance claims are lodged in respect of transit shortages of Aluminium Ingots, wire rods and billets.

8. *Social Amenities:*

(Rs. in crores)

Expenses	Township	Education	Medical	Social/Cultural	Canteen	Total
Payment to employees	1.73	—	4.94	—	1.16	7.83
Welfare expenses	—	5.35	3.53	1.06	2.86	12.80
Materials consumed	0.44	—	1.55		0.02	2.01
Repairs & maintenance	5.38	0.13	0.08	0.06	0.01	5.66
Power, fuel & water charges	2.02	—	0.01	—	—	2.03
Depreciation	3.28	0.15	0.09	0.09	0.04	3.65
TOTAL	12.85	5.63	10.20	1.21	4.09	33.98
Less: Recoveries	1.84	—	0.08	—	—	1.92
Net Expenditure	11.01	5.63	10.12	1.21	4.09	32.06
For previous year	12.37	5.27	9.07	0.92	3.74	31.37

9. Balance Sheet Abstract and Company's General Profile:

i) Registration Details:

Registration No.	1500920
State Code	15
Balance Sheet Date	31st March, 2000

(Rs. in crores)

	Current Year	Previous Year
ii) Capital raised during the year:		
Public Issue	Nil	Nil
Right Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement	Nil	Nil
iii) Position of mobilisation and deployment of Funds:		
Total Liabilities	3,864.04	3,479.06
Total Assets	3,864.04	3,479.06
Sources of Funds:		
Paid-up Capital	644.31	644.31
Reserve & Surplus	2,556.19	2,191.17
Secured Loans	663.54	643.58
Unsecured Loans	Nil	Nil
Application of Funds:		
Net Fixed Assets	3,191.76	2,759.13
Investments	154.29	84.92
Net Current Assets	517.99	635.01
Misc. Expenditure	Nil	Nil
Accumulated losses	Nil	Nil
iv) Performance of the Company:		
Turnover	2,142.32	1,506.65
Total Expenditure	1,589.06	1,393.04
Profit/Loss before Tax	681.00	337.22
Profit/Loss after Tax	511.53	248.25
Earning per Share (In Rupees)	7.94	3.85
Dividend rate (%) (Including Interim Dividend)	20.00	12.00

v) Generic Name of Principal products/services: (Disclosed as per Licence)

Item Code no.	335000000
Product	Aluminium Ingots

In terms of our report of even date attached.
For and on behalf of
Tej Raj & Pal
Chartered Accountants

For and on behalf of Board of Directors

P. Venugopala Rao
Partner

Visakhapatnam
26th June, 2000

K.N. Ravindra
Company Secretary

C. Venkataramana
Director (Finance)

P. Parvathisem
Chairman-cum-Managing Director

Cash Flow Statement for the Year ended March 31st, 2000

(Rupees in crores)

		Year ended March 31st, 2000		Year ended March 31st, 1999
A. Cash flow from Operating Activities				
Net Profit before tax and Extraordinary Income		681.00		337.22
Adjustments for :				
Depreciation	283.00		278.80	
Foreign Exchange loss/(gain) on loans	—		15.07	
Interest & Financing charges	60.30		19.21	
Miscellaneous Expenses written off	—		4.31	
Provisions (Net)	37.80		1.77	
Claims/Recoverables written off	0.13		0.46	
Stores and spares written off	21.50		20.82	
Interest income	(24.21)		(44.82)	
Debenture issue expenses	0.10		4.83	
Loss/(Profit) on sale of assets (net)	—		(0.03)	
		378.62		300.42
Operating Profit before working capital changes		1,059.62		637.64
Adjustments for:				
Inventories	(18.21)		(68.50)	
Trade & other receivables	(61.86)		1.04	
Trade payables	80.98		(6.34)	
		0.91		(73.80)
Cash generated from Operations		1,060.53		563.84
Adjustments for :				
Interest & financing charges paid	(93.36)		(15.95)	
Direct taxes paid	(171.26)		(90.46)	
		(264.62)		(106.41)
Cash flow before Extraordinary Items		795.91		457.43
Extraordinary Items		—		—
Net cash from operating activities		**795.91**		**457.43**
B. Cash Flow from Investing Activities:				
Purchase of Fixed Assets	(681.02)		(254.96)	
Sale/write off of Fixed Assets	0.16		0.22	
Purchase of Investments	(74.37)		(53.51)	
Loans to IAPL	(9.57)		—	
Deposits with Financial Institutions	50.00		195.00	
Sale of Investments *	5.00		12.50	
Interest received	26.23		72.41	
Net cash used in investing activities		**(683.57)**		**(28.34)**

* at face value

(Rupees in crores)

		Year ended March 31st, 2000		Year ended March 31st, 1999
C. Cash Flow from Financing Activities:				
Refund to share holders due to Capital reduction	(0.04)		(0.73)	
Repayment of long term borrowings	—		(627.64)	
Short term borrowings	20.00		—	
Grants-in-aid received from Government of India	0.08		—	
Debenture issue expenses	(0.10)		(4.83)	
Dividends including dividend tax paid	(150.26)		(141.75)	
Net cash used in Financing activities		**(130.32)**		**(774.95)**
D. Net changes in Cash & Cash equivalents (A+B+C)		**(17.98)**		**(345.86)**
E. Cash & Cash equivalents - Opening balance		**22.05**		**367.91**
F. Cash & Cash equivalents - Closing balance		**4.07**		**22.05**

Note: a) Figures in brackets are cash outflows/incomes as the case may be.

b) The Company has availed Export Packing Credit of Rs. 20.00 crores during the year (Previous year Nil) against working capital borrowing facility of Rs. 350.00 crores (Previous year Rs. 48.00 crores).

For an on behalf of Board of Directors

Visakhapatnam	**K.N. Ravindra**	**C. Venkataramana**	**P. Parvathisem**
26th June, 2000	Company Secretary	Director (Finance)	Chairman-cum-Managing Director

Auditors' Certificate

We have audited the above cash flow statement of National Aluminium Company Limited from the audited financial statements for the year ended March 31, 2000 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

For and on behalf of
Tej Raj & Pal
Chartered Accountants

Visakhapatnam,
26th June, 2000

P. Venugopala Rao
Partner

Statement regarding Subsidiary Company pursuant to Section 212(1)(e) of the Companies Act, 1956

1.	Name of the Subsidiary Company	:	International Aluminium Products Ltd.
2.	Financial year of the Subsidiary Company ended on	:	31st March, 2000
3.	Extent of Holding Company's interest:		
	a) Number and face value	:	9,00,00,000 Equity Shares of Rs. 10/- each fully Paid-up
	b) Extent of Holding	:	100%
4.	The net aggregate amount of the Subsidiary Company's Profit/Loss so far as it concerns the members of the Holding Company:		
	a) Not dealt with in the Holding Company's accounts:		
	i) For the Financial year ended 31st March, 2000	:	No Profit & Loss Account has been prepared since the project is under implementation and commercial production is yet to commence.
	ii) For the previous Financial years of the Subsidiary Company since it became the Holding Company's subsidiary	:	-do-
	b) Dealt with in the Holding Company's account:		
	i) For the Financial year ended 31st March, 2000	:	Nil
	ii) For the previous Financial years of the Subsidiary Company since it became the Holding Company's subsidiary	:	Nil

K.N. Ravindra	**C. Venkataramana**	**P. Parvathisem**
Company Secretary	Director (Finance)	Chairman-cum-Managing Director

LOVELOCK & LEWES
Chartered Accountants

The Board of Directors
National Aluminium Company Ltd.
Nalco Bhawan
Plot No. P/1, Nayapalli
Bhubaneswar - 751013
Orissa

Dear Sirs,

We have reviewed the accompanying non-consolidated reformatted balance sheets of National Aluminium Company Ltd. ("NALCO") as at March 31, 2000 and March 31, 1999 and related profit and loss account for the financial years ended on those dates, prepared in substantial compliance with US Generally Accepted Accounting Principles (GAAP), UK GAAP and French GAAP (herein collectively referred to as the "reformatted financial statements"). These reformatted financial statements are the responsibility of the Company's management.

The non-reformatted balance sheet and profit and loss account of NALCO for the years ended March 31, 2000 and March 31, 1999 (herein collectively referred to as the "financial statements") were audited and reported on by M/s. Tej Raj & Pal and M/s. Brahmayya & Co., Chartered Accountants respectively.

Our review was less in scope than an audit conducted in accordance with generally accepted auditing standards followed in India and was limited to:

a) making enquiry of persons responsible for financial and accounting matters.

b) discussing with the management of the company the accounting practices used in the preparation of the financial statements referred to above.

c) comparing the amounts in the reformatted financial statements to the corresponding amounts in the audited financial statements mentioned in the second paragraph to the extent applicable and with the information and explanations given by the company.

Based on our review of the reformatted financial statements together with the notes thereon, we are of the opinion that no material modifications are required to be made to the reformatted financial statements to be in conformity with the US GAAP, UK GAAP and French GAAP.

Yours faithfully,

PARTHA MITRA
Partner

Bhubaneswar
Dated : 30th August 2000

PRINCIPAL ACCOUNTING POLICIES

CONVENTION

The financial statements have been prepared in accordance with applicable Accounting Standards in the US, UK and France respectively.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost.

TANGIBLE FIXED ASSETS

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisation. Direct revenue expenditure including financing cost incurred during construction period on new/expansion projects is treated as expenditure during construction and is allocated to relevant fixed assets. Expenses on development of land including leasehold land are capitalised as part of cost of land. Expenses of capital nature incurred on assets laid on land not belonging to the Company are capitalised under *appropriate asset heads.*

Depreciation is provided on tangible fixed assets other than on leasehold and freehold land on a straight-line basis from the time they are available for use, in accordance with the provisions of the Indian Companies Act, 1956. Cost of leasehold land including development expenses thereon is amortised over a period of 25 years in the case of mines and otherwise over a period of 20 years or the period of lease whichever is less. No depreciation is provided on freehold land.

The applicable depreciation rates are given below:

	Under straight-line method
Buildings (non-factory)	1.63%
Factory buildings	5.28%
Plant and machinery	4.75% to 5.28%
Furniture, fittings and equipment	6.33%
Vehicles	9.5%
Red mud pond	14.29%
Ash pond at Alumina Refinery	13.34%
Ash pond at captive power plant	15.38%
Assets costing Rs. 5000 or less	100%

GOVERNMENT GRANTS

Grants that relate to specific capital expenditure are treated as deferred income and included in creditors (They are classified as part of shareholders' funds under French GAAP only). Amount equivalent to depreciation written off on such asset is credited as other income to the profit and loss account.

FIXED ASSET INVESTMENTS

Investments in subsidiary company is stated in the balance sheet at the company's share of its net assets. The company's share of income from subsidiary company is included in the company profit and loss account.

Other investments are stated at cost.

INVENTORIES

Raw materials, stores, spare parts and tools are valued at weighted average cost and net of MODVAT credit wherever applicable. Finished goods are valued at lower of cost or net realisable value. Cost is determined on the basis of relevant year's average cost of production and excludes selling and distribution overheads, interest, exchange variation, depreciation on capitalised exchange variation. Cost of finished goods inside the plant includes excise duty payable. Intermediary products viz. Anodes are valued at direct material cost. Anode butts and Anode rejects are valued at 45% of direct material cost (being 50% of direct material cost less 10% thereof towards *reprocessing cost). Aluminium scrap is valued at cost.* Scrap arising out of replacement of major machinery components, is valued on the basis of technical estimation. Other scrap is accounted for on disposal. Stock of work-in-process are ascertained on the basis of technical estimates and are valued at annual average direct material and power & fuel and proportionate conversion cost. Inventory of stores and spares, other than insurance spares, not moved for more than 5 years is valued at 5% of cost. Inventory of insurance spares is valued after making appropriate adjustments.

FOREIGN CURRENCY TRANSACTIONS

Exports and imports during the year in foreign currency are recorded in Indian rupees by applying average bill buying and bill selling rates of the respective months. Other transactions in foreign currency are accounted for at the exchange rates prevailing at the time of the transactions. Assets and liabilities in foreign currencies are translated into Indian Rupees at the rates of exchange prevailing at the end of the financial year. Exchange differences relating to acquisition of fixed assets are adjusted to the value of related fixed assets. All other foreign exchange differences are taken to the profit & loss account in the year in which they arise.

PRIOR PERIOD INCOME/EXPENDITURE

Income/expenditure relating to prior period are treated as income/expenditure of the current year in the financial statements prepared under French GAAP. For UK and US GAAP previous years' figures have been restated.

RECOGNITION OF REVENUE

Turnover represents invoiced value of goods sold and services rendered and is stated net of sales tax.

Export sales are recognised based on the date of bill of lading irrespective of terms of sale viz. FOB, C&F, CIF etc. Indigenous sales recognised based on the date of railway receipt, lorry receipt or delivery challan.

Claims are accounted for in the profit and loss account based on certainty of their realisation.

Interest receivable is accounted for based on certainty of realisation from past experience.

Export incentives in the form of credit earned on exports made during the year, under Duty Entitlement Pass Book (DEPB) and special/advance licences, are treated as income at actual credit and estimated realisable value respectively.

Consumption of raw materials and stores & spares are accounted for at net of MODVAT credit.

EXCISE DUTY

Excise Duty is accounted for on despatch of products from the factory and on closing stock inside the plant.

REPAIRS AND REPLACEMENTS

Replacements of major machinery components of high value items of gearboxes, transformers, conveyor belts, wire ropes etc. are charged to profit and loss account in the year of replacement after adjustment of estimated realisable value of the scrap arising therefrom.

Pot relining expenses are charged to profit and loss account in the year of occurrence.

RETIREMENT BENEFITS

Provident fund

The Company operates provident fund for its employees to which both the company and employees contribute. Company's contribution is charged to the profit and loss account. The scheme, which is fully funded, is administrated by trustees and independent of the company's finance.

Gratuity

The company has taken out a Group Gratuity Life Assurance Policy with Life Insurance Corporation of India (LIC) for future payment of retirement gratuities to employees and pays annual premia as determined by the LIC which is charged to the profit and loss account. The scheme is maintained by the LIC.

Others

Liabilities towards other retirement benefits like leave encashment and post retirement medical facilities to employees as at the end of the year are provided for on the basis of actuarial valuation.

RESEARCH & DEVELOPMENT EXPENDITURE

All expenditure other than capital expenditure on research & development expenditure are written off in the year it is incurred. Capital expenditure on research & development is included under fixed assets.

DEFERRED TAXATION

In respect of UK GAAP deferred tax assets is recognised if such asset is expected to be realised in near future. For US GAAP deferred tax assets is reduced, if necessary, by a valuation allowance of any tax benefit of which future realisation are uncertain.

DIVIDEND

Proposed dividend, subject to approval of central government and awaiting approval of shareholders, is provided in the financial statements, except for French GAAP. Under French GAAP, proposed dividend is not provided for in the financial statement. The dividends owed to the shareholders are shown as current liability only when the dividends are approved.

Unaudited non-consolidated reformatted financial statements prepared in substantial compliance with US GAAP

Balance sheet as at 31 March

(Million USD)

	2000	1999
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	0.93	5.19
Short term investments	—	11.78
Accounts receivable, net of allowance	71.92	77.78
Inventories	101.00	104.45
Prepaid expenses and other current assets	58.09	48.03
Total current assets	231.94	247.23
Property, plant and equipment - net	732.22	649.97
Deferred tax assets	28.40	15.94
Investments	35.40	20.00
Total assets	1,027.96	933.14
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short term borrowings	4.59	—
Accounts payable	38.39	26.07
Taxes, including taxes on income	6.29	20.41
Customer deposits	14.97	11.01
Other accrued liabilities	51.73	39.21
Total current liabilities	115.97	96.70
Long term debt, less amount due within one year	147.63	151.61
Accrued post retirement benefits	1.73	1.50
Other noncurrent liabilities	0.29	0.29
Total liabilities	265.62	250.10
SHAREHOLDERS' EQUITY		
Common stock	147.81	151.78
Retained earnings	614.53	531.26
Total shareholders' equity	762.34	683.04
Total liabilities and shareholders' equity	1,027.96	933.14

NOTES

1. The above does not include adjustments in respect of depreciation of tangible fixed assets. In India depreciation is normally provided based on the rates prescribed under Indian Companies Act in order to be eligible to declare dividend and such depreciation stands charged in the accounts except in respect of certain assets where depreciation have been provided with reference to their estimated useful life. In respect of the assets where depreciation have been provided on the basis of Indian Companies Act, the estimated useful lives of those assets in the opinion of management are not lower than the derivable estimated life of the assets as per Indian Companies Act.
2. Deferred tax assets does not include adjustment for timing differences, if any in respect of year ended March 31, 1997 or earlier years.
3. During the year International Aluminum Products Limited (IAPL) has become the wholly owned subsidiary of the Company. IAPL has not traded during the year and therefore no profit and loss account has been prepared. The assets and liabilities of IAPL have not been incorporated in these financial statements.

Unaudited non-consolidated reformatted financial statements prepared in substantial compliance with US GAAP

Profit and loss account for the year ended 31 March

(Million USD)

	2000	1999
Revenues		
Sales	491.47	345.92
Other income	28.66	42.16
	520.13	388.08
Costs and expenses		
Cost of goods sold	(209.46)	(180.67)
Selling, general administrative and other expenses	(76.34)	(57.91)
Research and development expenses	(0.06)	(0.14)
Provision for depreciation, depletion and amortisation	(64.99)	(65.74)
Interest expenses	(14.55)	(8.97)
	(365.40)	(313.43)
Earnings		
Income from operations before taxes on income	154.73	83.65
Provisions for taxes on income	(26.00)	(12.46)
Net income	128.73	71.19
Dividends	(33.63)	(35.40)
Retained profit for the financial year	95.10	35.79

NOTES

1. The above does not include adjustments in respect of depreciation of tangible fixed assets. In India depreciation is normally provided based on the rates prescribed under Indian Companies Act in order to be eligible to declare dividend and such depreciation stands charged in the accounts, except in respect of certain assets where depreciation have been provided with reference to their estimated useful life. In respect of the assets where depreciation have been provided on the basis of Indian Companies Act, the estimated useful lives of those assets in the opinion of management are not lower than the derivable estimated life of the assets as per Indian Companies Act.
2. The company's financial statements are prepared in Indian rupees, the reporting currency. These financial statements have been prepared by translating all the figures in US dollars at the year and average of TT buying and TT selling rate i.e. March 31, 2000 Rs. 43.575=1 USD (March 31, 1999–Rs. 42.450=1USD)
3. Earning per share
   The calculation for earnings per share has been based on profits for on ordinary activities after deduction of taxation, applying the number of paid up equity shares in issue and ranking for dividend as on year end date and also on weighted average number of shares in issue during the respective year.

	2000	1999
	(USD)	*(USD)*
a) On basis of equity share in issue at the year end	0.20	0.11
b) On weighted average basis	0.20	0.05

Reconciliation between the Indian GAAP and the US GAAP statements *(Million USD)*

	2000	1999
Net Income as per Indian GAAP	117.35	58.48
Amortisation of government grants accounted for as other income above the line	0.01	0.01
Reversal of deferred revenue expenditure written off to profit and loss account	—	1.01
Reversal of prior year items charged to profit and loss account	(0.92)	1.06
Restatement of figures for prior year items accounted in 1998-99	—	1.01
Provision for deferred taxes	12.29	9.62
Net income for the financial year as per the US GAAP	128.73	71.19

Unaudited non-consolidated reformatted financial statements prepared in substantial compliance with UK GAAP

Balance sheet as at 31 March

(Million GBP)

	2000	1999
Fixed assets		
Tangible assets	459.58	403.41
Investments	22.22	12.42
	481.80	415.83
Current assets		
Stocks	63.39	64.82
Debtors - due within one year	74.72	72.17
- after more than one year	6.87	5.91
Investments	—	7.31
Cash at bank and in hand	0.59	3.22
Deferred tax asset	17.83	9.90
	163.40	163.33
Creditors (amounts falling due within one year)		
Loans and other borrowings	(2.88)	—
Other creditors	(69.90)	(59.66)
	(72.78)	(59.66)
Net current assets	90.62	103.67
Total assets less current liabilities	572.42	519.50
Creditors (amounts falling due after more than one year)		
Loans and other borrowings	92.66	94.10
Other creditors	0.19	0.18
	92.85	94.28
Provisions for liabilities and charges	1.08	1.29
Capital and reserves		
Called up share capital	92.77	94.20
Profit and loss account	385.72	329.73
Total equity shareholders' funds	478.49	423.93
	572.42	519.50

NOTES

1. The above does not include adjustments in respect of depreciation of tangible fixed assets. In India depreciation is normally provided based on the rates prescribed under Indian Companies Act in order to be eligible to declare dividend and such depreciation stands charged in the accounts except in respect of certain assets where depreciation have been provided with reference to their estimated useful life. In respect of the assets where depreciation have been provided on the basis of Indian Companies Act, the estimated useful lives of those assets in the opinion of management are not lower than the derivable estimated life of the assets as per Indian Companies Act.
2. There has been a change in the basis of valuation of certain inventories as per requirement of the Accounting Standard on 'Valuation of Inventories (AS-2)' issued by The Institute of Chartered Accountants of India which has become mandatory with effect from April 1, 1999. However the previous year's figures could not be re-instated as the amount in this regard is not readily ascertainable.
3. Deferred tax assets does not include adjustment for timing differences, if any in respect of year ended March 31, 1997 or earlier years.
4. During the year International Aluminum Products Limited (IAPL) has become the wholly owned subsidiary of the Company. IAPL has not traded during the year and therefore no profit and loss account has been prepared. The assets and liabilities of IAPL have not been incorporated in these financial statements.

Unaudited non-consolidated reformatted financial statements prepared in substantial compliance with UK GAAP

Profit and loss account for the year ended 31 March

(Million GBP)

	2000	1999
Turnover	308.47	220.29
Change in stocks of finished goods and work in progress	(0.06)	6.41
Own work capitalised	0.46	0.12
Other operating income	14.51	18.54
	323.38	245.36
Operating costs		
Raw materials and consumables	(30.74)	(26.39)
Staff costs	(23.02)	(18.44)
Depreciation	(40.79)	(40.80)
Other operating charges	(126.07)	(107.59)
	(220.02)	(193.22)
Operating Profit	102.76	52.14
Income from fixed asset investment	1.31	0.49
Profit on ordinary activities before interest and taxation	104.07	53.63
Interest receivable and similar income	2.17	6.07
Interest payable and similar charges	(9.13)	(5.56)
Profit on ordinary activities before taxation	97.11	53.14
Tax on profit on ordinary activities	(16.31)	(7.73)
Profit for the financial year	80.80	45.41
Dividends	(21.11)	(21.97)
Retained profit for the financial year	59.69	23.44

NOTES

1. The above does not include adjustments in respect of depreciation of tangible fixed assets. In India depreciation is normally provided based on the rates prescribed under Indian Companies Act in order to be eligible to declare dividend and such depreciation stands charged in the accounts except in respect of certain assets where depreciation have been provided with reference to their estimated useful life. In respect of the assets where depreciation have been provided on the basis of Indian Companies Act, the estimated useful lives of those assets in the opinion of management are not lower than the derivable estimated life of the assets as per Indian Companies Act.
2. The company's financial statements are prepared in Indian rupees, the reporting currency. These financial statements have been prepared by translating all the figures in pound sterling at the year end average of TT buying and TT selling rate i.e. March 31, 2000 Rs. 69.450=1 GBP (March 31, 1999–Rs. 68.395=1 GBP).
3. There has been a change in the basis of valuation of certain inventories as per requirement of the Accounting Standard on 'Valuation of Inventories (AS-2)' issued by The Institute of Chartered Accountants of India which has become mandatory with effect from April 1, 1999. However the previous year's figures could not be re-instated as the amount in this regard is not readily ascertainable.
4. Earning per share
   The calculation for earnings per share has been based on profits for on ordinary activities after deduction of taxation, applying the number of paid up equity shares in issue and ranking for dividend as on year end date and also on weighted average number of shares in issue during the respective year.

	2000	1999
	(GBP)	*(GBP)*
a) On basis of equity share in issue at the year end	0.13	0.07
b) On weighted average basis	0.13	0.04

Reconciliation between the Indian GAAP and the UK GAAP statements

(Million GBP)

	2000	1999
Net income as per Indian GAAP	73.65	36.29
Amortisation of government grants accounted for as other income above the line	0.01	0.01
Reversal of deferred revenue expenditure written off to profit and loss account	—	0.63
Reversal of prior year items charged to profit and loss account	(0.58)	1.15
Impact of giving effect of accounting policy changes in previous years' accounts	—	1.36
Provision for deferred taxes	7.72	5.97
Profit for the financial year as per the UK GAAP	80.80	45.41

Unaudited non-consolidated reformatted financial statements prepared in substantial compilance with French GAAP

Balance sheet as at 31st March

(Million FRF)

ASSETS		As on 31.3.2000 Gross	Depreciation	Net	As on 31.3.99
FIXED ASSETS					
Property Plant and Equipment					
Land		57.32	2.34	54.98	50.94
Buildings		514.98	180.00	334.98	309.47
Machinary and equipments		6839.78	3895.13	2944.65	2868.07
Other tangible assets		496.58	295.87	200.71	205.08
Fixed assets in progress		1475.31	—	1475.31	547.88
Investments					
Receivables from controlled entities		141.74	0.00	141.74	22.97
Other Investments		100.47	0.00	100.47	99.57
TOTAL	**(I)**	9626.18	4373.34	5252.84	4103.98
CURRENT ASSETS					
Inventories					
Raw materials and supplies		445.35	—	445.35	412.22
Work in progress- Production		52.57	—	52.57	40.88
Semi-finished and finished goods		192.14	—	192.14	184.70
Goods held for re-sale		2.67	1.62	1.05	1.98
Receivables					
Trade notes and account receivable		558.51	66.39	492.12	476.43
Other receivables		403.83	10.96	392.87	362.73
Miscellaneous					
Cash		6.39	—	6.39	31.82
Prepaid expenses		4.65	—	4.65	3.58
TOTAL	**(II)**	1666.11	78.97	1587.14	1514.34
TOTAL ASSETS	**(I+II)**	11292.29	4452.31	6839.98	5618.32

		31.3.2000	31.3.99
STOCKHOLDERS' EQUITY			
Capital (including paid up capital of 644.3 million equity shares)		1011.48	929.74
Revaluation Reserve			
Untaxed reserve		1.99	1.79
Other reserves		505.13	—
Retained earnings		2702.62	2795.58
NET INCOME/(LOSS) FOR THE YEAR		803.11	364.49
TOTAL	**(I)**	5024.33	4091.60
Other Equity	**(II)**		
Contingency/loss provisions	**(III)**		
LIABILITIES			
Convertible bonds		—	—
Other bonds		1010.27	928.69
Bank Borrowings		31.40	—
Customer Prepayments		22.18	14.04
Trade notes and accounts payable		262.74	159.69
Accrued tax and personnel costs		257.14	242.28
Other liabilities		231.92	182.02
TOTAL	**(IV)**	1815.65	1526.72
Unrealised gains on foreign exchange transactions	**(V)**		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**(I to V)**	6839.98	5618.32

NOTES

1. The above does not include adjustments in respect of depreciation of tangible fixed assets. In India depreciation is normally provided based on the rates prescribed under the Indian Companies Act in order to be eligible to declare divided and such depreciation stands charged in the accounts except in respect of certain assets where depreciation have been provided with reference to their estimated useful life. In respect of the assets where depreciation have been provided on the basis of Indian Companies Act, the estimated useful lives of those assets in the opinion of management are not lower than the derivable estimated life of the assets as per Indian Companies Act.
2. During the year International Aluminum Products Limited (IAPL) has become the wholly owned subsidiary of the Company. IAPL has not traded during the year and therefore no profit and loss account has been prepared. The assets and liabilities of IAPL have not been incorporated in these financial statements.

Unaudited non-consolidated reformatted financial statements prepared in substancial compliance with French GAAP

Statement of income for the year ended 31 March

(Million FRF)

		As on 31.3.2000			As on 31.3.99
		Domestic	Export	Total	Total
Revenue from operations					
Sales of manufactured products		1743.61	1619.53	3363.14	2174.10
Sales of services		1.57	0.00	1.57	4.57
Net Sales		1745.18	1619.53	3364.71	2178.67
Change in finished goods and work in progress inventory				(0.71)	63.25
Own work capitalised				5.16	1.23
Excess depreciation and recovery on provisions charged in prior years				0.49	0.38
Other revenues				136.48	109.91
TOTAL OPERATING REVENUE	**(I)**			3506.13	2353.44
Operating Expenses					
Purchase of raw materials and supplies				363.50	289.80
Change in inventories (raw materials and supplies)				(26.94)	(6.59)
Other purchases and external charges, including lease payments				847.80	740.92
Taxes other than on income				243.33	157.34
Wages and Salaries				250.86	181.92
Depreciation, Amortization and Provisions					
Depreciation, Amortization				444.76	402.68
Provisions for losses on current assets				57.54	1.49
Other expenses				214.66	170.07
TOTAL OPERATING EXPENSES	**(II)**			2395.51	1937.63
OPERATING INCOME/(LOSS)	**(I-II)**			1110.62	415.81
Financial Income					
Other interest income				38.01	52.94
Realised exchange gains				9.53	67.36
TOTAL FINANCIAL INCOME	**(III)**			47.54	120.30
Interest and other financial charges					
Interest paid				99.58	54.92
TOTAL FINANCIAL EXPENSES	**(IV)**			99.58	54.92
NET FINANCIAL INCOME/(EXPENSE)	**(III-IV)**			(52.04)	65.38
INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX	**(I-II+III-IV)**			1058.58	481.19
Non Recurring Income					
Income from revenue transactions				10.57	11.69
TOTAL NON RECURRING INCOME	**(V)**			10.57	11.69
Non Recurring Expense					
Expense on revenue transactions				—	—
TOTAL NON RECURRING INCOME	**(VI)**			—	—
NET NON RECURRING INCOME/(EXPENSE)	**(V-VI)**			10.57	11.69
Corporate Income Tax	**(VII)**			266.04	128.38
TOTAL REVENUE	**(I+III+V)**			3564.24	2485.43
TOTAL EXPENSES	**(II+IV+VI+VII)**			2761.13	2120.93
NET INCOME/(LOSS)				803.11	364.50

NOTES

1. The above does not include adjustment in respect of depreciation of tangible fixed assets. In India depreciation is normally provided based on the rates prescribed under the Indian Companies Act in order to be eligible to declare dividend and such depreciation stands charged in the accounts except in respect of certain assets where depreciation have been provided with reference to their estimated useful life. In respect of the assets where depreciation have been provided on the basis of Indian Companies Act, the estimated useful lives of those assets in the opinion of management are not lower than the derivable estimated life of the assets as per Indian Companies Act.

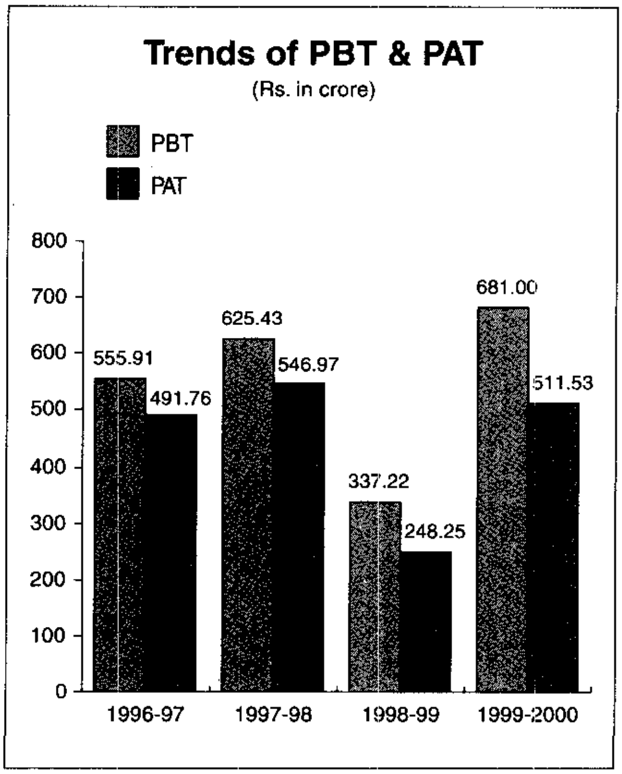
2. The Companies financial statements are prepared in Indian rupees, the reporting currency. These financial statements have been prepared by translating all the figures in French franc at the year-end average of TT buying and TT selling rate i.e. March 31, 2000 Rs. 6.370=1 FRF (March 31, 1999-Rs. 6.930=1 FRF).

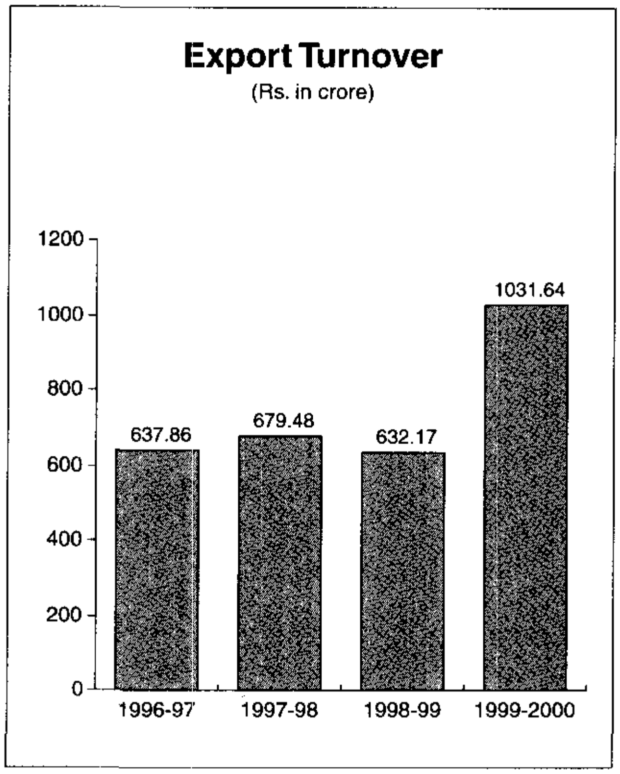
3. Earning per share
   The calculation for earning per share has been based on profit for on ordinary activities after deduction of taxation, *applying the number of paid-up equity shares in issue and ranking for dividend as on year-end date and also on* weighted average number of shares in issue during the respective year.

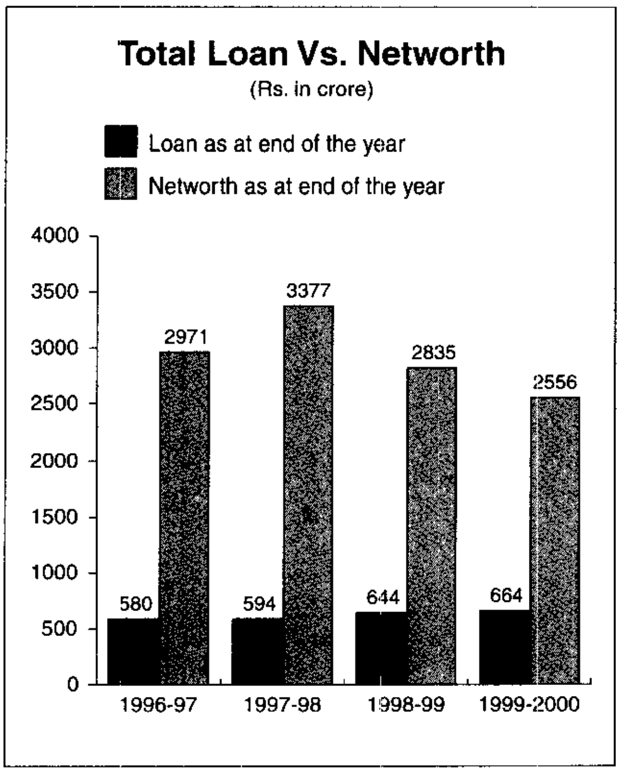
	2000	1999
	(FRF)	*(FRF)*
a) *On basis of equity share in issue at the year-end*	1.25	0.57
b) On weighted average basis	1.25	0.28

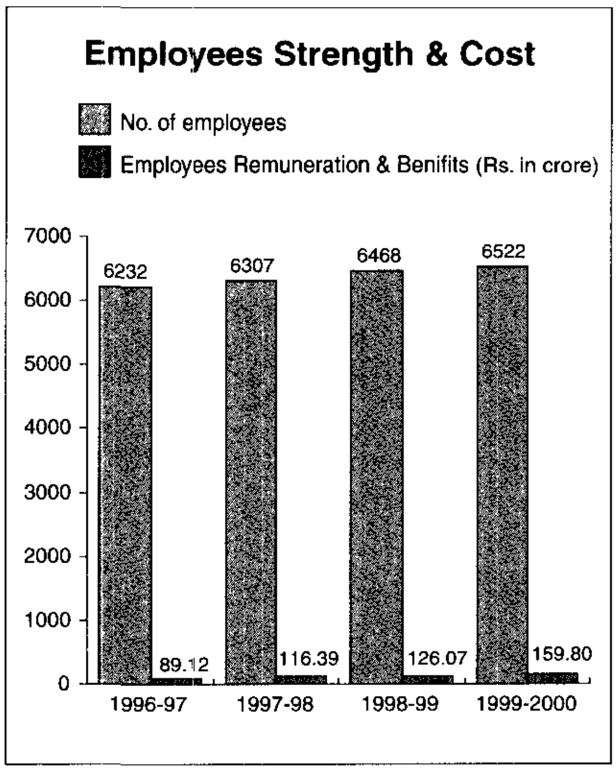
Reconciliation between the Indian GAAP and the French GAAP statements

	2000	1999
Net income as per Indian GAAP	803.03	358.22
Amortisation of government grants accounted for as other income above the line	0.08	0.06
Reversal of deferred revenue expenditure written off to profit and loss account	—	6.22
Net profit as per French GAAP	803.11	364.50


Trends of PBT & PAT
(Rs. in crore)
PBT
PAT
800
700
600
500
400
300
200
100
0
555.91
491.76
625.43
546.97
337.22
248.25
681.00
511.53
1996-97
1997-98
1998-99
1999-2000


Export Turnover
(Rs. in crore)
1200
1000
800
600
400
200
0
637.86
679.48
632.17
1031.64
1996-97
1997-98
1998-99
1999-2000


Total Loan Vs. Networth
(Rs. in crore)
Loan as at end of the year
Networth as at end of the year
4000
3500
3000
2500
2000
1500
1000
500
0
580
2971
594
3377
644
2835
664
2556
1996-97
1997-98
1998-99
1999-2000


Employees Strength & Cost
No. of employees
Employees Remuneration & Benifits (Rs. in crore)
7000
6000
5000
4000
3000
2000
1000
0
6232
89.12
6307
116.39
6468
126.07
6522
159.80
1996-97
1997-98
1998-99
1999-2000

ANNUAL REPORT

OF

International Aluminium Products Limited

(A WHOLLY OWNED SUBSIDIARY OF NALCO)

DIRECTORS' REPORT

To,

The Members,

Your Directors take pleasure in presenting the Ninth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2000. The audited accounts for the year under review show a pre-operative expenses of Rs. 32,73,59,686/- (Rupees thirtytwo crore seventythree lakhs fiftynine thousand six hundred eightysix only) which has been carried forward to the next year.

STATUS OF THE COMPANY

Significant developments have taken place during the year under review. National Aluminium Company Limited (NALCO), a Government of India Enterprise has taken over the Company by acquiring 100% shares of the paid-up capital of the Company. NALCO was earlier holding 26% shares in the paid-up capital before acquisition of the total paid-up capital of the Company. Your Company has thus become a wholly owned subsidiary of NALCO w.e.f. 16.03.2000 and consequently a Government Company as per provisions of Section 617 of the Companies Act, 1956.

Subsequent to the approval of the shareholders of NALCO for amalgamation of your Company with NALCO, separate petitions have been filed both by your Company and NALCO with the Central Government for merger of your Company with NALCO.

The Registered Office of the Company earlier situated at Angul has been shifted to NALCO BHAWAN, Plot No. P/1, Nayapalli, Bhubaneswar-751 013 w.e.f. 25.03.2000.

PROGRESS OF THE PROJECT WORK

During the year under review, all imported Capital goods lying in bonded warehouses at Calcutta have been brought to the site. These duty-free goods have been kept in the private bonded warehouses inside the Company's premises. The previous civil and structural contracts have been short closed and new contracts with revised rates have been offered to the contractors. M/s. MECON, has been appointed as project consultant to provide necessary expertise in the site activities.

The site work has gathered momentum after take over of the Company by NALCO. Revised schedule for commissioning of the Cold Rolling Mill by March '2001 has been prepared. The main foundation works for the Cold Rolling Mill, Annealing Furnace, Slitting Line, Cut-to-Length Line, Main Step Down Station are 95% complete. The work in the Foil Slitter foundation is about 50% complete. Electrical Control Room-6 is 80% complete. Foundation works for Melting Furnace 3 & 4 and Holding Furnace 3 & 4 are about 55% complete.

Structural works in the Cold Rolling Mill area are also complete. Sheeting material has been arranged. Sheeting in this area is likely to be completed by September '2000. Flooring work has been taken up in the Cold Rolling Mill area. The peripheral village road is complete. NALCO has provided construction power and construction water at two locations at the site.

The major contracts like erection of Mechanical & Electrical works, Inplant Water system, have been taken on top priority basis and all these contracts are likely to be awarded within 1st week of September '2000. The other small contracts like Ventilation system, Air Conditioning system, Fuel Oil system etc. are likely to be awarded by September '2000.

The management envisages commissioning of the plant in March, 2001.

EQUITY

The paid-up capital of your Company has now reached to Rs. 90,00,00,000/-. NALCO alongwith its nominees is holding 100% shares of the Company.

FOREIGN CURRENCY LOAN

Your Company has taken a foreign currency loan of US $ 34.715 million (against which actual availment as on date is US $ 33,831,438.19) from M/s. Efibanca, Italy to finance the supply of imported plant & machineries from M/s. Fata Hunter Engineering, S.r.l., Italy. The said loan has been guaranteed by State Bank of India, Commercial Branch, Mumbai and counter guaranteed by ICICI Ltd., Mumbai. The repayment of the loan was supposed to be started from July, 1999. However, due to delay in commissioning of the plant, your Company had requested M/s. Efibanca to consider reschedulement of the repayment period of the loan. Agreeing to the request, M/s. Efibanca has rescheduled the repayment period to start from April, 2001. The repayment will be made in seventeen consecutive semi-annual equal installments. Necessary documentation with State Bank of India and ICICI Limited to bring the reschedulement into force is over.

On the request of your Board, NALCO has taken a decision to prepay the entire foreign currency loan. Necessary application has been sent to Reserve Bank of India through State Bank of India, Mumbai for approval.

DIRECTORS

During the year under review, S/Shri M.S. Parija, T.P.C. Rao, K.K. Mallick, Directors have resigned from the Board. S/Shri P. Parvathisem, C. Venkataramana, S.B. Nayak, Directors have been appointed in the casual vacancies caused by the resignation of the above Directors.

Shri P. Parvathisem has been appointed as Chairman-cum-Managing Director of your Company. He is also Chairman-cum-Managing Director of NALCO, the holding Company. As per Article 144(4) of the Articles of Association, he shall be non-rotational Director of the Company.

S/Shri Rajesh V. Shah, Vinod S. Shah, S.K. Roy, I.M. D'Costa, R. Sankaran, Harpal S. Randhwa, Ignazio Moncada, Sir Jeremy Black, the nominee Directors of the initial promoters have resigned from the Board subsequent to the acquisition of 100% shares of your Company by NALCO. Your Directors wish to place on record their sincere appreciation of the services rendered by S/Shri Rajesh V. Shah, Vinod S. Shah, S.K. Roy, I.M. D'Costa, R. Sankaran, Harpal S. Randhwa, Ignazio Moncada & Sir Jeremy Black during their tenure on the Board of IAPL.

S/Shri C. Venkataramana and S.B. Nayak retire by rotation in this meeting and being eligible offer themselves for reappointment as Directors in the Company. S/Shri K.N. Misra and S.K. Banerjee had been appointed as Additional Directors of the Company to hold office till this Annual General Meeting. Your Company has received notice from a shareholder proposing their candidatures for appointment as Directors in the Company.

PERSONNEL

Information in accordance with Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is set out in Annexure I forming part to the Directors' Report.

AUDITORS

M/s Lodha & Co., Chartered Accountants, Calcutta, Auditors of the Company retire in the Annual General Meeting. Since your Company has become a Government Company during this year, the Auditors for the financial year 2000-2001 shall be appointed by the Central Government on the advice of Comptroller and Auditor General of India (C&AG). The Company has already sent necessary application to the CA&G for appointment of Auditors for the financial year 2000-2001.

C&AG COMMENTS

Replies to the comments of C&AG under Section 619 (4) of the Companies Act, 1956 for the year 1999-2000 are annexed as Annexure-II to this report.

DEPOSITS

The Company has not accepted or renewed any deposits during the year under review.

DONATION

During the year under review, the Company has made a total donation of Rs. 1,33,501/- to various religious/ charitable institutions not related to the business of the Company. This is basically to create a friendly and congenial atmosphere around the site area and to gain the support of the local people. However, the total amount of donation is in excess of the limit of Rs. 50,000/-, prescribed under the Companies Act for which prior approval of the shareholders was required. Your Directors have proposed the resolution in the Annual General Meeting for ratification of the action of the management and post-facto approval for the donation made by the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company's project work is still on and commercial production is yet to be started, particulars relating to conservation of energy are not applicable to this Company.

There has been no foreign exchange earnings during the year under review and the foreign exchange out go for the year is Rs. 13,58,27,648/- (Thirteen crore fifty eight lakhs twenty seven thousand six hundred fortyeight only).

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the wholehearted co-operation received by the Company from NALCO, the holding Company, its Bankers, Financial Institutions, Government Authorities, Shareholders and Employees for renewed confidence during the year under review.

For and on behalf of the Board of Directors

Place : Bhubaneswar
Date : 31.08.2000

(P. PARVATHISEM)
Chairman-cum-Managing Director

Annexure-I

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Name	Age	Designation	Remuneration received (Rs.)	Nature of employment	Qualification	Experience in years	Date of commencement of employment	Last employment held (No. of years approx.)
Employed throughout the Financial Year and in receipt of remuneration of not less than Rs. 6,00,000/- in the aggregate for the year — NIL.								
Employed during part of the year under review and were in receipt remuneration not less than Rs. 50,000/- per month.								
Mr. S.K. Roy	60	Managing Director	3,35,683	Contractual	B.E. (Metallurgy)	39	02.07.97	UMI Special Steels Ltd. (5)
Mr. I.M. D'Costa	57	CE & Director	6,56,827	Contractual with Promoter Co. Mukand Ltd.	Grad. Indl. Engg. D.E.E., D.M.E., F.I.E. & Ch. Engr.	34	01.10.96	Sr. Dy. Spdt. Bihar Alloy Steels Ltd. (2)

Notes:

1. Remuneration as shown above includes Company's contribution to Provident Fund, Superannuation Scheme, Leave Travel Expenses, Medical expenses reimbursement and other perquisites as per provisions of the Income Tax Act, 1961 and the rules made thereunder.
2. None of the employees is related to any Director of the Company.
3. Mr. I.M. D'Costa had been deputed to the Company on wholetime basis and his salary has been reimbursed to Mukand Limited.

Annexure-II

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INTERNATIONAL ALUMINIUM PRODUCTS LIMITED, BHUBANESWAR FORTHEYEAR ENDING 31ST MARCH, 2000.

COMMENTS OF C & AG	REPLY OF MANAGEMENT
STATUTORY AUDITOR'S REPORT	
With reference to para No. 2(d) of above report it is stated that the Company has not prepared any 'Profit & Loss Account'. Instead the Company has prepared a statement under the head "Pre-operative Expenditure During Construction Period" (Schedule-E) pending, allocation under appropriate heads on commissioning of the project. [Notes on Accounts No. B(1) refer]	The Company has no comment to offer.

Sd/-
(A. Pattanayak)
Principal Director of
Commercial Audit &
Ex-officio Member
Audit Board-I,
Calcutta

For and on behalf of Borad of Directors

Sd/-
(P. Parvathisem)
Chairman-cum-Managing Director

Place : Calcutta
Date : 30th August, 2000

Place : Bhubaneswar
Date : 31st August, 2000

Auditors' Report

To
The members of
International Aluminium Products Limited

We have audited the attached Balance Sheet of **International Aluminium Products Limited** as at 31st March, 2000. The Profit & Loss Account of the Company has not been prepared due to the reasons given in Note 1 of Schedule J annexed to and forming part of the accounts.

We report as under:

(1) As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we enclose herewith a statement on the matters specified in paragraphs 4 and 5 of the said Order.

(2) Further to our comments made in the Annexure referred to in paragraph (1) above, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) in our opinion, proper books of accounts have been kept by the Company as required by the law so far as, it appears from our examination of the books of accounts.

(c) in our opinion, the Balance Sheet complies with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

(d) the Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of accounts of the Company.

(3) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet subject to note 11 regarding payment of donations pending approval of shareholders and read together with other notes appearing in Schedule J, gives the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view of the state of affairs of the Company as at 31st March, 2000.

For Lodha & Co.
Chartered Accountants

Calcutta
21st day of June 2000

P.L. Vadera
Partner

ANNEXURE TO THE AUDITORS' REPORT
(REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE)

i. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. As explained to us, all the assets have been physically verified by the management during the year. In respect of the imported machinery and equipments pending installation and lying at the site in packed condition, the verification has been done with respect to the markings on the containers/packages. Having regard to the above, as explained, no material discrepancies were noticed on such verification.

ii. None of the fixed assets of the Company has been revalued during the year.

iii. In our opinion, the rates of interest and other terms and conditions of unsecured loans taken from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under Section 370(1-B) (not applicable) of the Companies Act, 1956 were prima facie not prejudicial to the interest of the Company.

iv. 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(1-B) (not applicable) of the Companies Act, 1956.

v. The parties to whom the Company has granted loans or advances in the nature of loans are repaying the principal amount as stipulated and are also regular in payment of interest wherever applicable.

vi. In our opinion and according to the information and explanations given to us, the internal control procedures of the Company relating to purchase of plant and machinery, equipment and other assets and for the sale of goods are commensurate with the size of the Company and nature of its business.

vii. In our opinion and according to the information and explanations given to us, purchase of goods and materials made in pursuance to the contracts or agreements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods and materials or the prices at which transactions for similar goods have been made with other parties.

viii. The Company has not accepted any deposits from the public during the year.

ix. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

x. The Company has generally deposited during the year Provident Fund, State Insurance dues with the appropriate Authorities. As explained, the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company.

xi. According to the information and explanations given to us there are no undisputed amounts of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding for a period of more than six months from the date they became payable as on the Balance Sheet date.

xii. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to preoperative expenses.

The other provisions of the said Order are not applicable to the company.

For LODHA & CO.
Chartered Accountants

Calcutta
21st day of June 2000

P.L. Vadera
Partner

Balance Sheet as on 31st March 2000

Description	Schedule	As on 31.03.2000 Amount (Rs.)	As on 31.03.99 Amount (Rs.)
I. SOURCE OF FUNDS			
Shareholders' Funds			
Share Capital	A	900000000	736462700
Share Application Money		—	—
Loan Funds			
Secured Loans	B	1476890041	1442320876
Unsecured Loans	C	100572117	5397230
TOTAL		**2477462158**	**2184180806**
II. APPLICATION OF FUNDS			
Fixed Assets	D		
Gross Block		14529678	13387611
Less: Depreciation		2597733	1473788
Net Block		11931945	11913823
Capital Work In Progress		2226799593	2078655183
Pre-operative expenditure during construction period (pending allocation)	E	327359068	258467425
Current Assets, Loans & Advances			
Cash & Bank Balances	F	1148290	3866423
Loans & Advances	G	2753533	528666
		3901824	4395089
Less: Current Liabilities & Provisions			
Liabilities	H	96768250	173488074
		96768250	173488074
Net Current Assets		-92866427	-169092985
Miscellaneous Expenditure (To the extent not written off or adjusted)	I	4237360	4237360
TOTAL		**2477462158**	**2184180806**
Significant Accounting Policies and Notes forming part of the Accounts	J		

As per our report of even date
For Lodha & Company
Chartered Accountants

Partner

Place : Calcutta
Date : 21st June 2000

For and on behalf of International Aluminium Products Ltd.

Bharat Kumar Sahu	**S.B.Nayak**	**C.Venkataramana**	**P. Parvathisem**
Company Secretary	Director	Director	Chairman-cum-Managing Director

Place : Bhubaneswar
Date : 19th June 2000

Schedules forming part of the Balance Sheet as on 31st March 2000

	As on 31.03.2000 (Rs.)	As on 31.03.1999 (Rs.)
Schedule 'A'		
SHARE CAPITAL		
Authorised		
9,00,00,000 Equity Shares of Rs.10/- each (Previous year 9,00,00,000 shares)	900000000	900000000
Issued, Subscribed & Paid Up		
9,00,00,000 Equity shares of Rs.10/- each (Previous year 7,36,46,270 shares)	900000000	736462700
Schedule 'B'		
SECURED LOAN		
Long term Foreign Currency Loan from Foreign Bank-Foreign currency amount US$33,831,438.19 (Previous year US$ 33,808,911.83) from EFIBANCA, Italy at an interest rate of 5.95% per annum, secured by deferred payment guarantee by State Bank of India and counter guarantee by Industrial Credit and Investment Corporation of India Ltd. These guarantees are secured by mortgage/ hypothecation of Company's immovable and movable properties both present and future.	1476890041	1442320876
	1476890041	**1442320876**
Schedule 'C'		
UNSECURED LOAN		
Short Term Loan		
Inter Corporate Loan		
- From NALCO	95656247	—
- From Bodies Corporate	4692400	5317526
Interest accrued and due	223470	79704
	100572117	**5397230**

Schedule 'D'

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance As on 01.04.99	Addition/ Adjustment during the year	Deduction during the year	Total as on 31.03.2000	Opening Balance As on 01.04.99	Deprecia-tion during the year	Deduction/ Adjustment during the year	Total as on 31.03.2000	As on 31.03.2000	As on 31.03.99
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
Leasehold Land *	6911042	388125	—	7299167	395862	78586	—	474448	6824719	6515180
Furniture & Fixture	1668015	35129	127071	1576073	224972	104358	24507	304823	1271250	1443043
Office & Electrical Equipment	4398347	153840	—	4552187	622719	318067	—	940786	3611401	3775628
Motor Car	221396	120000	221396	120000	57840	25274	75367	7747	112253	163556
Temporary Structure	188811	793440	—	982251	172395	697534	—	869929	112322	16416
Total	**13387611**	**1490534**	**348467**	**14529678**	**1473788**	**1223819**	**99874**	**2597733**	**11931945**	**11913823**
Previous Year Figure	11982789	1445822	41000	13387611	879583	594205	—	1473788	11913823	

* Leasehold land includes Rs.3.88 lakhs (Rs.2.67 lakhs) being the cost of land under possession of the Company in respect of which registration is pending.

	As on 31.03.2000 (Rs.)	As on 31.03.1999 (Rs.)
Schedule 'E'		
PRE-OPERATIVE EXPENDITURE DURING CONSTRUCTION PERIOD (Pending Allocation)		
Balance brought forward from previous year	258467425	173445760
Payment & Provision for Employees:		
Salaries & Wages	6013582	6743394
Contribution to P.F. & Other Funds	370898	431367
Staff & Labour Welfare expenses	445930	472115
Directors' sitting fees	16500	18000
Travelling & Conveyance	1816647	2919470
Rates & Taxes	33618	20883
Consultancy & Professional fees	2148746	4510701
Rent	838719	929466
Repairs & Maintenance	1026770	740420
Audit Fees	42000	25000
Miscellaneous Expenses	5173903	5289742
Insurance	5324967	12370204
Fuel & Electricity	1686655	1569570
Interest on Corporate Deposits	325522	165575
Financial Charges	42417527	48295121
Donation	133501	31103
Depreciation & Amortisation	1223256	594205
Less: Miscellaneous Receipts	(146480)	(104671)
	327359686	**258467425**
Schedule 'F'		
CASH & BANK BALANCES		
Cash in hand	11	13046
With scheduled Banks on current accounts	10616	1397773
Deposit Account	—	2424000
Cheques / Drafts in hand	1137663	31604
	1148290	**3866423**
Schedule 'G'		
LOANS & ADVANCES (Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received	655392	478934
Balance with Government Authorities	49732	49732
Prepaid Expenses	2048409	—
	2753533	**528666**
Schedule 'H'		
CURRENT LIABILITIES		
Acceptance	—	25949126
Sundry Creditors	73532932	87452125
Other Liabilities	3415386	24782502
O.D. with SBI, Angul	294117	—
Interest accrued but not due	19525815	35304321
	96768250	**173488074**
Schedule 'I'		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary Expenses	4237360	4237360
	4237360	**4237360**

Schedule 'J'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES :

1. GENERAL

a) The Accounts are prepared on the historical cost basis and the accounting principles of going concern.

b) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

2. FIXED ASSETS

a) Fixed Assets are stated at cost including taxes,duties,freight and other incidental expenses incurred in relation to acquisition and installation of the same.

b) Leasehold land is stated at cost.

3. DEPRECIATION

a) Depreciation is provided on straight line method at the rates and in the manner specified in schedule XIV to the Companies Act, 1956.

b) Depreciation on additions to assets is calculated pro-rata from the month of such addition.

c) Cost of Leasehold land is amortised over the period of lease.

4. MISCELLANEOUS EXPENDITURE

Preliminary expenses will be amortised over a period of ten years from the year of commencement of commercial production.

5. FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currency are recorded at the original rates of exchange in force at the time of transaction.

Outstanding foreign currency loans/liabilities are translated at the exchange rate prevailing as on the Balance sheet date. Gains and losses on these loans/liabilities relating to acquisition of the fixed assets are adjusted to the cost of such fixed assets and those relating to other accounts are recognised as revenue and shown as preoperative expenses.

6. RETIREMENT BENEFITS

a) Retirement benefits in the form of Provident fund and Pension Schemes is accounted for on accrual basis. Contribution to Provident and Pension funds are made to appropriate authorities.

b) Liability for gratuity,superannuation and leave encashment benefits on retirement is accounted for on accrual basis based on the assumption that such benefits are payable to all employees at the end of the accounting year.

(B) NOTES TO ACCOUNTS

1. No profit & Loss Account has been prepared since the project is under implementation and commercial production is yet to commence. Accordingly, expenditure incurred pertaining to the project (as shown in Schedule E) has been carried forward under the head 'Pre-operative Expenditure During construction Period' pending allocation under appropriate heads on commissioning of the project.

2. In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and other known liabilities are adequate and not in excess of what is required.

3. Capital work in progress include machinery in stock, construction / erection materials, advances for construction erection works and machinery and other assets and direct expenses and interest directly attributable to such assets.

4. Salary and wages includes remuneration of Managing Director paid/payable during the year 1999-2000 (in Rs.)

	1999-2000	1998-1999
Salaries & Allowances	2,43,709	7,20,000
Contribution to P.F. & other funds	17,497	57,600
Perquisites & Benefits	74,477	92,875
TOTAL	**3,35,683**	**8,70,475**

5. Salary and wages include a lumpsum amount of Rs. 500000/- payable to the erstwhile Managing Director as settlement dues for cessation of services.

6. No. payments due to small scale industrial units has been identified from available information.

7. Additional information Pursuant to Part II of Schedule VI to the Companies Act,1956

   a) Value of imports calculated on CIF basis on capital accounts is NIL. (Previous year Rs. 25693457/-)

   b) Expenditure in foreign currency (on payment basis-INR equivalent):

I.	Travelling Expenses	Rs. 1,61,380/- (Previous year- Rs. 492480/-)
II.	Others	Rs. NIL (Previous year- Rs. 53913/-)

8. Contigent liability not provided for in respect of :-

	Current Year	Previous Year
(a) Compensation for land pending judicial decision	Rs. 3,00,000	NIL
(b) Other claims against the Company not acknowledged as debts.	Rs. 71,41,615	NIL

(c) Pursuant to an understanding arrived on 12th January 2000, contract for civil and structural jobs has been short closed and the liability as ascertained on final measurement and the material reconciliation, etc. in respect of jobs executed till the date has been accounted for in these accounts. Certain claims aggregating to Rs.63,62,012 in respect of shortage of material and payment of advance has not been accepted and therefore have not been recognised in the accounts.

9. Estimated amount of contract remaining to be executed on Capital Accounts (net of Advances) and not provided for is Rs.4,60,04,045 (Previous year Rs.19,93,77,000).

10. Rs.3,60,17,000 (Previous year - Rs. 10,76,46,000) being net loss on account of exchange difference has been adjusted to capital work in progress.

11. Donation of Rs. 1,33,501 has been paid during the year for which necessary approval of the shareholders is being obtained.

12. Previous year's figure has been regrouped/rearranged where necessary.

13. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	2722	State Code	15
Balance Sheet date	31–03–2000		

II. Capital Raised during the year (in Rs. '000)

Public Issue	**Right Issue**
–NIL–	–NIL–
Bonus Issue	**Private Placement**
–NIL–	163537

III. Position of Mobilization and Deployment of Funds (in Rs. '000)

	Total Liabilities	**Total Assets**
	2574230	2574230
SOURCE OF FUNDS	**Paid-up Capital**	**Reserves and Surplus**
	900000	–NIL–
	Secured Loans	**Unsecured Loans**
	1476890	100572
APPLICATION OF FUNDS	**Net Fixed Assets** (Incl. Cap. WIP & Pre-Operative Exp.)	**Net Current Assets**
	2566091	(-)92866
	Miscellaneous Expenditure	**Accumulated Losses**
	4237	–NIL–

IV. Performance of Company

Turnover	Total Expenditure
-N.A-	-N.A-
Profit/Loss Before Tax	Profit/Loss After Tax
-N.A-	-N.A-
Earning Per Share in Rs.	Dividend rate %
-N.A-	-N.A-

V. Generic Name of Principal Product of Company

Item Code No.	76.06
Product Description	COLD ROLLED ALUMINIUM STRIPS/COILS/SHEETS

Schedules A to J form an integral Part of the Balance Sheet and have been authenticated.

As per our report of even date
For Lodha & Company
Chartered Accountants

Partner

Place : Calcutta
Date : 21st June 2000

For and on behalf of the Board of Directors

Bharat Kumar Sahu
Company Secretary

S.B.Nayak
Director

C.Venkataramana
Director

P. Parvathisem
Chairman-cum-Managing Director

Place : Bhubaneswar
Date : 19th June 2000

Offices and Customer Contact Centres

UNITS

1. Mines & Refinery

Damanjodi - 763 008
Dist : Koraput (Orissa)
Phone : 06853-32201
Fax : 06853-32214/32288

2. Captive Power Plant

Dist : Angul (Orissa)
Pin : 759 122
Phone : 06764-20360
Fax : 06764-20646

3. Smelter Plant

Nalco Nagar-759 145
Dist : Angul (Orissa)
Phone : 06764-20169
Fax : 06764-20132

PORT FACILITIES

Visakhapatnam

Opp. Ore Handling Complex
Visakhapatnam-530 035
Andhra Pradesh
Phone : 0891-561433/561435
Fax : 0891-561598

MARKETING OFFICES

1. Mumbai

215, T.V. Industrial Estate
S.K. Ahire Marg, Worli,
Mumbai-400 025
Phone : 022-4939288/4939289
Fax : 022-4950500

2. Calcutta

Binoy Bhawan,
6th Floor, 27-B,
Camac Street
Calcutta-700 016
Phone : 033-2401373
Fax : 033-2478936

3. New Delhi

303, Mercantile House
15, Kasturba Gandhi Marg
New Delhi-101 001
Phone : 011-3706080/81
Fax : 011-3721195/3706090

4. Chennai

3E, Century Plaza,
560, Anna Salai
Teynampet, Chennai-600 018
Phone : 044-4344162
Fax : 044-4343495

5. Bangalore

Reshma Complex
3rd Floor, 50 M.G. Road,
Bangalore-560 001
Phone : 080-5587298/5587086
Fax : 080-5586151

6. pondicherry

No. 37, 1st Floor
VVP Nagar (JIPMER Main Road)
Kamaraja Salai
Opp. Thttanachavady Industrial
Estate
Pondicherry
Phone : 0413-374262/63
Fax : 0413-374264

STOCK YARDS

1. New Delhi

National Small Industries Corporation Ltd.
PDTC/NSIC Complex
Okhla Industrial Estate
New Delhi-110 020

2. Bhiwandi

Godown No. A/20
Gupta Warehousing complex
Mhatre Compound
Dapoda Village
Taluka, Bhiwandi
Dist. Thane

3. Faridabad

The Haryana State Small
Industries & Export
Corporation Ltd.
17/6, Mathura Road,
Faridabad
Haryana-121 007

4. Pondicherry

N.S.I.C.
20, Industrial Estate
Thattanchavady
Pondicherry

नालको NALCO

National Aluminium Company Limited

(A Government of India Enterprise)
Regd. Office : NALCO BHAWAN, Plot No. P/1,
Nayapalli, Bhubaneswar – 751 013 (Orissa)

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Company will be held on Saturday, the 30th September, 2000 at 11.00 A.M. at NALCO BHAWAN, Plot No. P/1, Nayapalli, Bhubaneswar – 751 013 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, audited Balance Sheet as on 31st March, 2000 and the Profit & Loss Account for the year ended 31st March, 2000 together with the report of the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri S. B. Nayak, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr.(Smt.) Aruna Bagchee, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Shri Kashi Nath Misra, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

6. Appointment of Shri S. K. Banerjee, as Director whose period of office is liable to be determined 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. Banerjee be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined by rotation in terms of order F.No.2/1/99-Met.I dtd. 30.09.99 of Ministry of Mines and Minerals, Government of India."

7. Appointment of Dr. Sutanu Behuria, as Director whose period of office is liable to be determined by rotation.

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

   "Resolved that Dr. Sutanu Behuria be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined by rotation in terms of order No. 13(1)/2000-Met.I dtd. 09.05.2000 of Ministry of Mines & Minerals, Government of India."

By order of the Board

(K. N. RAVINDRA)
COMPANY SECRETARY

Place : Bhubaneswar
Date : 01.09.2000

Notes:

(a) Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos. 6 & 7 set out above are annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.

(c) The Register of Members and Share Transfer Books of the Company will remain closed from 06.09.2000 to 30.09.2000 (both days inclusive) as notified in the press.

(d) If dividend on shares as recommended by the Directors is passed at the Meeting, payment of such dividend will be made on or after 30.09.2000 to those shareholders, whose names appear:-

i) As Beneficial Owners as at the end of the business on 5th September, 2000 as per the list to be furnished by NSDL in respect of the shares held in the electronic form and

ii) As members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 5th September, 2000.

(e) Members are requested to notify immediately, change in their address, if any, specifying full address in block letters with PIN CODE of their Post Offices, to the Registered Office of the Company, quoting their Folio Number.

(f) Members attending the meeting are requested to bring their copy of the Annual Report as extra copies will not be supplied.

(g) Members holding shares in identical order of names in more than one folio are requested to write to the Company's Share Registry enclosing their share certificates to enable the Company to consolidate their holdings in one folio.

(h) The Companies (Amendment) Act, 1999 extended nomination facility to individuals holding Shares/Debentures in Companies. Share/Debenture holders, in particular whose holding is in single name, are requested to avail of the above facility by furnishing to the Company the particulars of their nomination. Share/Debenture holders may please write to the Company for obtaining the prescribed Nomination Form.

(i) Members who have not encashed the dividend warrant(s) for the financial year 1995-96 and onwards are requested to make their claims to the Company immediately for its revalidation and subsequent encashment, since the unpaid or unclaimed dividend from financial year 1995-96 onwards will be transferred to the "Investor Education and Protection Fund", established by Central Government under section 205A & 205C of the Companies Act, 1956, as amended in 1999 after expiry of 7 years from the date they became due for payment. It may please be noted that no claim shall be made by the shareholders for the unclaimed Dividends which have been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the amended provision of Section 205B of the Companies (Amendment) Act, 1999.

ANNEXURE TO NOTICE

Explaratory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6:

Shri S. K. Banerjee was appointed as an Additional Director of the Company w.e.f. 30.09.99. In terms of Section 260 of the Companies Act, 1956, Shri S. K. Banerjee holds office only up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing along with the prescribed deposit from a Member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri S. K. Banerjee as a Director of the Company, whose period of office is liable to be determined by rotation.

Shri S. K. Banerjee has vast and rich experience in project management and served as Executive Director (Projects & Technical) of NALCO earlier. 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 this resolution for approval of the shareholders.

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

Item No. 7:

Dr. Sutanu Behuria was appointed as an Additional Director of the Company w.e.f. 09.05.2000. In terms of Section 260 of the Companies Act, 1956, Dr. Sutanu Behuria holds office only up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing along with the prescribed deposit from a Member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Dr. Sutanu Behuria as a Director of the Company, whose period of office is liable to be determined by rotation.

Dr. Behuria is an IAS Officer and at present is serving as Joint Secretary and Financial Adviser in the Ministry. 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 this resolution for approval of the shareholders.

None of your directors except Dr. Sutanu Behuria, whose appointment is proposed herein, is interested in the proposed resolution.

By order of the Board

(K. N. RAVINDRA)
COMPANY SECRETARY

Place : Bhubaneswar
Date : 01.09.2000

नालको NALCO

National Aluminium Company Limited

(A Government of India Enterprise)
Regd. Office : NALCO BHAWAN, Plot No. P/1,
Nayapalli, Bhubaneswar – 751 013 (Orissa)

REQUEST FOR SURRENDER OF OLD SHARE CERTIFICATES AND DEMATERIALISATION OF PHYSICAL HOLDINGS.

Dear Member,

1. We are happy to inform you that 14.5% Non-convertible Redeemable Secured Debentures issued consequent upon Capital Restructuring Scheme of the Company can be dematerialised under ISIN INE 139A07015 through any of the Depository Participants (DP) of M/s. National Securities Depository Limited (NSDL), Mumbai. You are requested to submit the debenture certificates, if any, to your DP for dematerialisation, immediately.

2. As you are aware, as per Capital Restructuring Scheme effected, Share Capital of NALCO has been reduced to Rs.644.31 crore with effect from 19.03.99. For reduced capital, 14.5% Non-convertible Redeemable Secured Debentures have been issued as per Capital Restructuring Scheme.

3. Old Share certificates of NALCO (Pre-Restructured Shares) cannot be traded in Stock Exchanges. Please surrender the old share certificates, as requested earlier through various letters/notifications, if not already done, for issue of new series of share certificates (Post Restructured Shares) and debentures.

4. NALCO shares are mandated by SEBI for settlement only in demat form w.e.f 31.05.99 as intimated to all shareholders vide notification dt.19.05.99. Hence please dematerialise your physical certificates immediately, if not done already.

5. Old share certificates which are not yet surrendered can be straight away dematerialised under new ISIN INE139A01026 and new series of shares will be credited to respective accounts as per Capital Restructuring Scheme, as intimated vide our notification dated 19.05.99.

Your prompt action on surrender/dematerialisation is requested.

Yours Truly,
For National Aluminium Company Limited

(K. N. RAVINDRA)
COMPANY SECRETARY

A QUICK REFERENCE GUIDE FOR INVESTORS

Securities and Exchange Board of India

Mumbai - 400 021

(Printed and Distributed in the interest of Common Investors by NALCO at the request of The Calcutta Stock Exchange Association Limited)

Dear Investors,

Now that you have become a stakeholder in a listed company, we welcome you to the securities market. Securities and Exchange Board of India, a statutory body constituted by the Government of India, stands committed to the assigned objective of *protecting investors in the securities market.*

Ensuring disclosure of full, *fair and adequate information* has been the hallmark of our regulatory principle. In continuation of our efforts in that direction, we thought it fit and timely to write to you making you aware of

- the rights that you have as a stakeholder in a company,
- the responsibilities that are cast on you,
- the risks that you have assumed,
- the procedures relating to trading and transfer of the securities and
- the remedies for problems that you may encounter.

We hope that this material will give you appropriate guidance, though in brief whenever you have a question in your mind. For detailed guidance, you may approach your broker, the investor service centres of the stock exchanges, and of course, the Investor Guidance Division of the Securities and Exchange Board of India.

Securities and Exchange Board of India

RISK REVISITED

When you invested, you did so with certain expectations about the performance of the company, the prospects of income from and/or the capital growth of the securities that you now hold, the corporate benefits that may accrue to you etc.

While making that investment decision, you should have, obviously, taken note of and duly evaluated the attendant risks that go with such expectations.

You would remember that one such risk is that your expectations on income and/or growth may not materialise.

You would also recall that if you are an investor in the debt instruments, you can have recourse against the company, besides the market, for redeeming them. But, as an equity holder of a company, in order to realise the value of such investment, you have recourse only to the market.

And you would recollect that the disinvestment may result in capital losses also.

Further, you would have also noted that apart from the above mentioned investment risks, you also face the risk of running into problems with the trading and transfer of the securities.

YOUR RIGHTS

As a shareholder in a company, you enjoy certain rights, which are as follows:

- to receive the share certificates, on allotment or transfer as the case may be, in due time.
- to receive copies of the abridged Annual Report, the Balance Sheet and the P&L A/c and the Auditor's Report.
- to participate and vote in General Meetings either personally or through proxies.
- to receive Dividends in due time once approved in General Meetings.
- To receive corporate benefits like rights, bonus etc. once approved.
- to apply to Company Law Board (CLB) to call or direct the Annual General Meeting.
- to inspect the minute books of the General Meetings and to receive copies thereof.
- to proceed against the company by way of civil or criminal proceedings.
- to apply for the winding up of the Company.
- to receive the residual proceeds.

Besides the above rights which you enjoy as an individual shareholder, you also enjoy the following rights as a group.

- to requisition an Extra-ordinary General Meeting.
- to demand a poll on any resolution.
- to apply to CLB to investigate the affairs of the company.
- to apply to CLB for relief in cases of oppression and/or mismanagement.

As a debenture-holder, you have the right

- to receive interest/redemption in due time.
- to receive a copy of the trust deed on request.
- to apply for winding up of the company if the company fails to pay its debt.
- to approach the Debenture trustee with your grievance.

You may note that the above mentioned rights may not necessarily be absolute. For example, the right to transfer securities is subject to the company's right to refuse transfer as per statutory provisions.

YOUR RESPONSIBILITIES

While you may be happy to note that you have so many rights as a stakeholder in the company, that should not lead you to complacency; because you have also certain responsibilities to discharge. To be specific,

- to remain informed.
- to be vigilant.
- to participate and vote in general meetings.
- to exercise your rights on your own or as a group.

TRADING OF SECURITIES

You have the right to sell the securities that you hold at a price and time that you may choose. You can do so personally with another person or through a recognised stock exchange. Similarly you have the right to buy securities from anyone or through a recognised stock exchange at a price and time of your choice.

Whether it is a sale or purchase of securities, effected directly by you or through an exchange, all trades should be executed by a valid, duly completed and stamped transfer deed.

If you choose to deal (buy or sell) directly with another person, you are exposed to counter party risk, i.e., the risk of non-performance by that party. However, if you deal through a stock exchange, this counter party risk is reduced due to trade/settlement guarantee offered by the stock exchange mechanism. Further, you also have certain protections against defaults by your broker.

When you operate through an exchange, you have the right to receive the best price prevailing at that time for the trade and the right to receive the money or the shares on time. You also have the right to receive a contract note from the broker confirming the trade and indicating the necessary details of the trade. You also have the right to receive good delivery and the right to insist on rectification of bad delivery. If you have a dispute with your broker, you can resolve it through arbitration under the aegis of the exchange.

If you decide to operate through an exchange, you have to avail of the services of a SEBI registered broker/sub-broker. You have to enter into a broker-client agreement and file a client registration form. Since the contract note is a legally enforceable document, you should insist on receiving it. You have the obligation to deliver the shares in case of sale or pay the money in case of purchase within the time prescribed. In case of bad delivery of securities by you, you have the responsibility to rectify them or replace them with good ones.

TRANSFER OF SECURITIES

Transfer of securities mean that the company has recorded in its books, a change in the title of ownership of the securities effected either privately or through an exchange transaction.

To effect a transfer, the securities should be sent to the company along with a valid, duly executed and stamped transfer deed duly signed by or on behalf of the transferor (seller) and transferee (buyer). It would be a good idea to retain photo-copies of the securities and the transfer deed when they are sent to the company for transfer. It is essential that you send them by registered post with acknowledgment due and watch out for the receipt of the acknowledgment card. If you do not receive the confirmation of receipt within a reasonable period, say within two months, you should immediately approach the postal authorities for confirmation. Please note that, postal authorities will be able to provide confirmation only if you approach them within three months.

Sometimes, for your own convenience, you may choose not to transfer the securities immediately. This may facilitate easy and quick selling of the securities. In that case you should take care that the transfer deed remains valid. However, in order to avail of the corporate benefits like the Dividends, Bonus or Rights from the company, *it is essential that you get the securities* transferred in your name.

On receipt of your request for transfer, the company proceeds to transfer the security as per provisions of the law. In case they cannot effect the transfer, the company returns back the securities giving details of the grounds under which the transfer could not be effected. This is known as Company Objection.

When you happen to receive a company objection for transfer, you should proceed to get the errors/discrepancies corrected. You may have to contact the transferor (the seller) either directly or through your broker for rectification or replacement with good securities. Then you can resubmit the securities and the transfer deed to the company for effecting the transfer.

In case you are unable to get the errors rectified or get them replaced, you have recourse to the seller and his broker through the stock exchange to get back your money. However, if you had transacted directly with the seller originally, you have to settle the matter with the seller directly.

Sometimes, your securities may be lost or misplaced. You should immediately request the company to record a stop transfer of the securities and simultaneously apply for issue of duplicate securities. For effecting stop transfer, the company may require you to produce a court order or the copy of the FIR filed by you with the Police. Further, to issue duplicate securities to you, the company may require you to submit indemnity bonds, affidavit, sureties etc. besides issue of a public notice. You have to comply with these requirements in order to project your own interest.

Sometimes, it may so happen that the securities are lost in transit either from you to the company or from the company to you. You have to be on your guard and write to the company within a month of your sending the securities to the company. The moment it comes to your notice that either the company has not received the securities that you sent or you did not receive the securities that the company claims to have *sent to you, you should immediately request the* company to record stop transfer and proceed to apply for duplicate securities.

DEPOSITORY AND DEMATERIALISATION

Shares are traditionally held in physical or paper form. This method has its own inherent weaknesses like loss/theft of certificates forged/ fake certificates, cumbersome and time consuming procedure for transfer of shares etc. Therefore, to eliminate these weaknesses, a new system called Depository System has been established.

A depository is a system which holds your shares in the form of electronic accounts in the same way a bank holds your money in a savings account.

Depository System provides the following advantages to an investor.

- Your shares cannot be lost or stolen or mutilated.
- You never need to doubt the genuineness of your shares i.e., whether they are forged or fake.
- Share transactions like transfer, transmission etc. can be effected immediately.
- Transaction costs are usually lower than on the physical segment.
- There is no risk of bad delivery.
- Bonus/Rights shares allotted to you will be immediately credited to your account.
- You will receive the statement of accounts of your transactions/holdings periodically.

When you decide to have your shares in electronic form, you should approach a Depository Participant (DP) who is an agent of the depository and open an account. You should surrender your share certificates in physical form and your DP will arrange to get them sent to and verified by the company and on confirmation credit your account with an equivalent number of shares. This process is known as de-materialisation. You can always reverse this *process if you so desire and get your shares* reconverted into paper format. This process is known as re-materialisation.

Share transactions (like sale or purchase and transfer/transmission etc.) in the electronic form can be effected in a much simpler and faster way. All you need to do is that after confirmation of sale/purchase transaction by your broker, you should approach your DP with a request to debit/ credit your account for the transaction. The Depository will immediately arrange to complete the transaction by updating your account. There is no need for separate communication to the company to register the transfer.

GRIEVANCE REDRESSAL

There will be occasions when you have a grievance against the company in which you are a stake-holder. It may be that you have not received the share certificates on Allotment or on transfer; it may be that you did not receive the dividend/interest warrant or refund order; perhaps you did not receive the Annual accounts etc. while you would first approach the company in that regard, you may not be satisfied with the company's response there to. You would like to know whom you should turn to get your grievance redressed. The following table would provide you the guidance in this regard.

Nature of grievance	Can be taken up with
In case of any Public Issue, non-receipt of • Refund order • Interest on delayed refund • Allotment advice • *Share certificates* • Duplicates for all of the above • Re-validations	- SEBI - Dept. of Company Affairs - Stock Exchange - Registrars to the Issue
In case of a listed security, non-receipt of the certificates after; • transfer • transmission • conversion • endorsement • consolidation • splitting • duplicates of securities	- SEBI - *DCA* - Stock Exchange

Nature of grievance	Can be taken up with
Regarding listed Debentures, non-receipt of • interest due • redemption proceeds • interest on delayed payment	- *SEBI* - Dept. of Company Affairs - The Debenture Trustees - Stock Exchange
Regarding bad delivery of shares	Bad delivery cell of the stock exchange
Regarding shares or debentures in unlisted companies	Dept. of Company Affairs
Deposits in collective investment schemes like plantations etc.	SEBI
Units of Mutual Funds	SEBI
Fixed Deposits in Banks and Finance Companies	*Reserve* Bank of India
Fixed Deposits in manufacturing companies	Dept. of Company Affairs.

Investor Information Centres have been set up in every recognised stock exchange which in addition to the complaints to the securities traded/listed with them, will take up all other complaints regarding the trades effected in the exchange and the relevant member of the exchange.

Moreover two other avenues are always available to the investors to seek redressal of their complaints which are through

- Complaints with Consumers' Disputes Redressal Forums.
- Suits in the Court of Law.

OFFICES OF SEBI

SEBI Offices	Jurisdiction
Head Office : Mittal Court, 'B' Wing, 1st Floor, 224, Nariman Point, MUMBAI-21. Earnest House 14th Floor, 194, Nariman Point, MUMBAI-21	**For the companies having their Registered offices in** Gujarat, Maharashtra, Madhya Pradesh, Dadra and Nagar Haveli and Goa
Northern Regional Office Block No. 1, Rajendra Place, Dist. Centre, New Delhi-8	Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajasthan, Uttar Pradesh, Chandigarh and Delhi
Eastern Regional *Office* FMC Fortuna, 5th Floor, 234/3A AJC Bose Road, Calcutta-20	Assam, Bihar, *Manipur*, Meghalaya, Nagaland, Orissa, West Bengal, Arunachal Pradesh, Mizoram and Tripura.
Southern Regional Office 3rd Floor, 'D' Monte Bldg., No. 32, D'Monte Colony, TTK Road, Alwarpet, Chennai-18.	Andhra Pradesh, Karnataka, Kerala, Tamilnadu and Pondicherry.

KEY TERMS

Arbitration : Settlement of claims, difference or disputes between one member and another and between a member and his clients authorised clerks, sub-brokers, etc., through appointed arbitrators. It is a quasi-judicial *process that is faster and is an inexpensive* way of resolving a dispute. The Exchange facilitates the process of arbitration between the members and their clients. After both the parties select the arbitrator and after due deliberation and after considering the merits of the case an award is given. In India arbitration is governed by the Arbitration and Conciliation Act, 1996.

Auction : An auction is a mechanism utilised by the Exchange to fulfil its obligation to a counter party member when a member fails to deliver good securities or make the payment. Through auction, the Exchange arranges to buy good securities and deliver them to the buying broker or arranges to realise the cash and pay it to the selling broker.

Bad delivery cell : When a delivery of share turns out to be bad because of company objection etc., the investor can approach the bad delivery cell of the stock exchange through his broker for correction or replacement with good delivery.

Bid and offer : Bid is the price of a share a prospective buyer is prepared to pay for *particular scrip. Offer is the price at which* share is offered for sale.

Brokerage : Brokerage is the commission charged by the broker for purchase/sale transactions through him. The maximum brokerage chargeable, as stipulated by SEBI is at present 2.5% of the trade value.

Carry forward trading : Carry forward trading has evolved in response to local needs in India and it refers to the trading in which the settlement is postponed to the next account period on payment of contango charge (known as 'vyaj badla') in which the buyer pays interest on borrowed funds or the backwardation charges (known as 'undha badla') in which the short seller pays a charge for borrowing securities.

Circuit breakers : It is a mechanism by which Exchanges temporarily suspend the trading in a security when its prices are volatile and *tend to breach the price band.*

Clearing : Clearing refers to the process by which all transactions between members is settled through multilateral netting.

Company objection : An investor sends the certificate along with the transfer deed to the company for transfer. In certain cases the registration is rejected because of signature difference or if the shares are fake, forged or stolen etc. In such cases the company returns the shares alongwith a letter which is termed as a company objection.

Cum-bonus : The share is described as cum-bonus when a potential purchaser is entitled to receive the current bonus.

Cum-rights : The share is described as cum-rights when a potential purchaser is entitled to receive the current rights.

Day order : A day order, as the name suggests, is an order which is valid for the day on which it is entered. If the order is not matched during the day at the end of the trading day the order gets cancelled automatically.

Dematerialisation : Dematerialisation is the process by which shares in the physical/paper form are cancelled and credit in the form of electronic balances are maintained on highly secure systems at the depository.

Ex-bonus : The share is described as ex-bonus when a potential purchaser is not entitled to receive the current bonus, the right to which remains with the seller.

Ex-rights : The share is described as ex-rights when a potential purchaser is not entitled to receive the current rights, the right of which remains with the seller.

Forward trading : *Forward trading refers to* trading where contracts traded today are settled at some future date at prices decided today.

Good-bad delivery : A share certificate together with its transfer form which meet all the requirements of title transfer from seller to buyer is called good delivery in the market.

Delivery of a share certificate together with a deed of transfer, which does not meet requirements of title transfer from seller to buyer is called a **bad delivery** in the market.

Insider trading : Trading in a Company's *shares by a connected person having non*-public, price sensitive information, such as expansion plans, financial results, takeover bids etc. by virtue of his association with that Company, is called inside trading.

Jumbo certificate : A jumbo share certificate is a single composite share certificate formed by consolidating/aggregating a large number of market lots.

Market lot : Market lot is the minimum number of shares of a particular security that must be transacted on the Exchange. Multiples of the market lot may also be transacted.

No-delivery period : Whenever a book closure or record date is announced by a company, the Exchange sets a no-delivery period for that security. During this period, trading is permitted in that security. However, these trades are settled only after the no delivery period is over. This is done to ensure that investor's entitlement for corporate benefits is clearly determined.

Odd lot : A number of shares that are less than the market lot are known as odd lots. These shares are illiquid in nature, as they cannot be transacted on the Exchange.

Order driven trading : It is a trading initiated by buy/sell orders from investors/brokers.

Over the counter trading : *Trading in those* stocks which are not listed on a stock exchange.

Pay-in : Pay-in day is the designated day on which the securities or funds are paid in by the members to the clearing house of the Exchange.

Pay-out : Pay-out is the designated day on which securities and funds are paid out to the members by the clearing house of the Exchange.

Price band : The daily/weekly price limits within which price of a security is allowed to rise or fall.

Price rigging : When a person or persons acting in concert with each other collude to artificially increase or decrease the prices of a security, that process is called price rigging.

Quote driven trading : Trading where brokers/market makers give buy/sell quote for a scrip simultaneously.

Record date : Record date is the date on which the beneficial ownership of an investor is entered into the register of members. Such a member is entitled to get all the corporate benefits.

Rematerialisation of shares : It is the process through which shares held in electronic form in a depository are converted into physical form.

Screen based trading : When buying/selling of securities is done using computers and matching of trades is done by a stock exchange computer.

Settlement : It refers to the scrip-wise netting of trades by a broker after the trading period is over.

Settlement guarantee : Settlement guarantee is the guarantee provided by the *clearing corporation for settlement of all* trades even a party defaults to deliver securities or pay cash.

Splitting/Consolidation : The process of splitting shares that have a high face value into shares of lower face value is known as splitting. The reverse process of combining shares that have a low face value into one share of higher value in known as consolidation.

Spot trading : Trading by delivery of shares and payment for the same on the date of purchase or on the next day.

Stop transfer : The instruction given by a registered holder of shares to the company to stop the transfer of shares as a result of theft, loss etc.

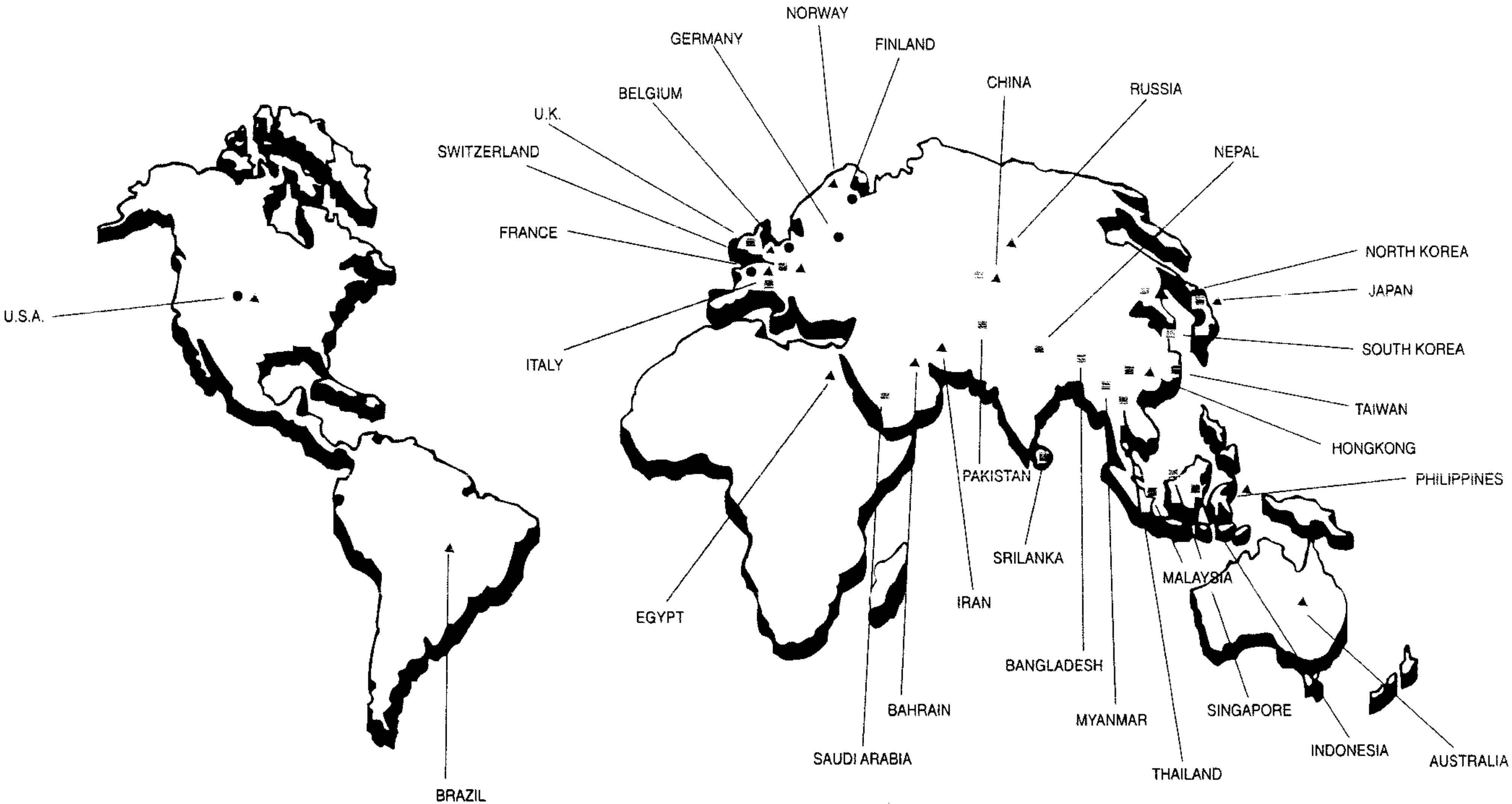
Trade guarantee : Trade guarantee is the guarantee provided by the clearing corporation for all trades that are executed on the Exchange. In contrast the settlement guarantee guarantees the settlement of trade after multilateral netting.

Trading for delivery : Trading conducted with an intention to deliver shares as opposed to a position that is squared off within the settlement.

Transfer deed : A transfer deed is a form that is used for effecting transfer of shares or debentures and is valid for a specified period. It should be sent to the company along-with the share certificate for registering the transfer. The transfer deed must be duly stamped and signed by or on behalf of the transferor and transferee and complete in all respects.

Transmission : Transmission is the lawful process by which the ownership of securities is transferred to the legal heirs of the deceased.

GLOBAL PRESENCE



● Technology associates ▒ Aluminium export ▲ Alumina export