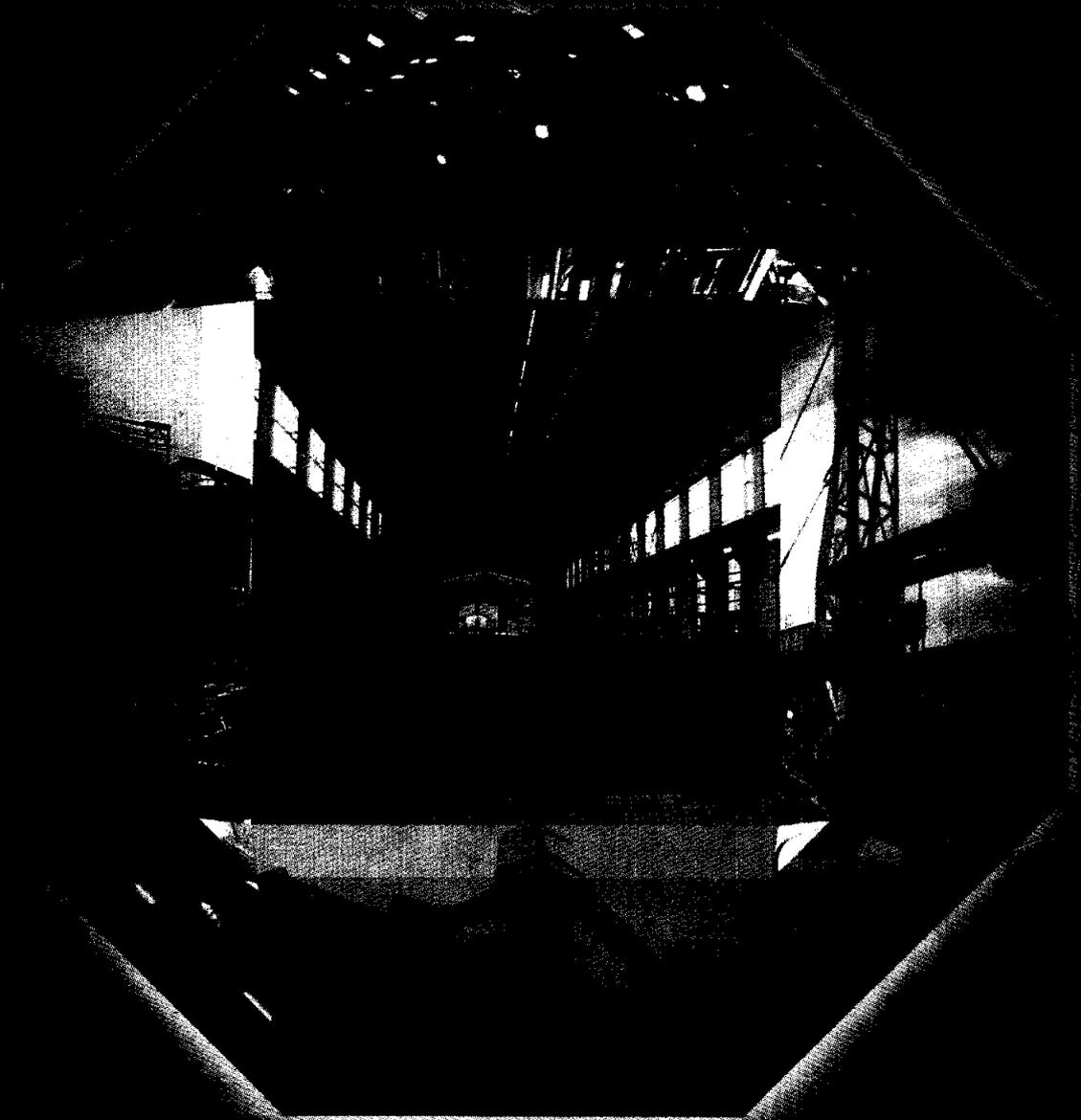


20th Annual Report 2000-2001



INALCO

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

CHAIRMAN-CUM-MANAGING DIRECTOR

Shri S. C. Tripathi (w.e.f. 31.08.2001 A.N.)

Shri P. Parvathisem (upto 31.08.2001 A.N.)

DIRECTORS

Shri S. P. Gupta

Shri C. Venkataramana

Shri S. B. Nayak

Shri S. K. Banerjee

Shri P. Mohapatra

Shri S. N. Malik

CHIEF VIGILANCE OFFICER

Shri S. K. Mishra

EXECUTIVE DIRECTORS

Dr. R. C. Mohanty

Maj. A. Chowdhury

Shri S. K. Misra

Shri M. S. Parija

Shri N. K. Jain

Shri S. D. Chouharia

Shri K. K. Mallick

Shri C. R. Pradhan

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

Website : www.nalcoindia.com

STATUTORY AUDITORS

Tej Raj & Pal

Chartered Accountants

1, Kalpana Square

Bhubaneswar - 751 014.

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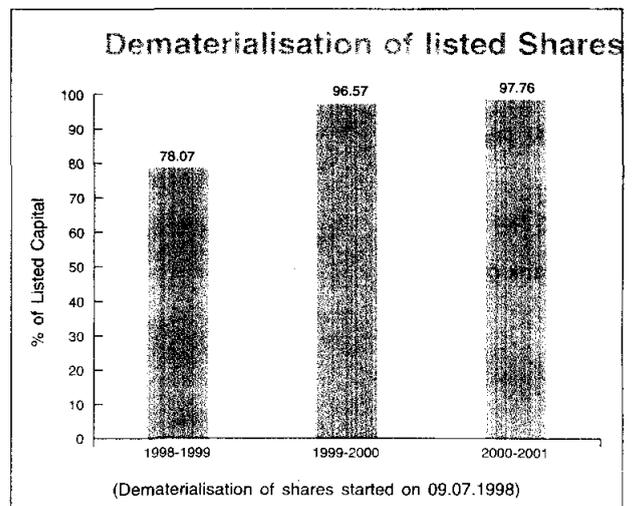
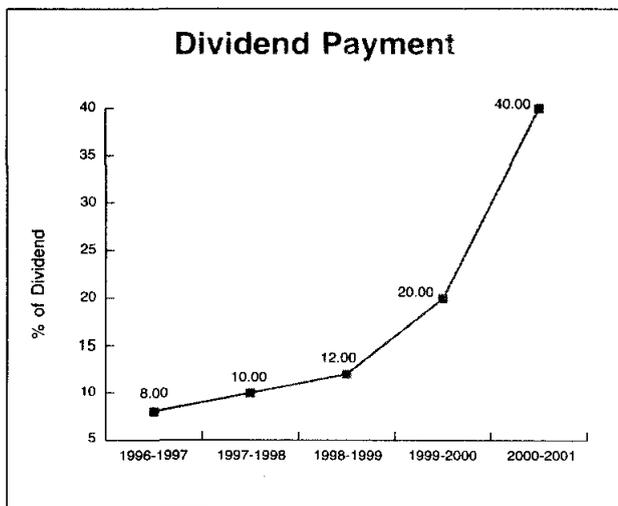
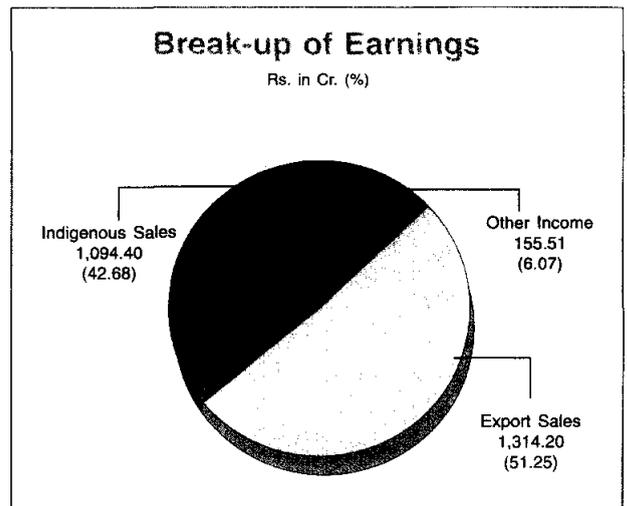
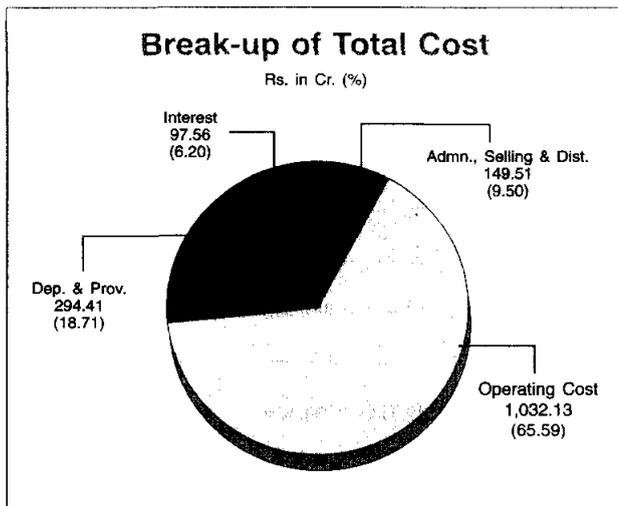
The Year at a glance - 2000-2001

PHYSICAL

	Units	2000-2001	1999-2000
Bauxite mining	MT	28,34,189	28,22,464
Alumina production	MT	9,39,000	8,86,000
Aluminium production	MT	2,30,516	2,12,663
Power	MU	3,833	3,985

FINANCIAL

	2000-2001	1999-2000
Export Turnover (Rs. in crore)	1,314.20	1,031.64
Gross Sales (Rs. in crore)	2,408.60	2,142.32
Profit Before Tax (Rs. in crore)	843.37	681.00
Profit After Tax (Rs. in crore)	655.83	511.53
Earning Per Share (in Rs.)	10.18	7.94
Book Value Per Share (in Rs.)	55.44	49.67



5 years performance at a glance - Physical

Sl. No.	Particulars	Units	2000-01	1999-2000	1998-99	1997-98	1996-97
1.	Production :						
	Bauxite	MT	2,834,189	2,822,464	2,806,288	2,661,557	2,558,002
	Alumina	MT	939,000	886,000	894,500	883,300	840,062
	Aluminium	MT	230,516	212,663	146,206	200,162	203,823
	Power (net)	MU	3,833	3,985	3,588	3,902	4,187
2.	Export Sales :						
	Alumina/Hydrate	MT	495,723	479,620	610,940	479,801	465,139
	Aluminium	MT	118,868	95,185	39,865	55,475	60,357
3.	Domestic Sales :						
	Alumina/Hydrate	MT	4,124	8,027	6,151	5,119	6,898
	Aluminium	MT	114,082	120,171	98,573	140,660	145,521
	Power	MU	225	595	920	658	903

5 years performance at a glance - Financial

(Rs. in crore)

Sl. No.	Particulars	2000-01	1999-2000	1998-99	1997-98	1996-97
A.	Income Statement :					
1.	Exports	1,314.20	1,031.64	632.17	679.48	637.86
2.	Domestic Sales	1,094.40	1,110.68	874.48	1,174.06	1,131.00
3.	Gross Sales (1+2)	2,408.60	2,142.32	1,506.65	1,853.54	1,768.86
4.	Less : Excise Duty	147.13	155.00	109.04	148.11	140.20
5.	Net Sales (3-4)	2,261.47	1,987.32	1,397.61	1,705.43	1,628.66
6.	Other Income :					
7.	Operating	126.09	93.62	82.20	10.24	14.68
8.	Non-operating	29.42	31.28	88.57	90.93	45.63
9.	Operating expenses	1,181.64	1,048.14	908.97	870.99	865.07
10.	Operating Profit (5+7-9)	1,205.92	1,032.80	570.84	844.68	778.27
11.	Interest & Financing charges	97.56	63.43	38.06	36.92	9.08
12.	Gross Margin (10+8-11)	1,137.78	1,000.65	621.35	898.69	814.82
13.	Depreciation and Amortisation	295.02	283.00	283.10	272.30	259.41
14.	Provisions	(0.61)	36.65	1.03	0.96	(0.50)
15.	Profit before Tax (PBT) (12-13-14)	843.37	681.00	337.22	625.43	555.91
16.	Provision for Tax	187.54	169.47	88.97	78.46	64.15
17.	Net Profit (PAT) (15-16)	655.83	511.53	248.25	546.97	491.76
18.	Extraordinary Income	Nil	Nil	Nil	Nil	Nil
19.	Net Profit after Extraordinary Income (17+18)	655.83	511.53	248.25	546.97	491.76
B.	Balance Sheet :					
20.	Equity Capital	644.31	644.31	644.31	1,288.62	1,288.62
21.	Reserves & Surplus	2,928.06	2,556.19	2,191.17	2,088.50	1,681.91
22.	Networth (20+21)	3,572.37	3,200.50	2,835.48	3,377.12	2,970.53
23.	Loans Outstanding	643.54	663.54	643.58	594.10	580.00
24.	Net Fixed Assets	2,137.31	2,251.99	2,379.45	2,545.35	2,730.55
25.	Net Current Assets	243.23	517.99	635.01	1,192.65	689.53
26.	Capital Employed (24+25)	2,380.54	2,769.98	3,014.46	3,738.00	3,420.08
C.	Ratios :					
27.	Operating Profit Margin (OPM) (%) (10/5*100)	53.32	51.97	40.84	49.53	47.79
28.	Net Profit Margin (%) (17/5*100)	29.00	25.74	17.76	32.07	30.19
29.	Return on Capital Employed (ROCE) (%) (17/26*100)	27.55	18.47	8.24	14.63	14.38
30.	Return on Networth (RONW) (%) (17/22*100)	18.36	15.98	8.76	16.20	16.55
31.	Debt Equity (%) (23/22*100)	18.01	20.73	22.70	17.59	19.53
D.	Others :					
32.	Book value per share of Rs. 10 each (in Rs.)	55.44	49.67	44.01	26.21	23.05
33.	Earnings per share (in Rs.)	10.18	7.94	3.85	4.24	3.82
34.	Dividend declared (%)	40.00	20.00	12.00	10.00	8.00

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

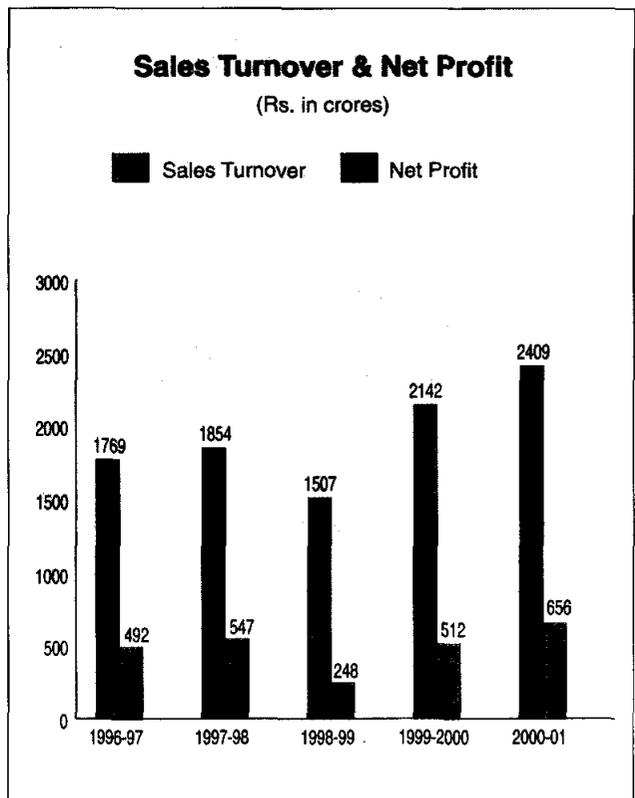
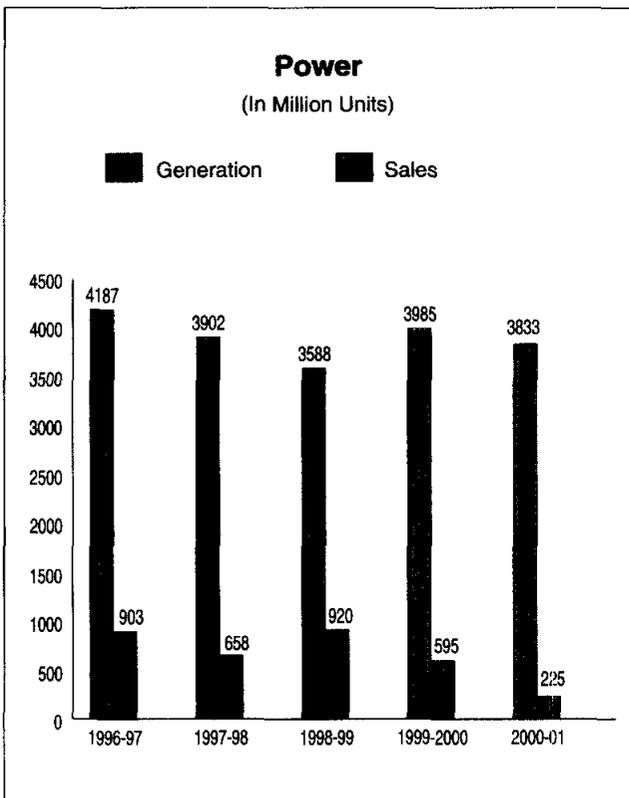
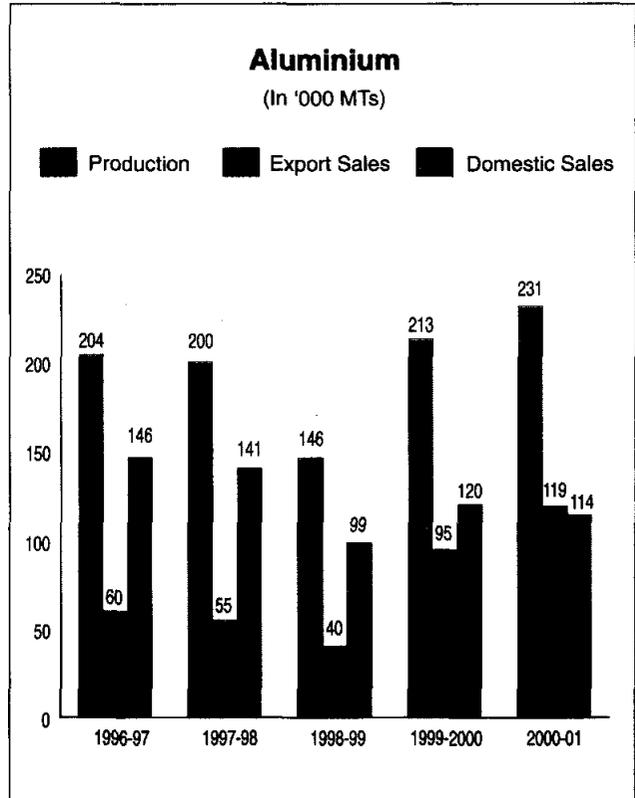
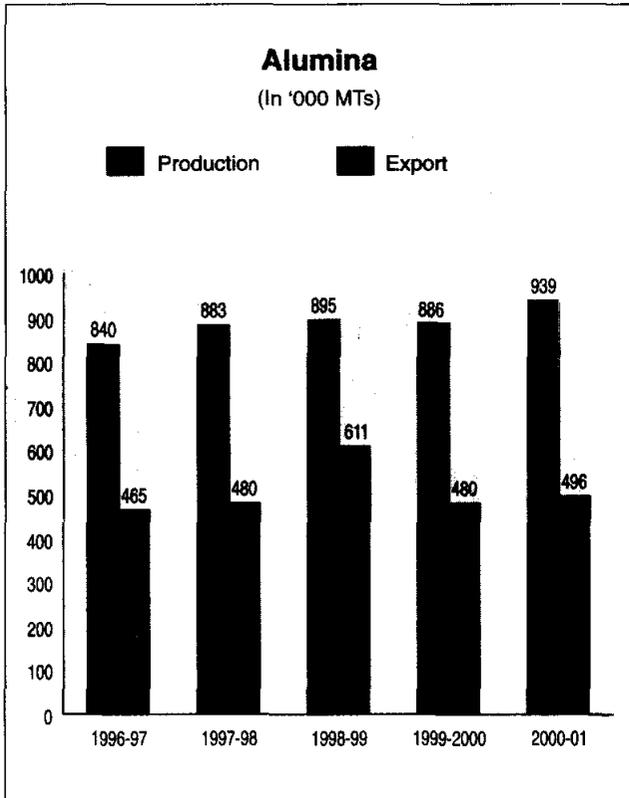
Reconciliation of Published Quarterly (Unaudited) Financial Results and Annual (Audited) Financial Results for the Year 2000-2001

(Rs. in crore)

Sl. No.	Particulars	1st Quarter (Unaudited)	2nd Quarter (Unaudited)	3rd Quarter (Unaudited)	4th Quarter (Unaudited)	Total of four quarters	Variances	Full Year (Audited)
1	2	3	4	5	6	7	8	9
1.	Sales Turnover	506.89	619.29	606.93	672.93	2,406.04	2.56	2,408.60
2.	Other Income	32.25	39.67	45.46	39.50	156.88	3.10	159.98
3.	Total Expenditure	269.18	329.10	313.03	419.43	1,330.74	2.50	1,333.24
4.	Interest and Financing charges	25.10	23.84	24.26	24.10	97.30	0.26	97.56
5.	Gross Profit after interest (but before Depreciation & Taxation)	244.86	306.02	315.10	268.90	1,134.88	2.90	1,137.78
6.	Depreciation & Provisions	73.20	71.40	71.94	77.31	293.85	0.56	294.41
7.	Profit before taxation (PBT)	171.66	234.62	243.16	191.59	841.03	2.34	843.37
8.	Provision for Taxation	43.82	59.62	51.15	32.88	187.47	0.07	187.54
9.	Net Profit (PAT)	127.84	175.00	192.01	158.71	653.56	2.27	655.83
10.	Paid up Equity Share Capital	644.31	644.31	644.31	644.31	644.31		644.31
11.	Reserves excluding Revaluation Reserves					3,209.79*		2,928.06
12.	Basic and diluted Earnings per share (Rs.) (Not annualised)	1.98	2.72	2.98	2.46	10.14		10.18
13.	Book value per share					59.82*		55.44
14.	Aggregate of non-promoter shareholding :							
	Number of shares					82,809,993		82,809,993
	Percentage of shareholding					12.85		12.85

Note : 1. *Subject to adjustment of dividend and tax thereon for 2000-01.

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

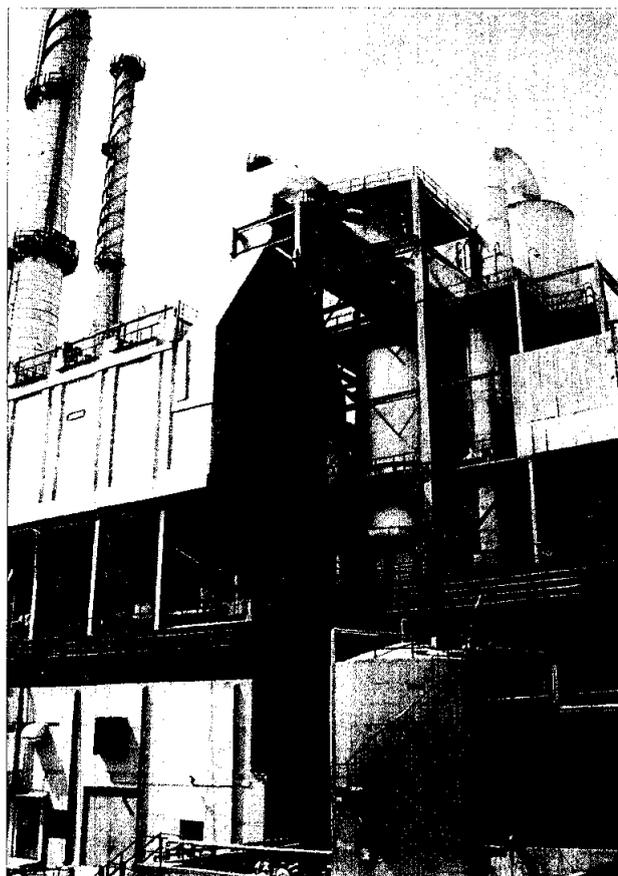


Expansion Programmes

EXPANSION OF M&R COMPLEX

Government of India had approved the proposal for expansion of the Bauxite Mines and Alumina Refinery vide letter dated 18th December, 1996. The salient features of the expansion are :-

	Bauxite Mines	Alumina Refinery
Capacity		
– Existing	24,00,000 TPY	8,00,000 TPY
– After expansion	48,00,000 TPY	15,75,000 TPY
Project cost	Rs. 120.59 crore	Rs. 1544.01 crore
Project Duration (From the date of Government Approval)	36 months	51 months
Project Completion Schedule	December, 1999	March, 2001



New Calciner for Refinery

The expansion of Alumina Refinery has been planned to be completed in two phases i.e. Debottlenecking (from 8 Lakh TPY to 10.50 Lakh TPY) and Third Stream (from 10.50 Lakh TPY to 15.75 Lakh TPY). The third stream will be a replica of one of the debottlenecked streams.



Reclaimer for bauxite transportation

Reputed Consultants have been appointed for carrying out Detailed Engineering, Tendering & Procurement Services and Construction Management for the various project segments. The names of the consultant and their area of work are as follows :-

Project Segment	Consultant
Mines and Refinery	M/s. Engineers India Ltd., New Delhi
Steam Generation Plant, Township, Railway Facility, Port Facilities at Vizag.	M/s. MECON, Ranchi

The atmospheric pressure digestion technology of AP used in the existing plant is being adopted for the Expansion. The following improvements developed by AP have been incorporated in the existing process :-

- Installation of Interstage cooler at the Precipitation area,
- Installation of Pre-desilication system (desilication before digestion),
- Use of synthetic flocculant in the Settling area,
- Installation of Oxalate Removal System,
- Installation of Hydrate Classification Cyclone,
- Installation of Spent Liquor and Stabilization Liquor classification cyclones,
- Separate feeding of individual Security filters,
- Installation of Automatic on-line RP measurement system,
- Installation of Mud level control system in the settlers.

Improvements incorporated by NALCO

- Distributed Control System (DCS)
- Increase in Capacity of existing Calciner
- Improvement in Evaporators

- Hi-rate Thickener (HRT)
- Thickened Tailing & Disposal System (TTD)
- Frequency drives for Pumps
- Electrical Control System (ECS)

The major technological advantages from the Debottlenecking Project will be as follows:

- Introduction of Predesilication Unit (new unit) will increase liquor stability, thereby increasing liquor productivity and removing silica impurity from aluminate liquor.
- Introduction of Interstage Cooler unit (new item) will help in increasing liquor productivity and decrease in soda content in the product.
- Improvement in caustic soda consumption because of implementation of HRT and TTD system.
- Implementation of various improvements will result in reduced steam consumption.
- Further the implementation of HRT and TTD system for red mud disposal will result in a more environmentally friendly disposal of this waste. This will also lessen the chance of any accident as the Dam height need not be increased any further.
- The implementation of Distributed Control System (DCS) will enable centralised control of the plant parameters for better efficiency and effective control as against the conventional analogue control system. This will also have the additional features of building up of database, trending, graphical representation and automatic log sheet generation etc. with a facility of connecting the system with MIS.

Basic Engineering package for the above improvements was made by AP and all the same were received by NALCO by March, 98.

The expansion of Bauxite Mines has already been completed with the no load run of the primary crusher on 29.12.1999.

The bauxite charging to the first debottlenecked stream was achieved in May, 2000 and the same for the 2nd stream was done in June, 2000.

NALCO has already started reaping the benefits from debottlenecking.

The implementation of Third Stream of Alumina Refinery will be mechanically completed in September, 2001 and the commissioning activities for various units will start from October, 2001.

All the packages of the expansion of Material Handling Facilities at NALCO's port facilities at Vizag Port are at advanced stage of completion. These packages include the construction of a new silo, new power distribution system, new blower house for alumina handling and a new wagon unloading pit. The no load run of Alumina Handling Package has been conducted during August, 2001.



Port Facility expansion

The procurement for the total project was done in three separate routes as stated below:-

- Turnkey packages,
- Equipment procurement with and without erection,
- Contracts for Civil, Structural, Tankage and erection work.

The turnkey packaging philosophy was considered for packages where the system involved various small equipments along with some process technology. As the guarantee for process lies with the main supplier the entire work is given to that supplier on turnkey basis including related civil work. Such packages are Claciner, Evaporator, Alumina Handling System, etc. In these cases the foreign party was the principal bidder responsible for supply of main equipment and all guarantees. Indian party took care of Indian supply, erection and commissioning including civil and structural work.

Order for supply of equipment was done in cases where the vendor has to supply a single equipment and not a system. In cases where the supply of equipment involved specialised erection practices, the same were executed on divisible contract basis for cost saving by way of works contract tax.

The job for civil, structural, tankage and erection of smaller mechanical/electrical/instrumentation equipments were handled through various contracts. These jobs were awarded to reputed agencies through standard tendering practices.

It is heartening to know that your Company has managed to fund the total expenditure of Rs.1193.07 crore incurred till August, 2001 for this expansion proposal from internal resource only. It is also expected that this expansion project is going to be financed completely from internal resources only. It is projected that there will be a saving of about Rs. 200 crore in the expansion proposal from the approved cost of Rs. 1665 crore.

EXPANSION OF S&P COMPLEX

Government of India approved expansion of Aluminium Smelter and CPP at Angul during February, 1998. The salient features of the expansion are:

	Smelter	CPP
Capacity		
- Existing	2,30,000 TPY	6 X120 MW
- After expansion	3,45,000 TPY	7 X120 MW
Project cost	Rs.1641.98 crore	Rs.420.00 crore
Project Duration (From the date of Government Approval)	51 months	51 months
Project Completion Schedule	May, 2002	May, 2002

Reputed Consultants have been appointed for carrying out Detailed Engineering, Tendering & Procurement Services and Construction Management for the various project segments. The names of the consultants and their area of work are as follows :-

Project Segment	Consultant
Smelter	M/s. Engineers India Ltd., New Delhi
Captive Power Plant	M/s. M.N.Dastur & Co., Chennai
Township	M/s. NIDC, New Delhi
Railway Facility	M/s. MECON, Ranchi

Smelter

An amendment to the Technical Collaboration Agreement has been signed with AP on 27.04.98 for transfer of Basic Engineering for the implementation of the improvements in the smelting process.

The existing Pot Design is being adopted for the expansion of Smelter, however the amperage has been increased from the present 180 KA to 185 KA for increased productivity and current efficiency. Further, the following improvements developed by Aluminium Pechiney in the Carbon area, process control etc. have been incorporated:-

- New design for Pot Superstructure with fixed alumina hoppers, integrated Aluminium Fluoride hopper and replaceable Crust breaker and alumina feeding devices,
- Tapping of metal in big ladles from the pots.
- New design for Anode Paste Plant,
- New design for Anode Baking Furnace,
- New Pot Process Control System.
- New Bake oven fire regulation system,
- New Rodding Shop



New Pot line 'E' with some new pots

The advantages of the above improvements are as under :-

- 1) New Superstructure design facilitates ease of maintenance and has integrated Aluminium Fluoride hopper to ensure better control of bath chemistry.
- 2) New ladle design will reduce heat loss and reduce handling cost.
- 3) The new design in Anode Paste Plant will ensure uniform physical quality for the green anodes in terms of density. The new design also simplifies the grinding circuit and introduces liquid pitch dosing system with static metering for better accuracy and maintainability of equipments. Buss Mixer & ERICH cooler are the added equipment for improvement in green anode quality.
- 4) New design for Anode Baking Furnace covers pits, flue walls and headwalls along with fire exhaust ramps and main ring collector. This will ensure better efficiency for the baking process by way of reduction in oil consumption. The new design also improves faster loading and unloading. This design also enables for production of more no. of anodes with less sections as compared to existing design as it allows use of 8 Pits/sections.
- 5) New Process Controller for Pots will help in maintaining the Pot parameters at the optimal level and will minimise the Anode effects in Pots. This improvement also provides simpler pot cabinet, reliable man-machine interface along with hot redundancy. This new controller improves regulation of alumina feeding and anode beam adjustment and Aluminium Fluoride control. The new generation computers are being deployed with new philosophy of control.

The present overall progress till August, 2001 for Smelter Expansion is 69.80%

Ordering of all the major items/packages has been completed. Cost wise the percentage of equipment for which order has been placed works out to about 98% of the approved cost. The balance items are also being progressively ordered.

All the civil structural contracts have been awarded and the site work is under full swing. The jobs for Mechanical Erection, Electrical & Instrumentation, Refractory lining for Anode Baking Furnace & Pot Shell and Bus bar Fabrication & Erection have also been awarded.

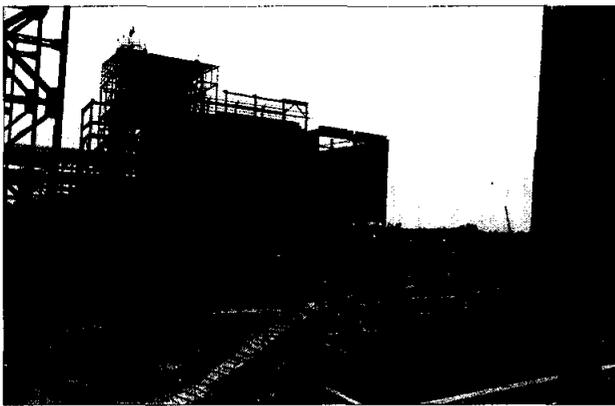
The Mechanical completion of the first 60 Pots is expected by May, 2002 as per the schedule.

Captive Power Plant

The present progress of this unit is 74.10 %.

The construction activities at site are in full swing. The major activities include the following:-

Material of about 6200 MT of Boiler and TG packages have been despatched by M/s. BHEL till August, 2001. The Boiler Drum has been lifted on 10.04.01.



Composite view of Boiler, ESP & Structural works for Unit #7

About 2160 MT of Boiler Structures and 570 MT of ESP Structures have been erected till middle of September, 2001.

The progress of Civil Work for Boiler, TG & Auxillary Equipments has been 70.20% as on 15.09.2001.

Shell casting of the 220 M RCC Chimney has been completed.

As regards installation of 7th Unit of CPP, M/s. BHEL has been persuaded to reduce the delivery schedule for the

Main Power House Package from 30 months to 28 months so as to meet the Government approved time schedule of completion by May, 2002. The progress of M/s. BHEL is being monitored regularly to complete the project in time.

The orders for all the main packages have been placed. Tendering of the balance packages is under way.

OTHER AREAS

The work in Township expansion and Rail Transport System are also progressing satisfactorily and it is expected that the same will be completed along with the Smelter and Power Plant.

The total expenditure of Rs. 985 crore has been incurred for S&P Expansion till August, 2001. The same has been funded through internal resource generation only. Further, out of the approved cost of Rs. 2061.98 crore, commitment for Rs.1703 crore has been made as on 31.08.2001.

INSTALLATION OF 8TH UNIT OF CPP

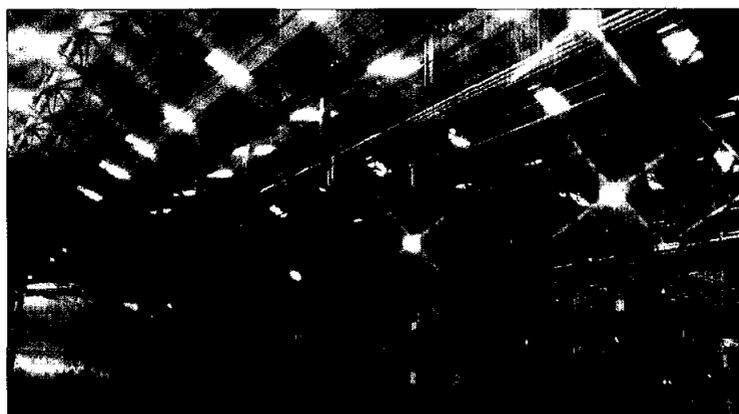
The approval for installation of 8th Unit of CPP at Angul has been received during February, 2001 with an implementation schedule of 36 months. The scheduled date of commissioning is 14.02.2004.

M/s. Dasturco are the consultants for this project also.

The order for Main Power House Package has been placed on M/S BHEL on repeat order basis with the same price, as that of the 7th unit. The time period for the this package is 26 months.

The order for Civil and Structural Works have also been placed and the site work is under progress. The ordering activities for other tenders/equipments are under way.

The approved capital cost for this project is Rs.480.00 crore. Against the same, a commitment of Rs. 251.59 crore and expenditure of Rs. 40.55 crore till 31.08.2001 has been made. This expenditure has been met from internal resources only.



Nalco's 10,000 TPY Zeolite-A Plant

Peripheral Development Activities

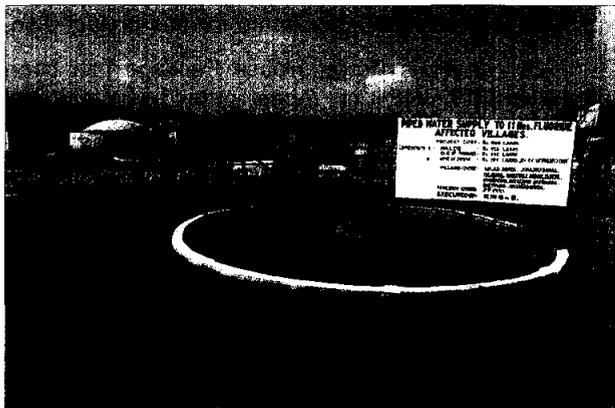
NALCO was set up in 1981 with its major production units located in Koraput and Angul districts of Orissa. **Following the guidelines of the Government, it has actively explored ways and means to enrich the quality of life in the rural areas surrounding the place of its operation.**

In the formulation of the development plans, the needs of the affected and the peripheral villages are taken into account along with the views of the State Government agencies and elected representatives. The works are executed either by the Company directly or by placing funds at the disposal of the State Agencies for execution of the work.

The various peripheral developmental activities undertaken by the Company are summed up below.

1. DRINKING WATER

Since inception of NALCO, drinking water facilities for the peripheral villages has been given special emphasis. Digging of tube wells, construction and



Clarifier (Water Treatment Plant) at CPP for supply of drinking water to the villages

development of ponds, construction of open wells, construction of Kundi have been done in the peripheral villages of Damanjodi and Angul sectors. So far, the Company has dug 179 tube wells.

Considering water scarcity and endemic problem of flouride in ground water in Angul sector, the Company has spent Rs.5.28 crore for a piped water supply scheme covering 11 villages of Angul. Coverage of 13 villages under a similar scheme has been further undertaken.

The Company has spent around Rs.541 lakhs during

the last three years on various drinking water schemes.

2. ROADS

To bring the tribal hamlets and villages closer to motorable roads, NALCO has substantially catered to the needs of constructing culverts and approach roads to several villages in and around of NALCO projects at Angul and Damanjodi sectors. During last 10 years about 50% of the total periphery development budget has been spent in this direction.

The Company has spent around Rs.43 lakhs during the last three years on various road development works.

3. COMMUNITY CENTRE

For the recreation of the people of surrounding villages, NALCO has constructed seven community centres in Damanjodi sector. 46 nos. of community centres also have been constructed in Angul sector. Black and White Television sets have been distributed in the peripheral villages to bring awareness among the villagers. In several villages the Company has undertaken renovation of community buildings.

The Company has spent around Rs. 3 lakhs during the last three years in this direction.

4. RURAL SPORTS AND RECREATION CENTRES

NALCO organizes rural games and sports meets from time to time involving the youth of peripheral villages to give scope to their talents. The sports activities at

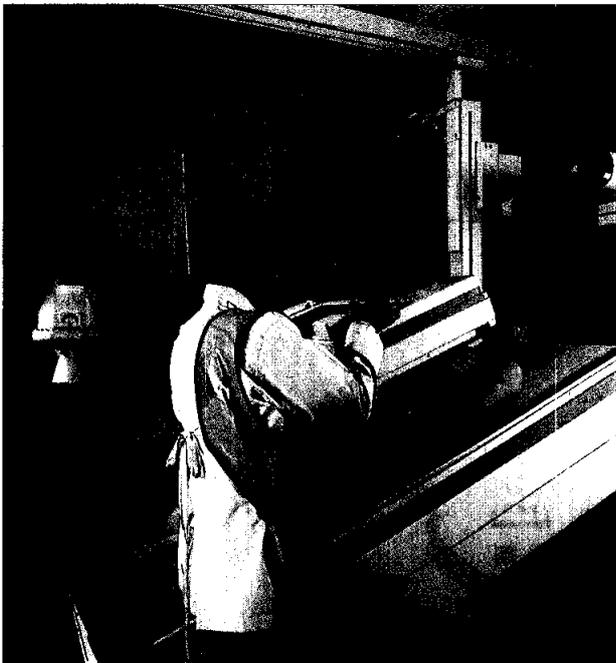


the Company's own stadiums at Angul and Damanjodi provide reasonable infrastructure to promote sports in local areas. In Angul sector the Company has contributed Rs.44 lakhs for the development of a district level stadium. Besides this, painting competitions among the school children, drama festivals, dance and song events help to promote local culture.

The Company has spent around Rs. 29 lakhs during the last three years in this direction.

5. HEALTH CARE & IMMUNISATION

NALCO is providing free medical facilities to the land displaced families and outdoor medical facilities to the people from peripheral villages. NALCO is also



NALCO Hospital (inside view)

organizing health camps periodically. Besides this, specialized medical camps like family planning camps, eye camps, dental camps and rehabilitation camps for physically handicapped are being conducted. Animal Health Camps have also been organized for the welfare of the livestock of peripheral villages.

NALCO has contributed Rs.41.80 lakhs for development of physical facilities of the District Hospital at Angul. The intensive care unit of the Hospital at Jeypore in Koraput district has been funded by NALCO.

The Company has spent around Rs.22 lakhs during the last three years on various medical and health services.

6. AGRICULTURAL ASSISTANCE

NALCO has made significant contributions to upgrade agricultural techniques and practices used by the local tribal population in association with Orissa University of Agriculture and Technology.

Both from environmental and income generation points of view, fruit bearing saplings like mango, guava, lemon, jack fruit, vegetable seeds and seedlings have been supplied to land displaced families in large scale. Besides, large scale plantations have been done in compact areas under social forestry scheme with community participation. To encourage the tribal villagers to adopt modern agricultural techniques, Krishi Melas are organized from time to time.

The Company has drawn up a long term plan to provide financial support to the Directorate of Horticulture, Government of Orissa to develop fruit orchards in various districts of Orissa.

The Company has spent around Rs. 61 lakhs during the last three years in this direction.

7. PISCICULTURE PROGRAMME

Pisciculture Programme in 10 village tanks (about 30 acres) has been undertaken in Angul sector.

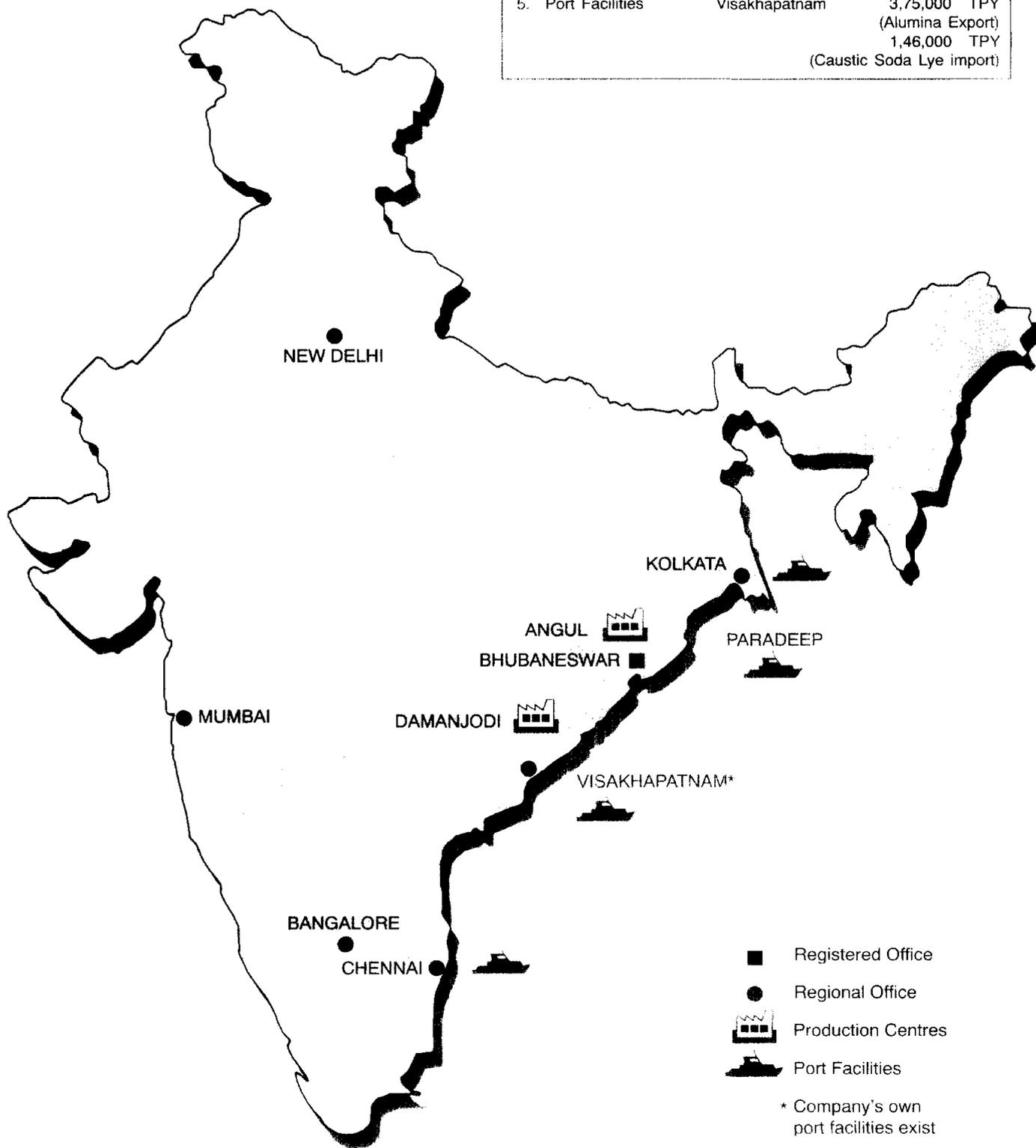


Encouraging pisciculture

During the financial year 2000-2001 an amount of Rs.3.00 crore approximately has been incurred on the peripheral development activities.

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

1. Bauxite Mines	Panchpatmali	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)	



Directors' Report

To

The Members,

Your Directors take pleasure in presenting the 20th Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2001.

Performance Highlights

You will be pleased to know that as the Company stepped into the third decade of its Corporate existence, its performance peaked in almost all areas of operations, marketing and finance.

Operations

During the year, the Company bettered its own records of previous years in many a key fields and has exceeded the target set for the year.

In the Mines sector, annual Bauxite transportation and excavation of 28,34,189 MT and 28,72,190 MT have been the highest since inception exceeding the previous best of 28,22,464 MT and 28,60,534 MT respectively achieved during the year 1999-2000. Highest ever annual overburden excavation of 15,64,665 MT surpassed previous best of 14,72,695 MT of 1999-2000. Highest ever annual drilling in bauxite of 41,021 Meters surpassed previous best of 40,416 Meters achieved during 1997-98. Highest ever annual total drilling of 76,908 Meters surpassed previous best of 75,490 Meters achieved during the year 1999-2000. Zero accident at Mines was maintained for the 3rd year in succession.

At Alumina Refinery, the Hydrate production of 9,31,000 MT has been the highest since inception exceeding the previous best of 9,06,000 MT achieved during 1999-2000. Alumina production of 9,39,000 MT and Alumina despatch of 9,47,992 MT from Damanjodi are the highest ever since inception exceeding the previous best of 8,94,500 MT and 8,88,893 MT respectively achieved during 1999-2000. Highest ever Alumina despatch to Smelter of 4,61,656 MT and total rail despatch of 9,42,564 MT exceeded the previous best of 4,09,092 MT (1999-2000) and 8,64,088 MT (1998-99) respectively. 396 MT of special grade Hydrate Alumina was produced from SGA Pilot Plant. In the 3 X 18.5 MW Steam and Power plant, 265.146 MU of power was generated against the target of 265 MU at Damanjodi.

On the concluding day of the 14th year of commissioning, Aluminium Smelter tasted the success with satisfaction of achieving the rated capacity of 2,30,000 MT of cast product in a year. The hot metal and cast metal production of 2,32,584 MT and 2,30,516 MT have been the highest since inception exceeding the previous best of 2,16,925 MT and 2,12,663 MT respectively achieved during 1999-2000. Production of 1,20,450 nos. of Baked Anode, 1,26,751 nos. of Rodded Anode and 93,219 MT of Ingot have been the highest ever exceeding the previous best of 1,18,912 nos., 1,18,824 nos. and 81,872 MT respectively achieved during 1999-2000. Total Aluminium despatch of 2,29,505 MT from Smelter and 1,15,423 MT of metal despatch by rail for export were the highest since inception. Average Aluminium purity of 99.71% and pot output of 1.331 MT/pot/day have exceeded the norm

99.70% and 1.320 MT/pot/day respectively. First ever sale of 100 MT of tapped bath was done in the concluding month of the year. Annual average operation of 478.7 nos. of pots has been the highest since inception. It is comparable with the best of AP-18 plants. Highest quantity of 1,21,758 MT of Export Quality metal was produced in the year. In Strip Casting plant, the caster was operated continuously for a record time of 240 hrs. with single tip.

All time record high 46,132 MT (35.25%) butts consumption has been achieved in the year compared to 44,560 (33.96%) consumed last year and average permuting cycle of 20.65 hrs. is the lowest since commissioning, surpassing the earlier record of 21 hrs. of last year.

The gross and net power generation at Captive Power Plant at Angul was 4,283.32 MU and 3,833 MU respectively. The shortfall in generation is due to ash pond crisis, less off take by GRIDCO. Only 297.006 MU of Power was sold to GRIDCO.

The port facilities at Visakhapatnam and Kolkata handled the highest ever metal export of 73,711 MT and 45,158 MT respectively.

The year also witnessed some anxious moments in the form of Ash Pond breach on 31.12.2000. The water discharge along with fly ash created a kind of 'flash flood' in the adjoining watercourse. Immediately NALCO collective resorted to emergency supply of relief and compensation to affected villagers with the help of District Administration. A high level committee was constituted by the Ministry. Remedial measures have been taken as per the advice of the high level committee as well as the experts. Further, your Company has appointed consultants for preparation of comprehensive Disaster Management Plan for the Company.

Marketing

Your Company has achieved excellent performance during the year in terms of metal and alumina sale, sales realisation, closing inventories and the movement of finished products to various destinations. Your Company has also achieved the highest ever total metal sale of 2,32,950 MT during the year which included 1,18,868 MT of metal exports, again an all time high achievement and sold 1,14,082 MT in the domestic market. Higher quantity of metal was exported to compensate for the sluggish domestic demand through out the financial year. All time high export earnings of Rs.1314.20 crore achieved during the year took the gross sales turnover to Rs.2406.32 crore which is again an all time high.

The international aluminium market remained volatile during the year due to economic slow down in US, production cuts by Pacific North-West US companies struck by high power tariff charged by BPA and slower demand growth in Asian countries. The primary metal demand is estimated to decline during 2001 due to US slowdown and poor business sentiment leading to poor order intake calling for cutbacks in semis production.

After the tightness at the beginning of the financial year,

the international alumina market remained surplus during the rest of the year due to power related cutbacks by a large number of US Smelters. The spot prices continued to fall from around USD 400 per tonne in April, 2000 to reach USD 165-175 per tonne FOB by March'01. Your Company exported 4,95,723 MT of alumina during the year achieving an all time high alumina export realisation of Rs. 457.02 crore . Besides 4,408 MT of alumina, hydrate and spl. hydrate/alumina were also sold in domestic market during the year.

On account of higher metal sales during the year ,the metal inventory could be reduced by over 3,600 MT and the closing year end inventory was 4262 MT.

During the year a record quantity of 2,29,505 MT of metal and 9,47,992 MT of alumina was moved to various destinations. Besides an all time high single largest alumina shipment of 38,307 MT was achieved on March 23, 2001.

Outlook for Future

You will be happy to know that your Company has ambitious projects onhand to produce value added products like Flat rolled products, Zeolite and Spl.Alumina/Hydrate products. The marketing team is gearing up to take up the marketing activities for these products in domestic as well as international market. For marketing of Flat rolled products, the Company has appointed a consultant to carry out a global market survey. For launching of other products, action plans have been drawn up.

Finance

Following improved production and better price realisation, your Company has achieved an all time record sales turnover of Rs.2406.32 crore, which is 12.32% higher than the previous year's figure of Rs.2142.32 crore. Your Company has posted a record net profit of Rs.655.83 crore against Rs.511.53 crore achieved in 1999-2000, registering an increase of 28.21%. The export earnings touched an all time high of Rs.1314.20 crore which is 27.39% more than the previous year figure of Rs.1031.64 crore.

During the year, the Company exported a record quantity of 1,18,868 tonnes of metal (against previous year's 95,185 tonnes), earning an export revenue of Rs.857.18 crore. Similarly, alumina export of 4,95,723 tonnes earned the Company Rs.457.02 crore in foreign exchange. The total foreign exchange earnings of Rs.1314.20 crore was about 54.61% of the annual sales turnover of the Company.

Your Company incurred a total capital expenditure of Rs.870 crore during the year substantially on account of expansion projects. It also includes value added projects, additions, modifications and replacements on the existing operating plants as well as for IAPL. All of these were funded out of internal resources. Besides, for the seventh year in succession, your Company managed to finance all its working capital and expansion requirements out of internal resources except availing Export Packing Credit for a brief period between March, 2000 and June, 2000.

The Company expects to spend around Rs.1081.54 crore on the expansion projects and other on going projects etc. during the financial year 2001-2002. It is expected that the expansion at Mines and Refinery Complex will be commissioned before 31st March, 2002.

Dividend

Your Directors are pleased to recommend 40% dividend for the year 2000 2001 on the paid - up equity capital of Rs.644.31 crore which works out to Rs.257.72 crore. Proposed dividend is subject to the approval of Central Government under Section 205(1) (c) of the Companies Act, 1956.

It is proposed to transfer Rs.375 crore to General Reserve Account. The General Reserve Account already has a balance of Rs. 2225 crore at the beginning of the year.

Human Resources

The manpower strength of the Company as on 31.03.2001 was as under :

	As on 31.03.2001	As on 31.03.2000
Executives	1539	1501
Supervisors	781	802
Skilled/Highly skilled	3064	3042
Unskilled/Semi-skilled	1131	1177
Total	6515	6522

Training and Development

Manpower Training and Development efforts received continued emphasis from the management . The training statistics for 2000-2001 were as follows:

	Number of Employees	Mandays
Training In-house	4301	10011
Training External(within India)	1406	6304
Training Abroad	41	181
Total	5748	16496

Amongst new programmes, in quality management there was a programme on Synchronous Management, in IT there were programmes on Sybase RDBMS, Power Builder, Advanced Databased Administration. Special training programmes for non-executives, viz. Developing Office Productivity, Improving Employee Performance for SC/ST employees, Developing Competency Level for SC/ST employees and Enhancing Personal Effectiveness were organised. The new thrust areas include Managerial Skills for Excellence for SC/ST/OBC, programmes on health awareness like Art of Living, Implementing Inter-Personal Relations through Reiki etc.

During the year, one HRD Mission, five TQM Study Missions and two Productivity Missions, all under the aegis of CII, were organised in different parts of the country to study excellent work practices.

Reservation Policy

In line with the Presidential Directives, measures to improve the representation of the SC/ST communities in employment of the Company continued. Your Company is alive to its social responsibilities and complying with the provisions of Persons With Disability Act, 1995. As on 31.03.2001, out of 6515 including the trainees there were 1098 employees belonging to Scheduled Caste, 1188 employees belonging to Scheduled Tribe, 509 employees belonging to OBC category and 56 employees belonging

to Physically Handicapped category. The total number of lady employees in the organisation stands at 270.

Thus, 16.85% of employees are SC, 18.23% are ST, 7.81% are OBC and 0.86% are Physically Handicapped. Thus every third employee of the Company belongs either to SC or ST category.

The President of India has directed NALCO, pursuant to Article 69 of the Articles of Association of the Company, vide order No.11(41)/99-Met.I dated 16.03.2001, to implement the pay scales, fitment formula, DA guidelines and ceiling on perquisites and other benefits for Board level and below Board level executives w.e.f. 01.01.97 in accordance with the instructions contained in the Department of Public Enterprises O M No.2(49)/98-DPE(WC) dated 25.06.99. Accordingly, the pay scales of Board level and below Board level executives of the Company have been revised w.e.f. 01.01.97 in accordance with the Presidential Directives and subsequent instructions received from the Ministry of Mines vide letter No.11/17/2000-Met.I dated 17.05.2001.

On account of revision of pay scales of the Board level and below Board level executives, your Company paid arrears amounting to Rs. 52.03 crore for the period 01.01.97 to 30.04.2001.

Other HR Initiatives

In order to motivate the employees to maintain sustained levels of high production/productivity and reduction of absenteeism, a reward scheme named Nirantara Utkarsha Utpadana Puraskar (NUUP) was designed, approved and implemented during the year.

The productivity linked incentive scheme was revised with a fixed minimum standard performance level below which incentive is not payable. The earning limits of various productivity norms were rationalised in order to further improve productivity.

Industrial Relations Scenario

Though the overall industrial relations scenario in the Company was marked by acute inter-union rivalry in a multi-union situation, there has been no adverse effect of the same on the production and productivity levels in general due to the proactive steps taken by the management.

In accordance with the Policy for the Sixth Round of Wage Negotiation in PSEs as issued by the Government vide DPE OM No: 2(11)/96-DPE(WC) dated 14.01.1999 and DPE OM No: 2(11)/96-DPE(WC)-GL-XXVII dated 26.07.2000, the Wage structure for the Non-executive employees of the Company has been finalised through a Settlement dated 05.09.2001 called 4th Long Term Wage Settlement between the Management and the Unions. The Wage Settlement is valid for a period of 10 years w.e.f. 01.01.97. The Settlement, among others, incorporates provisions for improving work culture in the Company and action-plans in qualitative and quantitative terms have been drawn to enhance the operating efficiency and productivity at different Units of production.

In the contract labour front, in spite of their continued pressure for absorption in the Company, resulting in sporadic instances of work stoppages on the plea of better

wages and facilities, the production and expansion activities have not been adversely affected.

The continued pressure of land affected villagers for their employment in the Company has been contained by continuous interaction and by taking up various peripheral developmental activities. Due to prompt and effective actions, the agitation of the villagers due to the ash pond breach in CPP could also be contained.

Peripheral Development

Your Company has continued its contributions towards various socio-economic development projects in and around its centres of operation and other parts of Orissa. During the year, your Company has spent an amount of about Rs. 3 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, art, literature and culture.

Further, your Company has been entrusted with the work of part maintenance and upkeep of famous Sun Temple at Konark under a scheme evolved by the Ministry of Tourism, Government of India.

In order to strengthen the efforts of the Government to provide succour to all those who survived in the Gujarat earthquake, NALCO donated Rs. 1.70 crore to Prime Minister's National Relief Fund, including Rs. 20 lakh from the employees. Besides, the NALCO Ladies Club of Bhubaneswar and NALCO Ladies Club of Angul have donated Rs. 50,000 and Rs. 30,000 respectively to the earthquake victims.

Your Company also undertook various relief measures to the flood affected areas in the State of Orissa at a cost of Rs.55.50 lakhs during July, 2001.

Visit by Parliamentary Committee

During the year the following Hon'ble Parliament Committees visited your Company :

Parliamentary Committee on Official Language, headed by Dr. Y. Laxmi Prasad visited NALCO on 8th November, 2000. Dr. Prasad was accompanied by Prof. Rane Deo Bhandari, Shri Amar Roy Pradhan and Smt. S. Maheswari.

Committee on Public Undertakings (COPU) headed by Prof. Vijay Kumar Malhotra, visited NALCO on July 10 to 11 on a study tour.

Awards/Accolades for outstanding performance

Your Company has bagged the following export awards:

- the highest export award of Chemical and Allied Products Export Promotion Council (CAPEXIL), in the mineral and ore sector, for the year 1999-2000. The Company has bagged this prestigious award for a record 13th time in succession.
- the Best Exporters' Awards for the years 1998-99 and 1999-2000, besides Certificate of Excellence, instituted by the Directorate of Export Promotion and Marketing, Government of Orissa, for its outstanding export of metallurgical products.
- the Top Export Award of Engineering Export Promotion Council (Eastern Region) for the year 1998-99.

The Captive Power Plant of your Company has bagged the prestigious State Pollution Control Excellence Award-2000 for excellent track record in the field of Pollution Control and Environment Management.

The Panchpatmali Bauxite Mines of your Company has bagged Safety Award in the Inter-Mines Safety Competition, jointly organised by NALCO and NMDC recently. The award has been given to the Bauxite Mines for impressive performance in the field of Statutory and Welfare Resources, Environment Management and Vocational Training.

On the occasion of 2nd National Technology Day celebration in New Delhi, on May 11, 2000 United Nation's World Intellectual Property Organisation (WIPO) gold medals and certificates were awarded to five technologists of NALCO. Shri M.M. Seth, General Manager(R&D), Dr. C.R. Mishra, Chief Manager(R&D) and four other associated scientists of CSMCRI, Bhavnagar, were awarded for their meritorious invention for "Development of process technology for manufacturing Detergent Grade Zeolite". Dr. B.K. Satpathy, Chief Manager(Special Products Marketing), Shri. S.K. Pattnaik, Chief Manager (Chemicals) and Dr. S.C. Pattnaik, Dy. Manager(Lab.) were awarded for their meritorious invention "Development of process for Value-added products on Special Grade Hydrates and Aluminas".

Expansion of Bauxite Mines and Alumina Refinery

As you are aware, the expansion of Bauxite Mines has already been completed last year.

Your Directors are further happy to inform you that debottlenecking of both streams was achieved by June, 2000. The debottlenecking efforts have already shown results and required target has been achieved. Mechanical completion of 3rd stream is expected to be completed by September, 2001 and commissioning activities will start from October, 2001.

You will be happy to know that your Company has managed to fund the total expenditure of Rs.1193 crore incurred till August, 2001 for this expansion project from internal resources only. It is also expected that this expansion project is going to be financed completely from internal resources only. It is projected that there will be a saving of about Rs. 200 crore in the expansion proposal from the approved cost of Rs. 1665 crore.

Expansion of Aluminium Smelter and CPP

The implementation of expansion of Smelter and CPP (7th Unit) are in full swing. About 96% of the ordering has been completed including all the major equipments. Progress of construction though behind schedule, now all out efforts are being made to make up the delays already occurred and it is expected that 60 pots will be commissioned as per the project completion schedule of May, 2002.

In case of 7th Unit of CPP, the order for Main Power House Package was delayed by about seven months because of a court case by one of the bidders. The delay was made up by saving the time scheduled and this project is now expected to be completed in July, 2002 instead of the scheduled completion of May, 2002.

The total commitment for S&P expansion is Rs.1703 crore out of approved estimates of Rs. 2061.98 crore. Based

on the present progress, it is expected that the project will be completed within this cost estimate. An expenditure of Rs. 986 crore has been incurred till August, 2001 on this project and this amount has been met from internal resources only

Approval of CPP

Government of India vide its letter dated 14.02.2001 has approved installation of 8th Unit of CPP of 120 MW at a capital cost of Rs. 480 crore with a time schedule of 36 months.

M/s. Dastur & Co. have been appointed as the consultant for this unit. The order for Main Power House Package has been placed on M/S. BHEL on repeat order basis. The ordering for compressor package has also been completed. The order for main civil and structural works has been awarded. It is expected that this project will be completed well in time.

Commitment of Rs. 251.59 crore has been made and expenditure of Rs. 40.55 crore has been incurred for this project till August, 2001.

New Projects

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

i) Special Grade Alumina(SGA)

A 26,000 TPY Special Grade Alumina plant at Damanjodi at a capital cost of Rs. 56.78 crore based on technical knowhow from Alumina Technology Associates, USA and engineering service rendered by Engineers India Limited is expected to be commissioned during December, 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 producing and marketing several grades of special hydrates and alumina products from the pilot plant. 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 Limited has been commissioned during July, 2001.

iii) International Aluminium Products Limited (IAPL)

As you are aware, your Company had acquired M/s. International Aluminium Products Limited (IAPL) during March, 2000 and an application has been filed with the Central Government for amalgamation of IAPL with NALCO. The application filed before the Central Government for amalgamation of IAPL with NALCO is under their active consideration. The rolling mills of the project are likely to be commissioned by

November, 2001. Detailed marketing strategies are being formulated to launch the product in international market.

Joint Research Project with Moscow Institute of Steel & Alloys (MISA)

Your Company has entered into an agreement for a Joint Research Project with Moscow Institute of Steel & Alloys (MISA), Romelt Sail India Limited (RSIL), New Delhi for exploring possibilities of using Romelt Technology for extraction of iron from NALCO's Red Mud on a commercial basis.

Agreement with Aluminium Pechiney (AP)

Your Company has signed an agreement with M/s. AP for Continued Technical Assistance (CTA) for a further period of 3 years w.e.f. 15.12.2000 for technological support to the existing as well as expanded plant.

MOU Performance

Your Company's performance was rated "Excellent" in the evaluation of the Memorandum of Understanding signed with the Government of India for the year 2000-2001. A target production of 11.39 lakhs MT of Alumina and 2.30 lakhs MT of Aluminium has been set in the MOU signed with the Government for the year 2001-02.

Corporate Planning

The continuing presence of your Company in the global market and its growth in terms of volume and turnover have been achieved due to planning and implementation of production, expansion and other strategies envisaged in the Corporate Plan 1995-2005. Constant monitoring, review and strategic decision making have been the key success factors in achieving planned results. To successfully meet the demands of the future markets - both domestic and international - and in keeping with the Company's Vision "to be a Company of global repute in Aluminium Sector", a 20 year plan "Vision 2020" has been drafted with inputs from various stake holders. Upon finalisation and release, this document will guide your Company in the early years of the new millennium.

Computerisation

You will be happy to know that in order to improve efficiency of operations, a number of computerisation activities have been successfully initiated in your Company during the year. An ERP package for the Alumina Refinery unit has been finalised with NIIT for improved maintenance management. A 64 kbps data circuit has been leased from BSNL for enhanced speed of communication between the units and Corporate Office and is currently under implementation. Development of an intra net web site at Corporate Office, installation of a development server at Corporate Office to separate development and maintenance of application packages from production environment, installation of a server hosting office productivity tools are some of the major landmarks in the field of computerisation.

A comprehensive study on your Company's Information Management System covering priority areas like Human Resources, Inventory and Maintenance was conducted by Management Development Institute. Implementation of the recommendations in the report is expected to further improve availability of right information at right time.

As a part of your Company's efforts towards increased use of Indian languages in official work, LEAP Office Software was installed at 50 nodes in Corporate office and all units and zonal offices.

Quality Movement

Your Company has been giving continuous thrust on Quality Movement during the year. While the Refinery and Smelter were re-certified to ISO 9000 for a further period of three years each, Mines and CPP have successfully undergone surveillance audits. Efforts for continual improvement of the system has seen significant improvements in the areas of equipment maintenance, data based analysis and systematic corrective actions to prevent non-conformities. Improved process monitoring and control, customer response and stores management are some other areas where the procedures are being regularly improved.

Training and development in the field of total quality continues to be treated as an ongoing activity and the training programmes are increasingly focussing on project by project approach to improvement, Statistical Problem Solving, Facilitation skills and other related topics.

Quality Circle movement has been receiving due attention and thrust, with more and more employees exposed to the Quality Circle philosophy and methodology. Your Company's Quality Circles have regularly won laurels at national and international competitions. While Quality Circle "Wheel" was selected at the national competition and participated in the International Convention of QC Circles in Singapore during November, 2000, four quality circles have been selected for ICQCC, 2001, to be held in Taiwan later this year.

The All Orissa Quality Circle Convention was organised by NALCO for the fifth consecutive year. This is possibly the only state level programme of its kind and has significantly contributed to spreading the QC movement in the state.

Efficiency Units

Efficiency unit activities in all the four units, i.e. Mines, Refinery, Smelter and Captive Power Plant are carried out regularly as per the action plans made by unit level committees. With an overall objectives of evolving transparency in guiding all activities, external accountability, to improve internal efficiency etc. certain pro-active measures like optimisation of production, consumption of raw materials, cost control, maximisation of revenue and savings, etc. have been successfully carried out. Work audits at all units are being done regularly and remedial measures based on observation are taken up for further improvements. On time decisions, improvement in working method and dedicated manpower at all levels are some of the factors contributing to the successful implementation of efficiency unit activities at the sites.

Environmental Management

In the 21st century the most talked about subject is economic development through industrialisation. But rapid industrialisation all over the globe has its harmful effect on the environment. Thus a balance has to be maintained between economic development and ecology for sustenance of life on earth for a longer period.

The sound environmental performance of your Company has brought laurels for your Company all over the world and hence greater acceptability of the products in international market. Your Company has proved that good environmental management practice leads to conservation of natural resources, minimisation of wastes which ultimately improves the financial performance by way of higher profits and credibility with the stake holders.

Your Company is the first Central PSU in the country to design, implement and certified to the International Environmental Management System(EMS) as per ISO 14001(1996). The implementation of EMS as per ISO 14001 in all the four production units of your Company has shown improvement on environmental performance. As per guidance of technical collaborator M/s. Aluminium Pechiney, France, your Company has adopted eco-friendly technologies right from the establishment of the industry with an investment of around Rs.300 crore (at 1986 price level) on pollution control measures. After operating the industry and proclamation of Corporate Policies on Safety, Health and Environment, your Company has continuously pursued all round improvement in pollution prevention and control, environmental management in the area, forest management by plantation, industrial safety and prevention of fire hazard and occupational health management. Apart from revenue expenditure ranging from Rs. 20-40 crore every year, your Company has invested around Rs. 200 crore over a period of 15 years in the existing units to improve the environmental performance. The investment on environmental aspect of expansion project in the units is expected to be around Rs.500 crore.

Your Company has voluntarily carried out Environmental Impact Assessment(EIA) and prepared Environmental Management Plan(EMP) for each of its units during 1984-85 when it was not mandatory under law and have sincerely complied with recommendation in the EMP. For compliance of conditions given in the NOC by State Pollution Control Boards and Environment clearance/ Forest clearance given by Ministry of Environment and Forests, Government of India, several studies, surveys, audits carried out in all the concerned field of activities, have given your Company an opportunity to further improve the overall performance.

During the year under report, your Company was operating the production units with valid consent from State Pollution Control Board(SPCB) except in the case of Smelter Units where action for improvement on water pollution control is in progress. All the units have been handling the hazardous wastes with authorisation from SPCB.

Green coverage by massive plantation and afforestation activities in the fallow land of all the units and its peripheries is a continuous endeavour of your Company. This activity has been further extended to nearby villages by adopting Joint Forest Management(JFM) programmes.

Your Company has taken up many research and development projects in collaboration with universities, CSIR Laboratories and other reputed institutions for utilisation of industrial wastes like coal, ash, red mud etc. and the results are promising.

Your Company attaches highest importance to its human resource and in particular the health condition of the

employees. Apart from regular medical services, periodical health check-ups of all employees were carried out in well equipped occupational health centres with trained doctors in both Damanjodi and Angul Sectors.

Your Company has done commendable job in reclamation of mined out areas in the bauxite mines and rehabilitation by afforestation. These efforts got recognition of Indian Bureau of Mines, Ministry of Mines, Government of India during Mine Environment and Mineral Conservation (MEMC) week of 2000-2001. More than 6.5 million trees have so far been planted in approximately 3000 hect. of fallow land of all units of NALCO.

In spite of all good Environmental Management practices in the Company, a solitary aberration was the breach of one of the ash ponds in CPP during December, 2000 which became a concern for all stakeholders of Environment like public, statutory authorities and Governments. But NALCO collective as a whole had risen to the occasion and done its best to restore the damaged pond to normalcy within the shortest possible time. All relief measures, survey and assessment, compensation to affected persons and clean up action, water supply systems, desilting of river bed were carried out by the dedicated task force teams with the help from district administration. NALCO will be more vigilant in all operations which have environmental and safety implications.

Your Company has committed to contribute in making the Earth a safer, cleaner and healthier place for sustenance of life.

Rajbhasha

During the year 2000-2001, efforts were on for achieving targets for progressive use of Hindi. To encourage noting and drafting in Hindi a booklet of Hindi-English notings 'Karyalaya Tippanian' was published and distributed. Hindi workshops at Corporate Office and at Angul were organised. Rajbhasha Cell has also given faculty assistance at many workshops organised by other Central Government offices.

A number of programmes were organised for celebrating Rajbhasha Golden Jubilee year at different units of the Company. An Oriya-Hindi Kavi-Sammelan was organised at Damanjodi on 26th March, 2001.

Hindi fortnight and Hindi day on 14th September, 2000 were organised with a number of Hindi competitions and programmes at the different units of the Company and prizes were distributed to the winners. Special issue of the Hindi magazine 'Akshar' was published on the occasion of Hindi Week celebration and the best compositions of Employees published works were awarded.

Publication of Hindi magazine 'Parichaya' was regular. Hindi 'Parichaya' has been declared as the best house magazine and has been awarded by Kendriya Sachivalaya Hindi Parishad on 19th September,2000 at New Delhi.

Hindi magazines 'Bhavana' from Angul, 'Teen Suman' from Damanjodi and 'Panchapatmali Samachar' from Mines were published regularly.

At S & P Complex, Angul the Town Official Language Implementation Committee meetings were organised regularly under the chairmanship of NALCO and Deputy

Director (Implementation), Department of Official Languages, Kolkata attended the meetings and guided the representatives of member offices.

The task of Bilingual computerisation of different forms used in the office has been taken up by Hindi Cell and 41 Forms have been computerised in first phase.

Hon'ble Drafting and Evidence Sub-committee of Committee of Parliament on Official Languages inspected the Visakhapatnam office of the Company on 11.09.2000 and the Third Hon'ble Sub-committee of Parliament under the leadership of the Chairman, Dr. Y. Laxmiprasad and Convenor Prof. R. Bhandari, inspected Corporate Office on 08.11.2000.

Vigilance

The Vigilance department of your Company while keeping pace with the growing awareness regarding menacing effect of corruption in the society, took up various measures in combating corruption during the year. Stress was given mostly on preventive vigilance activities. Actions were taken to streamline the systems to have transparency and honesty in decision making process. Enforcing preventive vigilance drive, a number of surprise checks were conducted at different sites keeping eye on corruption prone areas. Training Programmes on Vigilance activities were conducted to create vigilance awareness among the employees. Sensitive posts have been identified with a scheme for rotation of staff in such posts in every three years.

In line with endeavour of CVC to create awareness against corruption "Vigilance Week" was celebrated at all the units of the Company during 31st October to 4th November, 2000. During the week long celebration seminars on vigilance oriented topics were organised at S&P Complex, Angul as well as M&R Complex, Damanjodi. Eminent personalities participated in the stated seminar and shared their rich experiences to educate and to create vigilance awareness among the employees. A Quarterly Vigilance News Letter "SANKALP" was also published and circulated among employees incorporating various vigilance related subjects. Periodical review of Vigilance activities including monthly review by CVO, quarterly review by CMD and Ministry of Mines were held.

Sports

The year of 2000-2001 was a year of excellence and achievements for NALCO. For promoting sports in the state, your Company felicitated four outstanding sports persons of the state on the Orissa Day on 1st. April, 2001.

Like previous years this was also a year of records for the ace athlete Anuradha Biswal. She has not only established a new national record in 100 meters hurdles, but also bagged a gold medal in the Asian Track and Field Championship. The most cherished moment came her way when she was selected to represent India in the Sydney Olympics, 2000.

Cricketer Shiv Sundar Das has been selected in the national cricket team and thus became the second Nalconian to bag the test cap after Debasis Mohanty.

Your Company's football team has bagged many championships at Rajkanika, Salipur and was runner up in the All India MKM Football tournament at Zawar.

For promoting sports, your Company has sponsored the National Power-lifting Championship, which has been named as NALCO championship. Your Company has also organised the All Orissa NALCO Open Ranking Tennis Championship in which about 300 players participated.

Particulars of Employees

There are no employees in receipt of remuneration in excess of the limits viz. Rs.1,00,000/-p.m or Rs.12,00,000/- p.a prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 .

Report on Conservation of Energy, Technology absorption etc.

Information in accordance with provision of Section 217(1)(e) of the Companies Act, 1956, regarding conservation of energy, technology absorption etc. is given in the Annexure-I.

Status of listing in Stock Exchanges

Your Company's shares and debentures are listed in the following Stock Exchanges for which listing fees for 2001-2002 has been paid for trading of shares and debentures of your Company:

1. Bhubaneswar Stock Exchange, A-22, Falcon House, Netaji Subhash Marg, Bhubaneswar - 751 006.
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, Kolkata - 700 001.
4. Madras Stock Exchange, Exchange Building, Post Box No.183, 11, Second Line Beach, Chennai-600 001.
5. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400 001.
6. National Stock Exchange of India Limited, Exchange Plaza, 5th floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra(E), Mumbai - 400 051.

You will be happy to know that your Company has also entered into an agreement with CDSL in addition to the existing agreement made with NSDL to facilitate dematerialisation of shares and debentures and to provide the facility of inter-depository transfers of shares and debentures.

Foreign Exchange Earnings and Outgo (on cash basis)

Foreign exchange earnings (on cash basis) during the year 2000-01 was Rs.1274.81 crore as against Rs.1044.50 crore during the previous year.

The foreign exchange outgo (on cash basis) during the year was Rs.426.08 crore as against Rs.318.66 crore during the previous year.

Directors' Responsibility Statement under Section 217 (2AA) of the Companies(Amendment) Act,2000

Your Directors confirm that;

1. the annual accounts have been prepared in accordance with the applicable accounting standards along with proper explanations relating to material departures.

2. such accounting policies have been selected and applied which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.

Corporate Governance

A report on Corporate Governance is placed at Annexure-II to this report.

C&AG Comments

Review on Accounts for the year ended 31st March, 2001, prepared by the Comptroller and Auditor General of India is placed at Annexure - III to this report.

Deposits

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

Audited Accounts of IAPL

Audited Accounts of M/s. International Aluminium Products Limited (IAPL), a wholly owned subsidiary of your Company, for the year ended 31st March, 2001 together with the Directors' Report and Auditors' Report are enclosed.

Auditors

M/s. Tej Raj & Pal, Chartered Accountants, 1, Kalpana Square, Bhubaneswar have been appointed as Statutory Auditors of the Company for the year 2000-2001 by the Central Government vide their letter No. N-038/1500920/94-IGC/7912 dtd. 08.11.2000, on the recommendation of the Comptroller and Auditor General of India, before the Companies (Amendment), Act, 2000 came into force on 13.12.2000.

M/s. S S Sonthalia & Co., Cost Accountants, 20 No. HIG Duplex, Shailashree Vihar, Bhubaneswar have been appointed as Cost Auditors of the Company for the year 2000-2001.

Directors

Shri S.C.Tripathi, Additional Secretary in Ministry of Mines who was appointed as Additional Director on the Board of your Company with effect from 14.03.2001 has since been appointed as Chairman-cum-Managing Director under Article 63(1)(a)(i) of Articles of Association of your Company with effect from 31.08.2001 (A. N) in place of Shri P. Parvathisem on his superannuation on 31.08.2001 (A.N).

Shri S P Gupta, Joint Secretary of Ministry of Mines, Government of India was appointed as Additional Director of your Company with effect from 14.03.2001.

Shri P G Kakodkar, Director, resigned from the Board of NALCO on 29.08.2000. The tenure of Shri K. N. Misra, Director (Personnel & Admn.) ended on 14.03.2001. Dr.(Smt.) Aruna Bagchee and Dr. Sutanu Behuria ceased to be Directors of your Company with effect from 14.03.2001.

S/Shri S. N. Malik and Pyarimohan Mohapatra, part time non-official directors were appointed for 3 years by President of India vide letter No. 2/2/97-Met.I (Vol.III) dtd.15.02.1999 of Government of India and their tenure will be ending on the date of 20th Annual General Meeting.

Your Directors would like to place on record their deep sense of appreciation of the valuable services and guidance received from Shri P. Parvathisem, Shri P. G. Kakodkar, Shri K. N. Misra, Dr.(Smt.) Aruna Bagchee and Dr. Sutanu Behuria during their tenure on the Board of your Company.

Composition of the Audit Committee

Pursuant to DPE OM dated 9th October, 1997 on Financial and Operational autonomy for profit making enterprises (Mini Ratna guidelines), the Board constituted an Audit Committee on 24.06.99. The Audit Committee was re-constituted from time to time. At present the composition of Audit Committee is as follows:

- i) Shri S. N. Malik, Chairman
- ii) Shri Pyarimohan Mohapatra, Member
- iii) Shri S. C. Tripathi, Member
- iv) Shri S. P. Gupta, Member

So far the Audit Committee has held 10 meetings, since its constitution.

The Audit Committee also monitors the redressal of Shareholders/Investors grievances.

Acknowledgement

Your Directors take this opportunity to record their sincere thanks to the 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 for their valuable guidance, support and co-operation from time to time.

Your Directors also express their sincere thanks to all the customers, business associates including Professional Consultants, Auditors, Solicitors for their continued patronage and confidence reposed in the Company.

Your Directors also wish to record their deep sense of appreciation for the dedicated and loyal service of your Company's employees without whose co-operation and efforts, the achievements made by your Company during the year would not have been possible.

Finally, your Directors express their gratitude to the shareholders for the confidence reposed by them in the management of the Company.

For and on behalf of the Board of Directors



(S. C. TRIPATHI)

Chairman-cum-Managing Director

Place : Bhubaneswar

Date : 20.09.2001

Annexure-I

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

Conservation of Energy:

In its pursuit for an efficient energy management in all its units, NALCO has adopted energy efficient technologies in all its units. NALCO has taken extreme care for selection and installation of energy efficient equipments in its expansion projects in line with the modern technology. Apart from regular energy audits, condition monitoring and system modifications were undertaken to keep a close tab on the energy consumption figures. Renewable energy systems like solar water heating systems and photovoltaic systems have been installed for promoting application of non conventional energy systems in NALCO. Regular review and monitoring of energy consumption is maintained in all its units of NALCO.

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

a) Energy Conservation Measures taken:**1. Mines and Refinery**

- Reduction in specific oil consumption has been obtained 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 maximum extent.
 4. Optimal stable operation of boilers by efficient combustion control.
 5. Ensuring maximum availability of coal mills on SOS basis.
 6. Reduction in boiler trip outs.
- Reduction in specific make up water consumption (with respect to MOU) has been achieved due to:
 1. Reduction in total boiler and TG trip outs.
 2. Availability of stand by boiler feed pumps.
 3. Successful island operation.
 4. Stringent monitoring of water and steam leakages and attending to the same at earliest.

2. Aluminium Smelter

1. Reciprocating compressors were replaced by Rotary compressor in Air conditioners and each A/C consumes 0.5 KW less power.
2. Energy efficient motors are being procured and proposed to be procured in future as per recommendations of TERI.
3. Two nos. of PTM's in Potlines are in the process of being equipped with Variable Frequency Drives for which tendering has been done. This measure is being aimed at increasing energy efficiency for the above cranes.
4. Trial with fuel oil additive successfully carried out and about 9% saving in fuel consumption was observed. Regular usage of fuel oil additive is being proposed.

5. Energy efficient furnace burners(bloom burners) installed in one furnace on trial.
6. Water jacket in furnaces replaced by HRCI liners to avoid heat losses and cooling of furnaces which was required earlier for repair/replacement of water jackets.
7. Cast steel casting wheel indigenously developed and successfully installed in the ingot casting machine.

3. Captive Power Plant

1. The fan blades of the cooling towers have been replaced with light weight, fibre body and hollow blades. As a result of this there is a saving of 30% in power consumption.
2. Along the high-pressure steam extraction drain line a single stage valve (MAL-11) was provided in the existing system. But the valve was found to be passing heavily leading to higher specific steam consumption. Hence it has been replaced with a multistage valve. Now, there is no passing and improvement in specific steam consumption is noticeable. Specific steam consumption has reduced from 3.1 T/Mw Hr to 3.05 T/Mw Hr in Unit #2 and from 3.07 T/Mw Hr to 3.0 T/Mw Hr in Unit #3.
3. CT make up has reduced to 1.883% for the previous year figure of 2.78%. The decrease in CT make up is due to recycling of ash pond overflow.
4. With improvement in water chemistry and process control, the DM water make up for the year was 3.37% of feed flow against the target of 3.5%.

b) Actions under implementation

1. It is proposed to replace 56 nos. of 500 Watt GLS lamps by 56 nos. 150 Watts Metal halide lamps as an Energy conservation activity in Fume treatment plant area.
2. Improvement in anode quality being experimented to reduce net carbon consumption and improve pot operation.
3. Combustion optimisation of boiler: To optimise boiler combustion and to get optimised parameter for long time operation, combustion optimisation study to be carried out by expert agency.
4. Performance evaluation of HP heaters: To improve the performance of HP heaters, performance evaluation has to be carried out by expert agency.
5. To study and find the cause for lower condenser vacuum in unit#1 and #3 and to plan remedial measures as per the result.
6. Energy audit: To reduce the auxiliary power consumption and in general to achieve energy conservation a detail energy audit is to be carried out.
7. To study and find out the cause of high super heater attemperation problem.

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption

Particulars	CAPTIVE POWER PLANT ANGUL		ALUMINA REFINERY DAMANJODI	
	Current year 2000-2001	Previous year 1999-2000	Current year 2000-2001	Previous year 1999-2000
1. Electricity				
a) Purchased from GRIDCO (Million KWH)	7.654	3.114	8.868	—
Total amount (Rs.in lakhs)	224.66	87.75	260.08	—
Rate / Unit (Rs./KWH)	2.94	2.82	2.93	—
b) Own Generation				
(i) Through Diesel Generator	NA	NA	NA	NA
Unit				
Unit per litre of Diesel oil				
Cost/Unit				
(ii) Through Steam Turbine/Generator				
Units (Gross) / Million KWH	4283.324	4469.191	265.146	265.162
Units per ltr. of fuel oil/gas	999.12	1282.03		
Cost / Unit (Rs./KWH)	1.111	0.9593		
2. Coal (specify quality & where used) (Quality F & G grades)				
Quantity(Tonnes)	3354072	3407603	637076	604880
Total cost(Rs. in lakhs)	16561.92	16410.13	6269.07	5879.84
Average rate(Rs./Tonne)	494	482	984	972
3. Fuel Oil & LDO				

	Captive Power Plant Angul		Alumina Refinery Damanjodi		Smelter Plant Angul	
	Current year 2000-2001	Previous year 1999-2000	Current year 2000-2001	Previous year 1999-2000	Current year 2000-2001	Previous year 1999-2000
Quantity(KL)	4287	3486	77626	74403	24863	24000
Total amount (Rs. in lakhs)	435.43	308.67	7470.79	5932.71	2583.03	1931.96
Average rate	10155	8855	9624	7974	10389	8050
4. Others/Internal generation						
Quantity	Nil		Nil		Nil	
Total cost						
Rate/Unit						

B. Consumption per unit of production

Raw Materials (with details)	Unit	Standards (if any)	Current year (2000-2001)	Previous year (1999-2000)
1. Alumina Refinery, Damanjodi				
a) Power	(KWH/Tonne)	380	369.42	359.29
b) Fuel oil for calcination	(Kg/Tonne)	85.3	76.28	77.51
c) Coal for steam	(Kg/Tonne)	674	678	683
d) Oil for steam	(Kg/Tonne)	10	2.56	2.84
2. Smelter, Angul				
a) A.C.Power	(KWH/Tonne)	14600	15221	15549
b) Fuel oil	(Ltr/Tonne)	95	108	111
c) Others				
(i) CP coke	(Kg/Tonne)	408	381	406
(ii) CT Pitch	(Kg/Tonne)	106.5	111	113

Notes: Reasons for variation in the consumption of power and fuel from Standards of previous year are:

1. Power consumption was more for trial, commissioning runs of debottlenecking equipments.
2. Increase in fuel oil and electricity was due to instability in grid parameters and for ongoing construction activities.
3. Fuel oil consumption increase is due to higher grid frequency, debottlenecking at calcinations plants, anode shops and in other areas of the Company.
4. Power plant construction and system modifications also resulted in more power consumption.
5. This increase in consumption is a temporary phase and will be normalised once expansion and debottlenecking activities are over.

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) Development of Special Grade Alumina and Hydrate:

All equipment in the Alumina Pilot Plant (600 TPA) are performing satisfactorily and are being regularly used for development of variety of speciality products. During the year 48 MT of Spl.Grade Alumina and 361 MT Spl.Grade Hydrates were sold.

ii) Studies on effect of Mineralisers on production of Spl.Grade Alumina:

Studies were undertaken in the high temperature furnace to see the effect of the mineralisers and its percentage addition on the UCS of the alpha alumina obtained.

iii) Decolourisation studies on Alumina Hydrate:

Studies are in progress to decolourise the hydrate to improve its brightness. Different possibilities were explored to improve the colour of the hydrate.

iv) Studies on Improvement in bulk density of Aluminium Fluoride for meeting the requirement of Aluminium Smelter:

Studies were conducted to improve the bulk density of Aluminium Fluoride for meeting the requirement of Aluminium Smelter.

v) Studies on enhancement of liquor productivity:

Studies were taken up to evaluate the effect of various parameters viz. high seed charging, multiple charging, using washed seed, increasing fill RP and increasing pregnant liquor concentration to enhance the liquor productivity.

b) Smelter Plant:

i) Design of new anodes:

A number of design and quality improvement in Anodes have been undertaken with satisfactory results and the same are under implementation.

ii) Fuel oil additive:

Experiments with "Fuel Oil Additive" addition in HFO has shown 5-10% fuel saving in HFO consumption in Bake oven. Addition of fuel oil additive has been adopted as a regular practice.

iii) Development of Trimetallic anode clad:

Trimetallic anode clads from indigenous sources were experimented in existing two pot lines with success.

iv) Bimetallic Cathode Clad:

Field trials are continuing with cathode clads developed by an alternative indigenous supplier to bring in an element of price competitiveness.

v) New design casting wheel:

One casting wheel with new design and material is in operation in one Ingot casting machine for last 13 months. This improvement is being supplemented with further improvement in design and new metal pouring system.

(B) Collaborative R&D Projects in hand:

i) Development of Rare Earth Added Aluminium Alloys for conductor application:

After successful development of new rare earth added aluminium alloys for conductor application in the laboratory scale in close collaboration with RRL, Trivandrum and subsequently patenting the process in India, pilot scale studies were undertaken utilising the facilities of DMRL, Hyderabad and BALCO, Korba. Plant scale trials were also carried out at NALCO's Smelter Plant. Few more trials are being planned.

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

Technology Demonstration Project on effect of Fly Ash on soil fertility and crop yield covering an area of 3 acres has been taken up in the premises of CPP, Angul in technical collaboration with RRL, Bhopal and Fly Ash Mission, TIFAC, DST, Government of India. The project is under active implementation since last 2 years and various seasonal crops, vegetables and cereals are being cultivated by using fly ash (Pond ash) in

various proportions with respect to the soil quality. Kissan Melas are also being held for propagation of message that Fly Ash is friendly to the soil and helps in its suitable amendments.

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

Wear Resistant cast irons from NALCO Red Mud and conversion of NALCO Red mud into ferro titanium have been successfully completed in laboratory scale in collaboration with Department of Metallurgy and Material Sciences, IIT, Kharagpur. Based on the findings of the laboratory scale studies, industrial scale trials were taken up and results were found to be more or less in agreement with the laboratory scale findings.

iv) Development of Squeeze Cast, Premium Quality Aluminium Alloy Castings:

Development of Squeeze Cast, Premium Quality Aluminium Alloy Casting is under implementation at Department of Mechanical Engineering, Indian Institute of Science, Bangalore. On receipt of the upgraded machine and commissioning of the same, casting trials will be commenced. Selection of some of the components has already been done and design and manufacture of the dies for casting trials are also in progress.

v) Studies on Mechanochemical Activation of Bauxite to improve the performance of Bayer Process of Alumina Production and Minimise Environmental Impact of Red Mud.

A collaborative R&D project on the above subject has been taken up with NML, Jamshedpur to enable besides other benefits improved rate of recovery of Alumina present in Bauxite.

vi) Physical Separation of Aluminium, Carbon and Bath Constituents from Spent Bath Residues:

Lab.scale studies undertaken to develop methods for separation of Iron, Carbon, Aluminium and Bath Materials present in Spent Bath Residues have been successfully accomplished. This will enable optimal recycling of the constituents of the admixture.

vii) Pot Characteristics:

Measurements on Heat balance, Magnetic field, Anode Cathode Distance (ACD), Current efficiency by "Bake EMF Method" and Voltage balance etc. were carried out in test pots to evaluate the pot characteristics in the Smelter Plant, Angul.

2. Benefits Derived:

- i) Both the R&D Centres at Mines & Refinery Complex, Damanjodi and Smelter & Power Complex, Angul are now fully operational and engaged in undertaking various In-House Research and Developmental activities pertaining to Process and Product development, Quality control activities, Day-to-day plant problem solving devices, Waste utilisation, Energy conservation, Production of value added items through diversification efforts. Patenting of know-how developed, National and International R&D collaborations, Indigenous technology development & commercialisation and related areas of activities.
- ii) Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India has recognised the efforts and credentials of both the R&D Centres of NALCO and have accorded their due recognitions till 31st March, 2003 which is renewed periodically.
- iii) Thrust has been laid on effective management of plant production processes, quality control of the products, attending to various trouble shooting measures and providing adequate solutions thereon which resulted in overall increase in the productivity and overall financial accruals.

3. Future Plan of Action:

a) Alumina R&D Sector:

In the Alumina R&D Sector following activities have been planned :

Carbonate balance studies, XRD studies-Minerological studies of Panchpatmali bauxite, Red mud, Scale deposits etc., Effect of different nucleation conditions in productivity and product quality, Precipitation studies with interstage coolers in line using samples collected from all precipitators and to study crystal growth and structural changes in SEM, Mechanochemical activation of bauxite, Precipitation modelling, Studies to improve de-colourisation/whiteness of product hydrate, Joint studies with different parties to develop an alternative to the speciality chemicals in use, Ultrasonic precipitation/digestion. Development of process for utilisation of PLK and Kaolinite, Preparation of bricks, tiles, binding materials etc. using Red mud, Fly ash and Lime grit and Preparation of alum from Fly Ash.

b) Smelter R&D Sector:

In the Smelter R&D Sector following activities are envisaged:

Setting up of Anode pilot plant to evaluate raw materials from different sources and

characterise the anodes for process optimisation, Recovery of Graphite from Spent Pot Line (SPL) and Recovery of aluminium from Dross by Plasma process.

c) CPP R&D Sector:

In the CPP R&D Sector the following activities are envisaged:

For prolonging the life of bowl mill rollers a study is to be carried out to have better material on mill rollers so as to increase the rollers life from the present value, to study the stability of CPP system during total load throw off by Smelter and propose proper connectivity of sustain such load throw off, for waste heat recovery from boiler blow down water heat from the boiler blow down water can be utilised to feed to de-aerator for deaeration purpose, to study the possibility of retrofitting of condensing type heat exchangers at boiler outlet to increase boiler efficiency, to reduce the auxiliary power consumption and in general to achieve energy conservation, a detail energy audit is to be carried out and a techno-economic study to be carried out for reuse of lube oils by proper filtration in consultation with lube oil suppliers.

d) Corporate R&D Sector:

In the Corporate R&D Sector Development of squeeze cast, Premium quality Aluminium alloy castings, Dispersion pattern and behaviour of valuable trace and RE elements in bauxite profile at Panchpatmali deposit and scope of the recovery from rejects of Refinery Plant, Application of Romelt technology for extraction of iron from NALCO's Red Mud through a joint research project with MISA, Moscow and RSIL, New

Delhi and preparation of a TEFR thereon, Gallium project, Application of fly ash in waste land development, Synthetic wood from fly ash, Zeolite-Y from fly ash, Zeolite-Y from Sodium Aluminate Liquor/Alumina Hydrate Beta aluminium from fly ash, Ekotiles from fly ash and SPL, Recovery of all valuables from Red Mud etc. have been envisaged.

4. Expenditure on R&D:

	(Rs.in lakhs)	
	2000-2001	1999-2000
a) Capital	77.60	146.16
b) Recurring	100.98	71.88
Total	178.58	218.04
c) Total R&D expenditure as % of turnover	0.07	0.10

II. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

Through Technology Absorption, Adaptation and Innovations Scientific and Technological activities of the Company have been nurtured and flourished over the years and as a result the technological paradigms have signalled a very bright future for the organisation. Technology being the "touch word" of success has driven the organisation to its rightful goal thereby culminating into many fruitful S&T endeavours. By following the correct Technological Road map, the Company has attained excellence in many fields of activities.

Measures taken by the Company in its different units concerning technology absorption, adaptation and innovations and benefits derived therefrom are summarised below:

a) M&R Complex, Damanjodi :

Sl.No.	Details of modifications	Benefits thereof
1.	A 10,000 TPA Detergent Grade Zeolite-A plant is under commissioning for production of Zeolite-A from Aluminate liquor using technology jointly developed by NALCO & CSMCRI, Bhavnagar.	Production of Detergent Grade Zeolite-A.
2.	Pre-desilication of Bauxite slurry	Increased input RP for precipitation.
3.	Inter stage cooling across precipitators	Improvement in Liquor productivity Soda content of product. When implemented along with pre-desilication, will contribute to an increase in production.
4.	Separating cyclones for Spent liquor Solids Separation	Additional production of around 25,000 TPA.
5.	Use of Synthetic flocculant in place of Natural flocculant Wheat Bran	Additional production of 25,000 TPA.

b) Smelter Plant, Angul :

Sl.No.	Details of modifications	Benefits thereof
1.	Changes brought in Green anode shape and quality from 550 mm to 560 mm by changes in the mould.	Export quality metal production improved to 85 % of operating pots.
2.	Import substitution of scissors arms of Anode Storage area staking crane through indigenous development.	Increased availability of equipment.
3.	Design modification in vertical jaw crusher has eliminated frequent damage of movable jams.	Increased life. Saving foreign exchange on reduced procurement.
4.	Indigenous development of slip ring motor for long travel in 8 PTMs.	Saving of Rs.48 lakhs.
5.	Replacement of original imported PTM compressors by screw compressors.	Reduced maintenance needs and in turn increased availability of equipment.
6.	Indigenous development of anode transport vehicle.	Substantial saving on foreign exchange.
7.	Replacement of obsolete electromagnetic clutches by mechanical clutches in the stand drive system of wire rod mill.	Improved availability equipment and spares.

c) Captive Power Plant :

Sl.No.	Details of modifications	Benefits thereof
1.	After the installation of one oil purification Machines(ELC-100CP-A) in each unit, waste lubricating oil from the Mill-Gear Box is being purified for reuse in the same Mill Gear Box.	As a result, consumption of Lube Oil has decreased and conservation of energy is achieved.
2.	Modification has been made in the hot air gate by replacing the same with a twin flap isolator.After modification there is no leakage of Hot air.	In conventional gate valve maintenance was required for replacement of gland rope every 3 months. Now the requirement has reduced drastically in the new valve.
3.	As a result of technology upgradation, the requirement of number of keyboard has been reduced by using one keyboard for two CRT screens.	By this there is direct saving of foreign exchange and the reliability of equipments has increased.
4.	Suspended magnet provided in the coal conveying line found not to be always effective has been replaced with a powerful magnet which now checks ingress of foreign materials positively and thus avoiding any damage to the Coal Crushing Machine.	Now the ingress of foreign materials into the system has reduced.
5.	Along the high-pressure steam extraction drain line a single stage valve (MAL-11) was provided in the existing system. But the valve was found to be passing heavily leading to higher specific steam consumption. Hence it has been refaced with a multistage valve.	Now there is no passing and improvement in specific steam consumption is noticeable.
6.	A number of schemes to check wastage of water and also zero discharge from the plants for instance; the waste water from Boiler and auxiliary equipments finding its way to river thereby polluting the water system is now recycled back for use.	Apart from conservation of water, there is direct saving in revenue paid to Government for supply of water.

III. DETAILS OF TECHNOLOGY IMPORTED DURING LAST FIVE YEARS :

a) M&R Complex, Damanjodi :

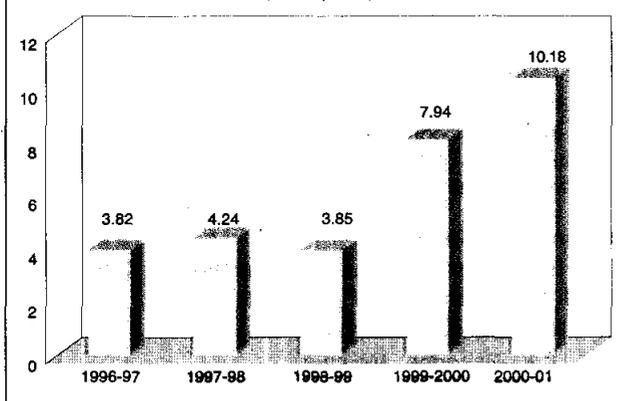
Sl. No	Technology Imported	Year of import	Has technology been fully absorbed	If not fully absorbed reason thereof and future plan of action
01.	Technology is being imported partially for debottlenecking for the Alumina Plant for raising the capacity from 8-10.5 lakh TPA from Aluminium Pechiney, France which includes - Oxalate removal - Classifying cyclones - High rate thickeners for mud clarification.	1999-2000	Yes. It is also being reproduced for a third stream.	—
02.	Plant is being set up for production of 26,400 TPA Special Grade Alumina and Hydrate with technical know-how from M/s. ATA, USA.	2000-2001	Under implementation.	Technology absorption expected by 2001 - 2002.

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.	Technology for continuous strip casting (Jumbo Caster) from M/s. FATA-HUNTER.	1998	In the process of stabilisation.	—
2.	Furnace Tending Assembly(FTA) in the Bake Oven.	1996	Fully absorbed.	—
3.	Autogenous Mill in the new bath system.	1998	Fully absorbed.	—
4.	In certain areas technology developed in the recent past by AP is 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.

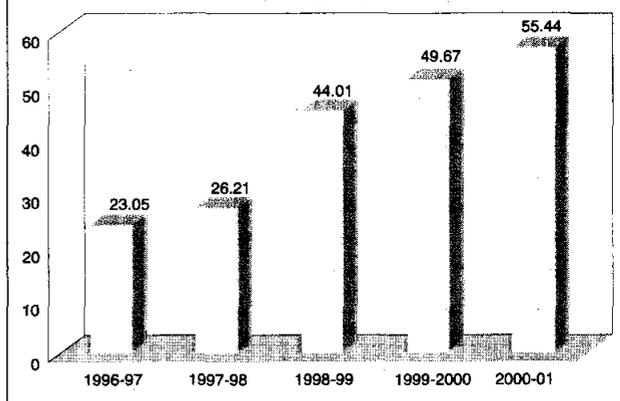
Earning per Share

(In Rupees)



Book Value per Share of Rs. 10/- each

(In Rupees)



REPORT ON CORPORATE GOVERNANCE

Philosophy

NALCO believes in practising good Corporate Governance as enshrined in various reports such as Sir Adrian Cadbury Report, CII Report, Kumar Mangalam Birla Report on the subject. The Company has already taken most of the measures enumerated in Clause 49 of the Listing Agreement and will adopt the remaining mandatory measures well before 31.03.2002.

NALCO is the only Public Sector Company which is publishing its financial statements prepared in substantial compliance with US GAAP, UK GAAP and French GAAP for better understanding and analysis of its financial results by the foreign investors/customers, though the shares of the Company are not listed in any of the Stock Exchanges abroad.

Board of Directors

In terms of Section 617 of the Companies Act, 1956, NALCO is a Government Company. Presently, 87.15% of the total paid-up capital of the Company is held by the President of India.

The Board of Directors, as on date, comprises seven directors; Chairman-cum-Managing Director, three functional directors, one part time official director and two part time non-official directors. The Board meets regularly and is responsible for the proper direction and management of the Company.

All the directors have access to the advice of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that the applicable rules and regulations are complied with.

During the financial year ended March 31, 2001, the Board met 14 times. The maximum time gap between two meetings was 50 days. The attendance of various board members is as under:

Name	Position held as on 31.03.2001	Board Meetings	
		Held during the tenure	Atten- ded
Shri S. C. Tripathi *	Part time official Director	01	Nil
Shri P. Parvathisem (joined on 06.09.1999) **	Chairman-cum-Managing Director	14	14
Dr. (Smt.) Aruna Bagchee ***	Part time official Director	13	13
Dr. Sutanu Behuria (joined on 09.05.2000) ****	Part time official Director	12	10
Shri S. P. Gupta ****	Part time official Director	01	01
Shri C. Venkataramana	Director (Finance)	14	12
Shri S. B. Nayak	Director (Production)	14	14
Shri K. N. Misra *****	Director (Pers. & Admn.)	14	11
Shri S. K. Banerjee	Director (P&T)	14	14
Shri Pyarimohan Mohapatra	Part time non-official Director	14	12

Name	Position held as on 31.03.2001	Board Meetings	
		Held during the tenure	Atten- ded
Shri S. N. Malik	Part time non-official Director	14	13
Shri P. G. Kakodkar*****	Part time non-official Director	06	Nil

* Has since been appointed as Chairman-cum-Managing Director w.e.f. 31.08.2001 (A.N).

** Superannuated on 31.08.2001 (A.N).

*** S/Shri S. C. Tripathi and S. P. Gupta were appointed as directors vice Dr. (Smt.) Aruna Bagchee and Dr. Sutanu Behuria on 14.03.2001.

**** Ceased to be Director on 14.03.2001

***** Resigned on 29.08.2000.

The Board has reserved certain items of governance for its review, including the approval of annual and interim results, acquisitions, disposals and joint ventures, as well as material agreements, major capital expenditure, major sale contracts, employees remuneration and perquisites, incentive schemes, manpower plans, budgets, all statutory compliance and long range plans. In addition, the following committees have been formed with specific responsibilities.

Audit Committee

The Board had appointed an Audit Committee in June, 1999, much ahead of the issue of guidelines by SEBI. At present the following are the members of the Audit Committee.

Shri S. N. Malik, Chairman

Shri Pyarimohan Mohapatra, Member

Shri S. C. Tripathi, Member and

Shri S. P. Gupta, Member

Audit Committee's functions include the following apart from the areas mentioned in the amended clause 49 of the listing agreement and Section 292A of the Companies (Amendment) Act, 2000.

- To check whether controls are adequate commensurate with size of the operations.
- To study the areas where income can be increased and the areas where cost can be reduced.
- Management Information System on each of the above areas.

During the year, 4 Audit Committee Meetings were held. Audit Committee also monitors the shareholders/investors grievances.

The details of complaints received and the status of resolution are placed before every Audit Committee Meeting as well as Board Meeting.

Technology Committee

The Board has constituted a Technology Committee, consisting of the following directors:

Shri S. B. Nayak, Chairman

Shri S. K. Banerjee, Member

Shri Pyarimohan Mohapatra, Member

This Committee monitors and pays special attention to the assessment of Company's own technology status, to acquiring and assimilating technologies necessary to make NALCO competitive and to its own R&D efforts to maintain a sustained strength in the technological field.

Remuneration Committee

The need for a Remuneration Committee is not felt by the Company in view of the fact that the Company is a Government Company in terms of Section 617 of the Companies Act, 1956. The remuneration of the Directors is fixed by the President of India.

Standing Committee

A Standing Committee has been constituted by the Board consisting of Chairman-cum-Managing Director, all functional Directors and co-opted officer(s) of the Marketing Department. The Committee deals with sales contracts of the value between Rs.30 crore and Rs.50 crore for export of alumina / aluminium. All the sales contracts over Rs.50 crore are decided by the Board. The decision of the Committee is put up in the subsequent Board Meeting for information.

During the year, 4 Standing Committee Meetings were held.

Share/Debenture Transfer Committee

The Share/Debenture Transfer Committees constituted by the Board comprises of three directors. The Share/Debenture Transfer Committee considers and approves all share/debenture related issues in physical mode besides taking note of beneficiary position under demat mode. During the year 2000-2001 Share Transfer Committee met 34 times, Debenture Transfer Committee met 20 times.

Shri K.N.Ravindra, Company Secretary is the Compliance Officer of the Company.

The Company has resolved all the investors' grievances/ correspondence within a period of around 7-10 days from the date of receipt of same during the year 2000-01, except the cases where issue of demand drafts/ revalidation of warrants, issue of duplicate share/debenture certificate(s) etc. are involved. Normally the cases relating to issue of demand drafts/revalidation of warrants have been resolved within 10-15 days of the receipt and necessary action has been taken immediately in the case of issue of duplicate share/debenture certificate(s) etc. after receipt of all necessary documents from the investor(s)/share holder(s).

The details of complaints received and the status of resolution are placed before every Audit Committee Meeting as well as Board Meeting.

Sub-Committee

In addition, Board also constitutes Sub-Committees with specific assignments. During the year 2000-2001, 3 such Sub-Committees were constituted with specific assignments.

Going Concern

On the basis of current financial projections and facilities available, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly consider that it is appropriate to adopt the Going Concern basis in preparing accounts.

General Body Meetings

The Company held 5 General meetings during last 3 years as detailed below:

Year	Date	Event
1998	26th September, 1998	17th Annual General Meeting
1999	18th February, 1999	Extra-ordinary General Meeting
1999	30th September, 1999	18th Annual General Meeting
2000	5th May, 2000	Extra-ordinary General Meeting
2000	30th September, 2000	19th Annual General Meeting

The above meetings were held at the Auditorium, NALCO BHAWAN, Bhubaneswar and the same were attended by large number of shareholders.

No postal ballots were used during the above Annual General Meetings/ Extra-ordinary General Meetings.

Disclosures

As per the disclosures given by the directors of the Company, there were no materially related party transactions attracting the provisions of Section 297 of the Companies Act, 1956.

There is no case of non-compliance of statutory provisions of the Companies Act, 1956 or SEBI Regulations or provisions of Listing Agreement and these authorities have not passed any strictures or imposed any penalty on the Company on any matter related to capital markets during last three years.

Means of Communication

The means of communication between the Company and the shareholders are transparent and investor friendly. The Annual Report reflects the details of Corporate Profile, Directorate, Future Outlook, Report of Statutory Auditors, Comments and Review of Comptroller & Auditor General of India, the working results of the individual units of NALCO, a five year summary of physical and financial performance, significant accounting policies, cash flow statement, bankers etc. and incorporates a number of schedules providing exhaustive information, as required, in a transparent and easily understandable manner. The achievements and important events taking place in the Company are announced through press and electronic media. Quarterly performance and financial results of the Company are also published in the leading National newspapers and the same are posted in the Company's website immediately after the Board Meeting.

General Information

01. Distribution of share holding as on 31st March 2001:

NALCO has 29,152 shareholders and 17,237 debenture holders as on 31.03.2001. The shareholding pattern of the Company as on 31.03.2001 is as under :

	Category	No. of shares held	Percentage of shareholding
A.	Promoter's holding (President of India)	56,14,99,635	87.1475
1.	Promoters		
	— Indian Promoters		
	— Foreign Promoters		
2.	Persons acting in Concert		
	Sub - Total	56,14,99,635	87.1475
B.	Non-Promoters Holding		
3.	Institutional Investors		
a.	Mutual Funds and UTI	4,40,27,740	6.8332
b.	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-government Institutions)	72,38,539	1.1234
c.	FII's	1,28,05,696	1.9874
	Sub - Total	6,40,71,975	9.9440
4.	Others		
a.	Private Corporate Bodies	87,01,269	1.3505
b.	Indian Public	73,99,033	1.1484
c.	NRIs/OCBs	3,48,450	0.0542
d.	Others	22,89,266	0.3554
	Sub - Total	1,87,38,018	2.9085
	GRAND TOTAL	64,43,09,628	100.0000

02. Dematerialisation of shares, debentures and liquidity

The Company has become the first in Orissa to have entered into an agreement with National Securities Depository Limited (NSDL) for electronic trading of its shares. Consequently, the Company's shares were activated for dematerialisation w.e.f. 03.07.98 under ISIN INE 139A01018 (Pre-capital Restructured shares) and new ISIN INE 139A01026 (Post-capital Restructured new shares) w.e.f. 26.03.1999. For providing multi-depository service facilities to the investors, NALCO has also entered into an agreement with Central Depository Services (India) Limited (CDSL) for electronic trading of shares and the shares have been activated for dematerialisation w.e.f. 21.11.2000. Around 98% of the Company's shares are now held in electronic form. For speedy dematerialisation of shares, SEBI has mandated the Company's shares for compulsory trading and settlement only in electronic mode w.e.f. 31.05.1999 and also included NALCO's shares under 'Transfer-cum-Dematerialisation' scheme. Accordingly, the Company is following the procedure regularly and

providing the transfer-cum-dematerialisation facility to its share holders w.e.f. 01.04.2000.

NALCO debentures are also admitted for dematerialisation through NSDL and CDSL under ISIN INE 139A07015 w.e.f. 14.08.2000 and 23.02.2001 respectively. Total number of shares and debentures dematerialised during the year 2000-2001 are 9,88,944 and 25,93,232 respectively.

Status of dematerialisation of shares and debentures is as follows :

Years	Shares dematerialised	Debentures dematerialised
	% to listed capital	% to total debentures
1998-1999	78.07	—
1999-2000	96.57	—
2000-2001	97.76	40.30*

* Dematerialisation of debentures commenced on 14.08.2000.

A GUIDE TO THE INVESTORS containing the methodology of share transfers, issue of duplicate share certificates etc. and various other investor friendly information were sent to all the shareholders

as a booklet along with the Notice of 18th Annual General Meeting, held in September, 1999. This effort of NALCO Share Registry was highly appreciated by the share holders and other investors.

03. Financial Calendar (tentative and subject to change) :

Events	Tentative Date
Annual General Meeting for the year ending March 31, 2001	October, 2001
Unaudited Financial results for the first quarter ending 30th June, 2001	July, 2001
Unaudited Financial results for the second quarter ending 30th September, 2001	November, 2001
Unaudited Financial results for the third quarter ending 31st December, 2001	January, 2002
Unaudited Financial results for the year ending 31st March, 2002	April, 2002
Annual General Meeting for the year ending March 31, 2002	September, 2002
Dividend payment	Within the statutory period of 30 days from the date of declaration.
Half yearly interest payment on debentures	By 25th March and 25th September of each year till redemption.

Shareholding Pattern as on 31.03.2001

Category (in shares)	No. of Holders	No. of Shares	% of equity
Up to 5000	28,879	66,36,109	1.03
5001 – 10000	104	7,85,648	0.12
10001 – 20000	60	8,75,317	0.14
20001 – 30000	20	5,10,222	0.08
30001 – 40000	09	3,24,521	0.05
40001 – 50000	09	4,07,690	0.06
50001 – 100000	16	12,85,270	0.20
100001 and above	55	63,34,84,851	98.32
Total	29,152	64,43,09,628	100.00

Annexure-III

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 2001.

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 2001.

Sd/-

(A. Pattanayak)

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

Dated, Kolkata
The 24th August 2001.

REVIEW OF ACCOUNTS OF NATIONAL ALUMINIUM COMPANY LIMITED FOR THE YEAR ENDED 31ST MARCH 2001 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)

	1998-99	1999-2000	2000-01
Liabilities			
a) Paid up capital			
(i) Government	561.50	561.50	561.50
(ii) Others	82.81	82.81	82.81
b) Reserves and Surplus			
(i) Free Reserves & Surplus	2189.94	2233.15	2605.02
(ii) Capital Reserves	1.24	1.27	1.27
(iii) Debenture Redemption Reserve	—	321.77	321.77
c) Borrowings from			
(i) Non-convertible Redeemable Debentures	643.58	643.54	643.54
(ii) Other Loan	—	20.00	—
d) Current Liabilities & Provision	414.43	493.02	805.01
TOTAL	3893.50	4357.06	5020.92
Assets			
e) Gross block	4883.37	5037.81	5216.63
f) Less : Cumulative Depreciation	2503.91	2785.82	3079.32
g) Net Block	2379.46	2251.99	2137.31
h) Capital Work-in-Progress	379.68	939.77	1695.08
i) Investments	84.92	154.29	140.29
j) Current Assets, Loans and Advances	1049.44	1011.01	1048.24
TOTAL	3893.50	4357.06	5020.92
k) Working Capital (j-d)	635.01	517.99	243.23
l) Capital Employed (k+g)	3014.47	2769.98	2380.54
m) Net Worth [a+b(i)+b(iii)]	2834.25	3199.23	3571.10
n) Net Worth per rupee of paid up capital (in Rupees)	4.40	4.47	5.54

2. Working Results :

(Rs. in crore)

	1998-99	1999-2000	2000-01
(i) Sales	1506.65	2145.61	2410.79
(ii) Less Excise Duty	109.04	155.00	147.13
(iii) Net Sales	1397.61	1990.61	2263.66
(iv) Other Misc. Income	178.93	124.90	155.51
(v) Profit/Loss before tax and Prior period adjustment	344.16	674.41	841.04
(vi) Prior period adjustment	(-) 6.94	6.59	2.33
(vii) Profit/Loss before tax	337.22	681.00	843.37
(viii) Tax provision	88.97	169.47	187.54
(ix) Profit after tax	248.25	511.53	655.83
(x) Proposed Dividend including interim dividend and dividend tax	85.82	146.59	284.01

3. Ratio Analysis

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

	1998-99	1999-2000	2000-01
A. Liquidity Ratio			
Current Ratio	253%	205%	130%
B. Debt Equity Ratio			
Long term Debt to Equity	23%	20%	18%
C. Profitability Ratio			
a) Profit before tax to :			
(i) Capital Employed	11.19%	24.58%	35.43%
(ii) Net Worth	11.90%	21.29%	23.62%
(iii) Sales	21.27%	30.49%	33.32%
b) Profit after tax to Equity Capital	38.53%	79.39%	101.79%
c) Earning per Share (Rupees)	3.85	7.93	10.18

4. Sources and Utilisation of Funds

Funds amounting to Rs. 1100.72 crore from internal and external sources were generated and utilised during the year as shown below :

Sources of Funds

Funds from Operations :-

	(Rs. in crore)	
a) Net Profit for the year	655.83	
b) Add : Depreciation	293.50	949.33
c) Decrease in investment		14.00
d) Decrease in Working Capital		137.34
e) Grants in aid received		0.05
Total fund inflow during the year		1100.72

Utilisation of Funds

a) Increase in Gross Fixed Assets	178.82
b) Increase in Capital Work-in-Progress	755.31
c) Decrease in borrowing	20.00
d) Dividend paid (including dividend tax)	146.59
Total fund outflow during the year	1100.72

5. Inventory Levels

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

(Rs. in crore)

	1998-99	1999-2000	2000-01
(i) Raw Materials	37.96	55.11	48.25
(ii) Stores & Spares	249.07	229.25	213.52
(iii) Finished Goods and work-in-progress	156.33	155.88	144.88

6. Sundry Debtors

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

Year ended as on	Sundry Debtors			Sales during the year	(Rs. in crore)
	Considered Good	Considered Doubtful	Total		% of total sundry debts to sale
31.03.1999	330.17	5.05	335.22	1585.74	21%
31.03.2000	313.48	42.29	355.77	2233.82	16%
31.03.2001	263.07	42.29	305.36	2531.29	12%

Sd/-

(A. Pattanayak)

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

Dated, Kolkata
The 24th August 2001

Auditors' Report

To

The Members of
National Aluminium Company Limited
Bhubaneswar.

We have audited the attached Balance Sheet of **NATIONAL ALUMINIUM COMPANY LIMITED**, Bhubaneswar as at 31st March, 2001 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 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, the Company has kept proper books of account as required by law so far as appears from our examination of the books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) None of the directors of the Company is disqualified from being appointed as a director as on 31st March, 2001 in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956. Written representations regarding the above from all directors excepting one director have been received and taken on record by the Board of Directors.
 - e) In our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in the sub-section (3c) of

Section 211 of the Companies Act, 1956 except accounting for certain items of scrap and bath tapped from pot shells on disposal as stated in Significant Accounting Policy No. B.3.4 of Schedule-W and not on accrual basis in line with Accounting Standard-1.

- f)
 - i) As stated in Note No.2.1 of Schedule-X to the Accounts, depreciation charged for the year is higher by Rs.133.07 crores and the accumulated depreciation charged upto 31.03.2001 is lower by Rs.210.25 crores, 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 has been change in accounting policy on depreciation rates of Ash Ponds at Captive Power Plant, which resulted in reduction in both Gross Block of fixed assets and profit for the year by Rs.0.88 crores.
 - 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, 2001.
 - 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

P. Venugopala Rao
Partner

New Delhi,
Dated : 5th July, 2001

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

1.
 - 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 to exchange variation loss on foreign currency loans attributable 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.
2. None of the fixed assets of the Company has been

- revalued during the year.
3. The Stock of finished goods, stores, spare parts and raw materials of the Company at all its locations except stock with third parties and in transit have been physically verified by the management at reasonable intervals.
 4. In our opinion, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 5. The discrepancies noticed on such physical verification of stock as compared to books were not material. Such discrepancies relating to shortages have been dealt with in the books of account, while excesses have been ignored except in case of finished goods.
 6. In our opinion and on the basis of our examination of the valuation of stock, 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.
 7. 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) of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company.
 8. The Company has not granted any loan, 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 (1-B) of Section 370 of the Companies Act, 1956 which is prima facie prejudicial to the interest of the Company.
 9. 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.
 10. 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.
 11. 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.
 12. 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.
 13. The Company has not accepted any deposit from Public, in terms of Section 58A of the Companies Act, 1956.
 14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realizable scrap. The Company has no by-product.
 15. In our opinion, the Company's internal audit system although adequate needs to cover more areas so as to commensurate with the size and nature of its business.
 16. 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(l)(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.
 17. The Company is regular in depositing Provident Fund dues with appropriate authority. None of the employees of the Company is a member of the Employees' State Insurance. Pension dues from 16.11.95 amounting to Rs. 14.34 crores, 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.
 18. 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.
 19. 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.
 20. 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

P. Venugopala Rao
Partner

New Delhi,
Dated : 5th July, 2001

Balance Sheet as at March 31, 2001

(Rupees in crores)

	Schedule	As at March 31, 2001	As at March 31, 2000
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	A	644.31	644.31
Reserves and Surplus	B	2,928.06	2,556.19
Loan Funds :			
Secured Loans	C	643.54	663.54
Unsecured Loans		—	—
TOTAL		<u>4,215.91</u>	<u>3,864.04</u>
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	D	5,216.63	5,037.81
Less : Depreciation		<u>3,079.32</u>	<u>2,785.82</u>
Net Block		2,137.31	2,251.99
Capital Work-in-Progress	E	<u>1,695.08</u>	<u>939.77</u>
		3,832.39	3,191.76
Investments	F	140.29	154.29
Current Assets, Loans & Advances :			
Inventories	G	407.20	440.24
Sundry Debtors		263.07	313.48
Cash and Bank Balances		66.00	4.07
Other Current Assets		49.88	25.22
Loans and Advances		<u>262.09</u>	<u>228.00</u>
		1,048.24	1,011.01
Less : Current Liabilities & Provisions :			
Liabilities	H	507.66	329.22
Provisions		<u>297.35</u>	<u>163.80</u>
		805.01	493.02
Net Current Assets		243.23	517.99
TOTAL		<u>4,215.91</u>	<u>3,864.04</u>

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

New Delhi
5th July, 2001

K. N. Ravindra
Company Secretary

H. K. Padhiari
General Manager
(Finance)

S. B. Nayak
Director
(Production)

P. Parvathisem
Chairman-cum-
Managing Director

Profit and Loss Account for the year ended March 31, 2001

(Rupees in crores)

	Schedule	Year ended March 31, 2001	Year ended March 31, 2000
INCOME :			
Sales	I	2,406.32	2,142.32
Finished goods internally consumed/capitalised		4.47	3.29
Accretion / (Decretion) to stock of finished / intermediary products / work-in-process	J	(11.00)	(0.45)
Other Income	K	155.51	124.90
		2,555.30	2,270.06
EXPENDITURE :			
Raw Materials consumed	L	244.77	213.52
Power & Fuel	M	399.57	356.51
Repairs & Maintenance	N	121.90	126.85
Other Manufacturing Expenses	O	66.11	64.04
Excise Duty		147.13	155.00
Employees' Remuneration & Benefits	P	194.14	159.80
Administrative Expenses	Q	55.83	52.18
Other Expenses	R	37.90	28.81
Selling and Distribution Expenses	S	55.97	55.55
Interest & Financing Charges	T	97.56	63.43
Provisions	U	(0.61)	36.65
Depreciation		293.99	283.31
		1,714.26	1,595.65
PROFIT FOR THE YEAR		841.04	674.41
Add : Prior Period Adjustments (Net)	V	2.33	6.59
PROFIT BEFORE TAX		843.37	681.00
Less : Provision for taxation for the year		211.57	171.92
Add : Provision for taxation for earlier years written back		24.03	2.45
PROFIT AFTER TAX		655.83	511.53
Balance of Profit brought forward from previous year		8.15	39.93
Transfer from Capital Reserve		0.05	0.05
Amount available for appropriation		664.03	551.51
APPROPRIATIONS :			
Interim dividend		—	96.65
Proposed dividend		257.72	32.22
Tax on interim & proposed dividend		26.29	17.72
Transfer to Debenture Redemption Reserve		—	321.77
Transfer to General Reserve		375.00	75.00
		659.01	543.36
Balance of Profit carried to Balance Sheet		5.02	8.15
Significant Accounting Policies	W		
Notes on Accounts	X		
Additional Information	Y		
<i>(Schedules A to Y form part of Accounts)</i>			

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

New Delhi
5th July, 2001

K. N. Ravindra
Company Secretary

H. K. Padhiari
General Manager
(Finance)

S. B. Nayak
Director
(Production)

P. Parvathisem
Chairman-cum-
Managing Director

Schedules forming part of the Balance Sheet

	(Rupees in crores)	
	As at March 31, 2001	As at March 31, 2000
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).	<u>644.31</u>	<u>644.31</u>
 Schedule B		
RESERVES & SURPLUS		
Capital Reserve :		
Grants-in-aid received from Government of India :		
As per last Balance Sheet	1.27	1.24
Add : Received during the year	0.05	0.08
	1.32	1.32
Less : Transfer to Profit & Loss Account	0.05	0.05
	1.27	1.27
General Reserve :		
As per Last Balance Sheet	2,225.00	2,150.00
Add : Transfer from Profit & Loss Account	375.00	75.00
	2,600.00	2,225.00
Debenture Redemption Reserve :		
As per Last Balance Sheet	321.77	—
Add : Transfer from Profit & Loss Account	—	321.77
	321.77	321.77
Balance in Profit & Loss Account	5.02	8.15
Total	2,928.06	2,556.19
 Schedule C		
LOAN FUNDS		
Secured Loans :		
64,35,357 Nos (Previous year 64,35,384 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 and other assets (excluding book debts) at Captive Power Plant at Angul.	643.54	643.54
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	643.54	663.54

Schedule D
FIXED ASSETS

(Rupees in crores)

Particulars of Assets	Gross Block				Depreciation				Net Block	
	As on 1.4.2000	Additions	Sales/ Adjust- ments	As on 31.3.2001	As on 1.4.2000	For the Year	On sales/ Adjust- ments	Upto 31.3.2001	As on 31.3.2001	As on 31.3.2000
A. PLANT, MINES AND OTHERS :										
Freehold land including development costs	29.90	—	—	29.90	—	—	—	—	29.90	29.90
Leasehold land including development costs	3.34	—	—	3.34	1.27	0.11	—	1.38	1.96	2.07
Buildings	178.96	10.04	0.11	189.11	84.63	8.42	—	93.05	96.06	94.33
Roads, bridges and culverts	27.35	0.76	—	28.11	7.94	0.40	—	8.34	19.77	19.41
Railway sidings	51.62	—	—	51.62	37.17	2.57	—	39.74	11.88	14.45
Water supply, drainage and sewerage	43.47	5.54	—	49.01	26.82	2.09	—	28.91	20.10	16.65
Power supply, distribution and lighting	185.04	2.39	(0.18)	187.25	105.08	9.71	—	114.79	72.46	79.96
Plant and machinery	4,279.69	128.96	(2.52)	4,406.13	2,443.07	262.29	(1.31)	2,704.05	1,702.08	1,836.62
Office equipments	14.86	3.02	(0.16)	17.72	6.99	2.14	(0.13)	9.00	8.72	7.87
Furniture and fittings	11.93	1.03	(0.08)	12.88	6.95	1.08	(0.04)	7.99	4.89	4.98
Vehicles	21.76	2.04	(0.16)	23.64	16.63	0.83	(0.11)	17.35	6.29	5.13
Miscellaneous equipments	35.21	3.44	(0.06)	38.59	12.15	1.86	(0.02)	13.99	24.60	23.06
Total	4,883.13	157.22	(3.05)	5,037.30	2,748.70	291.50	(1.61)	3,038.59	1,998.71	2,134.43
B. SOCIAL FACILITIES :										
Freehold land including development costs	2.92	—	—	2.92	—	—	—	—	2.92	2.92
Leasehold land including development costs	0.35	—	—	0.35	0.22	0.01	—	0.23	0.12	0.13
Buildings	109.02	12.98	0.05	122.05	19.29	1.85	—	21.14	100.91	89.73
Roads, bridges and culverts	12.71	2.20	0.02	14.93	2.80	0.20	—	3.00	11.93	9.91
Water supply, drainage and sewerage	11.57	6.01	—	17.58	5.61	0.63	—	6.24	11.34	5.96
Power supply, distribution and lighting	11.10	2.68	(0.02)	13.76	5.52	0.53	—	6.05	7.71	5.58
Office equipments	0.09	—	—	0.09	0.07	0.01	—	0.08	0.01	0.02
Furniture and fittings	1.59	0.10	—	1.69	1.32	0.10	—	1.42	0.27	0.27
Vehicles	0.73	—	0.04	0.77	0.55	0.03	0.03	0.61	0.16	0.18
Miscellaneous equipments	4.60	0.58	0.01	5.19	1.74	0.24	(0.02)	1.96	3.23	2.86
Total	154.68	24.55	0.10	179.33	37.12	3.60	0.01	40.73	138.60	117.56
Total for current year	5,037.81	181.77	(2.95)	5,216.63	2,785.82	295.10	(1.60)	3,079.32	2,137.31	2,251.99
Total for previous 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

Notes :

- Plant and machinery includes capitalisation of Rs. 1,759.73 (Previous year Rs. 1,760.53) towards net exchange variation loss in accordance with Accounting Policy No. B 5.4 of Schedule W.
- Depreciation for the year includes Rs. 0.08 transferred to expenditure during construction period, pending capitalisation to Fixed Assets (Previous year Rs. 0.06) and Rs. 1.03 charged to prior period adjustment (Previous year (-) Rs. 0.31).
- Included in Gross Block above are the following assets laid on land not belonging to the Company :
 - Buildings – Rs. 0.97 (Previous year Rs. 0.97)
 - Roads, bridges and culverts – Rs. 2.95 (Previous year Rs. 2.95)
 - Water supply, drainage and sewerage – Rs. 1.02 (Previous year Rs. 0.58)
 - Power supply, distribution and lighting – Rs. 4.83 (Previous year Rs. 4.83)
 - Railway sidings – Rs. 6.53 (Previous year Rs. 6.53)

(Rupees in crores)

	As at March 31, 2001	As at March 31, 2000
Schedule E		
CAPITAL WORK-IN-PROGRESS		
Construction and other work-in-progress at cost	999.90	557.98
Advances to Contractors and Suppliers for capital goods (Unsecured, Considered good)	110.25	83.76
Stock of construction materials (at cost) (Including materials with contractors Rs. 22.99, Previous year Rs. 3.81)	174.10	116.48
Construction materials and Plant & Machinery-in-transit (at cost)	259.07	86.91
Expenditure during construction pending allocation (Schedule E.1)	151.76	94.64
Total	<u>1,695.08</u>	<u>939.77</u>

Schedule E.1**EXPENDITURE DURING CONSTRUCTION**

(Pending allocation)

Opening Balance	94.64	61.47
Expenditure / Adjustments during the year :		
Technical Knowhow	1.85	3.58
Technical Consultancy	58.26	30.80
Other Expenses	5.87	4.22
Depreciation	0.08	0.06
	<u>66.06</u>	<u>38.66</u>
Less : Income/Adjustments during the year :		
Interest	0.10	0.26
Other Income	0.24	—
	<u>0.34</u>	<u>0.26</u>
Net Expenditure during the year	<u>65.72</u>	<u>38.40</u>
Total Expenditure	<u>160.36</u>	<u>99.87</u>
Less : Amount allocated to Fixed Assets	<u>8.60</u>	<u>5.23</u>
Balance carried forward	<u>151.76</u>	<u>94.64</u>

Schedule F**INVESTMENTS :**

	Face value per unit (Rs.)	March 31, 2001		March 31, 2000	
		Number	Book Value	Number	Book Value
Trade :					
Long term investments : (Unquoted)					
Equity Shares in International					
Aluminium Products Ltd	10	90,000,000	90.29	90,000,000	90.29
Non-Trade :					
10 year 9% (Tax free) Power Finance Corporation Bonds, 1990	1,000	—	—	20,000	2.00
10 year 9% (Tax free) Indian Railway Finance Corporation Bonds, 1990	1,000	—	—	120,000	12.00
10 year 15% GRIDCO Bonds, 1999	1,000	500,000	50.00	500,000	50.00
Total			<u>140.29</u>		<u>154.29</u>

(Rupees in crores)

	As at March 31, 2001	As at March 31, 2000
Schedule G		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets :		
Inventories :		
(As Certified by the Management)		
Raw Materials (Including in transit Rs. 7.03, Previous year Rs. 18.41)	48.25	55.11
Stock of Finished/intermediary products/ work-in-process	144.88	155.88
Coal and fuel oil (Including in transit Rs. 1.86, Previous year Rs. 1.81)	17.16	17.19
Stores, spares and others (Including in transit) Rs. 27.75, Previous year Rs. 19.16)	196.36	211.39
Fixed Assets retired from active use and unserviceable materials	1.46	1.70
Less : Provision	<u>0.91</u>	<u>1.03</u>
	0.55	0.67
	407.20	440.24
Sundry Debtors :		
(Unsecured)		
Debts over six months		
Considered good	155.89	120.42
Considered doubtful	<u>42.29</u>	<u>42.29</u>
	198.18	162.71
Less : Provision for doubtful debts	<u>42.29</u>	<u>42.29</u>
	155.89	120.42
Other debts, considered good	<u>107.18</u>	<u>193.06</u>
	263.07	313.48
Cash and Bank Balances :		
Cash on hand including imprest & stamps	0.17	0.11
Cheques and postal orders on hand	0.10	3.33
Balances with Scheduled Banks :		
In Current Accounts	0.66	0.41
In Exchange Earner's Foreign Currency Account	64.87	0.02
In Term Deposits	<u>0.20</u>	<u>0.20</u>
	66.00	4.07
Other Current Assets :		
Interest accrued :		
Investments	1.46	2.06
Debtors	—	0.51
Bank Deposits and others	2.71	1.29
Loans to Employees	<u>13.83</u>	<u>11.21</u>
Accrued Export Incentives	<u>18.00</u>	<u>15.07</u>
	49.88	25.22
Sub-total of Current Assets :	786.15	783.01

(Rupees in crores)

	As at March 31, 2001	As at March 31, 2000
Schedule G		
CURRENT ASSETS, LOANS & ADVANCES (Contd.)		
Loans and Advances :		
(Unsecured, Considered good unless otherwise stated)		
Loans to Employees (Secured Rs. 41.00, Previous Year Rs. 37.07)	45.13	41.62
Stores on loan basis (Including Loan to IAPL Rs. 1.05)	1.46	0.32
Loan to Public Sector Company	—	5.00
Advances to Employees	2.22	5.32
Income Tax refund receivable	23.17	20.38
Advance to International Aluminium Products Ltd. (A wholly owned subsidiary of NALCO)	35.05	9.57
Payments made towards disputed Sales Tax, Customs and Excise demands	27.75	21.08
Advances to Suppliers and others :		
Considered good	8.75	6.48
Considered doubtful	2.41	2.62
	11.16	9.10
Less : Provision for doubtful advances	2.41	2.62
	8.75	6.48
Prepaid Expenses	3.03	2.96
Claims Recoverable (Considered good) :		
CENVAT credit claims	74.74	74.01
DEPB claims	21.03	25.12
Other claims	12.78	11.56
	108.55	110.69
Claims Considered doubtful	4.09	4.36
	112.64	115.05
Less : Provision for doubtful claims	4.09	4.36
	108.55	110.69
Deposits with :		
Customs Authorities	0.65	0.96
Port Authorities	0.40	0.39
Excise Authorities	1.81	0.17
Other Government Departments	2.96	1.45
Others	1.16	1.61
	6.98	4.58
Sub-total of Loans and Advances :	262.09	228.00
Total	1,048.24	1,011.01

Note : Loans due from Directors as on 31.3.2001 – Rs. 2.93 lakhs, Maximum amount due during the year Rs. 4.41 lakhs) (Previous year – Rs. 0.03 lakhs, Maximum amount due Rs. 1.76 lakhs)

(Rupees in crores)

	As at March 31, 2001	As at March 31, 2000
Schedule H		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
Sundry Creditors :		
on capital account	161.04	82.61
others	87.91	84.75
Other liabilities (Including advances from customers of Rs.26.97, previous year Rs. 14.13)	148.43	92.76
Security deposits :		
on capital account	39.25	27.47
others	30.21	23.64
Book Overdraft	39.29	16.45
Interest accrued but not due on :		
Export Packing Credit	—	0.01
Redeemable Debentures	1.53	1.53
	<u>507.66</u>	<u>329.22</u>
Provisions :		
For taxation (net of advance payment of tax)	4.71	9.68
For interim dividend	—	96.65
For proposed dividend	257.72	32.22
For tax on interim and proposed dividend	26.29	17.72
For leave encashment and post- retirement medical benefits	8.63	7.53
	<u>297.35</u>	<u>163.80</u>
Total	<u>805.01</u>	<u>493.02</u>

Schedules forming part of the Profit & Loss Account

(Rupees in crores)

	Year ended March 31, 2001	Year ended March 31, 2000
Schedule I		
SALES		
Export :		
Calcined Alumina	457.02	396.38
Aluminium Standard and Sow Ingots	786.10	573.60
Aluminium Billets	71.08	61.66
	<u>1,314.20</u>	<u>1,031.64</u>
Domestic :		
Bauxite	2.29	—
Alumina Hydrate	4.28	6.90
Calcined Alumina	0.41	0.52
Aluminium Standard and Sow Ingots	598.29	682.75
Aluminium Wire Rods	401.56	336.17
Aluminium Billets	25.53	23.13
Aluminium Strips	38.71	5.87
Electricity	21.05	55.34
	<u>1,092.12</u>	<u>1,110.68</u>
Total	<u>2,406.32</u>	<u>2,142.32</u>

Schedule J**ACCRETION/DECRETION TO FINISHED/WORK-IN-PROCESS/INTERMEDIARY PRODUCTS**

	Opening Stock	Closing Stock	Accretion/ Decretion
Finished Products :			
Bauxite	5.79 (4.53)	5.85 (5.79)	0.06 (1.26)
Alumina Hydrate	4.51 (—)	0.39 (4.51)	-4.12 (4.51)
Calcined Alumina	26.97 (26.45)	30.98 (26.97)	4.01 (0.52)
Aluminium Standard and Sow Ingots	17.95 (33.79)	9.22 (17.95)	-8.73 (-15.84)
Aluminium Wire Rods	0.45 (7.60)	0.53 (0.45)	0.08 (-7.15)
Aluminium Billets	17.89 (10.53)	13.30 (17.89)	-4.59 (7.36)
Aluminium Strips	0.06 (—)	0.43 (0.06)	0.37 (0.06)
Intermediary Products :			
Anodes	14.11 (8.29)	16.74 (14.11)	2.63 (5.82)
Anode butts	27.34 (34.83)	27.85 (27.34)	0.51 (-7.49)
Aluminium scraps	7.32 (1.98)	2.78 (7.32)	-4.54 (5.34)
Work-in-process	33.49 (28.33)	36.81 (33.49)	3.32 (5.16)
Total	<u>155.88</u> (156.33)	<u>144.88</u> (155.88)	<u>-11.00</u> (-0.45)

Figures in brackets represent those of previous year.

(Rupees in crores)

	Year ended March 31, 2001	Year ended March 31, 2000
Schedule K		
OTHER INCOME		
Operating :		
Export incentives	117.14	86.94
Exchange variation gain	8.95	5.68
Stockyard recoveries	—	1.00
	126.09	93.62
Non-Operating :		
Interest on/from :		
Investments	7.98	9.12
Debtors	2.63	6.67
Bank Deposits and others	3.36	4.95
Certificates of Deposit	—	—
Deposits with Financial Institutions	0.88	0.83
Loans to Employees	2.99	2.64
Exchange variation gain on bank balance	1.10	0.39
Profit on sale of fixed assets	0.07	0.04
Sale of scrap	3.36	1.27
Sale of bath	0.26	—
Receipt for rent, electricity & water charges	2.21	1.97
Miscellaneous Income	4.58	3.40
	29.42	31.28
Total	155.51	124.90

Tax deducted at source from interest income from debtors, investments deposits with banks and financial institutions Rs. 1.86 (previous year Rs. 3.24).

Schedule L**RAW MATERIALS CONSUMED**

	Year ended Quantity (MT)	March 31, 2001 Value	Year ended Quantity (MT)	March 31, 2000 Value
Caustic soda	67,185	66.27	63,561	63.79
C. P. Coke	87,822	55.28	88,494	59.56
C. T. Pitch	25,687	43.54	25,151	30.24
Aluminium fluoride	6,341	23.43	5,716	21.35
Lime	21,158	5.58	13,522	3.46
Crystal growth modifier	230	3.08	183	2.42
Purchased anodes	8,340 Nos	37.32	5,343 Nos	23.51
Others		10.27		9.19
Total		244.77		213.52

(Rupees in crores)

	Year ended March 31, 2001	Year ended March 31, 2000
Schedule M		
POWER & FUEL		
Coal	228.31	222.90
Fuel oil	110.13	85.81
Duty on self generation	53.91	44.39
Power transmission charges	2.26	2.53
Purchased power	4.96	0.88
Total	<u>399.57</u>	<u>356.51</u>
 Schedule N		
REPAIRS & MAINTENANCE		
Buildings	5.98	5.40
Ash Pond damage	4.79	—
Machinery	105.60	115.35
Others	5.53	6.10
Total	<u>121.90</u>	<u>126.85</u>
 Schedule O		
OTHER MANUFACTURING EXPENSES		
Royalty & Cess	13.83	11.57
Freight inwards	23.07	19.63
Consumption of stores	24.33	25.83
Water charges	1.71	1.81
Technical assistance fee & expenses	3.17	5.20
Total	<u>66.11</u>	<u>64.04</u>
 Schedule P		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, bonus & exgratia	143.79	118.08
Contribution to Provident & Pension funds	8.94	7.84
Provision for leave encashment and post-retirement medical benefits	1.10	1.15
Staff welfare expenses	36.58	30.65
Gratuity	3.73	2.08
Total	<u>194.14</u>	<u>159.80</u>

(Rupees in crores)

	Year ended March 31, 2001	Year ended March 31, 2000
Schedule Q		
ADMINISTRATIVE EXPENSES		
Rent	1.78	1.59
Rates and taxes	0.70	0.63
Insurance	2.29	2.27
Repairs & Maintenance :		
Buildings	1.35	1.35
Others	2.89	2.50
Vehicle operating expenses	1.02	0.87
Consumption of stores	0.68	0.52
Recruitment expenses	0.07	0.05
Bank charges	1.40	1.86
Legal expenses	0.32	0.88
Printing & Stationery	1.37	1.29
Electronic data processing expenses	1.57	1.11
Communication expenses	3.62	3.65
Advertisement & publicity	2.18	1.29
Electricity & water charges	2.23	2.64
Travelling expenses	7.22	5.56
Director's sitting fees	0.02	—
Hire charges for machinery and vehicles	3.18	2.87
Management development & training	2.49	2.24
Consultancy charges	1.06	1.00
CISF and other security expenses	13.16	12.72
Fire fighting services	1.71	1.58
Miscellaneous expenses	3.52	3.71
Total	55.83	52.18

Schedule R**OTHER EXPENSES**

Research & development expenses	0.49	0.25
Plantation and horticulture	1.29	1.22
Environment and pollution control	0.72	0.35
Peripheral development expenses	2.69	3.57
Expenditure relating to ash pond damage	5.90	—
Debenture issue expenses	0.05	0.10
Auditors' remuneration :		
Statutory audit fee	0.03	0.04
Statutory audit expenses	0.06	0.05
Tax audit, other certification fee and expenses	0.02	0.01
Cost audit fee & expenses	0.01	0.01
Donations	1.56	1.00
Demurrage	0.35	0.25
Loss on sale of assets	1.75	0.04
Loss on sale of scrap	0.01	0.29
Stores & spares written off	22.81	21.50
Claims, receivables and debts etc written off	0.16	0.13
Total	37.90	28.81

(Rupees in crores)

	Year ended March 31, 2001	Year ended March 31, 2000
Schedule S		
SELLING AND DISTRIBUTION EXPENSES		
Packing and forwarding	2.14	1.41
Freight outwards and handling (net of recoveries)	34.23	27.74
Cash discount	13.60	21.48
Demurrage	0.65	0.07
Bank charges	0.99	0.81
Others	4.36	4.04
Total	<u>55.97</u>	<u>55.55</u>
Schedule T		
INTEREST AND FINANCING CHARGES		
Interest on :		
Debentures	93.32	93.31
Short term loans	1.08	0.05
Others	3.16	3.13
Guarantee fee on foreign loans	—	(33.06)
Total	<u>97.56</u>	<u>63.43</u>
Schedule U		
PROVISIONS		
Unserviceable materials	(0.13)	(0.16)
Doubtful debts	—	37.24
Doubtful advances	(0.21)	(0.53)
Doubtful insurance claims	(0.04)	0.03
Sundry claims	(0.23)	0.07
Total	<u>(0.61)</u>	<u>36.65</u>
Schedule V		
PRIOR PERIOD ADJUSTMENTS (NET)		
Sales	(2.28)	—
Raw materials consumed	(0.22)	0.87
Power & fuel	(0.37)	(4.99)
Repairs & maintenance	(0.30)	(0.49)
Other manufacturing expenses	—	(1.87)
Administrative expenses	(0.19)	0.20
Depreciation	1.03	(0.31)
Total	<u>(2.33)</u>	<u>(6.59)</u>

Figures in brackets represent credits

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 CENVAT 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 are 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. INVESTMENTS :

Investments are stated at cost.

3. INVENTORIES :

- 3.1 Raw materials, stores, spare parts and tools are valued at weighted average cost and net of CENVAT credit wherever applicable.
- 3.2 Finished goods are valued at lower of cost or net realisable value. Cost is determined on the basis of current 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.
- 3.3 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).

3.4 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 and bath tapped from pot shells are accounted for on disposal.

3.5 Stock of work-in-process is ascertained on the basis of technical estimates and is valued at annual average direct material and power & fuel and proportionate conversion cost.

3.6 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.

4. 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.

5. FOREIGN CURRENCY TRANSACTIONS :

- 5.1 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.
- 5.2 Other transactions in foreign currency are accounted for at the exchange rates prevailing on the date of the transactions.
- 5.3 All foreign currency assets and liabilities are stated at the rates prevailing as on the date of the Balance Sheet.
- 5.4 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 ponds at Captive Power Plant	18.08% to 26.51%

- 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 3.2

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 therefrom.
- 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

(Rs. in crores)

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 64,35,384 to 64,35,357 on liquidation of fractional debentures because of holding of fractional original shares.

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. It is possible that further claims may arise on the Company. Value of leasehold land represents amount deposited with the State Government and estimated liabilities provided for.

1.3 Contingent Liabilities :

(Rs. in crores)

	As at 31st March, 2001	As at 31st March, 2000
a) Estimated amount of contracts to be executed on capital account (net of advances and Lcs opened)	1290.23	331.49
b) Outstanding letters of credit, guarantees and counter guarantees	331.37	146.91
c) Claims against the Company not acknowledged as debts :		
i) Sales Tax on :		
Works contracts	6.05	6.05
Sale of products	35.92	60.95
ii) Excise Duty on fabrication works	6.12	6.12
iii) Customs Duty on design/engineering charges, steel billets & other claims	13.80	13.80
iv) Claims of contractors, suppliers & others	23.85	24.43
v) Land acquisition & interest thereon	22.38	21.02

	As at 31st March, 2001	As at 31st March, 2000
vi) Claims made by GRIDCO not covered by contractual terms	10.32	91.18
vii) Contribution to Mineral Exploration Fund	—	1.28
viii) Excise Duty for non submission of :		
a) Proof of export	6.75	7.68
b) Other documents	15.53	13.18
c) Shortage of Calcined Alumina	0.59	—
ix) Unrealised bank guarantees due to court injunctions	0.57	0.60
x) Income Tax & Wealth Tax*	682.05	13.05
xi) Bauxite cess	8.34	8.34
xii) Road Tax	0.01	0.01
xiii) State Entry Tax	9.33	2.84
xiv) Electricity Duty on Auxiliary Consumption	—	39.86
TOTAL	841.61	310.39

* Includes demands raised by the Income Tax Department amounting to Rs.682.05 crores (inclusive of interest of Rs.269.20 crores) for assessment years 1996-97, 1997-98 and 1998-99 during the year rejecting Company's contention on certain issues particularly the treatment of exchange fluctuation on foreign currency loans u/s.43A of Income Tax Act 1961, disregarding the availability of favourable decision by Commissioner Income Tax (Appeals) in the Company's own case based on decisions of Hon'ble Supreme Court and of various High Courts as well as Income Tax Appellate Tribunals. The department relied on advice of Ministry of Law of 1984 subsequent to which several Courts had decided against the aforesaid advice of 1984. Such demands, being disputed by the Company were challenged before the Orissa High Court as well as referred to Committee on Disputes (CoD) set up by Government of India. On the advice of the CoD, the latest opinion of the Department of Legal Affairs in the Company's case was sought who in turn vide their opinion dated 29.5.2001 affirmed the contention of the Company based on the decided Supreme Court/High Court decisions contrary to their earlier advice of 1984. In view of the above, the Company has not acknowledged above demands as debt.

- d) An amount of Rs.27.75 crores (Previous year Rs.21.08 crores) 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, the monetary value of such claims is not ascertainable.
- 1.4 State Entry tax levied on capital goods, raw materials and stores & spares is challenged by the Company in the High Court of Orissa. Pending disposal of the case, entry tax paid under protest is shown as contingent liability.
- 1.5 Dues to various Small Scale Industrial Units amounting to Rs.0.86 crores (Previous year Rs.0.70 crores) have 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 In the EGM held on 5.5.2000, it was decided to merge International Aluminium Products Ltd (IAPL), a wholly owned subsidiary company of NALCO, with the company w.e.f. 1.4.2000. The application to Central Government is under active consideration of Department of Company Affairs. In the mean time, the estimated project cost of IAPL has been revised to Rs. 355.81 crores.
- 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.133.07 crores (previous year lower by Rs. 108.54 crores). However the cumulative shortfall in depreciation under Section 205(2) of the Companies Act upto 31.3.2001 is Rs.210.25 crores (previous year Rs.343.32 crores). Such shortfall of depreciation is being provided through higher rates adopted as stated above than those required under Schedule XIV of Companies Act, and will be recouped over the next two years.
- 2.2 Liability on account of revision of pay scales for Board level executives and other executive employees with effect from 01.01.1997 was provided for on the basis of Govt. approved pay scales. In case of non-executive employees, provision has been made on the basis of realistic estimation pending negotiation with trade unions and approval of Government. The total liability provided on account of above is Rs.44.48 crores (previous year Rs.23.14 crores), cumulative total provision being Rs.95.29 crores.
- 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.14.34 crores from 16.11.95 to 31.3.2001 has been retained with the Nalco Employees Provident Fund Trust. Various unions and associations of NALCO have filed writ petition with the Hon'ble Supreme Court of India praying for exemption from operation of EPS'95. The Hon'ble Supreme Court in their interim order dated 30th April 2001 has directed Union of India, RPFC Bhubaneswar and NALCO to maintain status quo till final disposal.
- 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.162.35 crores, as of 31st March 2001, is based on billing made in accordance with agreement with them (erstwhile OSEB). Though GRIDCO has confirmed the balance as on 28.2.2001 as Rs.154.00 crores approximately, the balance outstanding as on 31st March 2001 has not yet been confirmed by them pending reconciliation.
- 2.6 Excess provision made for taxation in previous years has been written back to the extent of Rs.24.03 crores in respect of claim of relief for export benefits u/s 80 HHC of IT Act, based on expert opinions of Counsels and the revised returns of income / computation of income filed by the Company in this regard with the assessing officer.
3. Consequent to change in Accounting Policy on depreciation rates of Ash Ponds at Captive Power Plant (Policy No.C.1.3), both Gross Block and profit for the year are reduced by Rs.0.88 crores.
- 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 more comparable.

Schedule Y

Additional information forming part of accounts for the year ended March 31, 2001

	Current year (Rs. in crores)	Previous year (Rs. in crores)
1. Whole-time Directors' Remuneration :		
Salaries	0.19	0.16
Leave salary on retirement	0.03	0.04
Provision for pay revision liability	0.03	0.21
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	0.08	0.05
Total	0.37	0.50

(In addition, each whole time director is allowed the use of Company's car for private purposes up to 750 kms per month on payment of Rs. 4,800/- to Rs. 7,200/- per annum as applicable. Sitting fees paid to non-functional Directors during the year is Rs. 1,75,000 (previous year Rs. 35,000).

2. Expenditure incurred in Foreign Currency on cash basis :		
Continued technical assistance to Aluminium Pechiney	3.70	3.67
Payments to consultants/supervision charges	5.37	0.51
Travelling expenses	0.62	0.50
Books, periodicals, advertisement, bank charges etc.	0.37	0.51
Total	10.06	5.19
3. Earnings in Foreign Currency on cash basis :		
Export of goods	1,271.32	1,041.83
Interest on bank deposits	1.89	2.23
Despatch money	1.60	0.44
Total	1,274.81	1,044.50
4. Value of Imports calculated on CIF basis :		
Raw materials	50.34	83.53
Components, spare parts and construction materials	30.49	28.14
Capital goods	335.19	201.80
Total	416.02	313.47

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

	Current Year		Previous Year	
	Value	%	Value	%
a) Raw materials :				
Imported	92.40	37.75	85.97	40.26
Indigenous	152.37	62.25	127.55	59.74
Total	244.77	100.00	213.52	100.00
b) Stores, spares and components :				
Imported	42.42	34.28	53.93	39.19
Indigenous	81.32	65.72	83.67	60.81
Total	123.74	100.00	137.60	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)
i) Bauxite	Not Applicable	24,00,000	24,00,000	28,34,189	28,22,464
ii) Aluminium Hydrate	Not Applicable	8,00,000	8,00,000	9,31,000	9,06,000
iii) Calcined Alumina	Not Applicable	8,00,000	8,00,000	9,39,000	8,86,000
iv) Aluminium Metal	Not Applicable	2,30,000	2,30,000	2,30,516	2,12,663
a) Aluminium Standard Ingots	Not Applicable			93,219	81,872
b) Aluminium Sow Ingots	Not Applicable			78,580	81,067
c) Aluminium Wire rods	Not Applicable			42,559	35,932
d) Aluminium Billets	Not Applicable			10,906	12,179
e) Aluminium Strips	Not Applicable			4,097	625
v) Electricity	Not Applicable	720 MW	720 MW	3,833 MU	3,985 MU

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

2. Bauxite of 28,76,765 MT (previous year 27,82,352 MT), Alumina Hydrate of 9,39,248 MT (previous year 8,86,479 MT), Calcined Alumina of 4,41,366 MT (previous year 4,12,894 MT) and Electricity of 3,615 MU (previous year 3,393 MU) have been consumed internally during the year.

3. The Aluminium production does not include production of 1155 MT (previous year 524 MT) of bus bar and Nil MT (previous year 464 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	4,56,393 (4,15,923)	5.79 (4.53)	50,003 —	2.29 —	3,63,819 (4,56,393)	5.85 (5.79)
Alumina Hydrate	11,985 (4)	4.51 (—)	3,805 (7,540)	4.28 (6.90)	923 (11,985)	0.39 (4.51)
Calcined Alumina	65,068 (71,609)	26.97 (26.45)	4,96,042 (4,80,107)	457.43 (396.90)	67,284 (65,068)	30.98 (26.97)
Aluminium St. & Sow Ingots	4,574 (8,006)	17.95 (33.79)	1,74,547 (1,66,320)	1,384.39 (1,256.35)	1,792 (4,574)	9.22 (17.95)
Aluminium Wire rods	87 (1,492)	0.45 (7.60)	42,548 (37,336)	401.56 (336.17)	98 (87)	0.53 (0.45)
Aluminium Billets	3,217 (2,129)	17.89 (10.53)	11,823 (11,112)	96.61 (84.79)	2,300 (3,217)	13.30 (17.89)
Aluminium Strips	7 —	0.06 —	4,032 (618)	38.71 (5.87)	72 (7)	0.43 (0.06)
Electricity (in MU net)	— —	— —	225 (595)	21.05 (55.34)	— —	— —

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

2. The closing stock of Aluminium ingots includes 490 MT of Sow ingots (previous year 1679 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 5 MT (Previous year excess of 358 MT), and Calcined alumina excess of 624 MT (previous year 460 MT), Aluminium Standard & Sow ingots shortage of 34 MT (previous year 60 MT), Aluminium Wire rods Nil (previous year shortage of 1 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
Payments to employees	1.88	0.04	5.42	—	1.39	8.73
Welfare expenses	—	5.35	3.77	1.75	5.75	16.62
Materials consumed	0.63	—	1.81	—	0.05	2.49
Repairs & maintenance	4.00	0.01	—	—	0.01	4.02
Power, fuel & water charges	2.70	—	0.03	—	—	2.73
Depreciation	3.20	0.15	0.10	0.12	0.04	3.61
Total	12.41	5.55	11.13	1.87	7.24	38.20
Less : Recoveries	2.03	—	0.11	—	—	2.14
Net Expenditure	10.38	5.55	11.02	1.87	7.24	36.06
For previous year	11.01	5.63	10.12	1.21	4.09	32.06

For and on behalf of Board of Directors

New Delhi
5th July, 2001

K. N. Ravindra
Company Secretary

H. K. Padhiari
General Manager
(Finance)

S. B. Nayak
Director
(Production)

P. Parvathisem
Chairman-cum-
Managing Director

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

New Delhi
5th July, 2001

P. Venugopala Rao
Partner

Balance Sheet Abstract and Company's General Profile

i) Registration Details :

Registration No. 1500920
 State Code 15
 Balance Sheet Date 31st March, 2001

ii) Capital raised during the year :

	<u>Current Year</u>	<u>Previous Year</u>
	(Rupees in crores)	
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	4,215.91	3,864.04
Total Assets	4,215.91	3,864.04
Sources of Funds :		
Paid-up Capital	644.31	644.31
Reserves & Surplus	2,928.06	2,556.19
Secured Loans	643.54	663.54
Unsecured Loans	Nil	Nil
Application of Funds :		
Net Fixed Assets	3,832.39	3,191.76
Investments	140.29	154.29
Net Current Assets	243.23	517.99
Misc. Expenditure	Nil	Nil
Accumulated losses	Nil	Nil

iv) Performance of the Company :

Turnover	2,406.32	2,142.32
Total Expenditure	1,711.93	1,589.06
Profit/Loss before Tax	843.37	681.00
Profit/Loss after Tax	655.83	511.53
Earning per Share (In Rupees)	10.18	7.94
Dividend rate (%) (Including Interim Dividend)	40.00	20.00

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

New Delhi
 5th July, 2001

K. N. Ravindra
 Company Secretary

H. K. Padhiari
 General Manager
 (Finance)

S. B. Nayak
 Director
 (Production)

P. Parvathisem
 Chairman-cum-
 Managing Director

Cash Flow Statement for the Year ended March 31st, 2001

(Rupees in crores)

	Year ended March 31st, 2001	Year ended March 31st, 2000
A. Cash flow from Operating Activities :		
Net Profit before tax and Extraordinary Income	843.37	681.00
Adjustments for :		
Depreciation	295.02	283.00
Interest & Financing charges	94.40	60.30
Provisions (Net)	0.49	37.80
Claims/Recoverables written off	0.35	0.13
Stores and spares written off	22.81	21.50
Interest income	(17.84)	(24.21)
Debenture issue expenses	—	0.10
Loss/(Profit) on sale of assets (net)	1.68	—
	396.91	378.62
Operating Profit before working capital changes	1,240.28	1,059.62
Adjustments for :		
Inventories	10.35	(18.21)
Trade & other receivables	22.99	(61.86)
Trade payables	100.02	80.98
	133.36	0.91
Cash generated from Operations	1,373.64	1,060.53
Adjustments for :		
Interest & financing charges paid	(94.40)	(93.36)
Direct taxes paid	(195.30)	(171.26)
	(289.70)	(264.62)
Cash flow before Extraordinary Items	1,083.94	795.91
Extraordinary Items	—	—
Net cash from operating activities	1,083.94	795.91
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(859.01)	(681.02)
Sale/write off of Fixed Assets	0.11	0.16
Purchase of Investments	—	(74.37)
Loans to IAPL	(25.48)	(9.57)
Deposits with Financial Institutions	—	50.00
Sale of Investments*	14.00	5.00
Interest received	14.91	26.23
Net cash used in investing activities	(855.47)	(683.57)

* at face value

(Rupees in crores)

	Year ended March 31st, 2001	Year ended March 31st, 2000
C. Cash flow from Financing Activities :		
Refund to share holders due Capital reduction	—	(0.04)
Short term borrowings	(20.00)	20.00
Grants-in-aid received from Government of India	0.05	0.08
Debenture issue expenses	—	(0.10)
Dividends including dividend tax paid	(146.59)	(150.26)
Net cash used in Financing activities	(166.54)	(130.32)
D. Net changes in Cash & Cash equivalents (A+B+C)	61.93	(17.98)
E. Cash & Cash equivalents — Opening balance	4.07	22.05
F. Cash & Cash equivalents — Closing balance	66.00	4.07

- Note : a) Figures in brackets are cash outflows/incomes as the case may be.
b) Against working capital borrowing facility of Rs. 350.00 crores (Previous year Rs. 350.00 crores), the Company was availing Cash credit and Export Packing Credit during the year as and when required. The balance as at end of the year is Rs. Nil, (Previous year Rs. 20.00 crores).

For and on behalf of Board of Directors

New Delhi
5th July, 2001**K. N. Ravindra**
Company Secretary**H. K. Padhiari**
General Manager
(Finance)**S. B. Nayak**
Director
(Production)**P. Parvathisem**
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, 2001 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 AccountantsNew Delhi
5th July, 2001**P. Venugopala Rao**
Partner

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

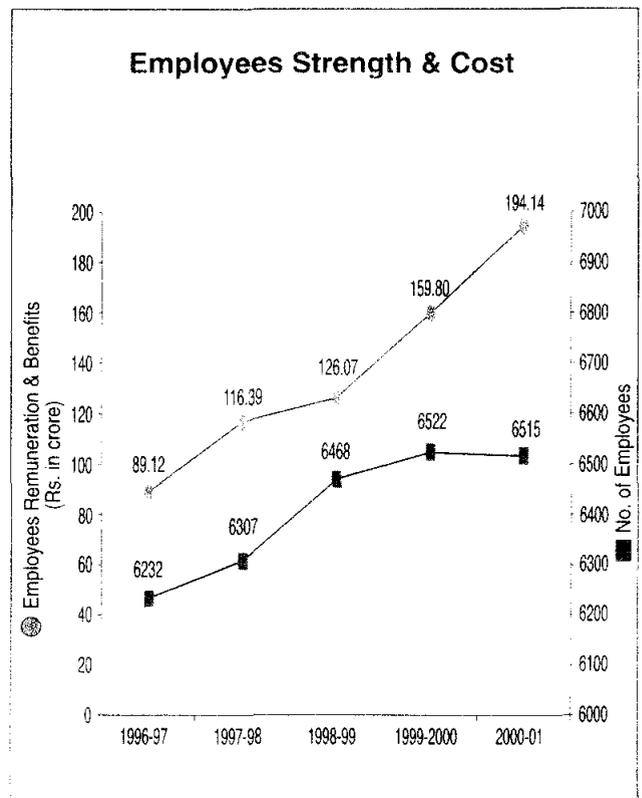
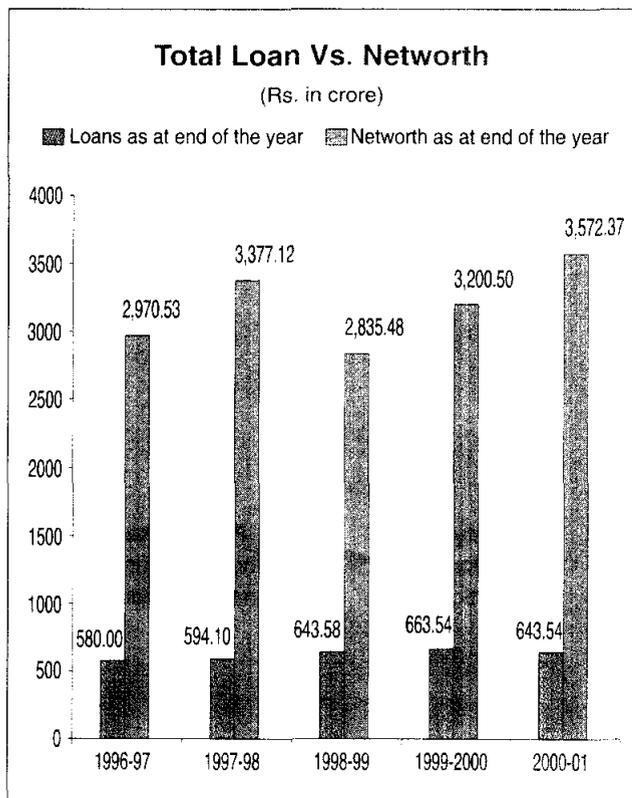
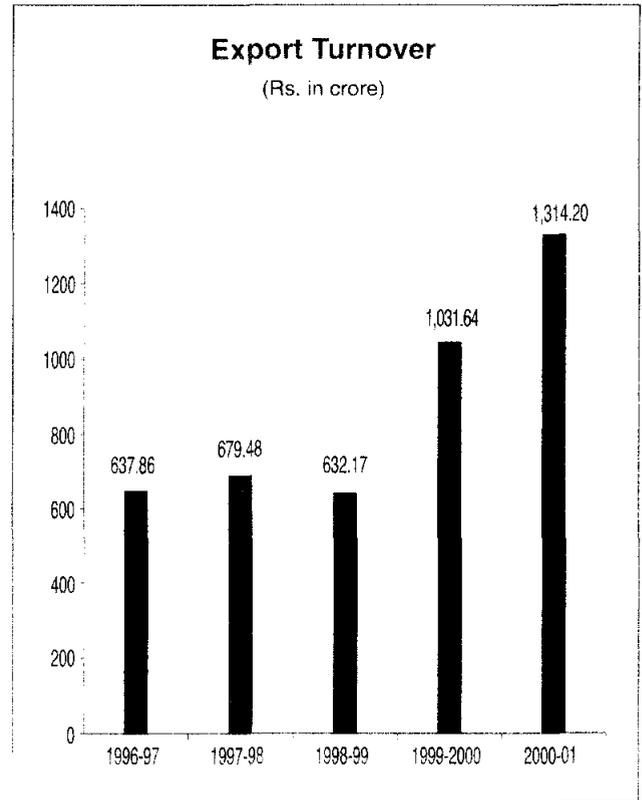
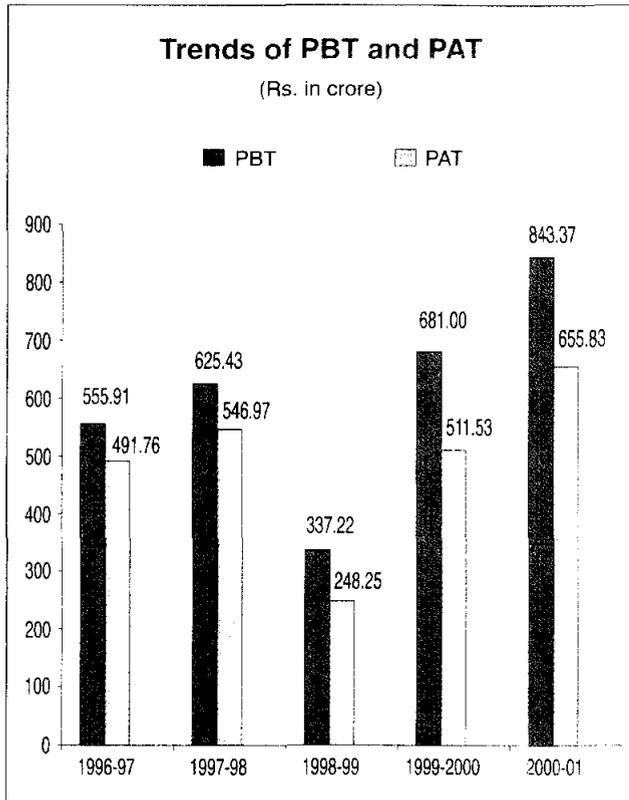
1. Name of the Subsidiary Company : International Aluminium Products Ltd.
2. Financial Year of the Subsidiary Company ended on : 31st March 2001
3. Extent of Holding Company's interest
 - a) Number and face value : 9,00,00,000 Equity Shares of Rs. 10/- each fully Paid-up
 - b) Extent of Holding : 100%
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 the Holding Company's accounts :
 - i) For the Financial year ended 31st March 2001 : Though Profit & Loss Account has been prepared, the net expenditure has been transferred to Expenditure During Construction Account, 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 accounts :
 - i) For the Financial year ended 31st March 2001 : Nil
 - ii) For the previous Financial years of the Subsidiary Company since it became the Holding Company's subsidiary : Nil

K. N. Ravindra
Company Secretary

H. K. Padhiari
General Manager
(Finance)

S. B. Nayak
Director
(Production)

P. Parvathisem
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 consolidated reformatted balance sheets of National Aluminium Company Ltd. ("NALCO") as at March 31, 2001 and March 31, 2000 and related statements of 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 financial statements are the responsibility of the Company's management.

The non-reformatted balance sheet and profit and loss account of NALCO and its wholly owned subsidiary, International Aluminium Products Limited (IAPL) for the years ended March 31, 2001 and March 31, 2000 (herein collectively referred to as the "financial statements") were audited and reported on by Tej Raj & Pal, Chartered Accountants.

IAPL, a wholly owned subsidiary of the Company, has not commenced commercial production and therefore no profit and loss account has been prepared. The assets and liabilities of IAPL have only been incorporated in these financial statements.

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

Kolkata
Dated : August 31, 2001

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.

BASIS OF CONSOLIDATION

The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertaking made up to March 31, 2001. Transactions with the subsidiary Company are eliminated fully on consolidation.

TANGIBLE FIXED ASSETS

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition. Direct revenue expenditure including borrowing 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 except for

French GAAP, this has been included under shareholders' fund. Amount equivalent to depreciation written off on such asset is credited each year to the profit and loss account.

FIXED ASSET INVESTMENTS

Investments are stated at cost.

INVENTORIES

Raw materials, stores, spare parts and tools are valued at weighted average cost and net of CENVAT 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 by the subsidiary are charged off to revenue in consolidation (they are amortized over the life of the loan in case of French GAAP). In respect of the holding Company, exchange differences relating to acquisition of fixed assets were included in the value of related fixed assets. Such exchange variation could not be charged to revenue/amortized as required under US, UK and French GAAP as the relevant information in this regard is not readily available. All other foreign exchange differences are also taken to the profit & loss account in the year in which they arise.

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 CENVAT 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

Contribution to provident fund is provided on the basis of actual liability.

Gratuity

Liability on account of service gratuity is covered under Group Gratuity Life Assurance Scheme of Life Insurance Corporation of India (LIC). Contribution to the scheme is charged to the profit and loss account.

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

Research & 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.

DEFERRED TAXATION

In respect of UK GAAP and French GAAP, provision is made for deferred taxation using liability method for all material timing differences to the extent that it is probable that a liability or asset will crystallise 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 consolidated reformatted financial statements prepared in substantial compliance with US GAAP

Balance sheet as at 31 March

(Million USD)

	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	14.19	0.96
Short term investments		
Accounts receivable, net of allowance	56.53	71.92
Inventories	87.49	101.00
Prepaid expenses and other current assets	67.19	58.15
Total current assets	225.40	232.03
Property, plant and equipment - net	883.22	790.27
Deferred tax assets	3.63	3.74
Investments	10.74	14.68
Total assets	1,122.99	1,040.72
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short term borrowings	11.80	6.90
Accounts payable	55.26	40.60
Taxes, including taxes on income	6.66	6.29
Customer deposits	15.06	14.97
Other accrued liabilities	94.28	50.97
Total current liabilities	183.06	119.73
Long term debt, less amount due within one year	168.18	181.52
Accrued post retirement benefits	1.85	1.73
Deferred tax liabilities	127.06	143.70
Other noncurrent liabilities	0.27	0.29
Total liabilities	480.42	446.97
SHAREHOLDERS' EQUITY		
Common stock	138.44	147.81
Retained earnings	504.13	445.94
Total shareholders' equity	642.57	593.75
Total liabilities and shareholders' equity	1,122.99	1,040.72

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

Profit and loss account for the year ended 31 March

(Million USD)

	2001	2000
Revenues		
Sales	517.04	491.99
Other Income	33.43	28.66
	550.47	520.65
Costs and expenses		
Cost of goods sold	(211.86)	(209.27)
Selling, general administrative and other expenses	(75.80)	(77.28)
Research and development expenses	(0.11)	(0.06)
Provision for depreciation, depletion and amortisation	(63.17)	(65.23)
Interest expenses	(20.96)	(14.55)
	(371.90)	(366.39)
Earnings		
Income from operations before taxes on income	178.57	154.26
Provisions for taxes on income	(31.60)	(24.34)
Net income	146.97	129.92
Dividends	(61.02)	(33.63)
Retained profit for the financial year	85.95	96.29

NOTES :

- 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.
- 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 end average of TT buying and TT selling rate i.e. March 31, 2001 Rs. 46.540 = 1 US\$ (March 31, 2000-Rs. 43.590 = 1 US\$)
- International Aluminium Products Limited (IAPL), a wholly owned subsidiary of the Company has not commenced commercial production and therefore no profit and loss account has been prepared. The assets and liabilities of IAPL have been incorporated in these financial statements.
- 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. No shares have been issued during the year.

	2001	2000
	(USD)	(USD)
On basis of equity share in issue at the year end	0.23	0.20

Reconciliation between the Indian GAAP and the US GAAP statements

(Million USD)

	2001	2000
Net income as per Indian GAAP	140.92	117.35
Amortisation of government grants accounted for as other income above the line	0.01	0.01
Preliminary expenses in the books of subsidiary, written off to consolidated profit and loss account		(0.06)
Stamp duty charged off to consolidated profit and loss account		(0.04)
Restatement of figures for prior year items accounted in 2000-01		(0.93)
Reversal of prior year items charged to profit and loss account	(0.30)	0.33
Foreign exchange fluctuation capitalised in the books of subsidiary, charged off to consolidated profit and loss account	(1.31)	(0.51)
Provision for deferred taxes	7.65	13.77
Profit for the financial year as per the US GAAP	146.97	129.92

Unaudited Consolidated reformatted financial statements prepared in substantial compliance with UK GAAP

Balance sheet as at 31 March

(Million GBP)

	2001	2000
Fixed Assets		
Tangible assets	618.68	496.01
Investments	7.53	9.22
	626.21	505.23
Current Assets		
Stocks	61.29	63.39
Debtors - due within one year	77.96	74.77
Cash at bank and in hand	9.94	0.60
Deferred tax asset	2.54	2.35
	151.73	141.11
Creditors (amounts falling due within one year)		
Loans and other borrowings	(8.26)	(4.33)
Deferred tax liabilities	(89.00)	(90.19)
Other creditors	(119.96)	(70.82)
	(217.22)	(165.34)
Net current assets	(65.49)	(24.23)
Loans and Advances (amounts falling due after more than one year)	8.70	6.86
Total assets less current liabilities	569.42	487.86
Creditors (amounts falling due after more than one year)		
Loans and other borrowings	117.82	113.93
Other creditors	0.19	0.19
	118.01	114.12
Provisions for liabilities and charges	1.30	1.08
Capital and reserves		
Called up share capital	96.98	92.77
Profit and loss account	353.13	279.89
Total equity shareholders' funds	450.11	372.66
	569.42	487.86

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

Profit and loss account for the year ended 31 March

(Million GBP)

	2001	2000
Turnover	362.18	308.47
Change in stocks of finished goods and work in progress	(1.66)	(0.06)
Own work capitalised	0.67	0.47
Other operating income	20.73	14.51
	381.92	323.39
Operating costs		
Raw materials and consumables	(36.84)	(30.75)
Staff costs	(29.22)	(23.02)
Depreciation	(44.25)	(40.79)
Other operating charges	(134.53)	(126.70)
	(244.84)	(221.26)
Operating Profit	137.08	102.13
Income from fixed asset investment	1.20	1.31
Profit on ordinary activities before interest and taxation	138.28	103.44
Interest receivable and similar income	1.48	2.17
Interest payable and similar charges	(14.68)	(9.13)
Profit on ordinary activities before taxation	125.08	96.48
Tax on profit on ordinary activities	(22.13)	(15.15)
Profit for the financial year	102.95	81.33
Dividends	(42.75)	(21.11)
Retained profit for the financial year	60.20	60.22

NOTES :

- 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.
- 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, 2001 Rs. 66.440 = 1 GBP (March 31, 2000-Rs. 69.450 = 1 GBP)
- International Aluminium Products Limited (IAPL), a wholly owned subsidiary of the Company, has not commenced commercial production and therefore no profit and loss account has been prepared. The assets and liabilities of IAPL have been incorporated in these financial statements.
- 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. No shares have been issued during the year.

	2001	2000
	(GBP)	(GBP)
On basis of equity share in issue at the year end	0.16	0.13
Reconciliation between the Indian GAAP and the UK GAAP statements		(Million GBP)
	2001	2000
Net income as per Indian GAAP	98.71	73.65
Amortisation of government grants accounted for as other income above the line	0.01	0.01
Preliminary expenses in the books of subsidiary, written off to consolidated profit and loss account		(0.04)
Stamp duty charged off to consolidated profit and loss account		(0.03)
Restatement of figures for prior year items accounted in 2000-01	(0.21)	
Reversal of prior year items charged to profit and loss account		(0.58)
Foreign exchange fluctuation capitalised in the books of subsidiary, charged off to consolidated profit and loss account	(0.92)	(0.32)
Provision for deferred taxes	5.36	8.64
Profit for the financial year as per the UK GAAP	102.95	81.33

Unaudited consolidated reformatted financial statements prepared in substantial compliance with French GAAP

Balance sheet as at 31 March

(Million FRF)

ASSETS	As on 31.3.2001			As on 31.3.2000
	Gross	Depreciation	Net	
FIXED ASSETS				
Property Plant and Equipment				
Land	60.48	2.58	57.90	56.05
Buildings	569.39	201.19	368.20	334.98
Machinery and equipments	7199.94	4402.67	2797.27	2945.36
Other tangible assets	535.16	328.95	206.21	200.79
Fixed assets in progress	3157.75		3157.75	1870.62
Investments				
Receivables from controlled entities	0.00	0.00	0.00	0.00
Other Investments 80.13	0.00	80.13	100.47	
TOTAL (I)	11602.85	4935.39	6667.46	5508.27
CURRENT ASSETS				
Inventories				
Raw materials and supplies	419.50		419.50	445.35
Work in progress-Production	58.99		58.99	52.57
Semi-finished and finished goods	173.20		173.20	192.14
Goods held for re-sale	2.34	1.46	0.88	1.05
Receivables				
Trade notes and account receivable	489.36	67.77	421.59	492.12
Other receivables	505.83	10.42	495.41	392.98
Miscellaneous				
Cash	105.82		105.82	6.57
Prepaid expenses	5.72		5.72	4.97
TOTAL (II)	1760.76	79.65	1681.11	1587.75
Accruals and other assets				
Deferred tax assets	27.08		27.08	25.62
Unrealised losses on foreign exchange	21.88	2.93	18.95	5.09
TOTAL (III)	48.96	2.93	46.03	30.71
TOTAL ASSETS (I+II+III)	13412.57	5017.97	8394.60	7126.73

STOCKHOLDERS' EQUITY			
Capital (including paid up capital of 644.3 million equity shares)		1032.55	1011.48
Revaluation Reserve			
Untaxed reserve		2.04	1.99
Other reserves		515.66	505.13
Retained earnings		2144.90	1650.66
NET INCOME/(LOSS) FOR THE YEAR		1106.76	896.32
TOTAL (I)		4801.91	4065.58
Other Equity (II)			
Contingency / loss provisions (III)			
LIABILITIES			
Convertible bonds			
Other bonds		1031.30	1010.27
Bank Borrowings		252.79	263.25
Customer Prepayments		43.22	22.18
Trade notes and accounts payable		471.43	293.71
Accrued tax and personnel costs		61.92	54.19
Deferred tax liabilities		947.64	983.33
Other liabilities		784.39	434.22
TOTAL (IV)		3592.69	3061.15
Unrealised gains on foreign exchange transactions (V)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (I to V)		8394.60	7126.73

Unaudited consolidated re-formatted financial statements prepared in substantial compliance with French GAAP

Statement of Income for the year ended 31 March

(Million FRF)

	As on 31.3.2001			As on 31.3.2000
	Domestic	Export	Total	Total
Revenue from operations				
Sales of manufactured products	1753.85	2106.09	3859.94	3363.14
Sales of services				1.57
Net Sales	1753.85	2106.09	3859.94	3364.71
Change in finished goods and work in progress inventory			(17.63)	(0.71)
Own work capitalised			7.16	5.16
Excess depreciation and recovery on provisions charged in prior years			0.98	0.49
Other revenues			187.72	136.48
TOTAL OPERATING REVENUE		(I)	4038.17	3506.13
Operating Expenses				
Purchase of raw materials and supplies			380.91	363.50
Change in inventories (raw materials and supplies)			10.99	(26.94)
Other purchases and external charges, including lease payments			940.56	847.80
Taxes other than on income			235.79	243.33
Wages and Salaries			311.12	250.86
Depreciation, Amortization and Provisions				
Depreciation, Amortization			472.79	444.76
Provisions for losses on current assets			—	57.54
Other expenses			239.60	215.77
TOTAL OPERATING EXPENSES		(II)	2591.76	2396.62
OPERATING INCOME/(LOSS)		(I-II)	1446.41	1109.51
Financial Income				
Other Interest Income			28.59	38.01
Realised exchange gains			16.11	9.53
TOTAL FINANCIAL INCOME		(III)	44.70	47.54
Interest and other financial charges				
Amortization and provisions- financial assets			2.37	0.57
Interest paid			156.35	99.58
TOTAL FINANCIAL EXPENSES		(IV)	158.72	100.15
NET FINANCIAL INCOME/(EXPENSE)		(III-IV)	(114.02)	(52.61)
INCOME / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		(I-II+III-IV)	1332.39	1056.90
Non Recurring Income				
Income from revenue transactions			16.88	10.57
TOTAL NON RECURRING INCOME		(V)	16.88	10.57
Non Recurring Expense				
Expense on revenue transactions			—	—
TOTAL NON RECURRING EXPENSE		(VI)		
NET NON RECURRING INCOME/(EXPENSE)		(V-VI)	16.88	10.57
Corporate Income Tax		(VII)	242.51	171.15
TOTAL REVENUE		(I+III+V)	4099.75	3564.24
TOTAL EXPENSES		(II+IV+VI+VII)	2992.99	2667.92
NET INCOME / (LOSS)			1106.76	896.32

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 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 French franc at the year end average of TT buying and TT selling rate i.e. March 31, 2001 Rs. 6.240 = 1 FRF (March 31, 2000-Rs. 6.370 = 1 FRF)
3. International Aluminium Products Limited (IAPL), a wholly owned subsidiary of the Company, has not yet commenced commercial production and therefore no profit and loss account has been prepared. The assets and liabilities of IAPL have been incorporated in these financial statements.
4. **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. No shares have been issued during the year.

	2001	2000
	(FRF)	(FRF)
On basis of equity share in issue at the year-end	1.72	1.39

Reconciliation between the Indian GAAP and the French GAAP statements

	2001	2000
Net income as per Indian GAAP	1051.01	803.03
Amortisation of government grants accounted for as other income above the line	0.08	0.08
Preliminary expenses in the books of subsidiary, written off to consolidated profit and loss account		(0.41)
Stamp duty charged off to consolidated profit and loss account		(0.28)
Foreign exchange fluctuation capitalised in the books of subsidiary, amortized over the life of the loan	(1.43)	(0.34)
Provision for deferred taxes	57.10	94.24
Net profit as per French GAAP	1106.76	896.32

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 Tenth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2001. The audited accounts for the year under review show a pre-operative expenses of Rs. 16,36,61,236/- (Rupees sixteen crores thirty six lakhs sixty one thousand two hundred & thirty six only) which has been carried forward to the next year.

STATUS OF THE COMPANY

As you are aware National Aluminium Company has taken over your Company w.e.f. 16.03.2000. Necessary steps have been taken for merger of your Company with NALCO. The Dept. of Company Affairs, Ministry of Law, Justice & Company Affairs had issued a draft Amalgamation order, 2000 vide letter dtd. 6th November, 2000 with a direction for compliance of certain formalities. Your Company has complied with all the required formalities. The final Amalgamation order is awaited.

PROGRESS OF THE PROJECT WORK

During the year under review, there has been considerable and substantial progress in the implementation of the IAPL project. Almost all imported capital goods, which were kept in the private bonded warehouse inside the company premises, have been brought near the foundations inside the main plant shed.

M/s MECON continues to remain as Project Consultant to provide necessary expertise in the site activities.

The experts from FATA Hunter, Italy are available for erection of CRM and Coolant system, Hydraulics & Electrics.

Major contracts like erection of mechanical and electrical works, In Plant Water system, Power Supply system and Compressor Air system, Air Conditioning and Ventilation system, Fuel Oil system, Cooling Tower etc. except D.C. Motor Cooling system have been awarded and the jobs are in the advance stage of completion for priority areas.

Mechanical erection of the Cold Rolling Mill (CRM equipment), Roll Coolant system, Annealing Furnaces and Finishing Line equipment such as, Cut-to-Length, Slitting Line Equipment and Heavy Gauge Foil Slitter are about 80% completed. The erection of Hydraulic Packs has been taken up and Hydraulic Lines are expected to be completed by October, 2001. The erection of Roll Grinder is scheduled to be taken up in September, 2001 and will be completed by November, 2001.

The erection of FATA supplied Electrical Equipment have

been taken up and are likely to be completed by end October, 2001.

The Auxiliary Equipment such as Water System, Compressed Air System, 220/33 and 33/11 KV Sub-stations and associated Electricals are expected to be completed by end of October, 2001.

Cold Rolling Mill and associated equipment such as Cut-to-Length Line, Roll Grinder, Slitting Line, Heavy Gauge Foil Slitter are scheduled for Trial Run in the last week of November, 2001 as the 1st phase commissioning of the IAPL project.

Erection and commissioning of 04 Nos. each of Melting & Holding Furnaces and Super Casters, Nitrogen Plant, Fuel Oil system including their auxiliaries are scheduled to be completed by end of the financial year 2001-02 as 2nd and final phase completion of the IAPL project.

The cost of the project has been re-estimated to Rs. 355.81 crore which has been approved by both IAPL and NALCO Boards.

FOREIGN CURRENCY LOAN

During the year under review, Amendment No.2 to the Loan Agreement in connection with the reschedulement of the repayment period has come into force. On the request of your Company, M/s. EFIBANCA, Italy the lender has cancelled the undrawn portion of the loan which was supposed to be paid to the supplier of the equipment during erection and commissioning of the plant. It will now be paid directly to the supplier.

The repayment of the loan has been rescheduled to be paid in 17 semi-annual installments starting from 30th April 2001. The first installment repayment of the loan has been made on due date.

On the request of the Board, NALCO the holding Company had approached the Reserve Bank of India for prepayment of the entire foreign currency loan of US\$ 33,831,438.19. However, the Reserve Bank of India had given permission for prepayment of only 10% of the loan amount. Since the loan agreement does not permit any part prepayment, the proposal to prepay the entire loan could not fructify. Efforts would be made to seek the approval of Reserve Bank of India for prepayment of full loan amount, again.

DIRECTORS

During the year under review, Shri S. C. Tripathi has been appointed as Chairman-cum-Managing Director with effect from 31.08.2001(A.N.) in place of Shri P. Parvathisem on his superannuation with effect from 31.08.2001(A.N.).

Shri M. S. Parija and Shri H. K. Padhiari have been appointed as additional Directors of the Company with

effect from 30th June ,2001 to hold office till the Annual General Meeting. Your Company has received notice Under Section 257 of the Companies Act, 1956 from a shareholder proposing their candidatures for appointment as Directors in the Company.

Shri S.K. Banerjee retires by rotation in this meeting and being eligible offers himself for reappointment as Director in the Company.

Shri K.N. Misra Director ceased to be a Director on the Board with effect from 14.03.2001. Your Directors wish to place on record their sincere appreciation and gratitude for the guidance provided by Shri P. Parvathisem and Shri K.N. Misra during their tenure on the Board of IAPL.

AUDIT COMMITTEE

An Audit committee with following part-time Directors has been constituted in accordance with the provisions under the Companies (Amendment) Act,2000:

1. Shri S.B. Nayak
2. Shri S.K. Banerjee
3. Shri S.R. Vengsarker

AUDITORS

The Comptroller & Auditor General of India(C&AG) has appointed M/s. Tej Raj & Pal, Chartered Accountants, Bhubaneswar as Auditors of your Company for the financial year 2000-2001.

As per the new provisions under the Companies (Amendment) Act, 2000, shareholders of a Government Company shall fix the remuneration of the Auditors. Hence the Board has recommended the matter for your approval in the Annual General meeting.

PERSONNEL

During the year under review, none of the employees is in receipt of remuneration prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that;

1. The Annual Accounts have been prepared in accordance with the applicable accounting standards along with proper explanation relating to material departures.

Place : Bhubaneswar
Date: 05.09.2001

2. Such accounting policies have been selected and applied which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

C & AG COMMENTS

Comments on Accounts for the year ended 31st March, 2001 by the Comptroller and Auditor General of India is annexed to this report.

DEPOSITS

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

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 start, 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 was Rs.924,25,545/-.

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, Govt. authorities, Shareholders and Employees for renewed confidence during the year under review.

For and on behalf of the Board of Directors



(S. C. TRIPATHI)
Chairman-cum-Managing Director

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 FOR THE YEAR ENDED 31ST MARCH 2001.

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 International Aluminium Products Limited for the year ended 31st March, 2001.

Dated, Kolkata
The 4th September, 2001.

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

Auditors' Report

To
The Members of
International Aluminium Products Limited,
Bhubaneswar.

We have audited the attached Balance Sheet of **INTERNATIONAL ALUMINIUM PRODUCTS LIMITED**, Bhubaneswar as at 31st March 2001 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 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, the Company has kept proper books of account as required by law so far as appears from our examination of the books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) None of the directors of the Company is disqualified from being appointed as a director as on 31st March, 2001 in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956. Written representations regarding the above from all directors excepting one director have been received and taken on record by the Board of Directors.

- e) In our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in the sub-section (3c) of Section 211 of the Companies Act, 1956 except that of accounting for terminal benefits on accrual basis as stated in Accounting Policy No. 6 and not based on actuarial valuation in line with Accounting Standard 15.
- f) As stated in Note No. 8 of Schedule-I to the Accounts, there has been change in Accounting policy on depreciation retrospectively from 01.04.1996 which resulted in the expenditure during construction having been increased by Rs. 1,33,613/- with corresponding decrease in gross block of fixed assets.
- g) 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, 2001,
 - b. in the case of the Profit and Loss Account, the loss of the Company which is transferred to Expenditure During Construction for the year ended on that date.

Bhubaneswar,
Dated : 30th June, 2001.

For Tej Raj & Pal
Chartered Accountants

P. Venugopala Rao
Partner

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

1. The Company has maintained proper records to show 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 and no material discrepancies were noticed on such verification.
 2. None of the fixed assets of the Company has been revalued during the year.
 3. 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) of the Companies Act, 1956 were prima facie not prejudicial to the interest of the Company.
 4. 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) of the Companies Act, 1956 which are prima facie prejudicial to the interest of the Company.
 5. The parties to whom the Company has granted loans or advances in the nature of loans are repaying the principal amounts as stipulated and are also regular in payment of interest wherever applicable.
 6. 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 are commensurate with the size of the Company and nature of its business.
 7. 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.
 8. The Company has not accepted any deposits from the public during the year.
 9. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
 10. The Company has deposited during the year Provident Fund dues with the appropriate authority. As explained to us, the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company.
 11. 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.
 12. 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, other than expenses under contractual obligations and/or generally accepted business practices which have been charged to revenue account.
- The other provisions of the said Order are not applicable to the Company as the Company is in construction stage.

For Tej Raj & Pal
Chartered Accountants

Bhubaneswar,
Dated : 30th June, 2001.

P. Venugopala Rao
Partner

Balance Sheet as at March 31, 2001

(Rupees in Thousands)

	Schedule	As at March 31, 2001	As at March 31, 2000
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	A	900,000	900,000
Loan Funds			
Secured Loans	B	1,577,391	1,476,890
Un-secured Loans	C	363,547	100,571
		<u>2,840,938</u>	<u>2,477,461</u>
APPLICATION OF FUNDS			
Fixed Assets :-			
Gross Block	D	30,985	14,530
Less : Depreciation		<u>3,425</u>	<u>2,599</u>
Net Block		27,560	11,931
Capital Work-in-Progress	E	<u>2,890,105</u>	<u>2,554,160</u>
		2,917,665	2,566,091
Current Assets, Loans & Advances			
Inventories	F	—	—
Sundry Debtors		37	—
Cash & Bank Balances		328	1,148
Loans & Advances		6,193	2,398
Deposits		1,147	356
		<u>7,705</u>	<u>3,902</u>
Less:- Current Liabilities & Provisions:-			
Liabilities	G	88,669	96,769
		<u>88,669</u>	<u>96,769</u>
Net current liabilities		(80,964)	(92,867)
Miscellaneous Expenditures :-			
(to the extent not written off or adjusted)			
Preliminary expenses		4,237	4,237
		<u>2,840,938</u>	<u>2,477,461</u>

Significant Accounting Policies. H

Notes on Accounts. I

Additional information J

(Schedules A to J 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

B. K. Sahu
Company Secretary

H. K. Padhiari
Director

P. Parvathisem
Chairman-cum-
Managing Director

Bhubaneswar
Dated :- 30th June, 2001

Profit and Loss Account for the year ended March 31, 2001

(Rupees in Thousands)

Schedule	Year ended March 31, 2001	Year ended March 31, 2000
INCOME		
Other miscellaneous income	138	146
	138	146
EXPENDITURE		
Employees remuneration & benefits		
Salaries & wages	3,356	6,013
Contribution to PF	381	371
Staff welfare expenses	802	446
Directors' sitting fees	3	16
Rates & taxes	32	34
Insurance	3,477	5,325
Power & fuel	287	1,687
Travelling & conveyance	74	1,816
Technical & consultancy fee & expenses	11,907	2,149
Rent	595	839
Repairs & maintenance	911	1,027
Miscellaneous expenses	2,529	5,173
Depreciation	827	1,223
Audit fee & expenses	30	42
Donation	—	134
Interest on corporate deposit	—	326
Financial charges	—	42,418
	25,211	69,039
Net expenditure transferred to expenditure during construction		
	25,073	68,893
Significant Accounting Policies.	H	
Notes on Accounts.	I	
Additional information	J	

(Schedules A to J 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

B. K. Sahu
Company Secretary

H. K. Padhiari
Director

P. Parvathisem
Chairman-cum-
Managing Director

Bhubaneswar
Dated :- 30th June, 2001

Schedules forming part of the Balance Sheet

(Rupees in Thousands)

	As at March 31, 2001	As at March 31, 2000
SCHEDULE-A		
SHARE CAPITAL		
Authorised		
9,00,00,000 Equity Shares of Rs. 10/- each (Previous year 9,00,00,000 Shares)	900,000	900,000
Issued, Subscribed & Paid-up		
9,00,00,000 Equity Shares of Rs. 10/- each (Previous year 9,00,00,000 Shares)	<u>900,000</u>	<u>900,000</u>
SCHEDULE-B		
SECURED LOAN		
Long term Foreign Currency Loan from foreign Bank—US \$ 33,831 million (Previous year US \$ 33,831 million) from EFIBANCA, Italy at an interest rate of 5.95% per annum, secured by deferred payment guarantee by State Bank of India and counter guaranteed 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. (Payable within one year US \$ 3,980 million (Rs. 185,576)	1,577,391	1,476,890
	<u>1,577,391</u>	<u>1,476,890</u>
SCHEDULE-C		
UNSECURED LOAN		
Short term Loan :-		
— Inter Corporate Loan from National Aluminium Co. Ltd. from Mukand Ltd.	350,530	95,656
— Interest accrued & due	2,500	4,692
	—	223
Materials received on Loan :-		
— From National Aluminium Co. Ltd.	10,517	—
	<u>363,547</u>	<u>100,571</u>

SCHEDULE-D
FIXED ASSETS

(Rupees in Thousands)

Particulars of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.4.2000	Additions	Deduction/ Adjustment during the year	As on 31.3.2001	As on 1.4.2000	For the Year	Deduction/ Adjustment during the year	Upto 31.3.2001	As on 31.3.2001	As on 31.3.2000
A. PLANT AND OTHERS :										
* Lease-hold land including development cost	7,299	5,001	—	12,300	474	(474)	—	—	12,300	6,825
Buildings	—	8,762	—	8,762	—	108	—	108	8,654	—
Roads, Bridges & Culverts	—	2,237	—	2,237	—	36	—	36	2,201	—
Office Equipments	522	41	—	563	188	54	—	242	321	334
Furniture & Fittings	633	279	—	912	633	271	—	904	8	—
Vehicles	—	—	—	—	—	—	—	—	—	—
Misc. Equipments	5,327	135	—	5,462	1,186	810	—	1,996	3,466	4,141
Total	13,781	16,455	—	30,236	2,481	805	—	3,286	26,950	11,300
B. SOCIAL FACILITIES :										
Furniture & Fittings	495	—	—	495	73	1	—	74	421	422
Vehicles	120	—	—	120	8	11	—	19	101	112
Misc. Equipments	134	—	—	134	36	10	—	46	88	98
Total	749	—	—	749	117	22	—	139	610	632
Total for the current year	14,530	16,455	—	30,985	2,598	827	—	3,425	27,560	11,932
Total for previous year	13,388	1,490	348	14,530	1,474	1,224	100	2,598	11,932	11,914

*Leasehold land includes Rs. 388 thousands being the cost of land under possession of the Company in respect of which registration is pending.

(Rupees in Thousands)

	As at March 31, 2001	As at March 31, 2000
SCHEDULE-E		
CAPITAL WORK IN PROGRESS		
Construction work-in-progress at cost.	2,686,557	2,224,781
Advances to Contractors & Suppliers for capital goods		
Secured	857	—
Unsecured (considered good)	27,054	—
Stock of construction materials (at cost)	11,976	2,019
Expenditure during construction pending allocation (Schedule E-1)	163,661	327,360
Total	<u>2,890,105</u>	<u>2,554,160</u>

SCHEDULE-E-1

EXPENDITURE DURING CONSTRUCTION

(Pending allocation)

Opening Balance	327,360	258,467
Temporary construction transferred from Capital work-in-progress	12,727	—
Net Expenditure brought from Profit & Loss Account	25,073	68,893
	<u>365,160</u>	<u>327,360</u>
Less : i) Amount allocated to fixed assets	563	
ii) Borrowing cost upto 31.3.2000 transferred to Capital work-in-progress	200,936	—
Balance transferred to capital work-in-progress	<u>163,661</u>	<u>327,360</u>

(Rupees in Thousands)

As at
March 31, 2001

As at
March 31, 2000

SCHEDULE-F

CURRENT ASSETS, LOANS & ADVANCES

Current Assets

i) Inventories	—	—
ii) Sundry Debtors (for electricity charges) (Unsecured)		
Debts less than 6 months Considered good	37	—
iii) Cash and Bank Balances		
Cash in hand	3	—
Balance with Scheduled Banks In Current Accounts	325	10
Cheques/Drafts in hand	—	1,138
	<u>328</u>	<u>1,148</u>
iv) Loans and Advances (Unsecured, Considered good unless otherwise stated)		
Stores on loan basis	657	—
Advances to Employees	59	111
Advances to others	16	239
Pre-paid expenses	5,373	2,048
Claims recoverable (Considered good)	88	—
	<u>6,193</u>	<u>2,398</u>
v) Deposits with		
Custom Authority	50	50
Other Govt. depts.	921	30
Others (Land Lords)	176	276
	<u>1,147</u>	<u>356</u>
	<u>7,705</u>	<u>3,902</u>

SCHEDULE-G

CURRENT LIABILITIES & PROVISIONS

Current Liabilities

Bank Overdraft	—	294
Sundry Creditors		
On Capital Account	80,101	93,060
Others	2,243	3,116
Security Deposit	6,325	299
	<u>88,669</u>	<u>96,769</u>
	<u>88,669</u>	<u>96,769</u>

SCHEDULE-H

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

- a) The accounts are prepared on the historical cost basis in accordance with mandatory accounting standards 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.

B. BALANCE SHEET

1. FIXED ASSETS

- 1.1 All fixed assets are stated at historical cost less depreciation. The cost of acquisition is inclusive of taxes, duties and freight and other incidental expenses incurred in relation to the acquisition and installation of the same.
- 1.2 Borrowing cost directly identifiable to specific work has been charged with the respective work, whereas other direct revenue expenditures incurred are treated as expenditure during construction and will be allocated to relevant fixed assets at the time of capitalization.
- 1.3 Expenses on development of land including leasehold land is capitalized as part of the cost of land and stated at cost.
- 1.4 Capital expenditure of temporary nature and enabling work is charged to expenditure during construction.
- 1.5 Where final bills are not received, capitalization of assets has been made provisionally on the basis of technical assessments which may undergo change on settlement of final bills.

2. DEPRECIATION

- 2.1 Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.
- 2.2 Assets costing Rs. 5,000.00 or less individually are depreciated fully in the year in which they are put to use.

2.3 Depreciation on additions to assets is calculated from the day on which they are put to use.

2.4 Cost of leasehold land including development expenses thereon is considered for amortization over a period of 20 years or the period of lease whichever is less, commencing from the year of commercial production.

3. MISCELLANEOUS EXPENDITURE

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

4. FOREIGN EXCHANGE TRANSACTIONS

- 4.1 Transactions in foreign currency are recorded at the prevailing rate of exchange in force at the time of transactions.
- 4.2 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.

5. BORROWING COST

Borrowing cost such as Interest, Guarantee Commission etc. directly identifiable to particular asset is added to the cost of such asset.

6. RETIREMENT BENEFITS

- 6.1 Retirement benefits in the form of Provident Fund and Pension Fund schemes are accounted for on accrual basis. Contributions to Provident and Pension Funds are made to appropriate authorities.
- 6.2 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.

SCHEDULE-I

NOTES FORMING PART OF ACCOUNTS

1. National Aluminum Co. Ltd.(NALCO), the holding company and our Company have filed petitions u/s 396 of the Companies Act, 1956 for amalgamation of the aforesaid two companies in public interest with the Department of Company Affairs (DCA) of Central Government. DCA has issued a draft amalgamation order vide letter No. 24/02/2000-CL-III, dtd. 6.11.2000. The Company has in the meantime, complied with all the required formalities and the final amalgamation order from Central Government is awaited.
- 2 (a) Borrowing cost amounting to Rs. 348367 thousands directly attributable to the acquisition, construction or production of qualifying asset has been shown under capital work-in-progress as part of cost of such asset in accordance with Accounting Standard 16.
- (b) Rs.100500 thousands (Previous year Rs.36017 thousands) being net loss on account of foreign exchange variation has been adjusted to capital work in progress.
3. Estimated amount of contracts remaining to be executed on Capital Accounts (net of advances) and not provided for is Rs.181309 thousands (Previous year Rs.46004 thousands).
4. Contingent Liabilities :-

	Current Year (Rs. in thousands)	Previous Year (Rs. in thousands)
Claims against the Company not acknowledged as debts.		
a) Compensation for land pending judicial decisions.	593	300
b) Refurbishing cost of equipment and interest for delayed payment charged by M/s. Kirloskar Electric Company.	NIL	6942
c) Case u/s-7-A of EPF Act	325	200
d) Claims in respect of shortage of materials and advance payment by Mukand Engineers Limited not accepted.	6362	6362
5. Expenditure incurred in foreign currency on cash basis:-		
a) Interest	92426	70046
b) Travelling	NIL	161
6. Value of imports calculated on CIF basis:-	NIL	NIL
7. Whole-time Director's Remuneration:-		
a) Salaries & allowances	NIL	669
b) Contribution to provident & other funds	NIL	39
c) Perquisites & benefits	NIL	284
d) Compensation in lieu of loss of office	NIL	500
Total	NIL	1,492

8. Consequent to change in Accounting Policy on depreciation (Policy No. 2.2, 2.3 & 2.4) retrospectively from 1.4.1996, the expenditure during construction is increased by Rs. 133,613.00 with corresponding decrease in gross block.
9. Figures have been rounded off to rupees in thousands.
10. Previous year figures have been regrouped / rearranged wherever necessary.

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

B. K. Sahu
Company Secretary

H. K. Padhiari
Director

P. Parvathisem
Chairman-cum-
Managing Director

Bhubaneswar
Dated :- 30th June, 2001

SCHEDULE J

Additional information forming part of accounts for the year ended March 31, 2001

I. Registration Details

Registration Number	2 7 2 2	State Code Number	1 5
Balance Sheet Date	3 1 0 3 2 0 0 1		

II. Capital Raised During the Year (in Rs. '000)

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

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

Total Liabilities	2 9 2 1 9 0 2	Total Assets	2 9 2 1 9 0 2
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SOURCE OF FUNDS

Paid-up Capital	9 0 0 0 0 0	Reserves & Surplus	— N I L —
Secured Loans	1 5 7 7 3 9 1	Unsecured Loans	3 6 3 5 4 7

APPLICATION OF FUNDS

Net Fixed Assets (Incl. Cap. WIP & Pre-operative Exp.)	2 9 1 7 6 6 5	Net Current Assets	(-) 8 0 9 6 4
Misc. Expenditure	4 2 3 7	Accumulated Losses	N I L

IV. Performance of Company

Turnover	N A	Total Expenditure	N A
Profit/Loss Before Tax	N A	Profit/Loss After Tax	N A
Earnings per Share in Rs.	N A	Dividend Rate %	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 and on behalf of
Tej Raj & Pal,
Chartered Accountants

For and on behalf of Board of Directors

P. Venugopala Rao
Partner

B. K. Sahu
Company Secretary

H. K. Padhiari
Director

P. Parvathisem
Chairman-cum-
Managing Director

Bhubaneswar
Dated :- 30th June, 2001

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 - 530035
Andhra Pradesh
Phone : 0891-561433/561435
Fax : 0891-561598

International Aluminium Products Limited

Registered Office

NALCO BHAWAN
Plot No. P/1, Nayapalli
Bhubaneswar - 751 013
(Orissa)

Plant

Near Nalco Smelter
Nalco Nagar
Angul - 759 145

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. Kolkata

Binoy Bhawan,
6th Floor, 27-B,
Camac Street
Kolkata - 700 016
Phone : 033-2470115/2477360
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, Reshma Complex
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. Thattanchavady Industrial
Estate
Pondicherry
Phone : 0413-374262/63
Fax : 0413-374264

STOCK YARDS

1. New Delhi

National Small Industries Corpo-
ration Limited
PDT/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



National Aluminium Company Limited

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

ATTENDANCE SLIP

20th Annual General Meeting - 5th November, 2001 at 11.00 A.M.

Reg. Folio No..... DP Id Client Id

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company and hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the Company at NALCO BHAWAN, Plot No. P/1, Nayapalli, Bhubaneswar – 751 013 on Monday, the 5th November, 2001.

Member's/Proxy's name in Block letters

Member's/Proxy's Signature

Note: Please fill this attendance slip and hand it over at the entrance of the hall.

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National Aluminium Company Limited

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

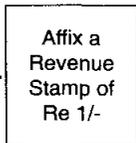
FORM OF PROXY

Reg. Folio No..... DP Id Client Id

I/We of in the district of
being a member/members of the above named Company hereby appoint
of in the district of or failing him of
..... in the district of as my/our proxy to vote for me/us on my/our behalf
at the TWENTIETH ANNUAL GENERAL MEETING of the Company to be held on 5th November, 2001 and at any
adjournment thereof.

Signed this day of 2001

Signature



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



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 20th Annual General Meeting of the Company will be held on Monday, the 5th November, 2001 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, 2001 and the Profit & Loss Account for the year ended 31st March, 2001 together with the reports of the Auditors thereon.
2. To declare dividend.
3. To appoint Directors in place of those retiring.

SPECIAL BUSINESS :

4. Appointment of Shri S.P. Gupta, as Director whose period of office is liable for retirement 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.P. Gupta who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board

(K. N. RAVINDRA)
COMPANY SECRETARY

Place : Bhubaneswar
Date : 25.09.2001

Notes:

- (a) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item No. 4 set out above is annexed hereto.
- (b) Under Section 212 of the Companies Act, 1956, the Balance Sheet and other documents of M/s. International Aluminium Products Limited (IAPL) (a wholly owned subsidiary of NALCO) are to be attached with the Balance Sheet of NALCO. Due to non-receipt of the comments of the C&AG on the accounts of IAPL for the year 2000-2001, on time, the Company had approached the Department of Company Affairs (DCA) for extension of time for holding the Annual General Meeting beyond the statutory period. Vide letter No. N-038/1500920/94-IGC dated 13.09.2001, DCA has given permission extending the time by three months to hold the Annual General Meeting on or before 31.12.2001. C&AG comments on the accounts of IAPL were received on 04.09.2001.
- (c) 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 FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
- (d) The Register of Members and Share Transfer Books of the Company will remain closed from 19th September, 2001 to 29th September, 2001 (both days inclusive) as notified in the press.
- (e) Subject to the approval of Central Government under Section 205(1)(c) of the Companies Act, 1956, if dividend on shares as recommended by the Board of Directors is approved at the Meeting, payment of such dividend will be made within 30 days of its declaration to those shareholders, whose names appear:-
 - i) as Beneficial Owners as at the end of the business on 18th September, 2001 as per the list furnished by NSDL & CDSL in respect of the shares held in the electronic form and

- ii) as members in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 18th September, 2001.
- (f) 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.
- (g) Members attending the meeting are requested to bring their copy of the Annual Report as extra copies will not be supplied at the meeting.
- (h) Members holding shares and debentures (in case the member is also holding debentures of the Company), in physical mode, in identical order of names in more than one folio are requested to write to the Company's Registered Office enclosing their share/debenture certificates to enable the Company to consolidate their holdings in one folio.
- (i) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for share holders and debenture holders in respect of the shares and debentures held by them. In case, shares/debentures are held in electronic form, registration of nomination has to be done with the respective Depository Participants only without referring the matter to the Company. Nomination Forms (Form 2B) if needed, can be obtained from the Share Registry of the Company.
- (j) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion of such bank details. Further, instructions, if any, already given to the Company by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members are therefore requested to give instructions regarding particulars of bank accounts and address in which they wish to receive dividend, to their respective Depository Participants only.
- (k) Members who have not encashed their dividend warrant(s) or whose dividend warrants sent by Registered Post have been returned to the Company as undelivered by the Postal Authorities from the financial year 1995-96 (including unencashed/returned undelivered debenture interest warrants since September, 1999) are requested to make their claims to the Company immediately, since the unpaid or unclaimed dividend/interest will be transferred to the "Investor Education and Protection Fund", as per the provisions of Section 205A & 205C of the Companies Act, 1956, after expiry of 7 years from the date they became due for payment. Members may please note that no claim can be made once the dividends/interests have been transferred to the credit of the Investor Education and Protection Fund of the Central Government as per Section 205B of the Companies Act, 1956.

ANNEXURE TO NOTICE

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

Item No.4:

Shri S. P. Gupta was inducted to the Board as an Additional Director of the Company w.e.f. 14.03.2001. In terms of Section 260 of the Companies Act, 1956, Shri S. P. Gupta 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. P. Gupta as a Director of the Company, whose period of office is liable to be determined by rotation.

Shri S. P. Gupta is an IAS officer and at present is serving as Joint Secretary in the Ministry of Mines, Government of India. He is also holding Directorship in Rajasthan State Mines and Minerals Limited, Hindustan Zinc Limited and Centre for Development of Stones. 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 Gupta, whose appointment is proposed herein, is interested in the proposed resolution.

By order of the Board



**(K. N. RAVINDRA)
COMPANY SECRETARY**

Place : Bhubaneswar
Date : 25.09.2001



National Aluminium Company Limited

(A Government of India Enterprise)

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

DEMATERIALIZATION OF PHYSICAL HOLDINGS

Dear Member,

1. You may be aware that consequent upon Capital Restructuring Scheme of the Company in March, 1999, 14.5% Non-convertible Redeemable Secured Debentures were issued. These debentures now can be dematerialised under ISIN INE 139A07015 through any of the Depository Participant (DP) of M/s. National Securities Depository Limited (NSDL) and M/s. Central Depository Services (India) Limited (CDSL), Mumbai. You are requested to submit the debenture certificates, if any, to your Depository Participant for dematerialisation, immediately.
2. Old (Pre-capital Restructured) Share certificates of NALCO can neither be traded in Stock Exchanges nor can they be accepted for dematerialisation. 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 and/or Cash Refund (DDs) as per the Capital Restructuring Scheme of the Company.
3. 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 dated 19.05.99. Hence please dematerialise your physical certificates immediately, if not done already. Based on SEBI guidelines, NALCO has also provided the facility of transfer-cum-dematerialisation scheme for its shares.

Your prompt action on surrender/dematerialisation is requested.

Yours Truly,
For National Aluminium Company Ltd.

(K. N. RAVINDRA)
COMPANY SECRETARY



National Aluminium Company Limited

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

Dear Member,

We wish to print the name of your banker, its branch and bank account number on the dividend warrant in order to protect you from any loss. This is necessary in view of frequently reported fraud cases of encashment of warrants by opening fake accounts.

We, therefore, request you to kindly send us the information as stated below. Your reply should reach the Company on or before the date of 20th Annual General Meeting.

In case you have already furnished bank information for payment of dividend in the previous years and there is no change in these particulars, no further information need be given.

Further, while opening a depository account with participants of NSDL or CDSL, you might have given your bank account details, which will be used by your Company for printing on dividend warrants. This ensures that the dividend warrants, even if lost or stolen, can not be used for any purpose other than for depositing the money in the account specified on the dividend warrant. This ensures safety for investors.

In this connection it is pertinent to inform you that while paying dividend for 1999-2000, we had come across a lot of mistakes in the bank information downloaded by NSDL. Please ensure that your Depository Participant incorporates accurate and up to date bank details to avoid problems in encashing your dividend warrants.

Please send the information in the attached proforma in a sealed cover to reach us on or before 29.10.2001, failing which current updation of your Account Number etc. will not be done.

Yours Truly,
For National Aluminium Company Ltd.



(K. N. RAVINDRA)
COMPANY SECRETARY

— TEAR HERE —

(Applicable only if the shares are held in physical mode)

(USE CAPITAL LETTERS ONLY)

Reg. Folio No.

Name

Name of the Bank

Branch

Account : Savings Current

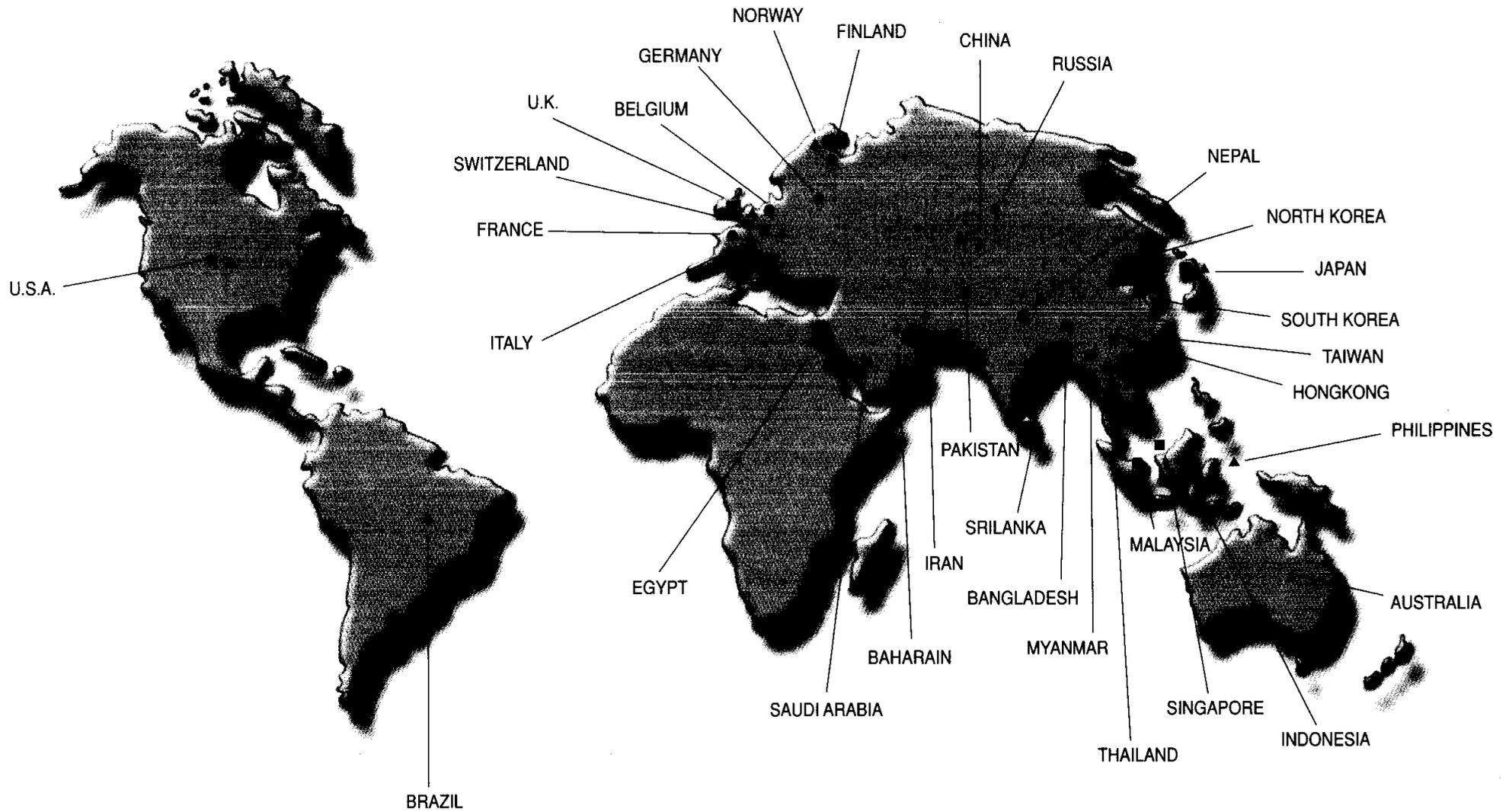
(Please ✓ at appropriate box)

Account No.

Signature

Note: Signature should be same as recorded with the Company earlier.

GLOBAL PRESENCE



● Technology associates

■ Aluminium export

▲ Alumina export



NALCO Corporate Office at Bhubaneswar