

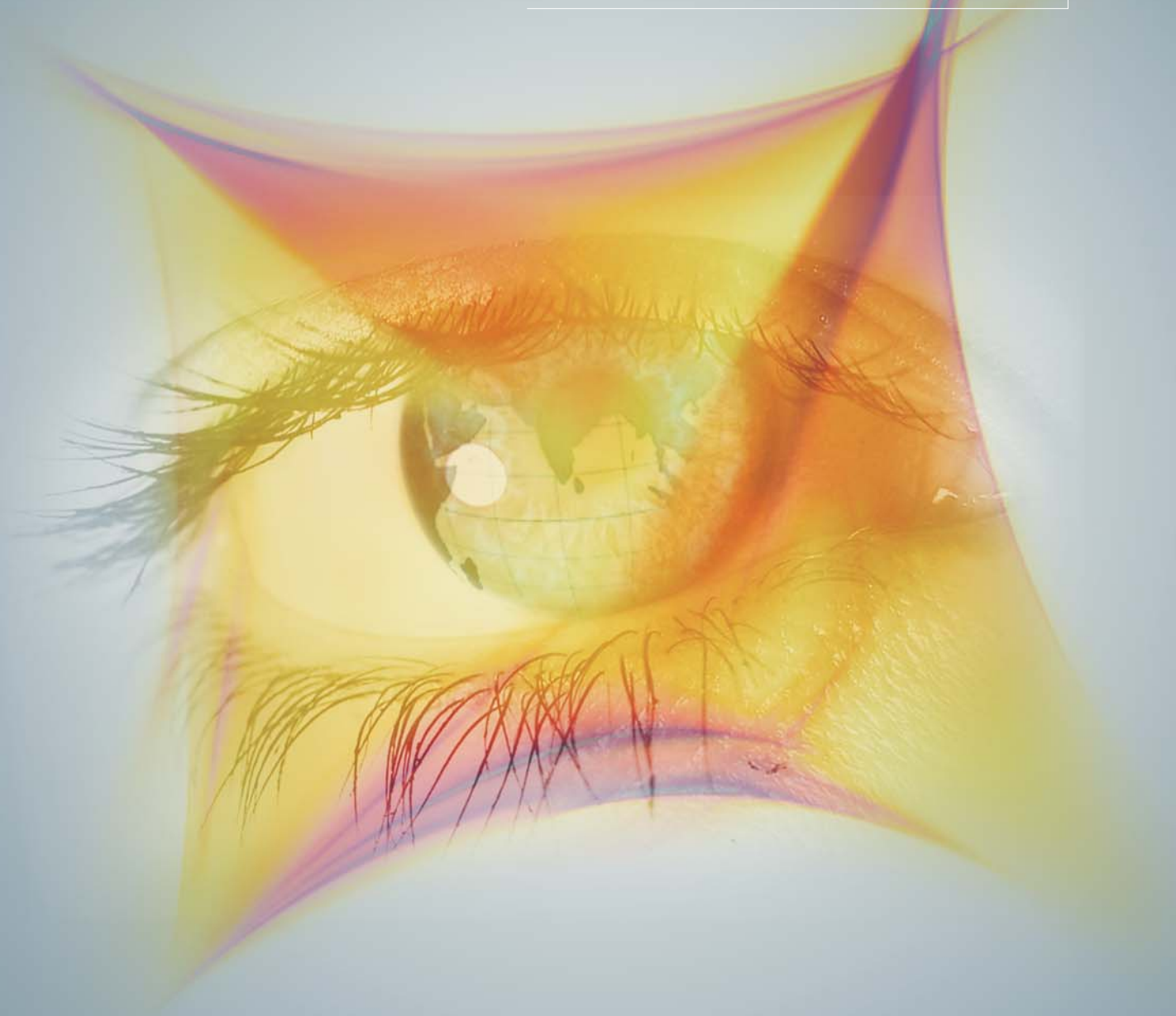
27th ANNUAL REPORT 2007 - 08



नालको  **NALCO**

Vision

To be a reputed global
Company in the
Metals and Energy sectors



Board of Directors



Standing (L-R): Dr. Jyoti Mukhopadhyay, Shri P.K. Routray, Shri R. K. Sharma, Shri K.K. Mallick, Shri B.L. Bagra, Shri K.S. Raju, Maj. Gen. (Retd.) Samay Ram, Shri V.K. Thakral, Shri Joy Varghese
Sitting (L-R) : Shri N.R. Mohanty, Dr. A. Sahay, Shri S. Vijay Kumar, Shri C.R. Pradhan, Shri S.B. Mishra, Shri S.S. Sohoni

The Year at a Glance

PHYSICAL

	Units	2007-08	2006-07
Bauxite mining	in '000 MT	4,685	4,623
Alumina hydrate production	in '000 MT	1,575	1,475
Aluminium production	in '000 MT	360	359
Power generation (net)	Million Unit	5,609	5,968

FINANCIAL

	Units	2007-08	2006-07
Export Turnover	Rs. in Crore	2,134	2,585
Gross Sales	Rs. in Crore	5,474	6,515
Profit Before Tax	Rs. in Crore	2,467	3,620
Profit after Tax	Rs. in Crore	1,632	2,381
Earning per Share	In Rs.	25.33	36.96
Book value per Share	In Rs.	137.73	119.43
Dividend	In %	60	75

Crore = 10 Million

REGISTERED OFFICE & CORPORATE OFFICE

NALCO Bhawan

Plot No. P/1, Nayapalli

Bhubaneswar - 751 061, Orissa

Tel. : 2301989-99

Fax : 0674-2300470 / 2300580 / 2300677 / 2300740

Website : www.nalcoindia.com

27th Annual General Meeting

Saturday, 20th September, 2008 at 11.00 A.M.

at NALCO Bhawan, Plot No. P/1, Nayapalli,

Bhubaneswar - 751 061.

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Executive Directors



Shri G. Kameswara Rao, IAS
CVO



Shri P. K. Parida



Shri P. K. Padhi



Shri B. N. Swain



Shri A. Sapra



Shri S. S. Manurkar



Shri A. K. Sharma



Shri K. N. Ravindra
Company Secretary



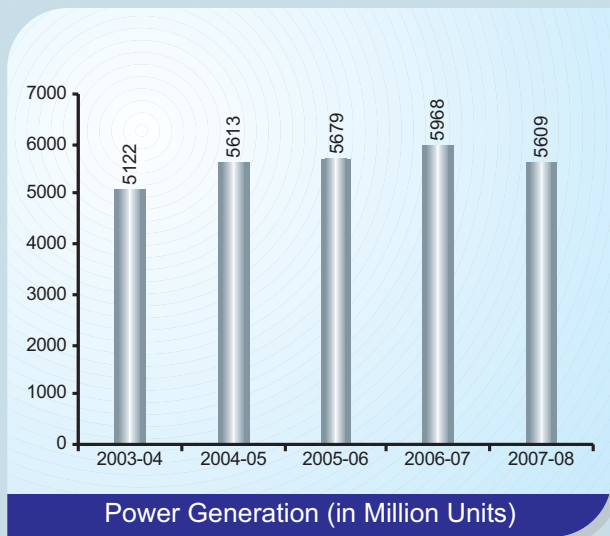
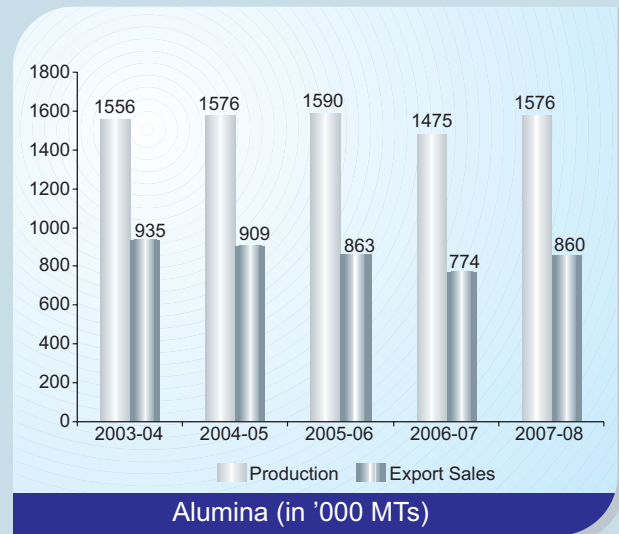
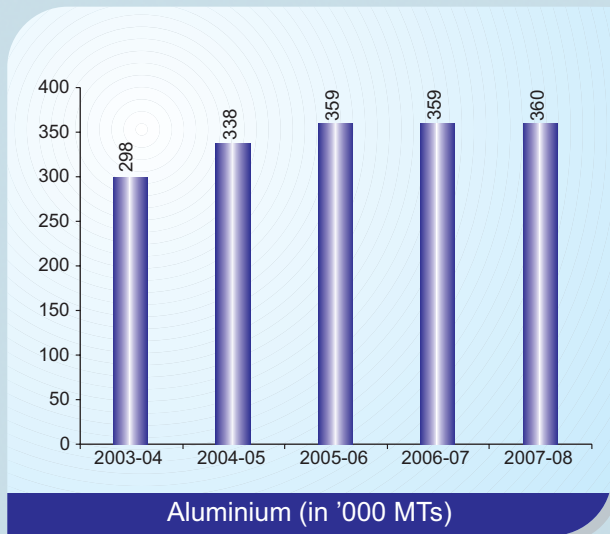
Shri P. K. Mohanty



Shri S. C. Dash



Shri P. K. Mahapatra





Directors' Report



Dear Members,

It gives me immense pleasure in presenting this 27th Annual Report of your Company along with audited statement of Accounts and Auditors' Report, on behalf of the Board of Directors.

NAVRATNA STATUS

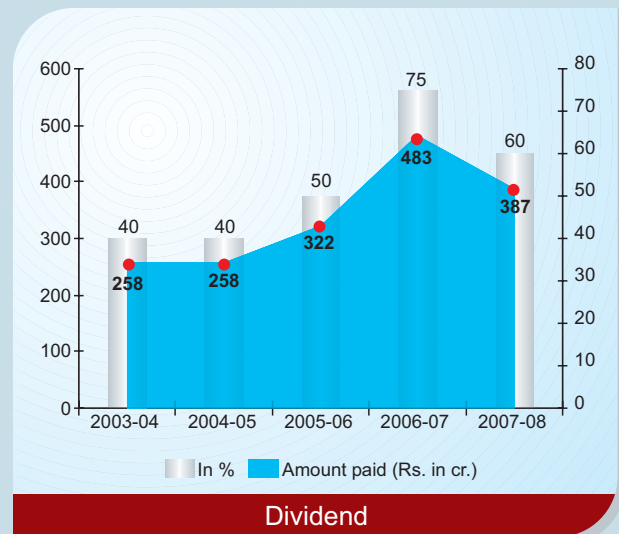
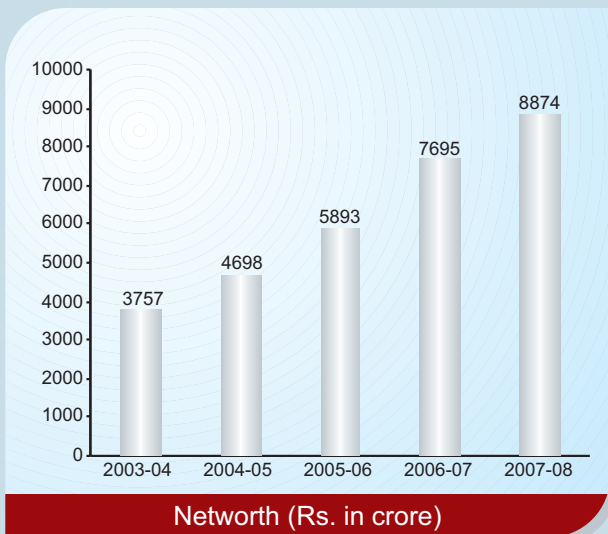
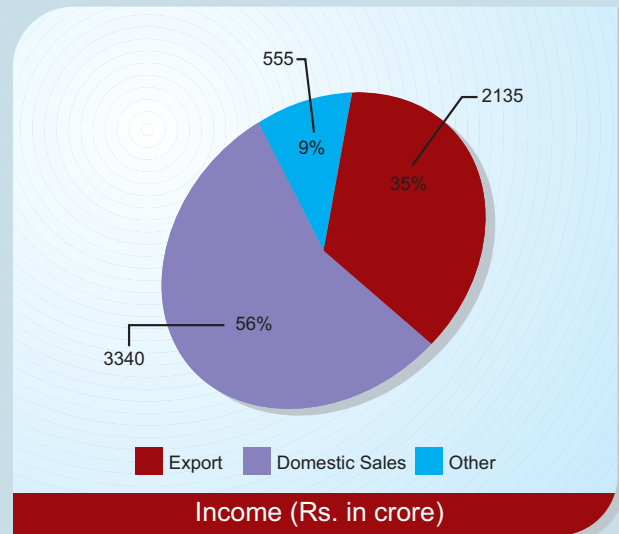
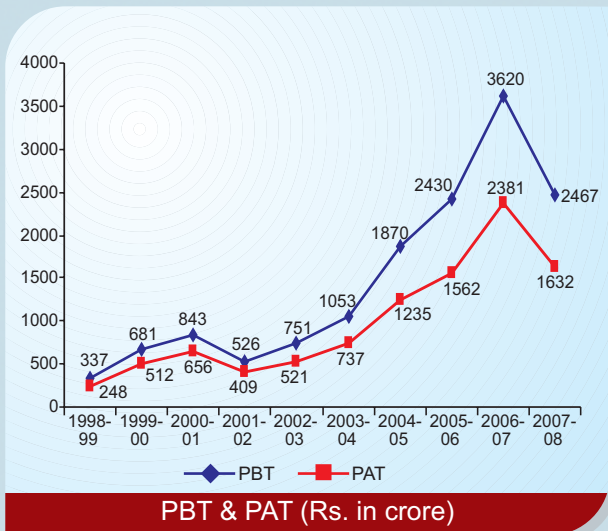
At the outset, your Directors are pleased to inform you that in recognition of your Company's ability to perform and grow into a significant contributor to the economic development of the Nation, its competitive advantage and capacity to turn into a global giant, the Government of India has accorded Navratna status to your Company. On entering the prestigious Navratna Club, the Board of the Company has been vested with enhanced managerial and commercial autonomy that will facilitate faster implementation of ambitious growth plans.

PERFORMANCE HIGHLIGHTS

PRODUCTION

You will be pleased to learn that the Company exceeded the targets set for production of alumina and aluminium for the year 2007-08. The aluminium smelter has achieved the highest ever cast metal production since inception with capacity utilization of 104%. The bauxite production has improved compared to previous year, though still below the rated capacity, due to snags in the conveyor system and repeated belt dislodgements. Action has been taken to prevent recurrence of such problems. The target for generation of electricity could not be achieved due to less supply of coal by colliery to the Captive Power Plant. The details of production are given below:

Product	Unit	2007-08	2006-07
Bauxite	MT	46,84,684	46,23,278
Alumina Hydrate	MT	15,75,500	14,75,200
Aluminium	MT	3,60,457	3,58,734
Electricity (Net)	MU	5,609	5,968



MARKETING

You will be pleased to know that your Company achieved the highest ever sale of metal, Rolled Products and Special Grade Alumina/ Hydrate during the year. With launching of NALCO Special Products Alumina (NSPL)-102 in the overseas market through export of 41 MT to Vietnam during the year, yet another milestone was reached.

To strengthen the marketing efforts, a new stockyard in Chennai was opened during the year. MOUs were signed with 151 domestic customers for sale of metal during 2007-08 as against 118 MOUs during the previous year. The domestic sales of metal were effected from the smelter plant at Angul and nine stockyards at Kolkata, Baddi, Jaipur, Faridabad, Bhiwandi, Silvassa, Bangalore, Chennai and Visakhapatnam.

The sales break-up is as follows: (Figures in MT)

Particulars	2007-08	2006-07
Export		
Alumina	8,59,943	7,73,573
Special Alumina	41	—
Aluminium	1,00,847	92,678
Rolled Products	876	444
Domestic		
Alumina & Hydrate	11,307	10,921
Special Hydrate	11,700	8,222
Special Alumina	4,241	2,858
Zeolite -A	4,482	7,156
Aluminium	2,51,612	2,63,494
Total Metal Sale	3,53,335*	3,56,617*
Total Chemical Sale	8,91,714	8,02,730

*The metal sale excludes 4,642 MT (previous year 2,035 MT) consumed internally for project and Production activities.

FINANCE

The Company has achieved a turnover of Rs. 5,576 crore, as against the turnover of Rs. 6,354 crore during the previous year and Profit After Tax stands at Rs. 1,632 crore, as against Rs. 2,381 crore in the previous year. The decline in sales realization and net profit during the year, compared to previous year, is mainly due to lower sales realization from export of alumina, substantial appreciation of rupee against US Dollar. Your Company has achieved an export earning of Rs.2,135 crore as against Rs.2,585 crore achieved during the previous year.

The summarized financial results as compared to previous year are furnished below : (Rs. in crore except EPS)

	2007-08	2006-07
Net Sales	4,989	5,940
Other Income	587	414
Total Income	5,576	6,354
Gross Margin	2,754	3,942
Less: Interest & Depreciation	287	322
Profit Before Tax (PBT)	2,467	3,620
Provision for Taxes	835	1,239
Profit After Tax (PAT)	1,632	2,381
Earning Per Share (EPS) in Rs.	25.32	36.96

DIVIDEND AND APPROPRIATIONS

As you are aware, your Company paid an interim dividend of 45% in February, 2008. Your Directors believe that growth in shareholders' value lies in capacity expansion and backward and forward integration. Keeping this in view and in accordance with your Company's policy of balancing dividend pay-out with the requirement to deploy internal accruals for its growth plans, your Directors have now recommended a final dividend of 15%, taking the aggregate dividend for the year to 60%. Your Directors propose to transfer Rs.1,200 crore to General Reserve Account from the Profit & Loss Account.

PRESIDENTIAL DIRECTIVES

As per Presidential Directives, steps have been taken for recruitment/promotion of Scheduled Caste/Scheduled Tribe (SC/ST) candidates. Your Company is also complying with the provisions of the Persons with Disabilities Act, 1995.

As on 31.03.2008, out of 7,413 employees (including trainees) on Company's roll, there were 1,181 (15.93%) SCs, 1,330 (17.94%) STs, 701 (9.46%) OBCs and 71 (0.96%) physically challenged persons. Thus, every third employee of your Company belongs either to SC or ST category. The total number of lady employees in your Company stands at 319.

INDUSTRIAL RELATIONS

Employee involvement through encouragement of more suggestions on production related issues, formation of quality circles, fostering of communication channels and training, has been adopted continuously to further the environment of



DESTINATION INDONESIA : Shri B.L. Bagra, Director (Finance) and Prof. H. Mahyuddin, Vice Governor, South Sumatra Province, signing the MoU in Jakarta



EXPORT EXCELLENCE: Shri K.K. Mallick, Director (Commercial), receiving the Engineering Export Promotion Council's prestigious All India Export Award from Shri Pranab Mukherjee, Union Minister of External Affairs, Govt of India, in Kolkata

mutual co-operation and trust, for increasing production and productivity.

In a multi-union scenario, each of the Units of your Company has a recognized Union as per verification of membership through secret ballot. The structured interactions with the recognized Unions continued on a regular basis on the matters of production, productivity, discipline and work culture, besides resolving various demands and employee related issues.

The industrial relations scenario of your Company has remained by and large peaceful. The total mandays lost due to the total mandays available during the year was only 0.09% as against 0.74% last year and the same was mainly due to obstruction by local land displaced villagers at Damanjodi sector, demanding employment for dependants of LDP employees.

VISIT BY PARLIAMENTARY COMMITTEES

The following Parliamentary Committees visited the corporate office during the year and meetings were held with the Management of the Company:

- The Standing Committee on Industry on 8th and 9th June, 2007.
- Committee on Government Assurances, Rajya Sabha on 8th and 9th October, 2007.
- Standing Committee on Coal and Steel on 18th and 19th January, 2008.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is among the very few Central Public Sector Undertakings having an approved peripheral development policy, under which it allocates up to 1% of its net profit every year on various development works for the socio-economic improvement of the people of peripheral areas. An amount of Rs.23.81 crore was allocated for peripheral development activities, as part of meeting Corporate Social Responsibilities of the Company for the financial year 2007-08. Rehabilitation and Peripheral Development Advisory Committees (RPDAC) have been constituted by Government of Orissa under the Chairmanship of respective Revenue Divisional Commissioners. Other members of this Committee of the respective region include senior Government officials of the district, elected public representatives to Parliament, Assembly and Zilla Parishad and senior officers of your Company. These Committees prepare the annual peripheral development

projects for the respective regions and also monitor their implementation.

Corporate Social Responsibility activities undertaken by your Company during the year include:

Smelter & Power Complex

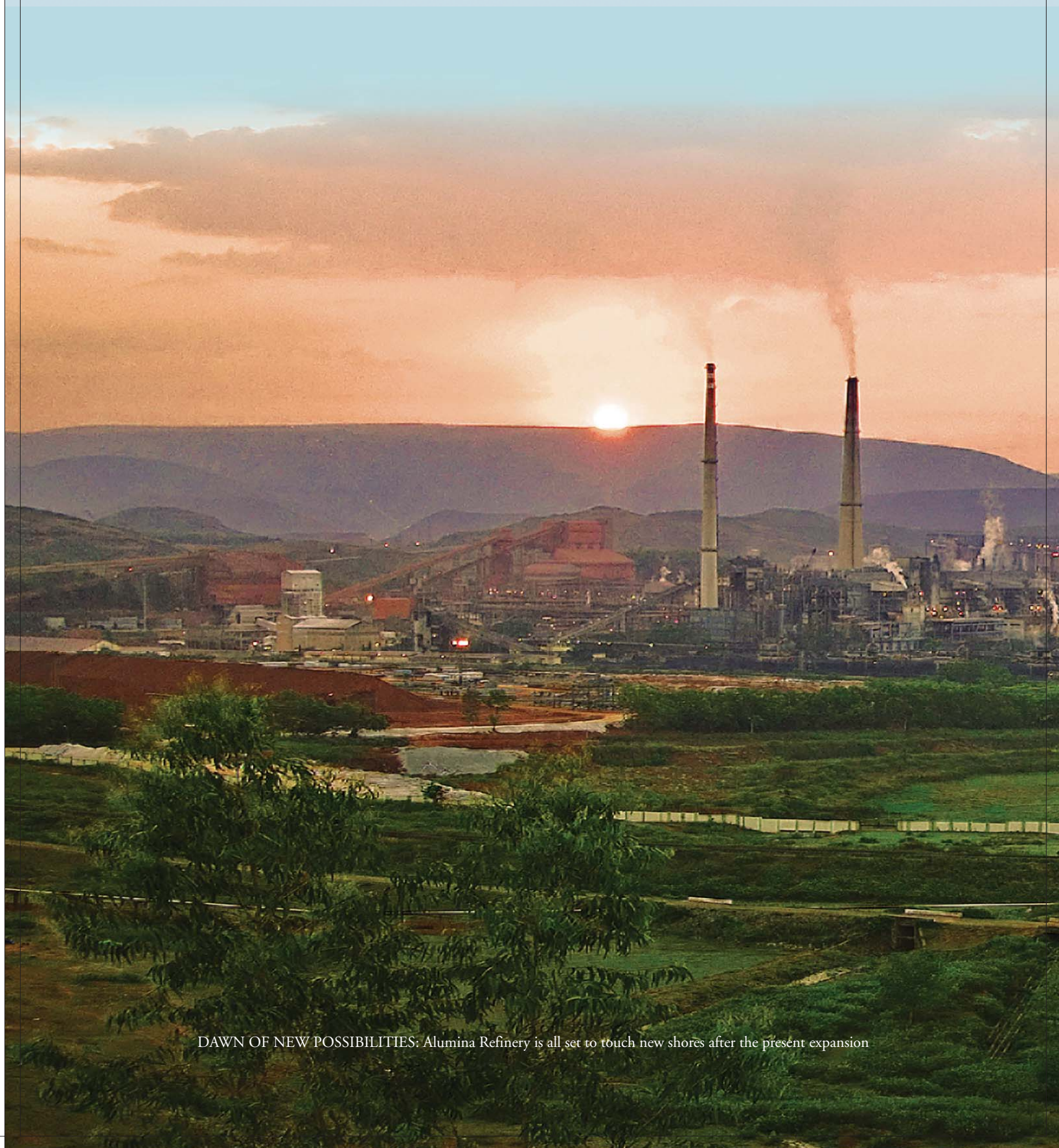
- Provision of mobile health care service continued through doctors and para-medical staff, carrying medicines in van to 38 peripheral villages.
- Organising Animal Health Camps in the peripheral villages.
- Providing drinking water to the villagers. Besides augmentation of water supply to 11 peripheral villages in the recent past, another project of permanent water supply system for 13 villages at an expenditure of Rs.5.13 crore is in the final stage of commissioning. Further, tubewells have been dug and village ponds renovated to increase the water storing capacity. Drinking water was supplied by tankers to the water scarcity villages during summer months.

Mines & Refinery Complex

- Construction of short/stay Home Building for destitutes (Swadhara).
- Distribution of food materials, mineral water and medicines during the out-break of gastro-enteritis at Laxmipur and Dasmanthpur area.
- Organising public awareness programmes for the prevention of gastro-enteritis, immunization of cattle in the district for the prevention of the animal disease-Anthrax.
- Organizing the annual tribal cultural festival of Koraput 'PARAB-2007'.

Corporate Office

- One Mobile Medicare Unit Van was provided to Help-Age India, Bhubaneswar for providing free medical treatment to the elderly poor people residing in the surrounding villages of Cuttack and Bhubaneswar.
- Sponsoring different State level cultural functions to promote the Art and Culture.
- Distribution of relief materials at the flood affected areas of Jaleswar and Jajpur, besides donating relief material (LDPE sheets) through the State Relief Commissioner.



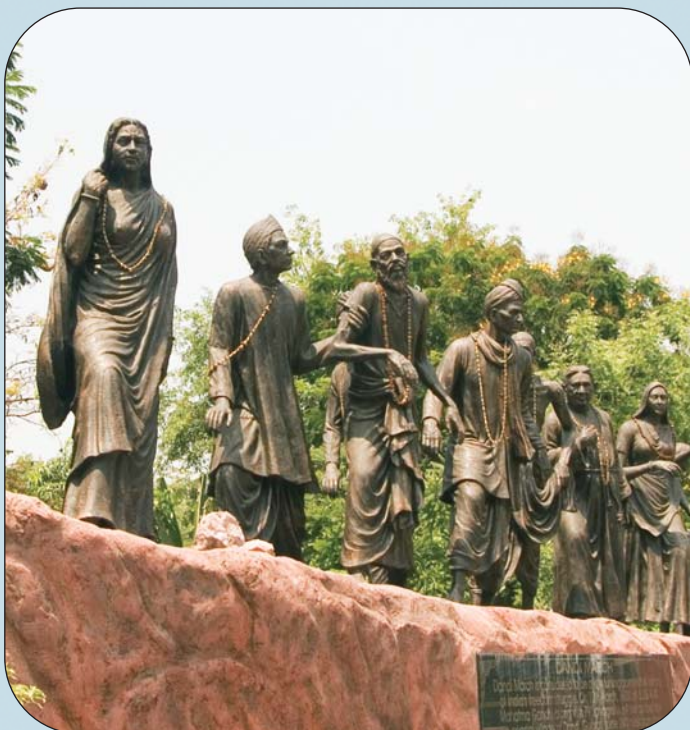
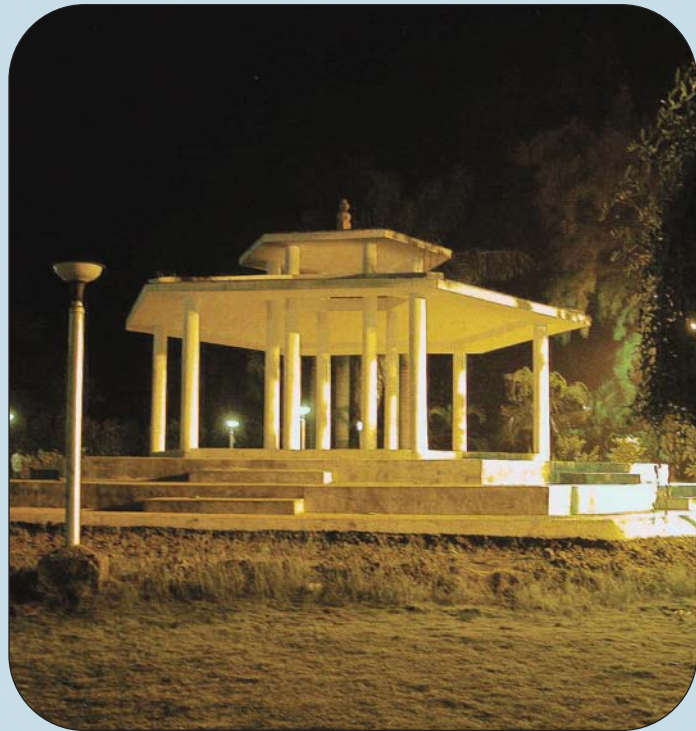
DAWN OF NEW POSSIBILITIES: Alumina Refinery is all set to touch new shores after the present expansion

AWARDS & RECOGNITIONS

Your Company received the following awards/prizes during the year under review, which is an ample testimony for the excellent performance of your Company in various fields:

- 'Top Export' award of CAPEXIL for the year 2006-07, for the record 20th year in succession.
- 'Best Environment Management' and 'Accident Prevention, Safety Management and Communication System' Award for the year 2006 instituted by Director,
- Factories and Boiler, Orissa, bagged by Captive Power Plant.
- 'Industrial Trade Quality Achievement' award, for the highest-ever production and export performance during 2006, instituted by the Council for Industrial & Trade Development (CITD).
- 2nd prize for 'Best Practices in Safety, Health and Environment at Enterprise Orissa 2007', organized by the CII, was bagged by Captive Power Plant.





AMBIENCE AT ANGUL: Contributing to Nalco's production and productivity

- Engineering Export Promotion Council, Eastern Region's Gold Trophy, as 'Top Exporter in the Large Enterprise Category', for outstanding contribution to engineering exports during the year 2005-06.
- 6 prizes including the overall best performance prize during the annual 'Joint Mines Safety Week' 2007 of NALCO-NMDC were bagged by Panchpatmali Bauxite Mines.
- Shri Gopabandhu Dash of Smelter Plant and Shri Parsuram Swain of CPP of your Company have been adjudged as the recipients of 'Shram Vir Award' and 'Shram Shree Award' of Government of India, respectively.

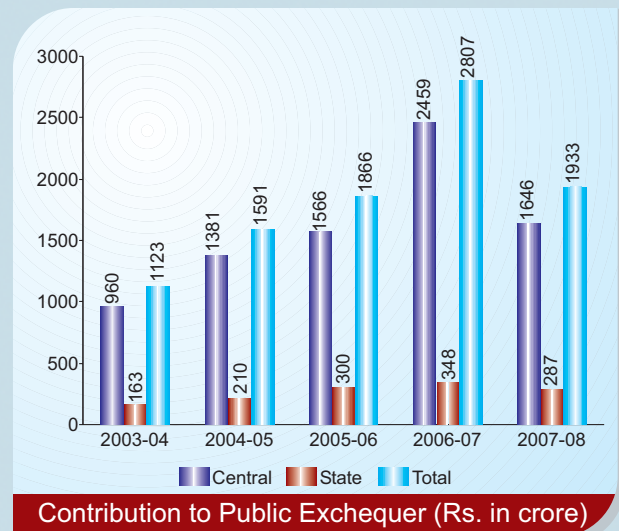
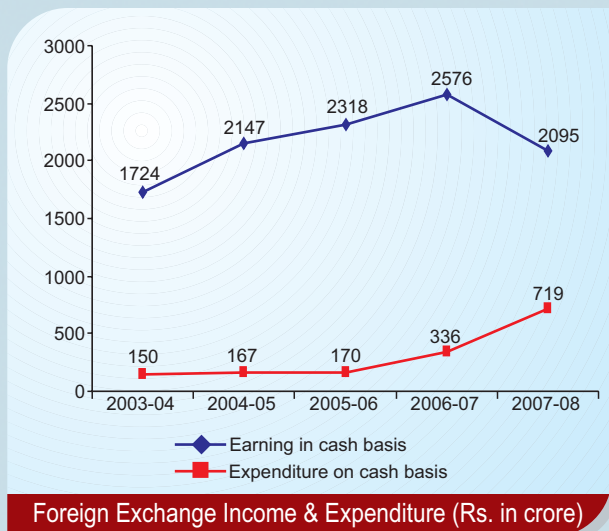
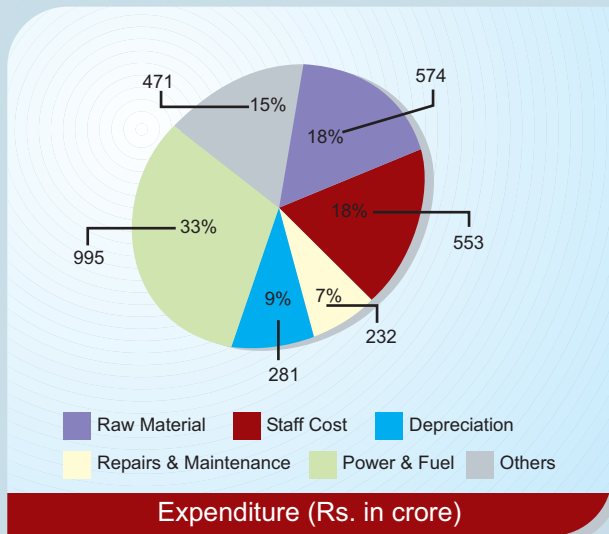
GROWTH PLANS

The work on 2nd phase expansion programme at an estimated cost of Rs.5,003 crore (at March, 2007 price level) is in full swing. The annual capacities of the various project segments and those after 2nd phase expansion are given below:

Project Segment	Unit	Present Capacity	Capacity after 2nd Phase expansion
(a) Bauxite Mines	MT	48,00,000	63,00,000
(b) Alumina Refinery	MT	15,75,000	21,00,000
(c) Aluminium Smelter	MT	3,45,000	4,60,000
(d) Captive Power Plant	MW	960	1,200



SALUBRIOUS ENVIRONMENT: Nalco Park by the Sabari lake, Damanjodi



Overall Progress

Project Segment	Actual Progress (July, 2008)
(a) Mines & Refinery	84%
(b) Smelter	82%
(c) CPP	85%

Orders have already been placed for 141 packages out of 155 packages of Mines & Refinery, 128 packages out of 139 packages for Smelter and 27 packages out of 28 packages for CPP. Enquiries for balance packages have been issued for each segment and are under process. The project is scheduled to be commissioned in December, 2008.

Coal Mine

Your Company has been allotted “UTKAL-E” Coal Block, having a reserve of around 70 million MT for its new units at Captive Power Plant. Considering the present progress, it is expected that the mining would start by December, 2009.

MOU PERFORMANCE

Your Company's performance has been rated “Excellent” in the evaluation of the Memorandum of Understanding (MOU) signed with Government of India for the year 2007-08.

RAJBHASHA

During the year under review, efforts continued for promoting progressive use of Rajbhasha (Hindi) in day-to-day official correspondence of your Company.

On the occasion of Quami Ekta Week, two Hindi Kavi Sammelans were organized, one at Corporate Office, Bhubaneswar and another at Mines & Refinery Complex, Damanjodi with participation of poets of National fame. Hindi Week/Fortnight was observed at all the offices and units of your Company in September, 2007. On this occasion, Hindi competitions like essay, calligraphy, debate, self-composed poetry, letter-writing, noting, dictation and slogan etc. were organized in which large number of employees participated. On the occasion of Hindi Week, Hindi magazines, ‘Akshar’ at Corporate Office, and ‘Teen Suman’ at Damanjodi unit were published, in which selected articles, poems and stories written in Hindi by employees were published.

Nomination of employees of your Company for Hindi typing and stenography and Hindi computer training under Hindi Teaching Scheme were made as in previous years. As there is no centre of Hindi Teaching Scheme of Government of India at Angul and Damanjodi, Hindi training in these sectors is being imparted through correspondence courses and by own arrangements.

Bilingual computerized forms used in the office have been prepared and uploaded at Intranet site of the Company for use by all. For facilitating Hindi notings on files, a booklet and leaflet of English-Hindi short notings were published and distributed.

VIGILANCE

The main emphasis of Vigilance Department of your Company is prevention and detection of corruption and system improvement. Through surprise checks, regular inspections, sample tests, CTE type intensive examination of Works, Purchase and Service Contracts etc. irregularities are brought to the notice of Competent Authorities for necessary corrective action. As advised by Central Vigilance Commission, e-procurement, e-payment, e-tendering, etc. are being pursued and progress for complete implementation are being followed up. A comprehensive Vigilance Manual has been published and distributed among the employees for hands-on knowledge on vigilance. Seven training sessions were conducted at different units of the organization for sensitizing employees on vigilance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

A statement giving details of the Conservation of Energy and Technology Absorption is placed at **Annexure –I** hereto and forms part of this report.

FOREIGN EXCHANGE EARNING AND OUTGO (ON CASH BASIS)

Foreign Exchange Earnings of your Company for the year under review was Rs.2,095 crore as against Rs.2,576 crore in the previous year 2006-07.

Foreign Exchange Outgo of your Company for the year 2007-08 was Rs.719 crore as against Rs.336 crore in the previous year 2006-07.



ENGINEERING MARVEL: Bauxite transportation, from Mines to Refinery, through a 14.6 km long single flight multi-curve cable belt conveyor

PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956

None of the employees of your Company was in receipt of remuneration of Rs.2 lakh per month or Rs.24 lakh per annum during the year 2007-08.

STATUS OF LISTING IN STOCK EXCHANGES

The equity shares of your Company continued to be listed on Bombay Stock Exchange Limited, Mumbai (BSE), and National Stock Exchange of India Limited (NSE). The listing fee has already been paid to these Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that 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 of the Company for that period;
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors have prepared the annual accounts on a going concern basis.

IMPLEMENTATION OF THE RIGHT TO INFORMATION ACT, 2005

Your Company, as a responsible corporate citizen and as a Public Authority, believes in providing access to information under its control to the citizens of India under the provisions of the Right to Information Act, 2005 (RTI Act).

In compliance with the mandatory provisions of the RTI Act, your Company appointed one Public Information Officer(PIO), ten Assistant Public Information Officers

(APIOs) and one Appellate Authority(AA). Your Company, compiled information under 17 different templates/manuals for voluntary/suo-moto disclosure as required under Section 4(1)(b) of the Act and hosted the same on the Company's website, www.nalcoindia.com. The information so published is being regularly updated.

Detailed Internal Procedure has been prepared and circulated for effective implementation of RTI Act for creating awareness among the employees about the various provisions of the Act and the procedural aspects thereon, Text of RTI Act, list of PIO, APIOs and AA has been hosted in the Company's intranet site.

Your Company has also developed an user friendly web enabled information seeking system for handling and processing of information requests electronically. An exclusive e-mail ID right2information@nalcoindia.co.in has been created for the benefit of information seekers, who can send their information requests through e-mail as advance intimation to the Company.

CORPORATE GOVERNANCE

Good Corporate Governance means adoption of best ethical business practices which also ensure the Company to be within the regulatory frame work. The adoption of such corporate practices ensures accountability of the persons in charge of the Company on the one hand and brings benefits to investors, customers, employees and the society at large on the other. Your Company believes in such business practices and places prime importance on providing reliable financial information, maintaining transparency and compliance of the laws in letter and spirit.

A report on Corporate Governance is placed at **Annexure-II** to this report. Like previous years, your Company has voluntarily got the Secretarial Audit carried out for the year 2007-08 also as a part of good Corporate Governance practice and the report of the Auditors is placed at **Annexure-III** to this report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion & Analysis report is placed at **Annexure-IV** to this report.



RESPONSIBLE CORPORATE CITIZEN: Shri C.R. Pradhan, CMD I/c, receiving the Best PSU trophy for Nalco's CSR activities, from Hon'ble CM of Orissa, at Think Odisha Leadership Awards function, organized by The Times of India & Tefla's.



ONE FOR THE SENIOR CITIZENS: Shri C.R. Pradhan, CMD I/c, handing over a Mobile Medicare Unit to Help-Age India, Orissa & Chhattisgarh, in the presence of Shri B.L. Bagra, Director (Finance), Shri Joy Varghese, Director (P&A) and other senior officers of Nalco.



NEW TECHNOLOGY: Shri P.K. Routray, Director (Production), receiving the Certificate for Transfer of New Technology in recognition of Nalco's collaborative R&D project with Institute of Minerals & Materials Technology, from His Excellency Shri Murlidhar Chandrakant Bhandare, the Hon'ble Governor of Orissa.

COMPTROLLER AND AUDITOR GENERAL OF INDIA'S COMMENTS

Comments of the Comptroller and Auditor General of India on the Accounts for the year ended March 31, 2008, are placed at **Annexure - V** to this report.

FIXED DEPOSITS

During the year under review, your Company has not accepted or renewed any fixed deposits.

AUDITORS

M/s. PA & Associates were appointed as Statutory Auditors of the Company for the year 2007-08 by the Comptroller and Auditor General of India. M/s. S C Mohanty & Associates were appointed as Cost Auditors of the Company for the year 2007-08. M/s. Saroj Ray & Associates and M/s T. K. Satapathy & Co. were appointed as Secretarial Auditors of the Company for the year 2007-08. M/s. S C M Associates, M/s. Tej Raj & Pal and M/s. Das Maulik Mahendra K Agrawala & Co. were appointed as Internal Auditors for the year 2007-08.

DIRECTORS

The following changes took place in the composition of the Board of Directors of your Company during the year:

Appointment:

- Dr. A Sahay, Shri S S Sohoni, Shri K S Raju were appointed as Independent Directors with effect from 27.09.2007.
- Shri Joy Varghese was appointed as Director (P&A) with effect from 01.10.2007.
- Shri S Vijay Kumar, Addl. Secretary, Ministry of Mines, Government of India was appointed as Director with effect from 23.01.2008.
- Shri S B Mishra, Shri N R Mohanty, Dr. Jyoti Mukhopadhyay, Shri R K Sharma and Maj. Gen. (Retd.)

Samay Ram were appointed as Independent Directors with effect from 24.04.2008.

Cessation:

- The tenure of Shri A Ray Director (P&A) ended on 30.09.2007.
- Dr. Pradeep Kumar ceased to be Director with effect from 30.11.2007.

Your Directors would like to place on record their deep sense of appreciation for the valuable services and guidance received from Shri A Ray and Dr. Pradeep Kumar during their tenure on the Board of your Company.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the cooperation, guidance and support received from various Ministries of the Government of India, particularly the Ministry of Mines. Your Directors also express their sincere thanks to the Government of Orissa, Indian Railways, Mahanadi Coal fields and other Government agencies.

Your Directors also place on record their appreciation for the continued co-operation and support received from various customers in India and abroad, vendors, bankers, auditors, solicitors, business associates and shareholders during the year and look forward to continuance of this mutually supportive relationship in future.

Your Directors also wish to place on record their appreciation for hard work and dedicated contribution made by all Nalconians to ensure that the Company continues to grow to greater heights and excel as a true NAVRATNA.

For and on behalf of Board of Directors



(C R Pradhan)

Place : Bhubaneswar

Date : 20th August, 2008

Director (P&T) and CMD I/c



PERCEPTIONS DIFFER: For some it's bauxite ore, for others it's the beginning of a fairy-tale

Annexure-I

STATEMENT OF PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956 AND THE RELEVANT RULES MADE THEREUNDER.

ENERGY CONSERVATION

Various energy conservation measures that have been adopted for optimal utilization of energy resources in different units of the Company during the period under review are given below:

Mines

65 meters height wind masts have been installed at hill top of Panchapatmali to study the wind energy potential.

Alumina Refinery

Energy Conservation measures undertaken and in hand in Alumina Refinery are given below:

- Reduction in specific coal consumption in hydrate circuit.
- Reduction in specific fuel oil consumption in Calcination.
- Reduction in specific fuel oil consumption in Boilers.
- Reduction in Specific Electrical Energy consumption with respect to Hydrate by 3.98%.

SMELTER

The following Energy conservation measures have been taken at Smelter.

- Stoppage of idle running of Furnace Hydraulic pump Motors in Cast House-A (for three motors).
- Stoppage of idle running of Furnace Hydraulic pump Motors in induction furnace.
- Controlling operation hours of ICM pump house motors.
- Auto control of S/S-38 lighting with door proxy.
- Replacement of the existing cooling water pumps of cooling tower-2 in cast house-A area with correct head pumps.
- Reduction in Bath (Bubble) voltage drop by using slotted anode trial run in 6 pots.
- Reduction in anode pin to carbon voltage drop by increasing stub hole depth trial in potline-2.
- Closing the valve connecting 6 bar & 5 bar headers.

Captive Power Plant

- Installation of soft touch radial seals at the hot end of Unit # 5 APH – A&B.
- The ACW outlet line from CEP Thrust bearing was modified.
- Quality of DM water improved due to:
 - a) Timely acid soaking & bring treatment of resins.
 - b) Providing make up of resins after rainy season.

FORM – A

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption:

	CAPTIVE POWER PLANT		ALUMINA REFINERY	
	Current year 2007-08	Previous year 2006-07	Current year 2007-08	Previous year 2006-07
1. Electricity				
(a) Purchased from GRIDCO				
Unit (Million Kwh)	49,330	15.908	3.415	—
Total amount (Rs. in lakh)	1,908.03	570.26	146.22	—
Rate/Unit (Rs./Kwh)	3.87	3.58	4.28	—
(b) Own Generation				
i) Through Diesel Generator	NIL	NIL	NIL	NIL
Unit per Ltr. of diesel oil				
Cost/Unit				
ii) Through Steam Turbine/ Generator				
Units (Gross)/Million Kwh	6,266.602	6,671	3,55,068	3,25,030
Units per litre of fuel oil/gas	877.06	1,572.21	—	—
Cost/Units (Rs./Kwh)	1.30	1.04	—	—
2. Coal (Specify quality & where used)				
Quantity (MT)	49,16,545	51,64,667	9,64,521	9,15,445
Total cost (Rs. in lakh)	36,220.96	30,168.07	11,329.93	10,343.20
Average rate (Rs./MT)	736.72	584.12	1,174.67	1,129.85

	Captive Power Plant		Alumina Refinery		Smelter Plant	
	Current year 2007-08	Previous year 2006-07	Current year 2007-08	Previous year 2006-07	Current year 2007-08	Previous year 2006-07
3. Furnace Oil						
Quantity (KL)	7,145	4,243	1,30,237	1,21,778	29,157	31,368
Total Amount (Rs.in lakh)	1,559.50	869.96	26,338.66	21,366.73	5,831.13	5,133.67
Average rate (Rs./Tonne)	21,826	20,503	20,224	17,546	19,999	16,366
4. Others/Internal generation	NA	NA	NA	NA	NA	NA
Quantity						
Total Cost						
Rate/Unit						

B. Consumption per unit of production

Products with details	Unit	Standards (if any)	Current year 2007-08	Previous year 2006-07
1. Alumina				
(a) Power	(Kwh/MT)	348	338	348
(b) Fuel oil for calcination	(Kg/MT)	78.02	81.92	78.62
(c) Coal for steam	(Kg/MT)	640	619	626
(d) Oil for steam	(Kg/MT)	4.00	4.18	4.60
2. Aluminium				
a) A.C. Power	(Kwh/MT)	14,850	14,167	14,953
b) Fuel Oil	(Ltr./MT)	93	91	80
c) Others				
i) CP Coke	(Kg/MT)	383	381	395
ii) CT Pitch	(Kg/MT)	99	96	102

FORM-B

PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

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

(A) In-house R&D Activities

(a) Alumina Plant

- Modification in the Zeolite-A Plant to reduce cost of production.
- Studies on Crystal Growth Modifier (CGM) of different suppliers.
- Studies on utilisation of Fly Ash.

(b) Smelter Plant

- Alternate mould coating oil for ingot casting machine.
- Anode bench scale studies:
 - Increase in fineness (surface area) of -200mesh fraction in green anode recipe.
 - Additive in anodes to reduce net carbon consumption.
- Characterization of baked anode for process monitoring.
- LDO sludge dispersion using additive.
- Reprocessing of unserviceable tepid ramming mix.
- Successful commissioning of indigenous inline degasser in strip casting plant.
- Large scale trial implementation of anodes with deeper stub hole depth without increasing pin length, to reduce pin to carbon voltage drop.
- Reduction in bath (bubble) voltage drop by using slotted anodes.
- Reduction in pot shell temperature by using cooling fans.
- Mathematical Modeling:
 - Simulation study of pot operation at higher operating amperage above 190 KA with 100% graphitized cathode blocks along with necessary design changes.
 - Simulation study for increasing operating amperage upto 188 KA by using 100% graphitized cathode and SiC side blocks.
 - Simulation studies to predict maximum operating pot line amperage for ABF-1 & ABF-2 anodes without any design changes.

(B) Collaborative R&D Activities

- Development of a Viable Process Flow Sheet to recover Titanium and Iron from the Plant Sand of NALCO's Alumina Refinery, Damanjodi in collaboration with IMMT, Bhubaneswar initiated during 2005-06 is under progress.
- Plasma Smelting of Red Mud for Production of Pig/Cast Iron and Alumina Rich Slag in collaboration with IMMT, Bhubaneswar taken up during the year.
- Recovery of Carbon Value from SPL – Pilot Scale Study in collaboration with IMMT, Bhubaneswar taken up during the year.
- Study on Impurity Build up during Bauxite processing and its effect on Bayer Liquor Chemistry in collaboration with JNARDDC, Nagpur is under progress.

- Development of a Process for Extraction of Vanadium Sludge from NALCO's Green Liquor in collaboration with JNARDDC, Nagpur is under progress.
- Preparation and Certification of Reference Materials for Selected Ores and Other Materials in collaboration with JNARDDC, Nagpur is under progress.
- Development of Effective Technology for Extraction of Alumina from NALCO's PLK in collaboration with Moscow Institute of Steel and Alloys (MISA), Moscow, Russia is under progress.
- Recovery of Gallium Metal from Spent Liquor of Alumina Refinery and Setting up of a 7TPA Gallium Plant in NALCO, Damanjodi in collaboration with Nippon Light Metal (NLM), JFE Shoji Trading Corporation, Japan & M/s. SABSONS International, Chennai. EFR under finalisation.
- Pilot Plant for Safe Disposal of Waste Emulsion Oil generated at Cast House of Smelter Plant, Angul in collaboration with IMMT, Bhubaneswar is in operation.
- Investigation and Utilization of Spent Pot Lining Materials (SPL) of Smelter Plant, Angul as a co-fuel at Captive Power Unit in collaboration with CFRI, Dhanbad initiated during last year is under progress.

2. Benefits derived as a result of the above R&D:

- A Process know-how has been developed for manufacture of Refractories (45% & 53% Alumina quality) from the processed Partially Lateritised Khondalite (PLK) rocks of NALCO Mines meeting standard specifications. The developed products are suitable for application in Cement Rotary Klin and many areas of Iron and Steel Industries.
- A Process know-how has been developed for production of Ilmenite concentrate containing ~ 40% TiO_2 and Zircon concentrate containing 58-60% ZrO_2 from the Waste Sand generated at the Alumina Refinery, Damanjodi.
- Certificate of Transfer for New Technology/Process know-how has been handed over to NALCO by IMMT, Bhubaneswar concerning "Development of a Viable Process Flow Sheet to Recover Titanium Values and Iron from the Plant Sand of NALCO's Alumina Refinery, Damanjodi".
- Based on the outcome of successful Laboratory and Pilot Scale Studies for Extraction of Gallium Metal of 4N+ purity using NALCO's Spent Liquor employing the latest and eco-friendly Ion Exchange Resin Technology of NLM, Japan, a Techno-Economic Feasibility Report (TEFR) has been prepared by EIL for Setting up of a 7TPA Gallium Plant in the loop of Alumina Refinery, Damanjodi.
- A Pilot Plant (100 liter/batch) is in operation at Smelter Plant, Angul for Safe Disposal of Waste Emulsion Oil generated at Cast House (Wire Rod Mill).
- A Process know-how has been developed for Utilization of Refractory Portion of SPL as a Mineraliser up to 1.5% in Cement Raw Mix reducing clinkerisation temperature in the range of 30-40 degree centigrade and yielding good quality clinker resulting in performance comparable to control Ordinary Portland Cement (OPC).
- Development of indigenous inline degasser has resulted in saving of Rs.1.5 crore.
- Reprocessing of unserviceable tepid ramming mix for lining of 10 pots has resulted in saving of Rs.27.2 lakhs (approx).
- Trial with slotted anodes in limited no. of pots has shown voltage saving of 50 MV per pot.
- Plant trial with anode of increased stub hole depth in all operating pots of Pot Line-2 has resulted in energy saving of 187 Kwh /T of Al.

3. Future Plan of Action:

- Setting up of a world class Corporate R&D, Engineering and Technology Development Centre at Bhubaneswar.
- Setting up of a 7TPA Gallium Plant of 4N+ purity at Alumina Refinery, Damanjodi based on the latest and eco-friendly Ion-Exchange Resin Technology of NLM, Japan.
- Setting up of a 10,000 TPA Nickel Carbonate Production Plant based on the know-how of modified Caron Process, developed by IMMT, Bhubaneswar.

New Projects:

- Development of Virtual Aluminium Reduction Cell.
- Development of Metal Matrix Composites.
- Reduction of reactivity losses in anodes by addition of inhibitors.
- Anode quality improvement studies in anode bench scale plant
- Reduction in bubble voltage drop with slotted anodes in aluminium electrolytic pots of NALCO's smelter plant, Angul by installing anode slot cutting machine in Rodding Shop-1.
- Waste heat recovery using recuperator in RPU Melting furnace.
- Intermediate controller in compressed air network for energy savings.
- Setting up Metallography laboratory for study of Microstructure of cast products.
- Trial with composite (semi-graphite & SiC) side block for preventing side lining failure so as to increase pot life.
- Alternate vendor development for cathode block.
- Development of Ceramic Matrix Composites.

4. Expenditure on R&D:

	(Rs in lakhs)	
	2007-08	2006-07
(a) Capital	3.04	19.71
(b) Recurring	101.54	85.00
TOTAL	104.58	104.71
(c) Total R&D Expenditure as % of total turnover	0.02	0.02

5. TECHNOLOGY ABSORPTION ADAPTATION & INNOVATION:

Measures taken by your Company in its different Units concerning technology absorption, adaptation and innovations and the benefits derived thereof are summerized below :

(a) M&R Complex , Damanjodi:

Sl No	Details of modification	Benefits thereof
1	Introduction of Pre-desilication in the process.	– Improve silica removal. – Minimise alumina losses. – Addl. production of 50,000 TPY.
2	Split dilution in two stages – after digestion and Post-desilication.	– Minimise alumina losses. – Addl. production of 25,000 TPY.
3	Inclusion of inter stage coolers in precipitation.	– Gain in liquor productivity. – Addl. production of 25,000 TPY.
4	Spent liquor solid separation cyclones.	– Collection of hydrate carryover in spent liquor. – Addl. production of 25,000 TPY.
5	Introduction of 6 washers instead of 7 stage washing of mud followed by TTD (Thickened Tailing Disposal).	– Improved recovery of soda. – Saving by 3 kg/ton i.e. Rs.8.5 crore per annum.
6	Cyclone classifiers for hydrate.	Better control on quality i.e. -45 microns.
7.	By optimizing, capacity of ball mill increased to 200 TPH.	– Addl. Ball mill avoided. – Saving of Rs.10-12 crore/annum.

(b) Smelter Plant, Angul:

Sl No	Details of modifications	Benefits thereof
1	Separate AlF ₃ hopper incorporated in the superstructure with separate feeder for continuous AlF ₃ charging. Modification taken up in 165 pots.	AlF ₃ feeding regulated on a continuous basis. (Instead of once in 32 hours) in 22 pots of CG2 section of PL-II. This resulted in reduction of the excess AlF ₃ variation in bath. Procurement savings due to indigenous development (30 pots) amounts Rs.12 lakhs. Expected savings for 240 pots is Rs.96 lakhs.
2	Replacements of the old & obsolete PLC systems of FTP-1 by the latest make PLC.	Overcoming technological obsolescence. Non-availability of spares has been eliminated & fault diagnosis has become easier.
3	Using Computerized Level-2 automation system, all the PLC's of GAP-1 are integrated into one supervisory control system.	Historical data storage and quick retrieval of plant performance and production.
4	The entire PLC system of ICM-1 was upgraded and replaced with latest Rockwell Control Logic system.	Overcoming obsolescence of spares. Troubleshooting time in case of break down considerably reduced due to advanced diagnostic tools.
5	Ceramic foam filters were installed in launders of both wire rod mills.	This has ensured clean melt free of inclusion in wire rod.

(c) Captive Power Plant, Angul:

Sl No	Details of modifications	Benefits thereof
1	Retrofitting of DCS in Unit No. 6 in the Month of December, 2007	<ul style="list-style-type: none"> – Obsolete technology for which no spares available. – Efficiency improvement due to monitoring of operating parameter. – Operating Manpower reduced from 3 to 2. – Working environment has improved. Hence increase in motivation.
2	Waste Heat Recovery from Continuous Blow Down (CBD) of Boiler Drum. Installed in Unit No. 6 in December, 2007	<ul style="list-style-type: none"> – Heat available in the CBD is used to heat the water at Deaerator. – Saving in Coal consumption per unit per year is 5560 MT. In financial term, it is Rs.37.00 lakhs. – Commissioning in Unit No. 6 is in progress.
3	3 nos. of Ash Slurry Booster Pumps commissioned in Ash Slurry Pump House No. 3.	– With the increase in height of the Ash pond dyke existing pump capacity shall be reduced to 670 m ³ /hr. With the addition of another 3 pumps, the discharge head as well as the capacity has increased to 850 m ³ /hr.
4	Installation of Soft touch radial seals at the hot end of Unit No. 4 & 5 Air Pre-Heater A&B	<ul style="list-style-type: none"> – Air Heater leakage has reduced to: <ul style="list-style-type: none"> (a) 7.91% (APH-A) and 9.36% (APH-B) in Unit No.4 against average of 30.31 % as reported by M/s TERI.

Sl No	Details of modifications	Benefits thereof
		(b) 4.12% (APH-A) and 9.32 % (APH-B) in Unit No. 5 against average of 50.37 %, as reported by M/s TERI.
5	Coating provided on the impeller of CW Pump-2.	<ul style="list-style-type: none"> – Corrosion of impeller avoided. – Efficiency improved by 10%. In financial term, it is Rs.6.5 lakhs.
6	Twin seal flap isolator provided in mills(1D,1E, 6A & 6E).	<ul style="list-style-type: none"> – Leakage of hot air reduced. – Efficiency of Mills improved. – Housekeeping of area improved.
7	Modification of Boiler Bottom discharge Manual Gate with Hydraulic Gate.	<ul style="list-style-type: none"> – Safety aspect improved during opening of gate. – Opening of time of Boiler Bottom discharge gate reduced from 4 hours to 30 minutes.
8	CCTV System installed at CHP.	<ul style="list-style-type: none"> – Remote surveillance of Coal Conveyor belt helps in identifying stones etc.
9	12 Nos. of Vacuum Circuit Breaker (VCB) replaced with Minimum Oil Circuit Breaker(MOCB) in CHP & Switchyard.	MOCBs are prone to explosion and fire causing total power disruption from the distribution board. Thus the V.C.B. problem has been eradicated completely.
10	35 nos. of numerical relays replaced with electromechanical/ static relays.	<ul style="list-style-type: none"> – Better reliability – Obsolete technology – Additional features like data logging

DETAILS OF TECHNOLOGY IMPORTED DURING LAST 5 YEARS

Smelter Plant, Angul:

Technology Imported	Year of import	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.
Setaram Heat Regulation System in Anode Baking Furnace-II	2003-04	Fully Absorbed	—
Single Bin Fines Control, Pitch Proportioning System, Automatic Green Scrap Feeding, Automatic Anode Numbering System,(from M/s SOLIOS, France) in GAP-I.	2005-06	Fully Absorbed	—
Alpsys Pot Regulation System in Pot Line-II	2006-07	Fully Absorbed	—
TPS 5000 one Welding Machine (from M/s Fronicef, Austria)	2005-06	Fully Absorbed	—
2Nos. ICM Brochot make (from France, 20T/hr capacity)	2003-04	Fully Absorbed	—
CNC Lathe (from M/s Tachhi, Italy)	2003-04	Fully Absorbed	—

Annexure - II

Report on Corporate Governance

Preamble

Corporate Governance is the mechanism to ensure, adopt and practice transparency, accountability, developing an internal system encompassing policies, processes and people which serves best interest of the stakeholders by directing and controlling the management activities with good business law, objectivity and integrity. Sound corporate governance is reliant on external marketplace commitment and legislation plus a healthy board culture which safeguards policies and processes and enhances the value system of the Organisation.

It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs.

Philosophy

In NALCO, the Management believes in the Gandhian principle of Trusteeship and accepts the inalienable right of the shareholders as the true owners of the Organization and of their role as trustees of the shareholders as well as of other stakeholders. It believes in its commitment to values, ethics, good business practice and distinction between personal and corporate interest in managing the affairs of the Company. NALCO, in its pursuit to excellence, has been practicing good corporate governance ever since it was incorporated. The thrust is always given in attaining maximum level of transparency, accountability and equity in all facets of its operations and in its interactions with all segments of stakeholders.

2.0 Board of Directors

2.1 Composition

Board of Directors of the Company comprised of ten directors viz., five executive directors, two non-executive non independent directors and three independent directors as on 31.03.2008. Shri C.R. Pradhan, Director (P&T) is holding additional charge of the post of Chairman-cum-Managing Director. In terms of Clause 49 of the Listing Agreement, where Chairman of the Board is an executive director, half of the strength of Board should comprise of independent directors. Accordingly, there were four vacancies of independent directors as on 31st March 2008 compared to composition under the requirement of the Listing Agreement.

Ministry of Mines, Government of India has subsequently appointed 5 more independent directors on 24th April, 2008 making the composition of Board fully compliant of clause 49 of the Listing Agreement. The Government of India has conferred NAVRATNA status on NALCO on 28th April, 2008 after full compliance of Clause 49 of the Listing Agreement.

The Board meets regularly and is responsible for proper direction and management of the Company. All the Directors have access to the advice of Company Secretary, who ensures that Board procedures are followed and all the applicable rules and regulations under different Statutes are complied with.

2.2 Board meetings and Attendance

The Board met ten times on 25/26.04.2007, 08.05.2007, 26.06.2007, 30.07.2007, 31.08.2007, 20.09.2007, 23.10.2007, 18/19.12.2007, 29.01.2008 and 28.03.2008 during the year ended March 31, 2008. The minimum and maximum time gap between any two Board meetings was 11 days and 58 days respectively.

The Directors' attendance at the Board Meetings and at the last Annual General Meeting, number of directorships in other companies and membership in other committees etc. during the year are as follows:

a. Whole time Directors

Name & Designation	Board Meetings		Attendance at AGM held on 21.09.2007	No. of other directorships	Membership in the Committees of other companies	
	Held during the tenure	Attended			Membership	Chairmanship
Shri C. R. Pradhan, Director (Projects & Technical) & Chairman-cum-Managing Director I/c (a)	10	10	Yes	Nil	Nil	Nil
Shri K. K. Mallick Director (Commercial)	10	10	Yes	Nil	Nil	Nil
Shri P.K. Routray, Director (Production)	10	10	Yes	Nil	Nil	Nil
Shri B.L. Bagra, Director (Finance)	10	10	Yes	Nil	Nil	Nil
Shri Joy Varghese, Director (Pers. & Admn.) (b)	4	4	No (b)	Nil	Nil	Nil
Shri C. Ventakaramana, Chairman-cum-Managing Director (c)	3	Nil	No (c)	Nil	Nil	Nil
Shri A Ray, Director (Pers. & Admn.) (d)	6	6	Yes	Nil	Nil	Nil

b (i) Part time official Directors (Non-independent)

Shri V. K. Thakral	10	8	No	01	Nil	01
Shri S. Vijay Kumar (e)	2	2	No (e)	Nil	Nil	Nil
Dr. Pradeep Kumar (f)	7	6	Yes	Nil	Nil	Nil

b (ii) Part time non official Directors (Independent)

Shri S.S. Sohoni (g)	4	4	No (g)	Nil	Nil	Nil
Dr. A Sahay (g)	4	3	No (g)	01	Nil	Nil
Shri K.S. Raju (g)	4	4	No (g)	Nil	Nil	Nil

- (a) Shri C. R. Pradhan, Director (Projects & Technical) is presently holding additional charge of the post of Chairman-cum-Managing Director w.e.f. 01.02.2005.
- (b) Appointed as Director (Personnel & Admn.) on 01.10.2007.
- (c) Tenure expired on 25.06.2007.
- (d) Superannuated on 30.09.2007.
- (e) Appointed as Director on 23.01.2008
- (f) Ceased to be Director w.e.f. 30.11.2007.
- (g) Appointed as Director on 27.09.2007.

The Board has reserved certain items of governance which include approval of annual and interim financial results, acquisitions, disposals and joint ventures as well as material agreements, major capital expenditure, major sale contracts, employees' remuneration and perquisites, manpower plans, budgets, all statutory compliance and long term plans, for its review and approval.

The Board now assumes enhanced powers with the conferment of NAVRATNA status upon the Company w.e.f. 28.04.2008.

2.3 Remuneration of Directors (as on 31.03.2008)

(a) Whole time Directors

Name	Relationship with other Directors	Business relationship with the Company, if any	Remuneration for the year 2007-08	
			all elements of remuneration package, i.e. salary PF contribution, pension, Gratuity etc. (Rs.)	other benefits (Rs.)*
Shri C. R. Pradhan	Nil	Director (P&T) & CMD I/c	9,97,606/-	3,41,942/-
Shri K. K. Mallick	Nil	Director (Comm.)	9,47,858/-	3,65,123/-
Shri P.K. Routray	Nil	Director (Prodn.)	9,49,288/-	3,63,212/-
Shri B.L. Bagra	Nil	Director (Fin)	7,44,999/-	1,30,119/-
Shri Joy Varghese (w.e.f. 01.10.2007)	Nil	Director (P&A)	3,63,837/-	79,982/-
Shri C. Venkataramana (upto 25.06.2007)	Nil	Chairman-cum-Managing Director	—	37,057/-
Shri A Ray (upto 30.09.2007)	Nil	Director (P&A)	11,41,661/-	1,11,898/-

* Other benefits include Medical facilities, Leave Travel Concession, Residential Accomodation, Educational Allowance, Ex-gratia, Gift and Incentive for acquiring higher qualification, Liveries, Canteen Subsidy and Scholarship to children etc.

2.4 Service contracts, notice period, severance fee :

Being a Public sector enterprise, all directors of the Company are appointed by the President of India. The services of whole time directors may be terminated by either side on 3 months notice or on payment of 3 months salary in lieu thereof. No severance fees is payable to these directors.

The tenure of appointment of independent directors is usually three years or until further orders.

2.5 Stock Option details :

No Stock Option has been given to any employee including Directors.

The terms & conditions of all the whole time directors are decided by the President of India in terms of Article 63 of Articles of Association of the Company. While Chairman-cum-Managing Director is placed at schedule "A" scale of pay i.e. Rs.27750-750-31500, the other whole time functional directors are placed at schedule "B" scale of pay i.e Rs. 25750-650-30950, all under IDA pattern of scales. All the terms & conditions for the whole time directors other than the scale of pay, leased accommodation, provision of car etc. as specified in their respective appointment letters are same as those applicable to the regular employees of the Company.

The benefits of incentive schemes which are based on the performance parameters are equally applicable to whole time directors like other employees of the Company. The maximum amount that can be earned under production linked incentive scheme is Rs.4805/- per month and that under Nirantar Utkarsha Utpadana Puraskar (NUUP) is Rs.650/- per month.

(b) Part-time Non-official (Independent) Directors

There were three part time non-official directors on the Board as on 31st March, 2008. The directors do not have any pecuniary relationship or transactions with the Company. Sitting fees is the only remuneration being paid to these independent directors for attending Board/ Committee meeting. Details of sitting fees paid to the independent directors are given below:

Name	Sitting Fee (Rs.)		Total (Rs.)
	Board Meetings	Committee Meetings	
Dr. A Sahay	30,000	10,000	40,000
Shri S S Sohoni	40,000	20,000	60,000
Shri K S Raju	40,000	20,000	60,000

The following five Part time Non official (Independent) Directors have been inducted in the Board w.e.f. 24.04.2008:

1. Shri S.B. Mishra
2. Shri N.R. Mohanty
3. Dr. Jyoti Mukhopadhyay
4. Shri R.K. Sharma
5. Maj. Gen.(Retd.) Samay Ram, UYSM, AVSM, VSM

(c) Part-time official Directors

There were two part time official directors on the Board of the Company as on 31st March, 2008. No remuneration is paid to the part-time official directors by the Company.

3.0 Board Committees

The following Committees of the Board have been constituted with specific responsibilities assigned to each of these Committees.

3.1 Audit Committee

The composition of the Audit Committee was reconstituted on 04.10.2007 to induct independent Directors as follows:

- Shri S.S. Sohoni - Chairman
- Shri V.K. Thakral - Member
- Dr. A. Sahay - Member
- Shri K.S. Raju - Member

The above composition consists of three part time non official (independent) directors and one part time official director. The composition is in compliance with Section 292 A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement. CMD, Director (Finance), Statutory Auditors, Internal Auditors and Cost Auditors are permanent invitees to the meetings. Other functional directors, department heads are invited on need basis.

Audit Committee's functions include the following apart from the areas specified in the amended Clause 49 of the Listing Agreement and various provisions in the Companies Act, 1956 as amended from time to time:

- To check whether internal controls are adequate commensurate with size and nature of 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.

3.1.a Audit Committee meetings and attendance

During the year ended 31st March 2008, the Audit Committee met 7 times on 24/26.04.2007, 08.05.2007, 25.06.2007, 30.07.2007, 20.09.2007, 23.10.2007 and 28.01.2008.

The Company Secretary acts as the Secretary to Audit Committee.

Dr. Pradeep Kumar, the then Chairman of the Audit Committee was present in the last Annual General Meeting.

Minutes of Audit Committee meetings are placed before the Board in its next meeting.

Directors' attendance in Audit committee meetings held during the year is given below:

Name	Audit committee meetings	
	Held during the tenure	Attended
Dr. Pradeep Kumar (upto 30.11.2007)	05	04
Mr. V. K. Thakral	07	05
Mr. A. Ray (upto 30.09.2007)	05	05
Shri K. S. Raju (from 04.10.2007)	02	02
Shri S. S. Sohoni (from 04.10.2007)	02	02
Dr. A. Sahay (from 04.10.2007)	02	01

3.2 Shareholders' Grievance Committee

The Audit Committee is also assigned with the job of looking into the redressal of complaints/grievances of the shareholders/investors of the Company. The terms of reference include redressal of shareholders'/investors' complaints/grievances pertaining to share transfers/transmissions, non receipt of dividend/Annual Reports, issue of duplicate certificates, dematerialization/rematerialization of shares, change in address, bank particulars etc.

The Company has one dedicated platform in its website to enable the shareholders/investors to register their share related grievances/request for quick disposal.

During the year 2007-08, the Company received 181 complaints / grievances from the shareholders/investors of the Company and redressed all of them within an average of one week's time. Besides various queries / correspondence from shareholders/investors were promptly attended. The status of these complaints/grievances is as under:

Particulars	Complaints/grievances from		
	Individuals & Institution	Stock Exchanges	SEBI
No. of cases received during the year 2007-08	178	02	01
No. of cases attended and redressed to the satisfaction of the shareholders/investors.	178	02	01
No. of pending cases remained unresolved/un-redressed.	Nil	Nil	Nil

The quarterly details of complaints/grievances received and settled were also published along with the quarterly financial results of the Company.

3.3 Technology Committee

All functional directors are members of the Committee. It was reconstituted on 29.01.2008 to include Dr. A Sahay, independent director in the Committee. The Committee monitors and pays special attention to the assessment of the Company's efforts to develop technology and acquiring and assimilating new technologies necessary to make it competitive and to its own R&D efforts for maintaining a sustained strength in the technological field.

The Technology committee met once on 30.05.2007 during the year ended 31st March, 2008.

3.4 Remuneration Committee

NALCO being a Government Company, the terms and conditions of appointment and remuneration of the whole time directors is fixed by the President of India. The part time official directors do not draw any remuneration. The part time non-official directors receive sitting fees of Rs.10,000/- for each Board/committee meeting attended by them. The Company therefore does not have any Remuneration Committee.

3.5 Committee of Directors for Sales

Standing Committee of the board has been rechristened as Committee of Directors for Sales w.e.f. 18.12.2007. Chairman-cum-Managing Director, all whole time directors and co-opted officer(s) of the Marketing Department are the committee members. The Committee decides all short term contracts both for alumina and aluminium i.e. the contracts for a period of one year or less irrespective of the value of the contract (in the cases where the values exceeds the powers delegated to CMD).

Quorum for the Committee of Directors for Sales is minimum two Directors present.

During the year, **twenty five** meetings were held.

3.6 Committee of Directors for Procurements

Committee of Directors has been rechristened as 'Committee of Directors for Procurements' w.e.f. 18.12.2007.

The committee has been delegated powers to approve contracts/items/packages/tenders both domestic and overseas with financial limit upto Rs.50 crore in each case in respect of all capital expenditure which have been included in the capital budget duly approved by the Board.

While considering the proposal for contracts/items/packages/tenders in respect of all capital expenditure which have included in the capital budget duly approved by the Board, the quorum for the 'Committee of Directors for Procurements' shall be three Directors personally present including Director(P&T) and Director(Finance).

The said 'Committee of Directors for Procurements' has also been delegated full powers for procurement of all raw materials which are beyond the powers of CMD.

While considering the proposals for procurement of all raw materials which are beyond the powers of CMD, the quorum for the 'Committee of Directors for Procurements' shall be three Directors personally present including Director(Commercial) and Director(Finance).

Eight meetings were held during the year 2007-08.

3.7 Investment Committee

Investment committee has been constituted for investment of surplus funds of the Company basically in Term deposits with scheduled commercial Banks upto one year. In the wake of the recent decision of the Government allowing Public sector enterprises to invest surplus funds in SEBI regulated public sector Mutual Funds, the investment committee was reconstituted to formulate guidelines for investment of funds other than in equity mutual funds and guidelines for investment in units of mutual funds.

Chairman-cum-Managing Director, Director (Finance), Director (Commercial) and one of the other whole-time directors constitute the Investment committee. Quorum for the meeting shall be minimum 3 out of which CMD and Director (Finance) would have to be essentially present.

3.8 Share Transfer Committee

Share Transfer Committee considers and approves share transfers/transmissions, re-materialisation, issue of duplicate share certificates and other related activities in physical mode besides taking note of beneficial owners' position under demat mode. In order to expedite the transfer process, the Board authorized the Company Secretary to approve requests for transfer/transmission of shares w.e.f. 29.01.2008. The Share Transfer committee continues to consider and approve issue of new share certificates in case of torn/mutilated/defaced/lost/rematerialisation.

The details of share transfer/ transmission/ rejection are reported to the Audit Committee which is assigned with the job of redressal of complaints/grievances of the shareholders/investors of the Company. During the year, share transfers including issue of new share certificates arising out of torn/mutilated/defaced/lost/rematerialisation were approved 24 times out of which approval through Share Transfer Committee was 20 times.

4.0 Statutory Auditors

M/s. P A & Associates, Bhubaneswar have been appointed by the Comptroller and Auditor General of India (C&AG) as Statutory Auditors of the Company for the financial year 2007-08. In terms of sub-clause (aa) of Section 224(8) of the Companies Act, 1956, the shareholders in the 26th Annual General Meeting held on 21.09.2007 authorized the Board of Directors to fix suitable remuneration for the Statutory Auditors of the Company from time to time on their appointment by the C&AG. The remuneration fixed by the Board on the recommendation by the Audit Committee is given below:

Fee for	Remuneration(Rs.)	Remark
Statutory Audit for the year 2007-08	9,00,000/-	Reimbursement of Service tax, traveling and out of pocket expenses
Limited Review for 1st, 2nd & 3rd quarter for 2007-08	2,25,000/- for each review	– do –
Tax Audit for the Financial year 2007-08	2,25,000/-	– do –

5.0 General Meetings of Shareholders

Particulars of the General Meetings of the shareholders held during last 3 years:

Annual General Meeting

Year	Date	Time	Location	Special Resolution, if any
2004-2005	30.09.2005	11.00 A.M.	NALCO BHAWAN, Nayapalli, Bhubaneswar	Nil
2005-2006	28.09.2006	11.00 A.M.	NALCO BHAWAN, Nayapalli, Bhubaneswar	Nil
2006-2007	21.09.2007	11.00 A.M.	NALCO BHAWAN, Nayapalli, Bhubaneswar	Nil

Extraordinary General Meeting

NIL

No special resolution was passed through postal ballot at any of the General Meetings of the members held during the year under report.

6.0 Disclosures

6.1 Material Contracts/Related Party Transactions

The Company has not entered into any commercial or financial transactions of material nature with any of the Directors or their relatives or the Companies and firms in which they are either directly or through their relatives interested as Directors and /or partners. All the Directors have given declaration in this regard which were noted by the Board.

6.2 Compliances by the Company

During the year under review, SEBI had initiated adjudication proceedings against the Company under Section 23 I read with Section 23 E of Securities Contracts (Regulation) Act, 1956 for non-compliance of provisions of revised clause 49 of the Listing Agreement related to composition of Board and audit Committee as regards number of independent directors. The Company suitably replied to the show cause notice and requested SEBI to drop the proceedings. No further action has been taken by SEBI.

No penalties or strictures have been imposed or passed on or against the Company in the past three years by any Regulatory or statutory authorities.

The Company has complied with the requirements of the SEBI and Stock Exchanges on all matters related to capital markets during the last three years except for appointment of requisite number of independent directors. All returns and reports were filed within stipulated time with Stock Exchanges/other authorities.

6.3 Code of Conduct for Directors and Senior Executives

Code of conduct approved by the Board is a comprehensive code applicable to Executive and Non-Executive Directors as well as to the senior management of the Company. The code has been circulated to all the Directors and members in the senior management at the beginning of the financial year and the same has been affirmed by them. A declaration to this effect signed by Chairman-cum-Managing Director is enclosed at Annexure IIA.

Copy of the code of conduct has been posted at Company's website www.nalcoindia.com

6.4 CEO/CFO certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49(V) of the Listing Agreement.

6.5 Non-Mandatory Requirements

The Company has not adopted any non-mandatory provisions specified in Annexure ID of Clause 49 of the Listing Agreement.

6.6 Accounting Treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of Institute of Chartered Accountants of India and provisions in the Companies Act, 1956.

6.7 Risk Management

The Board has approved an integrated Risk management policy prepared by ICRA devising the framework for risk assessment and mitigation thereto. More details on the subject are given under “Management Discussion and Analysis” in Directors’ Report.

6.8 Whistle Blower Policy

Being a Govt. Company, the CVC guidelines are applicable to the Company. Hence no separate whistle blower mechanism has been formulated.

7.0 Corporate Ethics

7.1 Code of Conduct for Prevention of Insider Trading

The Board has approved a comprehensive ‘Code for Prevention of Insider Trading’ in pursuance to the Securities and Exchange Board of India (Insider Trading) Regulations, 1992. The objective of the code is to prevent an insider viz. Directors, Officers, designated employees from dealing in shares of the Company on the basis of unpublished price sensitive information. It prevents sale/purchase of shares of the Company during closure of the Trading Window. Permission of Compliance officer is required for dealing in shares beyond specified limit. Company Secretary is the Compliance officer under the code.

8.0 Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meetings, investors’ conferences and website www.nalcoindia.com

Quarterly un-audited results are informed to Stock Exchanges soon after these are taken on record by the Board. The results are published in leading English newspapers and local daily newspapers and are also uploaded in Company’s website www.nalcoindia.com

Financial Results as well as other announcements, shareholding pattern, materials being given at investors’ conferences are also posted in Company’s website. The website has a separate dedicated section named “Investors’ Page” where all general information required by shareholders is available. In addition, the Company also uploads the information under Corporate Filing and Dissemination System (CFDS) as specified by the participating Stock Exchanges.

Management Discussion and Analysis forms part of the Directors’ Report in Annual Report of the Company.

9.0 Shareholders’ information

9.1 Annual General Meeting

Date: 20th September, 2008

Time: 11.00 A.M.

Venue: NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751 061

9.2 Financial Calendar for 2008-09:

Events	Tentative Date
Annual General Meeting for the year ending March 31, 2008	20 th September, 2008
Unaudited Financial results for the first quarter ending 30 th June, 2008	31 st July, 2008
Unaudited Financial results for the second quarter ending 30 th September, 2008	October, 2008
Unaudited Financial results for the third quarter ending 31 st December, 2008	January, 2009
Unaudited Financial results for the year ending 31 st March, 2009	April, 2009

9.3 Book Closure Dates

Book Closure/Record Date	Purpose
14th February, 2008	Interim Dividend @ 45% for 2007-08
3 rd September, 2008 to 5 th September, 2008	Final Dividend @ 15% for 2007-08

9.4 Dividend payment date

Dividend is paid within 30 days of declaration of dividend as per the provisions of the Companies Act, 1956. The final dividend for 2007-08 shall be paid within 30 days from the date of declaration i.e. before 19th October, 2008.

Details of dividend paid in last five years is as follows:

YEAR		RATE OF DIVIDEND(%)
2002-03		60
2003-04		40
2004-05	Interim	20
	Final	20
2005-06	Interim	20
	Final	30
2006-07	1st Interim	35
	2nd Interim	15
	Final	25
2007-08	Interim	45
	Final	15

9.5 Transfer of unpaid/unclaimed interest/dividend to IEPF

During the Financial year under report, the following unpaid/unclaimed interest and dividend have been transferred to the Investor Education and Protection Fund in terms of Section 205A of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, on expiry of 7 years period from the date of their declaration/payment:

A. Transfer of unpaid/unclaimed interest on 14.5% NCDs

Period	Nature of payment	Amount(Rs.)	Date of Transfer to IEPF
26.09.1999 to 25.03.2000	2nd Half year Interest on NCDs	77,282/-	13.04.2007
26.03.2000 to 25.09.2000	3rd Half year Interest on NCDs	96,566/-	16.10.2007

B. Transfer of unpaid/unclaimed Dividend

Financial year/period	Nature of payment	Amount(Rs.)	Date of Transfer to IEPF
1999-2000 (interim)	Dividend	3,30,128/-	17.05.2007
1999-2000(Final)	Dividend	3,37,689/-	16.10.2007

9.6 Listing on Stock Exchanges

The Company's shares are listed with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) which have nationwide trading terminals. Listing fees for the year 2008-09 have been paid to both the Stock Exchanges. Confirmation of delisting of the Company's shares from Bhubaneswar Stock Exchange and The Calcutta Stock Exchange is still awaited. However, Company is not paying listing fees to these two stock exchanges.

Out of the total paid up equity capital of Rs. 644.31 crores, the President of India holds 56,14,99,635 equity shares of Rs.10/- each fully paid up, with face value of Rs. 561.50 crore, in physical form. The Company has listed the balance 8,28,09,993 shares of Rs.10/- each fully paid up comprising 12.85% of the total paid up capital with the above Stock Exchanges.

Stock Code

BSE : 532234

NSE : NATIONALUM

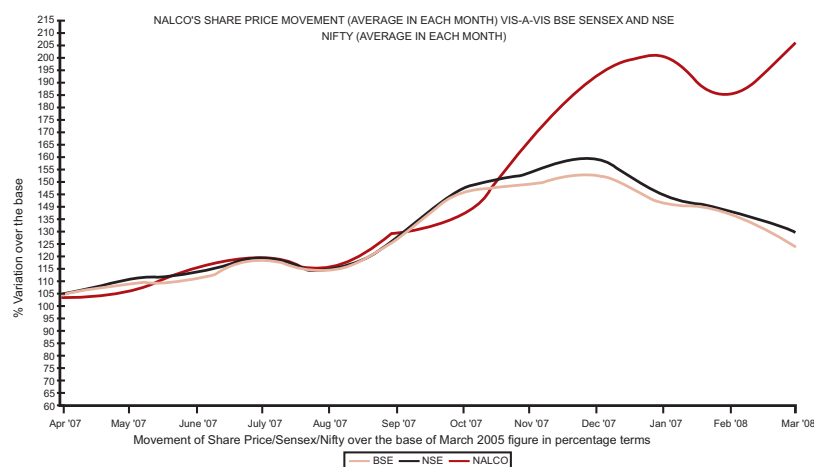
9.7 Market Price Data in last Financial Year 2007-08

During the financial year under report, share price of the Company touched all time high of Rs. 546.90 on 03/01/2008 in BSE. The script touched another high of Rs.566.45 later on 29.05.2008 in NSE. Shares are regularly traded on BSE and NSE. The monthly Highest (H) and Lowest (L) market price data for the year 2007-08 are given here below:

(Amount in Rs.)

MONTH	SHARE PRICE (BSE)		SHARE PRICE (NSE)	
	H	L	H	L
April 2007	256.00	222.00	255.00	207.00
May	260.20	240.05	260.00	210.00
June	266.00	249.00	266.00	246.81
July	305.50	252.00	306.50	225.00
August	271.00	237.50	272.00	240.00
September	318.00	255.00	317.80	259.00
October	336.00	272.10	335.70	268.00
November	441.00	285.00	442.90	295.25
December	510.00	339.00	512.70	365.05
January 2008	546.90	340.00	545.00	340.00
February	489.00	325.00	496.95	321.05
March	507.00	400.00	513.00	410.00

Performance in comparison to broad - based Indices



9.8 Registrar and Transfer Agents

NALCO is having in-house Share Registry at its Registered Office at NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751 061. All kinds of investors' related services both for physical as well as electronic segments are provided from the Share Registry. Complaints/Grievances are addressed within a week's time on an average.

Share Transfer System

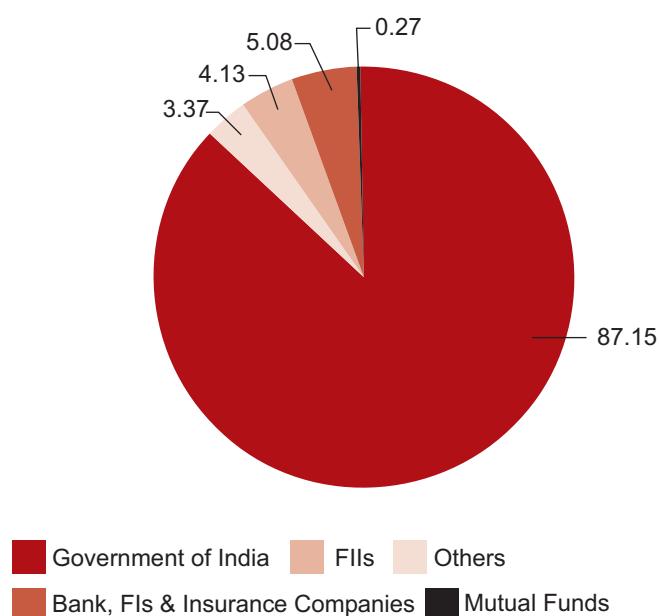
All share transfers are affected in time and all physical share certificates are dispatched to the transferees immediately after affecting the transfer.

9.9 Distribution of share holding

The Company had 32407 shareholders as on 31.03.2008. Shareholding pattern of the Company as on 31.03.2008 was as under:

Sl. No.	Category	No. of share holders	No. of shares	Percentage of shareholding
1.	Promoters (Government of India)	7*	56,14,99,635	87.15
2.	Mutual Funds	47	17,53,274	0.27
3.	Banks/ Financial Institutions	8	46,15,996	0.72
4.	Insurance Companies	12	2,80,67,597	4.36
5.	FILs	90	2,66,05,235	4.13
6.	Bodies Corporate	860	1,65,58,495	2.57
7.	Indian Public	30308	45,31,266	0.70
8.	Others	1075	6,78,130	0.10
	TOTAL	32407	64,43,09,628	100.00

* President of India along with 6 nominees



9.10 Liquidity of shares

Company shares are compulsorily traded in demat form in Stock Exchanges. Demat requests, complete in all respects, are confirmed to the respective depositories (NSDL/CDSL) within 8-10 days of receipt of Demat Request Forms (DRFs) from the DPs.

During the financial year, total no. of 53,566 shares have been demated under both the depositories as detailed below:

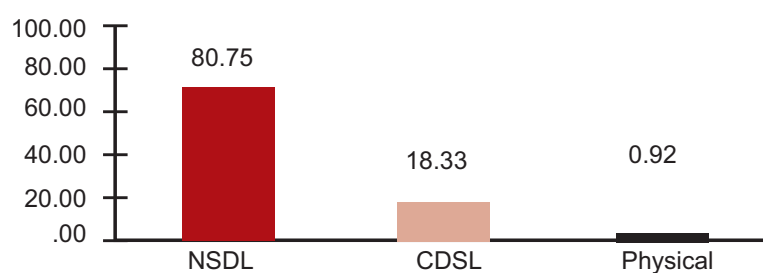
NSDL : 42,865

CDSL : 10,701

9.11 Dematerialisation/Rematerialisation of Listed Shares

99.08% of the Company's total listed share capital stands dematerialized as on 31st March, 2008 as compared to 99.02 % as on 31st March, 2007.

Dematerialisation of Listed Share



Only one rematerialisation request for 100 shares was received during the year.

10.0 Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

The Company has neither issued any GDR / ADR nor any convertible instrument outstanding as on date.

11.0 Plant locations of the Company

Mines & Refinery

Mines & Refinery Complex

Damanjodi

Dist.-Koraput (Orissa)

PIN – 763 008

Smelter Plant

Nalco Nagar

Dist.-Angul (Orissa)

PIN –759 145

Captive Power Plant

Angul (Orissa)

PIN – 759 122

Port Facilities

Opposite Ore Handling Complex
Port Area
Visakhapatnam – 530 035 (Andhra Pradesh)

Address for correspondence

The Company's Registered Office is situated at :
NALCO Bhawan
Plot No. P/1, Nayapalli
Bhubaneswar – 751 061 (Orissa)

Shareholders' correspondence should be addressed to :

Share Registry
NALCO Bhawan
Plot No. P/1, Nayapalli
Bhubaneswar – 751 061 (Orissa)
Tel. : 0674-2303197
0674-2301988 to 2301999 (12 lines) (EPABX) - (Extn. 2585-87)
Fax : 0674-2300677

E-mail addresses:

- i) knravindra@nalcoindia.co.in
- ii) dmrao@nalcoindia.co.in
- iii) nkmohanty@nalcoindia.co.in
- iv) bharatsahu@nalcoindia.co.in

The Company has created a dedicated E-mail Id in the name and style of investorservice@nalcoindia.co.in for exclusive dealing with shareholder/investor related correspondence/grievances for prompt and efficient investor service by the Share Registry of the Company. Shareholders/Investors have been advised to send their queries/complaints through this e-mail Id for quick and prompt reply from the Company.

Shareholders holding shares in electronic form have been advised to address all their correspondence regarding change of address, bank particulars etc. to their respective Depository Participants (DPs) only.

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Employees have affirmed compliance with the Code of Conduct for the year ended 31st March, 2008.

for National Aluminium Company Limited



(C.R. PRADHAN)

Director (P&T) & CMD I/c.

Place : Bhubaneswar
Date : 20th August, 2008

Auditors' Certificate

To
The Members
National Aluminium Company Limited,
Bhubaneswar

We have examined the compliance of conditions of Corporate Governance by NATIONAL ALUMINIUM COMPALY LTD., Bhubaneswar for the year ended on 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except for the following.

1. The Board of Directors did not comprise of the required number of Non-Executive Directors during the period from 01-04-2007 to 26-09-2007.
2. The Board of Directors did not comprise of the required number of Independent Directors during the financial year and
3. The Audit Committee did not comprise of the required number of Independent Directors during the period from 01-04-2007 to 03-10-2007.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P.A. & Associates
Chartered Accountants

CA. P.S. Panda
Partner
Memb. No. 51092

Place : Bhubaneswar
Date : The 7th day of August, 2008

Annexure-III

SECRETARIAL AUDIT REPORT

To
The Members
National Aluminum Company Limited
Bhubaneswar

We have examined all secretarial records and the compliance of provisions of the Companies Act, 1956, the regulations, guidelines and the instructions issued by the Securities and Exchange Board of India (SEBI) and the relevant clauses of the Listing Agreement with Stock Exchanges where the shares of National Aluminum Company Limited (the Company) are listed, the Depositories Act, 1996 and bye-laws framed thereunder from time to time, for the year ended 31st March, 2008 and we report that:

1. Maintenance of Statutory Records:

The Company is maintaining all statutory records and registers as required to be maintained under various provisions of the Companies Act, 1956 and the rules made there under and all the records and entries in the registers are up to date.

2. Filing of Statutory Returns:

The Company has filed all statutory returns with the Registrar of Companies as well as with other Statutory Authorities and has furnished the required documents/intimations to the Stock Exchanges regularly within the scheduled time frame as required under relevant Statutes/Listing Agreement.

3. Composition of the Board

The Board of Directors of the Company comprised of ten directors, consisting of five executive directors, two non-executive and non independent directors and three independent Directors as on 31.03.2008. In terms of Clause 49 of Listing Agreement, at least half of the Board should comprise of independent directors. Accordingly there were vacancies for appointment of 4 independent directors as on 31st March 2008 to comply with the requirement of the Listing Agreement.

Ministry of Mines, Government of India has appointed 5 independent directors on 24th April, 2008 making NALCO fully compliant of clause 49 of the Listing Agreement.

4. Board Meetings:

During the year, the Board of Directors of the company met ten times on 25/26.04.2007, 08.05.2007, 26.06.2007, 30.07.2007, 31.08.2007, 20.09.2007, 23.10.2007, 18/19.12.2007, 29.01.2008 and 28.03.2008. Proper notices were issued for the above Board meetings. The Proceedings of the meetings including the circular resolutions passed were properly recorded in the Minutes Book maintained by the Company and duly signed.

5. In -House Share Registry:

The Company has an In-house Share Registry located at NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751 061 and all the work related to Share Registry in terms of both physical and electronic segments are handled at a single point in the Share Registry.

6. Share Transfer Committee:

In order to expedite the transfer process, the Board authorized the Company Secretary to approve requests for

transfer/transmission of shares w.e.f. 29.01.2008. The Share Transfer Committee continues to consider and approve issue of new share certificates in case of torn/mutilated/defaced/lost/rematerialisation. During the year ended 31st March 2008, share transfers including issue of new share certificates arising out of torn/ mutilated/ defaced/ lost/ rematerialisation were approved 24 times out of which approval through Share Transfer Committee was 20 times.

7. Redressal of Investors Grievances:

All complaints/grievances relating to share transfers, transmissions, demat/ remat of shares, issue of duplicate share certificates, payment of dividend etc. were promptly attended to by the Company and were resolved within a week time of their receipt. Details of share transfers, complaints, electronic holding of shares (both NSDL and CDSL) etc. were put up at every Audit Committee Meeting (Audit Committee is also entrusted with the job of looking into redressal of investors grievances).

8. Daily Reconciliation of Listed and Paid up Capital:

The Company has set up adequate systems and procedures voluntarily even prior to the issue of SEBI guidelines to ensure daily reconciliation of shares held in physical and electronic segments with the total shares issued by the Company.

9. Dematerialisation /Rematerialisation:

The dematerialisation/rematerialisation requests were confirmed to the respective Depositories (NSDL/CDSL) within 8 - 10 days of receipt of physical documents from the DPs which is well within the prescribed time period provided in SEBI guidelines on Depository By-laws.

10. Payment of Corporate Cash Benefits to the Investors:

The Company has paid dividend within the due date after its declaration and wherever necessary, rights to dividend have been kept in abeyance, pending registration of transfer of shares/ pending final settlement of suits in compliance with the provisions of the companies Act, 1956.

11. Transfer to Investor Education and Protection Fund:

During the Financial year, the following unpaid/unclaimed interest and dividend amounts have been transferred to the Investor Education and Protection Fund in terms of Section 205A of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, on expiry of 7 years period from the date of their declaration/payment:

A. Transfer of unpaid/unclaimed Interest on 14.5% NCDs

Period	Amount(Rs.)	Date of Transfer
26.09.1999 to 25.03.2000	77,282/-	13.04.2007
26.03.2000 to 25.09.2000	96,566/-	16.10.2007

B. Transfer of unpaid/unclaimed Dividend

Financial year/period	Amount(Rs.)	Date of Transfer
1999-2000 (Interim)	3,30,128/-	17.05.2007
1999-2000 (Final)	3,37,689/-	16.10.2007

12. Insider Trading Regulations:

The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the regulations.

13. Legal Notice:

During the year under review, SEBI had initiated adjudication proceedings against the Company under Section 23 I read with Section 23 E of Securities Contracts (Regulation) Act, 1956 for non-compliance of provisions of revised clause 49 of the Listing Agreement pertaining to composition of Board of Directors. The Company suitably replied to the show cause notice citing the fact that appointment of independent Directors is done by the President of India and requested SEBI to drop the proceedings. No further action has been taken by SEBI.

14. Public Deposits:

No Public Deposits were accepted by the Company under Companies (Acceptance of Deposits) Rules, 1975 during the year. The Company has neither issued any GDR/ADR nor any convertible instrument during the year under report.

M/s. Saroj Ray & Associates
(Company Secretaries)

Place: Bhubaneswar
Date: 10.07.2008

CS Saroj Kumar Ray, Partner
(C.P.No-3770)

Annexure-IV

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

Alumina & Chemicals

During the year under review, the global alumina supply was characterized by disruptions due to strikes in Guinea and hurricane hitting Jamaica. Market attention had also been focused by the news that Indonesian Government had instructed bauxite mining in the Western part of Bintan Island to stop for environment reasons which could have provided psychological support to prices. In addition to these increasing input costs of caustic soda, bauxite and freight led to some Chinese refineries curtailing production to support prices & control costs.

The world consumption of Alumina during the year was 74.4 million MT against the world production of 74.8 million MT, showing a marginal surplus of 0.4 million MT. The world Alumina production and consumption during the year grew by approximately 9.6 % and 12.5% respectively as compared to the figures of the previous year. The Chinese alumina production registered an increase of about 53.3% in 2007 over 2006 production.

Aluminium

The world consumption of primary Aluminium during the year under review was 37.8 million MT against world supply of 38.1 million MT, showing a very negligible surplus of 0.3 million MT. The world supply and consumption grew by approximately 12.4% and 9.96 % respectively during 2007 as compared to 2006. In China, consumption is estimated to have risen by 37.7% and production by 34.8% during the year.

Business Development

Your Company has been actively pursuing setting up joint venture projects abroad for Smelting of its surplus alumina, where power is either available at attractive rates or where coal or gas is available at attractive rates for generating its own power requirement for the Smelter. In that direction, the following projects are under active consideration:

- i) Memorandum of Understanding has been signed with the Government of South Sumatra, Indonesia, for setting up of a 5 lakh TPA Smelter along with a 1,250 MW CPP, and also with Kerman Development Organization of Iran for setting up of 2,30,000 TPA Smelter, and a gas based Power Plant at a later stage. Possibilities in other countries are also being explored to decide the most attractive option.
- ii) Your Company is also actively pursuing with the Government of Andhra Pradesh for grant of Bauxite mining lease in Visakhapatnam and East Godavari districts for setting up a 1.4 million TPA Alumina Refinery near Visakhapatnam.
- iii) Efforts are on for setting up a 1.4 million TPA Refinery in Bolangir district of Orissa and for setting up a Coal based Power Plant and Smelter near Jharsuguda in Orissa.
- iv) Your Company is also currently planning for the 3rd phase expansion of its existing facilities at Angul and Damanjodi.
- v) Responding to the national priority for light weight Rail Wagons, your Company has entered into a Memorandum of Agreement with M/s. BEML, Bangalore to co-develop Aluminium Rail Wagons for production at BEML's facilities and to supply the aluminium extrusions required for the wagons.

To effectively dispose off the Fly Ash generated at its Captive Power Plant, your Company has invited bids and received offers from three firms for setting up of Cement Plants and Ash classification plant at Angul on a Joint Venture basis with NALCO.

OPPORTUNITIES AND THREATS

The industry has the potential for high growth in the coming years on the back of sustained demand for alumina and aluminium in the global and domestic markets. The energy crisis in several areas could result in cuts in production giving a competitive edge to producers self-sufficient in its energy requirements.

International average prices of aluminium have increased sharply from around US\$ 1,778/MT in 2004-05 to around US\$ 2,661/MT in 2006-07 and remained at around that level during 2007-08, reflecting a strong demand in Asia including China and India. Strong growth in aluminium consumption has in turn led to an increase in demand for alumina, resulting in a sharp surge in alumina prices.

The threat perceptions include competition from scrap imports, substitute materials particularly plastics, progressive reduction in aluminium import tariffs, increasing competition from across the borders, poaching of its manpower by competitors for their greenfield projects and increasing raw material costs. The zero custom duty on scrap imports may pose a serious threat to primary aluminium producers in certain sectors.

The 2nd phase expansion project of your Company is under progress, funded by its own internal resources and also exploring the overseas market for External Commercial Borrowing. The availability of surplus alumina with the Company after 2nd phase expansion and the sustaining demand for Alumina and Aluminium in the global market has put it in a advantageous position and offers attractive opportunities for entering into lucrative business deals for acquisition and for participating in the Joint Ventures in overseas smelters where energy is available at relatively lesser cost.

The threat perceptions for the Company include price instability at LME, continuous rising of crude oil prices in the global market, possible halt to the peace initiatives with neighbouring countries, terrorism (in general and near Mines & Refinery Complex in particular), hardening of interest rates, competition from substitute materials particularly the plastics, progressive reduction in aluminium import tariffs, poaching of its key manpower by competitors for their green field projects and levy of anti-dumping duties on its raw material import like Caustic Soda.

SEGMENT-WISE PERFORMANCE

For the year under review, your Company achieved net profit of Rs. 1,631.52 crore on a turn over of Rs. 5,474.45 crore. The detailed segmentwise information is furnished below:

	Chemicals (Alumina)		Aluminium		Power		Unallocable		Total
	Rs.in cr.	Share	Rs. in cr.	Share	Rs. in Cr	Share	Rs. in cr	Share	Rs. in cr.
Net Sales & Operating revenue	1,941	29%	3,867	59%	779	12%	—	—	6,587
PBIT	820	33%	1,244	50%	89	4%	314	13%	2,467
Capital Employed	1,965	21%	2,729	29%	1,148	12%	3,640	38%	9,482
ROCE (%)	42%	—	46%	—	8%	—	—	—	—
PBIT Margins (%)	42%	—	32%	—	11%	—	—	—	—

Economic Value-Added (EVA)

The company is in its continuous effort to create value for the stakeholders and have adopted EVA based methodology for performance assessment. Economic value added (EVA) is taken as the excess of return on invested Capital (ROIC) over weighted average cost of capital (WACC). Return on Invested Capital is taken as ratio of Net operating profit after Taxes but before interest costs (NOPAT) to Average Invested Capital. Similarly, Weighted average cost of capital (WACC) is taken as weighted average of Risk free cost of Equity and cost of carrying current Assets at Prime lending rate of commercial banks at beginning of financial Year.

The EVA (NOPAT - Cost of Capital) for the year 2007-08 was Rs. 360.18 crore compared to Rs. 1218.57 crore in year 2006-07 and Rs. 714.34 crore in year 2005-06. Similarly EVA spread was 4.97% in year 2007-08 compared to 17.70% in 2006-07 and 12.48% in 2005-06. Following Table also depicts the positive indicators of EVA to Average net worth, Sales etc.

Particulars	Rs. in crore	2007-08	2006-07	2005-06
Average Capital Employed	Rs. in crore	7248.50	6883.50	5722.50
Average Net Worth	Rs. in crore	8254.57	6794.00	5295.50
NOPAT (Net operating profit after Taxes)	Rs. in crore	1315.11	2174.68	1474.43
Cost of Capital on weighted average basis	Rs. in crore	954.93	956.11	760.09
EVA (NOPAT - cost of Capital) Ratios	Rs. in crore	360.18	1218.57	714.34
Return on Invested Capital (ROIC) (NOPAT/ Avg. Cap. Employed)	%	18.14	31.59	25.77
Weighted average cost of capital (WACC)	%	13.17	13.89	13.28
EVA/Avg. Cap. Employed	%	4.97	17.70	12.49
EVA/Avg Net worth	%	4.35	17.94	13.49
EVA/Sales	%	7.22	20.51	14.61

Simple average of opening and closing balance figure of Capital Employed and Net worth is taken for arriving at Average of Capital Employed and Average Net worth.

OUTLOOK

Domestic Market Outlook

The domestic demand for aluminium increased significantly driven by strong demand from the end user segments such as power transmission & distribution, automobiles, construction and consumer durables. With continued investments for capacity expansion in key end user segments, the demand for aluminium is likely to remain strong going forward.

The domestic primary aluminium capacity has increased significantly in the last two years following large expansion projects being commissioned by one of the major players in the aluminium industry. Additionally, fresh projects for creating large aluminium capacities have been undertaken by existing as well as a number of new players. This may lead to a supply overhang situation in the domestic market in the medium to long term and result in intense competition.

The domestic demand for primary aluminium metal is however, expected to continue its strong showing on the back of a robust industrial growth, during 2008-09. It is anticipated that the market will continue to grow at about 8%.

International Market Outlook

Alumina

As per The Market Outlook for Alumina 2007, world alumina production is expected to grow by 10.9% and the consumption is expected to grow by 9.6% in 2008. The Chinese alumina production is expected to be approximately 25.46 million MT, an increase of about 28.43% over previous year.

Aluminium

IMF has projected the Global Economy to grow by about 3.7% in 2008 which is lower than the growth of 4.9% achieved in 2007. The IMF sees the US economy & Euro-area expanding at 0.5% & 1.4% respectively. The projections made by IMF for 2008 for Japan, China & India are 1.4%, 9.3% & 7.9% respectively.

As per the Long Term Outlook for Aluminium 2007 Edition, world aluminium production is expected to grow by 9.7% and the consumption is expected to grow by 8.9% in 2008. The Chinese aluminium production and consumption are expected to be approximately 15.18 million MT and 14.82 million MT respectively.

RISKS & CONCERNS

Most of the Company's growth plans in India are dependent on the Central /State Government granting permission and Mining lease. The proposed Refinery in Visakhapatnam in A.P. and Bolangir in Orissa are subject of grant of mining lease by the respective State governments over the Bauxite deposits in Gudem and KR Konda and the deposit at Gandhamardan respectively. Similarly, the Smelter-cum-CPP project at Jharsuguda in Orissa is dependent on availability of adequate water to NALCO and the Government of Orissa granting permission of use of water from river Ib.

Business Risks & Concerns

Sensitivity of profits to the movement of the Indian Rupee against US Dollar, rising oil and coal prices, power shortages and weak growth in traditionally strong economies and its effect on the global economy in general including the Indian economy are causes for concern.

Risk Management

Your Company recognizes that managing risk is critical for Sustainable Development and is committed to the effective and efficient management of all risks to ensure continuity, profitability and business development as delineated in the Company's Vision and Mission.

In order to have a continuous and integrated approach of Enterprise Risk Management, M/s. ICRA Ltd. were appointed to study all prevalent risks and devise an appropriate policy to mitigate and manage such risks under fast changing business and economic environment. The recommendations made by M/s. ICRA Ltd. in its report have been accepted by the Board and action is being taken for effective and efficient risk management. We believe that adoption of Risk Management Policies will go a long way for effectively controlling and mitigating the various risks associated in the business operations of your Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has well established internal control systems commensurate with the nature and size of its operations. Your Company has entrusted internal audit to well experience outside professional Chartered Accountant firms. The internal audit reports are discussed by Audit Committee constituted by the Board. Action is taken to further review and strengthen internal control procedures in respect of inventory and fiscal management.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Details on financial performance with respect to operational performance are given in the Directors' Report.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED.

Human Resources Development

The total Manpower strength of your Company as on 31.03.2008 is 7,413 against the previous year's strength of 7,426.

The detailed break up is given below:

Category	As on 31/03/2008	As on 31/03/2007
Executive	1,817	1,828
Supervisory	842	892
Skilled/Highly skilled	3,627	3,561
Unskilled/Semi skilled	1,127	1,145
Total	7,413	7,426

Training & Development

Human Resources Development is the key for the success of any business organization. Constant efforts are being taken in your Company for functional and developmental training based on the need identified for individual carrier growth as well as keeping organizational interest. Emphasis is being given on specific position related training needs and there is an attempt to customize training programmes, to the extent possible. Training effectiveness evaluation is also carried out in line with the requirement of quality management systems to measure the benefits emanating from the action. Competency mapping of individual employees and thrust on training and development is given to enhance the efficiency and knowledge level of employees.

The training statistics for the year 2007-08 is given below:

	Persons	Mandays
Executives	2,751	7,159
Non-executives	3,518	10,935
Total	6,269	18,094

CORPORATE PLANNING

The present robust global metal industry scenario and rapid changes in global business environment have necessitated the Indian corporates to review, renew and reposition their strategic corporate objectives. Your Company is in the process of appointing a reputed global consultant to study and frame a Corporate Growth Plan for chalking out the future road map for the next 10 to 15 years. Once the plans and programmes are finalised and approved, your Company will evolve suitable strategies and internal systems for implementation and monitoring the plans and review the targeted activities within the time parameters.

COMPUTERIZATION ACTIVITIES

In today's digital net worked economy, organizations are increasingly dependent on IT to deliver their strategic business objectives to increase sales, maximize operational efficiency, reduce operational risks or improve productivity. In this direction, a strong centralized information base integrating all functions and business process of the Company and a knowledge base to assist the managers to be pro-active in their decision process is the need of the hour. Keeping this in view, your Company has taken a decision to implement Enterprise Resource Planning (ERP). Orders have already been placed and it is expected to be implemented in one years time.

During the year under review, e-tendering activities for investment of surplus fund has been implemented and e-tendering for export sales and procurements of materials are ready for use.

TOTAL QUALITY MANAGEMENT

In order to encourage the Quality efforts in the State, your Company organised the All Orissa Quality Circle Convention and Competition for NALCO Trophy for the twelfth consecutive year in April, 2007. 30 Quality Circles/ TPM Circles drawn from different organisations in the State participated. This convention is widely recognised as one of the important events in the Quality Movement in the State of Orissa.

Based on the projects carried out by QCs of your Company, three QCs were selected & participated in the International Convention at Beijing, China held during October, 2007.

TPM implementation work at Alumina Refinery and CPP of your Company continued with TPM Circles carrying out Autonomous Maintenance in identified equipments & processes.

Quality related trainings were continued with major thrust on training programmes on Problem Solving Tools at Alumina Refinery of your Company. Trainings on Quality System Auditing and Quality Circles were also conducted during the year under review.

Quality Management System of Smelter Plant, Mines and CPP were successfully recertified to ISO 9001: 2000 for a further period of 3 years, while those of Alumina Refinery and Rolling Plant successfully underwent Surveillance Audits during the year.

SAFETY, HEALTH & ENVIRONMENT

Your Company gives utmost importance to pollution control, health and environment management measures. You will be happy to know that;

- All the units have valid consent to operate under Air & Water Act. All the 5 units are certified with for Environment Management System(EMS) as per ISO-14001:2004 and Occupational Health & Safety Management System (OHSMS) as per OHSAS 18001:1999.
- Four major units have valid authorization to handle hazardous wastes materials.
- Both the hospitals at Damanjodi and Angul complex have valid authorization for handling bio-medical wastes.
- 16 Ha. mined out area has been rehabilitated by plantation of 42,000 number of trees. 3,03,600 nos. of trees have been planted in M&R & S&P Complexes.
- Zero discharge construction of oil & water separator unit and canteen waste water treatment facility at Mines have been completed & are in operation.
- Municipal solid waste treatment facility at Damanjodi township has been commissioned & is in operation.
- Stand post type water-cum-foam monitors (4 numbers) installed in Fuel Oil Pump house at CPP.

To further strengthen the environment management systems, the following measures are under implementation:

- Additional effluent pond in Alumina Refinery is under implementation.
- Pre-construction activities on Secured Engineering land fill of 40,000 Tonne capacity have started in Smelter unit for management of Hazardous Waste .
- Installation of on-line monitoring system in old Fume treatment plant (1&2) in Smelter unit is in progress.
- Action initiated for complete waste water recirculation system in Smelter unit.
- Emergency Control room for control of Disaster at CPP was established.

ANCILLARY DEVELOPMENT

Your Company has participated in EXPO-ORISSA-2007, a National Level Industrial Trade Fair jointly organized by Micro, Small & Medium Enterprise Development Institute, Cuttack and Ministry of Micro, Small & Medium Enterprises, Government of India and Department of Industries, Government of Orissa in collaboration with other associations held from 2-6th November, 2007. In the Fair, your Company had exhibited the items which could be produced and supplied to your Company on regular basis by the Small Scale Industries in the State of Orissa. Your Company bagged the best 'Mother Plant' award for its contributions to the development of Small Scale Industries in the State of Orissa.

Your Company awarded Ancillary status to 49 SSI units in Orissa so far. Your Company is also encouraging the SSI units for supply of quality raw materials to the Company. The total purchases made by your Company from the Ancillary and SSI units during the year 2007-08 is Rs. 36.74 crore.

Your Company has also participated in the celebration of Entrepreneurs Week during 5-11th March, 2008 organised by the Government of Orissa for encouraging ancillary and downstream industries development in Orissa.

SPORTS

Your Company has been laying emphasis on promotion of games and sports at the State and National level. In that direction, the following are noteworthy:

- Like previous years, on the occasion of Utkal Diwas-2007, your Company has felicitated five up-coming sports persons of the State with citations and cash awards.
- Your Company has sponsored the State level games like All Orissa NALCO Cup State Hockey Championship, All Orissa NALCO Cup State Basket Ball Championship, All Orissa NALCO Open Ranking Tennis Tournament and NALCO Cup East-Zone Golf Tournament.
- Mrs. Anuradha Biswal of your Company had represented the National and International Level Championship in Athletic Federation Championship where she bagged gold Medal in 100 mts. Hurdles and Silver Medal in 4X100mts. Relay. Besides, she participated In the Inter-State Athletic Championship as a member of Orissa State and bagged Gold Medal in 100mts. Hurdles.
- Ms. Sradhanjali Samantray and Ms Ranjita Mohanty of your Company represented the State at National level Women's Foot-Ball Championship. Ms. Samantray Captained the National Women's Football Team and also Orissa State Women's Foot-Ball team.
- Sri Debasis Mohanty and Sri Siv Sunder Das of your Company represented Orissa Cricket Team in the Ranjit Trophy Tournament. Sri Das was selected as Caption of the Orissa team for the Ranjit Trophy team.
- Under the Captainship of Sri S. P. Das of Smelter Plant of your Company, India bagged 02 Gold-Medals, 01 Silver-Medal and 06 Bronze-Medals in the IBAF World Championship, 2007 for disabled held at Bangkok, Thailand.
- Your Company organised All India Bhutia-Memorial Football Tournament, All India open Volley-Ball Tournament, All Orissa NALCO Open-Cricket Tournament and All Orissa NALCO Open-Badminton Tournament at S&P Complex, Angul.

Besides, financial assistance was provided for P.C. Sahoo Memorial All Orissa Bridge Tournament and All India Super Six Badminton Tournament for physically Challenged.

Auditors' Report

To
The Members
National Aluminium Company Limited,

1. We have audited the attached Balance Sheet of NATIONAL ALUMINIUM COMPANY LIMITED, as at 31st March, 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (hereinafter referred to as "the order") issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) 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 purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. In terms of Government of India, Ministry of Finance, Department of Company Affairs Notification No. GSR 829 (E) dated 21st October, 2003, Government Companies are exempt from the applicability of provisions of Section 274 (1) (g) of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes appearing in Schedule X and Schedule Y respectively give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - ii. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For P.A. & Associates
Chartered Accountants

Place : Bhubaneswar
Date : June 10th, 2008

CA. P.S. Panda
Partner
Memb. No. 51092

ANNEXURE TO THE AUDITORS' REPORT (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.
- (b) The Company has a programme of conducting physical verification of non-movable assets at an interval of three years, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. Movable assets were physically verified during the year. As informed to us, no material discrepancies were noticed on such verification wherever reconciliations have been carried out and the same have been adjusted in the books.
- (c) In our opinion and according to the information and explanations, the Company has not disposed off substantial part of fixed assets during the year.
- ii. (a) As explained to us, all inventories except stocks relating to expansion project, stocks with third parties and stocks in-transit have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical stock and book records relating to shortages have been dealt with in the books of account, while excesses have been ignored except in case of finished goods.
- iii. (a) According to information and explanations given to us, the Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clauses (b), (c) & (d) are not applicable.
- (b) The Company has not taken any loans secured or un-secured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clauses (f) & (g) are not applicable.
- iv. In our opinion and according to the information given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major failures in the internal control system.
- v. According to information and explanations given to us, the Company has not entered into any contracts or arrangements which require to be recorded in the register maintained under section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public during the year.
- vii. In our opinion, the Company's internal audit system is commensurate with the size and nature of its business.
- viii. We have carried out a limited review of the records maintained by the Company, pursuant to the Rules made by the

Central Government for the maintenance of cost records under section 209(i) (d) of the Companies Act, 1956 in respect of manufacturing activities and are of the opinion that prima facie, the prescribed cost records have been maintained. We have not, however, made a detailed examination of the records with a view to determine the accuracy.

- ix. According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess, Electricity Duty with the appropriate authority.

According to the information and explanation given to us, no disputed amounts are payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and other material statutory dues applicable to it as at 31st March, 2008 for a period of more than six months from the date on which they become payable.

According to the information and explanation given to us, there are disputed statutory dues which have not been deposited as given herein below :

Statute	Nature of Dues	Amount (Rs. in crore)	Forum where disputes are pending
Sales Tax	Sales Tax	357.06 4.47 23.92 <u>385.45</u>	Commissionrate Tribunal High Court
Entry Tax	Entry Tax	07.07 07.71 02.16 <u>16.94</u>	Commissionrate Tribunal High Court
Central Excise Act, 1944	Excise Duty	48.37 20.27 <u>68.64</u>	Commissionrate Tribunal
Customs Act	Custom Duty	8.89 2.73 <u>11.62</u>	Commissionrate Tribunal
Income Tax Act, 1961	Income Tax	9.27 <u>9.27</u>	Commissionrate
	TOTAL	491.92	

- x. The Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

- xii. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. The Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. Based on our examination of the records and the information and explanations given to us, the Company has not raised any term loans during the year under audit.
- xvii. According to the information and explanations and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment of the Company.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. Based on our examination of the records and the information and explanations given to us, the Company has not issued debentures during the year.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. To the best of our knowledge and belief according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For P.A. & Associates
Chartered Accountants

Place : Bhubaneswar
Date : June 10th, 2008

CA. P.S. Panda
Partner
Memb. No. 51092

Annexure-V

Comments on the accounts of National Aluminium Company Limited for the year ended 31st March 2008 under Section 619(4) of the Companies Act, 1956.

The preparation of financial statements of National Aluminium Company Limited for the year ended 31st March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 10 June 2008.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of National Aluminium Company Limited for the year ended 31 March 2008. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Dated : Kolkata,
The 30th July 2008

Sd/-
(A. Roychoudhury)
Principal Director of Commercial Audit
& Ex-Officio Member Audit Board – 1
K O L K A T A

Balance Sheet as at March 31, 2008

(Rupees in crore)

	Schedule	As at March 31, 2008	As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	A	644.31	644.31
Reserves and Surplus	B	8,230.14	7,050.91
Deferred Tax Liability (Net)	C	607.43	612.74
TOTAL		9,481.88	8,307.96
APPLICATION OF FUNDS			
Fixed Asset			
Gross Block	D	9,137.26	9,034.06
Less: Depreciation		5,606.31	5,323.18
Net Block		3,530.95	3,710.88
Fixed Assets awaiting disposal		0.86	1.20
Capital Work-in-Progress	E	2,334.59	840.41
		5,866.40	4,552.49
Investments	F	115.03	0.00
Current Assets, Loans and Advances	G		
Inventories		686.65	634.96
Sundry Debtors		60.65	34.13
Cash and Bank Balances		3,516.46	3,686.53
Other Current Assets		236.47	212.04
Loans and Advances		541.10	406.42
		5,041.33	4,974.08
Less: Current Liabilities & Provisions			
Current Liabilities	H	1,318.31	872.02
Provisions	I	222.57	346.59
		1,540.88	1,218.61
Net Current Assets		3,500.45	3,755.47
TOTAL		9,481.88	8,307.96
Significant Accounting Policies	X		
Notes on Accounts	Y		

Schedules A to Y annexed hereto form part of the Accounts

In terms of our report of even date attached.

For P.A. & Associates
Chartered Accountants
CA. P.S. Panda
Partner
M.No: 51092
Place : Bhubaneswar
Dated : June 10, 2008

For and on behalf of Board of Directors

CS. K.N. Ravindra
Company Secretary

CA. B.L. Bagra
Director (Finance)

C.R. Pradhan
Chairman-cum-Managing Director (I/c)

Profit and Loss Account for the year ended March 31, 2008

(Rupees in crore)

	Schedule	Year ended March 31, 2008	Year ended March 31, 2007
INCOME:			
Gross Sales	J	5,474.45	6,514.51
Less: Excise Duty		<u>485.65</u>	<u>574.32</u>
Net sales		4,988.80	5,940.19
Finished goods internally consumed/ capitalised		31.65	12.35
Other income	K	<u>554.77</u>	<u>401.65</u>
TOTAL		<u>5,575.22</u>	<u>6,354.19</u>
EXPENDITURE:			
Decretion /(Accretion) to stock of finished / intermediary products / work-in-process	L	(21.85)	(15.13)
Raw Materials	M	574.36	557.59
Power & Fuel	N	994.69	851.02
Repairs & Maintenance	O	231.54	230.34
Other Manufacturing Expenses	P	163.82	152.66
Employees' Remuneration & Benefits	Q	552.97	392.88
Administrative Expenses	R	106.74	85.37
Other Expenses	S	113.97	72.55
Selling and Distribution Expenses	T	84.74	76.98
Interest and Financing Charges	U	1.51	1.12
Provisions	V	(0.35)	5.25
Depreciation		<u>281.10</u>	<u>317.13</u>
TOTAL		<u>3,083.24</u>	<u>2,727.76</u>
PROFIT FOR THE YEAR		2,491.98	3,626.43
Add/(Less) : Prior Period Adjustments (Net)	W	<u>(25.39)</u>	<u>(6.03)</u>
PROFIT BEFORE TAX		2,466.59	3,620.40
Less : Provision for taxation			
Current		849.80	1,248.97
Fringe Benefit		10.64	7.03
Deferred		<u>(5.31)</u>	<u>(17.30)</u>
Earlier years		<u>(20.06)</u>	<u>0.32</u>
		835.07	1,239.02
PROFIT AFTER TAX		1,631.52	2,381.38
Balance brought forward from previous year		36.12	10.49
Transfer from Capital Reserve		0.04	0.04
Transfer from General Reserve		—	23.04
Provision for differential actuarial liability		—	(23.04)
Amount available for appropriation		<u>1,667.68</u>	<u>2,391.91</u>
APPROPRIATIONS:			
Interim dividend		289.94	322.15
Proposed final dividend		96.65	161.08
Tax on dividend		65.70	72.56
Transferred to General Reserve		<u>1,200.00</u>	<u>1,800.00</u>
		1,652.29	2,355.79
Balance carried to Balance Sheet		<u>15.39</u>	<u>36.12</u>
Earnings per share (Rs.)		25.32	36.96
Significant Accounting Policies	X		
Notes on Accounts	Y		

Schedules A to Y annexed hereto form part of the Accounts

In terms of our report of even date attached.

For P.A. & Associates

Chartered Accountants

CA. P.S. Panda

Partner

M.No: 51092

Place : Bhubaneswar

Dated : June 10, 2008

For and on behalf of Board of Directors

CS. K.N. Ravindra

Company Secretary

CA. B.L. Bagra

Director (Finance)

C.R. Pradhan

Chairman-cum-Managing Director (I/c)

Schedules forming part of the Balance Sheet

(Rupees in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
Schedule A		
SHARE CAPITAL		
Authorised:		
130,00,00,000 Equity Shares of Rs.10/- each	<u>1,300.00</u>	<u>1,300.00</u>
Issued, Subscribed and Paid up:		
64,43,09,628 Equity Shares of Rs.10/- each fully paid up.		
Out of these, Government of India holds 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	0.58	0.62
Less: Transferred to Profit & Loss Account	<u>(0.04)</u>	<u>(0.04)</u>
	0.54	0.58
General Reserve:		
As per Last Balance Sheet	7,014.21	5,237.25
Less: Transferred to Profit & Loss Account	—	(23.04)
Add: Transferred from Profit & Loss Account	<u>1,200.00</u>	<u>1,800.00</u>
	8,214.21	7,014.21
Balance in Profit & Loss Account	<u>15.39</u>	<u>36.12</u>
TOTAL	<u>8,230.14</u>	<u>7,050.91</u>
Schedule C		
DEFERRED TAX LIABILITY (Net)		
Depreciation on Fixed Assets	668.45	680.25
Less : Deferred tax assets :		
Taxes, duties etc.	10.96	35.76
Provision for doubtful debts, claims, etc.	49.74	31.20
Employee separation/retirement and others	<u>0.32</u>	<u>0.55</u>
TOTAL	<u>607.43</u>	<u>612.74</u>

Schedules forming part of the Balance Sheet

Schedule-D FIXED ASSETS

Particulars of Assets	Gross Block			Depreciation			Net Block		
	As on 1.4.2007	Additions	Sales/ Adjustment	As on 31.3.2008	For the Year	On sales/ adjustments	Upto 31.3.2008	As on 31.3.2008	As on 31.3.2007
A. PLANT, MINES AND OTHERS									
Freehold land including development costs	58.57	(0.51)	-	58.06	-	-	-	58.06	58.57
Leasehold land including development costs	5.20	16.43	-	21.63	4.27	-	5.85	15.78	3.62
Buildings	410.99	16.02	-	427.01	183.64	-	198.39	228.62	227.35
Roads, bridges and culverts	57.62	0.12	-	57.74	13.06	-	14.12	43.62	44.56
Railway sidings	69.86	0.85	-	70.71	54.44	-	55.52	15.19	15.42
Water supply, drainage and sewerage	78.39	0.60	-	78.99	48.01	-	49.41	29.58	30.38
Power supply, distribution and lighting	419.89	3.14	-	423.03	221.05	-	236.51	186.52	198.84
Plant and machinery	7,516.84	50.74	(1.03)	7,566.55	4,636.72	(0.98)	4,865.48	2,701.07	2,880.12
Office equipments	26.97	2.32	(0.37)	28.92	19.06	(0.34)	20.76	8.16	7.91
Furniture and fittings	17.29	1.28	(0.02)	18.55	12.60	(0.02)	13.60	4.95	4.69
Vehicles	28.40	3.92	(0.96)	31.36	20.21	(0.87)	21.08	10.28	8.19
Miscellaneous equipments	62.89	3.34	(0.11)	66.12	26.88	(0.08)	29.53	36.59	36.01
Sub-total	8,752.91	98.25	(2.49)	8,848.67	275.29	(2.29)	5,510.25	3,338.42	3,515.66
B. SOCIAL FACILITIES									
Freehold land including development costs	5.18	-	-	5.18	-	-	0.00	5.18	5.18
Leasehold land including development costs	0.35	-	-	0.35	-	-	0.16	0.19	0.19
Buildings	195.02	3.10	-	198.12	39.04	-	44.08	154.04	155.98
Roads, bridges and culverts	22.16	1.46	-	23.62	5.09	-	5.74	17.88	17.07
Water supply, drainage and sewerage	25.64	0.66	-	26.30	10.63	-	11.24	15.06	15.01
Power supply, distribution and lighting	17.89	0.81	-	18.70	10.71	-	11.33	7.37	7.18
Office equipments	0.10	0.01	(0.02)	0.09	0.09	-	0.09	0.00	0.01
Furniture and fittings	2.30	0.17	-	2.47	2.05	(0.01)	2.16	0.31	0.25
Vehicles	1.21	0.13	-	1.34	0.63	-	0.72	0.62	0.58
Miscellaneous equipments	8.19	1.18	(0.06)	9.31	4.06	(0.03)	4.42	4.89	4.13
Sub-total	278.04	7.52	(0.08)	285.48	72.46	(0.04)	79.94	205.54	205.58
C. INTANGIBLE ASSET									
D. IMPAIRMENT PROVISION									
Building	3.11	-	-	3.11	0.33	-	2.80	0.31	0.64
Plant and machinery	-	-	-	0.00	3.04	-	3.04	(3.04)	0.00
Sub-total	-	-	-	0.00	(0.72)	-	10.28	(10.28)	(11.00)
Total for current year	9,034.06	105.77	(2.57)	9,137.26	285.46	(2.33)	5,606.31	3,530.95	3,710.88
Total for previous year	8,961.22	88.24	(15.40)	9,034.06	321.23	(14.76)	5,323.18	3,710.88	

Notes:

- Depreciation for the year includes Rs.0.03 transferred to expenditure during construction period, pending capitalisation to Fixed assets (Previous year Rs.0.08) and Rs.4.33 charged to prior period adjustment (Previous year Rs.4.02).
- Included in Gross Block above are the following assets on land not owned by the Company
 - Buildings - Rs.2.21 (Previous year Rs.1.60)
 - Roads, bridges and culverts - Rs. 4.08 (Previous year Rs.3.66)
 - Water supply, drainage and sewerage - Rs.1.31 (Previous year Rs.1.08)
 - Power supply, distribution and lighting - Rs.14.78 (Previous year Rs.14.54)
 - Railway sidings - Rs.6.53 (Previous year Rs. 6.53)

Schedules forming part of the Balance Sheet

(Rupees in crore)

		As at March 31, 2008	As at March 31, 2007
Schedule E			
CAPITAL WORK - IN - PROGRESS			
Construction and other work - in - progress at cost		1,635.50	434.50
Less: Provisions		<u>4.83</u>	<u>4.83</u>
Advances to contractors and suppliers for capital goods (Unsecured, considered good)		114.21	128.51
Stock of construction materials (at cost)(Including materials with contractors Rs.0.16, Previous year Rs.0.13)		243.05	144.33
Construction materials and Plant & Machinery - In - Transit (at cost)		184.29	27.54
Expenditure during construction pending allocation (Schedule E.1)		<u>162.37</u>	<u>110.36</u>
TOTAL		<u>2,334.59</u>	<u>840.41</u>
Schedule E.1			
EXPENDITURE DURING CONSTRUCTION			
(Pending allocation)			
Opening Balance		110.36	60.67
Expenditure/Adjustments during the year :			
Preproject Expenses	0.09		—
Technical Knowhow	0.15		1.47
Technical Consultancy	41.99		38.89
Other expenses	10.70		11.51
Depreciation	<u>0.03</u>		<u>0.08</u>
	<u>52.96</u>		<u>51.95</u>
Less: Income/Adjustments during the year :			
Other Income	<u>0.03</u>		<u>0.07</u>
	<u>0.03</u>		<u>0.07</u>
Net Expenditure during the year		<u>52.93</u>	<u>51.88</u>
Total Expenditure		163.29	112.55
Less: Transfer to other heads		—	2.10
Less: Amount allocated to Fixed assets		<u>0.92</u>	<u>0.09</u>
Balance carried forward		<u>162.37</u>	<u>110.36</u>
Schedule F			
INVESTMENT (At Cost)			
	Face value per unit (Rs.)	No	
Non-Trade Un Quoted :			
Equity Shares in Bhubaneswar Stock Exchange Ltd	1	289000	0.03
Long Term Debt Fund (Fixed Maturity Plan)			—
SBI Debt Fund Series - 13 Months	10	50000000	50.00
UTI Fixed Maturity Plan - 13 Months	10	15000000	15.00
UTI Fixed Maturity Plan - 15 Months	10	50000000	50.00
		<u>115.03</u>	<u>0.00</u>

Schedules forming part of the Balance Sheet

(Rupees in crore)

	As at March 31, 2008	As at March 31, 2007
Schedule G		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories		
(As certified by the Management and valued as per Accounting Policy No.1.5)		
Raw materials (Including in transit Rs.3.19, Previous year Rs.21.47)	65.59	82.45
Stock of Finished/Intermediary Products / Work-In-Process	266.93	246.60
Coal and fuel oil (Including In Transit Rs.5.73, Previous year Rs.5.38)	69.78	41.82
Stores, spares and others (Including in transit Rs.34.55, Previous year Rs.24.64)	268.66	247.94
Scrap and unserviceable materials awaiting disposal	15.69	16.15
	686.65	634.96
Sundry Debtors		
(Unsecured)		
Debts over six months		
Considered good	0.40	0.40
Considered doubtful	40.56	40.63
	40.96	41.03
Less: Provision for doubtful debts	40.56	40.63
	0.40	0.40
Other debts, Considered good	60.25	33.73
	60.65	34.13
Cash and Bank Balances		
Cash on hand including stamps	0.13	0.15
Cheques on hand	0.62	1.15
Balance with Scheduled Banks:		
In Current Accounts	38.06	0.04
In Unpaid Dividend Accounts	0.93	10.25
In Unpaid Debenture Interest Accounts	0.39	0.43
In Term Deposits *	3,476.33	3,674.51
	3,516.46	3,686.53
* Includes Rs.167.78 (Previous year 111.51) as per direction of court against demand of Electricity duty.		
Other Current Assets		
Interest accrued :		
Bank deposits and others	158.46	111.78
Loans to Employees	34.57	32.71
Accrued Export Incentives	47.53	70.06
Less: Provision for shortfall in realisation	4.09	2.51
	43.44	67.55
	236.47	212.04
Sub-total	4,500.23	4,567.66

Schedules forming part of the Balance Sheet

(Rupees in crore)

	As at March 31, 2008	As at March 31, 2007
Schedule G (contd.)		
Loans and Advances :		
(Unsecured, considered good unless otherwise stated)		
Loans		
Loans to employees		
(Secured Rs.55.25, Previous Year Rs.58.21)	57.64	60.22
Advances recoverable in cash or in kind or for value to be received		
Advances to Employees	6.82	6.29
Payments made towards disputed Taxes		
Income Tax receivable	129.72	119.23
Customs and Excise Duty receivable	126.87	84.68
	256.59	203.91
Advances to Suppliers and others:		
Considered good	20.47	8.89
Considered doubtful	1.84	2.21
	22.31	11.10
Less: Provision for doubtful recovery	1.84	2.21
	20.47	8.89
Prepaid Expenses	1.35	2.34
Claims Recoverable :		
Considered good		
CENVAT credit claims	144.65	66.81
VAT credit claims	9.43	5.97
DEPB claims	21.40	28.87
Other claims	6.72	6.90
	182.20	108.55
Considered doubtful	9.20	8.85
	191.40	117.40
Less: Provision for doubtful recovery	9.20	8.85
	182.20	108.55
Deposits with Govt and other agencies:		
Considered good	16.03	16.22
Considered doubtful	1.93	1.48
	17.96	17.70
Less: Provision for doubtful recovery	1.93	1.48
	16.03	16.22
Sub-total	541.10	406.42
TOTAL	5,041.33	4,974.08

Schedules forming part of the Balance Sheet

(Rupees in crore)

	As at March 31, 2008	As at March 31, 2007
CURRENT LIABILITIES & PROVISIONS		
Schedule H		
CURRENT LIABILITIES		
Sundry creditors :		
On capital account	272.78	102.09
Others	324.94	260.74
Other liabilities *	557.90	424.64
Security deposits	162.69	74.66
Book overdraft	—	9.89
TOTAL	1,318.31	872.02
Schedule I		
PROVISIONS		
For taxation		
(net of advance payment of tax)	30.45	88.08
For proposed dividend	96.65	161.08
For tax on dividend	16.42	27.37
Employee Benefits		
For gratuity	1.54	28.24
For leave encashment	52.26	40.22
For post retirement medical benefit	2.06	1.60
For retirement benefit	8.49	—
Leave travel benefit	1.81	—
Family rehabilitation scheme	3.99	—
Long Service reward	8.90	—
TOTAL	79.05	70.06
	222.57	346.59

* Includes advance from customers Rs.51.37 (Previous Year Rs.64.11), Unpaid dividend of Rs.0.93 (Previous Year Rs.10.25). Amount transferred to Investor Education and Protection Fund Rs. 0.08 (Previous year 0.05)

Schedules forming part of Profit & Loss Account

(Rupees in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
Schedule J		
SALES		
Export :		
Calcined Alumina	1,049.21	1,463.88
Special Grade Alumina	0.09	—
Aluminium metal	1,075.05	1,115.69
Rolled Products	<u>10.27</u>	<u>5.83</u>
	2,134.62	2,585.40
Domestic :		
Zeolite	9.07	14.25
Alumina Hydrate	14.43	13.26
Calcined Alumina	11.81	14.00
Special Grade Alumina and Hydrate	28.30	21.09
Aluminium Metal	3,137.50	3,776.88
Rolled Products	120.91	27.50
Electricity	<u>17.81</u>	<u>62.13</u>
	3,339.83	3,929.11
TOTAL	<u>5,474.45</u>	<u>6,514.51</u>
Schedule K		
OTHER INCOME		
Operating :		
Export incentives	112.54	89.31
Exchange variation gain	<u>1.23</u>	<u>1.30</u>
	113.77	90.61
Non-Operating :		
Interest on/from : *		
Bank Deposits and others	409.73	273.72
Dividend Income on Deposits	0.17	—
Loans to Employees	3.95	4.27
Profit on sale of fixed assets	0.57	1.16
Sale of general scrap, bath etc. (net of excise duty) and its accretion	11.15	11.70
Receipt for rent, electricity & water charges	3.35	2.76
Miscellaneous Income	<u>12.08</u>	<u>17.43</u>
	441.00	311.04
TOTAL	<u>554.77</u>	<u>401.65</u>

* Tax deducted at source from interest income from deposits with banks and financial institution Rs.86.92 (previous year Rs.58.80).

Schedules forming part of Profit & Loss Account

(Rupees in crore)

	Opening Stock	Transfer from/(to) trial operation	Adjusted Opening Stock	Closing Stock	Accretion / Decretion
Schedule L					
ACCRETION/DECRETION TO FINISHED/ WORK-IN-PROCESS/INTERMEDIARY PRODUCTS					
Finished Products :					
Bauxite	16.09	–	16.09	14.24	(1.85)
	<i>11.16</i>	–	<i>11.16</i>	<i>16.09</i>	<i>4.93</i>
Zeolite	0.04	–	0.04	0.09	0.05
	<i>0.41</i>	–	<i>0.41</i>	<i>0.04</i>	<i>(0.37)</i>
Alumina Hydrate	0.09	–	0.09	0.13	0.04
	<i>0.16</i>	–	<i>0.16</i>	<i>0.09</i>	<i>(0.07)</i>
Calcined Alumina	43.93	–	43.93	46.51	2.58
	<i>46.98</i>	–	<i>46.98</i>	<i>43.93</i>	<i>(3.05)</i>
Special Grade Alumina & Hydrate	0.11	–	0.11	1.44	1.33
	<i>1.13</i>	–	<i>1.13</i>	<i>0.11</i>	<i>(1.02)</i>
Aluminium Metal	27.29	–	27.29	29.04	1.75
	<i>30.77</i>	–	<i>30.77</i>	<i>27.29</i>	<i>(3.48)</i>
Rolled Products	14.02	–	14.02	10.59	(3.43)
	<i>10.20</i>	–	<i>10.20</i>	<i>14.02</i>	<i>3.82</i>
Intermediary products:					
Anodes	71.03	–	71.03	73.46	2.43
	<i>55.58</i>	–	<i>55.58</i>	<i>71.03</i>	<i>15.45</i>
Anode butts	1.46	–	1.46	2.05	0.59
	<i>2.12</i>	–	<i>2.12</i>	<i>1.46</i>	<i>(0.66)</i>
Aluminium scraps	0.84	–	0.84	7.90	7.06
	<i>6.51</i>	<i>(0.83)</i>	<i>5.68</i>	<i>0.84</i>	<i>(4.84)</i>
Work-in-process	71.70	–	71.70	81.48	9.78
	<i>70.33</i>	–	<i>70.33</i>	<i>71.70</i>	<i>1.37</i>
Total of Stock & Accr/Decrn	246.60	0.00	246.60	266.93	20.33
	<i>235.35</i>	<i>(0.83)</i>	<i>234.52</i>	<i>246.60</i>	<i>12.08</i>
Add: Accretion to Excise Duty liability on closing stock					1.52
					<i>3.05</i>
Net accretion to stock					21.85
					<i>15.13</i>

Note : Figures in italics represent those of previous year

	Year ended March 31, 2008		Year ended March 31, 2007	
	Quantity(MT)	Value	Quantity(MT)	Value
Schedule M				
RAW MATERIALS CONSUMED				
Caustic soda	115,702	211.34	123,368	189.94
C.P.Coke	140,968	193.76	141,797	174.62
C.T.Pitch	35,496	75.81	36,455	106.70
Aluminium fluoride	8,675	49.69	8,901	47.53
Lime	46,508	18.85	45,839	14.54
Crystal growth modifier	346	5.56	317	4.91
Others	–	19.35	–	19.35
TOTAL		574.36		557.59

Schedules forming part of Profit & Loss Account

(Rupees in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
Schedule N		
POWER & FUEL		
Coal	475.51	405.11
Fuel oil	364.99	304.51
Duty on self generation	129.66	131.33
Power transmission charges	3.93	4.37
Purchased power	20.60	5.70
TOTAL	994.69	851.02
Schedule O		
REPAIRS & MAINTENANCE		
Buildings	18.42	18.24
Machinery	201.83	203.53
Others	11.29	8.57
TOTAL	231.54	230.34
Schedule P		
OTHER MANUFACTURING EXPENSES		
Royalty & Cess	40.66	46.17
Freight inwards	52.63	47.06
Consumption of stores	53.97	41.30
Water charges	2.32	2.33
Technical assistance fee & expenses	7.34	9.37
Entry Tax	6.90	6.43
TOTAL	163.82	152.66
Schedule Q		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, wages, bonus & exgratia	439.48	316.14
Contribution to Provident & Pension funds	35.07	25.29
Staff welfare expenses	56.65	43.16
Provision for employee benefits	21.77	8.29
TOTAL	552.97	392.88
Schedule R		
ADMINISTRATIVE EXPENSES		
Rent	1.58	1.57
Rates and taxes	1.27	0.96
Insurance	3.21	3.86
Repairs and Maintenance :		
Buildings	0.08	0.06
Others	1.22	1.31
Bank charges	0.79	0.86
Legal expenses	1.15	3.07
Printing, Stationery and EDP expenses	3.95	3.73
Communication expenses	3.75	3.90
Advertisement & publicity	4.74	4.57
Electricity and water charges	2.36	2.16
Travelling expenses	13.95	14.34
Directors Sitting Fees	0.02	—
Hire charges for machinery and vehicles	5.75	5.58
Management development and training	7.87	5.73
Consultancy charges	2.25	1.34
Security and fire fighting expenses	42.26	25.41
Exchange Variation Loss	3.20	—
Miscellaneous expenses	7.34	6.92
TOTAL	106.74	85.37

Schedules forming part of Profit & Loss Account

(Rupees in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
Schedule S		
OTHER EXPENSES		
Research and development expenses	1.02	0.85
Plantation and horticulture	2.55	2.13
Environment and pollution control	0.75	0.93
Peripheral development expenses and provisions	24.48	16.74
Interest on disputed Govt. dues and others	59.61	43.67
Auditors' remuneration :		
Statutory audit fee	0.09	0.09
Statutory audit expenses	0.12	0.10
Tax audit and other certification fee	0.09	0.07
Cost audit fee and expenses	0.03	0.03
Donations	—	0.50
Demurrage	1.48	1.50
Loss on sale of assets	0.68	0.18
Stores and spares written off	18.90	3.90
Claims, receivables, debts, shortages etc written off	4.17	1.86
TOTAL	113.97	72.55
Schedule T		
SELLING AND DISTRIBUTION EXPENSES		
Packing and forwarding	6.38	3.33
Freight outwards and handling	70.67	65.06
Commission to selling agents	0.27	0.27
Wharfage	2.20	2.07
Bank charges	0.20	0.20
Others	5.02	6.05
TOTAL	84.74	76.98
Schedule - U		
INTEREST AND FINANCING CHARGES		
Interest on short term loans	0.88	—
Interest on bill discounting	0.63	1.12
TOTAL	1.51	1.12
Schedule V		
PROVISIONS		
Retired assets, CWIP and unserviceable materials	1.14	5.44
Doubtful Debts	(0.07)	—
Doubtful Other current assets	(1.39)	(0.60)
Doubtful advances	(0.36)	(0.68)
Doubtful claims	0.33	1.09
TOTAL	(0.35)	5.25
Schedule W		
PRIOR PERIOD ADJUSTMENTS (NET)		
Other Income	(0.43)	0.11
Power and Fuel	0.03	—
Repairs and maintenance	3.64	(0.40)
Other manufacturing expenses	(0.77)	(0.04)
Employees' remuneration & benefits	17.42	—
Administrative and other expenses	1.16	2.34
Interest & Financing Charges	0.01	—
Depreciation	4.33	4.02
TOTAL	25.39	6.03

Note : Figures in brackets represent credits

Schedule-X

SIGNIFICANT ACCOUNTING POLICIES:

1.1 BASIS OF ACCOUNTING:

The financial statements are prepared under historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, and the relevant provisions of the Companies Act, 1956.

1.2 USE OF ESTIMATES:

In preparing the financial statements in conformity with accounting principles generally accepted in India, the company makes estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amount of expenses during the reported period. Actual result in some cases could differ from those estimates. Any revision of such estimates is recognized in the period in which the same is determined.

1.3 FIXED ASSETS:

- 1.3.1 All fixed assets are stated at historical cost less depreciation. Cost includes all direct expenditure of acquisition, attributable borrowing cost and net of Cenvat credit, wherever applicable.
- 1.3.2 Expenditure on development of land including leasehold land are capitalised as part of cost of land. Expenditure of capital nature incurred on assets on land not owned by the company is capitalised under appropriate asset head.
- 1.3.3 Fixed assets acquired out of financial grant from Government are shown at cost by crediting the grant-in-aid received to Capital Reserve. Equivalent amount of depreciation provided on such assets each year is transferred from Capital Reserve to Profit & Loss Account.
- 1.3.4 Insurance spares valuing more than Rs.1 lakh per unit are capitalized with the related fixed assets.
- 1.3.5 Application Software package like ERP and application development tools like RDBMS acquired from outside agencies for internal use are treated as intangible assets and amortized over a period of three years or the period of license whichever is earlier.
- 1.3.6 Fixed assets retired from active use and held for disposal are stated at lower of net book value and estimated net realisable value.

1.4 INVESTMENTS:

Long-term investments are carried at cost, after providing for diminution in value, if it is of a permanent nature. Current investments are carried at lower of cost and market value.

1.5 INVENTORIES:

- 1.5.1 Raw materials, stores and spares are valued at monthly weighted average cost net of cenvat credit wherever applicable. Shortage of coal up to 1% of receipt quantity is treated as normal loss and beyond 1% is treated as abnormal loss.
- 1.5.2 Work in process is valued at lower of cost and net realizable value. Cost is ascertained on the basis of annual average cost of material, appropriate share of labour and related overheads.
- 1.5.3 Finished goods are valued at lower of cost and net realizable value. Cost is determined on the basis of material cost plus appropriate share of labour, related overheads and duties.
- 1.5.4 Intermediary products viz. Anodes are valued at cost, anode butts and anode rejects are valued at lower of realizable value or 45% of direct material cost.
- 1.5.5 Scrap of various nature is valued at estimated net realisable value.
- 1.5.6 Inventory of stores and spares, other than insurance spares identified as not moved for more than 5 years is valued at 5% of the cost.

1.6 PROVISIONS:

A provision is recognized when there is present obligation as a result of a past event, it is probable that an out flow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. These are reviewed at each year end date and adjusted to reflect the best current estimate.

1.7 FOREIGN CURRENCY TRANSACTIONS:

- 1.7.1 Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year-end rates.
- 1.7.2 The difference in translation of monetary assets and liabilities and realised gains and losses in foreign exchange transactions are recognised in the profit and loss account. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is recognised in the profit and loss account over the period of the contract.

1.8 DEPRECIATION AND AMORTISATION:

- 1.8.1 Depreciation on fixed assets is provided on straight-line method at the rates and manner prescribed under Schedule XIV of the Companies Act 1956 except in case of certain assets where depreciation at higher rates is provided based on their estimated remaining useful life, evaluated on the basis of technical estimate made annually:-
Earth work portion of:
- a) Red mud pond at Alumina Refinery
 - b) Ash pond at Alumina Refinery
 - c) Ash ponds at Captive Power Plant
- 1.8.2 Certain assets at Port Facilities are depreciated at rates calculated on the basis of balance lease period of land belonging to the Port Authority on which these assets are installed.
- 1.8.3 Assets costing Rs.5,000/- or less individually are depreciated fully in the year in which they are put to use.
- 1.8.4 Assets on land not owned by the Company are depreciated over a period of five years.
- 1.8.5 Cost of leasehold land including development expenses thereon is amortised over the period of lease. However, where lease agreement is yet to be signed, such expenses is amortised over a period of 20 years commencing from the year of commercial operation.
- 1.8.6 Classification of plant and machinery into continuous and non-continuous is made on the basis of technical opinion and depreciation provided accordingly.

1.9 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.

1.10 RECOGNITION OF REVENUE:

- 1.10.1 Sales include excise duty and are net of rebates and price concessions. Sales in the domestic market are recognised at the time of despatch of materials to the buyers. Export sales are recognized on issue of bill of lading.
- 1.10.2 Claims and interest receivables are accounted for in the Profit and Loss Account based on certainty of their realisation.
- 1.10.3 Export incentives in the form of duty credit on exports made during the year, under Duty Entitlement Pass Book (DEPB) scheme are accounted for on accrual basis after providing for expected shortfall in realization based on last sale.

1.11 REPAIRS AND REPLACEMENTS:

- 1.11.1 Pot relining expenses are charged to Profit & Loss Account as and when incurred.

1.12 EMPLOYEE BENEFITS:

- 1.12.1 Contribution to Provident Fund, a defined contribution scheme, is charged to Profit & Loss Account on the basis of actual liability.
- 1.12.2 Liabilities towards Gratuity, leave encashment, post retirement medical facilities, retirement benefits, leave travel benefits, family rehabilitation scheme, long service reward are provided for on the basis of actuarial valuation.

1.13 RESEARCH & DEVELOPMENT EXPENDITURE:

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

1.14 BORROWING COST:

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

1.15 DEFERRED TAXATION:

Deferred Tax expense or benefit is recognized on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Schedule –Y

Notes Forming Part of Accounts:

1. Balance Sheet:

1.1 Fixed Assets:

Land:

- a) Freehold land includes land acquired through Government of Orissa, for which relevant title deeds have been executed except for land measuring 217.54 acres. Process of conversion of freehold land for Industrial use has been taken-up with Revenue Authority.
- b) Leasehold land includes payment to the Government of Orissa in respect of which lease deeds are yet to be executed for 1312.07 acres, though the Company has been permitted by the Government to use such land for industrial purposes.

1.2 In order to compensate substantially land affected persons (SAPs) at Angul Sector in lieu of employment, the Company has offered a cash assistance package ranging from Rs.2.50 lakhs to Rs.15.00 lakhs per person depending upon the quantum of land, based on recommendation of Rehabilitation Advisory Committee (RAC), constituted by Government of Orissa for the said purpose. Compensation paid/payable to such SAPs has been determined at Rs.13.87 crore.

1.3 Rolled Products Unit at Angul, established earlier as a 100% Export Oriented Unit (EOU), was debonded w.e.f 15.05.2007, as one time option to exit from 100% EOU Scheme to EPCG Scheme by paying additional import duty of Rs.6.44 crores, and furnishing Bank Guarantee of Rs.14.31 crores to Customs Authorities towards the duty saved, besides furnishing a bond of Rs.143.08 crores for export performance. A legal undertaking has also been furnished to the Development Commissioner, FALTA Special Economic Zone, Kolkata for the purpose of debonding of RPU.

1.4 IDCO, a Government of Orissa Undertaking, has leased 11.70 Acres of land to the Company for installation of Aluminium Wheel plant at Bhubaneswar, which was shelved due to economic unviability. In stead, the Company decided to set up a R&D and Technology Development Center and has sought permission from IDCO in this regard, which was turned down and the matter is presently under sub-judice with Hon'ble High court of Orissa.

1.5 Contingent Liabilities not provided for:

(Rupees in crore)

	As at 31st March 2008	As at 31st March 2007
a) Estimated amount of contracts to be executed on capital account (net of advances and L/Cs opened)	1604.52	2392.59
b) Outstanding letters of credit, guarantees and counter guarantees	164.64	463.60
c) Claims against the Company not acknowledged as debts:		
i) Sales Tax	475.66	422.71
ii) Excise Duty	113.18	61.97
iii) Customs Duty	11.68	11.33
iv) Claims of contractors, suppliers & others	76.35	74.97
v) Land acquisition and interest thereon	37.60	35.98
vi) Unrealised bank guarantees due to court injunctions	0.57	0.57
vii) Income Tax & Wealth Tax	138.99	121.08
viii) Entry Tax and Road Tax	50.78	38.55
ix) Employee State Insurance	0.32	0.32
x) Water charges	2.19	1.52
xi) Royalty on bauxite and interest on it	13.42	15.00
TOTAL	920.74	784.00

1.6 The amount due to Small Scale Industrial Undertakings (to the extent such parties have been identified) is NIL (previous year Rs.0.22 crores). There are no parties whose outstandings are for more than 30 days and the Company has not received any claim for interest on overdue payments.

- 1.7 The Company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid / payable, as required under the said Act, have not been given.

2. Profit and Loss Account:

- 2.1 Depreciation was charged in respect of main Plant and Machinery and related Factory Buildings and Storage go-downs 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" in Schedule XIV of Companies Act, 1956. Depreciation rates on all 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.

- 2.2 In case of Zeolite plant, a cash generating unit of the Company, additional impairment loss of Rs.2.33 crore, towards the book value of plant building has been recognized during the year.

- 2.3 Pending finalisation of revision of pay scales for employees under IDA pattern with effect from 1.1.2007 and for CISF & School staff under CDA pattern with effect from 1.1. 2006, a provision of Rs.81.07 crore and Rs.27.00 crore respectively has been made towards likely liability on account of such revision.

3. i) As per AS-18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the names of the related parties are given below:-

Directors: a) Sri C. Venkataramana (since retired),

b) Sri C.R. Pradhan,

c) Sri K.K. Mallick,

d) Sri A.R.Ray (since retired),

e) Sri P. K Routray,

f) Sri B.L Bagra,

g) Sri Joy Varghese.

ii) Related party transactions:

Remuneration and loans to whole time directors are disclosed in Note no. 1 of Additional information forming part of accounts.

4. Consequent upon change in the Accounting Policy (1.8.1) for rate of depreciation on items stated below, Rs.1.58 crore of additional depreciation has been charged during the year.

a) Ash Pond of CPP – 40.71% to 54.29%,

b) Red Mud Pond of Refinery – 22.09% to 95%,

5. SEGMENT REPORTING:

- 5.1 The Company has considered Chemicals, Aluminium and Electricity as the three primary business segments. Chemicals include calcined alumina, alumina hydrate and other related products. Aluminium includes aluminium ingots, wire rods, billets, strips and other related products. Bauxite produced for captive consumption of alumina is included under chemicals.

- 5.2 India and Outside India are the two geographical segments. Since all production and other facilities are located in India, segment assets except export debtors are shown under one geographic segment i.e. India.

- 5.3 Inter-unit transfer of alumina is valued at annual weighted average export sales realisation, reduced by railway freight. Inter-unit transfer of electricity is valued at annual weighted average sales price to state GRIDCO.

- 5.4 Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities. Revenue, expenses, assets and liabilities, which relate to the enterprise as a whole and are not allocable on a reasonable basis, have been included under "Unallocated Corporate" segment.

6. 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, 2008

	Current Year	(Rs. in crore) Previous year
1. a) Whole-time Directors' Remuneration:		
Salaries	0.46	0.27
Company's contribution to Provident Funds & Gratuity scheme	0.05	0.04
Leave travel concession	0.01	0.01
Medical benefits	0.02	0.02
Other benefits	0.12	0.08
TOTAL	0.66	0.42
(In addition, each whole time director is allowed the use of Company's car for private purposes up to 750 kms per month as per their terms of appointment)		
b) Loans and advances due from Directors:		
Outstanding as at end of the year	0.02	0.02
Maximum amount due any time during the year	0.05	0.03
2. Expenditure incurred in Foreign Currency on cash basis:		
Technical assistance and consultancy	15.61	30.40
Travelling expenses	0.67	0.59
Other expenses	1.20	3.12
TOTAL	17.48	34.11
3. Earnings in Foreign Currency on cash basis:		
Export of goods	2,094.48	2,575.40
Other Income	0.78	0.80
TOTAL	2,095.26	2,576.20
4. Value of Imports calculated on CIF basis:		
Raw materials	166.24	130.66
Components, spare parts and construction materials	55.53	38.09
Capital goods	480.07	133.27
TOTAL	701.84	302.02
5. Value of Raw materials, stores , spares & components consumed during the year:		

a) Raw materials:

	Current Year		Previous year	
	Value	%	Value	%
Imported	80.77	14.06	58.21	10.44
Indigenous	493.58	85.94	499.38	89.56
TOTAL	574.35	100.00	557.59	100.00

b) Stores, spares and components:

	Current Year		Previous year	
	Value	%	Value	%
Imported	68.76	29.82	77.57	34.90
Indigenous	161.84	70.18	144.68	65.10
TOTAL	230.60	100.00	222.25	100.00

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

Products	Installed Capacity		Actual Production/Generation	
	Current year	Previous year	Current year	Previous year
	(In MT)	(In MT)	(In MT)	(In MT)
Bauxite	48,00,000	48,00,000	46,84,684	46,23,278
Detergent Grade Zeolite	10,000	10,000	4,506	6,952
Alumina Hydrate	15,75,000	15,75,000	15,75,500	14,75,200
Calcined Alumina	15,75,000	15,75,000	15,59,200	14,63,300
Special Grade Alumina and hydrate	20,600	20,600	12,448	7,823
Aluminium Metal	3,45,000	3,45,000	3,60,457	3,58,734
Rolled Products	45,000	45,000	10,004	2,587
Electricity	960 MW	960 MW	5609 (MU)	5,968 (MU)

Note: 1. Installed capacities are as per project report and licenced capacity is not given as licencing is not applicable.

Schedule - Y
Additional Information
forming part of accounts for the year ended March 31, 2008 (contd.)

7. Stocks and Sales:

Products	Opening Stock		Sales		Closing Stock	
	Quantity In MT	Value Rs. in crore	Quantity In MT	Value Rs. in crore	Quantity In MT	Value Rs. in crore
Bauxite	6,59,133	16.09	–	–	5,41,529	14.24
	5,23,828	11.16	–	–	6,59,133	16.09
Zeolite	23	0.04	4,482	9.07	47	0.09
	227	0.41	7,156	14.25	23	0.04
Alumina Hydrate	154	0.09	6,262	14.43	219	0.13
	296	0.16	5,389	13.26	154	0.09
Calcined Alumina	68,765	43.93	8,64,988	1,061.02	64,260	46.51
	76,840	46.98	7,79,104	1,477.88	68,765	43.93
Special Grade Alumina and Hydrate	103	0.11	11,929	28.39	622	1.44
	512	1.13	8,232	21.09	103	0.11
Aluminium Metal	3,999	27.29	3,43,911	4,212.55	4,488	29.04
	4,536	30.77	3,54,246	4,892.57	3,999	27.29
Rolled products	1,097	14.02	9,423	131.18	912	10.59
	880	10.20	2,370	33.33	1,097	14.02
Electricity (in MU net)	–	–	129	17.81	–	–
	–	–	421	62.13	–	–

Note:

- Figures in italics pertain to those of previous year.
- Stock of Bauxite, Alumina hydrate, Calcined alumina and Strips are valued and disclosed as finished products.

8. Social Amenities:

(Rs. in crore)

Expenses	Township	Education	Medical	Social/Cultural	Canteen	Total
Payments to employees	6.07	–	16.62	–	2.02	24.71
Welfare expenses	–	18.44	16.04	1.85	3.88	40.21
Materials consumed	0.15	0.10	2.80	–	–	3.05
Repairs & maintenance	9.14	–	0.05	–	–	9.19
Power, fuel & water	5.52	–	–	–	–	5.52
Depreciation	5.14	0.15	0.19	0.20	0.05	5.73
TOTAL	26.02	18.69	35.70	2.05	5.95	88.41
Less: Recoveries	3.36	–	0.11	–	–	3.47
Net Expenditure	22.66	18.69	35.59	2.05	5.95	84.94
For previous year	18.50	9.70	27.30	2.44	4.79	62.73

Schedule - Y
Additional Information
forming part of accounts for the year ended March 31, 2008 (contd.)

9. Employee Benefit Obligations:

(Rs. in crore)

	Gratuity	Leave Encashment	Post Retirement Medical Benefit	Retirement Benefit	Leave Travel Benefit	Family Rehabilitation Scheme	Long Service Reward
A. Amount Recognised in Balance Sheet:							
Present value of obligation	71.63	52.26	2.06	8.49	1.81	3.99	8.90
	66.88	40.22	1.60	—	—	—	—
Fair value of Plan Asset	70.09	—	—	—	—	—	—
	38.64	—	—	—	—	—	—
Funded Status[Excess/(Short)]	(1.54)	—	—	—	—	—	—
	(28.24)	—	—	—	—	—	—
Net Liability recognised	1.54	52.26	2.06	8.49	1.81	3.99	8.90
	28.24	40.22	1.60	—	—	—	—
B. Amount Recognised in Profit & Loss Account:							
Current Service cost	7.41	13.34	—	0.63	—	—	0.47
	6.59	7.84	—	—	—	—	—
Interest cost	5.60	3.01	0.12	0.67	—	—	0.70
	5.44	2.79	0.10	—	—	—	—
Expected Return on Plan Asset	3.09	—	—	—	—	—	—
	2.91	—	—	—	—	—	—
Net Actuarial (gain)/loss	(6.62)	(4.30)	0.34	7.19	1.81	3.99	7.73
	(8.58)	(3.52)	0.31	—	—	—	—
Expenses recognised	3.30	12.05	0.46	8.49	1.81	3.99	8.90
	0.54	7.11	0.41	—	—	—	—
C. Movement of Net Liability Recognised in Balance Sheet:							
Opening Net Liability	28.24	40.22	1.60	—	—	—	—
	32.84	33.10	1.19	—	—	—	—
Expenses recognised	3.30	21.58	3.23	8.49	1.81	3.99	8.90
	0.54	15.38	2.29	—	—	—	—
Benefits paid	—	9.54	2.77	—	—	—	—
	—	8.26	1.88	—	—	—	—
Contributions	30.00	—	—	—	—	—	—
	5.14	—	—	—	—	—	—
Closing Net Liability	1.54	52.26	2.06	8.49	1.81	3.99	8.90
	28.24	40.22	1.60	—	—	—	—
D. Actuarial Assumptions:							
Discount Rate	8.50	8.50	8.50	8.50	8.50	8.50	8.50
	8.50	8.50	8.50	—	—	—	—
Return on Plan Asset	8.00	—	—	—	—	—	—
	9.10	—	—	—	—	—	—
Salary Escalation	6.00	6.00	6.00	6.00	6.00	6.00	6.00
	6.00	6.00	6.00	—	—	—	—

Note : 1. Figures in italics pertain to previous year.

2. Gratuity is a Post Employment Funded Defined Employee Benefit Plan

3. Other Benefits are Un-Funded Defined Employee Benefit Plan

Schedule - Y

Additional Information

forming part of accounts for the year ended March 31, 2008 (contd.)

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

i) Registration Details:

Registration No.	1500920
State Code	15
Balance Sheet Date	31st March 2008

		(Rs. in crore)
	Current Year	Previous Year
ii) Capital raised during the year:	Nil	Nil
iii) Position of mobilisation and deployment of Funds:		
Total Liabilities	9,481.88	8,307.96
Total Assets	9,481.88	8,307.96
Sources of Funds:		
Paid-up Capital	644.31	644.31
Reserves & Surplus	8,230.14	7,050.91
Secured Loans	Nil	Nil
Unsecured Loans	Nil	Nil
Deferred tax liabilities	607.43	612.74
Application of Funds:		
Net Fixed Assets	5,866.40	4,552.49
Investments	115.03	Nil
Net Current Assets	3,500.45	3,755.47
Misc. Expenditure	Nil	Nil
Accumulated losses	Nil	Nil
iv) Performance of the Company:		
Gross Turnover	5,474.45	6,514.51
Total Expenditure	3,007.86	2,894.11
Profit/Loss before Tax	2,466.59	3,620.40
Profit/Loss after Tax	1,631.52	2,381.38
Earning per Share (In Rupees)	25.32	36.96
Dividend rate (%)	60.00	75.00
v) Generic Name of Principal products/services:		
Item Code no.	335000000 and 76.06	
Product	Aluminium Ingots and cold rolled aluminim strips/coils/sheets	

Schedule - Y

Additional Information

forming part of accounts for the year ended March 31, 2008 (contd.)

11. Segmentwise Information

	Chemicals		Aluminium		Electricity		Unallocated	Corporate	(Rs. in crore) Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
BUSINESS SEGMENTS										
A. Revenue										
External sales	1,103.85	1,517.59	3,867.14	4,360.47	17.81	62.13	—	—	4,988.80	5,940.19
Inter-segment transfer	836.85	1,263.12	—	—	761.41	820.03	—	—	1,598.26	2,083.15
Total Revenue	1,940.70	2,780.71	3,867.14	4,360.47	779.22	882.16	—	—	6,587.06	8,023.34
Less: Elimination									(1,598.26)	(2,083.15)
Net Revenue									4,988.80	5,940.19
B. Result										
Segment result	820.34	1,830.40	1,243.87	1,259.88	88.77	321.81	(98.73)	(69.68)	2,054.25	3,342.41
Interest expense									1.51	—
Interest income									413.85	277.99
Income taxes									835.07	1,239.02
Net Profit									1,631.52	2,381.38
C. Other Information										
Segment assets	2,278.21	1,890.84	3,177.48	2,518.50	1,765.79	1,269.95	3,801.28	3,847.28	11,022.76	9,526.57
Segment liabilities	312.85	217.03	448.23	287.19	618.19	380.22	161.61	334.17	1,540.88	1,218.61
Capital expenditure	436.19	221.59	544.34	198.62	440.19	188.58	3.37	5.88	1,424.09	614.67
Depreciation	103.31	112.36	118.10	129.80	58.19	73.54	1.50	1.43	281.10	317.13
Non-cash expenses (other than depreciation)	19.52	3.21	20.95	15.14	14.95	4.02	2.70	1.04	58.12	23.41

GEOGRAPHIC SEGMENTS

	India		Outside India		Consolidated Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A. Revenue						
External sales	2,854.18	3,354.79	2,134.62	2,585.40	4,988.80	5,940.19
B. Other Information						
Segment assets	10,986.60	9,510.56	36.16	16.01	11,022.76	9,526.57
Capital expenditure	1,424.09	614.67	—	—	1,424.09	614.67

In terms of our report of even date attached.

For P.A. & Associates

Chartered Accountants

CA. P.S. Panda

Partner

M.No: 51092

Place : Bhubaneswar

Dated : June 10, 2008

For and on behalf of Board of Directors

CS. K.N. Ravindra
Company Secretary

CA. B.L. Bagra
Director (Finance)

C.R. Pradhan
Chairman-cum-Managing Director (I/c)

Schedule - Y
Additional Information
forming part of accounts for the year ended March 31, 2008 (contd.)

12. Cash Flow Statement :

(Rupees in crore)

	Year ended March 31st, 2008	Year ended March 31st, 2007
A. Cash flow from Operating Activities :		
Net Profit before tax and Extraordinary Income	2,466.58	3,620.40
Adjustments for :		
Depreciation	285.44	321.15
Interest and Financing charges	1.54	1.12
Provisions (Net)	8.44	8.18
Claims/Recoverables written off	0.58	1.38
Stores and spares written off	18.90	3.90
Exchange Variation Gain	(1.18)	—
Loss/(Profit) on sale of assets (net)	0.11	(0.98)
	<u>313.83</u>	<u>334.75</u>
Operating Profit before working capital changes	2,780.41	3,955.15
Adjustments for :		
Inventories	(67.94)	(49.09)
Trade & other receivables	(177.68)	(116.24)
Trade payables	275.61	206.98
	<u>29.99</u>	<u>41.65</u>
Cash generated from Operations	2,810.40	3,996.80
Direct taxes paid	(908.49)	(1,273.18)
Cash flow before Extraordinary Items	1,901.91	2,723.62
Extraordinary Items	—	—
Net cash from operating activities	1,901.91	2,723.62
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(1,544.13)	(642.92)
Sale/write off of Fixed Assets	—	0.98
Net cash used in investing activities	<u>(1,544.13)</u>	<u>(641.94)</u>
C. Cash Flow from Financing Activities:		
Interest and Financing charges	(1.54)	(1.12)
Exchange Variation Gain	1.35	—
Dividends including dividend tax paid	(527.66)	(587.74)
	<u>(527.85)</u>	<u>(588.86)</u>
D. Net changes in Cash & Cash equivalents (A+B+C)	(170.07)	1,492.82
E. Cash & Cash equivalents - Opening balance	3,686.53	2,193.71
F. Cash & Cash equivalents - Closing balance	3,516.46	3,686.53

Note:

- Cash and Bank Balances under Current Assets, Loans and advances at schedule G are Cash equivalents for the purpose of drawing Cash Flow statement.
- Balances with bank includes Rs.169.10 (Previous year Rs.122.19) not available for use by the Company.
- During the year the company availed working capital loan facility of Rs.300 (Previous year Rs.300), sanctioned by bankers. However the loan balance at the end of the year is nil.
- Figures in brackets are cash outflow/income, as the case may be.

In terms of our report of even date attached.

For P.A. & Associates
Chartered Accountants
CA. P.S. Panda
Partner
M.No: 51092

Place : Bhubaneswar
Dated : June 10, 2008

For and on behalf of Board of Directors

CS. K.N. Ravindra
Company Secretary

CA. B.L. Bagra
Director (Finance)

C.R. Pradhan
Chairman-cum-Managing Director (I/c)

5 Years performance at a glance - Physical

Sl. No.	Particulars	Units	2007-08	2006-07	2005-06	2004-05	2003-04
1.	Production:						
	Bauxite	MT	46,84,684	46,23,278	48,54,253	48,51,726	48,16,762
	Alumina Hydrate	MT	15,75,500	14,75,200	15,90,000	15,75,500	15,56,100
	Aluminium for Internal Consumption	MT	3,60,457	3,58,734	3,58,954	3,38,483	2,98,207
	Rolled Product	MT	10,004	2,587	5,040	858	2,660
	Power (net)	MU	5,609	5,968	5,679	5,613	5,122
2.	Export Sales:						
	Alumina	MT	8,59,943	7,73,573	8,62,616	9,09,081	9,34,874
	Aluminium	MT	1,00,847	92,678	95,747	1,32,730	1,29,718
3.	Domestic Sales:						
	Alumina / Hydrate	MT	11,307	10,920	12,994	21,177	17,784
	Aluminium	MT	2,43,064	2,61,636	2,58,094	2,05,797	1,66,650
	Power	MU	129	421	322	406	498

5 Years performance at a glance - Financial

Sl. No.	Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
		(Rs. in crore)				
A. Income Statement :						
1.	Exports	2,134	2,586	2,306	2,200	1,717
2.	Domestic Sales	3,340	3,929	3,018	2,220	1,632
3.	Gross Sales (1+2)	5,474	6,515	5,324	4,420	3,349
4.	Less : Excise Duty	485	575	435	316	225
5.	Net Sales (3 - 4)	4,989	5,940	4,889	4,104	3,124
6.	Other Income :					
7.	Operating	146	103	101	174	131
8.	Non-operating	441	311	132	77	70
9.	Operating expenses	2,822	2,412	2,311	1,965	1,741
10.	Operating Profit (5+7-9)	2,313	3,631	2,679	2,313	1,514
11.	Earning before interest, dep. & taxes (EBIDT)(10+8)	2,754	3,942	2,811	2,390	1,584
12.	Interest & Financing charges	2	—	—	61	85
13.	Earning before dep. & taxes (EBDT) (11-12)	2,752	3,942	2,811	2,329	1,499
14.	Depreciation and Amortisation	285	322	381	459	446
15.	Profit before Tax (PBT) (13-14)	2,467	3,620	2,430	1,870	1,053
16.	Provision for Tax	835	1,239	868	635	316
17.	Net Profit (PAT) (15 - 16)	1,632	2,381	1,562	1,235	737
B. Balance Sheet :						
18.	Equity Capital	644	644	644	644	644
19.	Reserves & Surplus	8,230	7,051	5,249	4,054	3,113
20.	Networth (18+19)	8,874	7,695	5,893	4,698	3,757
21.	Loans Outstanding	—	—	—	—	654
22.	Net Fixed Assets	3,531	3,711	3,944	4,139	3,904
23.	Net Current Assets	3,500	3,755	2,357	1,005	126
24.	Capital Employed (22+23)	7,031	7,466	6,301	5,144	4,030
C. Ratios :						
25.	Operating Profit Margin (OPM) (%) (10 / 5*100)	46.36	61.12	54.81	56.36	48.46
26.	Net Profit Margin (%) (17 / 5 *100)	32.71	40.09	31.96	30.09	23.60
27.	Return on Capital Employed (ROCE) (%) (17/24*100)	23.21	31.89	24.79	24.01	18.30
28.	Return on Networth (RONW)(%) (17/20*100)	18.39	30.95	26.51	26.29	19.63
29.	Debt Equity (21 / 20)	—	—	—	—	17.00
D. Others :						
30.	Book value per share of Rs.10/- each(in Rs.)	137.73	119.43	91.46	72.91	58.31
31.	Earnings per share (in Rs.)	25.33	36.96	24.25	19.17	11.44
32.	Dividend declared (%)	60	75	50	40	40

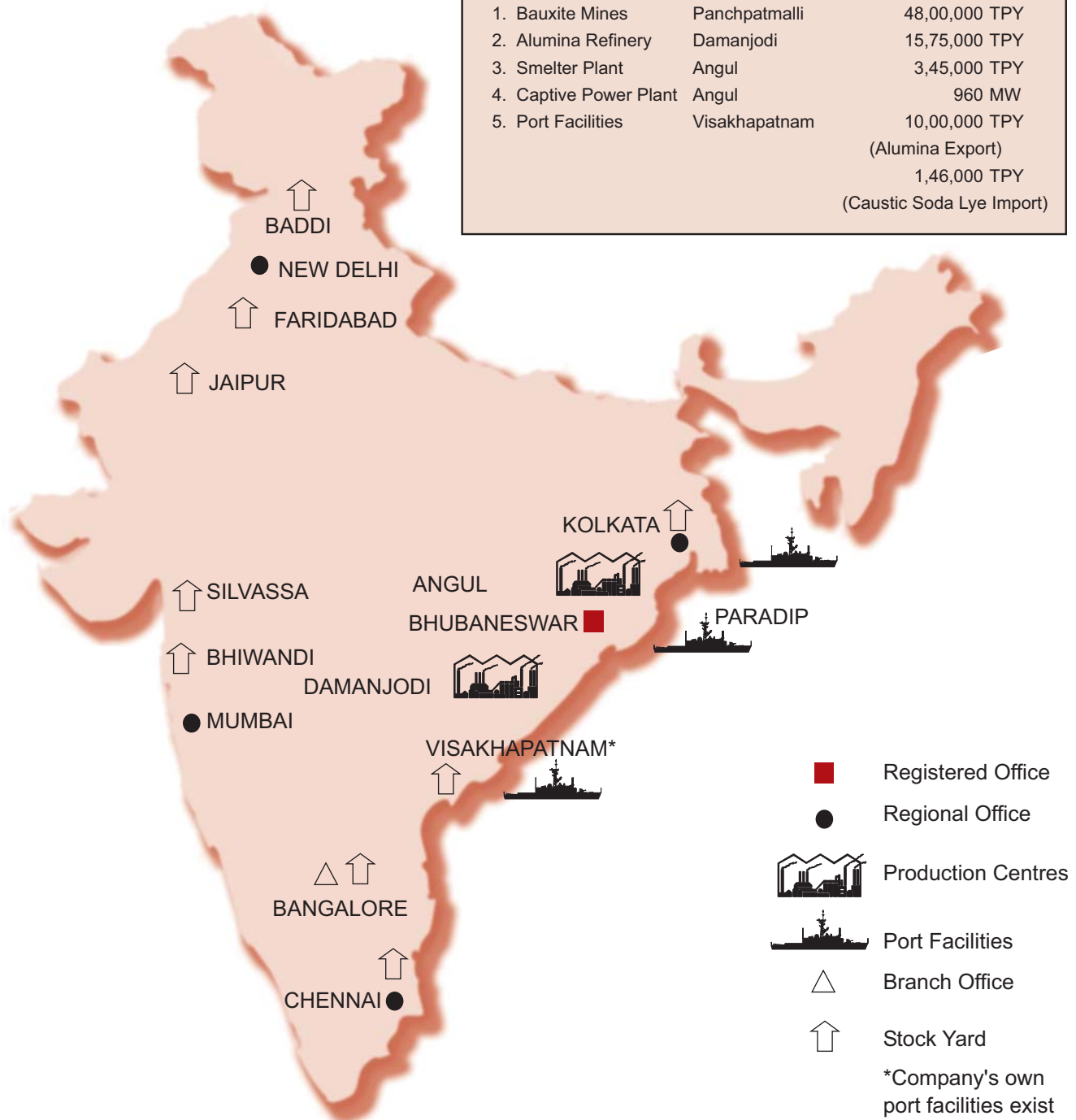
Reconciliation of Published Quarterly (Unaudited) Financial Results and Annual (Audited) Financial Results for the Year 2007-08

(Rs. in crore)

Sl. No.	Particulars	1st Quarter (Unaudited)	2nd Quarter (Unaudited)	3rd Quarter (Unaudited)	4th Quarter (Unaudited)	Total of four quarters	Full Year (Audited)	Variances
1	2	3	4	5	6	7	8	9
1.	Gross Sales Turnover	1,287.12	1,432.12	1,220.97	1,533.87	5,474.08	5,474.45	0.37
	Less : Excise Duty	121.89	123.97	111.66	128.13	485.65	485.65	0.00
	Net Sales	1,165.23	1,308.15	1,109.31	1,405.74	4,988.43	4,988.80	0.37
2.	Other Income	131.00	164.39	137.95	134.96	568.30	586.85	18.55
3.	Total Expenditure	548.83	739.69	669.25	838.62	2,796.39	2,822.11	25.72
4.	Interest and Financing charges	0.10	0.61	—	—	0.71	1.52	0.81
5.	Depreciation & Provisions	69.15	68.30	66.21	75.77	279.43	285.43	6.00
6.	Profit before taxation (PBT)	678.15	663.94	511.80	626.31	2,480.20	2,466.59	(13.61)
7.	Provision for Taxation	231.49	224.21	182.36	217.25	855.31	835.07	(20.24)
8.	Net Profit (PAT)	446.66	439.73	329.44	409.06	1,624.89	1,631.52	6.63
9.	Paid up Equity Share Capital	644.31	644.31	644.31	644.31	644.31	644.31	—
10.	Earnings per share (Rs.)	6.93	6.82	5.11	6.35	25.22	25.32	—
	(Not annualised)							
11.	Aggregate of non-promoter shareholding :							
	Number of shares	8,28,09,993	8,28,09,993	8,28,09,993	8,28,09,993	8,28,09,993	8,28,09,993	—
	Percentage of shareholding	12.85	12.85	12.85	12.85	12.85	12.85	—

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

1. Bauxite Mines	Panchpatmali	48,00,000 TPY
2. Alumina Refinery	Damanjodi	15,75,000 TPY
3. Smelter Plant	Angul	3,45,000 TPY
4. Captive Power Plant	Angul	960 MW
5. Port Facilities	Visakhapatnam	10,00,000 TPY
		(Alumina Export)
		1,46,000 TPY
		(Caustic Soda Lye Import)



OFFICES AND CUSTOMER CONTACT CENTRES

REGD. & CORPORATE OFFICE

NALCO Bhawan
Plot No. - P/1, Nayapalli
Bhubaneswar - 751 061 (Orissa)

UNITS

1. Mines & Refinery

Mines & Refinery Complex
Damanjodi - 763 008
Dist. : Koraput (Orissa)
Phone : 06853-254201/254366

2. Captive Power Plant

Dist. : Angul (Orissa)
PIN : 759 122
Phone : 06764-220360
Fax : 06764-220646

3. Smelter Plant

NALCO Nagar - 759 145
Dist. : Angul (Orissa)
Phone : 06764-220169
Fax : 06764-220132

PORT FACILITIES

Visakhapatnam

Opp. Ore Handling Complex
Port Area
Visakhapatnam - 530 035
Andhra Pradesh
Phone : 0891-2561433/2561435
Fax : 0891-2561598
E-mail : finpf@eth.net

Paradip (Port Office)

'V' Point
Badapadia
Paradip - 751 142
Phone : 06722-221286
Fax : 06722-221286

REGIONAL OFFICES

1. Eastern Region

Binoy Bhawan, 6th Floor,
27-B, Camac Street, Kolkata - 700 016
Phone : 033-22470115/22477360
Fax : 033-22478936/22810393
E-mail : rmnalkol@vsnl.net

2. Western Region

215, T.V. Industrial Estate
S.K. Ahire Marg, Worli,
Mumbai - 400 025
Phone : 022-24939288/24939289
Fax : 022-24950500
E-mail : nalcobom@mtnl.net.in

3. Northern Region

Core - 4, 5th Floor, South Tower,
District Centre, Scope Minar,
Laxmi Nagar, Delhi - 110 092
Phone : 011-22010792-97, 22010801
Fax : 011-22010800/22010790
E-mail : nsundaray@nalcoindia.co.in

4. Southern Region

3E, Century Plaza, 560, Anna Salai,
Teynampet, Chennai-600 018
Phone : 044-24344162/24349157
Fax : 044-24343495
E-mail : rmchn@satyam.net.in

BRANCH OFFICE

Bengaluru
3rd Floor, Reshma Complex,
50, M.G. Road, Bengaluru - 560 001
Phone : 080-25550390/25587086/298
Fax : 080-25586151
E-mail : mktbir@satyam.net.in

STOCK YARDS

1. Bhiwandi

National Aluminium Company Limited
C/o. Central Warehousing Corpn.
Gala No. 5 & ^, Shed No. H-11,
Shree Arihant Compound
Kalher, Bhiwandi - 421 302
Phone : 02522-270441/273874

2. Kolkata

National Aluminium Company Limited
C/o. Balmer Lawrie & Company Limited
WH, 1-Sonapur Road,
Kolkata - 700 088
Phone : 033-24495258/5356

(Ext. 340 & 324)

3. Bengaluru

National Aluminium Company Limited
C/o. M/s. Container Corporation of
India Limited
Unit-1, Shed Type-G, APMC YARD
Yeswanthapur, Bengaluru - 560 022
Phone : 080-23579985/23379422

4. Jaipur

National Aluminium Company Limited
C/o. Central Warehousing Corporation
Central Warehouse
SP-1296, Sitapur Industrial Area
Tonk Road, Jaipur - 302 022
Phone : 0141-2770226/2770817

5. Silvasa

National Aluminium Company Limited
C/o. NSIC Limited
Godown : Shalimar Enterprises Corporation
80/4, Dayat Falia Road,
Amli (Piparia), Silvasa - 396 230
(U.T. of Dadra Nagar Haveli)
Phone : 0260-2641436/6547190

6. Faridabad

National Aluminium Company Limited
C/o. NSIC Limited
India Garage Equipment,
Plot No. 51, Sec-6
Faridabad, Haryana - 121 006
Phone : 0129-4102430

7. Visakhapatnam

National Aluminium Company Limited
NALCO Port Facilities
Port Area, Visakhapatnam - 530 035
Andhra Pradesh
Phone : 0891-2721032

8. Baddi

National Aluminium Company Limited
C/o. NSIC Limited
Opp. Surya Powder Company Limited
Village : Dharampur, Thana Road,
P.O. : Baddi, Tehsil : Nalagarh,
Dist. : Solan (HP)
Phone : 01795-5652114/5657114

9. Chennai

National Aluminium Company Limited
NSIC Limited, R.M. Depot.
NSIC Technical Service Centre
Phase-I, B-24, Guindy Industrial Estate

ELECTRONIC CLEARING SERVICE MANDATE FORM

(Please fill in the information in CAPITAL LETTERS. Please TICK wherever it is applicable)

1. Regd. Folio No. _____ / DP ID : IN _____ CLIENT ID / BEN.A/C No. _____

2. First Shareholder's Name: Shri/Smt./Kum./M/s. _____

3. First Shareholder's Address: _____

Pin Code _____

4. Particulars of Bank:

Bank Name, Branch & Address :															
Branch Code (9 Digits MICR Code appearing on the MICR Band of the cheque. Please attach a Xerox copy of a cheque or a blank cheque of your bank duly cancelled)															
Account Type & A/c Number.															
SB		CA		CC											

5. Date from which the mandate should be effective : _____

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected for reasons of incomplete or incorrect information, I shall not hold National Aluminium Company Limited responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of the amount through ECS (Credit Clearing).

Place :

Signature of Shareholder(s)

Date :

NOTE : In case the shareholder is not in a position to enclose a photocopy of a blank cheque, a certificate from the Bank as under may be furnished.

Certified that the particulars furnished above are correct as per our records.

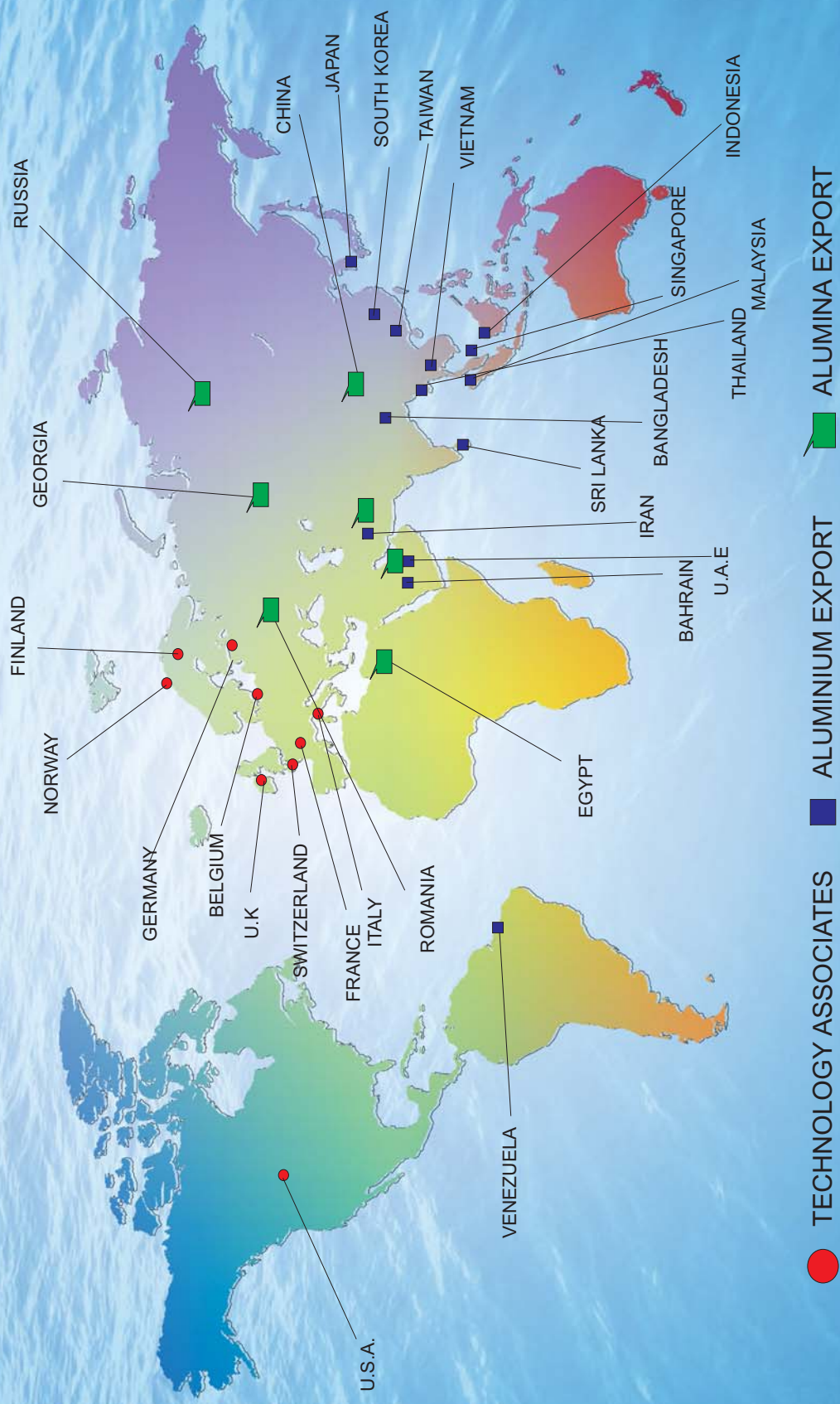
Bank's Stamp :

Date :

Signature of the Authorised Official from the Bank



Global Reach





National Aluminium Company Limited

(A Government of India Enterprise)

www.nalcoindia.com

REGD. & CORPORATE OFFICE

NALCO Bhawan, Plot No. P/1, Nayapalli, Bhubaneswar - 751 061, Orissa. India