28th ANNUAL REPORT **2008-09**

Vision

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





The Year at a Glance

Particulars	Units	2008-09	2007-08
PHYSICAL			
Bauxite	MT	47,00,027	46,84,684
Alumina Hydrate	MT	15,76,500	15,75,500
Aluminium	MT	3,61,262	3,60,457
Power (net)	MU	5,541	5,609
FINANCIAL			
Export Turnover	Rs. in crore	2,085	2,134
Gross Sales	Rs. in crore	5,531	5,474
Profit Before Tax	Rs. in crore	1,927	2,467
Profit after Tax	Rs. in crore	1,272	1,632
Earning per share	Rs.	19.75	25.32
Book value per Share	Rs.	151.64	137.73
Dividend	Rs.per share	5.00	6.00

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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

28th Annual General Meeting Saturday, 19th September, 2009 at 11.00 A.M. at NALCO Bhawan, Plot No. P/1, Nayapalli, Bhubaneswar - 751 061.



Board of Directors



Shri C.R. Pradhan Chairman-cum-Managing Director



Shri S. Vijay Kumar, IAS Part-time Official Director



Shri V. K. Thakral, IAS Part-time Official Director



Shri K. K. Mallick Director (Commercial)



Shri B. L. Bagra Director (Finance)



Shri Joy Varghese Director (P&A)



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Shri A. K. Sharma Director (Production)

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Independent Directors



Dr. A. Sahay



Shri S. S. Sohoni, IAS (Retd.)



Shri K. S. Raju



Shri S. B. Mishra IAS (Retd.)



Shri N. R. Mohanty



Dr. Jyoti Mukhopadhyay



Shri R. K. Sharma



Maj. Gen. (Retd.) Samay Ram, UYSM, AVSM, VSM



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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 P . K . Mohanty



Shri K. N. Ravindra Company Secretary



Shri S. C. Dash



Shri P. K. Mahapatra



Shri K. S. Sreedhara

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National Aluminium Company Limited

(A Government of India Enterprise)

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

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Company will be held on Saturday, the 19th September, 2009 at 11.00 AM at NALCO Bhawan, Plot No. P/1, Nayapalli, Bhubaneswar - 751 061 to transact the following business:

ORDINARY BUSINESS:

- 1. To receive, consider and adopt the Directors' Report, audited Balance Sheet as on 31st March, 2009 and the Profit & Loss Account for the same period together with the reports of the Auditors thereon.
- 2. To declare dividend.
- 3. To appoint a Director in place of Shri B.L. Bagra, who retires by rotation and being eligible, offers himself for re-appointment.
- 4. To appoint a Director in place of Dr. A. Sahay, who retires by rotation and being eligible, offers himself for re-appointment.
- 5. To appoint a Director in place of Shri S.S. Sohoni, who retires by rotation and being eligible, offers himself for re-appointment.
- 6. To appoint a Director in place of Shri K.S. Raju, who retires by rotation and being eligible, offers himself for re-appointment.
- 7. To appoint a Director in place of Shri Joy Varghese, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

8. To appoint Shri A.K. Sharma as Director, whose period of office is liable to be determined by rotation.

To consider and if thought fit, to pass the following resolution as an ordinary resolution with or without modification(s):

"RESOLVED THAT Shri A.K. Sharma be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined for retirement by rotation in terms of Order No.2(1)/2007-Met.I dt.11th February, 2009 of Government of India or any amendments thereto."

By order of the Board

(K. N. RAVINDRA)

COMPANY SECRETARY

Place : Bhubaneswar

Date : 20th August, 2009

Notes:

- (a) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item No. 8 set out above is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
- (c) The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 8th September, 2009 to Friday, the 11th September, 2009 (both days inclusive).
- (d) If dividend on shares as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made within 30 days of its declaration to those shareholders, whose names appear:



- i) as Beneficial Owners as at the end of the business on 7th September, 2009 as per the beneficial owners position to be uploaded by NSDL and CDSL in respect of the shares held in the electronic form and
- ii) as members in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 7th September, 2009.
- (e) Details of Directors seeking re-appointment / appointment as new directors in this Annual General Meeting are attached separately to the Notice.
- (f) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend and debenture interest, which remain unpaid or unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The details of unpaid or unclaimed dividend and interest on 14.5% NCDs are available in the Company's website www.nalcoindia.com. Members/Debenture holders who have not so far encashed their Dividend Warrants/Debenture Interest Warrants are requested to make a claim by writing and sending the original Dividend Warrants/Debenture Interest Warrants to the Company.

No claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

UNPAID/UNCLAIMED DIVIDEND						
Financial Year	Date of Declaration of of Dividend	Last date for claiming unpaid/ unclaimed dividend	Unpaid/ Unclaimed amount (Rs.)	Due date for transfer to Investor Education and Protection Fund of Government of India		
2001-02	30.10.2002	29.10.2009	10,13,177	27.11.2009		
2002-03	29.09.2003	28.09.2010	10,60,392	26.10.2010		
2003-04	28.09.2004	27.09.2011	7,18,500	25.10.2011		
2004-05 (Interim)	21.01.2005	20.01.2012	4,41,680	18.02.2012		
2004-05 (Final)	30.09.2005	29.09.2012	4,64,391	27.10.2012		
2005-06 (Interim)	12.01.2006	11.01.2013	4,07,690	09.02.2013		
2005-06 (Final)	28.09.2006	27.09.2013	7,40,688	25.10.2013		
2006-07 (1st Interim)	22.01.2007	21.01.2014	7,24,090	20.02.2014		
2006-07 (2nd Interim)	09.03.2007	08.03.2014	4,05,055	06.04.2014		
2006-07 (Final)	21.09.2007	20.09.2014	5,21,656	18.10.2014		
2007-08 (Interim)	29.01.2008	28.01.2015	8,81,271	27.02.2015		
2007-08 (Final)	20.09.2008	19.09.2015	3,18,063	18.10.2015		
2008-09 (Interim)	28.01.2009	27.01.2016	8,35,500	26.02.2016		

Unpaid or unclaimed dividend and debenture interest as on 31.07.2009 is given below :

· · · · · · · · · · · · · · · · · · ·	UNPAID/UNCLAIMED DEBENTURE INTEREST						
Period	Due Date of payment	Last date for claiming unpaid/ unclaimed interest	Unpaid/ Unclaimed amount (Rs.)	Due date for transfer to Investor Education and Protection Fund of Government of India			
7th Half-Year (26.03.2002 to 25.09.2002)	25.09.2002	. 24.09.2009	1,70,076	23.10.2009			
8th Half-Year (26.09.2002 to 25.03.2003) (as well as 1/3rd redemption amount)	25.03.2003	24.03.2010	9,87,049	22.04.2010			
9th Half-Year (26.03.2003 to 25.09.2003)	25.09.2003	24.09.2010	1,62,333	23.10.2010			
10th Half-Year (26.09.2003 to 25.03.2004) (as well as 1/3rd redemption amount)	25.03.2004	24.03.2011	9,60,461	22.04.2011			
11th Half-Year (26.03.2004 to 25.09.2004)	25.09.2004	24.09.2011	90,318	23.10.2011			
12th Half-Year (26.09.2004 to 25.03.2005) (as well as 1/3rd redemption amount)	25.03.2005	24.03.2012	10,32,308	22.04.2012			

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(g) Members holding shares in physical form, are requested to notify immediately, change in their address in block letters with PIN CODE and/or change in their Bank particulars, if any, to the Registered Office of the Company, quoting their Folio Number. Members holding shares in electronic form are requested to notify their change of address and/or bank particulars to their respective Depository Participants (DPs) only.

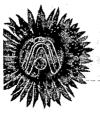
- (h) As per the provisions of the Companies Act, 1956, facility for making nominations is available to shareholders in respect of the shares held by them. In case, shares are held in electronic form, registration of nomination has to be done with the respective Depository Participants (DPs) only without referring the matter to the Company. Nomination Forms (Form 2B) if needed, can be obtained from the Registered Office of the Company. This form can also be downloaded from the Company's website www.nalcoindia.com.
- (i) The Company provides the facility of centralised ECS (Credit Clearing) to the shareholders, holding shares both in electronic and physical forms, residing in the following 15 designated centers of Reserve Bank of India for payment of dividend as per Notification No. F.No. 5/9/99-CL.V; General Circular No. 5/2002, dtd. 01.03.2002 of Department of Company Affairs:

Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram.

Shareholders holding shares in physical form and residing in any of the above locations, may authorize the Company with their ECS mandate in the prescribed form for payment of dividend through ECS on or before 18th September, 2009. A blank ECS Mandate form is attached herewith for use by such shareholders. This form can also be downloaded from the Company's website **www.nalcoindia.com.** The mandate given by the shareholder would be used for all future payments unless amended/withdrawn.

Shareholders holding shares in electronic form and residing in any of the above 15 designated centers of Reserve Bank of India, may please note that the Company will use 9 digit MICR Code along with Bank particulars, as downloaded by their respective Depositories, for the purpose of payment of dividend through ECS.

(j) Members holding shares in electronic form may please note that their bank details as downloaded by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not



entertain any direct request from such members for change/deletion of such bank details. However, if there is any change in their Bank particulars and/or change in address after the date of download of beneficial owners position by the Depositories but before the date of despatch of dividend warrant/demand draft/ECS credit, the Company may consider such requests provided that such requests are received through their respective Depository Participants, duly certified by them. Further, instructions, if any, already given to the Company by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give fresh instructions regarding particulars of their bank accounts and address in which they wish to receive dividend, to their respective Depository Participants only.

- (k) It is observed that some of the shareholders are still holding the pre-capital restructured shares. The Company has already given several circulars / reminders to surrender such old pre-capital restructured shares for issuing corresponding new series of shares. Shareholders may please note that these old shares can neither be traded in the market nor can be dematerialized. Shareholders holding such old shares are once again requested to surrender the certificates to the Company so that new series of shares and cash refund as per entitlement may be issued to them.
- (I) Shareholders/Investors are advised to send their queries/complaints though the dedicated e-mail Id i.e investorservice@nalcoindia.co.in for quick and prompt redressal of their grievances.

ANNEXURE TO NOTICE

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

ltem No. 8 :

Shri A.K. Sharma was inducted to the Board as an Additional Director of the Company w.e.f. 01.05.2009. In terms of Section 260 of the Companies Act, 1956, Shri Sharma holds office up to the date of the ensuing 28th Annual General Meeting.

Shri A.K. Sharma is a Mechanical Engineer from NIT, Allahabad and started his career with BALCO. He joined NALCO in 1982. He has 30 years of rich experience in Aluminium industry. He has contributed significantly towards indigenous development of technology, system and method for improving critical process requirement of Aluminium industries. He was conferred prestigious 'Rajiv Gandhi Rastriya Ekta Samman' in 2008 for his outstanding services, achievements and contribution towards society.

Shri A.K. Sharma holds 300 shares in the Company.

The Company has received a notice in writing along with the prescribed deposit from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Sharma as Director of the Company, whose period of office is liable to be determined by rotation. President of India has approved appointment of Shri Sharma as Director of the Company following the laid down procedure for selection.

Your directors feel that Shri Sharma's his association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail his services as a director and recommend this resolution for approval of the shareholders.

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

By order of the Board

(K. N. RAVINDRA) COMPANY SECRETARY

Place : Bhubaneswar Date : 20th August, 2009







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Details of Directors seeking re-appointment / appointment in

Annual General Meeting - 19th September, 2009

(In terms of Clause - 49 of the Listing Agreement)

1.	Shri B.L. Bagra				
	Father's Name	Shri Hanuman Prasad Sharma			
	Date of Birth	21.11.1954			
	Date of Appointment	28.02.2007			
	Expertise in specific functional areas	Varied experience in Financial Management in different Companies			
	Qualifications	M.Com., F.C.A			
	List of outside Directorships held	Bharat Goldmines Ltd.			
	Member of Committees of the Board	Nil			
	Member of Committees in other companies	Nil			
2.	Dr. A. Sahay	· · ·			
	Father's Name	Shri K. Sahay			
	Date of Birth	01.06.1942			
	Date of Appointment	27.09.2007			
	Expertise in specific functional areas	Professor in Strategic Management			
	Qualifications	M.Sc.(Mech.) & Ph.D			
	List of outside Directorships held	Nil *Audit Committee			
	Member of Committees of the Board				
	Member of Committees in other companies	Nit			
3.	Shri S.S.Sohoni				
	Father's Name	Dr. S.V.Sohoni			
	Date of Birth	09.08.1946			
	Date of Appointment	27.09.2007			
	Expertise in specific functional areas	Retd. IAS Officer (Formerly Secretary to the President of India)			
	Qualifications	IAS; M.A.			
	List of outside Directorships held	Nil			
	Member of Committees of the Board	Chairman - *Audit Committee			
	Member of Committees in other companies	Nil			
4.	Shri K.S.Raju				
	Father's Name	Shri K. Rama Raju			
	Date of Birth	27.06.1944			
•	Date of Appointment	27.09.2007			
	Expertise in specific functional areas	Vast experience in the field of Mining, Mineral beneficiatio and Mineral testing.			
	Qualifications	M.A. (Applied Geology)			
	List of outside Directorships held	Nil			
	Member of Committees of the Board	*Audit Committee			
ſ	Member of Committees in other companies	Nil			



5.	Shri Joy Varghese	
) [Father's Name	Late C.V.Varghese
	Date of Birth	17.08.1952
	Date of Appointment	01.10.2007
	Expertise in specific functional areas	Wide ranging experience in Human Resources Management.
	Qualifications	M.S.W. & M.B.A.
	List of outside Directorships held	Nil
	Member of Committees of the Board	Nit
	Member of Committees in other companies	Nil
	DETAILS OF DIRECTOR SEEKING APPOIN	TMENT (SPECIAL BUSINESS IN THE NOTICE)
6.	Shri A.K. Sharma	
	Father's Name	Shri Kuber Dhar Sharma
	Date of Birth	06.09.1951
	Date of Appointment	01.05.2009
	Expertise in specific functional areas	Varied experience in technical fields in senior positions of NALCO and other different Companies
	Qualifications	B.E.(Mech.)
· -	List of outside Directorships held	Nil
I T	Member of Committees of the Board	Nil
	Member of Committees in other companies	Nil

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* Audit Committee in NALCO has been assigned with the job of looking into the redressal of Shareholders/Investors' Grievances also.

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National Aluminium Company Limited

(A Government of India Enterprise)

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

ATTENDANCE SLIP

28th Annual General Meeting - 19th September, 2009 at 11.00 A.M.

Regd. Folio No..... Client Id/Ben. A/c DP Id No. of shares held

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company and hereby record my presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company at NALCO Bhawan, Plot No. P/1, Nayapalli, Bhubaneswar – 751 061, on Saturday, the 19th September, 2009.

Member's/Proxy's name in Block letters

Member's/Proxy's Signature

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

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National Aluminium Company Limited

(A Government of India Enterprise)

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

Regd. Folio No...... Client Id/Ben. A/c DP Id No. of shares held

FORM OF PROXY

Signed this 2009

Signed this

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

DIRECTORSARERO

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Dear Members,

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Your Directors have pleasure in presenting the 28th Annual Report of your Company together with the audited statement of accounts and Auditors' Report thereon for the financial year 2008-09.

PERFORMANCE HIGHLIGHTS

You will be pleased to know that despite global economic slowdown which started in the 2nd quarter of the financial year, your Company could achieve 100% capacity utilization in Alumina Refinery and Smelter and could meet the sales targets. Details of performance given below stand ample testimony to the resilience your Company possesses in withstanding such crisis:

PRODUCTION

Product	Unit	2008-09	2007-08
Bauxite	MT	47,00,027	46,84,684
Alumina & Hydrates	MT	15,76,500	15,75,500
Aluminium Metal	MT	3,61,262	3,60,457
Electricity (Net)	MU	5,541	5,609

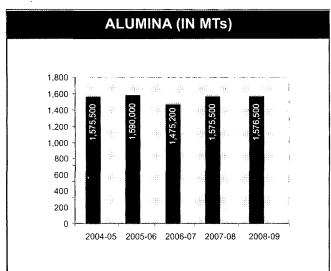
Your Company exceeded the target set for production of aluminium during the year. The aluminium smelter has achieved the highest ever cast metal production since its inception. The production of Bauxite has improved compared to previous year and has met the requirement of the refinery in full. However, the targeted volume of Bauxite could not be achieved due to shut down of cable belt for up-gradation of drive system which has been carried out for the first time after initial commissioning. The production of Alumina Hydrate has also improved compared to previous year with over 100% capacity utilization. The electricity demand for Smelter plant could be met by captive generation during the year, despite severe constraint in supply of coal from the long term linkage. Your Company had to resort to other sources for coal like imports, participating in e-auction sale and procuring washed coal from the open market to meet the _ shortfall.



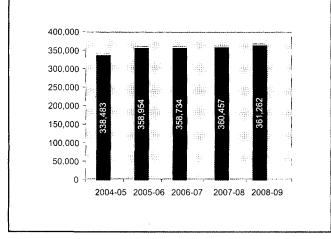
28th ANNUAL REPORT 2008-09

MARKETING

In pursuance of its strategy to proactively increase the customer base, your Company signed MoU with 181 domestic customers for supply of metal during 2008-09 as against 118 customers in 2006-07 and 151 customers during 2007-08. Initiatives were taken for market penetration through development of new Original Equipment Manufacturer customers, such as, various state road transport undertakings, BHEL etc. for sale of rolled products of your Company.



ALUMINIUM (IN MTs)



Your Company sold 3,53,591 MT metal during 2008-09 as against sale of 3,53,335 MT metal during 2007-08. This comprises the highest ever domestic sale of 2,71,274 MT surpassing the previous best of 2,63,494 MT achieved in 2006-07 and export of 82,317 MT of metal in 2008-09. The global economic meltdown and tighter credit availability affected automobile, building and construction sectors severely that led to decline in demand for aluminium and resulted in piling-up of inventory at unprecedented levels resulting in sharp drop in aluminium prices. Despite these turbulent times of low demand and consistent fall in metal price, your Company could meet the sales targets.

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Your Company has been putting thrust on sale of value added products. The sale of billets, wire rods and rolled products in 2008-09 has been the highest-ever surpassing the previous best. Your Company has implemented e-tendering procedure for export of primary metal. Details of sales are given below: (in MT)

		(11111)
Particulars	2008-09	2007-08
Export		
Alumina	8,51,886	8,59,984
Aluminium	82,317	1,01,723
Domestic		
Alumina & Hydrates	37,637	31,730
Aluminium	2,71,274	2,51,612
Total Metal Sale	3,53,591	3,53,335
Total Chemical Sale	8,89,523	8,91,714

FINANCE

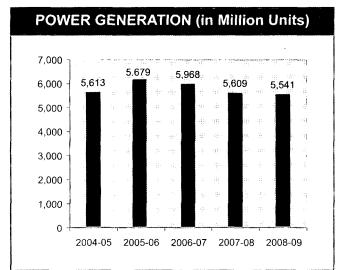
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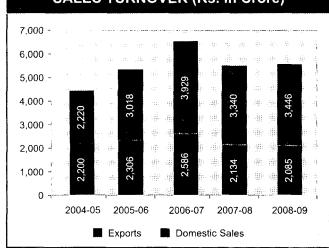
Your Company's total income was Rs.5,631 crore as against Rs.5,576 crore during the previous year. The profit after tax for the year under report stands at Rs.1,272 crore as against Rs.1,632 crore for the previous year. The decline in profit is due to lower sales realization in alumina and aluminium due to global recession which started in the 2nd quarter and continued during rest of the financial year. Your Company achieved export earning of Rs.2,071 crore during the year as against Rs.2,135 crore of the previous year.

The summarized financial results as compared to the previous year are furnished below:

		(Hs. in crore)
	2008-09	2007-08
Net Sales	5,108	4,989
Other Income	523	587
Total Income	5,631	5,576
Expenses	3,427	2,822
Gross Margin	2,204	2,754
Less: Interest & depreciation	277	287
Profit Before Tax (PBT)	1,927	2,467
Provision for Taxes	655	835
Profit After Tax (PAT)	1,272	1,632
Appropriation:		
a) General Reserve	900	1,200
b) Dividend including Dividend Tax	377	452
Earning per Share (In Rs.)	19.75	25.32

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SALES TURNOVER (Rs. in Crore)

DIVIDEND AND APPROPRIATIONS

Considering the requirement of funds for the expansion project in hand and for new upgradation and growth plans, your Directors have recommended a final dividend of Rs.1.50 per share (15%) in addition to the interim dividend of Rs.3.50 per share (35%) paid in February, 2009. The dividend for the financial year 2008-09 thus aggregates to Rs.5.00 per share (50%) as against Rs.6.00 (60%) paid for the previous year. The final dividend will be paid after your approval at the Annual General Meeting. Your Directors have also proposed to transfer Rs.900 crore to General Reserve Account from the profits for the year under review as against Rs.1,200 crore transferred during the previous year.

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PRESIDENTIAL DIRECTIVES

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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.

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As on 31st March, 2009, out of total 7,461 employees (including trainees) on Company's roll, there were 1,187 (15.91%) SCs, 1,315 (17.62%) STs, 716 (9.60%) OBCs and 74 (0.99%) persons with disabilities. Thus, every third employee of your Company belongs to either SC or ST category. The total number of lady employees in your Company stood at 321.

Presidential Directives regarding pay revision of Board and below Board level executives were received by your Company during the month of May, 2009 and the same have been implemented.

INDUSTRIAL RELATIONS

The industrial relations scenario of your Company has remained by and large peaceful with no reportable loss of mandays on account of industrial relations problem.

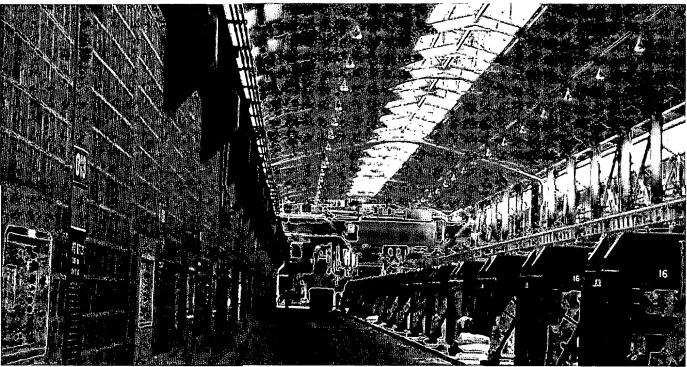
Each unit of your Company except Mines has a recognized union as per verification of membership through secret ballot. The process of verification of membership through secret ballot in Mines is underway. The practice of structured interaction of the management with the recognized unions covering the matters relating to production, productivity, discipline, work culture, various demands and employee related issues continued during the year under review.

Your Company believes in transparency in all its activities. In line with that your Company continued to encourage employee involvement by sharing information about physical and financial performance as well as challenges being faced by your Company through various means of communication and regular interactions with the recognized unions. Efforts are continuing to encourage employees for giving suggestions on production and productivity related issues with an objective to sustain the environment of mutual co-operation and trust. Competency mapping of individual employees and thrust on training and development is given to enhance the efficiency and knowledge levels of the employees. With the introduction of Enterprise Resource Planning (ERP), the employee service related issues are expected to be further streamlined in your Company.

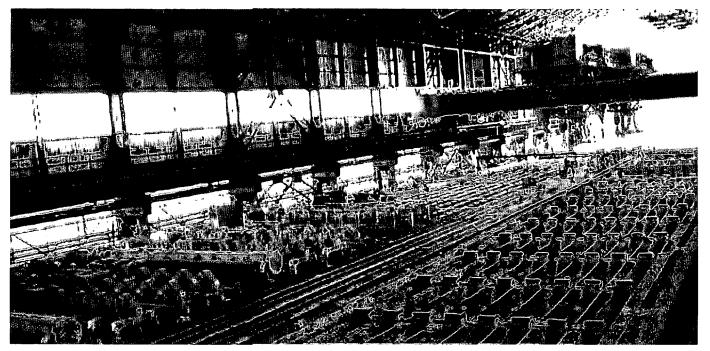
TERRORIST ATTACK AT MINES

With great concern, your Directors report that there was a major attack by terrorists (referred to as Naxals or Maoists) at Bauxite Mines of your Company on 12.04.2009, in which 10 CISF Jawans including their Section Commander lost their lives while fighting bravely for protecting the explosives, arms and ammunitions. However, no harm was caused to employees. No explosives could be taken away by the Naxals from the explosive magazines but they managed to take away a few arms from the slain CISF jawans and some explosives from a





New potlines at Smelter, Angul



Expansion in Full Swing: Anode Baking Furnace



truck loaded with explosives. As a result of this unfortunate incident, the mining operations were totally suspended for 9 days and partially suspended for subsequent 20 days. The mining operations were fully normalized from 12th May, 2009.

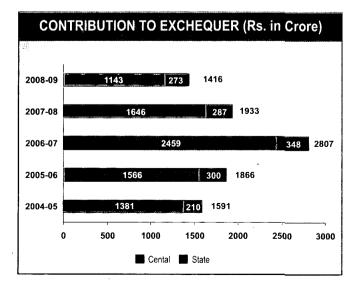
VISIT OF PARLIAMENTARY COMMITTEES

The following Parliamentary Committees held discussions with the senior officials of your Company during their visit to various offices during the year under review:

- Parliamentary Standing Committee on Industry visited Bhubaneswar on 8th June, 2009 to study the employment of the Persons with Disabilities.
- Parliamentary Committee on Papers Laid on the Table of Lok Sabha visited Bhubaneswar on 13th June, 2008.
- Parliamentary Committee on Public Undertakings visited Bhubaneswar on 20th June, 2008.
- Department Related Parliamentary Standing Committee on Personnel, Public Grievances, Law & Justice visited Bhubaneswar on 12th September, 2008 on Implementation of the Right to Information Act, 2005 and Reservation Policy in Appointments and Promotions.
- Parliamentary Committee on Rajbhasha (3rd Sub-Committee) inspected Regional Office at Delhi on 26.06.2008.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is fully committed to fulfill its obligation of Corporate Social Responsibility through its Peripheral Development Policy under which it allocates 1% of its net profit every year for the socio economic development in the local areas surrounding the plant sites in specific and the State of Orissa in general.



An allocation of Rs.16.32 crore was earmarked by your Company for the financial year 2008-09. The Government of Orissa, the state where all the production units of your Company are located, has constituted Rehabilitation and Peripheral Development Advisory Committees (RPDAC) for each location. These committees decide the Peripheral Development Projects in the region and also monitor their implementation.

Apart from allocating the cited sum for development projects, your Company continued to provide quality education to students from the periphery localities at highly subsidized cost. The cost incurred by the Company on this account for the year under review was *Rs.5.20* crore. In addition, medical services are also provided to villagers in hospitals run by the Company at nominal charges.

Major highlights of Peripheral Development Activities undertaken by your Company during the year include:

Mines and Refinery Complex, Damanjodi

- Finalisation of 95 peripheral development projects for providing basic amenities like roads, schools, drinking water, sanitation, development of common utilities, health care etc.
- Handing over of 58 peripheral development projects costing Rs.3.36 crore pertaining to previous years to the Community/ District Agencies.
- Sponsoring 'PARAB'-2008, a Tribal Festival of Koraput District being organized by the District Administration.
- Starting a Grievance Cell for the land losers and people of periphery villages.

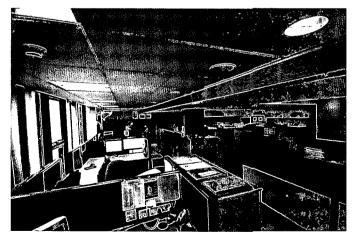
Smelter and Power Complex, Angul

- Continuing to provide Mobile Health Care Services to 38 peripheral villages which were started in November, 2006. A team of two doctors, two pharmacists and two attendants provide mobile medical services and distribute medicines free of charges to the patients in these peripheral villages.
- Organising Periodical Health Camps.
- Organising Animal Health Camps.
- Organising different village level tournaments for the youth to promote rural sports among the periphery village Schools.
- Providing financial assistance to different schools to purchase educational kits, furniture, library books, organization of science exhibition, cultural functions etc.
- Providing drinking water through water tankers to 23 peripheral villages.
- Providing relief assistance to the fire victims of Ganjara village of Dhenkanal district and for the flood affected people of villages of Athamallik Sub-division.

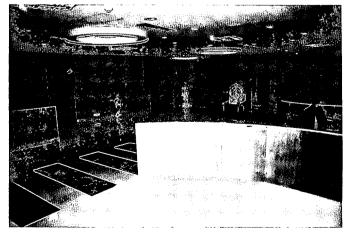




Prototype Aluminium Rail Wagon under development in collaboration with M/s. BEML



New Eastern Regional Office at Kolkata



New Northern Regional Office at Delhi

- - -----



Corporate Office, Bhubaneswar

- Providing one mobile medical van to Ramakrishna Sevashram, Bhadrak for facilitating mobile health services to the needy people of Bhadrak District.
- Financing Rs.10 lakhs to the Corpus fund of Medicine Bank of India of Red Cross Society, District Branch, Khurda.
- Provided 15 PCR vans to Commissioner of Police, Bhubaneswar for patrolling.
- Financing to the tune of Rs.50 lakhs for construction of a multipurpose utility building in the premises of Lingaraj Temple, an important historical and cultural monument of Orissa.
- Distributing relief materials worth Rs. 40 lakh to the flood affected people.
- Providing 100 nos. of tents to the riot affected people of Kandhamal District through the Special Relief Commissioner, Government of Orissa.
- Contribution of Rs. 5 crore to the Chief Minister's Relief Fund for the benefit of the flood affected people of Orissa.
- Continuation of sponsorship of different State level functions to promote art and culture of Orissa.

You will be pleased to know that in recognition of the efforts, your Company has been awarded the 'Best Public Sector Enterprise' for its CSR activities at Think of Orissa Leadership Award Function, organized by the Times of India in 2008.

SPORTS

Your Company has been laying emphasis on promotion of games and sports at the State and National level. In that direction, your Company sponsored the following sports events organized in Orissa.

- Nalco Cup State Basket ball Championship.
- Nalco Cup State Hockey Championship.
- Nalco Cup State Open Tennis Tournament.
- Nalco Invitation Golf Tournament of Eastern Zone.
- Asian Junior Tennis Championship-2009.

Your Company has also provided financial assistance to organize Star Cricket Match-09 by Utkal Television Parivar and All India Beach Football Competition at Puri.



Aluminium ingots in new production line





A

Serving a cause : NALCO donating 15 PCR Vans to Commissioner of Police, Bhubaneswar for patroling



For Better Amenities : Mobile Health Units provided in the periphery villages at Damanjodi



SOCIAL ACCOUNTABILITY MANAGEMENT SYSTEM (SA 8000:2008)

As a leading CPSU, your Company has been advocating human rights for workers at work place and has incorporated such practices in its vital business agenda. Your Company has always understood that a strong social accountability management system shall benefit its business by:

- Enhancing brand image and reputation
- Differentiating from its competitors
- Attracting new customers
- Improving worker morale and effectiveness
- Opening up new markets
- Attracting ethical investment
- Demonstrating transparency to all stakeholders

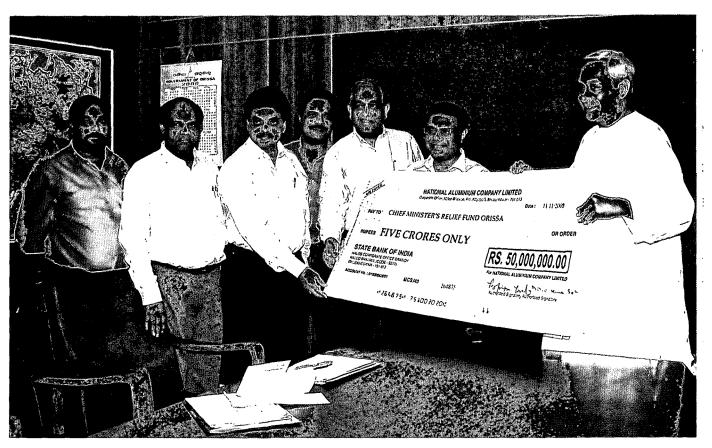
The way to legitimately demonstrate transparent and effective social

accountability is to implement a robust management system.

SA 8000 is a global social accountability standard for decent working conditions, developed and overseen by Social Accountability International (SAI). This is the first ever universal standard for ethical sourcing. It provides a common framework for ethical sourcing for companies of any size and any type, anywhere in the world. SA 8000 sets out provisions for issues such as trade union rights, the use of child labor, working hours, health and safety at work, discrimination and fair pay, managing company's risks in the world business environment and also gives an opportunity to demonstrate good business practice and ethical trading.

With the above in view, Your Company implemented SA 8000:2008 Social Accountability Standard and got its Corporate Office certified to this standard during the year, for a period of three years.

With this certification, your Company's sustained effort to work as a socially responsible corporate citizen encompassing ethical business practices has been further vindicated.



NALCO donating Rs. 5 crore to the Chief Minister's Relief Fund for the benefit of the flood affected people of Orissa



AWARDS & RECOGNITIONS

Awards and prizes are the testimony for the excellent performance of an enterprise. Your Company received the following awards/prizes during the year under review:

- Adjudged as the 'Star Performer' in large enterprise category and bagged prestigious All India Export Award of Engineering Export Promotion Council (EEPC).
- 'Niryat Shree' award for excellence in export for 2005-06, instituted by FIEO.
- 'Certificate of Merit' for best HR practices at All India level competition organised by National Institute of Personnel Management among top ten best private and public sector organisations.
- 'Global HRD Excellence Award' at World HRD Congress at Mumbai, in which organisations from 64 countries across the globe participated.
- Panchpatmali Bauxite Mines of your Company bagged Pollution Control Excellence Award 2008 from State Pollution Control Board of Orissa.
- Panchpatmali Bauxite Mines bagged 9 prizes in various categories including 2nd Best in Overall Performance during Joint Safety week (NALCO-NMDC-HINDALCO-IDCOL) celebration.
- Best Mother Plant award for contribution to the development of small scale industries in the State in the Expo-Orissa 2009, jointly organized by Government of India, Ministry of Micro, Small & Medium Enterprises in association with Industries Department, Government of Orissa.
- Panchpatmali Bauxite Mines bagged three prizes in various category of competitions conducted by Indian Bureau of Mines during the year.
- Bagged EEPC (Eastern Region)'s Gold Trophy as top exporter in the large enterprise category for its outstanding export performance during 2006-07 on 20th May, 2009.
- Bagged 'Best Workplace Practices Award' and 'Best Environmental Excellence Award' for outstanding, innovative and world-class services, projects and programmes in the area of CSR at Think Odisha Leadership Awards 2009.

COMPANY'S NEW PREMISES

You will be pleased to know that Northern Regional Office at New Delhi and Eastern Regional Office at Kolkata have been relocated and started functioning at your Company's own new premises during the year.

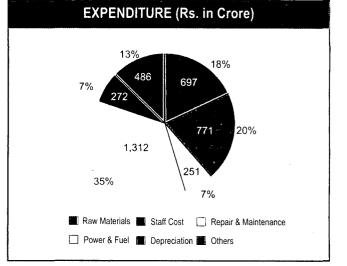
GROWTH PLANS

As you are aware, your Company has undertaken a major 2nd Phase Expansion with an investment of Rs.4,402 crore (at November, 2008 price level). Existing capacities and the capacities after the completion of the above ongoing 2nd Phase Expansion are as under:

Segment	Present Capacity	Capacity after 2nd Phase Expansion
(a) Bauxite Mine	4.8 Min TPY	6.3 MIn TPY
(b) Alumina Refinery	1.575 Mln TPY	2.1 MIn TPY
(c) Aluminium Smelter	3,45,000 TPY	4,60,000 TPY
(d) Captive Power Plant	960 MW	1,200 MW

The progress achieved in 2nd Phase Capacity Expansion Project at the end of July, 2009 is as follows:

- The commissioning of Smelter plant has been started as per schedule with pre-heating of 1st pot of 4th Pot Line in December, 2008. As of July, 2009, 150 pots out of total 240 pots have been commissioned.
- Commercial generation from 9th and 10th Units of CPP is expected by end August, 2009 and November, 2009 respectively.
- Refinery is expected to become operational by November, 2009.



OVERALL PROGRESS

(At the end of July, 2009)

	Segment	Progress (%)	
<u>(a)</u>	Mines & Refinery	93	
(b)	Smelter	97	
(C)	CPP	94	

Your Directors are also happy to inform that the Government of Andhra Pradesh has recommended to the Ministry of Mines, Government of India for issuing mining lease of Gudem & KR Konda bauxite deposits in favour of your Company. These deposits contain nearly 80 million tonnes of bauxite.



UTKAL - E COAL BLOCK

Your Company was allotted 'UTKAL-E' Coal Block, having a reserve of around 70 million tonne for its new units at Captive Power Plant. It is expected that mining would start in the block within next two years.

MOU PERFORMANCE

Your Company's performance was rated 'Very Good' in the evaluation of the Memorandum of Understanding (MOU) signed with Government of India for the year 2008-09.

RAJBHASHA

Your Company continued its efforts in propagating use of Hindi in the Company. Efforts in that direction include:

- Nomination of employees from Non-Hindi speaking areas for training to acquire working knowledge in Hindi. Because of this training, a number of employees have passed Praveen and Pragya examinations in Hindi.
- 'Hindi Day' and 'Hindi Week' were observed at Corporate Office, M&R Complex and S&P Complex during the year besides organizing 5 Hindi Workshops in these places.
- At S&P Complex, a Hindi Hasya Kavi Sammelan was organized.
- Quarterly meetings of Official Language Implementation Committee were held regularly.

VIGILANCE

Thrust of vigilance in your Company is preventive in nature. Though vigilance activities like surprise checks, sample tests, regular inspections, CTE type intensive examination of works / contracts etc. are preventive in nature, these activities often aid and assist management in detecting corruption which may have crept in innocuously during business operations. Your Company is using technology in the form of e-tendering, e-payments, e-auctioning etc. For creating awareness among employees, Vigilance Awareness Week was celebrated in the month of November, 2008 at all the units of your Company. 8 training sessions were organized at different units of the organization for sensitizing employees on the evil effects of corruption.

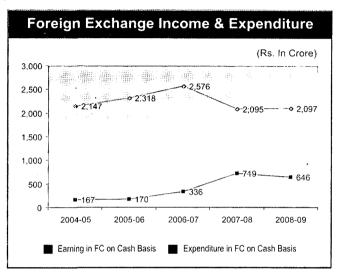
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNING AND OUTGO (ON CASH BASIS)

The foreign exchange earnings of your Company for the year under review is Rs.2,097.32 crore as against Rs.2,095.26 crore in the previous year.

The foreign exchange outgo of your Company for the year 2008-09 is Rs.645.62 crore as against Rs.719.32 crore in the previous year 2007-08.

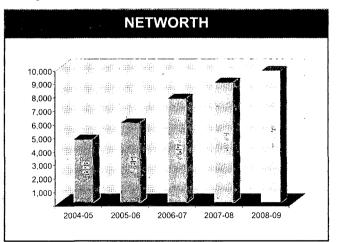


PARTICULARS OF EMPLOYEES

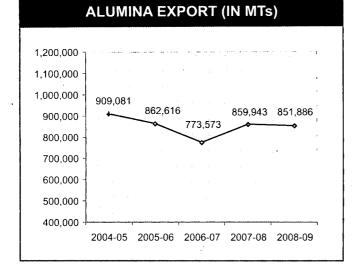
Details of employees in receipt of remuneration of Rs.2 lakh per month or Rs.24 lakh per annum during the year 2008-09 pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given at Annexure-II.

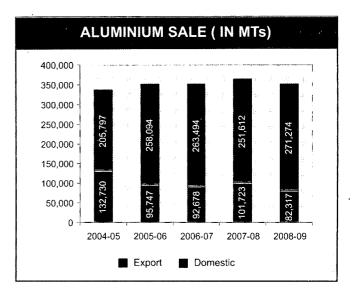
LISTING IN STOCK EXCHANGES

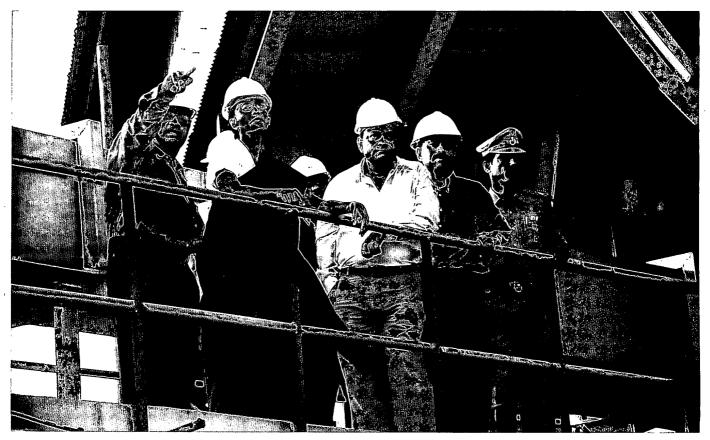
The equity shares of your Company continued to be listed on Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited (NSE). The listing fee has been paid to these Stock Exchanges.











Ms. Santha Sheela Nair, Secretary, Mines accompanied by Shri K.K. Mallick, Director (Commercial) visiting expansion area at Port Facilities, Vizag.



Pursuant to 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

As a responsible corporate citizen and a Public Authority, your Company has been giving thrust in attaining maximum level of transparency in all facets of its business activities and in its interaction with all segments of its stakeholders including the public at large. This practice has helped your Company in providing access to information under its control to the Indian citizens under the provision of the Right to Information Act, 2005 (RTI Act) as well. Your Company has been complying with the requirements of provisions of the Act since its promulgation, like appointing Public Information Officer, Asst. Public Information Officers and the Appellate Authority and hosting voluntary/suo-moto disclosure of information under different templates in the Company's website **www.nalcoindia.com**. The information so published has been periodically reviewed and updated during the year.

नालको 🔊 NALCO

Your Company has also displayed the Annual Report of RTI Act for the year 2008-09 on the Company's official website.

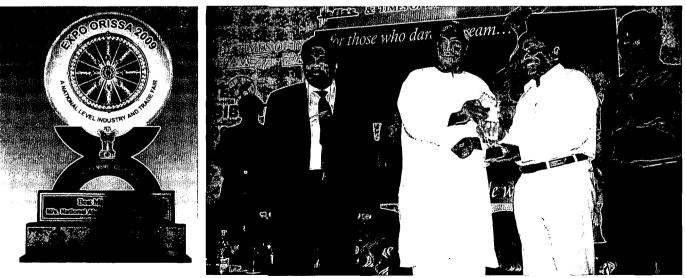
CORPORATE GOVERNANCE

Adoption of best ethical business practices in the company within the regulatory framework is the essence of good Corporate Governance. On the one hand good Corporate Governance calls for accountability of the persons who are at the helm of affairs of the company and on the other hand it also brings benefits to all stakeholders of the company such as investors, customers, employees and the society at large. Your Company continues to believe in such business practices and gives thrust on providing reliable financial information, maintenance of transparency in all its business transactions and ensuring strict compliance of all applicable laws.

A report on Corporate Governance is placed at Annexure-III to this report. Like previous years, as a part of good Corporate Governance practice, your Company has voluntarily got the Secretarial Audit carried out for the year 2008-09 and the report of the Secretarial Auditors is placed at Annexure-IV to this report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

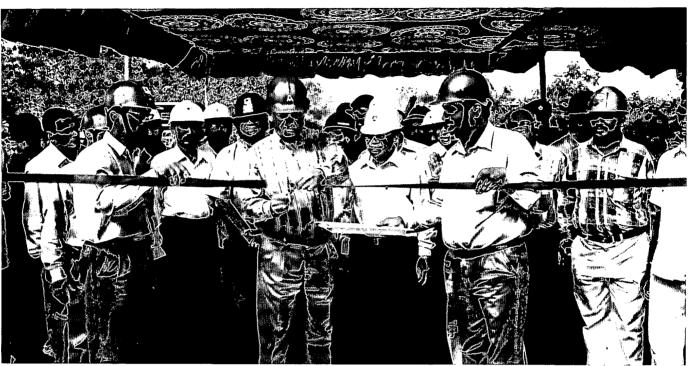
Management Discussion & Analysis report is placed at Annexure-V to this report.



NALCO bags Best Mother Plant Award at Expo-Orissa-2009

Shri B. L. Bagra, Director (Finance) receiving 'Best Environmental Excellence Award' from Chief Minister, Orissa at Think Odisha Leadership Awards, 2009





Inauguration of 220KV Switchyard by Shri Shantanu Consul, the then Secretary, Mines



Battery"H" In Evaporation



C&AG COMMENTS

Comments of the Comptroller and Auditor General of India on the Accounts for the year ended March 31, 2009, are placed at Annexure-VI to this report.

FIXED DEPOSITS

Your Company neither accepted nor renewed any fixed deposits during the year under review.

AUDITORS

The details of auditors appointed during the year under review are given below:

- a) Statutory Auditors : M/s. PA & Associates
- b) Cost Auditors M/s. S C Mohanty & Associates
- c) Secretarial Auditors : M/s. Sunita Mohanty & Associates d) Internal Auditors
 - : M/s. S C M Associates,
 - M/s. Tej Raj & Pal and M/s. Dass Maulik Mahendra K. Agrawala

DIRECTORS

The changes that took place in the Board of Directors of your Company since the last report are given below:

& Co.

Appointment:

- Shri A. K. Sharma was appointed as Director (Production) with effect from 01.05.2009.
- Shri C. R. Pradhan, Director(P&T), who was holding additional charge of the post of Chairman-cum-Managing Director was appointed as Chairman-cum-Managing Director with effect from 3rd August, 2009. Currently he is holding additional charge of the post of Director(P&T).

Cessation:

The tenure of Shri P.K. Routray as Director (Production) ended on 30.04.2009 on attaining the age of superannuation.

Your Directors wish to place on record their deep sense of appreciation for the valuable services rendered by Shri P.K. Routray during his tenure on the Board of your Company.

ACKNOWLEDGEMENT

: Bhubaneswar

: 20.08.2009

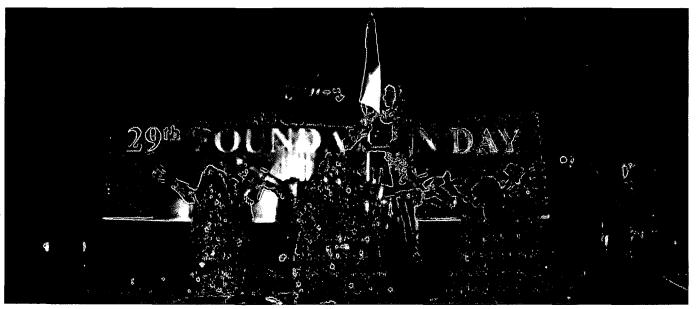
Your Directors gratefully acknowledge the support, guidance and co-operation received from various Ministries of the Government of India, particularly Ministry of Mines. Your Directors also express their sincere thanks to the Government of Orissa, Indian Railways, Mahanadi Coal Fields and other Government 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

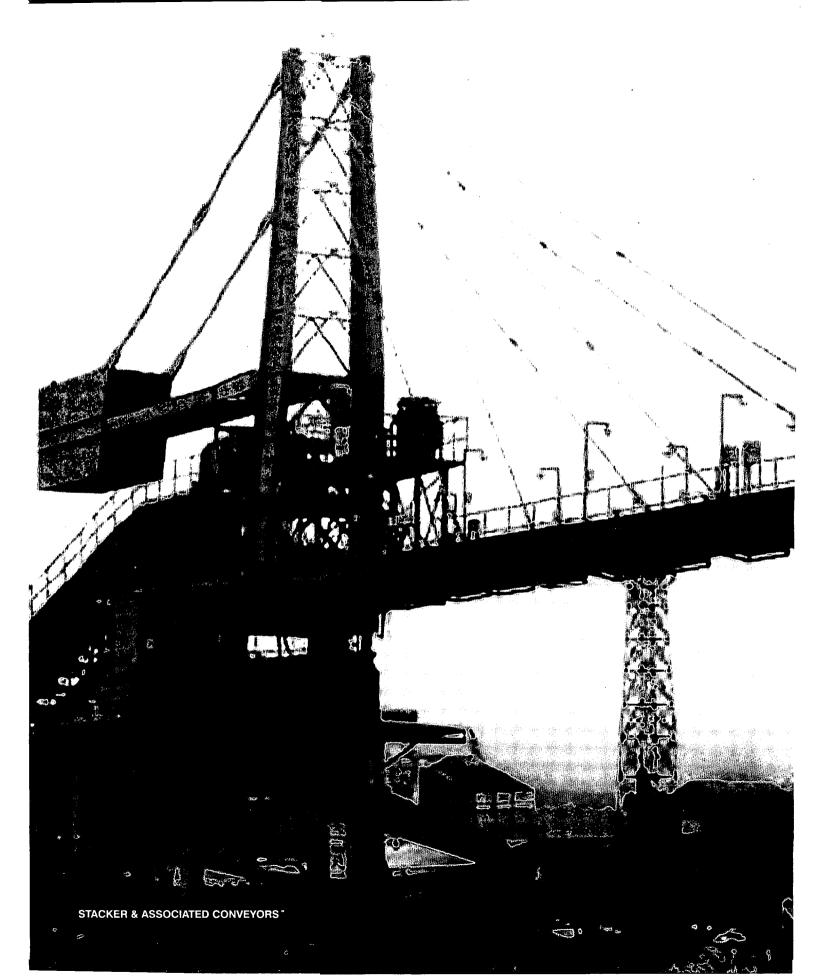
(C. R. Pradhan) Chairman-cum-Managing Director



Place

Date

Celebration of Foundation Day by Children from Periphery area at Angul







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

- Preliminary energy audit on consumption pattern of HSD, Lubricants and electrical energy for illumination purposes carried out through PCRI. Audit findings are being analyzed for implementation.
- ✓ Replacement of Conveyor System Main Synchronous drive & Apron Feeder 2 DC drive with VVFD, commissioned.
- ✓ Turbo Charger, Fuel Pump & Acceleration Pedals were changed in Komatsu Loader No. 17 &18 to reduce fuel consumption.

Alumina Refinery

- Reduction in specific fuel oil consumption in Calcinations with financial benefit of about Rs.115 lakh per year.
- Reduction in specific coal consumption in hydrate circuit with financial benefit of about Rs.28 lakh per year.
- ✓ Optimizing, use of street lights with financial benefit of about Rs.5 lakh per year.
- Reuse of Lubricants of Mill, PA fan, FD fan, BFP and Voith Couplings of ID fans with financial benefit of about Rs.9.87 lakh per year.

Smelter

- Optimization of operating voltage in identified HT transformers with financial benefit of about Rs.10.53 lakh per year.
- Reduction in operating voltage of lighting circuit in the lighting transformers with financial benefit of about Rs.3.39 lakh per year.
- Re-setting of the minimum fuel flowing to Ingot casting machines furnace in Cast House-B with financial benefit of about Rs.91.7 lakh per year.
- ✓ Optimizing the temperature setting of furnaces in Cast House-A with financial benefit of about Rs.182 lakh per year.

Captive Power Plant

- Reduction in DM water consumption due to improved Operation & Maintenance practices with financial benefit of about Rs.76.65 lakh per year.
- Improvement in specific power consumption in RCW pump by providing energy efficient coating on the impeller and inner casing, with financial benefit of about Rs.20.47 lakh per year.
- Recycling of industrial drain water resulted in saving in raw water by 29.2 lakh M³ in a year having financial benefit of about Rs.58.4 lakh per year.
- Use of STP treated water for gardens and maintaining green belt around plant has resulted in financial benefit of about Rs.3.49 lakh per year.
- On line testing (Trevi Test) of Safety Valves of boiler drum & main steam line through simulation has resulted in financial benefit of about Rs.3.75 lakh per year.
- Replacement of 450 Nos, MV lamp with SV lamp in boiler#4, having financial benefit of about Rs.1.92 lakh per year.
- Provision of bay Level indication at CWPH fore bay & Ash water fore bay has resulted in stoppage of over flow and consequent lower pump running hours.

FORM – A PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and Fuel Consumption:

ANNUAL REPORT 2008-09

			CAPTI	E POWER PL	ANT		ALUMINA REFINERY	
			Current year 2008-09		s year)07-08	Ċ	Current year 2008-09	Previous year 2007-08
1.	Electricity			-				
	(a) Purchased from GRIDCO							
	Unit (Million Kwh)		144.060	,	49.330		69.319	3.415
	Total amount (Rs. in lakh)		5,639.04	1,9	908.03		2,714.31	146.22
	Rate/Unit (Rs./Kwh)		3.91		3.87		3.92	4.28
	(b) Own Generation			•		,		
	i) Through Diesel Generator		NA		NA		NA	NA
	Unit per Ltr. of diesel oil		1	1		ł		
	Cost/Unit							
	ii) Through Steam Turbine/ Generator		,					
	Units (Gross)/Million Kwh		6,199.454	6,20	6.602		335,996	355,068
	Units per litre of fuel oil/gas		1,092.03	: 8	377.06		-	-
	Cost/Units (Rs./Kwh)		1.82	÷	1.30	\$-	-	-
2.	Coal (Specify quality & where used)							
	Quantity (MT)		4,857,511	4,9	16,545		962,264	964,521
	Total cost (Rs. in lakh)		49,500.72	36,2	220.96		17,188.38	11,329.93
	Average rate (Rs./MT)		1,019.06	-	736.72		1,786.24	1,174.67
	c	aptive F	Power Plant	Alumir	na Refi	nery	Smelt	er Plant
		nt year 008-09	Previous year 2007-08	Current year 2008-09	Prev	vious year 2007-08	Current year 2008-09	Previous year 2007-08
з.	Furnace Oil	L.		······				
	Quantity (KL)	5,677	7,145	134,024		130,237	32,119	29,157
		-,	7,110				,	20,101

Total Amount (Rs.in lakh) 1,602.45 1,559.50 33,957.49 26,338.66 8,195.90 Average rate (Rs./Tonne) 28,227 21,826 25,337 20,224 25,517 4. Others/Internal generation 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 2008-09	Previous year 2007-08
. Alumina				
(a) Power	(Kwh/MT)	335	324	338
(b) Fuel oil for clacination	(Kg/ MT)	78	77.59	81.92
(c) Coal for steam	(Kg/ MT)	620	618	619
(d) Oil for steam	(Kg/ MT)	4.00	6.87	4.18
2. Aluminium				
a) A.C. Power	(Kwh/ MT)	14,850	14,762	14,167
b) Fuel Oil	(Ltr./ MT)	93	89	91
c) Others				
i) CP Coke	(Kg/ MT)	383	382	381
ii) CT Pitch	(Kg/ MT)	99	93	96

5,831.13

19,999

NA



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

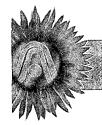
- Defoamer testing and trials using defoamers from different sources.
- Modification in the Zeolite-A Plant to reduce cost of production.
- Studies on Crystal Growth Modifier (CGM) of different suppliers.
- Studies on Utilisation of Fly Ash.
- Circuit sampling study to assess the actual behaviour of the process.
- Effect of lime from various sources on aluminate liquor output vis-a- vis CaO content in the product alumina.
- Recovery of alumina from settler underflow mud by M2M Technology.
- Development and application of High Temperature Resistant Resin for condensate polishing.
- Innovative process for extraction of alumina from bauxite, process has been optimized & patent filed.

(b) Smelter Plant

- Anode bench scale studies (on anode quality) :
 - Impact of different qualities of c.p.coke.
 - Impact of under calcined c.p.coke.
 - Impact of blending of different quality of c.p.coke.
- Characterisation of baked anodes for process monitoring.
- Plant trial & Large Scale trial for using anodes with additives in pot line.
- First stage implementation of increasing Grain/Sand ratio in GAP2.
- Plant trial with anodes of deeper stub hole depth (+20mm) with 10mm increased pin length to reduce pin to carbon voltage drop.
- Setting up of Metallographic laboratory for improvement of product.
- Developing and commissioning of Inclusion analysis system.
- Vendor development for cathode block.
- Mathematical Modeling and simulation studies :
 - At different amperage, when pot lines operated at low kA.
 - For optimum metal height at different amperage.
 - To predict pin & clad temperatures at various anodes cover heights.

(B) Collaborative R&D Activities

- Lab. scale development of constructional blocks, bricks & chips from Red mud. Pilot scale development is in progress in collaboration with JNARDDC, Nagpur.
- Establishing empirical relationship between physical properties of alumina through computer simulation and modeling in collaboration with SIT, BHUBANESWAR.
- Lab. Scale optimization of extraction of alumina from PLK(partially lateratic khondalite), collaborative project with MESIS, Russia, Pilot scale development in progress.
- Preparation & certification of reference material for selected ores in collaboration with JNARDDC, Nagpur.



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- Study on Impurity build up & its effect in Bayer Liquor chemistry in collaboration with JNARDDC, Nagpur.
- Plasma smelting of Red mud for production of Pig/Cast iron and Alumina rich slag in collaboration with IMMT, Bhubaneswar.
- Recovery of Carbon value from SPL(spent pot lining) in collaboration with IMMT, Bhubaneswar.
- Utilisation of SPL as a co-fuel in Boiler in collaboration with CFRI, Dhanbad.
- Evaluation of grain refining efficiency of commercially available grain refiner alloy in collaboration with JNARDDC, Nagpur.
- Development of a process for extraction of Vanadium sludge from Green liquor in collaboration with JNARDDC, Nagpur.
- Preparation of TEFR for extraction of Gallium from spent liquor of alumina refinery in collaboration with NLN/JFEST, Japan has been completed by EIL and the IRR was not found to be encouraging.

2. Benefits derived as a result of the above R&D (In-House & Collaborative):

- Defoamers development helped in smooth operation of plant and reducing maintenance & operating down time.
- Reduction in the cost of production of Zeolite has been addressed.
- Fly ash utilization has been increased.
- Right quality and quantity of lime required has been optimized.
- Reduction in the loss of alumina and increase in recovery.
- Utilisation of return condensates in the plant.
- Plant trial with anodes with additives has shown significant improvement in anode reactivity properties.
- Implementation of higher grain to sand ratio in GAP2 has resulted in improvement of G/S ratio from 2.5-3 to 3.8-4.
- Impact of different qualities of c.p.coke on anode quality showed that c.p.coke with higher density & less impurities is most beneficial for smelting operations.
- Limited pot trial with deeper stub hole anodes with increased pin length has shown a reduction of pin to carbon voltage drop by 27 mV per pot.
- Regular inclusion analysis in cast products helps to improve product quality.
- Outcome of the research findings on use of empirical relationship has been employed in analysis of physical parameters of alumina in Refinery.
- Development of Red mud bricks on pilot scale trials would emerge as one of the most important utilizations of red mud. Process has been patented.
- Development of reference material for ores such as bauxite culminated in saving revenue towards procurement of standard samples.
- Study on the liquour impurities build up has helped the Refinery in assessing the impurities level and its implication in Bayer liquor chemistry.
- About 80% recovery of carbon value from SPL has been established and the viability for a higher scale demonstration plant is being explored.
- It has been established that about 1% of SPL can be utilized as a co-fuel in the Boilers.

3. Future Plan of Action:

- Setting up of a world class Research & Technology Centre at Bhubaneswar.
- Pilot scale production of construction bricks from Red mud for commercialization.
- Commercialisation of a few R&D processes.
- Pilot scale development of a process for extraction of alumina from PLK.
- 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:

- Developing Green Liquor Filtration Aid.
- Infrared Thermography studies at Alumina plant and Estimation of Scaling height in Precipitators at Alumina Plant.
- Implementation of high resistance resin for condensate recovery.
- 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 Smelter plant by installing anode slot cutting machine in rodding shop-1.
- Waste heat recovery using recuperator in RP Melting furnace.
- Intermediate demand side controller in compressed air network for energy savings.
- Trial with composite (semi-graphite & SiC) side block for preventing side lining failure so as to increase pot life.
- Trial with fuel oil additives for reduction of specific fuel consumption.

4. Expenditure on R&D:

 2008-09
 2007-08

 (a) Capital
 3.04

 (b) Recurring
 347.65
 101.54

 Total:
 347.65
 104.58

 (c) Total R&D Expenditure as % of total turnover
 0.07
 0.02

5. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

(a) Alumina Refinery, Damanjodi

SI. No.	Details of Modification	Benefits thereof
1	PLC based Control systems of all boilers converted to DCS based.	Ease in diagnosing faults, maintenance & operation and improved control.
2	Cooling tower CT –3 and 3A operation through DCS.	Reducing the normalization period of SPP after any power interruption.
3	Conductivity meter at MWP –A/B/C discharge header.	Additional protection of boiler in case of caustic carrying over from the process units.



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(b) Smelter Plant, Angul

SI. No.	Details of Modification	Benefits thereof	
1	The anti vibration pads and spring dampeners of Vibro compacting Unit U-156 of Green anode plant-1 have been removed and replaced with pneumatic suspension using 04 nos. air bellows, drive with heavy duty angle gear boxes and Variable frequency drives, ejector with air blowing facility, mould pre-heater with pneumatic cylinder, chamfered edges for anodes improved design hole formers, improved design guide pin fixing arrangement.	Less or no vibrating forces being transmitted to the base, machine components and floor. Reduced noise and vibration, better life of door, door guides, guide pin, upright & belt, Improved maintainability, Reduced downtime & better machine availability.	
2	Separate AIF_3 hopper incorporated in the superstructure with separate feeder for continuous AIF_3 charging in pots.	AIF ₃ consumption reduction trend is observed.	
3	Stacking Crane-2 of Carbon Area :DC Motor with ROTAVAR control which was slow, fast and obsolete replaced with.ABB Variable Frequency Drive with AC Motor employing Dynamic Speed Accuracy of 0.2% and Encoder Feedback was provided in the Stacking crane.	Very smooth operation with speed control in the full range; very less noise. Minimum interruption in stacking crane operation due to motor drive problem.	
4	Technology upgraded from 4 high straightener in cut-to-length m/c of RPU to 6 high straightener in cut-to-length machine of RPU.	Elimination of band marks on sheets. Scrap on account of band marks reduced to zero.	
5	Materials for a PC based on-line label printing system in cast house have been received and implemented in Billet Casting Facility. Indents are being processed for implementation in ICMs. This will be a integrated system where ticket printing will be through specialized printer with additional reporting facilities.	Reduction in Customer complaints on account of human errors. Bar code generation will help in better product tracking & traceability, Better aesthetic look of final product, additional MIS reporting functions.	

(c) Captive Power Plant, Angul

SI. No.	Details of Modification	Benefits thereof	
1	Additional 5 nos. of VCB (vacuum Ckt Breaker) commissioned in place of MOCB (Minimum Oil Circuit Breaker) in CHP-1.	MOCBs are prone to explosion and fire causing total power disruption from the distribution board. This problem has been eradicated completely.	
2	DCS has been retrofitted successfully in two units (UNIT#1 and UNIT #4) replacing the conventional analog control system.	Obsolete technology for which no spares available.Efficiency improvement due to monitoring of operating parameter.Analysis of abnormalities and trip out faster & accurate.	
3	Micro Processor based remote indication has been provided in place of electromechanical counters for the belt weighing system installed over conveyor no. 1 and 4. Optical encoders have been replaced in place of chopper disc type sensor.	System performance has been improved.	
4	Installation of soft touch radial seals at the hot end basket of APH- A& B in the unit $-1,2,3,7$.	Air heater leakages have been reduced to below 10%.	
5	Ammonia dozing system has been installed in unit#4 and unit-6 with in- house design.	 Collection of fly ash in ESP has increased which result in reduced stack emission. 	
6	Inverted cones has been provided in coal mills in unit#1 to unit#6.	Coal fineness has improved. More than 80% of samples are found OK. Un-burnt combustibles in Boiler Bottom ash has improved from 10% to 5%.	





DETAILS OF TECHNOLOGY IMPORTED/UPGRADED DURING LAST 5 YEARS

M&R Complex, Damanjodi

Technology Imported/ Upgraded	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.
Potentiometric analysis of Bayer liquor for soda and dissolved alumina in place of titrimetric analysis.	2008-09	Fully absorbed	-
Seed granulometry control through addition of microfined hydrate.	2008-09	Fully absorbed	-
Ion Chromatograph for analysis of Fluoride, Oxalate etc.	2008-09	Fully absorbed	-

Smelter Plant, Angul

Technology Imported/ Upgraded	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.
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	- -
TPS 5000 one Welding Machine (from M/s. Fronicef, Austria)	2005-06	Fully absorbed	-
Alpsys Pot Regulation System in Pot Line-II	2006-07	Fully absorbed	
Maxi Cast billet casting in Cast House-A was replaced by Air-slip billet casting for 6 & 7 inch dia billets for improvement in product quality, reduction in shell zone depth, surface segregation and secondary dendrite arm spacing.	2008-09	Fully absorbed	-

Annexure -II

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

SI. No.	Name(S/Shri)	Designation of Employee	Remuneration received (Rs.)	Qualification & experience (years)	Date of Commencement of employment	Age as on 31.03.2009	Last employment held before joining the Company
01	C. R. Pradhan	Director(P&T) and CMD I/C	32,50,142	B.Sc.Engg(Elect) 38 years	17.05.1982	59 years 6 months	Dy. Manager, Bokaro Steel Plant
02	K. K. Mallick	Director (Commercial)	31,02,908	BE(Mech) 37 years	01.09.1982	59 years 6 months	Dy. Manager (Matis), NTPC
03	P.K. Routray (Production)	Director	31,08,158 38 years	B.Sc.Engg(Elect)	11.05.1982	59 years 11 months	Dy. Manager, Bokaro Steel Plant
04	B. L. Bagra	Director(Finance)	26,43,330	M.Com, FCA 32 years	28.02.2007	54 years	Director (Finance), RITES Ltd.
05	Joy Varghese	Director(P&A)	26,28,267	MSW, MBA 32 years	01.10.2007	56 years 7 months	GM (P&A), KIOC Ltd.

Notes : 1. Remuneration includes medical reimbursement, LTC, house accommodation and provision made for PRP in terms of pay revision effective from 01.01.2007.

- 2. The above Directors are appointed by the President of India on tenure basis.
- 3. Terms & conditions are as per rules of the Company.
- 4. While Shri K K Mallick, Director (Commercial) holds 350 equity shares (percentage negligible), other four Directors do not hold any shares of the Company.





Annexure - III

Report on Corporate Governance

Philosophy

NALCO adheres to good corporate practices and emphasizes on commitment to values and ethical business conduct. It believes in adopting the best practices laid down in different statutes and goes beyond adherence of statutory framework to bring transparency, accountability and equity in all facets of its operation. It perceives Corporate Governance as an endeavour for focusing on its resources, strengths and strategies.

The Board redefines its role under the aegis of Corporate Governance as trustees of the shareholders as well as other stakeholders and thrives for continuous creation and enhancement of their wealth.

2.0 Board of Directors

2.1 Composition

The Board consists of five whole time directors, two non-executive non independent directors and eight independent directors as on 31.03.2009. More than half of the strength of the Board is comprised of independent directors to maintain the independence of the Board.

None of the Directors on the Board is member of more than 10 Committees and nor is Chairman of more than 5 Committees as per disclosures made by the directors.

The whole time directors manage the day-to-day affairs of the Company. The Board meets regularly and is responsible for proper direction and management of the Company.

2.2 Board meetings and Attendance

Eight Board meetings took place on 29.04.2008, 10.06.2008, 14.07.2008, 31.07.2008, 19.09.2008, 30.10.2008, 24.12.2008 and 27/28.01.2009 during the year ended March 31, 2009. The minimum and maximum time gap between any two Board meetings was 16 days and 54 days respectively.

Details of composition of the Board, Directors' attendance at the Board Meetings, attendance 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	Director Identification Number (DIN)	dentification Board Meetings		Attendance at AGM held		Membership in the Committees of other Companies	
		Held during the tenure	Attended	on 20.09.2008	directorships	Membership	Chairmanship
Shri C. R. Pradhan Director (Projects & Technical) &Chairman-cum-Managing Director I/c (1)	00127539	8	8	Yes	Nil	Nil	Nil
Shri K. K. Mallick Director (Commercial)	00198005	8	8	Yes	Nil	Nil	Nil
Shri P.K. Routray Director (Production) (2)	01282938	8	8	No	Nil	Nil	Nil
Shri B.L. Bagra Director (Finance)	00090596	8	8	Yes	1	Nil	Nil
Shri Joy Varghese Director (Pers. & Admn.)	01955109	8	8	Yes	Nil	Nil	Nil



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

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Name & Designation	Director Identification Number (DIN)			Attendance at AGM held	No of other directorships	Commit	ship in the ittees of ompanies	
		Held during the tenure	Attended	on 20.09.2008	airectorsnips	Membership	Chairmanship	
Shri V. K. Thakral	00402959	8	7	No	1	Nil	1	
Shri S. Vijay Kumar	02230985	8	6	No	Nil	Nil	Nil	

b (ii) Part-time non-official Directors (independent)

Shri S.S. Sohoni, IAS (Retd.)	01877231	8	5	No	Nil	Nil	Nil
Dr. A Sahay	01115233	8	7	No	1	Nil	Nil
Shri K.S. Raju	01863178	8	8	No	Nil	Nil	Nil
Shri S.B. Mishra, IAS (Retd.)	00030975	8	7	Yes	2	Nil	1
Shri N.R. Mohanty	00237732	8	6	Yes	6	1	Nil
Dr. Jyoti Mukhopadhyay	02224647	8	7	Yes	Nil	Nil	Nil
Shri R.K. Sharma	00164387	8	6	No	Nil	Nil	Nil
Maj. Gen.(Retd.) Samay Ram, UYSM,AVSM,VSM	00663816	8	8	Yes	Nil	Nil	Nil

(1) Shri C. R. Pradhan, Director (Projects & Technical) was holding additional charge of the post of Chairman-cum-Managing Director from 01.02.2005 to 02.08.2009 and is now holding the post of Chairman-cum-Managing Director w.e.f. 03.08.2009.

(2) Superannuated on 30.04.2009.

The Board has been entrusted with more autonomy and enhanced powers with conferment of NAVRATNA status on it by the Government of India on 28.04.2008. Certain items of governance viz. approval of annual and interim financial results, Capital and Revenue Budgets, acquisitions, disposals, joint ventures as well as material agreements, major capital expenditure, major sale contracts, employees' remuneration and perquisites, manpower plans, all statutory compliance and long term plans are placed before the Board for its review and approval. Besides, all information required under Annexure IA of Clause 49 of Listing Agreement with Stock Exchanges is made available to the Board.

2.3 Remuneration of Directors

(a) Whole time Directors

Name	Relationship	Busines relationship with	Remuneration for the y			
	with other Directors	the Company, if any	All elements of remuneration package, i.e. salary, PF contribution, pension, Gratulty etc. (Rs.)	Other benefits* (Rs.)	Total (Rs.)	
Shri C. R. Pradhan	Nil	Director (P&T) & CMD I/c	14,87,486	17,62,656	32,50,142	
Shri K. K. Mallick	Nil	Director (Comm.)	14,20,383	16,82,525	31,02,908	
Shri P.K. Routray	Nil	Director (Prodn.)	13,76,385	17,31,773	31,08,158	
Shri B.L. Bagra	Nil	Director (Fin.)	12,82,863	13,60,467	26,43,330	
Shri Joy Varghese	Nil	Director(P&A)	12,46,862	13,81,405	26,28,267	



Figures are based on pre-revised scales but inclusive of provision made for revision. Pay revision was due w.e.f. 01.01.2007 as per 2nd pay revision of PSEs.

* Other benefits include Medical facilities, Leave Travel Concession, Residential Accomodation, Educational Allowance, Ex-gratia, Gift, Liveries, Canteen Subsidy, productivity and performance related incentives and Scholarship to children etc.

(b) Part-time Non-official (independent) directors

There are eight part-time non-official (independent) directors on the Board. None of the independent directors has any pecuniary relationship or transactions with the Company. Sitting fees is the only remuneration being paid to these independent directors for attending Board/ Committee meetings. Details of sitting fees paid to the independent directors are given below:

Name	Sitting		
	Board Meetings	Committee Meetings	Total (Rs.)
Dr. A Sahay	70,000	1,00,000	1,70,000
Shri S. S. Sohoni	50,000	40,000	90,000
Shri K. S. Raju	80,000	70,000	1,50,000
Shri S. B. Mishra	70,000	-	70,000
Shri N. R. Mohanty	60,000	60,000	1,20,000
Dr. Jyoti Mukhopadhyay	70,000	60,000	1,30,000
Shri R. K. Sharma	60,000	10,000	70,000
Maj. Gen.(Retd.) Samay Ram, UYSM, AVSM, VSM	80,000	60,000	1,40,000

(c) Part-time official directors

There are two part-time official directors on the Board of the Company. No remuneration is paid to the part-time official directors.

2.4 Service contracts, notice period, severance fee

The Chairman-cum-Managing Director and other whole time directors are appointed by the President of India for a period of five years from the date of taking over charge or till the date of superannuation or till further order from the Government of India, whichever event occurs first.

Government Nominee Directors from the Ministry of Mines generally retire from the Board on ceasing to be officials of Ministry of Mines. Independent Directors are appointed by the President of India usually for a period of three years.

2.5 Stock Option details

No Stock Option has been given to any employee including directors. However, stock option scheme has been encouraged under the 2nd pay revision of PSEs as part of Performance Related Pay (PRP) and the scheme is yet to be framed. Incentive schemes which are based on the performance parameters are equally applicable to whole time directors like other employees of 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 Audit Committee comprised of five independent directors and one Government nominee Director. It is in compliance with Section 292 A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement. Chairman of the Audit Committee is an independent Director. The composition of the Audit Committee as on 31.03.2009 was as follows:

Shri S.S. Sohoni Shri V.K. Thakral Dr. A. Sahay Shri K.S. Raju Shri N.R. Mohanty Maj. Gen.(Retd.) Samay Ram

Shri S.S. Sohoni, Independent Director is the chairman of the Audit Committee. During his absence in committee meetings, any one of the independent directors present is elected as the chairman for the meeting.

CMD, Director (Finance), Statutory Auditors, Internal Auditors and Cost Auditors are permanent invitees to the meetings. Other functional directors, Operational heads are invited to the meetings, as required. The Company Secretary acts as the Secretary of the Audit Committee

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:

a) To check whether internal controls are adequate commensurate with size and nature of operations.

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- b) To study the areas where income can be increased and the areas where cost can be reduced.
- c) Management Information System on each of the above areas.

3.1. a Audit Committee meetings and attendance

During the year, the Audit Committee met 6 times on 27.04.2008, 09.06.2008, 31.07.2008, 18.09.2008, 30.10.2008 and 27.01.2009. Shri N.R. Mohanty, the then Chairman of the Audit Committee was present in the last Annual General Meeting.

Minutes of Audit Committee meetings are placed before the succeding Board meetings.

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

Name	Audit Committee meetings			
	Held during the tenure	Attended		
Shri S. S. Sohoni	6	4		
Shri. V. K. Thakral	6	3		
Dr. A. Sahay	6	5		
Shri K. S. Raju	6	6		
Shri N. R. Mohanty(from 10.06.2008)	4	4		
Maj. Gen. (Retd.) Samay Ram (from 10.06.2008)	4	4		

3.2 Shareholders' Grievance Committee

Audit Committee is assigned with the job of looking into the redressal of complaints/grievances of the shareholders/investors and focuses on strengthening of investor relation. 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. Shri K. N. Ravindra, Company Secretary is the compliance officer.

During the year, the Company received 69 complaints / grievances from the shareholders/investors of the Company and redressed all of them within 2 - 3 days time. Besides, various queries / correspondence from shareholders/investors were promptly attended. The status of these complaints/grievances is as under:

Particulars	Co	Complaints/grievances from				
	Individuals & Institutions	Stock Exchanges	SEBI			
No. of cases received during the year 2008-09	68	01	Nil			
No. of cases attended and redressed to the satisfaction of the shareholders/investors.	68	01	NA			
No. of pending cases remained unresolved/ un-redressed.	Nil	Nil	NA			



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

3.3 Technology Committee

Technology 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 consists of four independent directors and two whole time directors as per details given below :

- 1. Director (P&T)
- 2. Director (Production)
- 3. Dr. A. Sahay
- 4. Shri K. S. Raju
- 5. Dr. J. Mukhopadhyay
- 6. Shri R.K. Sharma

The Committee is headed by Director (P&T). The committee met 3 times on 28.04.2008, 18.08.2008 and 16.01.2009 during the year.

3.4 HR Committee

HR Committee was constituted during the year, on 10th June, 2008. Terms of reference of HR Committee are as follows:

- i) Framing of rules and regulations and changes therein relating to recruitment, transfer, promotion, deputation and other conditions of service in respect of employees of the Company, other than those which are approved by the Board and which are delegated to CMD.
- ii) Wage structure and scale of pay of the employees of the Company and any changes therein.
- iii) Organization chart including manpower planning.
- iv) Any other reference made by the Board from time to time.

Following Directors are members of HR Committee:

- 1. Shri N.R. Mohanty
- 2. Dr. Jyoti Mukhopadhyay
- 3. Maj. Gen.(Retd.) Samay Ram
- 4. Director (Production)
- 5. Director (Pers. & Admn.)

HR Committee is headed by Shri N.R. Mohanty, independent director. The Committee met twice on 24.02.2009 and 31.03.2009 during the year.

3.5 Remuneration Committee

NALCO being a Government Company, the terms and conditions of appointment and remuneration of the Whole time directors are decided by the President of India. The Board does not decide remuneration of Directors.

The part time official directors do not draw any remuneration. The part-time non-official directors receive only sitting fees of Rs.10,000/- for each Board/Committee meeting attended by them.

3.6 Committee of Directors for Sales

Committee of Directors for Sales comprises of Chairman-cum-Managing Director, all whole time directors and co-opted officer(s) of the Marketing department. The Committee decides all short term contracts of sale 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 value exceeds the powers delegated to CMD.

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

During the year, the committee met thirteen times.



3.7 Committee of Directors for Procurements

The Committee of Directors for procurement comprises of Chairman-cum-Managing Director and all functional directors of the Company. The Committee has been delegated with 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. The Committee has also been delegated with full powers for procurement of all raw materials which are beyond the powers of CMD.

While considering the proposal for contracts/items/packages/tenders in respect of all capital expenditure which have been 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).

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).

Eleven meetings of the Committee were held during the year.

3.8 Investment Committee

The Investment Committee was reconstituted to formulate guidelines for investment of surplus 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.

The Committee met once on 15.05.2008, during the year.

3.9 Share Transfer Committee

The Share Transfer Committee is empowered to consider and approve share transfer, transmission, transposition, 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.

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 9 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 2008-09. The shareholders in the 26th Annual General Meeting held on 21.09.2007 had 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 of the Audit Committee is given below:

Fee for	Fee (Rs.)	Others
Statutory Audit for the year 2008-09	11,00,000	Reimbursement of service tax, traveling and out of pocket expenses
Limited Review for 1st,2nd& 3rd quarter for 2008-09	2,25,000/- for each review	-do-
Tax Audit for the Financial year 2008-09	2,25,000	-do-



5.0 General Meetings of Shareholders

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

Year	Date	Time	Location	Special Resolution, if any
2005-2006	28.09.2006	11.00 A.M.	NALCO Bhawan, Bhubaneswar	NIL
2006-2007	21.09.2007	11.00 A.M.	NALCO Bhawan, Bhubaneswar	NIL
2007-2008	20.09.2008	11.00 A.M.	NALCO Bhawan, Bhubaneswar	NIL
aordinary Gen	eral Meeting			

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

All directors have disclosed their interest in other Companies to the Board. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

6.2 Compliance

The Company has complied with all the requirements of the Listing Agreement of Stock Exchanges, regulations and guidelines of SEBI and other statutory authorities.

SEBI had initiated adjudication proceedings against the Company 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 based on the reply, SEBI has dropped the proceedings.

Besides, 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.

6.3 Code of Conduct for Directors and Senior Executives

The Company has designed a comprehensive code for whole time and Non-Executive Directors as well as for the senior management of the Company. The code is circulated to all the directors and members in the senior management at the beginning of each financial year and the same is being affirmed by them. A declaration to this effect signed by Chairman cum Managing Director is given at the end of this report.

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 of the Companies Act, 1956.



6.7 Risk Management

The Board has approved an integrated Risk management policy devising the framework for risk assessment and mitigation thereto. More details on the subject are given under "Management Discussion and Analysis Report" 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

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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

Quarterly financial results

Quarterly financial results are informed to Stock Exchanges soon after these are taken on record by the Board and published in leading newspapers in India. The results are also promptly uploaded in Corporate Filing & Dissemination System (CFDS) and in Company's web site **www.nalcoindia.com**.

All financial results, shareholding pattern, announcements, Corporate disclosures, materials being given at various 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.

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

9.0 Shareholders' information

9.1 Annual General Meeting

Date: 19th September, 2009

Time: 11.00 A.M.

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

9.2 Financial Calendar for 2009-10

Events	Tentative Date
Annual General Meeting for the year ending March 31, 2009	19 th September, 2009
Unaudited Financial results for the first quarter ending 30th June, 2009	31 st July, 2009
Unaudited Financial results for the second quarter ending 30 th September, 2009	October, 2009
Unaudited Financial results for the third quarter ending 31 st December, 2009	January, 2010
Unaudited / audited Financial results for the year ending 31 st March, 2010	June, 2010





9.3 Book Closure Dates

Book Closure/Record Date	Purpose
13 th February, 2009	Interim Dividend @ 35% for 2008-09
8 th September, 2009 to 11 th September, 2009	Final Dividend @ 15% for 2008-09

9.4 Dividend payment

Dividend is paid within 30 days of declaration of dividend as per the provisions of the Companies Act, 1956. The final dividend for 2008-09 shall be paid within 30 days from the date of declaration i.e. before 18th October, 2009.

YEAR		Dividend/share (Rs.)		Date of Payment	
	Interim	2.00	128.86	18.02.2005	
2004-05	Final	2.00	128.86	26.10.2005	
	Interim	2.00	128.86	08.02.2006	
2005-06	Final	3.00	193.29	26.10.2006	
	1 st Interim	3.50	225.51	19.02.2007	
2006-07	2 nd Interim	1.50	96.65	30.03.2007	
	Final	2.50	161.08	08.10.2007	
0007.00	Interim	4.50	289.94	25.02.2008	
2007-08	Final	1.50	96.65	15.10.2008	
2008-09	Interim	3.50	225.51	25.02.2009	

Details of dividend paid during the last five years are as follows:

9.5 Transfer of unpaid/unclaimed interest/dividend to IEPF

During the year, the following unpaid/unclaimed interest and dividend were 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
26.09.2000 to 25.03.2001	4th Half year Interest on NCDs	1,14,719	16.04.2008
26.03.2001 to 25.09.2001	5th Half year Interest on NCDs	1,21,733	18.10.2008

B. Transfer of unpaind/unclaimed Dividend

Financial year	Nature of payment	Amount (Rs.)	Date of Transfer to IEPF
2000-2001	Dividend	6,00,976	21.11.2008

9.6. Listing on Stock Exchanges

NALCO shares are presently listed in following Stock Exchanges:

National Stock Exchange of India Ltd.	Bombay Stock Exchange Ltd.	
Scrip code: NATIONALUM	Scrip code: 532234	
Traded from : 28.04.1999	Traded from : 19.10.1992	
ISI	N CODE : INE 139A01026	

Listing fees for the year 2009-10 have been paid to both the Stock Exchanges. Bhubaneswar Stock Exchange have confirmed delisting of NALCO shares from their Exchange w.e.f.17.10.2008. Final approval for delisting of shares from The Calcutta Stock Exchange is still awaited.

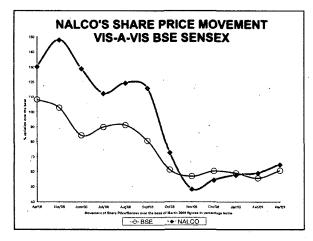
Out of the total paid-up equity capital of Rs. 644.31 crores, the President of India holds 56,14,99,635 equity shares of Rs.10/- each fully paid-up, in physical form. The Company has listed balance 8,28,09,993 shares of Rs.10/- each fully paid-up, comprising 12.85% of the total paid-up capital with the above Stock Exchanges. Of the listed shares, 99.11% were held in demat mode as on 31.03.2009.

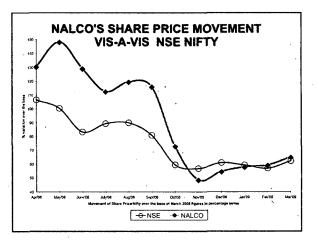
9.7 Market Price Data

During the financial year, the script touched all time high of Rs.566.45 on 29.05.2008 in NSE. Shares are regularly traded on BSE and NSE. The monthly Highest (H) and Lowest (L) market price data and volume (V) for the year 2008-09 are given here inbelow:

(Amount in Rs.)

MONTH	SH	SHARE PRICE (BSE)			SHARE PRICE (NSE)		
	н	L ·	V	н	L	v	
April, 2008	474.00	406.00	20,67,488	470.00	404.00	69,46,524	
Мау	565.90	432.00	29,79,518	566.45	431.10	81,67,345	
June	544.50 、	328.00	21,51,418	525.00	325.00	73,14,579	
July	452.00	325.00	55,84,937	450.00	305.10	1,50,13,665	
August	442.00	362.00	25,58,024	443.50	361.00	76,60,289	
September	428.00	353.00	21,91,765	427.80	353.50	95,16,726	
October	382.00	108.35	39,31,964 ,	385.00	105.25	1,35,21,599	
November	191.80	140.30	65,41,436	192.00	133.50	1,49,66,774	
December	206.90	160.00	46,33,516	206.90	159.00	1,38,45,527	
January, 2009	217.00	171.50	26,73,527	216.95	171.25	86,36,517	
February	211.00	186.10	13,43,001	211.30	186.10	47,01,909	
March	244.85	193.25	16,81,894	244.40	191.20	67,41,007	





9.8 Registrar and Transfer Agents

NALCO is having its In-house Share Registry at the following address:

National Aluminium Company Ltd. 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.ir			
	ii)	dmrao@nalcoindia.co.in			
·					

- iii) nkmohanty@nalcoindia.co.in
- iv) bharatsahu@nalcoindia.co.in

Share transfers are effected in time and all physical share certificates are dispatched to the transferees immediately after effecting the transfer. All kinds of investors' related services, both for physical as well as electronic segments are provided from the Share Registry. Complaints/Grievances are resolved within 2-3 days time on an average.

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Half-yearly certificate on compliance of share transfer formalities obtained from Practicing Company Secretary pursuant to clause 47 C of the Listing Agreement have been submitted to Stock Exchanges in time.

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.

9.9 Shareholding pattern as on 31.03.2009

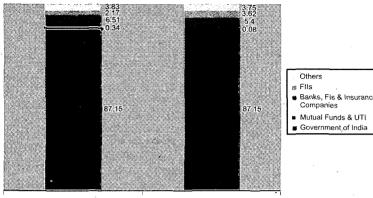
SI. No.	Category	No. of Shareholders	No. of shares	Percentage of shareholding
1.	Promoters (Government of India)	7*	56,14,99,635	87.15
2.	Mutual Funds	42	5,52,521	0.08
3.	Banks/ Financial Institutions	11	61,69,776	0.96
4.	Insurance Companies	12	2,85,98,723	4.44
5.	Fils	87	2,33,14,897	3.62
6.	Bodies Corporate	822	1,93,91,353	3.01
7.	Indian Public	32,277	41,91,562	0.65
8.	Others	1,103	5,91,161	0.09
	TOTAL	34,361	64,43,09,628	100.00

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* President of India along with 6 nominees

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Shareholding Pattern 2007-08 vis-a-vis 2008-09



FY 2007-08

FY 2008-09

9.10 Distribution schedule of shareholding

Number of shares	No. of Shareholders	Total shares held	% of share capita	
1-200	30,124	18,58,571	0.29	
201-500	2,839	9,98,797	0.16	
501-1000	707	5,72,877	0.09	
1001-50000	641	27,27,796	0.42	
50001-100000	11	7,39,657	0.11	
100001 and above	39	63,74,11,930	98.93	

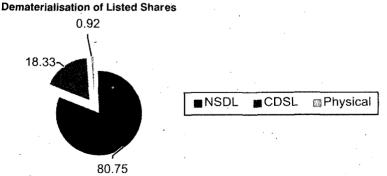
9.11 Dematerialisation/Rematerialisation of Listed Shares & Liquidity

NALCO shares are compulsorily traded in demat form in NSE and BSE. Monthly volume of transactions of NALCO shares on both the Stock Exchanges are provided at para 9.7 above. Demat requests are confirmed to the respective Depositories (NSDL/CDSL) within 8-10 days of receipt of Demat Request Forms (DRFs) from the DPs.

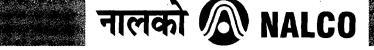
During the financial year, total no. of 26,500 shares has been demated under both the Depositories as detailed below: NSDL: 18,900

CDSL: 7,600

99.11% of the Company's total listed share capital stands dematerialized as on 31st March, 2009 as compared to 99.08 % as on 31st March, 2008.



During the year, the Company has confirmed 6 rematerialisation requests for 3,225 shares and the physical share certificates were despatched to the respective Shareholders in time.





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

Registered Office :

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

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, 2009.

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for National Aluminium Company Limited

(C.R.Pradhan) Chairman-cum-Managing Director

Place : Bhubaneswar Date : 20th August, 2009

Auditors' Certificate

To The Members National Aluminium Company Limited, Bhubaneswar

We have examined the compliance of conditions of Corporate Governance by NATIONAL ALUMINIUM COMPANY LIMITED, for the year ended on 31st March, 2009 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, subject to the following:

1. The Board of Directors did not comprise of the required number of Independent Directors during the period 01-04-2008 to 23-04-2008.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we state that no investor grievance is pending for a period exceeding one month as per the records maintained by the Shareholders/ Investors Grievance Committee.

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. D. K. Agarwalla) Partner Membership.No.55420

Place : Bhubaneswar Date : The 10th day of August, 2009

Annexure-IV

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SECRETARIAL AUDIT REPORT

To The Members National Aluminium 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, 2009 and we report that:

1. Maintenance of Statutory Records

The Company has kept and maintained upto date statutory registers & records as required under various provisions of the Companies Act, 1956 and the rules made there under.

2. Filing of Statutory Returns

The company filed all statutory forms and returns timely with the Registrar of Companies and other Statutory Authorities and all documents/ intimations under various Statutes/Listing Agreement were regularly filed with the Stock Exchanges within the due date.

3. Composition of the Board

Clause 49 of listing agreement requires that at least half of the Board should comprise of independent directors. The Company had fifteen directors on its Board as on 31st March, 2009. In compliance of Clause 49 of the listing agreement, the Board comprised five executive directors, two non-executive and non independent directors and eight independent directors.

4. Board Meetings

The Board of Directors met 8 times during the year on 29.04.2008, 10.06.2008, 14.07.2008, 31.07.2008, 19.09.2008, 30.10.2008, 24.12.2008 and 27/28.01.2009. In respect of these meetings, proper notices were given and the proceedings including resolutions by circulation were properly recorded and signed in the Minutes Book, maintained for the purpose.

5. In-house Share Registry

All share related activities both physical and electronic segments are handled at the In -house Share Registry of the Company located at its Registered Office at NALCO Bhawan, P/1, Nayapalli, Bhubaneswar-751061 and the same is in compliance with the SEBI circular no. D&CC/FITTC/CIR-15/2002 dt.27.12.2002.

6. Share Transfer Committee

The Share Transfer Committee, formed under Clause VI C of Clause 49 of listing agreement considers and approves issue of new share certificates in case of torn/mutilated/defaced/lost/rematerialisation of shares in addition to transfer/transmission of shares. For quick disposal of requests, Company Secretary has been authorized by the Board to consider the transfer/transmission of shares. During the year ended 31st March, 2009, share transfer/transmission including issue of new share certificates arising out of torn/mutilated/defaced/lost/rematerialisation of share transfer/transmission including issue of new share certificates arising out of torn/mutilated/defaced/lost/rematerialisation were approved 9 times through Share Transfer Committee and Company Secretary approved only transfer/transmission of shares 15 times.

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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 not only attended but also resolved within 2-3 days time of their receipt. Details of these complaints/ grievance, share transfers, electronic holding of shares (both NSDL and CDSL) were put up in 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 had set up adequate transparent systems and procedures to carry out daily reconciliation of physical and electronic shares with the total shares issued by the Company and the same is being done on daily basis.

9. Dematerialisation/Rematerialisation

The requests for dematerialisation / rematerialisation were confirmed to the respective Depositories (NSDL/CDSL) within a week's time of receiving the physical documents from the DPs as against 15 days from the date of receipt stipulated by the Depositories and 21 days from the date of uploading the individual requests stipulated by SEBI.

10. Payment of Corporate Cash Benefits to the Shareholders

The Company paid dividends on time to its shareholders after their declaration and wherever necessary rights to dividends were kept in abeyances, 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

On expiry of 7 years period from the date of declaration/payment, the company transferred the following unpaid/unclaimed interest and dividend 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 :

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

Period	Amount (Rs.)	Date of Transfer
26.09.2000 to 25.03.2001	1,14,719	16.04.2008
26.03.2001 to 25.09.2001	1,21,733	18.10.2008

B. Transfer of unpaid/unclaimed Dividend

Financial year	Amount (Rs.)	Date of Transfer
2000-2001	6,00,976	21.11.2008



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, no legal notice from any Statutory Authorities like SEBI, Stock Exchanges, Registrar of Companies were received by the Company.

14. Public Deposits

The Company has not accepted any Public Deposits under Companies (Acceptance of Deposits) Rules, 1975 during the year under review. The company has neither issued any GDR/ADR nor any convertible instrument during the year under review.

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Place : Bhubaneswar Date : 21.07.2009 M/s. Sunita Mohanty & Associates (Company Secretaries)

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CS Sunita Mohanty, Partner (C. P. No. 3576)

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Annexure-V

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

Alumina & Chemicals

During the year 2008, the world consumption of alumina was 78.102 million MT against the world production of 79.118 million MT leaving thus a surplus of 1.016 million MT. The world alumina production and consumption grew by approximately 5.3 % and 4.9% respectively during 2008 as compared to 2007. The Chinese alumina production registered an increase of about 11.5% over 2007 production.

In the first half of 2008, spot alumina prices steadily increased and peaked at US\$435 per tonne in mid-August. The alumina prices and its supply, demand and balance are linked to aluminium metal. The global economic turmoil affected the aluminium demand thereby forcing deferring of various refinery projects and production curtailments. Moreover the instability of alumina prices in the later part of the year kept consumers inactive with no intension of replenishing stocks. Spot alumina prices have fallen as a result of declining aluminium production due to cutbacks undertaken by major producers world-wide which led to oversupply of alumina thereby affecting its price.

Aluminium

During the year 2008, the world consumption of primary aluminium was 37.668 million MT against world supply of 39.909 million MT, showing an impulsive surplus of 2.241 million MT. The world supply grew by approximately 4.7% while the consumption declined by 0.4% respectively during 2008 as compared to 2007. In China, consumption is estimated to have risen by 4.5% and production by 7.3% during 2008. The aluminum industry was caught in a 'perfect storm of historic proportions', with prices at LME (London Metal Exchange) soaring from US\$ 2,400 per tonne to US\$ 3,300 per tonne, the record high by the first half of 2008 against the background of strong global metal market and declining drastically in the second-half of 2008 on grounds of the subprime crisis in the U.S. getting worse to US\$ 1,500 per tonne in December and further to US\$ 1,200 in February,2009 that witnessed an unprecedented plunge while inventories increased at London Metal Exchange warehouses to cross over 2.5 million MT. In China, aluminum industry was growing in full swing in 2007 and the first half of 2008, when the production capacities of the sectors of alumina, electrolytic aluminum and downstream aluminum processing increased rapidly. But in the second half of 2008, the collapse of aluminum prices which went below the cost level forced Chinese aluminum factories to curtail or even stop production and to defer the pipelined projects. By end of March, 2009, the stocks at the LME warehouses had touched 3.5 million tonnes.

Business Development

Your Company has drawn up an ambitious plan to grow organically as well as inorganically 'to be a reputed global Company in the Metals and Energy sectors'. In this direction, your Company proposes to set up greenfield Aluminium Smelters in India and abroad, enter into the business as an Independent Power Producer and acquire new mineral resources, especially coal, bauxite, copper etc. Your Company also has plan to venture into both upstream and downstream fields to leverage its strength in alumina and aluminium business. Following proposals are being pursued by your Company which are at various stages :

- To set up an Aluminium Smelter in Indonesia, your Company has prepared feasibility report. Government of Indonesia has approved the foreign investment proposal of the Company. Your Company has signed an MoU with a local coal mine owner for a mine with estimated reserves of 200 million MT of coal to form a JV Company for Coal Mining and possibly for establishment of Smelter & CPP. Your Company has signed MoU with a strategic partner for 24% stake in Smelter and Power Plant, who have proposal to build port and railway line in South Sumatera in next 3 years.
- In view of the vast reserve of natural gas and cheaper electrical energy, your Company pursues to establish a Smelter Plant in Iran. In this context, your Company has prepared a feasibility report and also conducted the due diligence.
- Your Company is actively pursuing for grant of bauxite mining leases for setting up a 1.4 million TPA Alumina Refinery in Andhra Pradesh. The Government of Andhra Pradesh has recommended your Company's mining lease application to the Ministry of Mines, Government of India for approval. Your Company has prepared the feasibility report.
- Your Company's proposal to set up a 0.5 MTPA Smelter and 1,250 MW Captive Power Plant at Jharsuguda has been conditionally approved by Government of Orissa. Compliance to the conditions is being pursued.

- In line with the revised vision, your Company is vigorously pursuing to venture into the field of Independent Power Production.
- Your Company is also scouting for mineral resources, particularly bauxite, coal and copper in Indonesia, Africa, Latin America etc.
- Your Company is developing prototype of an Aluminium Rail Wagon in collaboration with M/s. BEML. The prototype would be ready for trial shortly.

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 Your Company is in discussion with cement manufacturers for setting up of cement plant in joint venture or for long term agreement for supply of fly ash for effective disposal of fly ash generated at its Captive Power Plant at Angul.

Your Company is also looking for opportunity for backward integration of its major raw material like Coal Tar Pitch, Caustic Soda etc. for effective forward integration. Your Company proposes to set up an Aluminium Park at Angul in joint venture with Orissa Industrial Infrastructure Development Corporation (IDCO).

OPPORTUNITIES AND THREATS

OPPORTUNITIES

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

The 2nd phase expansion project of your Company, funded by its own internal resources, is almost complete. The availability of surplus alumina with the Company after 2nd phase expansion and the revived demand for alumina and aluminium in the global market has put it in an 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.

Your Company is in advanced stage of getting mining lease for around 80 million MT of Gudem and KR Konda bauxite deposits in the state of Andhra Pradesh. The deposit will make the way open to put up additional Refinery capacity in Andhra Pradesh, increasing Alumina potential of the Company in addition to enhanced mineral security.

New venture in green field smelter and power plant in Indonesia is going positive in terms of viability and support of local authority. The proposed project would put your Company on international foothold more strongly in addition to increased market presence.

Your Company is also currently planning for the 3rd phase expansion of its existing facilities at Angul and Damanjodi.

Responding to the national priority for light weight Rail Wagons, your Company in association with M/s. BEML, Bangalore, has taken initiative to co-develop Aluminium Rail Wagons for production at BEML's facilities.

THREATS

International average prices of aluminium have been swinging as is evident from following:

Year	Average LME Aluminium price (USD/MT)		
2004-05	1,778		
2005-06	2,029		
2006-07	2,665		
2007-08	2,624		
2008-09	2,227		

The sharp downward fluctuation in LME price has resulted in squeezed margin of profit. The threat perceptions include continued global downturn, 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 customs duty on scrap imports may pose a serious threat to primary aluminium producers in certain sectors.

There has been slow progress on the front of clearances from state Government on account of new mining leases in Orissa. The required study by state Government for environmental impact of new smelters in western Orissa and clearance for basic input of water, have put green field smelter project in western Orissa on hold.

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There has been inconsistent supply of coal from Mahanadi Coal Fields, particularly during rainy season. This has led to problems in generating required power at competitive cost and the need for import of coal at expensive cost.

Your Company generates around 7,000 MT of fly ash everyday by burning coal for generation of electrical power for smelter. Disposition of ash in proportion to generation, has been an issue of concern, despite on-going efforts for utilization of ash and disposal for mine void filling.

The recent upsurge in terrorism in operating areas of your Company near Mines and Refinery in particular, has affected security concern for the assets and personnel. Though your Company has been reviewing security issues seriously, threat perceptions do exist due to terrorist activities nearby and from neighbouring areas.

SEGMENT-WISE PERFORMANCE

For the year under review, your Company achieved net profit of Rs. 1,272 crore on a total income of Rs. 5,631 crore. The detailed segment wise 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	2,336	33%	3,785	54%	942	13%	-		5,631*
PBIT	1,066	55%	574 .	30%	58	3%	230	12%	1,928
Capital Employed	1,286	13%	2,527	24%	240	2%	6,338	61%	10,391
ROCE (%)	83%		23%	_	24%	_		_	
PBIT Margins (%)	46%		15%		6%				

* Internal transfers have been eliminated.

OUTLOOK

Domestic Market Outlook

The plummeting LME prices have come very close to or below the production cost level of most of the Indian domestic producers thereby affecting their operating margins. To append to the woes, the availability of surplus Chinese metal at a very low rate of customs duty has incentivised imports.

The domestic market which was supposed to grow at 8% in tandem with the GDP growth has in fact grown at a meagre rate of 2.6%.

There was an increase in the volume of inventory of finished goods by 144% (i.e. 22,392 MT at the end of 2008–09 against 9,177 MT at the end of 2007-08) with the primary producers because of the economic downturn in the domestic market. Some of the domestic producers have curtailed production due to continuous fall in aluminium prices.

International Market Outlook

Alumina

Most alumina sales are accounted for as internal transactions in vertically integrated companies or are made on a contract basis where the alumina price is linked to the aluminium price. Any remaining alumina produced is sold on the spot market, with purchases made predominantly by small Chinese smelters and those smelters with no captive refinery. As a result, alumina spot prices reflect the supply-demand balance of the spot market and not necessarily the overall balance of the alumina market.

In 2008, the spot alumina price averaged around US\$340/tonne (i.e. 12.9% of LME 3M Official Prices), but has since fallen to less than US\$180/ tonne. Falling demand for aluminium and hence its production, has reduced consumption of alumina and increased its availability. This situation is likely to continue in 2009. Alumina prices are expected to begin recovering in 2010 as demand for aluminium is expected to stabilize and capacity additions get streamlined. After this time, prices are expected to remain relatively stable.

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A number of new refineries and capacity expansions in China, Brazil, India and Eastern Europe are also expected to be completed over the medium term.

Aluminium

The World Trade Organisation (WTO) has predicted that the volume of global trade is expected to contract by 9%, the largest such contraction since World War-II. Aluminium prices are forecast to average around US\$1,400 a tonne in 2009, more than 45 per cent lower than the 2008 average of US\$2,572 a tonne. Rapidly falling demand and relatively slow cuts to worldwide production have resulted in aluminium stocks rising rapidly.

Production cuts made in the past are not expected to be sufficient to prevent further increases in stocks, as consumption falls rapidly in line with weak world economic growth and declining demand for aluminium intensive products such as building materials and motor vehicle bodies. As a result, prices are expected to remain weak during 2009. World aluminium inventory is expected to reach 10.2 weeks of world consumption in 2009 and 11.9 weeks in 2010.

Production of aluminium is forecast to decline by 4 per cent in 2009 to 37.5 million tonnes. A number of producers including Alcoa, Rio Tinto Alcan and Chalco have reduced production or closed smelters. As world economic growth picks up during 2010, aluminium prices are expected to increase.

From 2010, world aluminium production is projected to increase in response to revived and stronger world demand and hence, rising prices. New smelters planned in the Middle East, Latin America and Europe are currently being deferred or are on hold as a result of falling aluminium prices. These projects are expected to resume development as aluminium demand and prices recover from 2010. New aluminium smelters take around two years to reach capacity, however, the incremental increase in production from a number of new smelters, combined with existing smelters resuming full production, is expected to result in world production increasing by almost 3 per cent in 2010. World primary aluminium production growth is projected to average around 4 per cent a year from 2010 to 2014, reaching 46.1 million tonnes in 2014.

RISKS & CONCERNS

Most of your Company's growth plans in India are dependent on the Central/State Government granting permission and mining lease. The proposed Alumina Refinery near Visakhapatnam in A.P is subject to grant of mining lease over the Bauxite deposits in Gudem and KR Konda. Similarly, the Smelter and CPP project at Jharsuguda in Orissa is dependent on clearance from State Government.

Similarly, US and UN sanctions against Iran and delay in development of port in Indonesia are matters of concern for your Company's proposed projects in Iran and Indonesia.

A weak US Dollar, volatility in LME prices, coal and 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. It might be a long wait before the stimulus packages given by different governments and G20 New World Order communiqué becomes effective in reviving the recession hit economies.

Risk Management

The recommendations made by consultants and approved by the Board on the integrated approach for Enterprise Risk Management are being implemented. The consultants had originally assessed threat to security at Mines as tolerable/moderate. Consequent upon the na xal attack at Mines on 12th April, 2009, risk has been reassessed as high and impact is reassessed to be substantial/major. The measures for mitigation have been revised accordingly.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In recognition of the need for well established internal control system commensurate with the nature and size of operation, your Company has engaged outside professional Chartered Accountant Firms for internal audit. The internal audit reports submitted are discussed at functional directors level in the first instance and then by the Audit Committee. Action taken reports on the internal audit observations are regularly monitored by the Audit Committee.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

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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. 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 2008-09 was Rs.32.03 crore compared to Rs.360.18 crore in year 2007-08 and Rs.1,218.57 crore in year 2006-07. Similarly EVA spread was 0.47% in year 2008-09 compared to 4.97% in 2007-08 and 17.70% in 2006-07. Following table also depicts the positive indicators of EVA to Average net worth, Sales etc.

Particulars		2008-09	2007-08	2006-07
Average Capital Employed **	Rs.in crore	6,830	7,249	6,884
Average Net Worth **	Rs in crore	9,322	8,285	6,794
NOPAT (Net operating profit after Taxes)	Rs in crore	891	1,315	2,175
Cost of Capital on weighted average basis	Rs in crore	859	955	956
EVA (NOPAT-Cost of Capital)	Rs.in crore	32	360	1,219
Ratios Return on Invested Capital. (ROIC) (NOPAT/ Avg. Cap. Employed)	. %	13.05	18.14	31.59
Weighted average cost of capital. (WACC)	. %	12.58	13.17	13.89
EVA/Avg Cap. Employed	%	0.47	4.97	17.70
EVA/Avg Net worth	%	0.34	4.35	17.94
EVA/Sales	%	0.63	7.22	20.51

** 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.

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 31.03.2009 is 7,461 against the previous year's strength of 7,413.

The break up of manpower of your Company is given below:

Category	As on 31.03.2009	As on 31.03.2008
Executive	1,839	1,817
Supervisory	851	842
Skilled	3,668	3,627
Unskilled/Semi skilled	1,103	1,127
Total	7,461	7,413

Training & Development

In the field of Human Resource Development, your Company always gives stress on the need to continuously upgrade the competencies of its employees. As a step towards this direction, efforts are on in your Company for imparting functional as well as developmental training to the employees on a regular basis, both in-house and external programmes/workshops, based on the training needs identified through competency mapping. The training programmes are customized keeping in view the organizational needs as well as individual performance levels.

The training statistics for the year 2008-09 is given below:

	· .	Persons	Mandays	
Executives	•	3,259	13,314	
Non-executives		3,834	. 8,601	
Total		7,093	21,915	

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CORPORATE PLANNING

Company has re-set its vision 'to be a reputed global company in the Metals and Energy sectors'. Through globalization, diversification and capacity addition the company has set an annual turnover target of Rs. 25,000 crore by 2020. The alumina and aluminium production are also targeted to be enhanced to 4.4 million tonnes and 1.7 million tonnes respectively in the same period. Diversification to energy sector is a key area which the Company is actively pursuing and has planned to have at least one IPP of 1,000 MW by 2016. The Company has chalked out a massive plan of investment in various fields to achieve these objectives. A Corporate Plan covering the period 2010-20 has been prepared with an action plan to accomplish the new vision.

COMPUTERIZATION ACTIVITIES INCLUDING ENTERPRISE RESOURCE PLANNING (ERP)

Your Company's ERP project 'N'vision' covering HR, Finance, Materials, Contracts, Production and Sales started during July, 2008. The project is expected to be implemented by October, 2009.

To ensure security of data and infrastructure in the organization, your Company carried out IT security audit for servers and network equipment through STQC. Further, controls were introduced for users to strengthen security and compliance to software licensing and anti virus update service was also strengthened. As a part of progressive implementation of e-governance, facility for filing on-line property returns was provided through Intranet portal.

TOTAL QUALITY MANAGEMENT

Quality Management System of all manufacturing units i.e. Mines, Alumina Refinery, Port Facilities, Smelter including Rolled Products Unit and CPP successfully underwent Surveillance Audits during the year. Quality related trainings were continued with emphasis on quality system auditing and facilitation skills for Quality Circles/ Quality Improvement Project teams. A two-day module for TQM awareness training was developed and a few training programmes on this new module were also conducted.

The performance of Quality Circles during the year was good. Fourteen Quality Circles from different units were selected through Chapter level competitions and participated in the National Convention for Quality Circles organised by Quality Circle Forum of India at Kolkata. The Quality Circle from NALCO with the best performance in this National Convention was sponsored to participate in the International Convention at Dhaka, Bangladesh during October'08.

In keeping with the tradition to encourage the QC movement, your Company organised the All Orissa Quality Circle Convention and Competition for NALCO Trophy for the thirteenth consecutive year, during April, 2008. 33 Quality Circles/ TPM Circles drawn from different organisations in the State participated. This annual convention is widely recognised as a major event in the Quality Movement of the State of Orissa.

SAFETY, HEALTH & ENVIRONMENT

Your Company gives utmost importance to pollution control, health and environment management measures and spares no effort to meet and exceed the statutory requirements. You will be happy to know that -

- All the units are operating with valid "Consent to Operate" under Air & Water Act for the existing capacities and all 4 operating units have valid Factory Licenses, as applicable.
- Both the hospitals at Damanjodi and Angul have valid authorizations for handling bio-medical wastes.
- Going beyond statutory requirements, your Company has voluntarily obtained authorization from the State Pollution Control Board for setting up and operating processing/disposal facilities for Municipal Waste at its Township at Damanjodi. Similar authorization for Nalco Nagar, Angul is expected soon.
- Panchpatmali Bauxite Mines has received Environmental Clearance for capacity augmentation from 6.3 MTPA to 6.825 MTPA after grant of "Consent to Establish" for installation of Semi Mobile Crusher & Single flight multicurve conveyor system, by the State Pollution Control Board.

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- The Utkal-E- Coal Mine Project has been granted 'Consent to Establish' by OSPCB. Environmental Clearance by MoEF is in an advanced stage.
- The Environment Management Systems and the Occupational Health & Safety Management Systems of all five operating units are certified to ISO 14001:2004 and OHSAS -18001:2007 respectively.
- The Occupational Health & Safety Policy of your Company has been significantly enhanced to achieve wider focus and greater involvement
 of stakeholders.
- External Safety audit of Smelter Plant, Angul was successfully conducted by DGFASLI, Ministry of Labour, Government of India.
- Panchpatmali Bauxite Mines, bagged several awards for its Environment and Safety performance including three prizes in the competition conducted by Indian Bureau of Mines for 2008-09, Pollution Control Excellence Award 2008 from State Pollution Control Board and 9 prizes including 2nd Best in Overall Performance during Joint Safety week celebration conducted by Director General, Mines Safety.

ANCILLARY DEVELOPMENT

Participation in EXPO-ORISSA - 2009

Your Company participated and exhibited the items which could be produced and supplied by the Small Scale Industries of Orissa to your Comapny on regular basis. In the EXPO-ORISSA-2009, a National Level Industrial Trade Fair, jointly organized by Micro, Small & Medium Enterprise Development of Institute, Cuttack, Ministry of Micro Small and Medium Enterprises, Government of India, Department of Industries, Government of Orissa in collaboration with other associations. Your Company was awarded 'The Best Mother Plant Award' for its contributions to the development of Small Scale Industries in the State.

Ancillary Status to SSI Units

Your Company has awarded Ancillary status to 50 SSI units inside Orissa . Your Company is also encouraging the SSI Units for supply of raw materials.

Purchases from SSI/Ancillary Units

Year after year, your Company has been encouraging SSI units & Ancillary Industries for steady supply of quality materials to your Company. For the year 2008-09, the purchases made from the Ancillary and SSI units was Rs.58.21 crore as against Rs.48.52 crore during the previous year. Besides, your Company has also placed orders for service contracts on SSI units during year for a total value of Rs.53.87 crore from Smelter & Power Complex, Angul and Rs.21.15 crore from Mines & Refinery Complex, Damanjodi.

Auditors' Report

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The Members

National Aluminium Company Limited,

- We have audited the attached Balance Sheet of NATIONAL ALUMINIUM COMPANY LIMITED, as at 31st March, 2009, 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 misstatements. An audit includes examining, on a 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 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 Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 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, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Profit and Loss Account and the 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 on accounts 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, 2009;
 - ii. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and

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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

(CA S.S. Poddar) Partner Membership No.51113

Place : Bhubaneswar Date : 03rd June, 2009

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

- (a) The Company has maintained proper records showing in most cases 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. All the 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.
- (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.
- (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) of the order are not applicable.
 - (e) 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 and explanations 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, 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 a register maintained under section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public during the year.

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- 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 whether these are accurate and complete.
- 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 explanations given to us, no undisputed 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, 2009 for a period of more than six months from the date on which they become payable.

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

Statute	Nature of Dues	Amount Disputed (Rs.in crore)	Amount Deposited (Rs.in crore)	Forum where disputes are pending
Sales Tax	Sales Tax	222.61	32.78	Commissionrate
		168.31	39.09	Tribunal
		76.45	<u>22.49</u>	High Court
		<u>467.37</u>	<u>94.36</u>	· .
Entry Tax	Entry Tax	24.30	14.38	Commissionrate
		22.67	14.11	Tribunal
		<u>6.95</u>	<u>4.90</u>	High Court
· · · · · ·		<u>53.92</u>	<u>33.38</u>	
Central Excise Act,	Excise Duty	66.63	0.23	Commissionrate
1944		<u>9.97</u>	<u>0.59</u>	Tribunal
		76.60	<u>0.82</u>	·
Customs Act, 1962	Custom Duty	0.40	0.11	Commissionrate
		<u>3.17</u>	Nil	Tribunal
		<u>3.57</u>	<u>0.11</u>	
Income Tax Act, 1961	Income Tax	168.88	124.63	Commissionrate
		<u>34.60</u>	43.96	Tribunal
·····	•	<u>203.48</u>	168.58	
	TOTAL	804.94	297.25	

- 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 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.

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- 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 : 03rd June, 2009 (CA S. S. Poddar) Partner Membership.No.51113





Comment of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956 on the accounts of National Aluminium Company Limited for the year ended 31st March 2009.

The preparation of financial statements of National Aluminium Company Limited for the year ended 31st March 2009 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 3 June 2009.

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 2009. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and the 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.

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

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

Place : Kolkata, Date : The 10th July, 2009

Balance Sheet as at March 31, 2009

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(Rupees in crore)

			이 이 영상 이번 영상 것이 있는 것이 없다.	······································	•
	Schedule No.		As at March 31, 2009	N	As a 1 As a1, 2008
SOURCES OF FUNDS					
Shareholders' Fund	· · ·				
Share Capital	А		644.31		644.3
Reserves and Surplus	В		9,125.50	,	8,230.1
Deferred Tax Liability (Net)	C		<u>621.35</u>		607.4
тот	TAL .		<u>10,391.16</u>	•	<u>9,481.88</u>
APPLICATION OF FUNDS					
Fixed Asset					
Gross Block	D	9,899.84		9,137.26	
Less: Depreciation	,	<u>5,868.30</u>		5,606.31	
Net Block		4,031.54		3,530.95	
Fixed Assets awaiting disposal		0.99		0.86	
Capital Work-in-Progress	Ē	2,867.13		<u>2,334.59</u>	
· · ·			6,899.66		5,866.4
Investments	F		895.93		115.03
Current Assets, Loans and Advances	G				
Inventories		841.90		686.65	
Sundry Debtors		26.50		60.65	-
Cash and Bank Balances		2,869.04		3,516.46	
Other Current Assets		175.35		236.47	
Loans and Advances		<u>616.02</u>		<u>541.10</u>	
		4,528.81		5,041.33	
Less: Current Liabilities & Provisions				4 4	
Current Liabilities	Н	1,603.40		1,318.31	
Provisions	I.	<u>329.84</u>		222.57	
		1,933.24		1,540.88	
Net Current Assets			<u>2,595.57</u>		3,500.4
тот	AL		<u>10,391.16</u>		<u>9,481.8</u>
Significant Accounting Policies	х				
Notes on Accounts	Ŷ				

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. S.S. Poddar) Partner M.No: 51113 Place : Bhubaneswar Dated : June 3, 2009 (CS. K.N. Ravindra) Company Secretary For and on behalf of Board of Directors

(CA. B.L. Bagra) Director (Finance)

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

Profit and Loss Account for the year ended March 31, 2009

	(Rı	upees	in	crore)

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	Schedule No	Year ended March 31, 2009	M	Year ended arch 31, 2008
INCOME:				
Sales /	J	5,517.52	5,474.45	
	J		,	
Less: Excise Duty	r.	<u>423.00</u>	485.65	4 000 00
Net sales	5	5,094.52	•	4,988.80
Finished goods internally consumed/capitalised		26.44		31.65
Other income	ĸ	<u>495.84</u>		554.77
Total	$\{ a \}$	<u>5,616.80</u>		5,575.22
EXPENDITURE:				
Decretion /(Accretion) to stock of finished /		, 2016년 1월 2017년 - 2017년 <u>- 20</u> 17년		
intermediary products / work-in-process	L	(85.35)	,	(21.85)
Raw Materials	M	696.76		574.36
Power & Fuel	N	1,311.55		994.69
Repairs & Maintenance	0	250.52		231.54
Other Manufacturing Expenses	Р 🗧	174.98	-	163.82
Employees' Remuneration & Benefits	Q	771.06	-	552.97
Administrative Expenses	R 🎼	103.33	•	106.74
Other Expenses	S	123.10		113.97
Selling and Distribution Expenses	Т	84.33		84.74
Interest and Financing Charges	Ú I	3.96		1.51
Provisions	ν · /<	(3.23)		(0.35
Depreciation	• •	272.44		- 281.10
Total		3,703.45		3,083.24
ROFIT FOR THE YEAR		1,913.35	•	2,491.98
Add/(Less) : Prior Period Adjustments (Net)	w	1,913.35		(25.39
ROFIT BEFORE TAX	VV	그는 아이들 방문에 가지 않는 것 같아요. 이렇게 가지 않는 것 같은 것 같아요. 가지 않는 것 같아요. 이렇게 하는 것 않 아니	· · · · · · · · · · · · · · · · · · ·	
Less : Provision for taxation	· · · · ·	1,927.16		2,466.59
Current		634.92	849.80	
Fringe Benefit	E.	10.87	10.64	
Deferred	· E	13.91	(5.31)	•
Earlier years		<u>(4.81)</u>	(20.06)	
		<u>654.89</u>	· •	835.07
ROFIT AFTER TAX		1,272.27		1,631.52
Balance brought forward from previous year		15.39		36.12
Transfer from Capital Reserve		0.04		0.04
Transfer from General Reserve		방송 방송 가지 않는 것을 가 들었다.		
Provision for differential actuarial liability		옷을 맞춰 걸었는 것 것, 것 것을 가지 부분이다.		_
Amount available for appropriation	· .	1.287.70		1,667.68
PPROPRIATIONS:		사람 실험에서 한다. 그는 것은 것은 것은 것은 것이 있는 것이다. 가지 않는 것은 것이다. 방법 실험 실험 것은 것은 것은 것은 것은 것은 것은 것이 있는 것이 있는 것이다. 것은 것은 것이 있는 것이 없다. 것이 있는 것이 없는 것이 없는 것이 없는 것이 없는 것이 없는 것이 없는 것이 있		
Interim dividend		225.51	289.94	
Proposed final dividend		96.65	96.65	
Tax on dividend	1	54.75	65.70	
Transferred to General Reserve	1000 1000	900.00	1,200.00	
	E.	1,276.91	1,200.00	1,652.29
Balance carried to Balance Sheet	- 孫	<u>1,270,31</u> 1 <u>0.79</u>		<u>1,052.23</u> <u>15.39</u>
ARNINGS PER SHARE	Ê.	<u>10.(3</u>		10.00
(Face value Rs.10/- each)		방법을 잘 잘 하는 것이 아니는 것은 것이 같을 것이다.		
Profit after Tax		+ 070 0-	· · · ·	1 691 50
		1,272.27		1,631.52
Average number of equity shares (No)		644,309,628		644,309,628
Basic & Diluted earnings per share (Rs.)		19.75		25.32
ignificant Accounting Policies	X _	2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2		
lotes on Accounts	Y I	. 김 씨는 1월 2017년 - 1일 전 - 2일 전 2일 전 2월 2017년 1월 2		

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. S.S. Poddar) Partner

M.No: 51113

(CS. K.N. Ravindra) Company Secretary For and on behalf of Board of Directors

(CA. B.L. Bagra) Director (Finance) (C.R. Pradhan) Chairman-cum-Managing Director (I/c)

Place : Bhubaneswar Dated : June 3, 2009

REPORT 2008-09

Schedules forming part of the Balance Sheet

	· · · · · · · · · · · · · · · · · · ·				
		March 3	As at 31, 2009		As at March 31, 2008
Schedule A	<u></u>	<u></u>		····· · ·	· · · · · · · · · · · · · · · · · · ·
SHARE CAPITAL			a dina sa		
Authorised:	4		機成工作		
130,00,00,000 Equity Shares of Rs.10/- each		1995 - 1997 - 1997 - 1997 1997 -	1 <u>,300.00</u>		<u>1.300.00</u>
Issued, Subscribed and Paid up:	•		- Andre		
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		an a	<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.	54		0.58	
Less: Transferred to Profit & Loss Account	(0.0			(0.04)	
	1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -		0.50		0.54
General Reserve:					
As per Last Balance Sheet	8,214.	21		7,014.21	
Less: Transferred to Profit & Loss Account					. •
Add: Transferred from Profit & Loss Account	900.	.00		1,200.00	
		•	9,114.21		. 8,214.21
	1 and the second	ter tille			
Balance in Profit & Loss Account	•		10.79		<u>15.39</u>
Total	n an an thair an thai	•	9,125.50		8,230.14
Schedule C					
DEFERRED TAX LIABILITY (Net)					
Deferred tax liability:					
Depreciation on Fixed Assets			697.12		668.45
Less: Deferred tax assets :		diver ek			
Taxes, duties etc.	9	.19	1 1	10.96	
Provision for doubtful debts, claims, etc.		.37		49.74	
Employee separation/retirement and others		.21	<u>75.77</u>	<u>0.32</u>	61.02
Total			<u>621.35</u>		607.4

Schedules forming part of the Balance Sheet

Schedule D FIXED ASSETS

FIXED ASSETS									(Rupe	es in crore
		Gross	Block			Dep	reciation	· .	Net E	Block
Particulars of Assets	As on 1.4.2008	Additions Ad	Sales / justments	As on 31.3.2009	As on 1.4.2008	For the Year	On sales / adjustments	Upto 31.3.2009	As on 31.3.2009	As on 31.3.2008
A.PLANT , MINES AND OTHERS		t ne se est	a ij av	191 - 19 19	•	• 5 •			1997 - B. J. B.	
Freehold land including development costs	58.06	4.57		62.63	—	1. 1. 1 1			62.63	, 58.06
Leasehold land including development costs	21.63		(0.27)	21.36	5.85	2.76	(0.16)	8.45	12.91	15.78
Buildings	427.01	34.64	이 것	461.65	198.39	14.72		213.11	248.54	228.62
Roads, bridges and culverts	57.74	3.35	serie <u>de</u> r	61.09	14.12	0.90	- 18 - 19	15.02	46.07	43.62
Railway sidings	70.71	la vien an a		70.71	55.52	1.09	ladada ina - i	56.61	14.10	15.19
Water supply , drainage and sewerage	78.99	0.56	_	79.55	49.41	1.73		51.14	28.41	29.58
Power supply, distribution and lighting	423.03	202.32	(2.44)	622.91	236.51	16.98	(0.04)	253.45	369.46	186.52
Plant and machinery	7,566.55	510.10	(6.39)	8,070.26	4,865.48	221.44	(5.43)	5,081.49	2,988.77	2,701.07
Office equipments	28.92	3.42	(1.60)	30.74	20.76	2.15	(1.47)	21.44	9.30	8.16
Furniture and fittings	18.55	1.78	(0.58)	19.75	13.60	1.05	(0.55)	14.10	5.65	4.95
Vehicles	31.36	4.54	(1.13)	34.77	21.08	1.93	(1.04)	21.97	12.80	10.28
Miscellaneous equipments	66.12	6.67	(2.50)	70.29	29.53	3.05	(2.26)	30.32	39.97	36.59
Sub-total	8,848.67	771.95	(14.91)	9,605.71	5,510.25	267.80	(10.95)	5,767.10	3,838.61	3,338.42
B.SOCIAL FACILITIES		and the second sec	9. 1787 - S.	Sector as a		ala are		n de ferre de		
Freehold land including development costs	5.18	the sheet <u>all</u>	ss	5.18	0.00	* - <u>3</u>	승규가 주요	0.00	5.18	5.18
Leasehold land including development costs	0.35	the state of the	0.27	0.62	0.16	0.02	0.16	0.34	0.28	0.19
Buildings	198.12	4.26	_	202.38	44.08	3.36	· · · · -	47.44	154.94	154.04
Roads , bridges and culverts	23.62	김 김 부가)	23.62	5.74	0.49	· · · · · · · · · · · · · · · · · · ·	6.23	17.39	17.88
Water supply, drainage and sewerage	26.30	0.21	• 	26.51	11.24	0.56	S. 19. 19	11.80	14.71	15.06
Power supply, distribution and lighting	18.70	0.17	· · · ·	18.87	11.33	0.63		11.96	6.91	7.37
Office equipments	0.09	0.05	· · ·	0.14	0.09	0.01	1 - C	0.10	0.04	0.00
Furniture and fittings	2.47	0.27	(0.05)	2.69	2.16	0.20	(0.05)	2.31	0.38	0.31
Vehicles	1.34	0.14	(0.17)	1.31	0.72	0.11	(0.17)	0.66	0.65	, 0.62
Miscellaneous equipments	9.31	0.36	(0.01)	9.66	4.42	0.52	(0.01)	4.93	4.73	4.89
Sub-total	285.48	5.46	0.04	290.98	79.94	5.90	(0.07)	85.77	205.21	205.54
C.INTANGIBLE ASSET	3.11	0.04		3.15	2.80	0.23		3.03	0.12	0.31
D. IMPAIRMENT PROVISION		÷.				1	a ha a h	and a star of	· · · ·	
Building	_	·	ः जन	0.00	3.04	(0.21)	. i .	2.83	(2.83)	(3.04)
Plant and machinery			<u> </u>	0.00	10.28	(0.71)		9.57	(9.57)	(10.28)
Sub-total	0.00	0.00	0.00	0.00	13.32	(0.92)	0.00	12.40	(12.40)	(13.32)
Total for current year	9,137.26	777.45	(14.87)	9,899.84	5,606.31	273.01	(11.02)	5,868.30	4,031.54	3,530.95
Total for previous year	9.034.06	105.77	(2.57)	9,137.26	5,323.18	285.46	(2.33)	5,606.31	3,530.95	

Notes:

1: Depreciation for the year includes Rs.0.04 transferred to expenditure during construction period, pending capitalisation to Fixed assets (Previous year Rs.0.03) and Rs.0.53 charged to prior period adjustment (Previous year Rs.4.33).

2. Included in Gross Block above are the following assets on land not owned by the Company

a) Buildings - Rs.2.21 (Previous year Rs.2.21) d) F b) Roads , bridges and culverts - Rs. 4.08 (Previous year Rs.4.08) e) F

d) Power supply, distribution and lighting - Rs.14.88 (Previous year Rs.14.78) e) Railway sidings - Rs.6.53 (Previous year Rs. 6.53)

c) Water supply, drainage and sewerage - Rs.1.29 (Previous year Rs.1.31)

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_ REPORT 2008-09

Schedules forming part of the Balance Sheet

(Bupees in crore)

		м	As at arch 31, 2009	Ma	As rch 31, 200
· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·				
Schedule E		영화 전 옷을 가 있었다.		•	
CAPITAL WORK-IN-PROGRESS			승규는 것을 물었을 것.		
Construction and other work - in - progress at cost		2,214.12		- 1,635.50	
Less: Provisions		<u>4.83</u>	2,209.29	4.83	1,630.0
Advances to contractors and suppliers for capital goods	5	이 감지 않는 것 같은 이 같은 것이 없다.	이 옷은 것을 물었다.		
(Unsecured, considered good)		[1] 등 이 같은 것 같은 것 같이 ?	64.62		114.
Stock of construction materials (at cost) (Including mate			258.80		243.
with contractors Rs.1.01 Crore, Previous year Rs.0.16 C Construction materials and Plant &	rorej	한 것이 같은 것을 것을 것을 수 없다.	156.94		184.
Machinery - In - Transit (at cost)		 Yes the second seco	100.94		104.
Expenditure during construction pending allocation (Sc	hedule E 1)		<u>177.48</u>		162.
	Total	한 것을 만큼 가 우는 것을 가 봐요.	2.867.13		2,334.
Schedule E.1	· - · · · · · · · · · · · · · · · · · ·				
EXPENDITURE DURING CONSTRUCTION	n ¹				
(Pending allocation)	• •		동안 전 전 문화님 -		
Opening Balance		이 지난 수황 영화 같아.	162.37		110.
Expenditure/Adjustments during the year :		이는 가장, 전문 문문			
Preproject Expenses		0.11		0.09	•
Technical Knowhow		4.30		0.15	
Technical Consultancy		41.32	회장 관계 관계 관계 -	41.99	
Startup & Commissioning		24.54			
Other expenses		4.21		10.70	
Excise Duty	•	1.01		-,	
S&D Expenses		0.18		0.00	
Depreciation		<u>0.04</u> 75 71	영상 방송 동안 가슴다.	<u>0.03</u>	
ess: Income/Adjustments during the year :		<u>75.71</u>	분장 같은 것은 것을 것 같다.	<u>52.96</u>	
Income out of trial operation		14.13	생각의 강강을 얻는		
Export Incentive		0.08	5. 영상, 전상, 소송 및 -		
Other Income		0.02		·	
Stock of Trial Production		<u>5.54</u>		0.03	
		<u>19.77</u>		0.03	
Net Expenditure during the year	•		<u>55.94</u>		<u>52</u>
Total Expenditure			218.31		163
Less Adjustment to EDC Less: Amount allocated to Fixed assets			2.79 <u>38.04</u>		<u>,</u> , 0
Balance carried forward		요즘 것을 통한 옷 봐.	177.48		<u>162</u>
		잘 좀 많는 것이 없는 것이야.	<u></u>		10-
Schedule F					
INVESTMENT (At Cost)	· · · ·		영상한 수요를 많았는		
	Face value per unit (Rs.)	No.			
Non-Trade Un Quoted :	per unit (ns.)	NO,			
Equity Shares in Bhubaneswar Stock Exchange Ltd	1	289000	0.03	289000	0
ong Term Debt Fund (Fixed Maturity Growth Plan)		209000	0.03	203000	Ŭ
SBI DF Series - 7 - 13 Months	10	5000000	50.00	5000000	50
SBI DF Series - 8 - 13 Months	10	100000000	100.00	·	
SBI DF Series - 9 - 13 Months	10	20000000	200.00		
SBI DF Series -1 - 370 Days	10	5000000	50.00		
SBI DF Series -2 - 370 Days	10	25000000	25.00		
UTI FTIF Series - IV - Plan -V - 13 Months	10	15000000	15.00	15000000	15
UTI FTIF Series - IV - Plan-VI - 15 Months	10	5000000	50.00	5000000	50
UTI FTIF Series - V - 1 - 13 Months	10	70000000	70.00		
UTI FTIF Series - V - II - 20 Months UTI FMF Yearly Series Fund	10 10	20000000 10000000	20.00 10.00		
LIC MF FMP Series - 43 - 13 Months	10	50000000	50.00		
	10	100000000	100.00	-	
LIC MF FMP Series - 44 - 13 Months			않는 것은 같은 것은 것은 것을 가지?		
LIC MF FMP Series - 44 - 13 Months Canara Bobeco FMP Series - 2 -14 Months			20.00		
Canara Robeco FMP Series - 2 -14 Months	10	2000000	20.00	-	
			20.00 <u>135.90</u>		

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Schedules forming part of Balance Sheet

(Rupees i							
		Ma	As at rch 31, 2009		Ma	As a rch 31, 2008	
Schedule G							
CURRENT ASSETS, LOANS & ADVANCES		는 모양 관리가 가지 않다. 같이 많은 것은 것이 같이 많은 것이 없다. 같이 많은 것이 같이 많은 것이 없다.					
Current Assets			명명 것 같은 것 같이 같은 것 같은 것 같이				
Inventories			승규는 가 물건물				
(As certified by the Management and valued as per							
Accounting Policy No.1.5)							
Raw materials (Including in transit							
Rs.12.75 Crore, Previous year Rs.3.19 Crore)		68.38			65.59		
Coal and fuel oil (Including In Transit Rs.7.94 Crore		영화 관람이 같은					
Previous year Rs.5.73 Crore)		67.58	이 제품은 감독하는 것		69.78		
Stores, spares (Including in transit	14 14 14 14 14 14 14 14 14 14 14 14 14 1	2.11 전체 전우	온 관계 문화				
Rs.50.38 Crore, Previous year Rs.34.55 Crore)		329.08	성장 입지 않는		268.66		
Scrap and unserviceable materials awaiting disposal		13.96			15.69		
Stock of Finished/Intermediary Products /							
Work-In-Process			68 전 18 전 18 전 19 19 전 19 전 19 전 19 전 19 전 19 전 19 전				
Finished Goods	131.91			102.04			
Intermediary Products	116.25			83.41			
Work-In-Process	114.74	362.90		<u>81.48</u>	266.93		
			841.90	91110	200.00	686.6	
Sundry Debtors			000			000.0	
(Unsecured)			학생 관직에 한다.			•	
Debts over six months							
Considered good	. 0.44			0.40			
Considered good	· · · · · · · · · · · · · · · · · · ·						
	<u>39.12</u>		6시간 동안 가슴	<u>40.56</u>			
Lanas Description for deviation to the	39.56			40.96			
Less: Provision for doubtful debts	<u>39.12</u>			<u>40.56</u>			
Other data Considered mend		0.44	경험을 위해 이 것이 없다.		0.40		
Other debts, Considered good		<u>26.06</u>			60.25		
		그는 것 같은 것 같	26.50			60.6	
Cash and Bank Balances		동안 수 없는	전 옷을 물을 걸				
Cash on hand including stamps		0.18			0.13	-	
Cheques on hand	- 전망 방송님	0.23			0.62		
Balance with Scheduled Banks:		김지만한 동물	영상 영상 영		•		
In Current Accounts		12.96			38.06		
In Unpaid Dividend Accounts		0.92	경험 방송 관계		0.93		
In Unpaid Debenture Interest Accounts		0.34	같은 옷을 숨니		0.39		
In Term Deposits *		<u>2,854.41</u>	학생님 아이지?		<u>3,476.33</u>		
			2,869.04			3,516.4	
* Includes Rs.220.93 Crore (Previous year 167.78 Crore) as p	per direction of court	against deman	d of Electricity d	luty.			
Other Current Assets							
Interest accrued :		다 옷 것 같아요?					
Bank deposits and others	125.44	가 있는 것은 가 있었다. 같은 것은 것은 것은 것은 것을 같이 없다.		158.46			
Loans to Employees	<u>36.39</u>	161.83		34.57	193.03		
Accrued Export Incentives	14.89	전 옷 것 않았다.		47.53			
Less: Provision for shortfall in realisation	<u>1.37</u>	<u>13,52</u>		<u>4.09</u>	<u>43.44</u>		
			<u>175.35</u>			236.4	
Sub-total			3,912.79	•		4,500.2	

Schedules forming part of the Balance Sheet

ANNUAL REPORT 2008-09

		As at March 31, 2009	М	As a arch 31, 2008
oans and Advances :				
Unsecured, considered good unless otherwise stated)				
oans				
oans to employees				
(Secured Rs.53.28 Crore,			· ·	
Previous Year Rs.55.25 Crore)		, 61.33		57.6
dvances recoverable in cash or in kind				
r for value to be received				
Stores on loan basis		0.12		
dvances to Employees		11.99		. 6.8
ayments made towards disputed Taxes				
Income Tax receivable	169.98		129.72	
Customs and Excise Duty receivable	<u>132.15</u>	302.13	126.87	256.5
			<u> </u>	
dvances to Suppliers and others:		알 옷 감 옷을 듣는		
Considered good	48.20		20.47	
Considered doubtful	<u>2.65</u>		1.84	
•	50.85		22.31	
Less: Provision for doubtful recovery	<u>2.65</u>		1.84	
,		48.20	<u></u>	20,4
Prepaid Expenses		0.99		1.3
Claims Recoverable :				
Considered good		이 같은 것은 것 같은 것이다.		
CENVAT credit claims	151.47	사람이 없는	144.65	
VAT credit claims	13.05		9.43	
DEPB claims	4.35		21.40	
Other claims	10.85		<u>6.72</u>	
Shorolamb .	179.72		182.20	
Considered doubtful			9.20	
	<u>1.00</u> 187.67		191.40	
Less: Provision for doubtful recovery	<u>7.95</u>		9.20	
Less. Trovision for doubling recovery	<u>1.33</u>	179.72	5.20	182.2
Deposits with Govt and other agencies:				102.1
Considered good	11.54		16.03	
Considered good	<u>1.93</u>		<u>1.93</u>	
	<u>1.33</u> 13.47	고려 고려 관리 -	17.96	
Less: Provision for doubtful recovery	<u>1.93</u>	방송 영화 관계	<u>1.93</u>	
	<u>1.30</u>	<u>11.54</u>	1.35	<u>16,0</u>
Sub-total		<u>11.54</u> <u>616.02</u>		<u>16.0</u> 541.1
Total		<u>4,528.81</u>		<u>541.1</u> 5,041.3

Schedules forming part of the Balance Sheet

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	•	(Ri	upees in crore
	. As at		As at
	March 31, 2009		arch 31, 2008
CURRENT LIABILITIES & PROVISIONS			
Schedule H			
CURRENT LIABILITIES			
Sundry creditors :			
Dues of Micro and small enterprises	0.62		0.22
On capital account	148.67		272.78
Others	1,147.97		882.62
Security deposits	<u>306.14</u>		162.69
Total	<u>1,603.40</u>		<u>1,318.31</u>
Schedule I			
PROVISIONS			
For taxation			
(net of advance payment of tax)	29.46		30.45
For proposed dividend	96.65		96.65
For tax on dividend	16.42		16.42
For employee benefits			
Gratuity	51.46	1.54	
Leave encashment	95.71	52.26	
Post retirement medical benefit	3.07	2.06	
Retirement benefit	10.20	8.49	
Leave travel benefit	5:55	1.81	
NEFFAR scheme	6.73	3.99	
Long Service reward	<u>14.59</u> 187.31	8.90	79.05
Total	<u></u>		c <u>222.57</u>

* Includes advance from customers Rs.42.52 Crore (Previous Year Rs.51.37 Crore) and Unpaid dividend of Rs.0.92 Crore (Previous Year Rs.0.93 Crore). Amount transferred to Investor Education and Protection Fund Rs.0.09 Crore (Previous year 0.08 Crore).

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			Year ended March 31, 2009		Year ended March 31, 2008
Schedule J					
SALES					· ,
Export :					
Calcined Alumina		1,220.26		1,049.21	
Special Grade Alumina	•			0.09	
Aluminium		846.12		1,075.05	
Rolled Products		<u>4.73</u>	그는 것을 하는 것이다.	10.27	
	\$* 		2,071.11		2,134.6
Domestic :					
Zeolite		13.49		9.07	
Alumina Hydrate		16.70		14.43	· .
Calcined Alumina	t.	27.73		11.81	
Special Grade Alumina and Hydrate	2	27.32		28.30	
Aluminium	1	3,176.91		3,137.50	
Rolled Products		170.79		120.91	
Electricity		<u>13.47</u>		<u>17.81</u>	
			<u>3,446.41</u>		3,339.8
· · · · · · · · · · · · · · · · · · ·	lotal		<u>5,517.52</u>		5,474.4
Schedule K	t.		이가 왜 물건가 많을 것		
OTHER INCOME					
Operating :					
Export incentives		90.26		112.54	
Exchange variation gain		<u>6.04</u>		1.23	
	1		96.30	•	' 113.7
Non-Operating :					
Interest on/from : *					
Bank Deposits and others		353.51		409.73	
Loans to Employees		3.93		3.95	
Dividend Income on Investments		13.10		0.17	•
Profit on sale of fixed assets	₽ 1	0.28		0.57	
Sale of general scrap, bath etc.	1		그는 말 같다.		
(net of excise duty) and its accretion	· · ·	13.05		11.15	
Rent, electricity & water charges	: 1	3.27		3.35	
Miscellaneous Income	1	<u>12.40</u>		12.08	
· · · ·	Ì		<u>399.54</u>		441.0
•	Total :		<u>495.84</u>		554.7

* Tax deducted at source from interest income from deposits with banks and financial institutions Rs.80.63 Crore (previous year Rs.86.92 Crore).

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Schedule L

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

······································	Opening	Transfer from/(to)	Adjusted	Closing	Accretion /
	Stock	trial operation	Opening Stock	Stock	Decretion
Finished Products :				•	
Bauxite	14.24	_	14.24	13.31	(0.93)
· ·	16.09	· · · _	16.09	14.24	(1.85)
Zeolite	0.09	—	0.09	0.64	0.55
	0.04	· · · · · · · · · · · · · · · · · · ·	0.04	0.09	0.05
Alumina Hydrate	0.13		0.13	0.28	0.15
	0.09	_	0.09	0.13	0.04
Calcined Alumina	46.51		46.51	45.40	(1.11)
	43.93	_	43.93	46.51	2.58
Special Grade Alumina & Hydrate	1.44		1.44	0.08	(1.36)
	0.11	. —	0.11	1.44	1.33
Aluminium Metal	29.04	0.56	29.60	66.91	37.31
	27.29	_	. 27.29	29.04	1.75
Rolled Products	10.59	0.03	10.62	5.29	(5.33)
·	14.02	—	14.02	10.59	(3.43)
Intermediary products:			8		
Anodes	73.46	. —	73.46	110.01	36.55
	71.03		71.03	73.46	2.43
Anode butts	2.05	0.26	2.31	1.58	(0.73)
	.1.46	_	1.46	2.05	0.59
Aluminium scraps	7.90	0.48	8.38	4.66	(3.72)
	0.84		0.84	7.90	7.06
Work-in-process	81.48	6.37	87.85	114.74	26.89
	71.70	_	71.70	81.48	. 9.78
Total of Stock & Accr/Decrn	266.93	7.70	274.63	362.90	88.27
	246.60	0.00	246.60	266.93	20.33
Add: Accretion to Excise Duty liability on closing stock		•		•	(2.92)
				• •	1.52
Net accretion to stock		,			85.35
					21.85

Schedule M RAW MATERIALS CONSUMED

	Year of	Year ended March 31, 2009		Year ended March 31, 2008	
	Quani (M	ity 1T)	Value (Rs.in Crore)	Quantity (MT)	Value (Rs.in Crore)
Caustic soda	114,9	91	189.58	115,702	. 211.34
C. P. Coke	144,1	08	304.50	140,968	193.76
C.T. Pitch	34,7	38	86.68	35,496	75.81
Aluminium fluoride	8,3	48	66.64	8,675	49.69
Lime	53,1	57	24.96	46,508	18.85
Crystal growth modifier		07	1.75	346	5.56
Others			22.65		<u>19.35</u>
	Total :		696.76		574.36

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· · · · · · · · · · · · · · · · · · ·			(Rupees in cror
		Year ended	Year ended
		March 31, 2009	March 31, 200
Schedule N			
POWER & FUEL			
Coal		666.89	475.5
Fuel oil		457.44	364.9
Duty on self generation		127,98	129.6
Power transmission charges		2.85	3.9
· •		[. 20.6
Purchased power	Total	<u>56.39</u>	
Sehedula O	Iotal	<u>1,311.55</u>	994.6
Schedule O	·		
REPAIRS & MAINTENANCE			
Buildings		23.98	18.4
Plant & Machinery		210.07	201.8
Others		16.47	<u>11.2</u>
	Total	<u>250.52</u>	231.5
Schedule P			
OTHER MANUFACTURING EXPENSES			
Royalty & Cess		39.28	40.6
Freight inwards		52.03	52.6
Consumption of stores ,		64.21	53.9
Water charges		2.16	2.3
Techinical assistance fee & expenses		8.40	7.3
Entry Tax		<u>8.90</u>	<u>6.9</u>
	Total	<u>174.98</u>	<u>163.8</u>
Schedule Q			
EMPLOYEES' REMUNERATION AND BENEFITS			
Salaries, wages, bonus & exgratia		558.12	439.4
Contribution to Provident & Pension funds		39.69	35.0
Staff welfare expenses		61.54	56.6
Provision for employee benefits		<u>111.71</u>	<u>21.7</u>
Provision for employee benefits	Total	[4] A. M.	552.9
Schedule R	Iotal	<u>771.06</u>	<u>552.9</u>
ADMINISTRATIVE EXPENSES			
Rent		1.24	1.5
Rates and taxes		1.13	1.2
Insurance	1	1.33	3.2
Repairs and Maintenance :			• •
Buildings	1. A . A . A . A . A . A . A . A . A . A	0.16	0.0
Others		1.84	. 1.2
Bank charges	* ·	1.20	0.7
Legal expenses	· ·	0.64	1.1
Printing, Stationery and EDP expenses		3.97	3.9
Communication expenses		3.85	3.7
Advertisement & publicity		6.55	4.7
Electricity and water charges		2.35	2.3
Travelling expenses		12.54	13.9
Directors Sitting Fees		0.10	0.0
	· · · · · · · · · · · · · · · · · · ·		5.7
Hire charges for machinery and vehicles		6.40 C 07	5.7
Management development and training		6.07	
Consultancy charges		6.91	2.3
Security and fire fighting expenses		39.70	42.2
Exchange Variation Loss	•		3.2
Miscellaneous expenses		<u>7.35</u>	7.3
	Total	<u>103.33</u>	<u>106.7</u>



-			(Rupees in crore)
		Year ended	Year ended
		March 31, 2009	March 31, 2008
Schedule S		the state of the second st	
OTHER EXPENSES			
Research and development expenses		3.48	1.02
Plantation and horticulture		2.80	2.55
Environment and pollution control		0.69	0.75
Peripheral development expenses and provisions		22.25	24.48
Interest on disputed Govt. dues and others		76.77	59.61
Auditors' remuneration :			
Audit fee		0.11	0.09
Audit expenses		0.12	0.12
Tax audit and other certification fee	•	0.09	0.09
Cost audit fee and expenses		0.03	0.03
Demurrage		4.80	1.48
Loss on sale of assets		0.25	0.68
Stores and spares written off		6.72	18.90
Claims, receivables, debts, shortages etc written off		<u>4.99</u>	<u>4.17</u>
.	Total	<u>123.10</u>	113.97
Schedule T			
SELLING AND DISTRIBUTION EXPENSES			
		7.59	6.38
Packing and forwarding Freight outwards and handling		67.95	70.67
Commission to selling agents		0.40	0.27
Wharfage		2.58	2.20
Bank charges	• •	0.24	0.20
Others		5.76	5.02
Cirieis		<u>5.70</u> 84.52	<u>3.02</u> 84.74
Less Transferred to Capital Work-in-Progress		04.52 0.19	04.74
Less hansiened to Dapital Work-In-1 Togress	Total	<u>84.33</u>	84.74
Schedule - U	10(4)	04.00	04.74
INTEREST AND FINANCING CHARGES			
Interest on short term loans		1.04	0.88
Interest on bill discounting	-	<u>2.92</u>	0.63
A 1 1 1 1	Total	<u>3.96</u>	<u>1.51</u>
Schedule V			
PROVISIONS		1 - Anna 1994 - Shifting -	
Retired assets, CWIP and unserviceable materials	•	1.37	(1.83)
Doubtful Debts		(1.44)	(0.07)
Doubtful Other current assets		(2.72)	1.58
Doubtful advances		0.81	(0.36)
Doubtful claims		<u>(1.25)</u>	<u>0.33</u>
	Total	<u>(3.23)</u>	<u>(0.35)</u>
Schedule W			
PRIOR PERIOD ADJUSTMENTS (NET)			
Sales		(13.54)	·
Other Income		(0.57)	(0.43)
Power and Fuel	•	<u> </u>	0.03
Repairs and maintenance		(0.10)	3.64
Other manufacturing expenses		0.24	(0.77)
Employees' remuneration & benefits			17.42
Administrative and other expenses		(0.33)	1.16
Selling and Distribution Expenses		(0.04)	· · · · · · · · · · · · · · · · · · ·
Interest & Financing Charges		· · · · · · · · · · · · · · · · · · ·	0.01
Depreciation		0.53	4.33
	Total	<u>(13.81)</u>	25.39
Note : Figures in brackets represent credits		a proventing and a second s	

Note : Figures in brackets represent credits.



Schedule -X

SIGNIFICANT ACCOUNTING POLICIES

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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 / VAT credit, wherever applicable.
- 1.3.2 Expenditure on development of land including leasehold land are capitalized as part of cost of land. Expenditure of capital nature incurred on assets on land not owned by the company is capitalized 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 realizable 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 lower of monthly weighted average cost net of CENVAT/VAT credit wherever applicable or net realizable value. 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 past realized value or 45% of direct material cost.
- 1.5.5 Scrap of various nature is valued at estimated net realizable 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:

- 1.6.1 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.
- 1.6.2 Provision is made / written back in respect of balances on account of sums payable / receivable for more than 3 years, in respect of parties other than Govt. Dept./ Companies. In case of Govt. Dept./ Companies the same is made on case to case basis depending upon the merit of the case.

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 realized gains and losses in foreign exchange transactions are

recognized 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 recognized in the profit and loss account over the period of the contract.

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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 periodically:-

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 amortized over the period of lease. However, where lease agreement is yet to be signed, such expenses is amortized 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 recognized 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 realization.
- 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.
- 1.11.2 Addition, modification and replacement expenditure incurred for plant and machinery which are neither regular in nature nor enhance the production capacity are charged to revenue even though the benefit of such expenditure is available for a period exceeding one year. Such expenses are not considered while computing the cost of various products.

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 capitalized as part of the cost of that asset. Other borrowing costs are recognized 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 income 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.

1.16 BUSINESS DEVELOPMENT EXPENSES

1.16.1 Expenses on account of new potential projects incurred till Investment Approval are charged to revenue. Expenditure incurred thereafter in case of successful projects are accounted for under Capital Work-in-Progress and capitalized subsequently.



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Schedule –Y Notes Forming Part of Accounts:

1. Balance Sheet :

- 1.1 **Land**:
 - a) Freehold land includes land acquired through Government of Orissa, for which relevant title deeds have been executed except for land measuring 17.25 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 1247.68 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.9.67 crore.
- 1.3 Registration formalities in respect of office space for 6,459 Sq.ft allotted by Kolkata Municipal Development Authority, valuing Rs.5.50 Crore at J.K.Millenium Centre, Kolkata in favour of NALCO is under process.
- 1.4 Inventory of Rs.329.08 crore includes Rs.8.97 crore in respect of shop floor stock of Stores and Spares accounted for the first time during the year. Since such shop floor stocks were already charged to revenue in the corresponding years of its issue, this has resulted in increase of profit for the year to the extent of Rs.8.97 crore.
- 1.5 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 crore after furnishing legal undertaking to the Development Commissioner, FALTA special Economic Zone, Kolkata. As per the direction of the Juridictional Commissioner of Central Excise, Bhubaneswar a Bank Guarantee of Rs.14.31 crore and a bond of Rs.143.08 crore has been furnished towards Central Excise Duty liability.
- 1.6 45 nos of EPCG licences have been obtained between the period from 18.10.2006 to 18.03.2009 for 2nd phase of expansion on payment of concessional import duty. The value of concession availed by payment of duty at lower rate amount to Rs.270.70 crore, on the stipulation that the export obligation to the extent of (i) 50% of the duty saved has to be fulfiled over a block period of 1st to 6th year and (ii) 50% of the duty by saved over a period of 7th and 8th year, commencing from the date of issue of authorisation.
- 1.7 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 was under sub-judice with Hon'ble High court of Orissa. The Court has constituted a High Power Committee headed by Cabinet Secretary, Govt. of India and directed to resolve the issue, which is under process.
- 1.8 The Company has availed Bank Guarantee, Letter of Credit and PCFC credit facilities from the bank secured against stock and book debts.
- 1.9 Contingent Liabilities not provided for:

				As at	(Rupees in crore) As at
			<u>31st Ma</u>	rch 2009	31st March 2008
a)		nated amount of contracts to be executed	e e e e e e e e e e e e e e e e e e e		
-	on ca	apital account (net of advances and L/Cs opened)		1,015.98	<u>1,604.52</u>
b)	Outs	tanding letters of credit, guarantees and counter			
	guar	antees	The second second	143.08	<u>164.64</u>
c)	Clain	ns against the Company not acknowledged as debts:			
	i)	Sales Tax		464.33	475.66
	ii)	Excise Duty		105.66	113.18
	iii)	Customs Duty		3.57	11.68
	iv)	Claims of contractors, suppliers & others	e de la companya de l	89.77	76.35
	v	Land acquisition and interest thereon		39.84	37.60
	vi)	Unrealised bank guarantees due to court injunctions		2.55	0.57
	vií)	Income Tax & Wealth Tax		203.48	138.99
	viii)	Entry Tax and Road Tax		55.77	50.78
	ix)	Employee State Insurance		0.32	0.32
	x)	Provident Fund Commission		0.05	
	xi)	Water charges		0.74	2.19
	xii)	Royalty on bauxite and interest thereon	a Salari da Carlos de	13.71	13.42
	~~~	TOTAL		979.79	920.74
			· · · · · · · · · · · · · · · · · · ·	515.15	520.14

1.10 Dues paid/payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

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			(Rupees in crore)
•		As at 31 st March 2009	As at 31st March 2008
i)	Principal amount and interest due thereon	0.62	0.22
ii)	Interest and principal amount paid beyond appointment day	Nil	Nil
iii)	The amount of interest due and for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the amount of interest specified under MSME Development Act 2006.	Nil	Nil
iv)	The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
ν)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSME Development Act 2006.	Nil	Nil

#### 2. Profit and Loss Account:

- 2.1 Price differential of US \$ 30,58,900 has been received pertaining to a sale in the financial year 2006-07, as a result of an arbitration award in favour of the Company. The rupee equivalent value of the same, Rs.13.53 crore has been accounted for under "Prior Period Income/ Expenses"
- 2.2 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.
- 2.3 Based on the guidelines of Department of Public Enterprise, additional liability on account of pay revision of executives has been computed w.e.f. 1.1.2007. Similarly, liability on account of non-executives w.e.f. 1.1.2007 has been calculated provisionally, considering the aforesaid minimum benefits as per DPE guidelines. The total liability both for executives and non-executives, so accounted, works out to Rs.123 crore during the year.
- 2.4 Liabilities in respect of employees benefit as per AS-15 (Revised 2005) has been provided on the basis of Actuarial valuation.
- 2.5 Actuarial liability in respect of gratuity has been computed considering the applicable ceilings known as on date in case of executives & non-executives.
- 2.6 Provision for differential liability on account of gratuity in respect of executives who have expired or resigned or opted for VRS or retired on superannuation during the period from 01.01.2007 to 28.02.2009 amounting to Rs.3.37 crore has been provided.
- 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.R. Pradhan, b) Sri K.K. Mallick, c) Sri P K Routray,

- d) Sri B.L Bagra, e) 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. SEGMENT REPORTING:
- 4.1 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.
- 4.2 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.
- 4.3 Inter-unit transfer of alumina is valued at annual weighted average realization from export sales, reduced by railway freight. Inter-unit transfer of electricity is valued at annual weighted average sales price to state GRIDCO.
- 4.4 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.

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5. Previous year's figures have been regrouped / rearranged wherever necessary to make them more comparable.

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Indigenous

Total :

Schedule - Y		(Rs.in crore)
Additional information		
forming part of accounts for the year ended March 31, 2009	·	
	Current Year	Previous year
1. a) Whole-time Directors' Remuneration:		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, _,, _
Salaries	0.44	0.46
Provision for pay revision liability	0.81	0.11
Company's contribution to Provident Funds & Gratuity scheme	0.05	0.05
Leave travel concession	0.02	0.01
Medical benefits	0.01	0.02
Other benefits	<u>0.16</u>	<u>0.12</u>
Total :	<u>1.49</u>	0.77
(In addition, each whole time director is allowed 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	0.04	0.05
2 Expenditure incurred in Foreign Currency on cash basis:	a second second second second second	
Technical assistance and consultancy	25.89	15.61
Travelling expenses	0.23	0.67
Other expenses	<u>1.28</u>	1.20
Total	27.40	17.48
3 Earnings in Foreign Currency on cash basis:		
Export of goods	2,096.30	2,094.48
Other Income	<u>1.02</u>	<u>0.78</u>
Total :	2,097.32	2,095.26
	2,031.52	2,033.20
4. Value of Imports calculated on CIF basis:	4	
Raw materials	242.64	166.24
Components, spare parts and construction materials	60.52	55.53
Capital goods	<u>315.06</u>	480.07
Total :	<u>618.22</u>	·
5. Value of Raw materials, stores , spares & components	<u>010.22</u>	
consumed during the year:		
	Current Year	Previous Year
	Value %	Value %
a) Raw materials:		· · · · · · · · · · · · · · · · · · ·
Imported	88.45 12.69	80.77 14.06
Indigenous	<u>608.29</u> <u>87.31</u>	<u>493.58</u> <u>85.94</u>
Total :	<u>696.74</u> <u>100.00</u>	574.35 100.00
a) Stores, spares and components:	<u>ver</u> <u>raando</u>	
Imported	74.14 28.80	68.76 29.82
יווייסו נסט	/7.14 20.00	00.70 29.02

<u>70.18</u>

<u>100.00</u>

183.30

<u>257.44</u>

<u>71.20</u>

100.00

<u>161.84</u>

230.60

#### Schedule - Y

**Additional information** 

#### forming part of accounts for the year ended March 31, 2009 (contd.)

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

		Installed	Installed Capacity		Actual Production/Generation	
Products		Current year (In MT)	Previous year (In MT)	Current year (In MT)	Previous year (In MT)	
Bauxite		48,00,000	48,00,000	47,00,027	46,84,684	
Detergent Grade Zeolite	· .	10,000	· 10,000	4,958	4,506	
Alumina Hydrate		15,75,000	15,75,000	15,76,500	15,75,500	
Calcined Alumina		15,75,000	15,75,000	15,57,000	15,59,200	
Special Grade Alumina and hydrate		20,600	20,600	11,385	12,448	
Aluminium Metal	· .	4,02,500	3,45,000	3,65,867	3,60,457	
Rolled Products		45,000	45,000	13,795	10,004	
Electricity	`` <b>`</b> `````````````````````````````````	960 MW	960 MW	5541 (MU)	5609 (MU)	

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Note: 1.Installed capacities are as per project report and licenced capacity is not given as licencing is not applicable.
 2.Installed capacity of Aluminium Metal has increased by 57,500 MT during the year on commissioning of 120 pots.
 3.Current Year's Production of Aluminium Metal and Rolled Product includes 1670 MT (previous year nil) and 56 MT (previous year nil) respectively out of trial operations.

#### 7 Stock and Sales:

	Opening	g Stock	S	ales	Closing Stock	
Products	Quantity In MT	Value Rs. in crore	Quantity In MT	Value Rs. in crore	Quantity In MT	Value Rs. in crore
Bauxite	541,529	14.24	ayan ana ang ang ang ang ang ang ang ang a		466,916	13.31
	659,133	16.09	—		541,529	14.24
Zeolite	47	0.09	4,752	13.49	253	0.63
	23	0.04	4,482	9.07	47	0.09
Alumina Hydrate	219	0.13	7,815	16.70	461	28.21
	154	0.09	6,262	14.43	219	0.13
Calcined Alumina	64,260	46.51	865,000	1,247.99	52,848	45.40
	68,765	43.93	864,988	1,061.02	64,260	46.51
Special Grade Alumina and Hydrate	622	1.44	11,956	27.32	51	0.08
	103	0.11	11,929	28.39	622	1.44
Aluminium Metal	4,141	29.04	338,015	4,023.03	9,089	74.22
	3,999	· 27.29	343,911	4,212.55	4,141	29.04
Rolled products	759	10.59	13,992	175.52	512	5.29
	1,097	14.02	9,423	131.18	912	10.59
Electricity (in MU net)			81	13.47	-	
-	-	-	129	17.81	·	

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

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

3. Current year's sales excludes sale of 1534 MT of Aluminium Metal of Rs.15.60 Crore (previous year nill ) and 50 MT

of Rolled Products Rs.0.60 Crore (previous year nill) out of Hot Metal produced from Trial Operations.

Expenses	Township	Education	Medical	Social/Cultural	Canteen	Total
Payments to employees	7.11		18.22	0.01	2.63	27.97
Welfare expenses		15.01	13.39	. 2.22	4.00	34.62
Materials consumed	0.22	0.10	9.30		·	9.62
Repairs & maintenance	9.45					.9.45
Power, fuel & water	5.31				_ 1	5.31
Depreciation	5.29	0.17	0.19	0.23	0.02	5.90
Total	27.38	15.28	41.10	2.46	6.65	92.87
ess: Recoveries	3.27	]	0.17	1		3.44
Net Expenditure	24.11	15.28	40.93	2.46	6.65	89.43
For previous year	22.66	18.69	35.59	2.05	5.95	84.94



Additional information

forming part of accounts for the year ended March 31, 2009 (contd.)

ANNUAL REPORT 2008-09

(Rs. in crore)

9 Employee Benefit Obligations

	Gratuity	Leave Encash- ment	Post Retire- ment Medical Benefit	Retire- ment Benefit	Leave Travel Benefit	NEFFAR Scheme	Long Service Reward
A. Amount Recognised in Balance Sheet:			•			•	
Present value of obligation	124.82	95.71	3.07	10.20	5.55	6.72	14.59
	71.63	52.26	2.06	8.49	1.81	3.99	8.90
Fair value of Plan Asset	73.35	<u></u>					
	70.09		—				
Funded Status[Excess/(Short)]	(51.47)						
	(1.54)		<u> </u>			·	·
Net Liability recognised	51.47	95.71	3.07	10.20	5.55	6.72	14.59
	1.54	52.26	2.06	8.49	1.81	3.99	8.90
B. Amount Recognised in Profit & Loss Account:		·	the first of the state of the sec-			e anno an	and the second second second
Current Service cost	12.13	19.87		1.71			0.75
	7.41	13.34	· · ·	0.63	—		0.47
Interest cost	5.28	3.35	0.14	0.63	0.07	$\sim$	0.58
	5.60	3.00	0.12	0.67			0.70
Expected Reurn on Plan Asset	5.61	نی <del>د.</del> نی <del>د مع</del> در ماندند و اند و	a and a second a seco	l ga e la		dan adar sa	and and
	3.09						
Net Actuarial (gain)/loss	41.49	35.40	1.16	(0.52)	7.89	2.73	6.60
	(6.62)	(4.30)	0.34	7.19	1.81	3.99	7.73
Expenses recognised	53.29	58.62	1.30	1.82	7.96	2.73	7.93
· · · · · · · · · · · · · · · · · · ·	3.30	12.04	0.46	8.49	1.81	3.99	8.90
C. Movement of Net Liability Recognised in Balance Sheet	:		*	,			
Opening Net Liability	1.54	52.26	2.06	8.49	1.81	3.99	8.90
	28.24	40.22	1.60	. —	<u></u>	_	
Expenses recognised	53.29	58.62	1.30	1.82	7.96	2.73	7.93
	3.30	21.58	3.23	8.49	1.81	3.99	8.90
Benefits paid		15.17	0.29	0.11	4.22	a a star a s	2.24
·	te e	9.54	2.77				an a
Contributions	. —					—	_
	30.00	_	_		_	·	
Closing Net Liability	54.83	95.71	3.07	10.20	5.55	6.72	14.59
-	1.54	52.26	2.06	8.49	1.81	3.99	8.90
D. Actuarial Assumptions:							
	intrated						
Discount Rate	7.50	7.50	7.50	7.50	7.50	7.50	7.50
	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Return on Plan Asset	8.00	n an ann an an <u>a-a</u> - an An Ann an An Ann an An	in a la ser de la sint	ول <del>ا میکد</del> ر از ۲۰ ^م ارد ماه منطقه از مشکله از مرافقه	ل <u>ا محمد</u> في في أن المحمد	14 - 1 - <del>1</del> -	an and a second
	8.00					سینی مربع را می رود مورد ادر م	
Salary Escalation	5.00	5.00	5.00	5.00	5.00	5.00	5.00
	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Mortality Table				1994-1996	i		•
		ъ.		1994-1996			
Superannuation Age				/ears			
• · · · ·			. 60 Y	'ears			

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Note :

1 Figures in italics pertain to previous year.

Gratuity is a Post Employment Funded Defined Employee Benefit Plan
 Other Benefits are Un-Funded Defined Employee Benefit Plan

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#### Schedule - Y

Additional information

#### forming part of accounts for the year ended March 31, 2009 (contd.)

10.Balance She	et Abstract and Company's General Profile:	
i) Registration	Details :	
Registration	No 1500920	
State Code Balance She	et Date 15 31st March 2009	
		(Rs. in crore
	Current Year	Previous Year
ii) Capital rais	ed during the year: Nil	Nil
iii) Position of	mobilisation and deployment of Funds:	
Total Liabiliti	es 10,391.16	9,481.88
Total Assets	10,391.16	9,481.88
Sources of F	unds:	
Paid-up Cap	ital 644.31	644.31
Reserves &	Surplus 9,125.50	8,230.14
Secured Loa	ins	. Ni
Unsecured I	oans	Ni
Deferred ta>	liabilities 621.35	607.43
Application	of Funds:	
Net Fixed As	sets 6,899.66	5,866.40
Investments	/ 895.93	115.03
Net Current	Assets 2,595.57	3,500.45
Misc. Expen	diture	Ni
Accumulate	t losses Nil	. Ni
iv) Performance	e of the Company:	
Gross Turno	ver 5,517.52	5,474.45
Total Expen	liture 3,590.36	3,007.86
Profit/Loss t	efore Tax 1,927.16	2,466.59
Profit/Loss a	fter Tax 1,272.27	1,631.52
Earning per	Share (In Rupees) 19.75	25.32
Dividend rat	∍ (%)	60.00
v) Generic Na	ne of Principal products/services:	4

Generic Name of Principal products/services: V)

335000000 and 76.06

Product

Item Code no.

Aluminium Ingots and cold rolled aluminim strips/coils/sheets

#### Schedule - Y

#### Additional information

#### forming part of accounts for the year ended March 31, 2009 (contd.)

#### 11. Segmentwise Information

(Rupees in crore)

	Chemicals		Alur	ninium	Elec	tricity	Unallocated	Corporate	Consolidated Total		
· .	Current Year	Previous Year	Current Year	<b>Previous</b> Year	Current Year	Previous Year		Previous Year	Current Year	Previous Year	
BUSINESS SEGMENTS											
A. Revenue										•	
External sales	1,309.16	1,103.85	3,785.43	3,867.14	13.47	17.81	_		5,108.06	4,988.80	
Inter-segment transfers	1,026.48	836.85	_	-	928.54	761.41	·		1,955.02	1,598.26	
Total Revenue	2,335.64	1,940.70	3,785.43	3,867.14	942.01	779.22		<u> </u>	7,063.08	6,587.06	
Less: Elimination									(1,955.02)	(1,598.26)	
Net Revenue									5,108.06	4,988.80	
B. Result									•		
Segment result	1,065.57	820.34	573.50	1,243.87	58.24	88.77	(136.73)	(98.73)	1,560.58	2,054.25	
Interest expense									3.96	1.51	
Interest income									370.54	413.85	
Income taxes	•								654.89	835.07	
Net Profit									1,272.27	1,631.52	
C. Other Information								,			
Segment assets	1,583.84	2,278.21	2,953.86	3,177.48	902.49	1,765.79	6,884.21	3,801.28	12,324.40	11,022.76	
Segment liabilities	298.04	312.85	426.42	448.23	662.95	618.19	545.83	· 161.61	1,933.24	1,540.88	
Capital expenditure	136.32	436.19	784.30	544.34	83.83	440.19	414.54	3.37	1,418.99	1,424.09	
Depreciation	94.43	103.31	117.07	118.10	59.20	58.19	1.74	1.50	272.44	281.10	
Non-cash expenses (other than depreciation)	22.68	19.52	22.10	20.95	11.49	14.95	3.83	2.70	60.10	58.12	

GEOGRAPHIC SEGMENTS	Inc	dia	Outside	e India	Consolidated Total				
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year			
A. Revenue									
External sales	3,023.41	2,854.18	[.] 2,071.11	2,134.62	5,094.52	4,988.80			
B. Other Information						•			
Segment assets	12,324.40	10,986.60	4.83	36.16	12,329.23	11,022.76			
Capital expenditure	1,418.99	1,424.09	<u> </u>	· ·	1,418.99	1,424.09			

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In terms of our report of even date attached. For P. A. & Associates

Chartered Accountants

(CA. S.S. Poddar)

Partner

M.No: 51113

(CS. K.N. Ravindra) Company Secretary For and on behalf of Board of Directors

(CA. B.L. Bagra) Director (Finance) (C.R. Pradhan) Chairman-cum-Managing Director (I/c)

Place : Bhubaneswar Dated : June 3, 2009 Schedule - Y Additional information forming part of accounts for the year ended March 31, 2009 (contd.)

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12	Cash Flow Statement :		804 ····		(Rupees in crore)
		Λ	Year ended larch 31st, 2009		Year ended March 31st, 2008
A.	Cash flow from Operating Activities :	······································			
Π.	Net Profit before tax and Extraordinary Income		1,927.16		2,466.58
	Adjustments for :		· , <b>-</b>		,
	Depreciation	272.96		285.44	
	Interest and Financing charges	3.96	•	1.54	
	Provisions (Net)	55.10		8.44	
	Claims/Recoverables written off	0.14		0.58	
	Stores and spares written off	6.72		18.90	
	Exchange Variation Gain	(6.31)		(1.18)	
	Loss/(Profit) on sale of assets (net)	(0.04)		0.11	
			<u>332.53</u>		313.83
Op	erating Profit before working capital changes		2,259.69		2,780.41
	Adjustments for :				
	Inventories	(163.47)		(67.94)	
	Trade & other receivables	65.09		(177.68)	
	Trade payables	<u>459.13</u>		<u>275.61</u>	
			360.75		· <u>29.99</u>
	Cash generated from Operations		2,620.44		2,810.40
	Direct taxes paid		(682.22)		<u>(908.49)</u>
	Cash flow before Extraordinary Items		1,938.22		1,901.91
	Extraordinary Items				·
	<ul> <li>Net cash from operating activities</li> </ul>		1,938.22		1,901.91
В.	Cash Flow from Investing Activities:				
	Purchase of Fixed Assets	(2,211.08)		(1,544.13)	
	Dividend income from Mutual fund	<u>13.10</u>	•		
	Net cash used in investing activities	•	(2,197.98)		(1,544.13)
C.	Cash Flow from Financing Activities:				
	Interest and Financing charges	(3.96)		(1.54)	
	Exchange Variation Gain	(6.79)	•	1.35	
	Dividends including dividend tax paid	<u>(376.91)</u>		<u>(527.66)</u>	
	· · ·	,	(387.66)		. (527.85)
D.	Net changes in Cash & Cash equivalents (A+B+C)		(647.42)		(170.07)
Ε.	Cash & Cash equivalents - Opening balance		3,516.46		3,686.53
E	Cash & Cash equivalents - Closing balance		2,869.04		3,516.46

Note:

Cash and Bank Balances under Current Assets, Loans and advances at schedule G are Cash and Cash equivalents for the purpose of drawing a) Cash Flow statement. Therefore reconciliation statement required under para-42 of the Accounting Standard 3 is not furnished separately.

b) Balances with bank incudes Rs. 220.93 crore (previous year Rs.169.10 crore) 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 C) balance at the end of the year is nil.

d) Working Capital Loan facility is mortgaged by hypothication of raw materials, stock-in-process, finished goods, consumables, stores and spares, book debts, receivables and other current assets of the company.

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Figures in brackets are cash outflow/income, as the case may be. e)

In terms of our report of even date attached.

For P.A. & Associates

**Chartered Accountants** 

(CA. S.S. Poddar)

Partner M.No: 51113 (CS. K.N. Ravindra) Company Secretary For and on behalf of Board of Directors (CA. B.L. Bagra)

Director (Finance)

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

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Place : Bhubaneswar Dated : June 3, 2009

# 5 Years performance at a glance - Physical

NNUAL REPORT 2008-09

SI. No	o. Particulars	, L	Jnits	2008-09	2007-08	2006-07	2005-06	2004-05
1. ·	Production:			•				
	Bauxite		MT	47,00,027	46,84,684	46,23,278	48,54,253	48,51,726
	Alumina Hydrate		MT	15,76,500	15,75,500	14,75,200	15,90,000	15,75,500
	Aluminium		MT	3,61,262	3,60,457	3,58,734	3,58,954	3,38,483
	Power (net)		MU	5,541	5,609	5,968	5,679	5,613
2.	Export Sales:	•						
	Alumina		MT	851,886	8,59,943	7,73,573	8,62,616	9,09,081
	Aluminium		MT	82,317	1,01,723	92,678	95,747	1,32,730
3.	Domestic Sales:							
	Alumina / Hydrate		MT	20,929	11,307	10,920	12,994	21,177
	Aluminium	١.	MT	2,71,274	2,51,612	2,63,494	2,58,094	2,05,797
	Power		MU	81	129	421	322	406

	5 Years performance	(F	Rs. in Crore)			
SI. No.	Particulars	2008-09	2007-08	2006-07	2005-06	2004-05
A	Income Statement :					
	1. Exports	2,085	2,134	2,586	2,306	2,200
	2. Domestic Sales	3,446	3,340	3,929	3,018	2,220
	3. Gross Sales (1+2)	5,531	5,474	6,515	5,324	4,420
	4. Less : Excise Duty	423	485	575	435	316
	5. Net Sales (3 - 4)	5,108	4,989	5,940	4,889	4,104
	6. Other Income :					
	7. Operating	123	146	103	101	174
	8. Non-operating	400	441	311	132	77
	9. Operating expenses .	3,427	2,822	2,412	2,311	1,965
	10. Operating Profit (5+7-9)	1,804	2,313	3,631	2,679	2,313
	11. Earning before interest, dep. & taxes (EBIDT)(10+8)	2,204	2,754	3,942	2,811	2,390
	12. Interest & Financing charges	4	2	-	· -	61
	13. Earning before dep. & taxes (EBDT) (11-12)	2,200	2,752	3,942	2,811	2,329
	14. Depreciation and Amortisation	273	285	322	381	459
	15. Profit before Tax (PBT) (13-14)	1,927	2,467	3,620	2,430	1,870
	16. Provision for Tax	655	835	1,239	868	635
	17. Net Profit (PAT) (15 - 16)	1,272	1,632	2,381	1,562	1,235
в	Balance Sheet :					
	18. Equity Capital	644	644	644	644	644
	19. Reserves & Surplus	9,126	8,230	7,051	5,249	4,054
	20. Networth (18+19)	9,770	8,874	7,695	5,893	4,698
	21. Loans Outstanding	• •		-	-	-
	22. Net Fixed Assets	4,032	3,531	3,711	3,944	4,139
	23. Net Current Assets	2,596	3,500	3,755	2,357	1,005
	24. Capital Employed (22+23)	6,628	7,031	7,466	6,301	5,144
с	Ratios :					
-	25. Operating Profit Margin (OPM) (%) (10 / 5*100)	35.32	46.36	61.12	54.81	56.36
	26. Net Profit Margin (%) (17 / 5 *100 )	24.90	32.71	40.09	31.96	30.09
	27. Return on Capital Employed (ROCE) (%) (17/24*100)	19.19	23.21	31.89	24.79	24.01
	28. Return on Networth (RONW)(%) (17/20*100)	13.02	18.39	30.95	26.51	26.29
	29. Debt Equity (21 / 20)	-	-			
D	Others :		• .			÷
	30. Book value per share of Rs.10 each (in Rs.)	151.64	137.73	119.43	91.46	72.91
	31. Earnings per share (in Rs.)	19.75	25.32	36.96	24.25	19.17
	32. Dividend declared (%)	50	60	75	50	40

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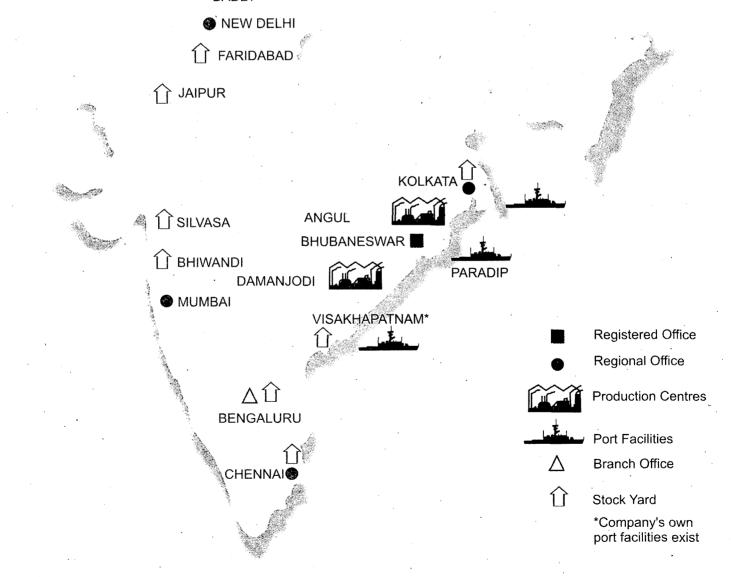
## Reconciliation of Published Quarterly (Unaudited) Financial Results and Annual (Audited) Financial Results for the Year 2008-09

(Rs. in Crore except sl no. 10 and 11)

SI. No.	Particulars	1st Quarter (Reviewed)	2nd Quarter (Reviewed)	3rd Quarter (Reviewed)		Total of our quarters	Full Year (Audited)	Variances
1	2	3	. 4	5	6	7	8	9
1	Gross Turnover	1606.41	1675.91	1091.97	1156.77	5531.06	5531.06	
	Less:Excise Duty	138.92	139.49	76.28	68.31	423.00	423.00	
	Net Sales	1467.49	1536.42	1015.69	1088.46	5108.06	5108.06	
2	Other Income	126.21	118.08	133.53	145.03	522.85	522.85	
3	Total Expenditure	730.66	895.65	770.41	1030.10	3426.82	3426.82	• .
4	Interest and Financing Charges	0.40	0.06	0.56	2.94	3.96	3.96	
5	Depreciation & Provision	67.87	69.59	64.24	71.27	272.97	272.97	
6	Profit Before Taxation( PBT)	794.77	689.20	314.01	129.18	1927:16	1927.16	
7	Provision for Taxation	269.44	244.74	94.55	46.16	654.89	654.89	
8	Net Profit (PAT)	525.33	444.46	219.46	83.02	1272.27	1272.27	•
9	Paid up Equity Share Capital	644.31	644.31	644.31	644.31	644.31	644.31	
10	Earning per Share (Rs.)	8.15	6.9	3.41	1.29	19.75	19.75	
•	(Not annualised)							
11	Aggregate of non-promoter	•	2		•			
	Shareholding :	,		_			•	
-	Number of Shares	82,809,993	82,809,993	82,809,993	82,809,993	82,809,993	82,809,993	
	Percentage of Shareholding	12.85	12.85	12.85	12.85	12.85	12.85	

नालको 🔊 NALCO

28th ANNUAL REPORT 2008-09 NALCO'S VARIOUS PRODUCTION UNITS, THEIR LOCATION & INSTALLED CAPACITIES 1. Bauxite Mines Panchpatmalli 48.00,000 TPY 2. Alumina Refinery Damanjodi 15,75,000 TPY 3. Smelter Plant Angul 4,02,500 TPY 4. Captive Power Plant Angul 1,080 MW 5. Port facilities 10,00,000 TPY Visakhapatnam (Alumina Export) 1,46,000 TPY (Caustic Soda Lye Import) BADDI







# OFFICES AND CUSTOMER CONTACT CENTRES

#### **REGD. & CORPORATE OFFICE**

NALCO Bhawan Plot No. - P/1, Nayapalli Bhubaneswar - 751 061 (Orissa) Phone : 0674-2301988 to 2301999

#### UNITS

#### 1. Mines & Refinery

 Mines & Refinery Complex

 Damanjodi - 763 008

 Dist.
 : Koraput (Orissa)

 Phone
 : 06853-254515/254550

 254251

#### 2. Captive Power Plant

Dist.	:	Angul (Orissa)
PIN	:	759 122
Phone		06764-220158
Fax	:	06764-220646

#### 3. Smelter Plant

 NALCO Nagar
 - 759 145

 Dist.
 :
 Angul (Orissa)

 Phone
 :
 06764-220110

 Fax
 :
 06764-220738/220206

#### PORT FACILITIES

#### Visakhapatnam

Opp Ore Handling Complex Port Area Visakhapatnam - 530 035 Andhra Pradesh Phone : 0891-2561433/2561435 Fax : 0891-2561598 E-mail : gmport@nalcoindia.co.in

#### Paradip (Port Office)

V' Point Badapadia Paradip: 751142 Phone : 06722-221286 Fax : 06722-221286 E-mail : nalco_paradeep@nalcoindia.co.in

#### **REGIONAL OFFICES**

#### 1. Eastern Region

1st floor, J K Millenium Centre 46-D, Chowringhee Road, Kolkata - 700 071 Phone : 033-22870115/22877363 Fax : 033-22810393

#### 2. Western Region

215, T.V. Industrial Estate S.K. Ahire Marg, Worli, Mumbai - 400 025 Phone : 022-24939288/89 Fax : 022-24950500 E-mail : mldewangan@nalcoindia.co.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 : rmsouth@nalcoindia.co.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@sify.com

#### STOCK YARDS

#### 1. Bhiwandi

National Aluminium Company Limited C/o. NSIC Limited, Godown No. 42/57 Indian Corp. Compound Mankoli Naka, Mumbai Nasik Road, Bhiwandi Phone : 02522-277283/9820844526

#### 2. Kolkata

National Aluminium Company Limited C/o. Balmer Lawrie & Company Limited WH, 1-Sonapur Road, Kolkata- 700 088 Phone : 033-24495298 (Ext. 340 & 324)

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#### 3. Bengaluru

National Aluminium Company Limited C/o. M/s. Container Corporation of India Limited Warehouse no. 3, Whitefield Road, Bangaluru - 560 066 Phone : 080-28451327/28 Fax : 080-28451329

#### 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 : 0260-2632883/2641436

#### 6. Faridabad

National Aluminium Company Limited C/o. NSIC Limited India Garage Equipment, Plot No. 51, Sec-6 Faridabad, Haryana - 121 003 Phone : 0129-4102430/4044098

#### 7. Visakhapatnam

National Aluminium Company Limited NALCO Port Facilities Port Area, Visakhapatnam - 530 035 Godown : Shalimar Enterprises Corporation 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 : 0179-5652114/5657114

#### 9. Chennai

National Aluminium Company Limited C/o. NSIC Limited, R.M. Depot. NIC Technical Service Centre Phase-I, B-24, Guindy Industrial Estate Chennai - 600 032 Phone : 044-22252338 **ELECTRONIC CLEARING SERVICE MANDATE FORM** 

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

1. Regu. Fono No. ———— / DP ID : IN			- C	LIEN	I ID	/ BI	SN.A	VC	NO.	 		
2. First Shareholder's Name: Shri/Smt/Kum./M/s											 	
-										 		
		•							_			
3. First Shareholder's Address:											 	
	•		 									
				Pi	n Coo	te _						
4. Particleuars of Bank:			•							 		
Bank Name, Branch & Address :												
Branch Code (9 Digits MICR Code appearing on the MICR Please attach a Xerox copy of a cheque or a blank cheque o				d)		e	•					
Account Type & A/c Number		1			1						Т	

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

CC

CA

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effect 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 Cleanig).

Signature of Shareholder(s)

Place : Date :

SB

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.

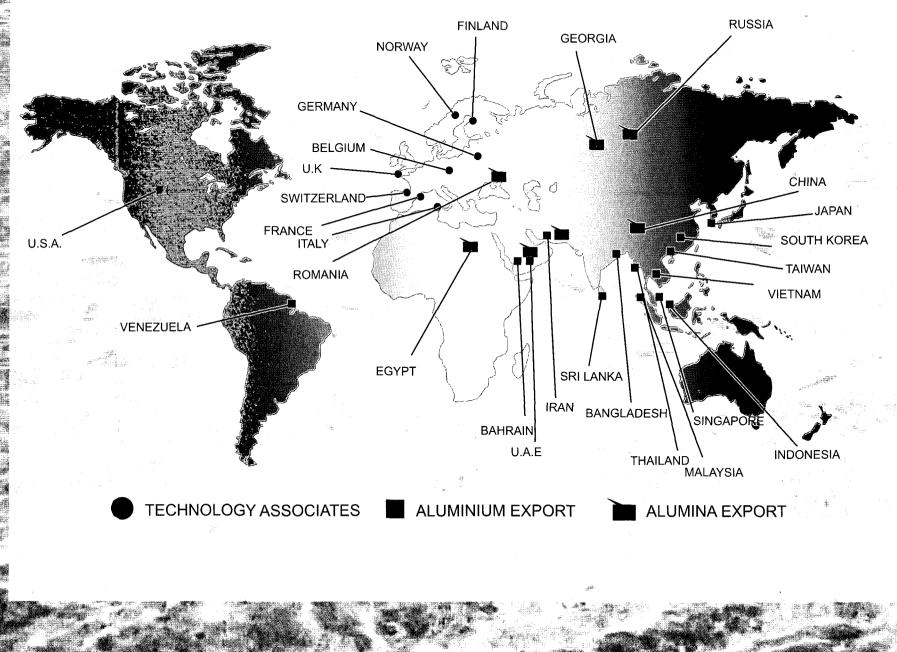
#### Cértified that the particulars furnished above are correct as per our records.

Bank's Stamp :

Signature of the Authorised Official from the Bank

Date :

# Clobal Reach





Sabari lake at Damanjodi



# 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