

# 28<sup>th</sup> ANNUAL REPORT 2008-09



## Vision

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

Report  Junction.com





## The Year at a Glance

Particulars	Units	2008-09	2007-08
<b>PHYSICAL</b>			
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
<b>FINANCIAL</b>			
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

## C O N T E N T S

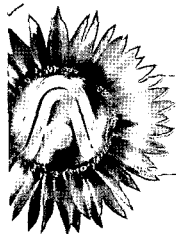
The year at a glance	1
Directors' Report	5
Report on Corporate Governance	29
Management Discussion & Analysis Report	46
Auditors' Report	53
C&AG Comments	57
Annual Accounts	58
Cash Flow Statement	79
5 years performance at a glance- Physical & Financial	80
Offices and Customer Contact Centres	83

### 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

### 28<sup>th</sup> Annual General Meeting

Saturday, 19<sup>th</sup> September, 2009 at 11.00 A.M.  
at NALCO Bhawan, Plot No. P/1, Nayapalli,  
Bhubaneswar - 751 061.



28<sup>th</sup> ANNUAL REPORT 2008-09

## 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)



**Shri A. K. Sharma**  
Director (Production)

## Independent Directors



**Dr. A. Sahay**



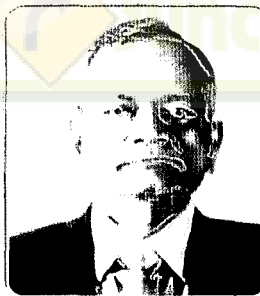
**Shri S. S. Sohoni,  
IAS (Retd.)**



**Shri K. S. Raju**



**Shri S. B. Mishra  
IAS (Retd.)**



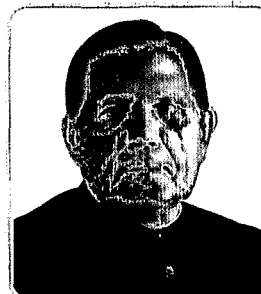
**Shri N. R. Mohanty**



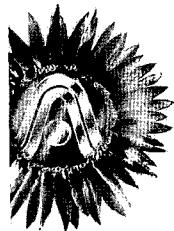
**Dr. Jyoti Mukhopadhyay**



**Shri R. K. Sharma**



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



28<sup>th</sup> ANNUAL REPORT 2008-09

## Executive Directors



**Shri G. Kameswara Rao, IAS**  
CVO



**Shri P. K. Parida**



**Shri P. K. Padhi**



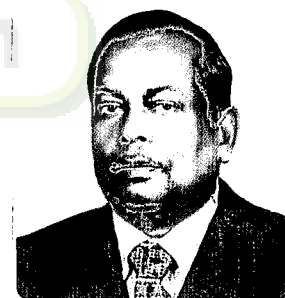
**Shri B. N. Swain**



**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**



## 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 28<sup>th</sup> Annual General Meeting of the Company will be held on Saturday, the 19<sup>th</sup> 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 31<sup>st</sup> 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.11<sup>th</sup> February, 2009 of Government of India or any amendments thereto."

By order of the Board

(K. N. RAVINDRA)

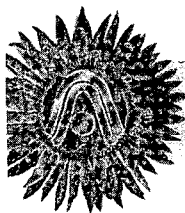
**COMPANY SECRETARY**

Place : Bhubaneswar

Date : 20<sup>th</sup> 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 8<sup>th</sup> September, 2009 to Friday, the 11<sup>th</sup> 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 7<sup>th</sup> 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 7<sup>th</sup> 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](http://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.

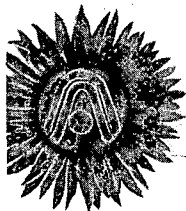
**No claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

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

UNPAID/UNCLAIMED DIVIDEND				
Financial Year	Date of Declaration 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/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

- (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](http://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 18<sup>th</sup> 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](http://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.
- (l) Shareholders/Investors are advised to send their queries/complaints through the dedicated e-mail id i.e. **investorservice@nalcindia.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

#### Item 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 28<sup>th</sup> 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 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 : 20<sup>th</sup> August, 2009