

29th ANNUAL REPORT 2009-10

Spreading Happiness



नालको  **NALCO**
A Navratna Company

Vision

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



THE YEAR AT A GLANCE

PARTICULARS	UNIT	2009-10	2008-09
PHYSICAL			
Bauxite	MT	47,87,888	47,00,027
Alumina Hydrate	MT	15,91,500	15,76,500
Aluminium	MT	4,31,488	3,61,262
Power (net)	MU	6,293	5,541
FINANCIAL			
Export Turnover	₹ in crore	2,209	2,085
Gross Sales	₹ in crore	5,311	5,531
Profit Before Tax	₹ in crore	1,155	1,927
Profit After Tax	₹ in crore	814	1,272
Earning Per Share	₹	12.64	19.75
Book Value per Share	₹	161.34	151.64
Dividend	₹ per Share	2.50	5.00

REGISTERED OFFICE & CORPORATE OFFICE

NALCO Bhawan
P/1, Nayapalli
Bhubaneswar - 751 061, Odisha
Tel. : 2301989-99
Fax : 0674-2300470 / 2300580 / 2300677 / 2300740
Website : www.nalcoindia.com

29th Annual General Meeting
Thursday, the 30th September, 2010 at 11.00 A.M.
at NALCO Bhawan, P/1, Nayapalli,
Bhubaneswar - 751 061.

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BOARD OF DIRECTORS



Shri A K Srivastava
Chairman-cum-Managing Director



Shri S. K. Nayak, IAS
Part-time Official Director



Shri B. L. Bagra
Director (Finance)



Shri Joy Varghese
Director (P&A)



Shri A. K. Sharma
Director (Production)



Shri P. K. Padhi
Director (P&T)



Shri Ansuman Das
Director (Commercial)

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

EXECUTIVE DIRECTORS



**Smt. Srabani Guha, IES
CVO**



Shri P. K. Parida



Shri B. N. Swain



Shri A. Sapra



Shri S. C. Dash



**Shri K. N. Ravindra
Company Secretary**



Shri P. K. Mohapatra



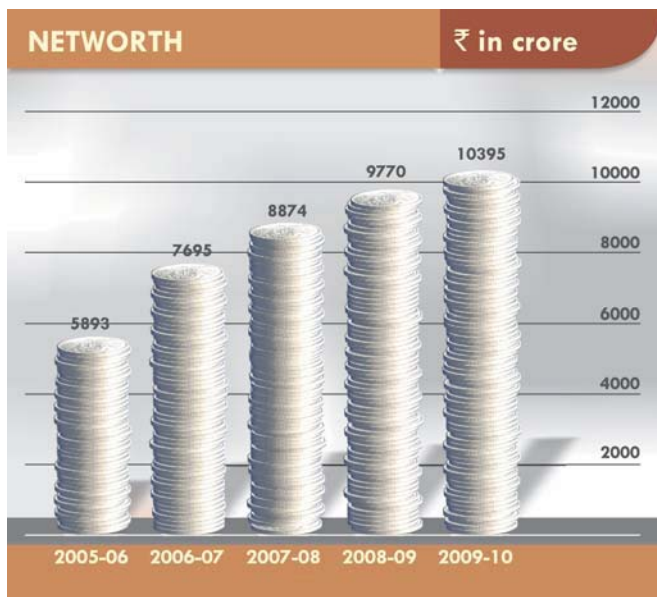
Shri K. S. Sreedhara



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 29th Annual Report of your Company together with the audited statement of accounts and Auditors' Report thereon for the financial year 2009-10.

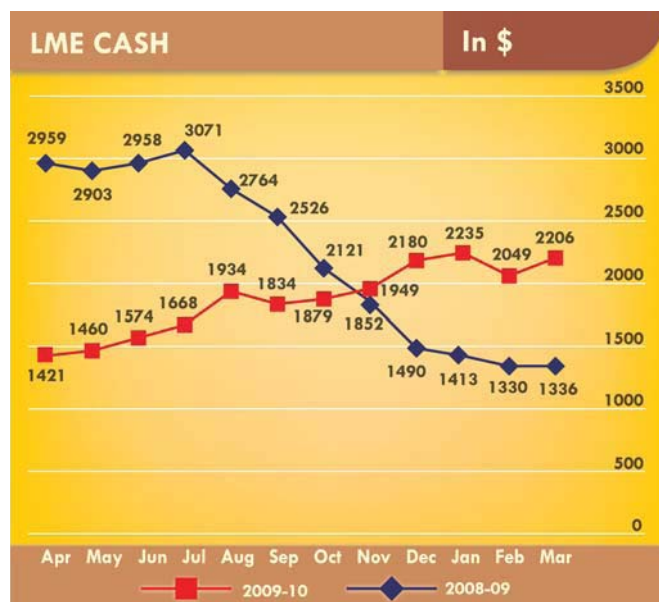


PERFORMANCE HIGHLIGHTS

You will be happy to know that all the production Units of your Company have recorded the highest ever production since inception with respect to Bauxite, Alumina Hydrate, Cast Metal and Power. Mines, Refinery, Smelter and CPP have achieved 101.64%, 101.05%, 99.88% and 88.33% capacity utilization respectively. Production achieved during the year under review vis-à-vis the previous year is given below:

PRODUCTION	UNIT	2009-10	2008-09
Bauxite	MT	48,78,888	47,00,027
Alumina Hydrate	MT	15,91,500	15,76,500
Aluminium	MT	4,31,488	3,61,262
(includes Rolled Products)	MT	(15,277)	(13,795)
Electricity (Net)	MU	6,293	5,541

29th Annual Report 2009-10



MARKETING

You will be pleased to know that your Company achieved the highest ever sale of 4,35,979 MT metal as against sale of 3,53,589 MT metal during the previous financial year. This comprises of 2,89,031 MT, the highest ever domestic sale of metal surpassing the previous best of 2,71,274 MT achieved in 2008-09 and the highest ever export sale of 1,46,948 MT against the previous best of 1,32,730 MT achieved in 2004-05. The realization from sale was however low due to recessionary conditions prevailing during most part of the year.

In order to improve margins, your Company has been putting thrust on sale of value added products. The sale of billets, wire rods and rolled products during the year under report have been the highest-ever surpassing the previous best.

You will be pleased to know that as a part of e-commerce efforts, your Company adopted e-tendering procedure for export of Aluminium metal and Calcined Alumina during the year under report.

Your Company achieved a total chemical sale of 7,51,410 MT (including Calcined Alumina Export of 7,02,554 MT) during the year compared to 8,93,332 MT (including Calcined Alumina export of 8,51,886 MT) during the previous year. The reduction in sale of Alumina was due to utilization of more quantity of Calcined Alumina at the expanded Smelter Plant. The domestic sale of Chemicals at 45,951 MT was the highest ever achieved, surpassing the previous best of 36,695 MT achieved in 2008-09.

The sale of 7,094 MT Special Grade Alumina was the highest surpassing the previous high of 4,769 MT achieved in 2008-09. The sale of Special Grade Hydrate at 12,815 MT was the highest ever sale surpassing the previous best of 11,670 MT achieved during 2007-08.

FINANCE

Your Company posted a lower total income of ₹ 5,548 crore in the year under report, as against ₹ 5,631 crore during the previous year. Profit After Tax for the year stands at ₹ 814 crore, as against ₹ 1,272 crore in the previous year. The decline in net profit during the year compared to previous year was due to combined effect of lower sales realization, reduced earnings from investment of surplus funds and increase in operating cost. Your Company has recorded higher export earning of ₹ 2,209 crore during the year as against ₹ 2,071 crore achieved during the previous year.

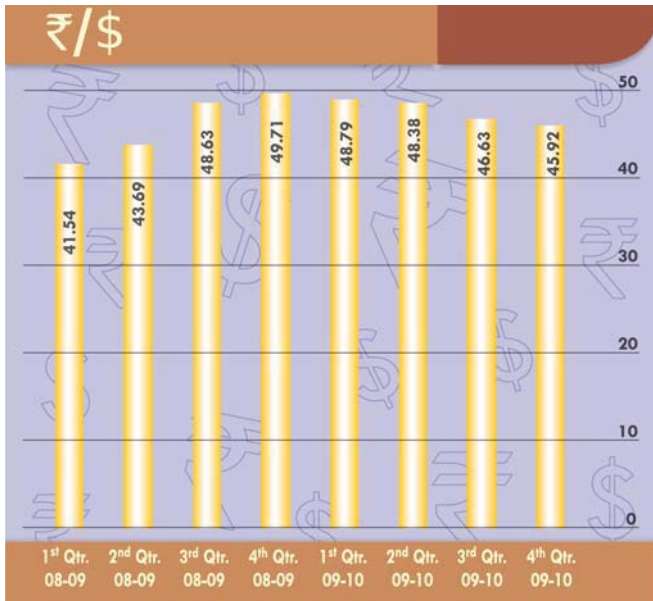
The summarized financial results for the year under report vis-à-vis previous year are furnished below:

	(₹ in crore)	
	2009-10	2008-09
Net Sales	5,055	5,108
Other Income	493	523
Total Income	5,548	5,631
Expenses	4,072	3,428
Gross Margin	1,476	2,203
Less: Interest & depreciation	321	276
Profit Before Tax (PBT)	1,155	1,927
Provision for Taxes	341	655
Profit After Tax (PAT)	814	1,272
Appropriation:		
a) General Reserve	630	900
b) Dividend including Dividend Tax	188	377
Earning per Share (In ₹)	12.64	19.75

DIVIDEND AND APPROPRIATIONS

Your Company had paid an interim dividend of ₹ 1.50 per share (15%) in March, 2010. The Board of Directors of your Company have recommended a final dividend of ₹ 1.00 per share (10%) making aggregate of ₹ 2.50 per share (25%) for the year under report as against ₹ 5.00 per share (50%) paid

National Aluminium Company Limited



for the year 2008-09. Your Directors have recommended a lower rate of dividend keeping in view the requirement of funds for the growth projects under consideration. The final dividend will be paid after your approval. Your Directors have also proposed to transfer ₹ 630 crore to General Reserve Account from the profits of the year under review as against ₹ 900 crore transferred in the previous year.

PRESIDENTIAL DIRECTIVES

Your Company continued its efforts to implement the Presidential Directives on recruitment/promotion of SC/ST candidates. Your Company is also complying with the provisions of the Persons with Disabilities Act, 1995.

Out of 7,467 employees (including Trainees) on your Company's roll as on the last day of the year under report, there were 1,186(15.88%) SCs, 1,307(17.50%) STs, 716(9.59%) OBCs and 73 (0.98%) persons with Disabilities. Every third employee in the Company belongs either to SC or ST category. The total number of lady employees in the organization as on 31.03.2010 was 339.

Your Company received a Presidential Directive during the year in respect of revision of salary package of executives and directors. The same has been duly complied with.

INDUSTRIAL RELATIONS

You will be pleased to know that the overall Industrial Relations (IR) climate in your Company remained cordial and conducive through out the year, which helped the organization in maintaining a zero mandays loss record on account of IR problems. Belying

the apprehensions in the minds of people on aftermath of Naxal attack at Panchpatmali Bauxite Mines last year, your Company bounced back to normalcy very soon by virtue of an amicable understanding with the employees of Mines. The time tested policy of participative management helped and saw the culmination of several nagging issues through bipartite discussions.

VISIT OF NATIONAL COMMISSION FOR SCHEDULED CASTES

Hon'ble National Commission for Scheduled Castes visited the Corporate Office of the Company at Bhubaneswar and held discussions with senior officials as well as representatives of various SC/ST associations of your Company on 9th October, 2009.

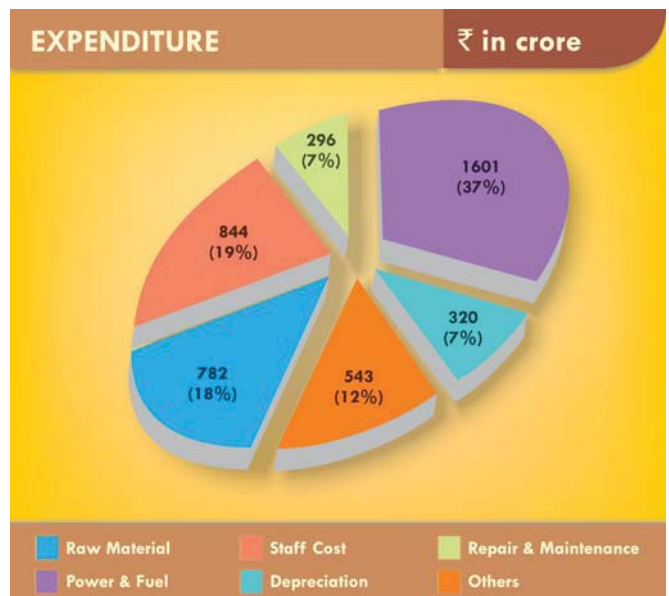
COPU RECOMMENDATIONS

The Hon'ble Committee on Public Undertakings (COPU) examined the working of your Company during the year. The Hon'ble Committee has presented its report inter-alia consisting of 18 recommendations to the Parliament during April, 2010. Your Company is taking necessary action on the recommendations of the Hon'ble Committee.

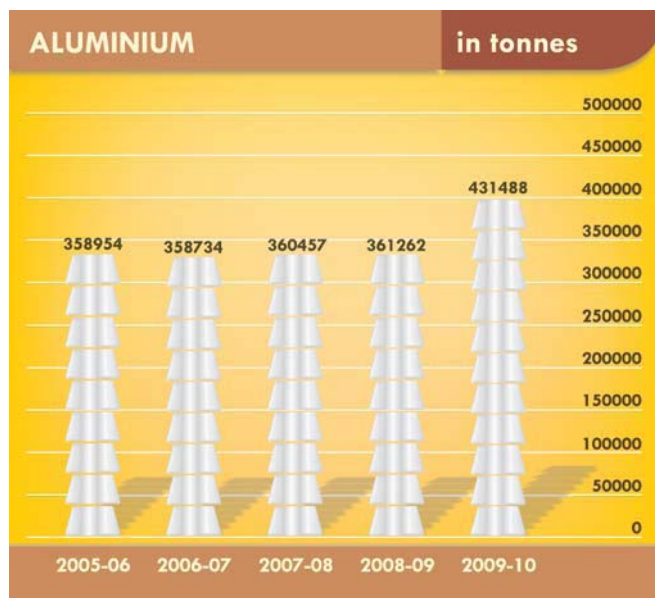
AWARDS & RECOGNITIONS

Receipt of various awards during the year as detailed below stands ample testimony for the excellent performance of your Company in various fields:

- EEPC Gold Trophy, as 'Top Exporter' 2006-07 in the Large Enterprise Category, for outstanding export performance.
- All India Export Award of EEPC as the 'Star Performer' in large enterprise category, for the year 2007-08.



- 'Best Environment Care' and 'Best Workplace Practices' at Think Odisha Leadership Awards function, organized by The Times of India & Tefla's.
- Status of 'Premier Trading House' as per Foreign Trade Policy 2009-10 by Ministry of Commerce, Govt. of India for the period 2009-14.
- 'Organisation with innovative HR Practices' Award at World HRD Congress at Mumbai.
- Alumina Refinery bagged the first Runner-up award from CII, Orissa State Centre for best Safety, Health & Environment practices and also the Pollution Control Excellence Award 2009 from Orissa State Pollution Control Board.
- Bauxite Mines bagged 1st prize in Reclamation & Rehabilitation from Indian Bureau of Mines (IBM) at Mine Environment and Mineral Conservation Week.
- Bauxite Mines also bagged the following prizes from Director General of Mines Safety (DGMS) for sound mining practices and for safe mining performance.
 - a. 1st Prize in Training & Safety Performance.
 - b. 1st Prize in Haul Roads and general lighting.
 - c. 1st Prize in Compliance of 10th Safety Conference Recommendation.
 - d. 2nd Prize in Open Cast working.
 - e. 2nd Prize in Maintenance of Crusher & Conveyor System.
 - f. 2nd Prize in First Aid, Welfare & Occupational Health and Safety facilities.



GROWTH PLANS

EXPANSION

You will be pleased to know that commissioning of all the 240 Pots under second phase expansion of Smelter was completed by December, 2009. Similarly, the 9th Unit of CPP under second phase expansion was commissioned during August, 2009. The 10th Unit of CPP is likely to be commissioned by end August, 2010. Second phase of Alumina Refinery to enhance the capacity from 1.575 Million Tonnes to 2.1 Million Tonnes is expected to be completed by January, 2011.

The present capacity of the various project segments and the capacity after ongoing 2nd phase expansion is given below:

Project Segment	Unit	Present Capacity	Capacity after 2nd Phase Expansion
Bauxite Mine	Million Tonnes per year	4.8	6.3
Alumina Refinery	-do-	1.575	2.1
Aluminium Smelter	-do-	0.345	0.46
Captive Power Plant	MW	960	1,200

Of the approved project cost of ₹ 4,402 crore, financial commitments of ₹ 4,173 crore had been made upto 31.07.2010.