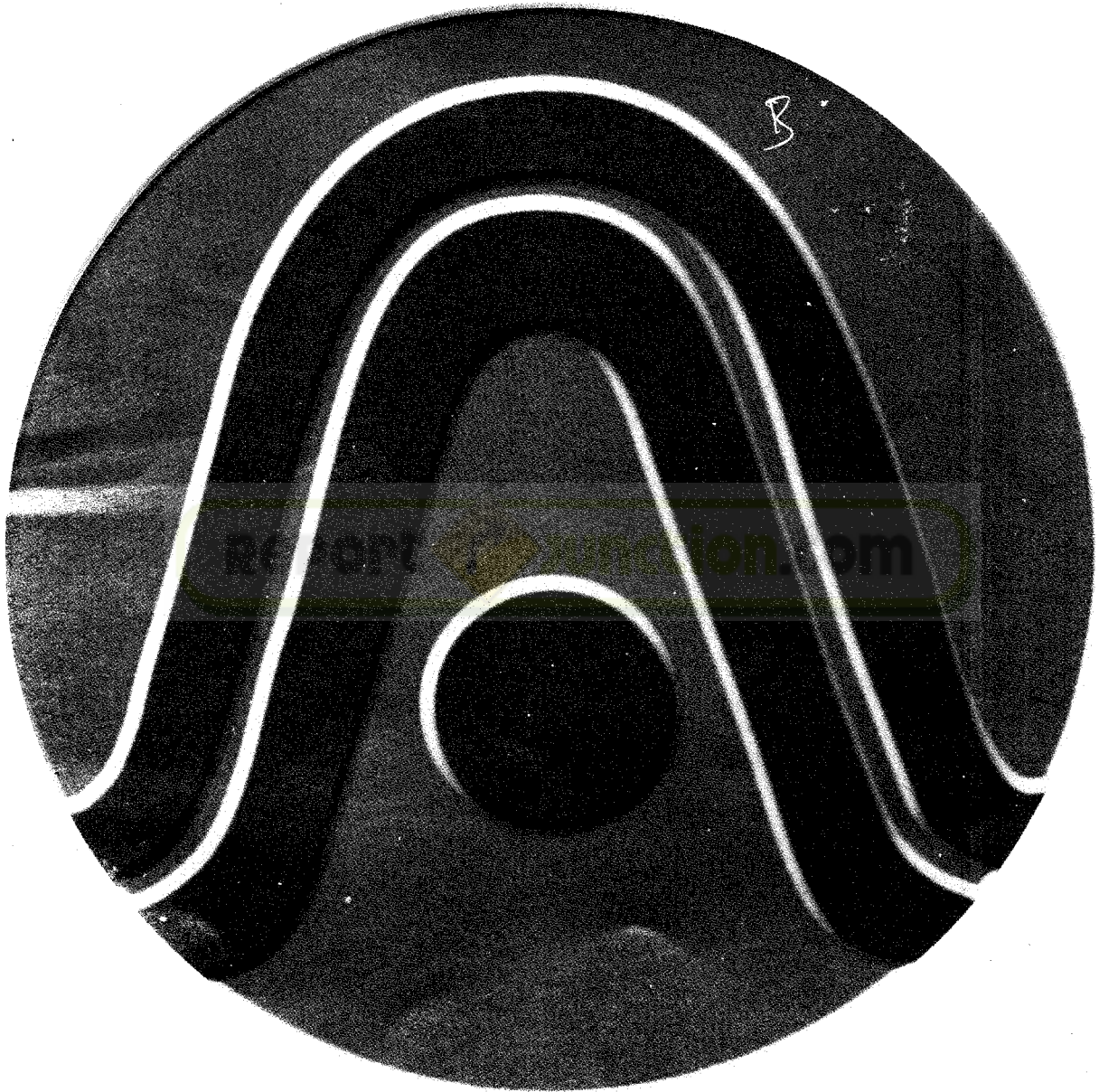
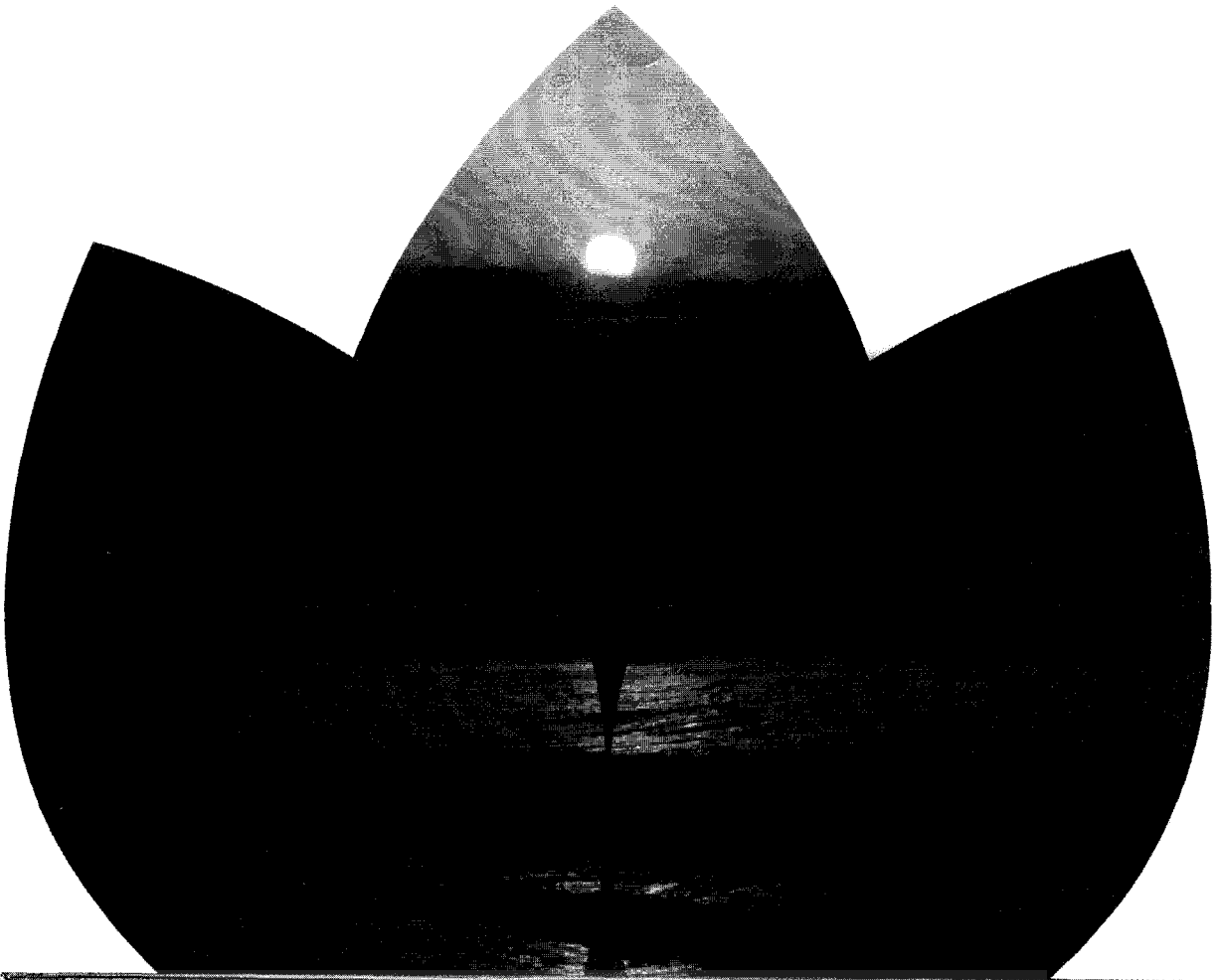


22nd Annual Report 2002-03



नालको  **NALCO**



VISION

*To be a company of
global repute
in Aluminium Sector*

MISSION

*To achieve growth in business with
global competitive edge providing satisfaction
to the customers,
employees, shareholders and
community at large.*

National Aluminium Company Limited

BOARD OF DIRECTORS

CHAIRMAN-CUM-MANAGING DIRECTOR

Shri C. Venkataramana

DIRECTORS

Smt. Adarsh Misra

Dr. S. Behuria

Shri G. P. Gupta

Shri P. Mohapatra

Shri S. K. Banerjee

Shri G. Upadhyaya

Shri B. N. Jha

EXECUTIVE DIRECTORS

Maj. A. Chowdhury

Shri S. K. Misra

Shri N. K. Jain

Shri K. K. Mallick

Shri C. R. Pradhan

Shri B. S. Singh Deo

Shri A. Ray

COMPANY SECRETARY

Shri K. N. Ravindra

BANKERS

State Bank of India

REGISTERED & CORPORATE OFFICE

NALCO BHAWAN

Plot No. - P/1, Nayapalli

Bhubaneswar - 751 013 (Orissa)

Tel : 2301988-99

Fax : 0674-2300470/2300580/2300677/2300740

Website : www.nalcoindia.com

STATUTORY AUDITORS

Tej Raj & Pal

Chartered Accountants

1, Kalpana Square

Bhubaneswar - 751 014

SECRETARIAL AUDITOR

K K A & Associates

401, 4th Floor

Janpath Towers

Ashok Nagar

Bhubaneswar - 751 009

COST AUDITORS

M/s. S. S. Sonthalia & Co.

Cost Accountants

23, HIG Duplex

Shailashri Vihar

Bhubaneswar - 751 021

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The Year at a glance - 2002-03

PHYSICAL

	Units	2002-03	2001-02
Bauxite mining	MT	47,77,003	35,22,059
Alumina production	MT	14,80,600	11,13,000
Aluminium production	MT	2,44,708	2,31,674
Power generation (net)	MU	4,291	3,970

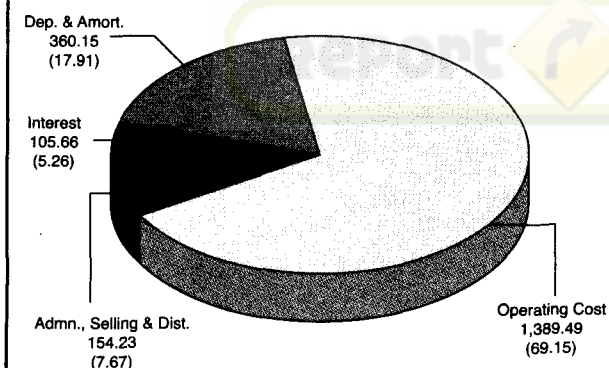
FINANCIAL

	Units	2002-03	2001-02
Export Turnover	Rs. in crore	1,515.84*	1,220.71*
Gross Sales	Rs. in crore	2,788.67*	2,400.81*
Profit Before Tax	Rs. in crore	751.43	525.61
Profit After Tax	Rs. in crore	520.92	409.35
Earning Per Share	In Rs.	8.08	6.35
Book Value Per Share	In Rs.	51.37	50.06
Dividend	In %	60.00	40.00

* Inclusive of sale out of trial operation from expansion.

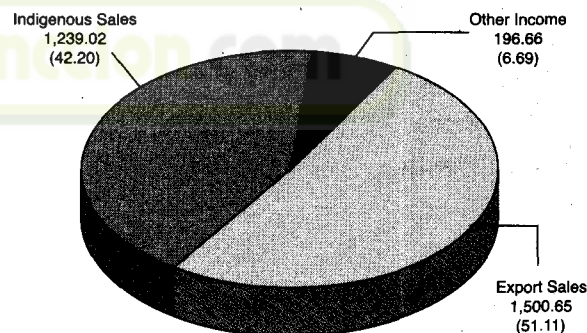
Break-up of Total Cost

Rs. in crore (%)

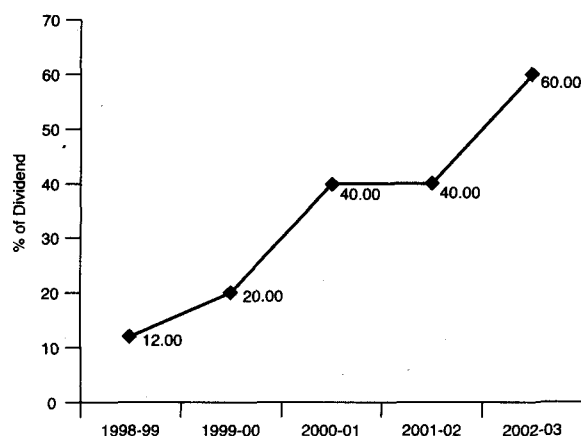


Break-up of Earnings

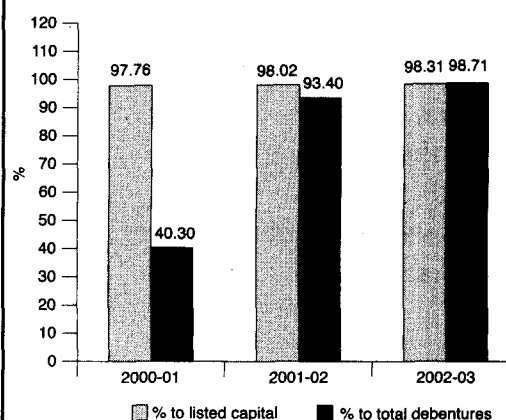
Rs. in crore (%)



Dividend Payment



Dematerialisation of Shares (% to listed capital) and Debentures (% to total debentures)



5 years performance at a glance - Physical

Sl. No.	Particulars	Units	2002-03	2001-02	2000-01	1999-00	1998-99
1.	Production :						
	Bauxite	MT	47,77,003	35,22,059	28,34,189	28,22,464	28,06,288
	Alumina	MT	14,80,600	11,13,000	9,39,000	8,86,000	8,94,500
	Aluminium	MT	2,44,708	2,31,674	2,30,516	2,12,663	1,46,206
	Power (net)	MU	4,291	3,970	3,833	3,985	3,588
2.	Export Sales :						
	Alumina	MT	10,37,287	6,70,120	4,95,723	4,79,620	6,10,940
	Aluminium	MT	1,07,302	1,06,282	1,18,868	95,185	39,865
3.	Domestic Sales :						
	Alumina/Hydrate	MT	11,190	6,297	4,124	8,027	6,151
	Aluminium	MT	1,35,193	1,23,095	1,14,082	1,20,171	98,573
	Power	MU	411	342	225	595	920

5 years performance at a glance - Financial

(Rs. in crore)

Sl. No.	Particulars	2002-03	2001-02	2000-01	1999-00	1998-99
A.	Income Statement :					
1.	Exports	1,500.65	1,205.32	1,314.20	1,031.64	632.17
2.	Domestic Sales	1,239.02	1,180.10	1,094.40	1,110.68	874.48
3.	Gross Sales (1+2)	2,739.67	2,385.42	2,408.60	2,142.32	1,506.65
4.	Less : Excise Duty	175.37	160.64	147.13	155.00	109.04
5.	Net Sales (3-4)	2,564.30	2,224.78	2,261.47	1,987.32	1,397.61
6.	Other Income :					
7.	Operating	152.61	108.21	126.09	93.62	82.20
8.	Non-operating	44.05	21.83	29.42	31.28	88.57
9.	Operating expenses	1,543.72	1,399.24	1,180.98	1,084.79	910.00
10.	Operating Profit (5+7-9)	1,173.19	933.75	1,206.58	996.15	569.81
11.	Earning before interest, dep. & taxes (EBIDT)(10+8)	1,217.24	955.58	1,236.00	1,027.43	658.38
12.	Interest & Financing charges	105.66	116.90	97.61	63.43	38.06
13.	Earning before dep. & taxes (EBDT) (11-12)	1,111.58	838.68	1,138.39	964.00	620.32
14.	Depreciation and Amortisation	360.15	313.07	295.02	283.00	283.10
15.	Profit before Tax (PBT) (13-14)	751.43	525.61	843.37	681.00	337.22
16.	Provision for Tax	230.51	116.26	187.54	169.47	88.97
17.	Net Profit (PAT) (15-16)	520.92	409.35	655.83	511.53	248.25
B.	Balance Sheet :					
18.	Equity Capital	644.31	644.31	644.31	644.31	644.31
19.	Reserves & Surplus	2,665.73	2,580.93	2,928.06	2,556.19	2,191.17
20.	Networth (18+19)	3,310.04	3,225.24	3,572.37	3,200.50	2,835.48
21.	Loans Outstanding	1,324.44	1,563.45	801.53	663.54	643.58
22.	Net Fixed Assets	3,712.95	2,889.62	2,140.06	2,251.99	2,379.45
23.	Net Current Assets	(5.10)	419.25	199.04	517.99	635.01
24.	Capital Employed (22+23)	3,707.85	3,308.87	2,339.10	2,769.98	3,014.46
C.	Ratios :					
25.	Operating Profit Margin (OPM) (%) (10/5*100)	45.75	41.97	53.35	50.13	40.77
26.	Net Profit Margin (%) (17/5*100)	20.31	18.40	29.00	25.74	17.76
27.	Return on Capital Employed (ROCE) (%) (17/24*100)	14.05	12.37	28.04	18.47	8.24
28.	Return on Networth (RONW) (%) (17/20*100)	15.74	12.69	18.36	15.98	8.76
29.	Debt Equity (21/20)	40.00	48.48	22.44	20.73	22.70
D.	Others :					
30.	Book value per share of Rs.10/- each (in Rs.)	51.37	50.06	55.44	49.67	44.01
31.	Earnings per share (in Rs.)	8.08	6.35	10.18	7.94	3.85
32.	Dividend declared (%)	60.00	40.00	40.00	20.00	12.00

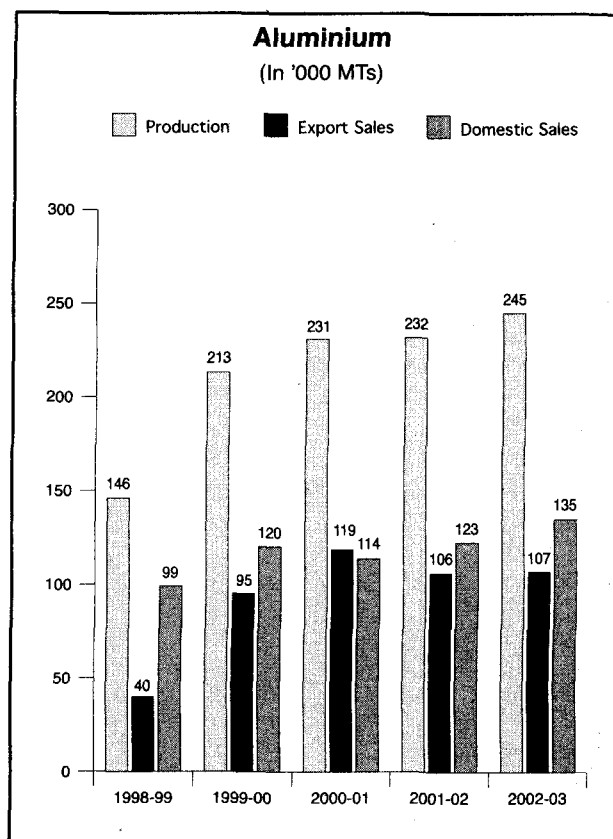
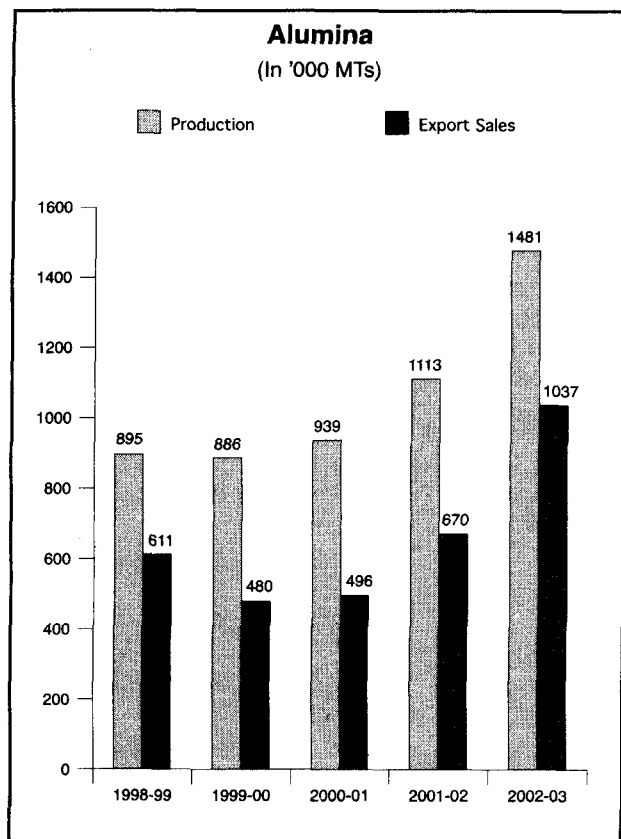
Reconciliation of Published Quarterly (Unaudited) Financial Results and Annual (Audited) Financial Results for the Year 2002-03

(Rs. in crore)

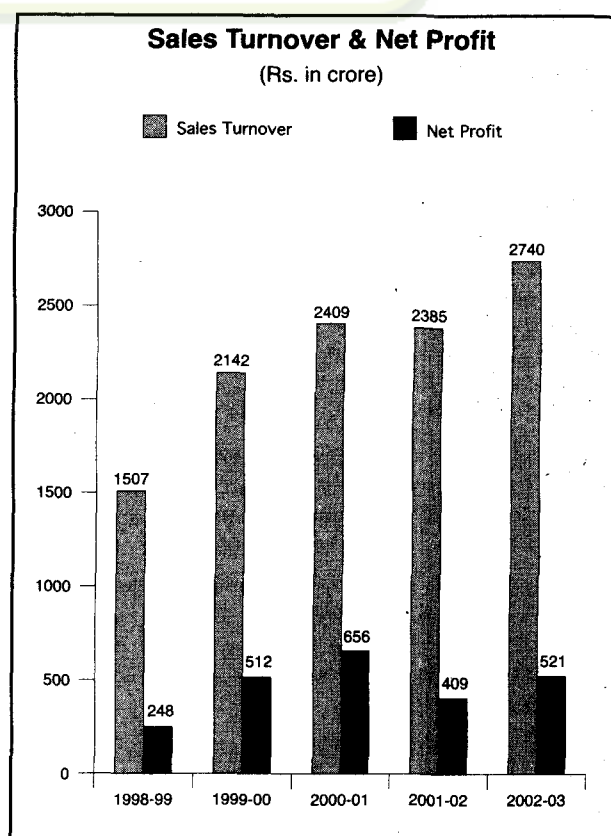
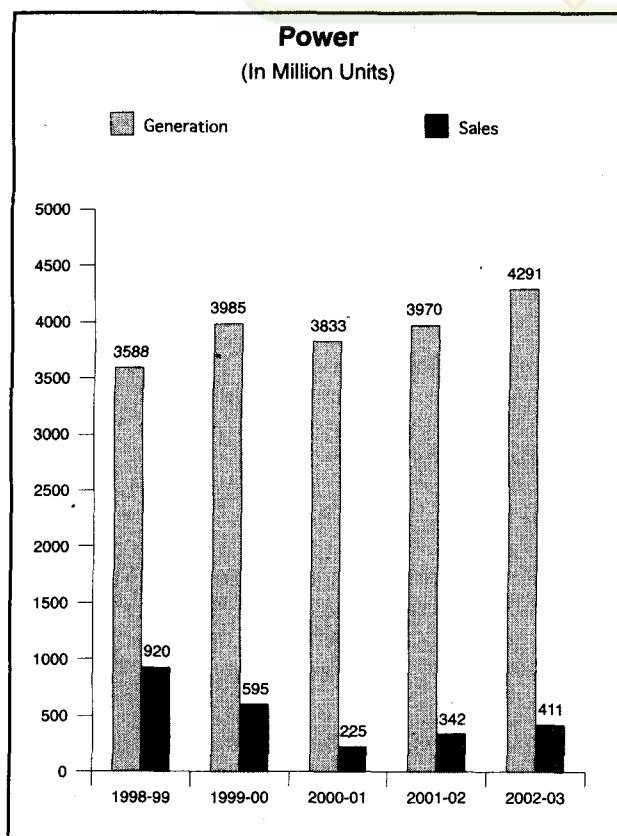
Sl. No.	Particulars	1st Quarter (Unaudited)	2nd Quarter (Unaudited)	3rd Quarter (Unaudited)	4th Quarter (Unaudited)	Total of four quarters	Variances	Full Year (Audited)
1	2	3	4	5	6	7	8	9
1.	Gross Sales Turnover	634.77	642.95	688.49	768.11	2,734.32	5.35	2,739.67
	Less : Excise Duty	31.91	45.82	46.68	46.64	171.05	4.32	175.37
	Net Sales	602.86	597.13	641.81	721.47	2,563.27	1.03	2,564.30
2.	Other Income	41.17	38.64	60.89	85.90	226.60	4.00	230.60
3.	Total Expenditure	376.63	347.33	399.17	451.83	1,574.96	(5.80)	1,569.16
4.	Interest and Financing charges	32.15	29.56	29.87	11.54	103.12	2.54	105.66
5.	Depreciation & Provisions	88.90	87.66	88.81	94.30	359.67	8.98	368.65
6.	Profit Before Taxation (PBT)	146.35	171.22	184.85	249.70	752.12	(0.69)	751.43
7.	Provision for Taxation :							
	– Current Tax	22.39	40.91	32.50	55.90	151.70	(2.23)	149.47
	– Deferred Tax	24.83	11.72	24.68	17.12	78.35	2.69	81.04
	Sub total of 7	47.22	52.63	57.18	73.02	230.05	0.46	230.51
8.	Net Profit (PAT)	99.13	118.59	127.67	176.68	522.07	(1.15)	520.92
9.	Paid up Equity Share Capital	644.31	644.31	644.31	644.31	644.31	—	644.31
10.	Basic and diluted Earnings per share (Rs.) (Not annualised)	1.54	1.84	1.98	2.74	8.10	—	8.08
11.	Aggregate of non-promoter shareholding :							
	Number of shares					8,28,09,993	—	8,28,09,993
	Percentage of shareholding					12.85	—	12.85

Note : Netting off of Excise Duty with Gross Sales was made and published in the 4th quarter's un-audited financial results.

Such netting off in the first three quarters has been carried out for better comparability.



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NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held on Monday, the 29th September, 2003 at 11.00 A.M. at NALCO BHAWAN, Plot No. P/1, Nayapalli, Bhubaneswar – 751 013 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, audited Balance Sheet as on 31st March, 2003 and the Profit & Loss Account for the year ended 31st March, 2003 together with the reports of the Auditors thereon.
2. To declare dividend.
3. To appoint Directors in place of those retiring by rotation.

Place : Bhubaneswar
Date : 26.08.2003

SPECIAL BUSINESS :

4. Fixation of remuneration of Statutory Auditors.

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

"RESOLVED THAT pursuant to sub-clause (aa) of Section 224(8) of the Companies Act, 1956 as amended, the Board of Directors of the Company be and is hereby authorised to fix a suitable remuneration for the Statutory Auditors of the Company for the financial year 2003-04 as may be mutually agreed upon between the Board of Directors and the Statutory Auditors of the Company, on their appointment by the Comptroller and Auditor General of India (C&AG)."

By order of the Board



(K. N. RAVINDRA)
COMPANY SECRETARY



Notes:

- (a) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item No. 4 set out above is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from 2nd September, 2003 to 9th September, 2003 (both days inclusive) as notified in the press.
- (d) If dividend on shares as recommended by the Board of Directors is approved at the Meeting, payment of such dividend will be made within 30 days of its declaration to those shareholders, whose names appear :
 - i) as Beneficial Owners as at the end of the business on 1st September, 2003 as per the beneficial owners position to be downloaded by NSDL & CDSL in respect of the shares held in the electronic form and
 - ii) as members in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 1st September, 2003.
- (e) Details of Directors seeking re-appointment in this Annual General Meeting are attached separately to the Notice.
- (f) Members holding shares in physical form, are requested to notify immediately, change in their address specifying it 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 along with 9 digit MICR Code to their respective Depository Participants only, so that the same can be printed on the dividend warrants to protect the members from any loss by way of fraud/forgery.
- (g) Members attending the meeting are requested to bring copies of their Annual Reports since it may not be possible on the part of the Company to supply additional copies at the meeting.

- (h) Members holding shares and debentures (in case the member is also a debenture holder), in physical mode, in identical order of names in more than one folio are requested to write to the Company's Registered Office enclosing their share/debenture certificates to consolidate their holdings under one folio separately for shares and for debentures, so that multiple correspondence/despatch of multiple dividend/interest warrants can be avoided.
- (i) As per the provisions of the Companies Act, 1956, facility for making nominations is now available to shareholders and debenture holders in respect of the shares and debentures held by them. In case, shares/debentures are held in electronic form registration of nomination has to be done with the respective Depository Participants only without referring the matter to the Company. Nomination Forms (Form 2B) if needed, can be obtained from the Registered Office of the Company.
- (j) The Company provides the facility of centralised ECS (Credit Clearing) to all shareholders, holding shares in electronic and physical forms, presently 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 the physical form, who wish to avail ECS facility, may authorize the Company with their ECS mandate in the prescribed form for payment of dividend through ECS on or before 1st September, 2003. A blank ECS Bank Mandate form is attached 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, residing in the above 15 designated centers of Reserve Bank of India, may please note that the Company will consider 9 digit MICR Code along with Bank particulars, as downloaded by their respective Depositories, for payment of dividend through ECS.

- (k) Members holding shares in electronic form may please note that their bank details including 9 digit

MICR Code as downloaded by the respective Depositories to the Company will be printed on their dividend warrants/used for making payment of dividend through ECS 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, 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 instructions regarding particulars of their bank accounts and address in which they wish to receive dividend, to their respective Depository Participants only.

- (l) Members, who have not yet surrendered the old Pre-Capital Restructured share certificates (issued prior to the Record Date, i.e. 22.03.1999) are requested to surrender the same to the Company immediately to enable the Company to send the corresponding new series of share certificates and debenture certificates and/or cash refunds as per the Capital Restructuring Scheme of the Company effected on 26.03.1999.

- (m) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend from the financial year 1995-96 onwards and debenture interest from 1999-2000 onwards, 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 unpaid or unclaimed dividend for the financial year 1995-96 remaining at the credit of the Unpaid Dividend Account of the Company is due for transfer to the aforesaid Fund on or before 27.02.2004. Members who have not so far encashed their dividend warrants are requested make a claim by writing 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.**

ANNEXURE TO NOTICE

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

Item No. 4 :

As per the amended Section 619(2) of the Companies Act, 1956 Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General of India (C&AG).

As per sub-clause (aa) of Section 224(8) of the Companies Act, 1956 the remuneration of an auditor appointed under Section 619 of the Companies Act, 1956 by C&AG, shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine.

Statutory Auditors have not been appointed by C&AG for the financial year 2003-04 so far. Shareholders may authorise the Board of Directors of the Company to fix a suitable remuneration to be paid to the Statutory Auditors of the Company as may be mutually agreed upon between the Board of Directors and Statutory Auditors of the

Company on their appointment by C&AG for the financial year 2003-04.

Your Directors, therefore, recommend this Ordinary Resolution authorizing the Board for fixation of the remuneration of the Statutory Auditors of the Company on their appointment.

None of your Directors is interested in the proposal.

By order of the Board



(K. N. RAVINDRA)
COMPANY SECRETARY

Place : Bhubaneswar
Date : 26.08.2003

Details of Directors seeking re-appointment in Annual General Meeting - 29th September, 2003 (In terms of Clause - 49 of the Listing Agreement)

1.	Shri G. Upadhyaya Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held Members of Committees of the Board Members of Committees in other companies	Late Shri B. Upadhyaya 25.01.1945 01.04.2002 Varied experience in Human Resources Development and Industrial Relations P.G.Diploma in IR & W, Master of Management Studies Nil a. Share transfer Committee b. Debenture Transfer Committee c. Standing Committee Nil
2.	Dr. Sutanu Behuria Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held Members of Committees of the Board Members of Committees in other companies	Shri N. C. Behuria 02.07.1954 30.04.2002 IAS officer with varied experience in Administration M.A., Ph.D, IAS. a. Coal India Limited b. Singareni Collieries Company Limited c. Eastern Coalfields Limited d. Hindustan Copper Limited e. Hindustan Zinc Limited Audit Committee* Audit Committee : a. Coal India Limited b. Singareni Collieries Company Limited c. Eastern Coalfields Limited d. Hindustan Copper Limited e. Hindustan Zinc Limited

* Audit Committee in NALCO has been assigned with the job of looking into the redressal of Shareholders/Investors' grievances. This is in line with clarifications given by The Stock Exchange, Mumbai (BSE).