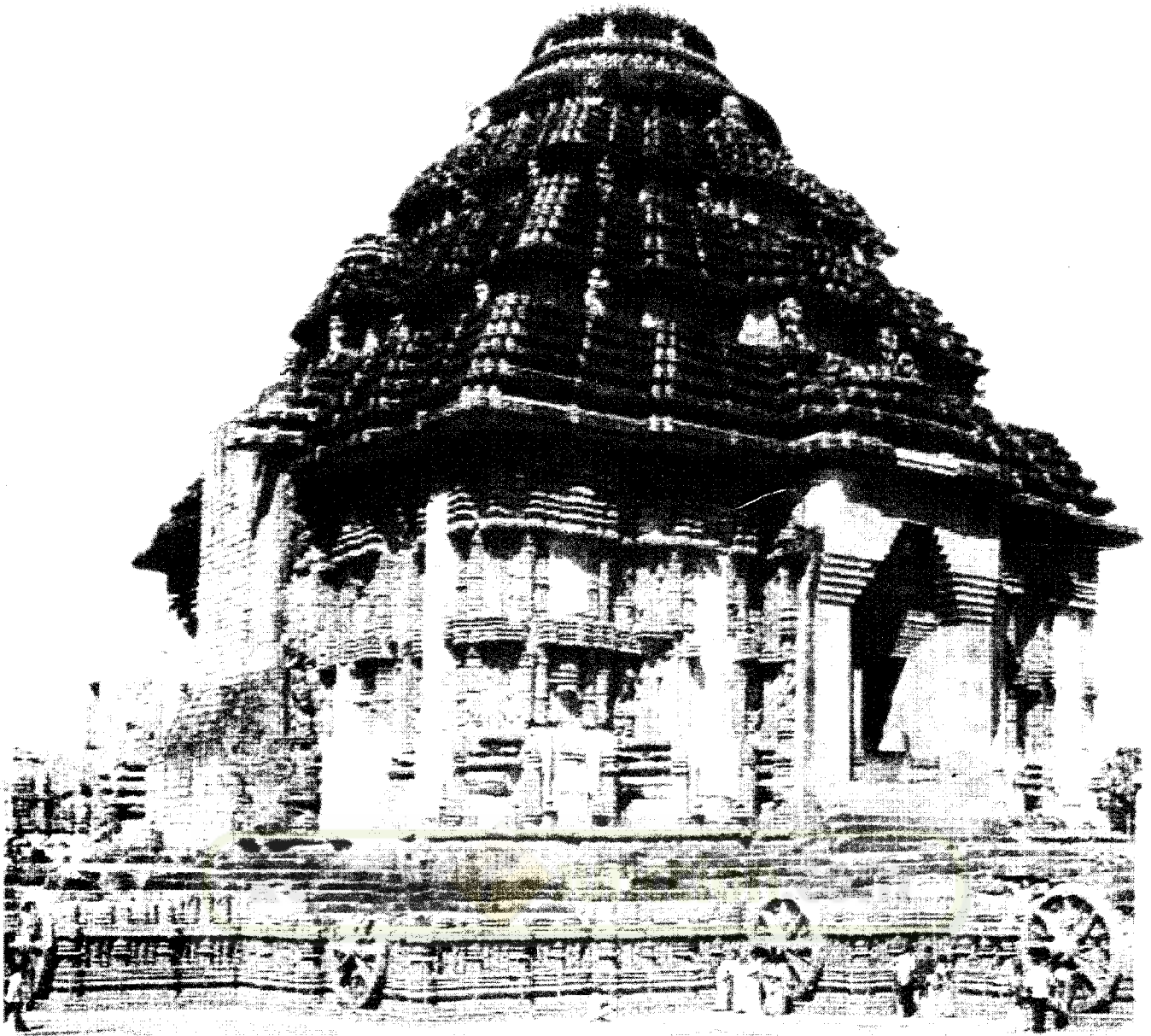


23rd Annual Report 2003-04



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

Shri C. Venkataramana
Shri S. K. Banerjee
Shri Prashant Mehta
Shri G. P. Gupta
Shri G. Upadhyaya
Shri B. N. Jha
Shri S. C. Chhatwal

EXECUTIVE DIRECTORS

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 - 750 013 (Orissa)
Tel: 2301988-99
Fax: 0674-2300470/2300580/2300677/2300740
Website: www.nalcoindia.com

STATUTORY AUDITORS

SRB & Associates
Chartered Accountants
5th Floor, IDCO Tower
Janpath, Bhubaneswar - 751 022

SECRETARIAL AUDITOR

K K A & Associates
401, 4th Floor
Janpath Towers
Ashok Nagar
Bhubaneswar - 751 009

COST AUDITORS

Niran & Company
Cost Accountants
440, Saheed Nagar
1st Floor
Bhubaneswar - 751 007

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The Year at a glance - 2003 - 04

PHYSICAL

	Unit	2003-04	2002-03
Bauxite mining	MT	48,16,762	47,77,003
Alumina production	MT	15,50,100	14,80,600
Aluminium production	MT	2,98,207	2,44,708
Power generation (net)	MU	5,122	4,291

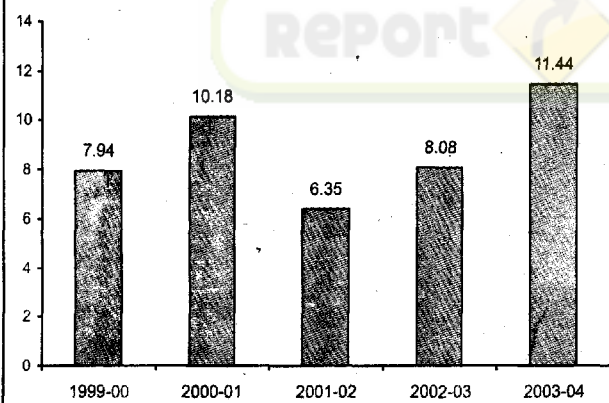
FINANCIAL

	Unit	2003-04	2002-03
Export Turnover	Rs.in crore	1,717.38*	1,515.84*
Gross Sales	Rs.in crore	3,340.52*	2,788.67*
Profit Before Tax	Rs.in crore	1,052.76	751.43
Profit After Tax	Rs.in crore	737.37	520.92
Earning Per Share	In Rs.	11.44	8.08
Book Value Per Share	In Rs.	58.31	51.37
Dividend	In %	40.00	60.00

* Inclusive of sale out of trial operation from expansion.

Earnings per Share

(in Rs.)



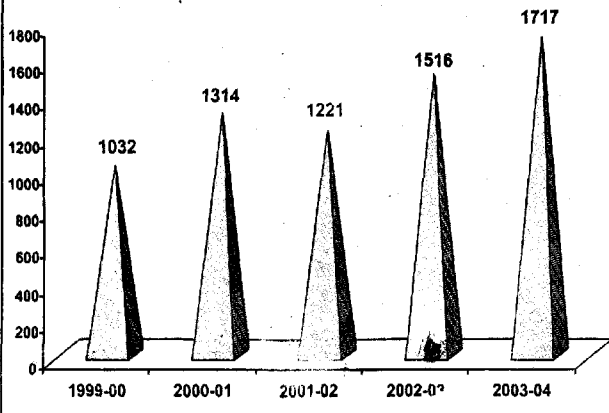
Book Value per share of Rs. 10/- each

(in Rs.)



Export Turnover

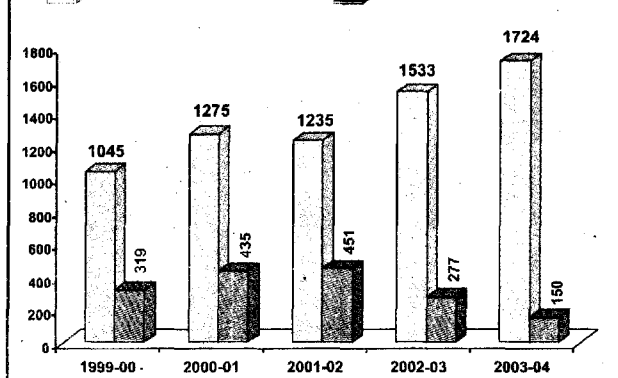
(Rs. in crore)



Foreign Exchange Income and Expenditure

(Rs. in crore)

Earning on cash basis
 Expenditure on cash basis



5 years performance at a glance - Physical

Sl. No.	Particulars	Unit	2003-04	2002-03	2001-02	2000-01	1999-00
1.	Production :						
	Bauxite	MT	48,16,762	47,77,003	35,22,059	28,34,189	28,22,464
	Alumina	MT	15,50,100	14,80,600	11,13,000	9,39,000	8,86,000
	Aluminium	MT	2,98,207	2,44,708	2,31,674	2,30,516	2,12,663
	Power (net)	MU	5,122	4,291	3,970	3,833	3,985
2.	Export Sales :						
	Alumina	MT	9,34,874	10,37,287	6,70,120	4,95,723	4,79,620
	Aluminium	MT	1,29,718	1,07,302	1,06,282	1,18,868	95,185
3.	Domestic Sales :						
	Alumina/Hydrate	MT	17,784	11,190	6,297	4,124	8,027
	Aluminium	MT	1,66,650	1,35,193	1,23,095	1,14,082	1,20,171
	Power	MU	498	411	342	225	595

5 years performance at a glance - Financial

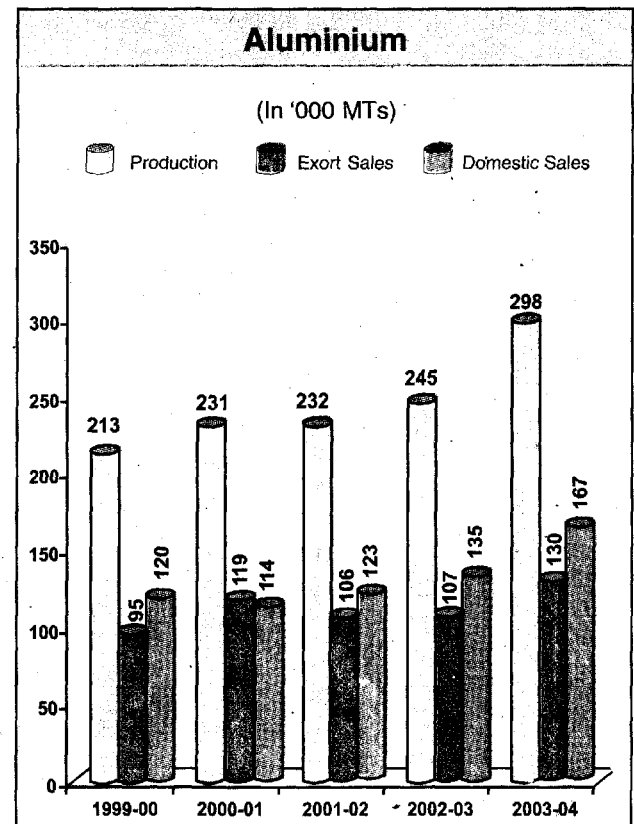
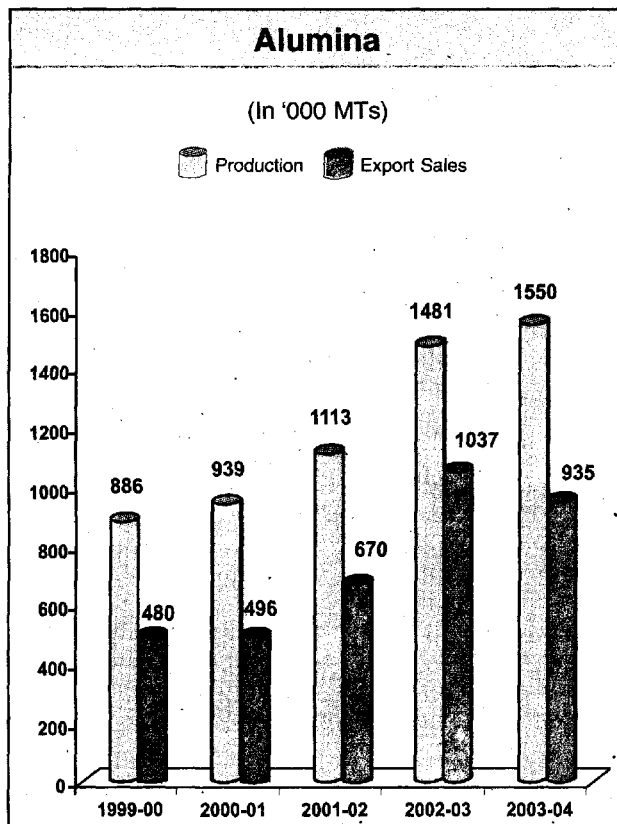
(Rs. in crore)

Sl. No.	Particulars	2003-04	2002-03	2001-02	2000-01	1999-00
A.	Income Statement :					
1.	Exports	1,717.27	1,500.65	1,205.32	1,314.20	1,031.64
2.	Domestic Sales	1,621.60	1,239.02	1,180.10	1,094.40	1,110.68
3.	Gross Sales (1+2)	3,338.87	2,739.67	2,385.42	2,408.60	2,142.32
4.	Less : Excise Duty	224.50	175.37	160.64	147.13	155.00
5.	Net Sales (3-4)	3,114.37	2,564.30	2,224.78	2,261.47	1,987.32
6.	Other Income :					
7.	Operating	131.16	186.55	129.39	130.56	96.91
8.	Non-operating	69.61	44.05	21.83	29.42	31.28
9.	Operating expenses	1,712.70	1,577.66	1,420.42	1,185.45	1,068.08
10.	Operating Profit (5+7-9)	1,532.83	1,173.19	933.75	1,206.58	995.15
11.	Earning before interest, dep. & taxes (EBIDT) (10+8)	1,602.44	1,217.24	955.58	1,236.00	1,027.43
12.	Interest & Financing charges	103.41	105.66	116.90	97.61	63.43
13.	Earning before dep. & taxes (EBDT) (11-12)	1,499.03	1,111.58	838.68	1,138.39	964.00
14.	Depreciation and Amortisation	446.27	360.15	313.07	295.02	283.00
15.	Profit before Tax (PBT) (13-14)	1,052.76	751.43	525.61	843.37	681.00
16.	Provision for Tax	315.39	230.51	116.26	187.54	169.47
17.	Net Profit (PAT) (15-16)	737.37	520.92	409.35	655.83	511.53
B.	Balance Sheet :					
18.	Equity Capital	644.31	644.31	644.31	644.31	644.31
19.	Reserves & Surplus	3,112.36	2,665.73	2,580.93	2,928.06	2,556.19
20.	Networth (18+19)	3,756.67	3,310.04	3,225.24	3,572.37	3,200.50
21.	Loans Outstanding	654.39	1,324.44	1,563.45	801.53	663.54
22.	Net Fixed Assets	3,903.48	3,712.95	2,889.62	2,140.06	2,251.99
23.	Net Current Assets	126.23	(5.10)	419.25	199.04	517.99
24.	Capital Employed (22+23)	4,029.71	3,707.85	3,308.87	2,339.10	2,769.98
C.	Ratios :					
25.	Operating Profit Margin (OPM) (%) (10/5*100)	49.22	45.75	41.97	53.35	50.13
26.	Net Profit Margin (%) (17/5*100)	23.68	20.31	18.40	29.00	25.74
27.	Return on Capital Employed (ROCE) (%) (17/24*100)	18.30	14.05	12.37	28.04	18.47
28.	Return on Networth (RONW) (%) (17/20*100)	19.63	15.74	12.69	18.36	15.98
29.	Debt Equity (21/20)	17.00	40.00	48.48	22.44	20.73
D.	Others :					
30.	Book value per share of Rs.10/- each (in Rs.)	58.31	51.37	50.06	55.44	49.67
31.	Earnings per share (in Rs.)	11.44	8.08	6.35	10.18	7.94
32.	Dividend declared (%)	40.00	60.00	40.00	40.00	20.00

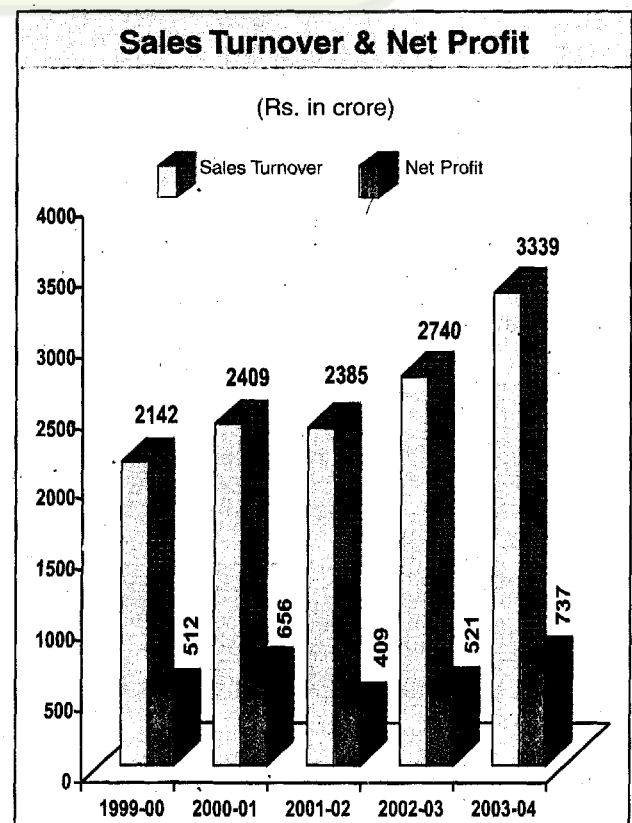
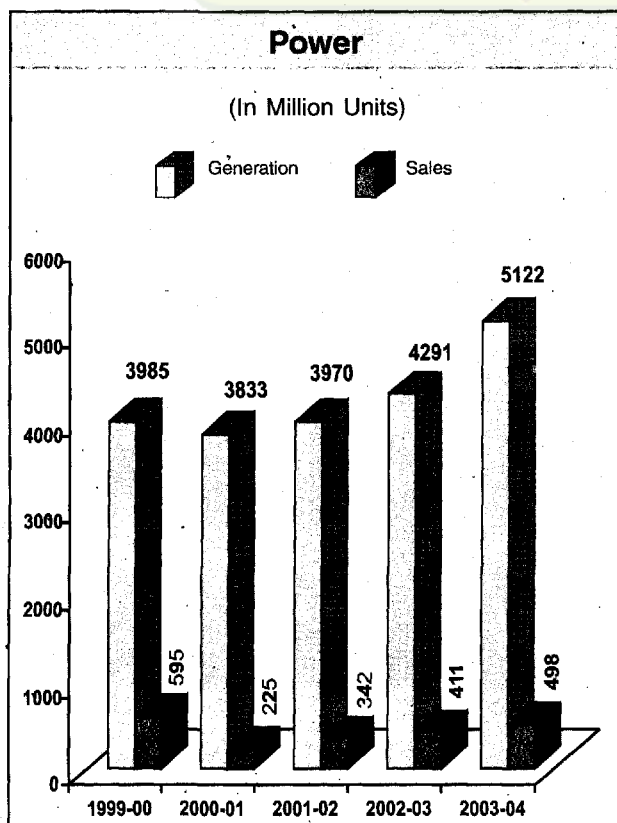
Reconciliation of Published Quarterly (Unaudited) Financial Results and Annual (Audited) Financial Results for the Year 2003-04

(Rs. in crore)

Sl. No.	Particulars	1st Quarter (Unaudited)	2nd Quarter (Unaudited)	3rd Quarter (Unaudited)	4th Quarter (Unaudited)	Total of four quarters	Full Year (Audited)	Variances
1	2	3	4	5	6	7	8	9
1	Gross Sales Turnover	664.88	864.63	768.57	1,040.96	3,339.04	3,338.87	(0.17)
	Less : Excise Duty	44.66	57.14	57.11	65.63	224.54	224.50	(0.04)
	Net Sales	620.22	807.49	711.46	975.33	3,114.50	3,114.37	(0.13)
2.	Other Income	53.23	50.34	49.67	46.13	199.37	200.77	1.40
3.	Total Expenditure	374.30	463.31	392.66	477.02	1,707.29	1,712.70	5.41
4.	Interest and Financing charges	27.57	24.81	25.56	21.81	99.75	103.41	3.66
5.	Depreciation & Provisions	102.70	104.44	107.36	143.30	457.80	446.27	(11.53)
6.	Profit Before Tax (PBT)	168.88	265.27	235.55	379.33	1,049.03	1,052.76	3.73
7.	Provision for Tax	50.55	78.09	68.46	116.33	313.43	315.39	1.96
8.	Net Profit (PAT)	118.33	187.18	167.09	263.00	735.60	737.37	1.77
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)	1.84	2.90	2.59	4.09	11.42	11.44	—
11.	Aggregate of non-promoter shareholding :							
	Number of shares					8,28,09,993	8,28,09,993	—
	Percentage of shareholding					12.85	12.85	—



Report  Junction.com



NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Company will be held on Tuesday, the 28th September, 2004 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, 2004 and the Profit & Loss Account for the year ended 31st March, 2004 together with the reports of the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri G.P.Gupta, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

4. Appointment of Shri Prashant Mehta 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 Prashant Mehta be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined by rotation

in terms of Order No.6(7)/2001-Met.I dtd. 05.11.2003 of Ministry of Mines, Government of India."

5. Appointment of Shri S.C.Chhatwal 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 S.C.Chhatwal be and is hereby appointed as a Director of the Company, whose period of office is liable to be determined by rotation in terms of Order No.2(2)/2002-Met.I dtd.22.08.2003 of Ministry of Mines, Government of India."

6. 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 are hereby authorised to fix a suitable remuneration for the Statutory Auditors of the Company for the financial year 2004-05 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

Place : Bhubaneswar

Date : 26.08.2004

Notes:

- (a) Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos. 4, 5 & 6 set out above are 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 24th September, 2004 to 28th September, 2004 (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 27th September, 2004 as per the beneficial owners position to be downloaded by NSDL & CDSL in respect of the shares held in 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 27th September, 2004.
- (e) Details of Directors seeking re-appointment/appointment as new directors 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 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) As per the provisions of the Companies Act, 1956, facility for making nominations is 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. This form can also be downloaded from the Company's website www.nalcoindia.com.
- (h) The Company provides the facility of centralised ECS (Credit Clearing) to the shareholders, holding shares 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.5/99-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 27th September, 2004. 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.
- (i) 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/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.
- (j) 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.
- (k) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend 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 1996-1997 remaining at the credit of the Unpaid Dividend Account of the Company is due for transfer to the aforesaid Fund on or before 11.03.2005. The details of unpaid or unclaimed dividend and interest are available in the Company's website www.nalcoindia.com. 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.**

In terms of SEBI letter dated 29.07.04, shareholders who have given details of Global Trust Bank Account for payment of cash benefits are advised to give alternate bank account details for payment. If alternate bank details are not given, warrants will be issued without printing the bank details. No ECS payment will be made to such shareholders.

ANNEXURE TO NOTICE**Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956.****Item No. 4 :**

Shri Prashant Mehta was inducted to the Board as an Additional Director of the Company w.e.f. 05.11.2003. In terms of Section 260 of the Companies Act, 1956, Shri Mehta holds office only up to the date of the ensuing Annual General Meeting. 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 Mehta as Director of the Company, whose period of office is liable to be determined by rotation.

Shri Mehta is an IAS Officer and at present is serving as Joint Secretary in the Ministry of Coal and Mines, Government of India. He is also holding Directorship in Hindustan Zinc Limited. Your directors feel that his association with the Board will be in the interest of the Company. It is considered desirable that the Company should continue to avail itself of his services as a director and recommend this resolution for approval of the shareholders.

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

Item No. 5 :

Shri S.C.Chhatwal was inducted to the Board as an Additional Director of the Company w.e.f. 10.03.2004. In terms of Section 260 of the Companies Act, 1956, Shri Chhatwal holds office only up to the date of the ensuing Annual General Meeting. 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 Chhatwal as Director of the Company, whose period of office is liable to be determined by rotation.

Shri Chhatwal is presently serving as Director (Finance) in NALCO. Before joining NALCO he was working as Director (Finance) in National Fertilizers Limited. He does not have directorship in any other Company. Your directors feel that his association with the Board will be in the interest of the Company.

It is considered desirable that the Company should continue to avail itself of his services as a director and recommend this resolution for approval of the shareholders.

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

Item No. 6 :

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 2004-05 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 2004-05.

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 : 26.08.2004

**Details of Directors seeking re-appointment/appointment in
Annual General Meeting - 28th September, 2004.
(In terms of Clause - 49 of the Listing Agreement)**

1. Shri G. P.Gupta Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held Member of Committees of the Board Member of Committees in other companies	Late Shri Dharam Prakash 11.01.1941 11.06.2002 Varied experience in Banking industry (Former Chairman and Managing Director of IDBI) M.Com a. Jammu & Kashmir Bank Limited b. Swaraj Engines Limited c. Indo Gulf Fertilizers Limited d. Hindustan Aeronautics Limited e. M.P.Power Generating Company Limited f. Birla Sunlife Insurance Company Limited g. Power Trading Corporation of India Limited Audit Committee* - Chairman Audit Committee a. Hindustan Aeronautics Limited - Chairman b. Jammu & Kashmir Bank Limited - Member c. Swaraj Engines Limited - Member
2. Shri Prashant Mehta Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held Member of Committees of the Board Member of Committees in other companies	Late Shri O.N.Mehta 27.11.1951 05.11.2003 IAS officer with varied experience in Administration M.Sc.(Physics) & I.A.S. Hindustan Zinc Limited Audit Committee* - Member Audit Committee : Hindustan Zinc Limited - Chairman
3. Shri S.C.Chhatwal Father's Name Date of Birth Date of Appointment Expertise in specific functional areas Qualifications List of outside Directorships held Member of Committees of the Board Member of Committees in other companies	Late Shri M.R.Chhatwal 20.07.1952 10.03.2004 Varied experience in financial management in different Companies. B.Com (Hons.) & F.C.A Nil a. Share Transfer Committee b. Debenture Transfer Committee c. Standing Committee Nil

* Audit Committee in NALCO also specifically looks into the redressal of complaints/grievances of the shareholders/investors of the Company.