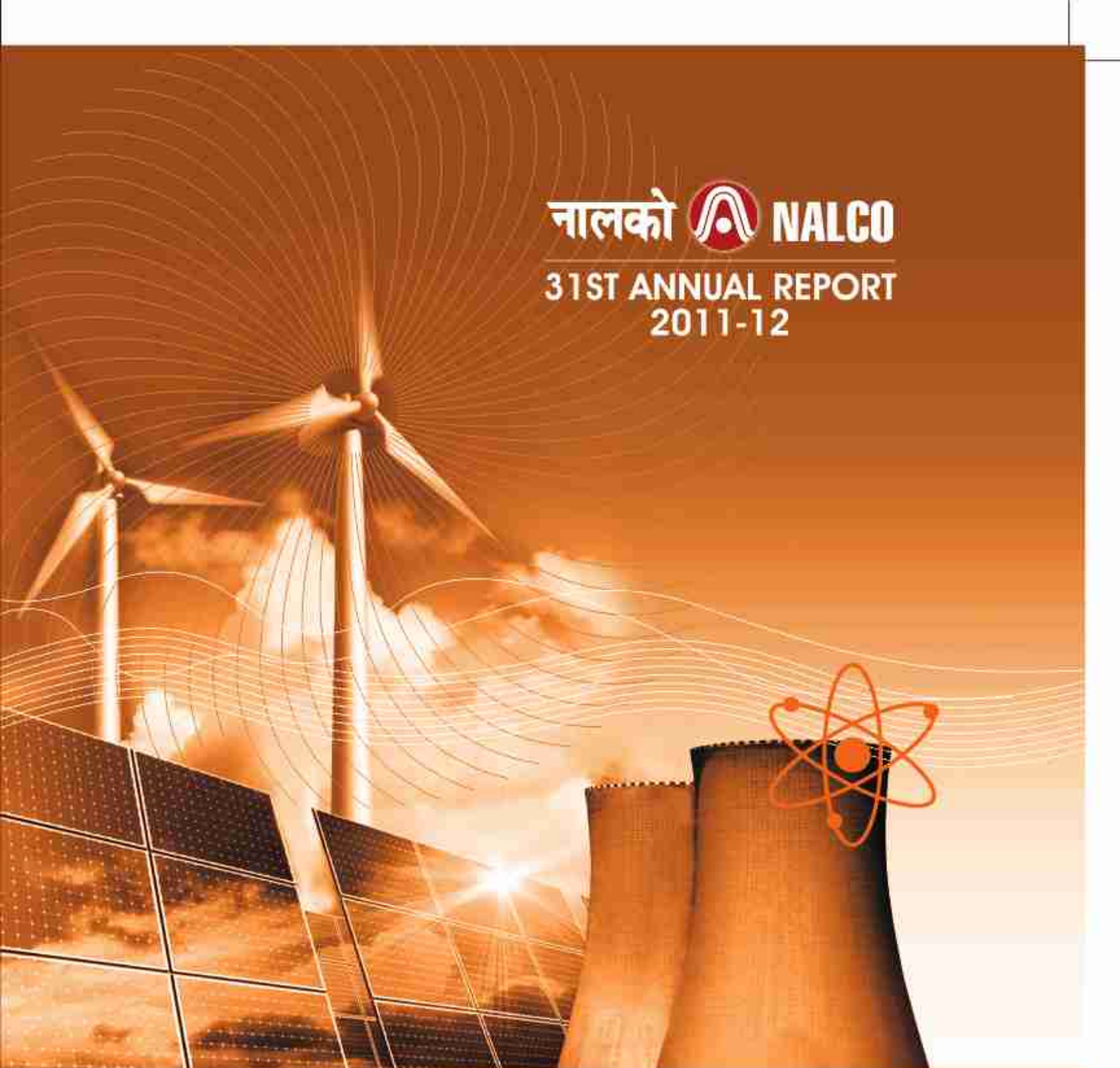


नालको  NALCO

31ST ANNUAL REPORT
2011-12



Transcending Traditional Thoughts



Vision

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

THE YEAR AT A GLANCE

PARTICULARS	UNITS	2011-12
Physical		
Bauxite	MT	5,002,626
Alumina Hydrate	MT	1,687,000
Aluminium	MT	413,089
Power (Net)	MU	6,200
Financial		
Export Turnover	₹ in Crore	2,569
Net Sales	₹ in Crore	6,500
Profit Before Tax	₹ in Crore	1,198
Profit After Tax	₹ in Crore	850
Earning Per Share	₹	3.30
Book Value Per Share	₹	45.46
Dividend	₹ Per Share	1.00

Registered office & Corporate office:

NALCO Bhawan

P/1, Nayapalli

Bhubaneswar - 751 061, Odisha

Tel.: 0674-2301989-99

Fax: 0674-2300470 / 2300580 / 23006777 / 2300740

Website: www.nalcoindia.com31st Annual General MeetingTuesday, the 14th August, 2012 at 11:00 A.M.

at NALCO Bhawan, P/1, Nayapalli,

Bhubaneswar - 751 061.

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BOARD OF DIRECTORS



Shri B. L. Bagra

Born on 21.11.1954, Shri Bajrang Lal Bagra is a Fellow member of Institute of Chartered Accountants of India. He has varied experience of over 35 years, spanning over key sectors of Power, Seeds, Railways, consultancy and mining at senior levels, including as CFO of Botswana Railways from 1994 to 1998 and as Director (Finance) of RITES from 2000 to 2007. He joined NALCO as Director (Finance) on 28.02.2007. He is also holding additional charge of the post of Chairman-cum-Managing Director w.e.f. 27.02.2011.

The Company has achieved many milestones under his leadership. The 2nd phase expansion has been successfully commissioned in all the units. Physical performance has surpassed the previous records in all segments. NALCO expanded its vision from aluminium sector to Metals and Energy sectors under Vision 2020 framed under his leadership. Several growth projects have been taken up in hand in order to take the turnover of the Company from present level of ₹ 6300 crore to ₹ 20,000 crore by 2020. The most significant achievement in realizing the vision is floating of a Joint venture Company with NPCIL 'NPCIL-NALCO Power Company Ltd' with a proposed equity investment of ₹ 1685 crores by NALCO in the JVC. The JV will generate 1400MW nuclear power on its commissioning, scheduled in 2015. Besides, quite a sizable amount is being invested in renewable power projects viz. wind power and solar power.

The Company is poised to enter into an agreement with Gujarat Mineral Development Corporation Ltd. for setting up an alumina refinery in Gujarat with 1 Million Tonne capacity, with a proposed investment of ₹ 4000 crores. NALCO has also partnered with the Odisha Government by floating a Company named Angul Aluminium Park Limited to set up an Aluminium park in Angul with NALCO's stake of 49.5% in the Company.

Under close guidance of Shri Bagra the company has been exploring investment in aluminium sector at home and overseas. Presently, two projects of 0.5 MTPA smelter plant and 1250 MW power plant each, with total estimated project cost of ₹ 35,000 crore are being explored, in Western Odisha and Indonesia respectively. The Company has been successful in securing approval for bauxite mining leases in Andhra Pradesh recently. NALCO has also become a member of the consortium to explore various minerals in Afghanistan.

Shri Bagra held additional charge of Managing Director of Bharat Gold Mines Limited, a Government of India Enterprise, from Oct., 2008 till May, 2012 and is presently Director on the Board of IPICOL.

Shri Arun Kumar

Shri Arun Kumar has degrees in Mechanical and Electrical Engineering (equivalent degrees). He joined Indian Administrative Service in 1983. Prior to that, he did his Special Class Railway Apprenticeship at Jamalpur and had joined the Indian Railway Service of Mechanical Engineers in 1980. At present, he is serving as Joint Secretary, Ministry of Mines, Government of India. He brings with him varied experience in administration, personnel, industries, mines and minerals, energy and power sectors. He was Managing Director of Hydrocarbon and Energy Limited, Assam and Principal Secretary to the Government of Assam, before joining Ministry of Mines. He is also a director on the board of Mineral Exploration Corporation Ltd.



Shri Joy Varghese

Born on 17.08.1952, Shri Joy Varghese holds M.S.W. with specialization in Personnel management/IR. He also holds MBA degree from University of Ljubljana, Slovenia. He also did his Advanced Management Programme from University of Ljubljana, Slovenia and Diploma of merit in Scientific Research. He worked in different capacities in HRM field with Kudremukh Iron Ore Co. Ltd., a central PSU for 30 years before joining NALCO in 2007.

Shri Varghese is overall in-charge of HRM including Corporate Social Responsibility, Public Relations, Law and Administration. Under his able leadership, quite a few significant achievements viz. introduction of NEFFAR scheme, pay revision of executives, wage settlements of non-executives, introduction of several OD interventions was made in the Company. He was also instrumental in formation of NALCO Foundation for CSR activities and implementation and monitoring of SA 8000 standards. Recently, robust performance management system and Performance related payment to executives were introduced as per DPE guidelines.

Shri Varghese is a guest faculty in HRM field in many colleges and business schools of Bangalore and Bhubaneswar. He was President of NIPM, Utkal University from 2008 to 2010, acknowledged as one of the best chapters, in the country. He was President of Rotary Club of Temple City, Bhubaneswar during 2010-11.

Shri Ansuman Das

Born on 29.04.1955, Shri Ansuman Das graduated in Mechanical Engineering from NIT, Rourkela in the year 1976. He holds a MBA degree from University of Hull, UK. Shri Das started his career as a Management trainee with Hindustan Aeronautics Ltd. and has done a post graduation course in Aeronautical production in IIT, Chennai. Shri Das joined National Aluminium Company Ltd. in 1982 in its formative days. He has served in several capacities in NALCO in its Technical Services Department, as Technical Officer to CMD, Marketing and Material functions. As a Technical Officer to CMD, he has rich experience of project implementation. Shri Das was instrumental in formation of various marketing policies, strategies both for domestic and overseas sales and in launching almost all the value added products of NALCO both in metals and chemical business. NALCO has achieved several milestones and accolades through the efforts put in by Shri Das and his team.

Shri Das headed the Materials department as its Executive Director for a brief period before taking over as Director(Commercial) NALCO in October, 2009.



BOARD OF DIRECTORS



Shri S.S. Mahapatra

Born on 20.12.1954, Shri S.S. Mahapatra did his B.Sc. (Engg.) in Mechanical engineering from UCE, Burla and post graduate diploma in material management from IIMM, Bangalore. He also holds law degree from Utkal University. Shri Mahapatra started his career with M/s. Pressels Pvt. Ltd. and subsequently joined NALCO in 1982. He became Director (Production) w.e.f. 01.10.2011. He has 33 years of varied experience from boiler manufacturing industries to aluminium industries.

Shri Mahapatra has contributed significantly towards technology up-gradation, indigenous developments, proactive and predictive maintenance systems, turnaround in casting and rolling facilities. He has a commendable involvement in quality, environment and occupational health management. Recertification of OHSAS 18001 and ISO 14001 in all four units completed in the financial year. Under his leadership, the critical and lifeline project "Ash disposal to mines void through lean slurry" of captive power plant has made a remarkable progress. Company has immensely benefited from his indefatigable efforts in stabilizing 2nd phase expansion of alumina refinery unit.

Shri Mahapatra is fellow of Institution of Engineers (India) and life member of Indian Institute of Metals. He has been elected as member to the prestigious Standing Committee of Non-Ferrous Minerals & Industries of Federation of Indian Mineral Industries (FIMI). He is also member of Board of Governors of National Institute of Foundry & Forge Technology (NIFFT), an autonomous body of Govt. of India under Ministry of HRD.

Shri N. R. Mohanty

Born on 13.01.1957, Shri Mohanty graduated in B.Sc. Engg. (Hons) in Mechanical Engineering from NIT, Rourkela in 1980 and was adjudged as the "BEST GRADUATE" of Sambalpur University. Joined NALCO in December, 1986 after working in L&T and BALCO and held various positions before becoming Director (P&T) w.e.f. 01.02.2012. He was instrumental in conceiving designing & developing a fleet of WHEEL CRUST BREAKERS that entirely replaced Russian made Crust Breaking Vehicles in BALCO resulting in huge import savings. While working in Business Development dept. of NALCO, he immensely contributed in preparation of new vision and mission plan of NALCO. During his tenure, NALCO smelter achieved 100% capacity utilization and bagged 2nd prize in Aluminium sector for National Energy Conservation Awards – from Ministry of Power, Govt. of India. He is a life member of Indian Institute of Metals, Fellow member of Institute of Engineers and member of Indian Institute of Welding.



Shri Ved Kumar Jain

Born on 15.12.1953, Shri Ved Kumar Jain is a rank holder in both CA Inter and CA Final examination. A Triple Bachelors Degree Holder, he completed his Bachelor of Science from Punjab University in 1973. After completing his Chartered Accountancy in 1976, he did his Bachelors of Arts in Economics in 1979. He also completed his Bachelors of Law in 1980. He was elected to the central council of ICAI in 2004 and thereafter in 2007 and became President of ICAI in 2008. He has more than three decades of experience in finance and taxation. A prolific writer, having command in Hindi, English, French, Urdu and Punjabi, has authored many books on Direct Taxes. He is also holding directorship in many other Companies viz. Maytas Properties Ltd, PTC India Ltd, PTC India Financial Services Limited, IL&FS Engineering and Construction Company Ltd., VJ Corporate Advisors(P) Ltd. and ICAI Accounting Research. He was inducted as an independent director on NALCO Board w.e.f. 21.03.2011.

Shri P.C. Sharma

Born on 31.03.1950, Shri P.C. Sharma did M.Sc. in Chemistry from Guwahati University in 1972. He joined Indian Administrative Service in 1975. He discharged his duties in various departments viz. Rural development, Agriculture, Industries, Tourism, Transport etc. in the state and Central Government. He took over charge as Chief Secretary of Assam in 2006 and superannuated in 2010. He played a significant role in controlling militancy in the state and played a pivotal role in bringing double digit growth in the state during this period. He was inducted as an independent director on NALCO Board w.e.f. 21.03.2011. He is also Director on the Board of Garden Reach Shipbuilders & Engineers Ltd. and Brahmaputra Chemicals & Polymers Ltd..



Shri G P Joshi

Born 1955, has master's degree in Physics and Management of International Development Projects and PG Diploma in Financial Management. He joined the Indian Administrative Service in 1978 and took voluntary retirement in 2008. He has thirty years of experience in various positions in the Central and State Governments of Manipur and Gujarat. He serves as a director on the Boards of Saraf Foods Limited, Peaches & Plums Resorts Pvt. Limited and Hindustan Copper Limited. He has been on the Board of NALCO since 15.09.2011.

BOARD OF DIRECTORS



Shri S. S. Khurana

Shri S.S. Khurana (an alumnus of IIT/Roorkee) former Chairman of Railway Board and ex-officio Principal Secretary to Government of India has a blend of 38 years of strong Administrative, Corporate, Management and Technical Experience in various key positions of Indian Railways. Apart from the Apex level position of Chairman Railway Board in the Ministry of Railways, he held the other important and crucial positions of Member Staff, Railway Board and ex-officio Secretary to Government of India, General Manager of the Zonal Railways of East Coast Railway and the Eastern Railway, Divisional Railway Manager of the ADRA division of South Eastern Railway. Apart from this, he discharged the onerous tasks of Chairman of the two important PSUs of the Ministry of Railways e.g. IRCON International Ltd. and the Dedicated Freight Corporation of India Ltd (DFCCIL). He also worked as the Chief Electrical Engineer of the Railway Electrification at Allahabad and Chief Project Manager of Railway Electrification at Ambala. Shri Khurana has undergone an Advanced Leadership programme from "Stern Business School, New York, USA". He has visited many countries on study tours as well as for Inspection, Design & Development of Electric Locomotives. He has a wide ranging experience and exposure to the Railways in these countries. Shri Khurana was inducted to NALCO Board of Directors w.e.f. 15.09.2011.

Shri Madhukar Gupta

Shri Madhukar Gupta is a post graduate in Political Science. He joined the Indian Administrative Service in 1971. He brings with him more than 38 years experience in the Central Government and State Governments of Uttar Pradesh and Uttarakhand. He retired as Home Secretary, Government of India. The positions held by him prior to that included Secretary in the Ministries/Departments of Fertilizers and Youth Affairs and Sports, Additional Secretary, Department of Mines, Vice Chairman Delhi Development Authority, and Regional Director (Middle East) Indian Investment Centre, Abu Dhabi, in the Central Government, and Chief Secretary, Government of Uttarakhand, and other important positions, including in the public sector, in the State. He was a Fellow at the Queen Elizabeth House, University of Oxford, and had earlier obtained a Diploma in Rural Development Projects: Design and Appraisal from the ILO Centre at Turin, Italy. Shri Gupta was inducted to NALCO Board w.e.f. 27.12.2011.



Shri G. H. Amin

Born on 28.03.1947, Shri G. H. Amin is a Science graduate and holds a degree in Law. He is a practicing lawyer in Gujarat High Court for last 38 years. He was former Chairman of Bar Council of Gujarat. Shri Amin has immensely contributed to the Cooperative sector in India. He was the Chairman of The Ahmedabad District Central Co.Op.Bank Ltd., and Regional Chairman of The Cosmos Co.Op. Bank Ltd. (Multi State Bank). He was the President of National Co-Operative Union of India – New Delhi. He was a member of the High power committee constituted to review and amend Multi State Co-operative Societies Act. He was also a member of High power committee constituted by the Gujarat Government for evaluation and amendment of the Gujarat State Co-op. Societies Act, 1961. He was formerly Court member of Jawaharlal Nehru university (JNU) and former syndicate member of Gujarat University, Ahmedabad. He has many awards to his name viz. Sardar Patel International award in cooperative management, felicitation by International Association of Educators for world peace by UNO and UNESCO. He is also a director on the Board of Oil India Limited. Shri Amin was inducted to NALCO Board w.e.f. 27.12.2011.

Shri Qaiser Shamim

Born on 05.06.1951, Shri Qaiser Shamim did his M.A. in Economics and LLB from Lucknow University. He has also done M.Sc. in Fiscal studies from the University of Bath, U.K. Trade Policy Programme from Kennedy School of Government, Harvard University, USA. Research in Economics from Hitotsubashi University, Tokyo, Japan and Japanese Language Certificate Course from Osaka University of Foreign Studies, Osaka, Japan. He joined IRS in 1974 and has 37 years of varied experience in the Govt. of India. During his deputation as Joint Secretary to the Government of India, Ministry of Textiles between December, 2005 to February, 2008 he was looking after textile exports. He regularly negotiated India's textile related matters at the WTO, Geneva. He also led and accompanied several delegations of the Ministry of Textiles and Ministry of Commerce to various countries including USA, Russia, Japan, Switzerland, Germany, Kazakhstan, Uzbekistan, Hongkong Turkey, Greece, Egypt, UAE etc. He retired as Chief Commissioner of Income Tax, Delhi. Shri Shamim is a seasoned specialist on matters of corporate governance having extensively dealt with the largest public and private sector corporations of the country. Shri Shamim was inducted to NALCO Board as an Independent Director w.e.f. 10.07.2012.



Shri Sanjiv Batra

Born on 17.09.1950, Shri Sanjiv Batra holds a B.Tech (Electrical) degree from IIT, New Delhi and MBA from Delhi University. He has also done a certification course on International trade from IIFT. He has 40 years of work experience in public and private sectors in marketing, strategic planning, business diversification, policy formulation for import and export of commodities, supply chain management and logistics and promoting trade related infrastructure. He last served MMTC Limited as CMD. He was instrumental in leading transformation of MMTC into an integrated conglomerate following public private partnership route. He is also director on the Board of National Commodity and Derivatives Exchange of India (NCDEX), Mumbai. Shri Batra was inducted to NALCO Board as an Independent Director w.e.f. 10.07.2012.

EXECUTIVE DIRECTORS



*Shri P K Mohanty, IAS,
Chief Vigilance Officer*



*Shri B N Swain
ED (H & A)*



*Shri P K Mohapatra
ED (P & T)*



*Shri K S Sreedhara
ED (Production)*



*Shri B N Mohanty
ED (M & R)*



*Shri K N Ravindra
Company Secretary*



*Shri P R Choudhury
ED (S & P)*

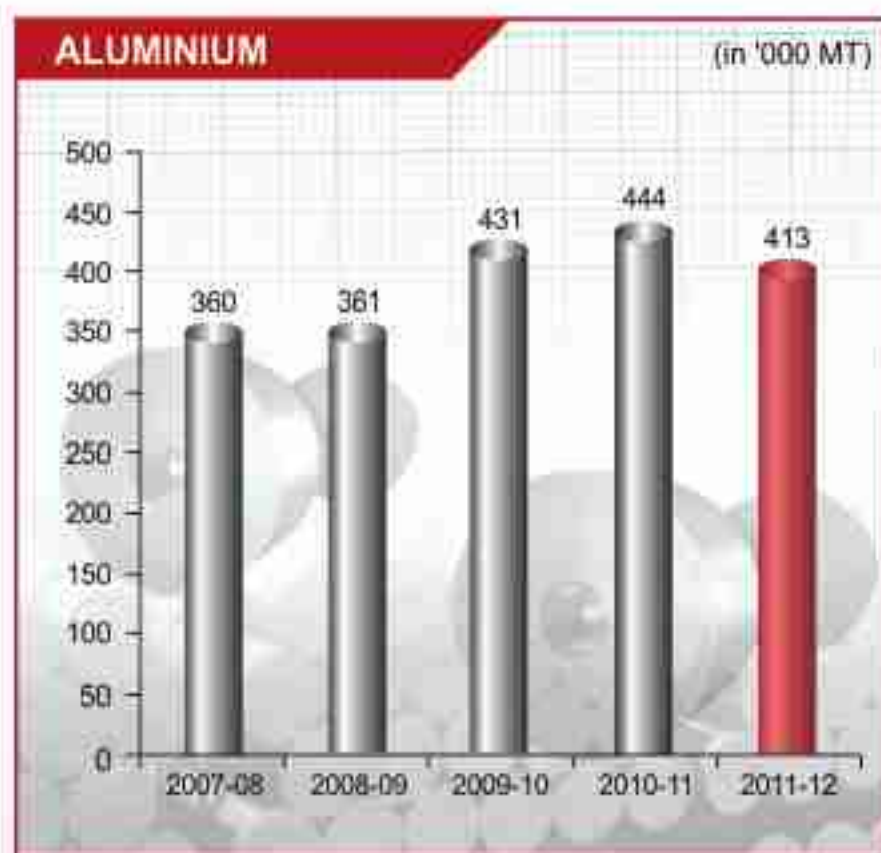
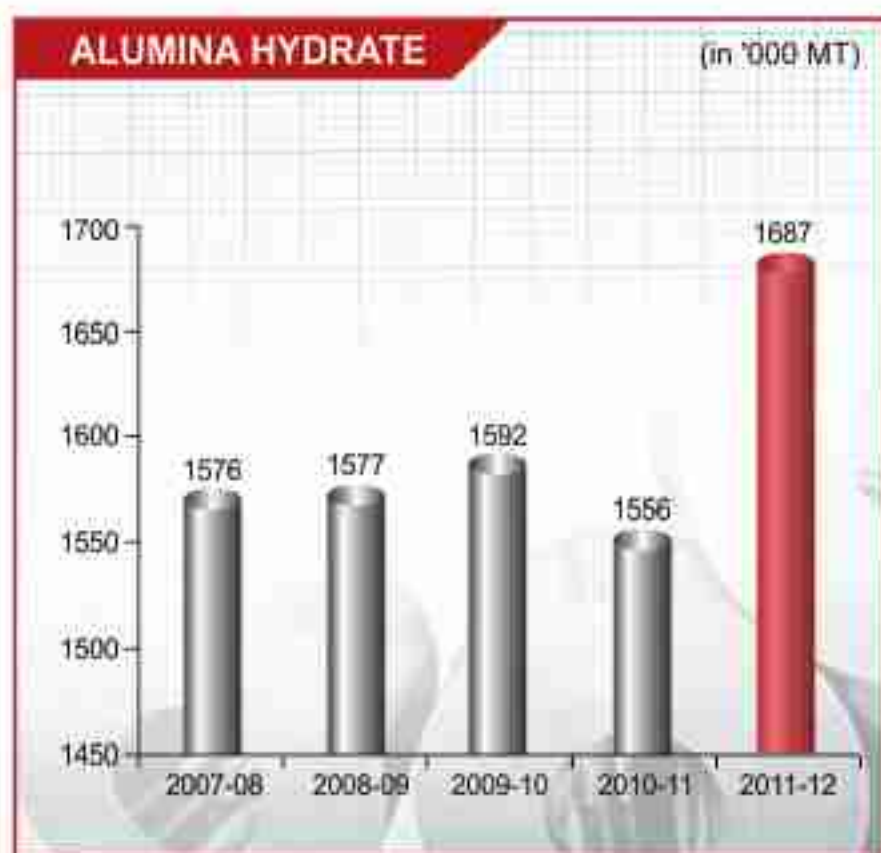


*Shri Goutam Chand
ED (Material)*



*Shri K C Samal
ED (Finance) i/c*

PRODUCTION





Directors' Report

Dear Members:

Your Directors have great pleasure in presenting the 31st Annual Report of your Company together with the audited statement of accounts and Auditors' Report thereon for the financial year 2011-12.

PERFORMANCE HIGHLIGHTS

You will be pleased to know that your Company has achieved the highest ever performance in Bauxite transportation of 50.03 lakh MT (against previous best of 48.79 lakh MT achieved in 2009-10), alumina hydrate production of 16.87 lakh MT (against the previous best of 15.92 lakh MT achieved in 2009-10) and Special Grade Hydrate (SGH) production of 9,851 MT (surpassing the previous best of 8,649 MT achieved in FY 2009-10). Smelter achieved capacity utilisation of 90% with cast metal production of 4.13 lakh MT against the previous best of 4.44 lakh MT achieved in the year

2010-11. The production of metal was lower mainly due to coal constraints and low metal price in later part of the year.

CPP achieved 'Net Power Generation' of 6,200 MU (at 66.25% PLF) against the previous best of 6,608 MU achieved in 2010-11. Power generation was reduced due to coal constraints.

Production achieved during the year under report vis-à-vis the previous year is given below:

	Unit	2011-12	2010-11
Bauxite	MT	50,02,626	48,23,908
Alumina Hydrate	MT	16,87,000	15,56,000
Aluminium	MT	4,13,089	4,43,597
Electricity (Net)	MU	6,200	6,608

You will be pleased to know that your Company could save an operating cost of about ₹ 95 crore during the year under report by getting a favourable order from OERC to register Steam and Power Plant at Damanjodi as a co-generation unit there by complying the requirements as an obligated entity under the OERC (Renewable and co-generation purchase obligation and its compliance) Regulation 2010. Under the regulation your Company has to consume 5% power from renewable and co-generation sources, out of its total consumption from captive sources. The 5% consumption from renewable and co-generation sources comprises of 3.7% from co-generation sources, 1.2% from Non-Solar sources and 0.1% from Solar sources. The obligation with reference to co-generation RPO compliance for coming years will be met from our own co-generation plant. However, despite above, full RPO could not be met and ₹ 9.01 crore had to be spent on purchase of RECs. With commissioning of Wind Power Plant in current year, such expenditure is expected to be reduced.

Sales Performance

You will be pleased to know that as a proactive approach for providing customized products to our customers, your Company has introduced Chequered Sheets, a new product in its sales mix during the year.

Your Company achieved total sale of 4,15,916 MT Aluminium metal during the year as against sale of 4,38,952 MT metal achieved in preceding year. This included sales of 21,552 MT of Rolled Products, which was the highest ever surpassing the previous best of 20,152 MT achieved during the previous year.

The Domestic sale of Chemicals (Alumina/Hydrate/Special Alumina/Special Hydrate) was 49,844 MT, the highest ever surpassing the previous best of 42,062 MT achieved in 2010-11. The Domestic Chemicals sale included 10,052 MT of speciality alumina, the highest ever surpassing the previous best of 8,376 MT achieved during 2009-10 and 13,725 MT of alumina hydrate, also the highest ever surpassing the previous best of 12,623 MT achieved during 2009-10.

